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THE ITALIAN SEA GROUP S.p.A.

Review report on interim condensed consolidated financial statements at 30 June 2022

This report has been translated into English from the original, that was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

AMN/FPC/ git - RC047142022BD0354

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20131 Milano

Review report on six-months condensed consolidated financial statements

To the shareholders of
The Italian Sea Group S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated comprehensive income statement, the consolidated cash flows statement, the statement of changes in consolidated shareholders' equity and the explanatory notes of The Italian Sea Group S.p.A. and controlled company (hereby the Group TISG) as of 30 June 2022. The Directors are responsible for the preparation of these interim condensed consolidated financial statements in accordance with International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with standards on review engagements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its 31 July 1997 Resolution no. 10867. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of company's personnel responsible for financial and accounting matters, applying analytical procedures 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.

Conclusion

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

Milan, 22 September 2022

BDO Italia S.p.A.
Signed in the original by
Andrea Meneghel
Partner

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THE ITALIAN SEA GROUP

PICCHIOTTI SINCE 1575 · ADMIRAL · PERINI NAVI · tecnomar · NCA REFIT

CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2022

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CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2022

Financial statements prepared in compliance with IAS/IFRS accounting standards

Values in thousands of Euros

INTRODUCTION

This **Consolidated Half-Yearly Financial Report as at 30 June 2022** has been prepared in accordance with Article 154-ter of Legislative Decree 58/1998 and includes the Consolidated half-yearly financial report on operations, the Consolidated Half-yearly Financial Statements as at 30 June 2022 and the Certification required by Article 154-bis of Legislative Decree 58/98. The consolidated half-yearly financial statements are prepared in accordance with International Accounting Standards (IAS/IFRS) applicable pursuant to EC Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002 and in particular IAS 34 - Interim Financial Reporting. The structure and content of the reclassified financial statements contained in the Consolidated Half-Yearly Financial Report and the mandatory tables included in this Report are in line with those prepared in the Annual Report.

The notes to the financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, also taking into account the provisions of Consob Communication No. 6064293 of 28 July 2006. Therefore, the information contained in this Report is not comparable to that of complete financial statements prepared in accordance with IAS 1. The figures presented here may in some cases contain rounding errors due to the representation in thousands; it should be noted that changes and percentages are calculated on figures expressed in thousands and not on rounded figures shown in millions.

SUMMARY DATA AND GENERAL INFORMATION

Name: The Italian Sea Group S.p.A., ("**TISG S.p.A.**")

Registered office of the Company: Viale Cristoforo Colombo, 4-bis, 54033 Marina di Carrara (MS)

Tax Code: 00096320452

Number of registration in the Register of Companies of Carrara - Economic and Administrative Index: no. 65218

SOCIAL AND CONTROL BODIES

BOARD OF DIRECTORS

FILIPPO MENCHELLI
Chairman of the Board of Directors

GIOVANNI COSTANTINO
Chief Executive Officer

GIUSEPPE TARANTO
Deputy Chairman of the Board of Directors

GIULIO PENNACCHIO
Non-Executive Board Director

MASSIMO BIANCHI
Independent Board Director

ANTONELLA ALFONSI
Independent Board Director

FULVIA TESIO
Independent Board Director

CONTROL, RISK AND RELATED PARTIES COMMITTEE

Chairman	Massimo Bianchi
Standing Member	Fulvia Tesio
Standing Member	Antonella Alfonsi

APPOINTMENT AND REMUNERATION COMMITTEE

Chairman	Fulvia Tesio
Standing Member	Massimo Bianchi
Standing Member	Antonella Alfonsi

BOARD OF STATUTORY AUDITORS

Chairman of the Board of Statutory Auditors	Felice Simbolo
Standing Auditor	Barbara Bortolotti
Standing Auditor	Mauro Borghesi
Alternate Auditor	Anna Lisa Naldi
Alternate Auditor	Luisa Bortolotti

SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/01

Chairman of the Supervisory Board
Annalisa De Vivo

Member	Carlo De Luca
Member	Felice Simbolo

INDEPENDENT AUDITORS

BDO Italia S.p.A.

MANAGER RESPONSIBLE FOR PREPARING THE FINANCIAL REPORTS

Marco Carniani

GROUP PROFILE AND STRUCTURE

The Italian Sea Group S.p.A. based in Carrara (MS) is a global operator in the luxury yachting sector active in the construction and refit of sailing and motor yachts up to 140 metres with its **Picchiotti**, **Admiral**, **Perini Navi**, **Tecnomar** and **NCA Refit** brands.

SHIPBUILDING

Construction of new yachts through the Picchiotti, Admiral, Perini Navi and Tecnomar brands.

REFIT

Ordinary and extraordinary maintenance of sailing and motor yachts, built both by the group and by third-party manufacturers.

INFORMATION ABOUT THE GROUP

The Italian Sea Group S.p.A. ("**TISG**") is one of the most renowned operators in the international luxury yachting sector, specialised in the design and construction of sailing and motor yachts from 17 metres to 100 metres and beyond. With the Picchiotti, Admiral, Perini Navi and Tecnomar brands, the Group ranks first in Italy and fourth in the world for the construction of yachts over **50 metres**[1].

Over the past **13** years, TISG has further strengthened its position in the world of luxury through important partnerships with two leading brands in the sector: **Automobili Lamborghini**, for the construction of limited edition fast yachts - *Tecnomar for Lamborghini 63* - and **Giorgio Armani**, with whom it collaborates on the design of the exterior lines and furnishings of several yachts.

The Group has a business unit, **NCA Refit**, dedicated to the ordinary and extraordinary maintenance of sailing and motor yachts of all brands, with a special focus on ships between 60 and 140 metres.

TISG has always stood out for its ability to offer its owners extensive experience in the world of luxury, which translates into high quality workmanship, obsessive attention to detail, technological innovation and design. These elements, combined with passion, know-how, professionalism, taste for beauty and art, hospitality and customer care, characterise the uniqueness of the Group's philosophy.

The yachts of The Italian Sea Group, due to their size and type, appeal to customers mainly composed of Ultra High Net Worth Individuals (UHNWI) and experienced shipowners who already own other ships.

PICCHIOTTI

Since 1575, the Picchiotti name has been inextricably linked to the history of Italian and Mediterranean seafaring.

This long tradition began with work boats and ocean sailing ships and, passing through important military orders, led to the pioneering years of the first pleasure yachts.

Since 2010, the Picchiotti name has come back to the fore of the contemporary yachting world with three celebrated ships from the Vitruvius line: Falco Moscata (formerly Exuma), Galileo G and Nautilius (formerly Grace E).

The largest ship ever built by the brand is the **103-metre Al Said** from **1982**, which was built in Marina di Carrara, in the sheds of The Italian Sea Group S.p.A.

[1] Source: Global Order Book 2022

ADMIRAL

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

The product range Admiral offers the market today includes super yachts, mega yachts and giga yachts characterised by elegance, timeless style and total customisation.

Admiral, flagship brand of The Italian Sea Group, has delivered 148 yachts to date.

PERINI NAVI

Perini Navi was founded in 1983, when Fabio Perini launched the prototype of a sailing yacht that could be steered with a smaller crew than the standards of the time, thanks to the invention of an automatic sail furling system.

Over the years, the founder's vision has met with great success thus making the brand a true icon of the nautical industry, with a major presence, in particular, in the United States.

The Perini Navi fleet boasts 60 of the world's most admired sailing yachts; one of them being the legendary The Maltese Falcon, an 88-metre clipper that marked a revolution in sailing technology, introducing to the world for the first time the sailing system now known as the Falcon Rig.

TECNOMAR

Present on the market since 1987, Tecnomar is a brand specialised in the construction of fast motor yachts up to 50 metres.

The brand's main characteristics are innovative design, modern lines, sportiness and high performance; each model is a design challenge balancing the elegance of the best Italian nautical tradition and the use of innovative technologies and materials.

To date, Tecnomar has delivered **294 yachts**.

BRIEF HISTORY OF THE GROUP

The story of The Italian Sea Group began in 2009, when GC Holding S.p.A., a company owned by entrepreneur Giovanni Costantino, acquired 100% of Tecnomar S.p.A.

Despite the critical phase experienced by the market, made worse by a persistent credit restriction and the continuous financial defaults of shipowners, which flooded the market of used yachts, the group acquired the Admiral brand in November 2011 and further expanded its offer. The rapidly growing number of contracts and the increase in the size of yachts delivered led to the need to invest in a large production site with direct access to the sea.

In 2012, GC Holding S.p.A. acquired 100% of The Italian Sea Group S.p.A., which produces commercial and cruise ships at its shipyard in Marina di Carrara.

The shipyard in Marina di Carrara, which today is the Headquarters of TISG, was established in 1942 and was equipped with modern and advanced systems for the time, enabling it to produce medium-tonnage ships even then.

During the 1950s and 1960s, further upgrades to the facilities enabled the yard to build ever larger ships. In 1973, the structure was further expanded with the construction of a basin of 200 metres in length and 35 metres in width.

The acquisition allowed employment levels to be maintained while relaunching a company in crisis but with a recent past as a leading player in the shipbuilding industry.

The acquisition also allowed TISG to expand production capacity and retain valuable know-how specialised in the construction of large ships.

Significant investments were made over time, such as the expansion and complete renovation of the registered office of the Company, the organisation of areas dedicated to new productions, the construction of a steel plant and an upholstery fitting studio, and the expansion of the areas dedicated to the refit activities started in 2015.

In 2020, the Board of Directors of TISG resolved on an investment plan ("TISG 4.0") of around Euro 40 million with the aim of further increasing the shipyard's production capacity.

To date, the Marina di Carrara headquarters cover an area of about 120,000 square metres and boast an absolutely strategic location, especially for NCA Refit.

Overlooking the Mediterranean Sea, not far from famous Italian tourist and recreational destinations - and therefore a privileged stopover for yachts sailing in this sea - the shipyard is equipped with state-of-the-art technical facilities and recreational spaces for crews that, combined with the team's expertise and the quality of its services, allow the Group to be an important point of reference for shipowners from all over the world.

The Headquarters boast a unique production site with **two dry docks** of 200 metres and 147 metres, respectively, 11 separate production areas, 1,000 tonnes of total lifting capacity and 3,300 tonnes of upgraded and refurbished floating barge for the launch of yachts and mega yachts up to 100 metres.

On **4 November 2021**, the Board of Directors of the Company has approved a further investment plan, called **"TISG 4.1"**, worth **Euro 14 million**, to be completed by 2022.

On **22 December 2021**, TISG, through its wholly owned subsidiary, **New Sail S.r.l.** (merged on **10 June 2022**), was awarded the auction called by the Court of Lucca for the bankruptcy of Perini Navi S.p.A., for a total price of **Euro 80 million**.

The business complex includes the industrial and real estate assets of the shipyards in Viareggio and La Spezia, the real estate assets of Pisa, a ship under construction, trademarks and patents, the shareholding (100%) in **Perini Navi U.S.A. Inc.** and the existing legal relationships with employees and third parties.

SHAREHOLDERS

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

The Parent Company's updated corporate structure is as follows:

SHAREHOLDER	%
GC Holding	62.64%
Alychlo NV(*)	11.39%
Giorgio Armani S.p.A.	4.99%
Market	20.98%

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

BUSINESS DEVELOPMENT

Over the years, TISG has strengthened its presence in international markets, both European and non-European. Recently, it has also signed important partnership agreements with the most prestigious international brokers to consolidate its position in Asia and the Middle East. The American market is also rapidly expanding thanks to the exclusive collaboration with a prestigious broker and the Perini Navi brand, which has always seen the United States as a reference market.

Moreover, the Company's commercial strategy envisages the presence at all the most important boat shows in the world, the opening of showrooms in prestigious locations - the first flagship store in Porto Cervo, Costa Smeralda, was opened in June - and an increasingly privileged relationship with end customers, who are hosted at the Marina di Carrara headquarters and have the opportunity to experience the quality of the product and the technical skills of the Team at first hand, as well as the attention to detail and the very high level of service.

"The Village", a space dedicated to the well-being and entertainment of shipowners, crews and employees and featuring an elegant lounge bar, a gourmet restaurant, a gym and a spa, was created within the shipyard.

In 2021, The Italian Sea Group S.p.A. was ranked eighth in the Global Order Book, a classification of the main world builders of ships over 24 meters prepared annually by Boat International, and fourth in the segment of yachts over 50 meters, a segment in which it ranked first in Italy.

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

With regard to production capacity, the **"TISG 4.0" and "TISG 4.1"** investment plans, which envisage the construction of the coverage of the entire current dry dock, the construction of a new dry dock 50 meters wide by 147 meters long in the western part of the shipyard, the expansion of the shed adjacent to the original dock and a number of service structures and systems, respectively, are nearing completion. This will make it possible to expand the number of ships under construction at the same time by four units, increasing the construction limit of the yard from 100 to 140 meters.

Furthermore, with the completion of the acquisition of the Perini Navi S.p.A. business complex, the Company acquired the Viareggio and La Spezia shipyards, increasing its production capacity by more than 50,000 square metres and a further 10 sheds, as well as equipment for lifting and handling ships of up to 820 tonnes.


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METHODOLOGICAL INTRODUCTION

In compliance with the relevant IAS/IFRS framework, the consolidated financial statements of TISG as at 30 June 2022 show the balances of the consolidated financial statements of TISG as at 31 December 2021 as comparative data with regard to the **Balance Sheet**; they show the data of the consolidated financial statements of TISG as at 30 June 2021, formed by a single entity, with regard to the **Income Statement**.

During 2022, the scope of consolidation changed following the merger of the former wholly-owned subsidiary New Sail S.r.l., which resulted in the acquisition of 100% of Perini Navi USA Inc.

The reconciliation statement between the Parent Company's Financial Statements and the Consolidated Financial Statements is shown below.

	30/06/2022	
in thousands of Euros	**Shareholders' Equity**	**Operating result**
Financial Statements of The Italian Sea Group S.p.A.	91,777	7,636
Derecognition of intercompany transactions	(79)	(18)
Total attributable to the Shareholders of the Parent Company	91,698	7,618
Shareholders' equity and minority interests	-	-
Total of the Consolidated Financial Statements	91,698	7,618

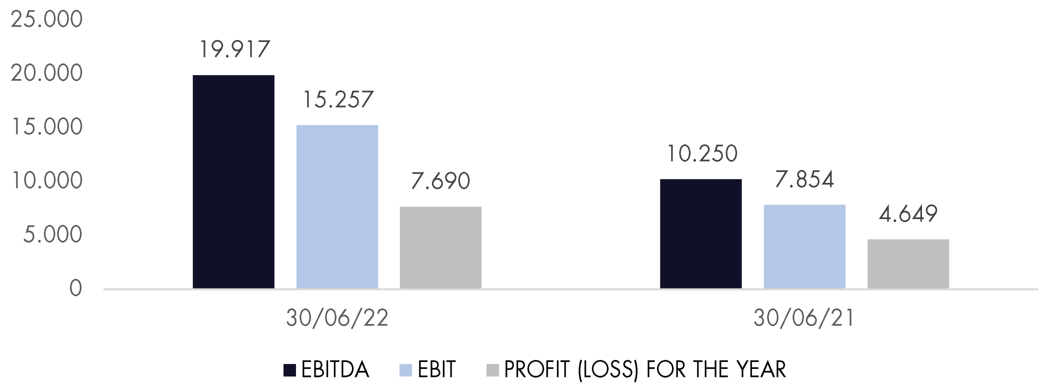
The Group is made up of two companies: The Italian Sea Group S.p.A. (Parent Company) and Perini Navi USA, Inc. (Subsidiary).

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

The income statement figures for the first six months of 2022 are shown below, compared with the figures for the same six months of 2021:

in thousands of Euros	30/06/2022	30/06/2021
Operating revenues	135,278	79,044
Other revenues and income	794	2,211
Commissions	(2,454)	(278)
Total revenues	**133,618**	**80,977**
Costs for raw materials	(35,597)	(17,607)
Cost for outsourced work	(53,780)	(34,652)
Technical services and consultancy	(3,895)	(2,446)
Other costs for services	(5,201)	(4,422)
Personnel costs	(14,272)	(10,503)
Other operating costs	(965)	(1,098)
EBITDA	**19,908**	**10,250**
Percentage of total revenues	*14.9%*	*12.7%*
Amortisation, depreciation, write-downs and capital losses	(4,660)	(2,396)
EBIT	**15,247**	**7,854**
Percentage of total revenues	*11.4%*	*9.7%*
Net financial charges	(1,224)	(1,535)
Income from extraordinary charges	(3,361)	(295)
EBT	**10,663**	**6,024**
Taxes for the period	(3,044)	(1,375)
PROFIT FOR THE YEAR	**7,618**	**4,649**
Percentage of total revenues	*5.7%*	*5.7%*

TREND OF ECONOMIC INDICATORS 2022 - 2021



OPERATING REVENUES

Operating revenues of **Euro 135,278 thousand** as at 30 June 2022 increased by approximately **Euro 56,234 thousand** compared to the first half of the previous year.

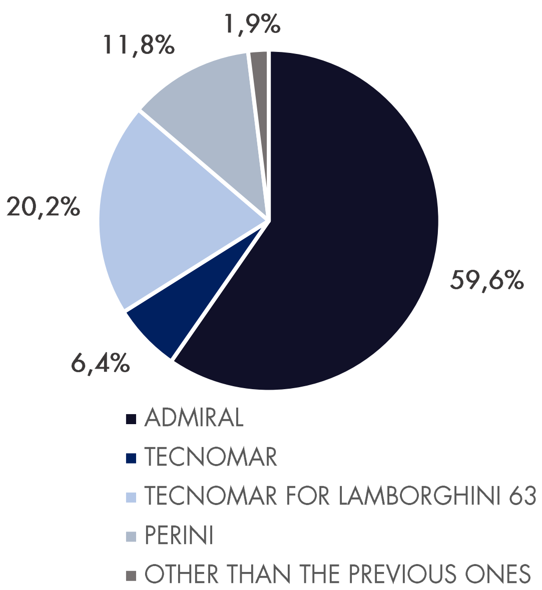
This result is mainly attributable to the signing of **three new contracts for the production and sale of yachts between 40 and 100 metres in length,** as well as **11 contracts** for limited-edition motor yachts of about 20 metres in length, under the **Tecnomar for Lamborghini 63 brand**.

The **Operating Revenues**, amounting to **Euro 135,278 thousand** as at 30 June 2022, comprise the following:

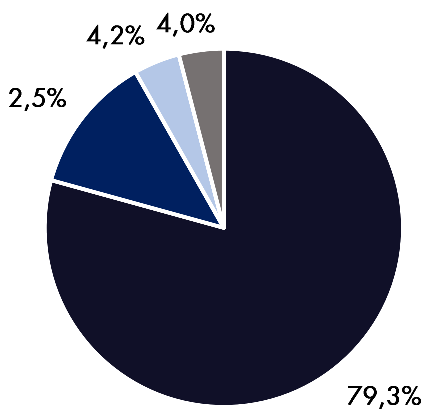
SHIPBUILDING	Euro 112,139 thousand
REFIT	Euro 23,137 thousand

SHIPBUILDING | *BREAKDOWN OF REVENUES BY BRAND*

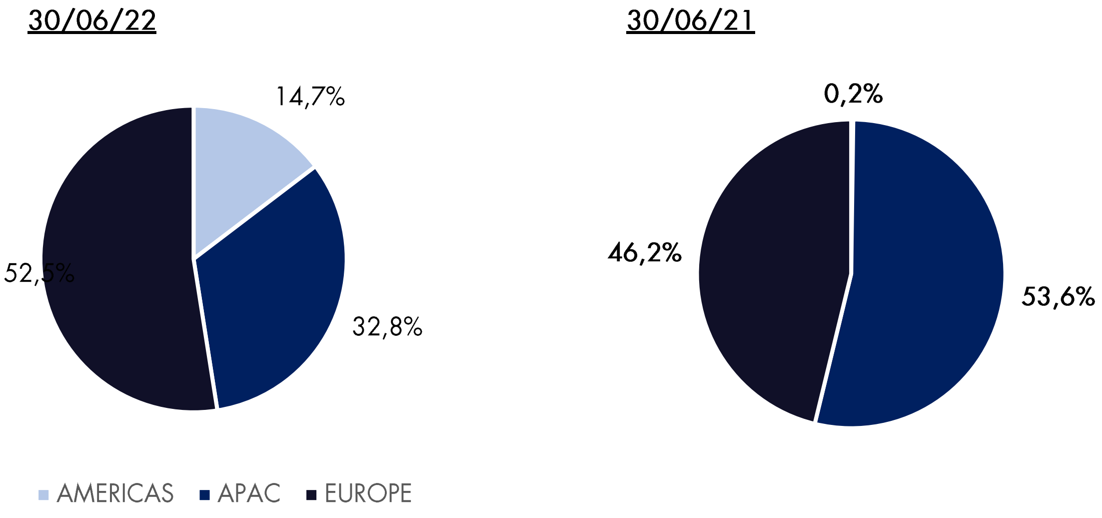
30/06/22



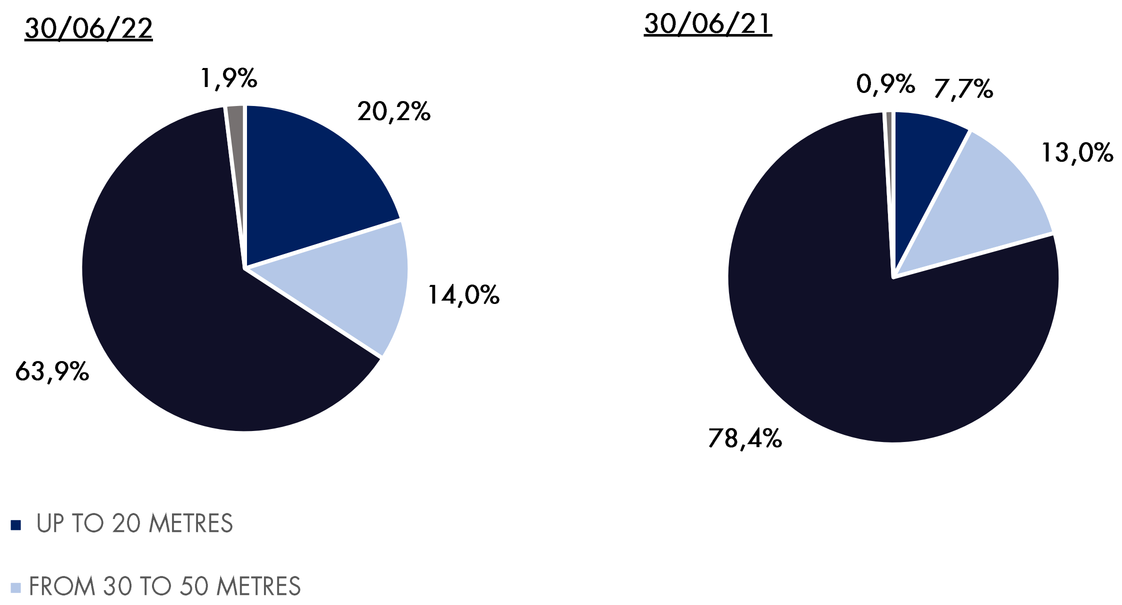
30/06/21



SHIPBUILDING | *BREAKDOWN OF REVENUES BY GEOGRAPHICAL AREA*

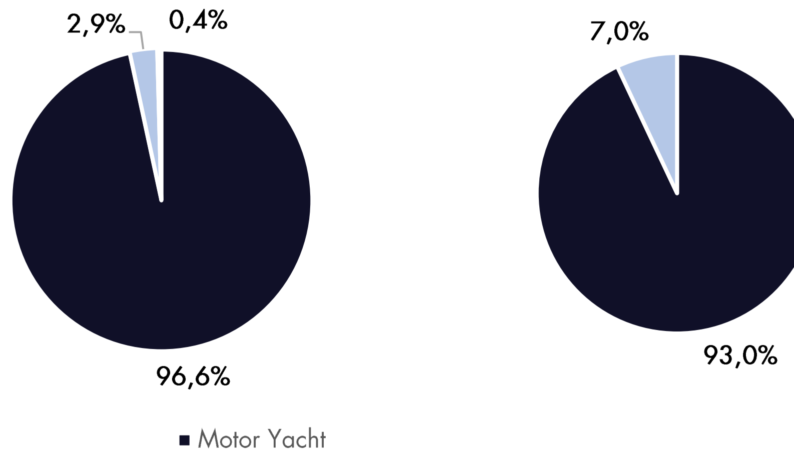


SHIPBUILDING | *BREAKDOWN OF REVENUES BY SIZE*



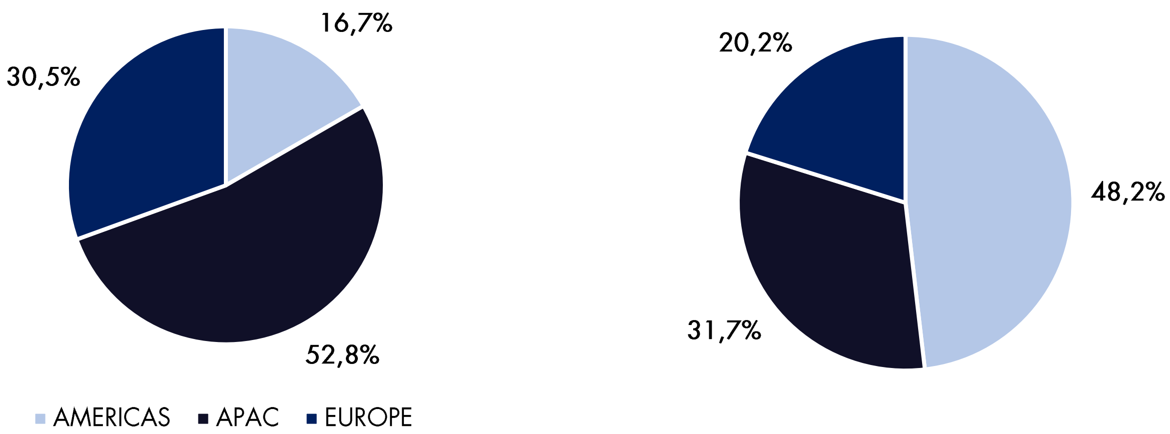
REFIT | *BREAKDOWN OF REVENUES BY YACHT TYPE*

30/06/22 30/06/21



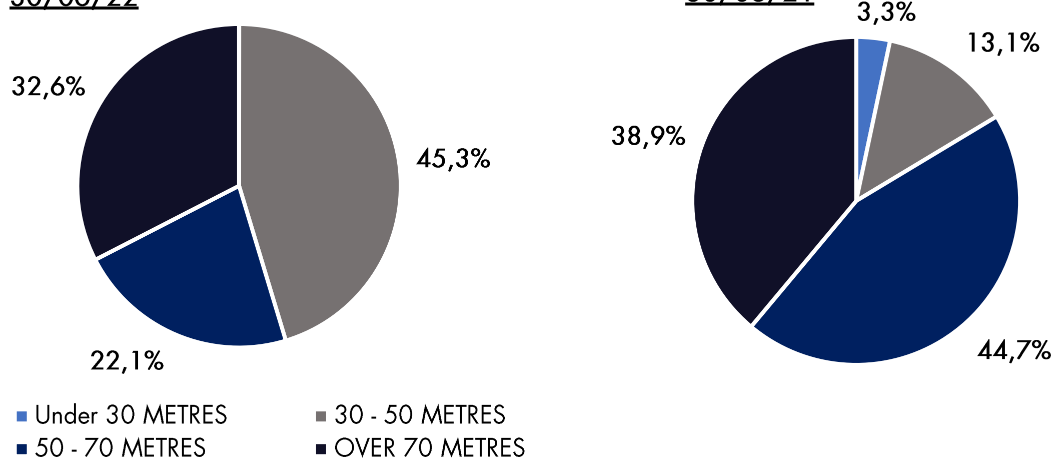
REFIT | *BREAKDOWN OF REVENUES BY GEOGRAPHICAL AREA*

30/06/22 30/06/21



REFIT | *BREAKDOWN OF REVENUES BY SIZE*

30/06/22 30/06/21



EBITDA

EBITDA as at 30 June 2022 is equal to Euro 19,908 thousand, up by approximately Euro 9,658 thousand compared to the first half of the previous year. EBITDA as a percentage of total revenues amounted to 14.9%, an increase of approximately 2.2% compared to the first half of the previous year.

The increase in operating margins is the result of various strategic interventions made by management in order to:

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

EBITDA corresponds to the net result adjusted by financial management, taxes, amortisation of fixed assets, as well as non-recurring components.

The EBITDA defined as so is the indicator used by the Company to monitor and assess its operating performance; since it is not defined as an accounting measure within the scope of International Accounting Standards, it should not be considered an alternative measure for assessing the performance of operating results.

Since the composition of EBITDA is not defined by the reference accounting standards, the calculation criterion applied by the Company may not be the same as the one adopted by other entities and therefore may not be comparable.

EBIT

EBIT, as at 30 June 2022, amounted to Euro 15,247 thousand, up by approximately Euro 7,393 thousand compared to first half of 2021 and with an incidence of 11.4% on total revenues, against amortisation, write-downs, provisions and capital losses that amount to Euro 4,660 thousand as at 30 June 2021.

BACKLOG

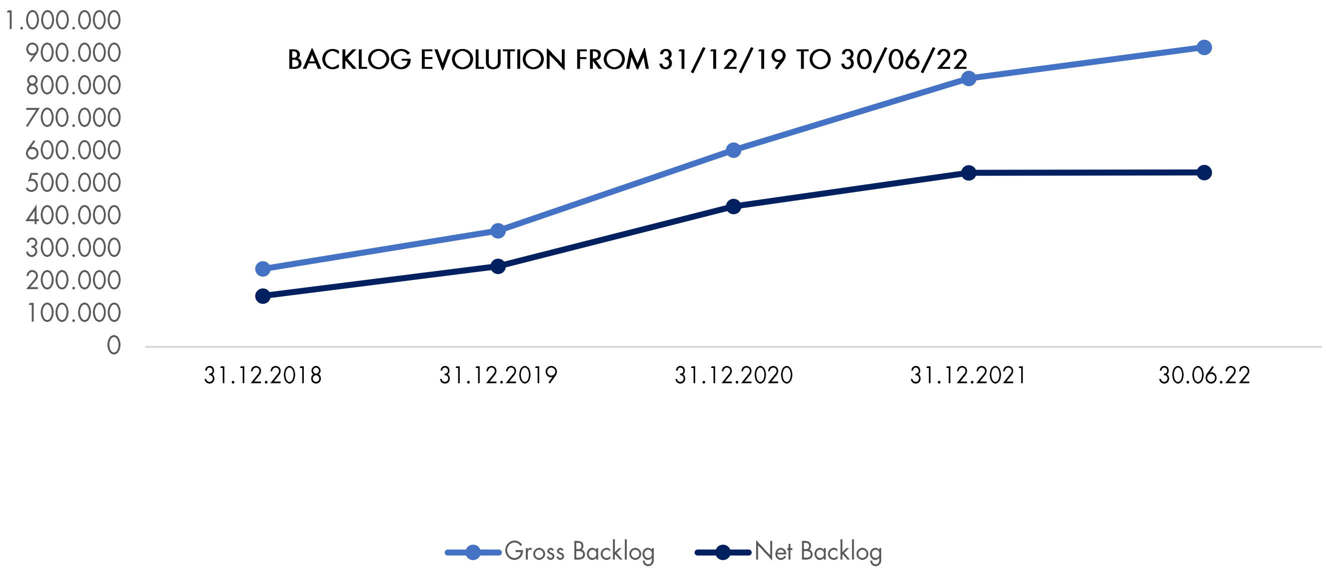
The development of TISG's business is linked to the size of its Order Portfolio and consequently of its net backlog at the closing date of the last three years as represented below:

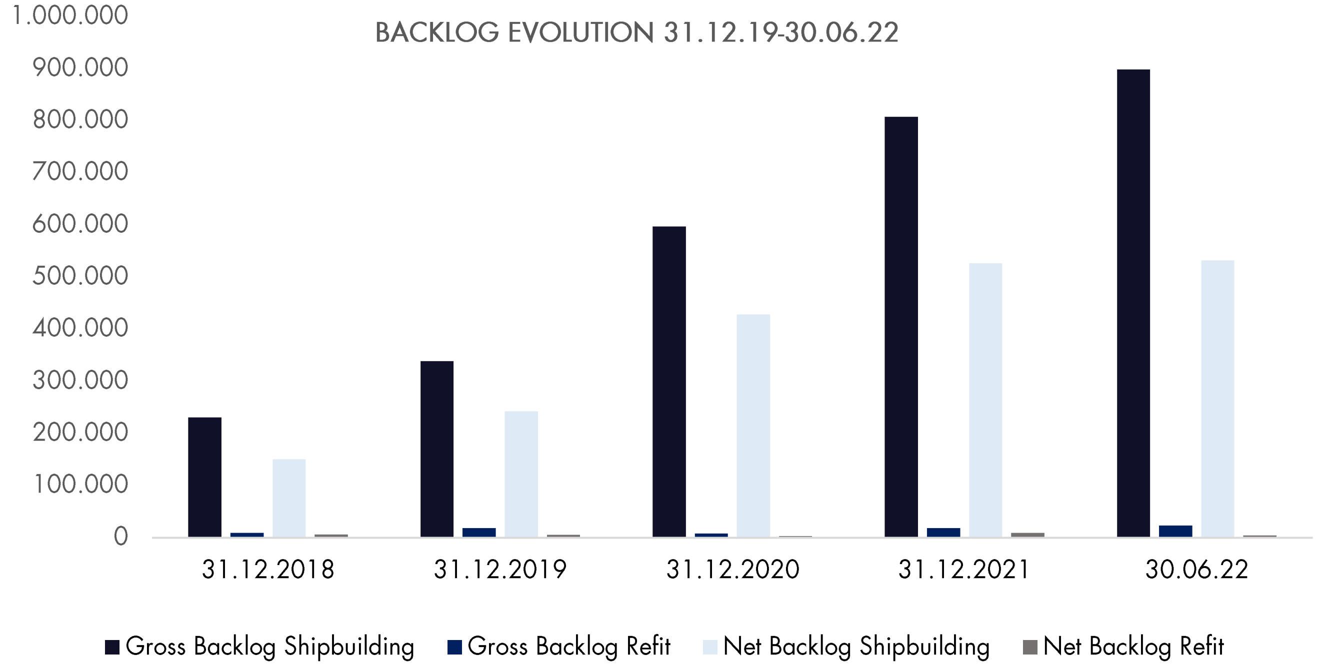
in thousands of Euros	30/06/22	31/12/2021	31/12/2020	31/12/2019
Gross Backlog Shipbuilding	899,048	807,726	597,247	339,003
Gross Backlog Refit	23,305	18,948	8,204	18,922
Total Gross Backlog	**922,353**	**826,673**	**605,451**	**357,925**
Net Backlog Shipbuilding	532,437	526,639	428,892	242,410
Net Backlog Refit	4,529	9,617	3,354	6,053
Total Net Backlog	**536,966**	**536,256**	**432,246**	**248,463**

As shown in the table above, the backlog as at 30 June 2022 increased compared to 31 December 2021 of Euro 710 thousand, i.e. about 0.13%, as regards the net backlog and of Euro 95,680 thousand, i.e. about 12%, as regards the gross backlog.

The Company confirms that the production of the orders in progress and the refit activities continue without any slowdown, despite the sanctions introduced by the European Union against Russia resulting from the conflict in Ukraine (as per CONSOB recommendation of March 7th, 2022).

In general, to date no order has been cancelled nor has there been any delay in the payments according to the progress of the contractual works (Stati di Avanzamento Lavori - SAL).


BACKLOG EVOLUTION FROM 31/12/19 TO 30/06/22
1.000.000
900.000
800.000
700.000
600.000
500.000
400.000
300.000
200.000
100.000
0
31.12.2018
31.12.2019
31.12.2020
31.12.2021
30.06.22
Gross Backlog
Net Backlog


BACKLOG EVOLUTION 31.12.19-30.06.22
1.000.000
900.000
800.000
700.000
600.000
500.000
400.000
300.000
200.000
100.000
0
31.12.2018
31.12.2019
31.12.2020
31.12.2021
30.06.22
Gross Backlog Shipbuilding
Gross Backlog Refit
Net Backlog Shipbuilding
Net Backlog Refit

RECLASSIFIED CONSOLIDATED BALANCE SHEET

Description *in thousands of Euros*	30/06/2022	31/12/2021
ASSETS		
Intangible assets	35,742	4,418
Property, plant and equipment	126,057	75,233
Equity investments	78	43
Net deferred tax assets and liabilities	(2,245)	(1,178)
Other non-current assets and liabilities	5,775	4,589
Provisions for non-current risks and charges	(3,483)	(3,066)
Provision for employee benefits	(1,365)	(760)
Net fixed capital	**160,560**	**79,279**
Inventories and payments on account	2,369	1,250
Contract work in progress and advances from customers	31,242	24,992
Trade receivables	25,687	10,236
Trade payables	(61,271)	(57,146)
Other current assets and liabilities	(20,639)	(6,746)
Net working capital	**(22,612)**	**(27,414)**
Total LOANS – NIC	137,949	51,865
LIABILITIES		
Share capital	(26,500)	(26,500)
Share premium reserve	(45,431)	(45,431)
Reserves and other retained earnings	(12,149)	(4,635)
Profit (loss) for the period	(7,618)	(16,322)
Shareholders' Equity	**(91,698)**	**(92,888)**
Net financial indebtedness	(46,251)	41,023
Total LIABILITIES	(137,949)	(51,865)

Consolidated net fixed assets at 30 June 2022 increased compared to 31 December 2021 with particular reference to the effect deriving from the acquisition of the Perini Navi S.p.A. business complex which took place with the assignment report of 22 December 2021 and with a notary deed on 20 January 2022 in favor of New Sail S.r.l., merged by incorporation into TISG on 14 June 2022. In addition, to be noted is the completion of a large part of the works for the implementation of a major reorganisation and upgrading of the entire Marina di Carrara site, called the **TISG 4.0** project, and the start of a further investment plan called **TISG 4.1**; investments of approximately Euro 6.9 million have been made in the first half 2022.

Shareholders' Equity changed mainly due to Euro 5.6 million in retained earnings.

CONSOLIDATED NET FINANCIAL INDEBTEDNESS

The following table shows the Net Financial Indebtedness of the Group as at 30 June 2022, which shows financial payables to banks, shareholders and other lenders, net of cash and cash equivalents:

in thousands of Euro	30/06/2022	31/12/2021
A. Cash	52,769	85,615
B. Cash equivalents	0	0
C. Other current financial assets	0	0
D. Liquidity (A)+(B)+(C)	**52,769**	**85,615**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(34)	(34)
F. Current portion of non-current financial debt	(11,899)	(7,574)
F.1 other current financial payables	(1,865)	(2,009)
G. Current financial indebtedness (E + F)	**(13,798)**	**(9,616)**
H. Net financial indebtedness (G-D)	**38,970**	**75,998**
I. Non-current bank debt (excluding the current portion of debt instruments)	(72,182)	(23,863)
J. Debt instruments	0	0
K. Trade and other non-current payables	(9,833)	(7,951)
K.1 Payables to other lenders	(3,206)	(3,161)
L. Non-current financial indebtedness (I+J+K)	**(85,221)**	**(34,975)**
M. Total financial indebtedness (H + L)	**(46,251)**	**41,023**

Consolidated net financial indebtedness as at 30 June 2022 was negative by about Euro 46 million (as at 31 December 2021, the financial indebtedness was positive by about Euro 41 million). The change of Euro 87.2 million reflects:

1) use of part of the cash available as at 31 December 2021 for about Euro 35.8 million to provide New Sail S.r.l. with part of the financial resources required for the acquisition of the Perini Navi S.p.A. business complex;
2) Signing of a loan for approximately Euro 39.2 million with MPS Capital Services, subsequently used to provide New Sail S.p.A. with the remaining portion of available funds required to settle the purchase price of the Perini Navi S.p.A. business complex;
3) Investments made in the first half of 2022 for the progress of the "TISG 4.0" and "TISG 4.1" projects and the fine-tuning of the two production sites in Viareggio and La Spezia, for Euro 7 million;
4) Increase in Net Working Capital, which in the first half of 2022 generated a use of cash for Euro 6.5 million. It should be noted that, in line with the trend in Net Working Capital in compliance with the collection schedule of the progress of the work in progress, in the second quarter of 2022 cash was generated from operations for Euro 8.5 million.

The consolidated net financial indebtedness also includes the discounted value of the fees due to the Port Authorities for the state concessions of the Marina di Carrara, Viareggio and La

Spezia shipyards, which amounted to Euro 6.9 million as at 30 June 2022, to be paid based on the duration of the relevant concessions.

ALTERNATIVE PERFORMANCE INDICATORS ("*NON-GAAP MEASURES*")

The European Securities and Market Authority (ESMA) published guidelines on Alternative Performance Indicators ("APIs") for listed issuers.

The APIs refer to measures used by management and investors to analyse the Group's trends and performance and are derived directly from the financial statements although they are not required by IAS/IFRS. These measures, which have been used by the Group continuously and consistently for several financial years, are relevant to assist management and investors in analysing the Group's performance. Investors should not consider these APIs as substitutes, but rather as additional information to the data included in the financial statements. Note that APIs as defined may not be comparable to measures with similar designations used by other listed groups.

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

For a correct interpretation of these APIs, the following should be noted:

- these indicators are derived exclusively from the Group's historical data which are extracted from the general and management accounts, and are not indicative of the Group's future performance. More specifically, they are represented, where applicable, in accordance with the recommendations set forth the document no. 1415 of 2015, drawn up by ESMA (as implemented by CONSOB Communication no. 0092543 of 3 December 2015) and in points 100 and 101 of ESMA Q&A 31-62-780 of 28 March 2018;

- APIs are not required by the International Financial Reporting Standards ("IFRS") and, although derived from the Group's financial statements, are not subject to auditing;

- the APIs should not be considered as a substitute for the indicators provided by the International Financial Reporting Standards (IFRS);

- these APIs must be read in conjunction with the Group's financial information inferred from its financial statements;

- the definitions of the indicators used by the Group, insofar as they do not originate from the reference accounting standards used in the preparation of the financial statements, may not be the same as those adopted by other groups and therefore comparable with them;

- the APIs used by the Group have been prepared with continuity and uniformity of definition and representation for all the periods for which financial information is included in this annual financial report.

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

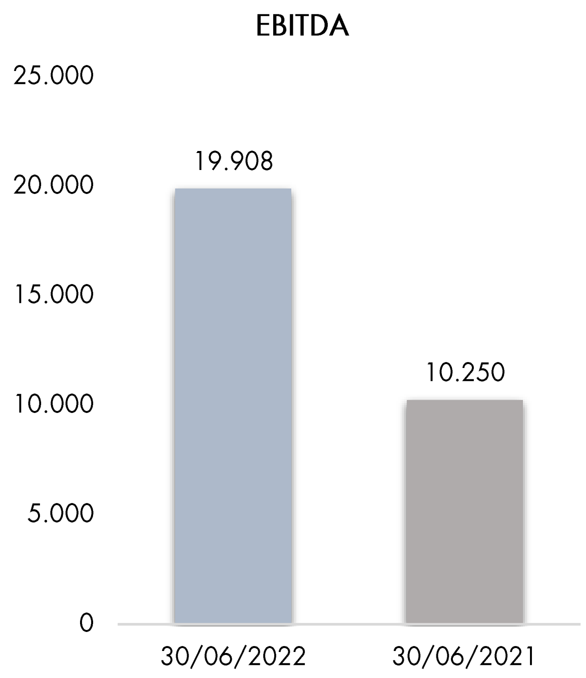
EBITDA	is equal to the result before taxes, before financial income and expenses, depreciation and amortisation, as reported in the financial statements, adjusted by the following elements: revenues from extraordinary activities; expenses from extraordinary activities; non-recurring provisions for risks (reclassified from Other Operating Costs to depreciation, amortisation, impairment losses and capital losses).
EBIT	is equal to EBITDA net of depreciation, amortisation, write-downs and capital losses.
EBT	is equal to EBIT excluding net financial expenses and extraordinary income.
Net invested capital	is equal to the total of net fixed assets and net working capital.

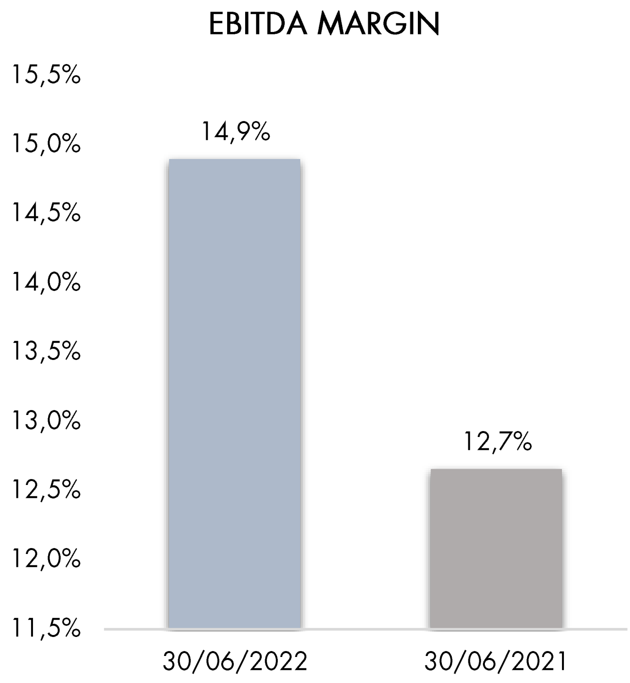
Consolidated Net Financial Indebtedness includes:

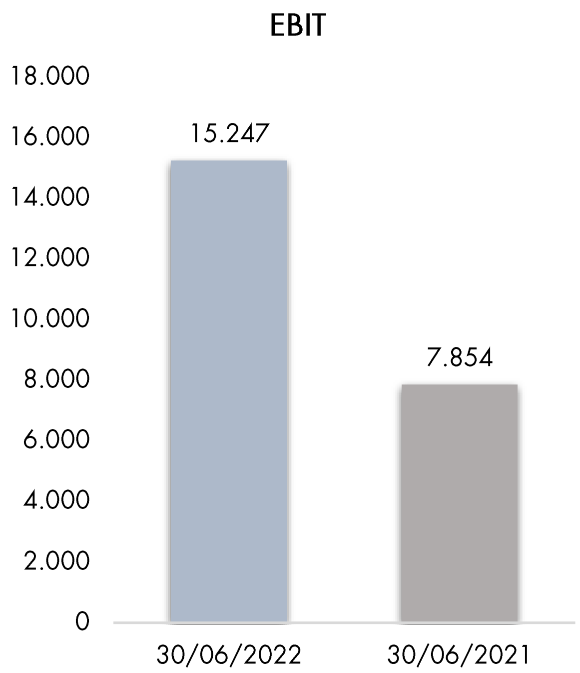
- Cash, including: cash and bank deposits, other cash and cash equivalents and securities held for trading;

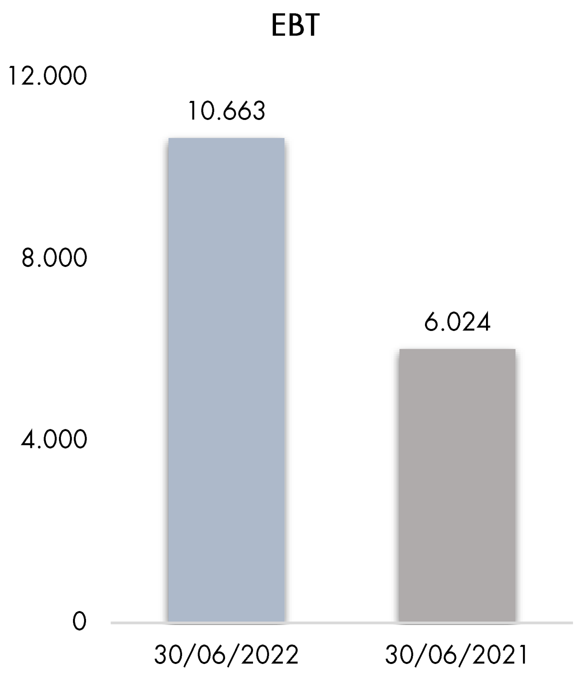
- Net current financial indebtedness includes: current financial receivables, short-term bank debt, current portion of non-current debt, other current financial debt, and payables to funding shareholders;

- Net non-current financial debt includes: non-current bank debt, bonds issues, other non-current payables, payables to funding shareholders.

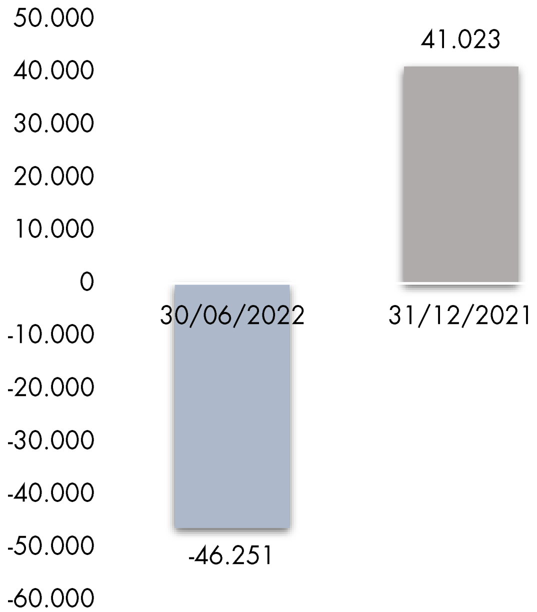

EBITDA
25.000
20.000
15.000
10.000
5.000
0
19.908
10.250
30/06/2022
30/06/2021


EBITDA MARGIN
15,5%
15,0%
14,5%
14,0%
13,5%
13,0%
12,5%
12,0%
11,5%
14,9%
12,7%
30/06/2022
30/06/2021

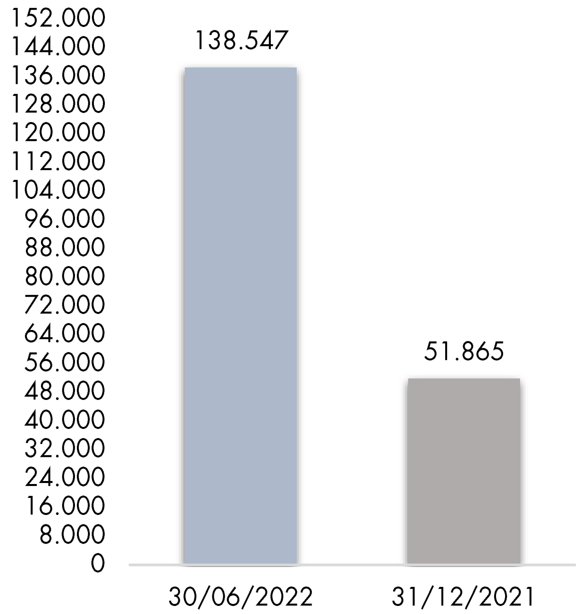

EBIT
18.000
16.000
14.000
12.000
10.000
8.000
6.000
4.000
2.000
0
15.247
7.854
30/06/2022
30/06/2021


EBT
12.000
8.000
4.000
0
10.663
6.024
30/06/2022
30/06/2021

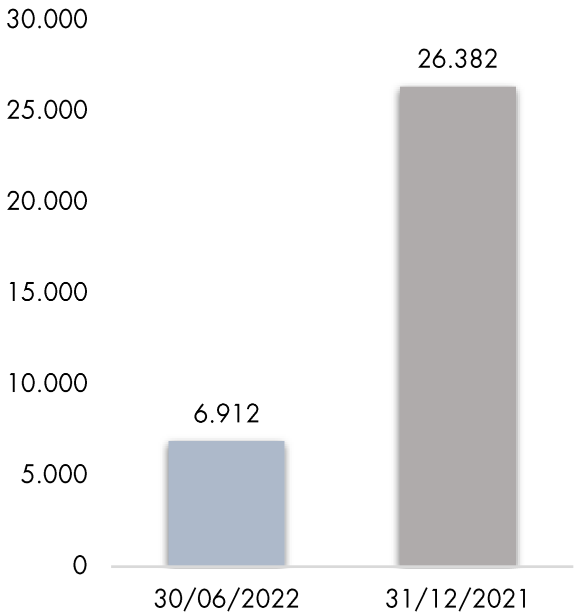
NET FINANCIAL INDEBTEDNESS



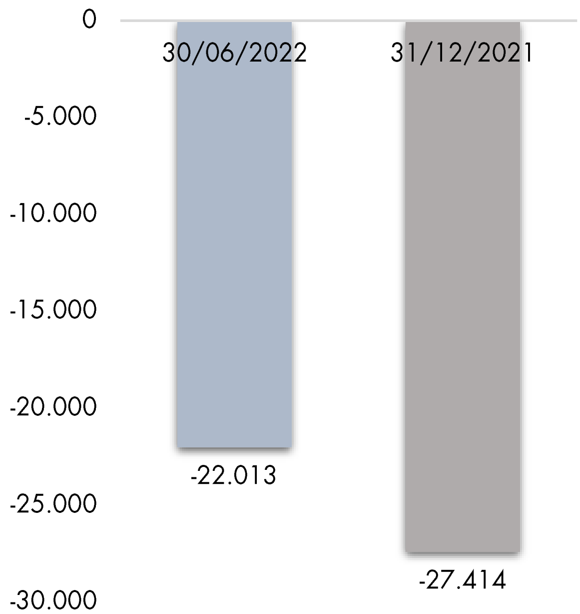
NET INVESTED CAPITAL



INVESTMENTS



NET WORKING CAPITAL



SIGNIFICANT EVENTS IN THE FIRST HALF OF 2022

On 20 January 2022, the acquisition of the business complex of the bankrupt Perini Navi S.p.A., which TISG was awarded through its wholly-owned subsidiary, New Sail S.r.l., during the auction of 22 December 2021, was finalised.

New Sail S.r.l. participated in the competitive procedure by paying a deposit of Euro 8 million and after being awarded the contract, it paid a further Euro 72 million as a balance. This amount was paid by means of the financial support made by TISG in favour of the then subsidiary New Sail S.r.l., through: i) its own cash and cash equivalents, deriving primarily from the proceeds raised during the IPO at the beginning of last June, and ii) bank credit lines, for an amount of Euro 38.9 million, made available by Banca MPS through MPS Capital Services, the Corporate & Investment Bank of the Montepaschi Group.

The Perini Navi S.p.A. business complex includes:

1) Movable and real estate assets of Viareggio;
2) Movable and real estate assets of La Spezia;
3) Land of Pisa
4) Boat under construction subject matter of job order number 2369;
5) Trademarks and patents
6) Shareholding (100%) of Perini Navi USA Inc. and,

existing legal relationships, including, but not limited to:

a) Employment relationships with the personnel that will be in place on the effective date of the sale;
b) State concessions in place for the shipyards, sheds, docks and areas in Viareggio and La Spezia at the effective date of the sale;
c) Authorisations, licences, permits, certifications issued in favour of Perini Navi and/or the receiver for the operation of the business complex;
d) Contracts covering utilities for real estate assets, rental contracts for hardware and software equipment, software licences and email account licences;
e) Tender contracts for guarding, surveillance, custody and cleaning services at the Viareggio and La Spezia shipyards.

The consolidation of the acquisition is enabling the Group to leverage the strong internal know-how developed in the sailing yacht business, the proven experience in the appreciation of acquired assets and brands, as evidenced by the strong growth achieved through the international recognition of Admiral and Tecnomar.
Furthermore, in the case of Perini Navi, this possibility of value increase will also be favoured by the fact that the financial crisis that led to the bankruptcy has not in the least affected the value of the prestigious brand, as the prices recorded in the most recent purchases and sales on the secondary market unequivocally demonstrate.
The additional resources from Perini Navi will be able to integrate quickly and effectively within the TISG Group which, over the last year, has already joined a large group of professionals who had previously worked at Perini Navi.
Another positive aspect in perspective is the excellent track record in the refit of Perini Navi sailing yachts, with about 50% of the

Perini Navi brand yachts having already passed through the TISG's shipyards. Furthermore, the integration of Perini Navi into TISG group represents an exceptional opportunity for growth and development along the northern coast of Tuscany and Liguria di Levante, allowing the expansion of production capacity and making possible a potential doubling of refit orders, in addition to the acquisition of contracts for the construction of motor yachts of 90 - 130 meters.
As described above, on 14 January 2022 a loan agreement for Euro 40 million was signed with MPS Capital Services S.p.A., expiring on 31 December 2028, aimed at financing the subsidiary New Sail S.r.l. in order to make available to it the amounts due for the payment of the balance of the price following the awarding of the unified business unit of the bankrupted Perini Navi S.p.A.

On 27 January 2022, a medium/long-term loan agreement was signed between TISG, UniCredit S.p.A. and Deutsche Bank S.p.A. for a maximum amount of Euro 32 million for the full early repayment of the previous loan of 8 May 2020 and for the support of the investments of the Group expected in the year 2022 referred to in the TISG 4.0 Project and the TISG 4.1 Project. The final reimbursement is expected in a single payment on 31 December 2028.

We also note the cooperation with Crédit Agricole S.A., which made available to the Company Euro 5 million relating to bank guarantees and a further Euro 3 million relating to short-term current account loans, aimed at paying suppliers, employees and taxes.

In consideration of the instrumental function that New Sail S.r.l., 100% controlled by TISG, has carried out since its establishment and in consideration of the fact that the management of the activities through two subjects active in the same sector would not meet the criteria of cost-effectiveness, on 3 March 2022, it was resolved the merger of New Sail S.r.l. into the parent company TISG.

This operation allowed: (i) to unify and integrate decision-making processes, (ii) to pursue greater management efficiency, thanks to the development of significant production, logistical, corporate and administrative synergies, as well as (iii) to achieve administration cost containment. Since the merged company was established on 3 November 2021 and it acquired the two Perini Navi business complexes on 5 February 2022, the merger has no significant tax effects to report.

SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2022

ACQUISITION OF 100% OF THE SHARES OF TISG TURKEY YAT TERSANECILIK ANONIM SIRKETI ("TISG TURKEY")

On 4 August, the Board of Directors of The Italian Sea Group resolved to acquire 100% of the shares of TISG Turkey Yat Tersanecilik Anonim Sirketi ("TISG Turkey") from GC Holding S.p.A. for a value of Euro 150,000 and to grant the Chairman Filippo Menchelli the powers to sign the ensuing deeds.

This operation will allow the Company to consolidate the entire production process, ensuring an even more integrated and quality-oriented Operations management. It will also facilitate direct investment strategies from TISG to TISG Turkey with a view to business growth.

PICCHIOTTI PROJECT

On 3 August 2022, The Italian Sea Group announced the new fleet that makes a comeback for the Picchiotti brand, a name that has represented the excellence and elegance of Italian naval tradition since 1575.

The project, born from the collaboration with Luca Dini and his Design & Architecture, represents the understanding between the ideas and requirements to relaunch TISG, which aimed to trace the historical stylistic essence of Picchiotti with the participation of Kurt Lehman and his Yacht Moments Consultant.

The fleet called "Gentleman" introduces TISG into the mass production segment of yachts and superyachts, while maintaining its ultra-high-level positioning.

The project stems from the ambition to create a product inspired by the silhouette of the American yachts of the 1960s by interpreting timeless classic lines with exclusivity and elegance, with innovative engineering solutions and a unique and distinctive design.
An invitation to a more human-friendly sailing, a blast from post-war aristocracy, synonymous with freedom at sea, with the added comfort and luxury of a superyacht.

BAD WEATHER OF 18 AUGUST

Following the bad weather that hit the province of Massa Carrara on Thursday, 18 August 2022, TISG did not record any significant impact on the shipyard's activities, nor any interruption in production.

The damage to the structures - which were promptly repaired by the task force set up for this purpose - is considered minor and all assets are covered by insurance policies.

BUSINESS OUTLOOK

The evolution of the crisis between Russia and Ukraine, which culminated with the start of the conflict at the end of February 2022 and the sanctions introduced by the European Union against Russia, raise not a few uncertainties regarding the future repercussions on global markets (as per CONSOB recommendation of May 19th 2022 n. 3/22).

At the moment, the management of the Group confirms that the production of the orders in progress and the refit activities are continuing without any slowdown and no orders have been cancelled nor has there been any delay in the payments according to the progress of the contractual works (Stati di Avanzamento Lavori - SAL).

TISG works exclusively on orders for shipowners from all over the world who are supported by international brokers; the contracts provide for advance payments relating to the SALs and in the event of default, the customer is expected to lose the advances paid; in this respect, the ownership of the ship would remain with TISG, giving the Group the opportunity to immediately resell the yacht.

The Italian Sea Group operates mainly in the segment of yachts from 50 meters to over 100 meters, the company's core business.

In light of an important increase in demand, TISG will continue to focus its efforts on the construction of mega and giga-yachts, leveraging the consolidated reputation of its brands and the great skills recognized by customers and major brokers in the international yachting sector.

Another significant element of TISG's development strategy is the consolidation in the sailing yacht segment, which is experiencing a strong increase in demand. Confirming TISG's positioning in the USA also in the sailing segment, it must be noted that the completion of a 60-meter sailing yacht for an American shipowner (order originally acquired by the previous Perini Navi shipowner).

MERGER OF FORMER PERINI NAVI ACTIVITIES

Following the acquisition of Perini Navi, TISG has already internally integrated most of the employees taken over from the same acquisition and has activated the start-up of the two production sites in La Spezia and Viareggio.

NEW PARTNERSHIPS WITH LEADING LUXURY BRANDS

Collaborations with brands of the calibre of Giorgio Armani and Automobili Lamborghini have contributed to further strengthening the positioning in the luxury segment, and confirming what was announced in the Road Show (June 2021), the agreements for a further important partnership are being completed.

COMMERCIAL EVOLUTION IN THE WORLD

TISG's commercial strategy is mainly developed through collaboration with international brokers, through specific events organised directly by the Issuer at its headquarters and through the word of mouth of customers who have already purchased a yacht from the Group.

The Group is active in researching all possible commercial opportunities through a number of agreements executed with the main players in the sector and more specifically TISG has announced, in November 2021, the partnership with Camper & Nicholsons International for the marketing of the motor yachts Admiral and Tecnomar in China and Hong Kong.

The North American market is in great expansion, as evidenced by the announcement of the sale, made at the end of 2021, of a new 82-meter Galileo mega yacht from the Admiral fleet, finalised through the US broker FGI Yachts.

The Tecnomar for Lamborghini 63 sales network, also thanks to the collaboration with Lamborghini dealerships around the world, is opening up the opportunity for TISG to enter new markets, such as the Australian and Middle Eastern ones.

PRODUCT DIFFERENTIATION

The Group mission will be based on paying particular attention to customer satisfaction. For this reason it intends to further improve the pre-sales services (design and development of yachts, already in the pre-order phase, thanks to a dialogue between the potential customer and the internal departments) and after-sales services (high level of service in the after-sales treatment, including the constant monitoring of the yachts built throughout the warranty period, thanks to the proprietary software that puts the shipowner and their team in contact with the Group), which are currently deemed to constitute an important competitive advantage.

In this respect it should be noted that TISG pays particular attention to its interaction with customers, who are supported by an organized structure characterised by competence and flexibility; indeed, the Group bases its commercial negotiations on a constant and constructive dialogue with the shipowner and/or the broker.

MASS PRODUCTION OF YACHTS

With the Picchiotti project, The Italian Sea Group enters mass production of yachts, maintaining its high-end positioning through the use of noble materials such as steel and aluminium.

Entry into this segment was facilitated by the increase in production capacity following the acquisition of Perini Navi and investment plans for the Marina di Carrara Headquarters.

The expansion of space, together with the integration of new employees, enabled the Company to optimise its resources and further diversify its product offer, without burdening its design capacity, 90% of which is dedicated to the production of large custom-made yachts.

In line with the Company's business strategy, production will only start once the relevant sales contracts have been signed; in fact, in order to minimise inventory risk, TISG only produces on the items sold, without making any exchange.

HIGHER PRICE POSITIONING WHILE SAFEGUARDING VALUE FOR MONEY

TISG intends to improve its positioning with respect to sales prices, especially in the segment of motor yachts over 50 meters in length, while maintaining a competitive price level compared to the main international shipyards in the segment in question, i.e., the large Northern Europe shipyards.

In this context, TISG is recognized as one of the shipyards with the best quality/price ratio among the main competitors and one of the best shipyards both in terms of experience given to customers, who can interact with it right from the initial stages, and for the extreme flexibility of the range of styles and models able to satisfy the most demanding customers.

The history and prestige of its brands, the high quality of its products and the made-in-Italy excellent design content are some of the factors that allow TISG to have the necessary margins to increase the price level while retaining a right quality/price ratio.

The quality/price ratio, the flexibility of the proposed range and the brand positioning are some of the discriminants considered by Ultra High Net Worth Individuals in the choice of the yacht to purchase.

GROWTH BY EXTERNAL LINES

The strategy of growth for external lines provides for the multi-year lease of some Italian and European shipyards. This strategic choice is based on the Group's plan to further expand its production capacity by transferring some processing phases, such as those involved in hull construction, outside the Marina di Carrara shipyard. The high quality standards and direct control of the phases of the value chain will be ensured through continuous inspections at foreign shipyards by TISG technicians. The objective is to streamline the processes with lower added value to be carried out at its Italian production site so that only the assembly and greater added value activities are carried out at the Marina di Carrara shipyard.

RELATED PARTY TRANSACTIONS

Revenues, expenses, receivables and payables as at 30 June 2022 from related parties are described in the explanatory notes. Transactions are carried out at normal market values, based on the characteristics of the goods and services provided.

RISK MANAGEMENT

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

MITIGATING ACTIONS

The Group constantly monitors its equity and financial structure in order to verify compliance with any type of commitment made with the banking system. The parameters that demonstrate compliance with the aforementioned covenants for the first half of 2022, are shown below:

Description *in thousands of Euro*	30/06/2022	31/12/2021
Total Shareholders' Equity	91,698	92,898
Subordinated Shareholders' Loan granted to the Borrower	3,206	3,161
Dividends	0	0
OWN FUNDS	94,904	96,059
Long-term financial liabilities	11,899	7,575
Short-term financial liabilities	72,182	23,863
Liabilities for non-current derivative instruments	0	0
Liabilities for current derivative instruments	0	0
Other financial assets not included in the above items	11,732	9,557
Co-obligation payables	2,543	2,871
Liquidity	-52,769	-85,615
NFP	45,587	-41,749
Operating result	15,247	21,240
FROM	4,660	6,232
Contingencies	-	- 715
EBITDA	19,908	26,757

CONTENTS	Contractual Reference Value	Covenants 30/06/22	Covenants 2021
NFP/EBITDA	< 2.00	1.25	-1.56
NFP/MP	< 0.50	0.48	-0.43

OTHER INFORMATION

CORPORATE GOVERNANCE

The Parent Company is organised according to the traditional administration and control model referred to in Articles 2380-bis et seq. of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The Chair of the Parent Company is Filippo Menchelli, the Chief Executive Officer is Giovanni Costantino and the Deputy Chair is Giuseppe Taranto.

The Parent Company has adopted, in compliance with the Corporate Governance Code most recently updated on 31 January 2020, through its Board of Directors, a regulation on the Board of Directors and on compliance with procedures relating to the timeliness and adequacy of information provided to directors, in accordance with the corporate governance principles contained in the Corporate Governance Code.

The Board of Directors is made up of three executive directors, a non-executive director and three independent directors.

The Appointment and Remuneration Committee, the Control and Risk Committee, which also performs the role of Committee for Transactions with Related Parties, have been set up within the Board.

The internal control and risk management system requires the Board, after obtaining the opinion of the Control and Risks Committee, to define the guidelines for the internal control and risk management system, understood as a set of processes aimed at enabling the identification, measurement, management and monitoring of the main risks. This system helps to ensure the efficiency and effectiveness of company operations, the reliability of financial information, compliance with laws and regulations, the bylaws and internal procedures, as well as the safeguarding of company assets.

The Board of Directors, having heard the opinion of the Control and Risk Committee, has appointed the head of the internal audit function, responsible for verifying that the internal control and risk management system is functional and adequate, ensuring that they are provided with adequate means to perform their functions, including in terms of the operational structure and internal organisational procedures for access to the information necessary for their task.

HALF-YEARLY CONSOLIDATED CONDENSED FINANCIAL REPORT AS AT 30/06/2022

E-MARKET SDIR CERTIFIED

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in thousands of Euros	notes	30/06/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
Brands	1	34,708	3,554
Other intangible assets	2	1,034	863
Land and buildings	3	39,240	35,994
Plant, machinery, equipment and investments in progress	4	38,227	28,708
Other tangible assets	5	1,761	1,642
Right Of Use	6	46,829	8,889
Equity investments	7	78	43
Other non-current assets	8	5,408	4,222
Total non-current assets		**167,286**	**83,915**
CURRENT ASSETS		-	
Cash and cash equivalents	9	52,769	85,615
Trade receivables	10	25,687	10,236
Other receivables	11	4,507	10,339
Assets from contract work in progress	12	53,783	41,336
Inventories	13	2,370	1,250
Other current assets	14	2,044	2,384
Total current assets		**141,159**	**151,159**
TOTAL ASSETS		308,445	235,075
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		26,500	26,500
Share premium reserve		45,431	45,431
Reserves and other retained earnings		12,149	4,635
Profit (loss) for the year		7,618	16,322
Total Shareholders' Equity	15	**91,698**	**92,888**
NON-CURRENT LIABILITIES			
Provisions for risks and charges	16	3,483	3,066
Deferred tax liabilities	17	2,245	1,178
Provision for employee benefits	18	1,365	760
Long-term financial liabilities	19	81,578	31,378
Other non-current liabilities	20	487	486
Total non-current liabilities		**89,158**	**36,868**
CURRENT LIABILITIES			
Trade payables	21	61,271	57,146
Other payables	22	8,907	5,623
Short-term financial liabilities	23	15,922	11,479
Liabilities from contract work in progress	12	22,541	16,345
Other current liabilities	24	18,948	14,725
Total current liabilities		**127,589**	**105,318**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		308,445	235,075

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT BY NATURE

thousands of Euros	notes	30/06/2022	30/06/2021
Operating revenues		135,278	79,044
Other revenues and income		902	3,268
Commissions		(2,454)	(278)
Total Revenues	25	133,726	82,034
Raw materials, components and consumables	26	(35,597)	(17,607)
Cost for outsourced work	27	(53,780)	(34,652)
Technical services and consultancy	28	(3,934)	(3,333)
Other costs for services	29	(5,201)	(4,422)
Personnel costs	30	(14,272)	(10,503)
Other operating costs	31	(4,151)	(1,402)
Total operating costs		(116,934)	(71,919)
Operating result before amortisation, depreciation and write-downs		16,792	10,115
Amortisation, depreciation and write-downs	32	(4,906)	(2,556)
Operating result		11,887	7,559
Financial income	33	226	96
Financial charges	33	(1,450)	(1,631)
Profit (loss) for the period before income taxes		10,663	6,024
Income taxes	34	(3,044)	(1,375)
Profit (loss) for the period		7,618	4,649

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT BY NATURE

In thousands of Euros		30/06/2022	30/06/2021
Profit/(loss) for the period		7,618	4,649
Gains/(losses) on remeasurement of defined benefit employee plan liabilities	35	(8)	(27)
Tax effect		-	8
Change in fair value of hedging derivatives	35	1,121	-
TOTAL PROFIT/(LOSS) FOR THE PERIOD (A) + (B)		8,732	4,630

CONSOLIDATED CASH FLOW STATEMENT

in thousands of Euros	30/06/2022	30/06/2021
INCOME MANAGEMENT ACTIVITIES		
Profit for the period before taxes	10,663	6,024
Net interest	1,269	1,567
Provision for risks and charges	689	491
Provision for severance pay	630	414
Adjustments for:		
Amortisation, depreciation and write-downs of fixed assets	2,625	2,376
Capital gains/(losses)	-	(36)
Other provisions and write-downs (revaluations)	300	180
Changes in assets and liabilities:		
Receivables from customers	(15,201)	11,438
Inventories and orders	(5,103)	(24,659)
Other management activities	5,981	(1,580)
Payables to suppliers	4,363	6,402
Other operating payables	7,273	6,468
Severance indemnity	(25)	(441)
Provisions for charges and risks and deferred taxes	795	753
Taxes	(3,044)	(1,375)
Interest paid	(1,224)	(1,534)
CASH FLOW FROM INCOME MANAGEMENT ACTIVITIES	9,991	6,488
INVESTMENT ACTIVITIES		
Purchase of tangible assets	(5,153)	(10,034)
Disposal of tangible assets	-	36
Purchase of intangible assets	(222)	(398)
CELI loan	-	(3,412)
Disbursement for the purchase of the Perini company complex	(80,000)	-
Others	(377)	(58)
CASH FLOW FROM INVESTMENT ACTIVITIES	(85,752)	(13,866)
FINANCING ACTIVITIES		
Capital payments	-	4,750
Share premium payment	-	41,799
Raising M/L term loans	72,500	17,000
Repayment of M/L term loans	(19,852)	(2,029)
Repayment of loans to others (lease)	(7)	(957)
Net change in other sources of short-term financing	-	(426)
Payment of charges on share capital increase	-	(2,027)
Payment of dividends	(9,716)	(6,253)
CASH FLOW FROM FINANCING ACTIVITIES	42,925	51,857
TOTAL CASH FLOWS FOR THE PERIOD	(32,836)	44,479
OPENING CASH AND CASH EQUIVALENTS	85,605	17,943
FINAL CASH AND CASH EQUIVALENTS	52,769	62,422

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

in thousands of Euros	Values at	Allocation of Result	Net Result	Other Changes	Total Result	Values at
	31/12/2020	31/12/2020	31/12/2021	31/12/2021	31/12/2021	31/12/2021
SHARE CAPITAL	21,750			4750		26,500
SHARE PREMIUM RESERVE	12,000			33,431		45,431
RESERVES AND OTHER RETAINED EARNINGS	235			4,350	50	4,635
PROFIT (LOSS) FOR THE PERIOD	6,235	(6,235)	16,332			16,322
TOTAL SHAREHOLDERS' EQUITY	40,220	(6,235)	16,332	42,531	50	92,888

in thousands of Euros	Values at	Allocation of Result	Net Result	Other Changes	Total Result	Values At
	31/12/2021	31/12/2021	30/06/2022	30/06/2022	30/06/2022	30/06/2022
SHARE CAPITAL	26,500					26,500
SHARE PREMIUM RESERVE	45,431			0		45,431
RESERVES AND OTHER RETAINED EARNINGS	4,635			7,514		12,149
PROFIT (LOSS) FOR THE PERIOD	16,322	(16,322)	7,618			7,618
TOTAL SHAREHOLDERS' EQUITY	92,888	(16,322)	7,618	7,514	0	91,698

EXPLANATORY NOTES

CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

These explanatory notes were prepared on the basis of the accounting records updated as at 30 June 2022. The purpose of this document is to illustrate, analyse and, in some cases, supplement the data indicated in the consolidated financial statements.

The consolidated financial statements formats adopted are consistent with those envisaged by IAS 1; in particular:

▪ the consolidated statement of financial position was prepared by classifying assets and liabilities according to the “current/non-current” distinction;

▪ the consolidated income statement was prepared by classifying operating costs by nature, as this form of presentation is considered more suitable to represent the specific business of the Group, is compliant with internal reporting methods and is in line with the relevant industrial sector practice;

▪ the consolidated statement of comprehensive income includes, in addition to the profit (loss) for the year, as per the separate income statement, other changes in equity movements other than those with shareholders;

▪ the consolidated cash flow statement was prepared by showing the cash flows deriving from operating activities according to the “indirect method”.

The values shown in these notes, unless otherwise indicated, are expressed in thousands of Euro.

In order to ensure appropriate comparability between the data as at 30 June 2022 and those of the previous year, it should be noted that the column relating to the data as at 30 June 2021 refers to The Italian Sea Group S.p.A. "stand alone", which at the end of the previous year was the only entity belonging to The Italian Sea Group.

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 have introduced the obligation for issuers of securities listed on regulated markets of the European Union to draw up the annual financial report in XHTML, based on the European Single Electronic Format (ESEF) approved by ESMA. For the year 2022 it is required that the consolidated financial statements must be "marked" with the ESEF taxonomy, using an integrated computer language (iXBRL).

REPORTING BY OPERATING SECTOR

In order to provide adequate information on the nature and characteristics of revenues earned, a breakdown of revenues as required by IFRS 8 is provided below. The table below shows the change between 30 June 2022 and 30 June 2021 of the major economic indicators, both broken down by operating segments, gross of intercompany items (please refer to the segment reporting in the Notes to the Financial Statements for net figures of intercompany items).

The Group's organisational structure is based on two divisions: Shipbuilding and

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

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

In particular, the structure of the information corresponds to the structure of the reports periodically reviewed by the CEO for business management purposes.
Both Divisions operate mainly within the headquarter located in the Port of Marina di Carrara, where the Group has about 100,000 square metres of operational space, in addition to the main corporate functions.

BUSINESS CONTINUITY

The consolidated financial statements for the year ended 30 June 2022 were prepared with a view to the continuation of the company's business as there is a reasonable expectation that TISG S.p.A. will continue its operating activities in the foreseeable future (and in any case with a time horizon of more than twelve months). In particular, the following factors were taken into consideration:

1. the main risks and uncertainties (for the most part of external origin) to which TISG is exposed:
   - the changes in the general macroeconomic situation in the Italian, European and non-EU markets as well as the volatility of the financial markets of the "Eurozone" also based on the outcome of:
     - the definitive exit of the United Kingdom from the EU;
     - the evolution of the pandemic caused by the SARS-CoV-2 virus;
     - the evolution of the conflict between Russia and Ukraine and of the sanctions imposed to the Russian Federation;
   - changes in business conditions, also in relation to competitive dynamics;
   - the outcomes of disputes and claims with regulatory authorities, competitors and other parties;
   - financial risks (trend in interest rates and/or exchange rates, changes in creditworthiness by rating agencies);
2. the mix considered to be optimal between risk capital and debt capital as well as the policy for the remuneration of the risk capital, as described in the Note "Shareholders' Equity";
3. the financial risk management policy (market risk, credit risk and liquidity risk), as described in the Note "Financial Risk Management".

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

ADOPTED ACCOUNTING STANDARDS OF REFERENCE

These consolidated condensed half-yearly financial statements have been prepared in accordance with the IAS-IFRS International Accounting Standards in force as at 31 December 2021 as adopted by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005, and in particular in accordance with International Accounting Standard IAS 34 on Interim Financial Reporting. IAS-IFRS also includes all revised International Accounting Standards (IAS) and all interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously called SIC. The rules of national laws implementing EU Directive 2013/34 also apply - provided that they are compatible - to companies that prepare their financial statements in accordance with IAS-IFRS. Therefore, the financial statements implement the provisions concerning the articles of the Italian Civil Code and the corresponding regulations of the Consolidated Law on Finance for listed companies concerning the Report on Operations, External audit and Publication of the Financial Statements. The Consolidated Financial Statements and related notes also include the details and additional information required by the articles of the Italian Civil Code on financial statements in that they do not conflict with the provisions of IAS-IFRS, as well as other Consob rules and regulations on financial statements.

The financial statements have been prepared on a going concern basis. The Group assessed that, despite the general economic and financial context characterised by the effects of the Covid-19 pandemic (as per CONSOB recommendation) and the conflict in Ukraine, there are no significant uncertainties regarding the Group's ability to continue as a going concern, also by virtue of the financial structure and forecasts included in the 2022 Budget, as illustrated in the "Report on Operations".

The Italian Sea Group S.p.A. has adopted the International Financial Reporting Standards adopted by the European Union (IFRS), from 2014 onwards, with a date of transition to the IFRS (FTA) at 1 January 2013.

It should be noted that the IFRS are the accounting standards approved by the International Accounting Standards Board (IASB), adopted pursuant to Regulation (EC) no. 1606/2002.

At national level, the international accounting standards were implemented in our system with Legislative Decree no. 38/2005, containing a series of provisions aimed at harmonising the application of the standards in question with the domestic regulations on business income.
The choice by the Group to adopt the IFRS international accounting standards for the preparation of its consolidated half-yearly financial statements offers the opportunity to compare the financial statement figures with those of its main competitors and to carry forward the process of internationalisation.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

The consolidated financial statements as at 30 June 2022 were prepared in compliance with the International Accounting Standards (IFRS), in force at the end of the year, issued by the International Accounting Standards Board and adopted by the European Union. Account was also taken of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The comparison between the figures of the statement of comprehensive income, the statement of financial position, the cash flow statement and the changes in shareholders' equity is always expressed in thousands of Euros, except in the cases indicated individually and otherwise, and is carried out with the corresponding values as at 31 December 2021 for the balance sheet and as at 30 June 2021 for the income statement.

IFRS means the revised international accounting standards (IFRS and IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC), adopted by the European Union.

DRAFTING CRITERIA AND FUNCTIONAL CURRENCY

The consolidated accounts are prepared in accordance with the cost principle, with the exception of derivative financial instruments and financial assets, which are measured at fair value.

The presentation currency used in the consolidated financial statements is the Euro, the functional currency of the parent company The Italian Sea Group S.p.A. All values contained in the financial statements and explanatory notes are rounded to the nearest euro unit unless otherwise indicated.

The consolidated condensed half-yearly financial statements consist of the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of financial position, the changes in the consolidated shareholders’ equity and the consolidated cash flow statement, as well as the explanatory notes for the half-year ended 30 June 2022.

With regard to the presentation of the financial statements, the Group has made the following choices:

- for the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. Current assets that include cash and cash equivalents are those intended to be realised, sold or consumed in the Group's normal operating cycle; current liabilities are those that are expected to be discharged during the Group's normal operating cycle or in the twelve months following the end of the reporting period;
- for the income statement, costs are analysed according to their nature;
- for the comprehensive income statement, the Group has chosen to present two statements: the first shows the traditional components of the income statement with the result for the period, while the second, starting from this result, details the other components, namely (i) changes in fair value on derivative financial instruments designated in hedge accounting, and (ii) the effects of remeasuring defined benefit plans;
- for the cash flow statement, the indirect method is used.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2022 AND APPLICABLE FROM 1 JANUARY 2023

On **14 May 2020**, the IASB published the following amendments called:

1. **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version without affecting the provisions of IFRS 3;

2. **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is to prohibit the deduction from the cost of property, plant and equipment the amount received from selling items produced during the test phase of the asset. Therefore, these sales proceeds and related costs will be recognised in profit or loss;

3. **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly related to the contract must be taken into account when estimating whether a contract is onerous. Accordingly, the assessment of whether a contract is onerous includes not only the incremental costs (such as, for example, the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of personnel costs and depreciation of plant and equipment used in fulfilling the contract);

4. **Annual Improvements 2018-2020:** the 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.

   All amendments came into force on 1 January 2022.

On **12 February 2021**, the IASB published amendments to the IFRS standards:

1. Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2;

2. Definition of Accounting Estimates—Amendments to IAS 8.

   The amendments 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.

   The amendments apply from 1 January 2023, but early application is permitted.

On **7 May 2021**, the IASB published some amendments to IAS 12, the tax standard, to clarify how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations.

The amendments apply from 1 January 2023, but early application is permitted.

In **January 2020**, the IASB issued amendments to IAS 1, which clarify how an entity should classify liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was postponed until 1 January 2023 due to the COVID-19 pandemic. The IASB, at its meeting of June 2021, decided to amend temporarily the requirements of IAS 1 regarding the classification of liabilities subject to conditions and the disclosure of such conditions and to defer the effective date of the 2020 amendment by at least one year to annual reporting periods beginning on or after 1 January 2024 at the earliest.

The Directors do not expect the adoption of these amendments to have a significant effect on the Group’s consolidated financial statements.

CONSOLIDATION PRINCIPLES

The consolidated financial statements were prepared on the basis of the financial statements as at 30 June 2022, prepared by the parent company The Italian Sea Group S.p.A. and its subsidiary, in accordance with the accounting standards adopted by the Group.

The administrative period and the closing date for the preparation of the Consolidated financial statements correspond to those of the financial statements of the Parent company and the subsidiary.

SUBSIDIARIES

Subsidiaries are the companies in which the Group is exposed to variable returns, or holds rights to such returns, arising from its relationship with such companies and at the same time has the ability to affect such returns by exercising its power.

The Group ascertains the control of entities through the presence of three elements:

1. power: the Group's current ability, derived from material rights, to manage the relevant activities of entities that significantly affect the entity's returns;
2. exposure of the Group to the variability of the returns of the entity subject to investment;
3. correlation between power and returns, the Group has the ability to exercise its power to affect the returns deriving from that relationship.

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control is assumed until such control ceases to exist.

SCOPE OF CONSOLIDATION

The list of companies over which The Italian Sea Group S.p.A. exercises control and therefore are included in these consolidated financial statements is shown in the following table:

Name	Registered office	Share capital	Consolidation criteria	% held
Perini Navi USA Inc.	America	€ 102,000	Line-by-line	100%

We highlight the change in the scope of consolidation compared to the previous year, which included the values at New Sail S.r.l., subsequently merged into The Italian Sea Group S.p.A.

The following table shows the Parent Company's reconciliation statement of the shareholders' equity and result for the period with the corresponding consolidated figures.

Consolidated data in thousands of Euros	SE at 30/06/2022	Net Result at 30/06/2022	SE at 31/12/2021	Net Result at 31/12/2021
Shareholders' equity and net result of the controlling company:	91,777	7,636	92,888	16,332
Elimination of the carrying amount of the consolidated participations:				
Diff. Between carrying amount and pro-quota value of shareholders' equity:	510			
Diff. in tradition:				
Pro-quota result of the owned Company:		(18)		
Elimination of effects of operations between consolidated companies:				
Elimination of intercompany payables and receivables – exchange rate difference:	(63)			
Shareholders' Equity and Net Result for the period attributable to the controlling company's shareholders	**92,224**	**7,618**	**92,888**	**16,332**
Third party equity interests	-	-	-	-
Total Shareholders' Equity	**92,224**	**7,618**	**92,888**	**16,332**

MAIN RISKS AND UNCERTAINTIES

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

RISKS RELATED TO THE FINANCIAL SITUATION

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

RISKS RELATED TO OPERATIONS

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

RISKS RELATED TO THE REGULATORY FRAMEWORK OF REFERENCE

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

NON-CURRENT ASSETS

INTANGIBLE ASSETS

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

Brands are considered assets with an indefinite useful life and, therefore, are not amortised, but are subject to impairment testing at least once a year, in accordance with IAS 36 - Impairment of Assets - ("impairment test"). carried out at the level of the cash generating unit ("CGU") to which the company management attributes the brand. Any write-downs are not subject to subsequent write-backs.

The recoverability of these assets is verified when events or changes in circumstances suggest that the book value is not recoverable. The recoverability measurement is carried out for each cash generating unit, represented by the smallest identifiable set of assets that generates cash inflows largely independent from those generated by other assets. The definition of the CGUs is made by considering, among other things, the methods with which the management controls the operating activities (e.g., by business lines) or makes decisions about maintaining or disposing of the assets and activities of the Group.
Cash generating units may include corporate assets, i.e., assets that do not generate autonomous cash flows, attributable on a reasonable and consistent basis. Corporate assets not attributable to a specific cash generating unit are allocated to a larger aggregate consisting of several cash generating units.

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

The recoverability is verified by comparing the book value with the relative recoverable value represented by the higher of the fair value, net of disposal costs, and the value in use. The latter is determined by discounting the expected cash flows deriving from the use of the cash generating unit and, if significant and reasonably determinable, from its sale at the end of its useful life, net of disposal costs.

The expected cash flows are determined on the basis of reasonable and supportable assumptions representative of the best estimate of the future economic conditions that will occur in the residual useful life of the cash generating unit, giving greater importance to the indications coming from the outside.

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

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

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

- the project is clearly identified and the related costs can be reliably identified and measured;
- the technical feasibility of the project is demonstrated;
- the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
- there is a potential market or, in the case of internal use, the usefulness of the intangible asset has been demonstrated;
- the technical and financial resources necessary for the completion of the project are available.

They are amortised over the period in which the expected future revenues will arise from the same project.

TANGIBLE ASSETS

Tangible assets are recognised in the financial statements at purchase cost, including any accessory charges, and are systematically depreciated each year on a straight-line basis over their estimated useful life.
Ordinary maintenance expenses are charged in full to the income statement, those of an incremental nature are charged to the asset to which they refer and are amortised in relation to the residual possibility of use of the same.

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

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

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

DESCRIPTION	%
Buildings on land under concession Marina di Carrara	Expiry of the concession December 2043
Buildings on land under concession La Spezia	Expiry of the concession February 2035
Buildings on land under concession Viareggio	Expiry of the concession December 2037
Plant and machinery	6.67%-10%
Equipment	10%-25%
Office furniture and machines	12%
Electronic machines	20%
Motor vehicles	20%

IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

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

The recoverable value of an asset is the higher of its fair value, less costs to sell, and its value in use, meaning the present value of the estimated future cash flows for that asset. For an asset that does not generate largely independent cash flows, the realisable value is determined in relation to the cash generating unit to which the asset belongs.
In determining the value in use, the expected future cash flows are discounted with a discount rate that reflects the current market valuation of the cost of money, in relation to the period of the investment and the specific risks of the asset. An impairment loss is recognised in the income statement when the carrying amount of the asset is higher than the recoverable amount.

If the conditions for a previous write-down no longer apply, the book value of the asset, with the exception of goodwill, is reinstated with recognition in the income statement, within the limits of the net book value that the asset in question would have had if it had not been for the write-down and depreciation carried out.

EQUITY INVESTMENTS

Non-current financial assets include equity investments, measured at cost less impairment losses, which are not included in the scope of consolidation. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

RIGHT OF USE – LEASE LIABILITIES

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

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

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

The Group applies the exception to the recognition envisaged for short-term leases to its agreements with a duration equal to or less than 12 months from the effective date. It also applies the exception to the recognition envisaged for leases in which the underlying asset is of "modest value" and whose amount is estimated as not significant.

CURRENT ASSETS

INVENTORIES

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

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

ASSETS AND LIABILITIES FROM CONTRACT WORK IN PROGRESS

Assets and liabilities from contract work in progress (hereinafter also "contracts") are recognised at the value of the agreed contractual considerations, according to the percentage of completion method, taking into account the percentage of completion method, the progress achieved and the expected contractual risks.

The work progress is measured with the so-called input method with reference to the contract costs incurred at the reporting date in relation to the total estimated costs for the contract (so-called "cost-to-cost").

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

Contract orders are stated considering the costs incurred plus the margins recognised, less any expected losses, net of invoicing for work in progress.
This analysis is carried out on a contract-by-contract basis. If the differential is positive, the imbalance is classified as an asset under the item "assets from contract work in progress"; if, on the other hand, this differential is negative, the difference is classified as a liability under the item "Liabilities from contract work in progress".

TRADE RECEIVABLES AND OTHER ASSETS

Trade receivables and other current and non-current receivables are financial instruments, mainly relating to receivables from customers, not derivatives and not listed in an active market, from which fixed or determinable payments are expected.

Trade receivables and other receivables are classified in the balance sheet under current assets, with the exception of those with a contractual maturity of more than twelve months from the reporting date, which are classified under non-current assets. These financial assets are recorded in the balance sheet assets when the Group becomes a party to the contracts connected to them and are eliminated from the balance sheet assets, when the right to receive the cash flows is transferred together with all the risks and benefits associated with the business sold.

Trade receivables and other current and non-current receivables are originally recognised at their fair value and, subsequently, at amortised cost, using the effective interest rate, reduced for impairment. The amount of the write-down is measured as the difference between the book value of the asset and the present value of expected future cash flows.

The value of the receivables is shown in the financial statements net of the related bad debt provision. Trade receivables and other current and non-current receivables are eliminated from the statement of financial position when the right to receive the cash flows is extinguished and all the risks and benefits associated with the holding of the asset are substantially transferred (referred to as "Derecognition") or if the item is considered definitively unrecoverable after all the necessary recovery procedures have been completed.
The approach adopted for the recognition of loan losses is prospective, focused on estimating the probability of future losses on loans, even in the absence of events that suggest the need to write down a credit position ("expected losses").

Although the provision allocated is deemed adequate, the use of different assumptions or the change in economic conditions, even more so in this period characterised by a negative economic situation, could be reflected in changes in the provision for credit risks.

CASH AND CASH EQUIVALENTS

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

NON-CURRENT LIABILITIES

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a determined nature and of certain or probable existence, whose amount or date of occurrence is undetermined at the end of the year.

Provisions are recognised when: i) the existence of a current legal or implicit obligation deriving from a past event is likely; ii) it is probable that the fulfilment of the obligation will be onerous; iii) the amount of the obligation can be reliably estimated.

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

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

Risks for which the occurrence of a liability is only "possible" are indicated in the appropriate disclosure section on commitments and risks and no provision is made for the same.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities consist of:

a) "possible" obligations that arise from events that occurred before the financial statements date and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the Group's control; or

b) from current obligations that arise from events before the financial statements date but are not recognised because:
   i. it is not probable that the liability will require an outflow of resources from the action of settling the obligation; or
   ii. the amount of the obligation may not be estimated with sufficient accuracy.

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

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

EMPLOYEE BENEFITS (POST-EMPLOYMENT PLANS)

The Group's employees benefit from pension and other post-employment plans. The pension plans in which the Group is required to participate by Italian law are defined contribution plans, while other post-employment benefit plans, in which the Group generally participates by virtue of collective employment agreements, are defined benefit plans.

Payments relating to defined contribution plans made by the Group are recognised in the income statement as a cost when incurred. Defined benefit plans are based on the working life of employees and on the remuneration received by employees during a predetermined period of service.

With the adoption of IFRS, the severance pay accrued up to 31 December 2006 is therefore considered as a defined benefit obligation.

On 16 June 2011, the IASB issued an amendment to IAS 19 - Employee Benefits, which eliminates the option of deferring the recognition of actuarial gains and losses with the corridor method, requiring the presentation in the statement of financial position of the deficit or surplus of the provision, and the recognition of the cost components linked to the work performance and the net financial charges in the income statement, and the recognition of the actuarial gains and losses deriving from the remeasurement of liabilities and assets under "Other comprehensive income/(losses)".

In addition, the return on assets included under net financial charges must be calculated based on the discount rate of the liability and no longer on the expected return on the assets.

FINANCIAL LIABILITIES

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

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

Derivatives

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

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

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

CURRENT LIABILITIES

Financial liabilities (excluding derivative financial instruments), trade payables and other payables are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently measured at amortised cost, applying the effective interest rate criterion.

If there is an estimated change in the expected cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the present value of the new expected cash flows and the internal rate of return initially determined.

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

REVENUES

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

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

1) contract identification: this occurs when the parties approve the contract (with commercial substance) and identify their respective rights and obligations: in other words, the contract must be legally binding, the rights to receive goods and/or services can be clearly identified and in terms of payment and the Group deems it probable that the payment will be received;

2) identification of performance obligations: the main performance obligations identified, i.e., promises to transfer goods and services that are distinct, are the sale of yachts and refit services;

3) determination of the transaction price: this is the total amount contracted with the counterparty, having regard for the entire duration of the contract; the Group has defined the contractual duration as that deriving from the time required to build the yacht;

4) allocation of the transaction price to the performance obligations: the allocation takes place in proportion to the progress of the work on the yachts;

5) revenue recognition: revenue is represented net of discounts, allowances, returns and recognised in relation to the characteristics of the type of revenue.

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

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

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

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

- upon signing the contract;
- upon completion of the hull, deck and superstructure;
- upon completion of the internal subdivision, rough finish;

- upon boarding of the main engines;
- upon completion of the works, when the yacht is ready for delivery; at the same time the "Test and Acceptance Report" and the "Transfer of Ownership Deed" are signed.

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

FINANCIAL INCOME

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

ACCOUNTING FOR GOVERNMENT GRANTS

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

COSTS

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

FINANCIAL CHARGES

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

DIVIDENDS

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

TAXES

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

Prepaid and deferred income taxes are calculated on the timing differences between the values of assets and liabilities determined according to statutory criteria and the corresponding values recognised for tax purposes. The valuation is made on the basis of the tax rates expected to be applied in the year in which these differences will be realised or extinguished and therefore will contribute to the formation of the tax result, considering the rates in force or those already issued at the reference date of the financial statements.

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

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

CRITERIA FOR CONVERSION OF FOREIGN CURRENCY ITEMS (NOT IN THE EUROZONE)

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

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

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

USE OF ESTIMATES

The preparation of the financial statements requires the application of accounting standards and methods that, in certain circumstances, are based on difficult and subjective valuations and estimates based on historical experience and assumptions that are from time to time considered reasonable and realistic according to the relative circumstances.

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

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

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

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

- *Deferred tax assets*: Deferred tax assets are accounted for on the basis of expectations of taxable income in future years. The valuation of expected taxable income for the purposes of accounting for deferred tax assets depends on factors that may vary over time and determine significant effects on the recoverability of deferred tax assets.

- *Valuation of the ADMIRAL and TECNOMAR brands*: intangible assets with an indefinite useful life are not amortised; the recoverability of their book value is checked at least annually and, in any case, when events occur that suggest a reduction in value, based on an impairment test based on estimates and assumptions by management.

- *Recognition of revenues from contract work in progress*: Similarly to other large multi-year contracts, the contract for the construction of a yacht or a ferry precedes the realisation of the product, sometimes by a very substantial period of time. There are few cases of contractual price revision formulas, although there is the possibility of obtaining extra-prices for additions and variations, limited to cases of significant changes in the scope of supply. The margins that are expected to be recognised on the entire work on completion are recognised in the income statements of the relevant years based on progress; the correct recognition of the work in progress and of the margins relating to works not yet completed thus presupposes the correct estimate by the management of the costs to completion, of the assumed increases, and also of the delays, extra costs and penalties that could reduce the expected margin. To better support the estimates, management uses contract risk management and analysis schemes to monitor and quantify the risks related to the performance of these contracts. The values recorded in the financial statements represent the best estimate at the date made by management, with the help of said procedural supports.

- *Provisions for risks and charges*: Provisions representing the risk of a negative outcome are recognised for legal and tax risks and disputes. The value of the provisions recorded in the financial statements relating to these risks represents the best estimate, to date, made by the company management. This estimate derives from the adoption of assumptions that depend on factors and circumstances that may change over time.

COMMENTS ON THE MAIN CONSOLIDATED ASSET ITEMS

NOTE 1 - BRANDS

The changes in this item are detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Brands	34,708	3,554	31,154
TOTAL	34,708	3,554	31,154

Description *in thousands of Euros*	Admiral brand	Tecnomar brand	Brand Perini Navi	Picchiotti brand	Total
Net Book Value 31.12.2021	2,319	1,235	0	0	3,554
Investments	-	-	30,351	825	**31,176**
Net decreases	-	-	-	-	-
Depreciation	-	-	-	22	22
Net Book Value 30.06.2022	2,319	1,235	30,351	803	34,708

Brands: The item, equal to Euro 34,708 thousand at 30 June 2022, increased by an amount equal to Euro 31,154 thousand net of depreciation, with particular reference to the acquisition of the Perini Navi S.p.A. business complex. On the basis of the "Purchase Price Allocation - PPA", carried out to define the allocation of the sale price to the various assets, a value of Euro 30,351 thousand was attributed to the Perini Navi brand and a value of approximately Euro 825 thousand to the Picchiotti brand.

Contrary to what is envisaged for the Perini Navi brand, the Picchiotti brand has been measured at finite useful life and, consequently, amortised over an estimated period of 18 years (equal to Euro 22 thousand as at 30 June 2022).

The remaining item consists of the historical brands Admiral and Tecnomar considered to have an indefinite useful life.

As at 30 June 2022, no indicators of impairment of these assets were identified and, therefore, it was not necessary to update the impairment test run for the financial statements for the year ended 31 December 2021.

NOTE 2 – OTHER INTANGIBLE ASSETS

The changes in this item are detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Development costs	1,034	863	171
TOTAL	1,034	863	171

Description *in thousands of Euros*	Tecnomar EVO	Tecnomar for Lamborghini 63	Total
Net Book Value 31.12.2021	0	863	863
Changes in 2022			
Investments	0	355	355
Net decreases	0	0	0
Depreciation	0	184	184
Net Book Value 30.06.22	0	1,034	1,034

Projects: the item, equal to Euro 1,034 thousand at 30 June 2022, up by Euro 171 thousand compared to 31 December 2021, net of amortization, due to the registration of the patents deriving from the acquisition of the Perini Navi S.p.A. business complex.

Details of changes in intangible fixed assets are provided below:

Description *in thousands of Euros*	Other intangible assets	Brands	Total
Historical cost	3,345	4,724	8,069
Depreciation provision	2,482	1,169	3,651
Net Book Value 31.12.2021	863	3,555	• 4,418
Changes in 2022			
Investments	354	31,176	31,530
Decreases	0	0	0
Chg. Historical cost 2022	354	31,176	31,530
Depreciation	184	23	207
Release of Depreciation provision	0	0	0
Chg. Depreciation provision 2022	184	23	207
Historical cost	3,700	35,900	39,600
Depreciation provision	2,666	1,192	3,858
Net Book Value 30.06.2022	1,034	34,708	35,742

NOTE 3 - LAND AND BUILDINGS

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Land and buildings	5,326	1,479	3,847
Buildings on land under concession	33,914	34,515	(601)
TOTAL	39,240	35,994	3,246

Land and buildings: equal to Euro 39,240 thousand as at 30 June 2022, increased as a whole by Euro 3,246 thousand compared to 31 December 2021, as a result of the acquisition of the Perini Navi S.p.A. business complex. The increases are listed below:

- LAND of Euro 1,275 thousand (La Spezia land Euro 1,200 thousand, Pisa land Euro 75 thousand);
- BUILDINGS La Spezia of Euro 2,650 thousand

Changes in this item during the first six months of 2022 are shown below:

Description *in thousands of Euros*	**Land and buildings**	**Buildings on land under concession**	**Total**
Historical cost	3,029	44,629	47,658
Depreciation provision	1,550	10,114	11,664
Net Book Value 31.12.2021	1,479	34,515	35,994
Changes in 2021			
Investments	3,925	0	3,925
Decreases	0	0	0
Transfers Work in progress and payments on account	0	0	0
Chg. Historical cost 2022	3,925	0	3,925
Depreciation	79	600	679
Release of Depreciation provision	0	0	0
Chg. Depreciation provision 2022	79	600	679
Historical cost	6,955	44,629	51,584
Depreciation provision	1,629	10,714	12,343
Net Book Value 30.06.2022	5,326	33,915	39,241

NOTE 4 - PLANT, MACHINERY AND EQUIPMENT

The changes in this item are detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Work in progress and payments on account	14,781	8,409	6,372
Industrial and commercial equipment	5,960	2,154	3,806
Plant and machinery	16,022	16,588	(566)
Moulds	1,464	1,557	(93)
TOTAL	38,227	28,708	9,519

Fixed assets in progress and advances: amounting to Euro 14,781 thousand as at 30 June 2022, up by Euro 6,372 thousand compared to 31 December 2021. These refer primarily to work in progress for the execution of the TISG 4.1 project and the completion of the TISG 4.0 project. In the first six months of 2022, Euro 6,912 thousand was invested in the expansion of the Marina di Carrara shipyard.

Industrial and commercial equipment: this item amounted to Euro 5,960 thousand as at 30 June 2022, up by Euro 3,806 thousand, compared with 31 December 2021, due to the acquisition of the Perini Navi complex and net of depreciation for the period. The investments refer in particular to the Syncrolift in Viareggio of Euro 2,332 thousand

Plant and machinery: this item, amounting to Euro 16,022 thousand as at 30 June 2022, decreased compared to 31 December 2021 by Euro 566 thousand, due to the depreciation for the period.

Moulds: this item, amounting to Euro 1,464 thousand as at 30 June 2022, decreased by Euro 93 thousand compared to 31 December 2021, due to the depreciation for the period.

Changes in this item during the first six months of 2022 are shown below:

Description *in thousands of Euros*	Work in progress and payments on account	Industrial and commercial equipment	Plant and machinery	Moulds	Total
Historical cost	8,409	8,979	42,077	5,028	64,492
Depreciation provision	0	6,825	25,489	3,471	35,785
Net Book Value 31.12.2021	**8,409**	**2,154**	**16,588**	**1,557**	**28,708**
Changes in 2022					
Investments	6,912	4,396	307	0	11,615
Decreases	0	0	0	0	0
Transfers	(540)	0	0	0	(540)
Chg. Historical cost 2022	**6,372**	**4,396**	**307**	**0**	**11,075**
Depreciation	0	589	873	94	1,556
Release of Depreciation provision	0	0	0	0	0
Chg. Depreciation provision 2022	**0**	**589**	**873**	**94**	**1,556**
Historical cost	14,781	13,374	42,384	5,029	75,568
Depreciation provision	0	7,414	26,362	3,565	37,341
Net Book Value 30.06.2022	**14,781**	**5,960**	**16,022**	**1,464**	**38,227**

NOTE 5 - OTHER TANGIBLE ASSETS

The changes in this item are detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Office furniture and machines	1,556	1,496	60
Cars	182	143	39
Transport vehicles	3	3	0
Electronic office machines	20	0	20
TOTAL	1,761	1,642	119

This item, amounting to Euro 1,761 thousand as at 30 June 2022, increased by Euro 119 thousand compared to 31 December 2022, as a result of new investments and net of depreciation for the period.

Changes in this item during the first six months of 2022 are shown below:

Description *in thousands of Euros*	Office furniture and machines	Cars	Transport vehicles	Total
Historical cost	4,605	368	225	3,795
Depreciation provision	3,109	225	222	2,153
Net Book Value 31.12.2021	**1,496**	**143**	**3**	**1,642**
Changes in 2022				
Investments	240	61	29	330
Decreases	0	0	28	28
Transfers	0	0	0	0
Chg. Historical cost 2022	**240**	**61**	**1**	**302**
Depreciation	160	22	1	183
Release of Depreciation provision	0	0	0	0
Chg. Depreciation provision 2022	**160**	**22**	**1**	**183**
Historical cost	4,845	429	226	5,550
Depreciation provision	3,269	247	223	3,739
Net Book Value 30.06.22	**1,576**	**182**	**3**	**1,761**

NOTE 6 - RIGHT-OF-USE

This item is composed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Right Of Use - Plant and Machinery	354	453	(99)
Right Of Use - Motor Vehicles	2,922	2,221	701
Right Of Use - Leased buildings	0	0	0
Right Of Use - Buildings under state concession	43,553	6,215	37,338
TOTAL	46,829	8,889	37,940

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

The item ROU - Plant and machinery, amounting to Euro 354 thousand as at 30 June 2022, decreased by Euro 99 thousand compared to 31 December 2021 due to depreciation.

The item ROU - Motor Vehicles, equal to Euro 2,922 thousand as at 30 June 2022, up by Euro 701 thousand compared to 31 December 2021, includes the leases of the cars that make up the corporate fleet and increased as a result of new contracts signed in the half-year net of amortisation for the period.

The item ROU - Buildings held under state concession, amounting to Euro 43,553 thousand as at 30 June 2022, refers to the recognition of the current values of the fees for the State concessions relating to the company headquarters in Marina di Carrara, La Spezia and Viareggio.

NOTE 7 - EQUITY INVESTMENTS

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Equity investments in subsidiaries	0	0	0
Equity investments in other companies	78	43	35
TOTAL	78	43	35

The item "equity investments in other companies" includes the investment for the purchase of 250 shares, equal to 2.5% of the share capital of the company T.I.S.G. Asia Limited, based in Hong Kong, carried out in 2017, the increase is due to an equity investment held by Perini Navi USA, Inc.

NOTE 8 - OTHER NON-CURRENT ASSETS

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Non-current security deposits	55	55	0
Other securities	1,787	364	1,423
Receivables from CELI for long-term tax transaction	3,566	3,803	(237)
TOTAL	5,408	4,222	1,186

The item, which increased by Euro 1,186 thousand compared to 31 December 2021, was mainly due to derivative financial instruments of Euro 1,303 thousand that have a positive fair value as at 30 June 2022.

Receivables from CELI for tax settlement: this item refers to the long-term portion of the receivable from the related company CELI as part of the Tax settlement signed by CELI and TISG with the Italian Revenue Agency in October 2020, for which on 30 June 2021 TISG has already paid Euro 8,080 thousand to the Agency on behalf of CELI; of this amount, CELI has already repaid Euro 3,326 thousand to TISG. The receivable will be repaid by CELI to TISG over 10 years through 20 half-yearly instalments of Euro 237 thousand each, plus interest calculated at 3.5% per annum, starting from 30 June 2021 until 31 December 2030.

NOTE 9 - CASH AND CASH EQUIVALENTS

The item can be broken down as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Bank and post office deposits	52,768	85,614	(32,846)
Cash	1	1	0
TOTAL	52,769	85,615	(32,846)

Bank and post office deposits, equal to Euro 52,769 thousand as at 30 June 2022, down by Euro 32,846 thousand compared to the previous year. For more details on the change, please see the cash flow statement.

NOTE 10 – TRADE RECEIVABLES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Receivables from customers	25,687	10,236	15,451
TOTAL	25,687	10,236	15,451

Receivables from customers, amounting to Euro 25,687 thousand, increased by Euro 15,451 thousand compared to 31 December 2021, mainly arose from commercial transactions related to the progress of production orders and refit services. Recognition in the financial statements is carried out at their estimated realisable value.

Changes in the bad debt provision are shown below:

Description *in thousands of Euros*	31/12/2021	Provision made	Provision used	30/06/22	Changes
Bad debt provision (trade receivables)	(460)	300	0	(760)	(300)
Bad debt provision (competition procedures)	(371)	0	0	(371)	0
TOTAL	(831)	300	0	(1,131)	(300)

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

NOTE 11 - OTHER RECEIVABLES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Advances to suppliers	2,803	1,585	1,218
Receivables from PERINI NAVI S.P.A. BANKRUPTCY	0	8,000	(8,000)
Receivables from parent companies	67	67	0
Tax receivables	1,637	687	950
TOTAL	4,507	10,339	(5,832)

The item Other Receivables decreased by about Euro 5,832 thousand compared to 31 December 2021, mainly due to the payment of the earnest money to the bankruptcy of Euro 8,000 thousand by New Sail S.r.l., deposit required to participate in the bankruptcy auction held for the acquisition of the Perini Navi S.p.A. business complex.

NOTE 12 – ASSETS FROM CONTRACT WORK IN PROGRESS AND LIABILITIES FROM CONTRACT WORK IN PROGRESS

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Assets from contract work in progress	53,783	41,336	12,447
Liabilities from contract work in progress	(22,541)	(16,345)	(6,196)
TOTAL	31,242	24,991	6,251

Assets and liabilities for contract work in progress as at 30 June 2022 amounted to approximately Euro 31,242 thousand, an increase compared to Euro 6,251 thousand in the previous year (Euro 6,251 thousand as at 31 December 2021). The change recorded in the first half of 2022 refers to the signing of new contracts for both yacht construction and refit activities, as well as to the progress of partial completion payments (SALs) on existing job orders as at 31 December 2021.

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

NOTE 13 - INVENTORIES

This item is composed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Raw materials, supplies and consumables	270	276	(6)
Work in progress and semi-finished products	2,100	974	1,126
Finished products and goods	0	0	0
TOTAL	2,370	1,250	1,120

The item **Raw materials, ancillary materials and consumables**, amounting to Euro 270 thousand, decreased by Euro 6 thousand compared to 31 December 2021, refers to the amount of inventories of the general warehouse of TISG, the internal steel laboratory and the warehouse "Food and beverage".

Work in progress and semi-finished products as at 30 June 2022 refer to the job order under construction acquired by the Perini Navi S.p.A. business complex (contract no. 2369) for approximately Euro 2,100 thousand.

NOTE 14 - OTHER CURRENT ASSETS

The breakdown of other current assets is shown below:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Receivables from employees	0	0	0
Receivables from social security and tax authorities	36	33	3
Due from others (net of the related write-down provision)	128	92	36
Receivables from GFM	143	144	(1)
Receivables from CANTALUPI Corrente	150	450	(300)
Receivables from CELI for tax transaction	475	475	0
Receivables from insurance companies	39	0	39
Prepaid expenses	1,073	1,190	(117)
TOTAL	**2,044**	**2,384**	**(340)**

Receivables from social security and tax institutions: equal to Euro 36 thousand as at 30 June 2022, refer to advances on INAIL contributions disbursed by TISG.

Receivables from others: this item, amounting to Euro 128 thousand as at 30 June 2022, includes a series of receivables net of the related provision for write-downs.

Receivables from GFM: this item, amounting to Euro 143 thousand as at 30 June 2022, includes the receivable claimed by the Company in relation to two partial awards in its favour, with payment of a total of approximately Euro 210 thousand, for the recoverability of which the lawyers of TISG have expressed a positive opinion. Not having paid GFM voluntarily, TISG acted for the recognition of these awards in Switzerland and an opposition by GFM is currently pending. The difference of Euro 67 thousand that makes up the request for Euro 210 thousand of TISG described above, is included in trade receivables due from customers.

Receivables due from CELI for tax settlement: this item, amounting to Euro 475 thousand, refers to the short-term portion of the receivable from the Group by the associate CELI S.r.l. as part of the Tax Settlement signed by CELI and TISG with the Revenue Agency in October 2020 (see note no. 8).

The item **Prepayments**, equal to Euro 1.073 thousand, refers primarily to the calculation of the accruals of the insurance costs of the yard and of the builder risks of the yachts in production.

COMMENTS ON THE MAIN CONSOLIDATED LIABILITY ITEMS

The breakdown of Shareholders' Equity is shown below:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Share capital	26,500	26,500	0
Share premium reserve	45,431	45,431	0
Legal reserve	5,300	4,350	950
Reserves and other retained earnings	6,849	285	6,564
Profit (loss) for the period	7,618	16,322	(8,704)
TOTAL	91,698	92,888	(1,190)

As at 30 June 2022, the **Share Capital** of TISG stood at Euro 26,500 thousand, consists of 53,000,000 shares with a nominal value of Euro 0.5 per share, fully subscribed and paid up.

The shareholders' meeting of 29 April 2022 of the Parent company TISG S.p.A. approved the financial statements as at 31 December 2021 and resolved to allocate part of the previous year's result to the legal reserve of approximately Euro 950 thousand and to distribute dividends of Euro 0.185 per share to shareholders. The remaining part of the profit (loss) for the year, amounting to approximately Euro 5,577 thousand was carried forward.

On 11 May 2022, The Italian Sea Group S.p.A. paid dividends of Euro 9,716 thousand.

The remaining changes are attributable to the effect of the cash flow edge of hedging derivatives and the change in the OCI reserve following the application of IAS 19.

NOTE 15 – EARNINGS PER SHARE

Basic earnings per share is determined as the ratio of the Group's result for the period to the weighted average number of ordinary shares outstanding during the half year. Therefore, treasury shares held by the Group are excluded from the denominator.

Earnings per share	30/06/2022	31/12/2021
Net profit attributable to shareholders	7,618	16,332
Average number of ordinary shares in circulation	53,000	53,000
Earnings per ordinary share	**0.144**	**0.308**
Diluted earnings per share	**30/06/2022**	**31/12/2021**
Net profit attributable to shareholders	7,618	16,332
Average number of ordinary shares in circulation	53,000	53,000
Diluted earnings per share (*)	**0.144**	**0.308**

** The Group has no potentially dilutive financial instruments and therefore the two indicators coincide*

NOTE 16 - PROVISIONS FOR RISKS AND CHARGES

Details of the changes and composition of the provisions for risks and charges from 31 December 2021 to 30 June 2022 are shown below:

CHANGES IN PROVISIONS FOR RISKS					
Description *in thousands of Euros*	31/12/2021	Alloc.	Use	30/06/22	Delta
Civil actions	225	0	(20)	205	(20)
Provision for risks of legal and employment disputes	82	0	0	82	0
Provision for vessel guarantee	2,091	634	(214)	2,511	420
Risks for previous taxes	659	0	0	659	0
Other risks	9	17	0	26	17
TOTAL	3,066	651	(234)	3,483	417

PROVISION FOR CIVIL ACTIONS

The provision collects the estimate of the probability of losing in threatened civil proceedings or in relation to out-of-court claims for damages.
The change in the provision was determined on the basis of information obtained from external lawyers and in application of the provisions of IAS 37.

PROVISION FOR RISKS OF LEGAL AND EMPLOYMENT DISPUTES

The provision is made up, for Euro 82 thousand, of allocations made to cover the risk of losing in relation to certain employment law disputes.

YACHT GUARANTEE FUND

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

PROVISION FOR PREVIOUS TAXES

This is a provision that includes allocations for risks of a fiscal nature arising from possible requests from the Revenue Agency or other entities. The provision for the year represents an estimate of possible claims for municipal taxes related to the investments made by the Group in recent years, while the provision has decreased due to payments made during the year of amounts already allocated in previous years.

PROVISION FOR OTHER RISKS

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

NOTE 17 - DEFERRED TAXES

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Provision for risks and charges	772	660	112
Losses carried forward	0	0	0
Others	1,057	2,499	(1,442)
Deferred tax assets	**1,829**	**3,159**	**(1,330)**

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Tangible assets	3,648	3,970	(322)
Brands	426	367	59
Others	0	0	0
Deferred tax liabilities	**4,074**	**4,337**	**(263)**
Net amount	**(2,245)**	**(1,178)**	**(1,067)**

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

NOTE 18 – PROVISION FOR EMPLOYEE BENEFITS

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Liabilities for employee benefits	1,365	760	605
TOTAL	**1,365**	**760**	**605**

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

NOTE 19 - LONG-TERM FINANCIAL LIABILITIES

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Payables to shareholders for long-term loans	0	0	0
Long-term bank payables	72,182	23,863	48,319
Lease liabilities - Motor vehicle long-term portion	2,458	1,759	699
Lease liabilities - Plant and machinery long-term portion	131	191	(60)
Lease liabilities - Buildings long-term portion	0	0	0
Lease liabilities - Buildings held under state concession long-term portion	6,807	5,565	1,242
Payables to other lenders	0	0	0
TOTAL	81,578	31,378	50,200

The item **Long term bank payables**, amounting to Euro 72,182 thousand, represents the amount maturing in the second half of 2023 of the medium and long-term loans entered into in previous years and in the current year. This item increased by Euro 48,319 thousand with reference to: i) taking out a loan in the amount of Euro 40 million, made available by Banca MPS through MPS Capital Services, the Corporate & Investment Bank of the Montepaschi Group; ii) signing on 27 January 2022 of a medium/long-term loan agreement between TISG, UniCredit S.p.A. and Deutsche Bank S.p.A. for an amount of Euro 32 million net of the full early repayment od Euro 15.9 million of the previous loan of 8 May 2020 and for the support of the investments of the Group expected in the year 2022 referred to in the TISG 4.0 Project and the TISG 4.1 Project. The final repayment date is scheduled for 31 December 2028.

The items **Lease liabilities - Motor vehicles**, **Lease liabilities - Plant and Machinery** and **Lease liabilities - Leased Building** for Euro 2,458 thousand, Euro 131 thousand and Euro 0 as at 30 June 2022 refer to the long-term portion of the financial debt linked to the application of IFRS 16.

Lease liabilities - Buildings held under state concession, amounting to Euro 6,807 thousand as at 30 June 2022, represent the long-term portion of the current value of the fees to be paid to the Port Authority, in application of the IFRS 16 accounting standard, for the concessions of the state property complex located in Marina di Carrara, La Spezia and Viareggio.

NOTE 20 - OTHER NON-CURRENT LIABILITIES

Details of other non-current liabilities are provided below:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Payables to exchequer	0	0	0
Subsidised settlement - TER scrapping - long-term portion	487	486	1
TOTAL	487	486	1

The item **Subsidised settlement - TER scrapping**, amounting to Euro 487 thousand as at 30 June 2022, includes the long-term part of the instalment plan signed with the Revenue Agency for all positions entered in the tax roll by 31 December 2017.

NOTE 21 - TRADE PAYABLES

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Payables to suppliers within the following year	61,271	57,146	4,125
TOTAL	61,271	57,146	4,125

Payables to suppliers: this item, amounting to Euro 61,271 thousand as at 30 June 2022, shows an increase of Euro 4,125 thousand compared to 31 December 2021, due to the dynamics of operating activities necessary for the work on the orders in progress, for the development of refit activities, and for the investments of the TISG 4.1 projects.

NOTE 22 - OTHER PAYABLES

The item can be broken down as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Subsidised settlement - TER scrapping - short-term portion	279	590	(311)
Payables to social security institutions	1,680	1,400	280
Tax payables	6,411	3,633	2,778
Other payables	537	0	537
TOTAL	8,907	5,623	3,284

The short-term portion of the **Subsidised Settlement - TER Scrapping**, recognised in the financial statements as at 30 June 2022 for Euro 279 thousand, refers to the portion of the instalment in progress with the Revenue Agency for Collection due in 2022.

The item **Payables to social security institutions**, amounting to Euro 1,680 thousand as at 30 June 2022, refers to the debt for contributions payable by the Company to INPS, to INAIL, to Fasi and Previndai, to the Cometa Supplementary Fund and other minor funds.

The item **Tax payables**, equal to Euro 6,411 thousand as at 30 June 2022, mainly includes payables to the tax authorities for IRES and IRAP 2021 and 2022.

NOTE 23 - SHORT-TERM FINANCIAL LIABILITIES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Payables to shareholders for short term loans	3,206	3,161	45
Short-term payables to banks	11,901	7,575	4,326
Lease liabilities - Motor vehicle short term portion	453	349	104
Lease liabilities - Plants and machinery short-term portion	148	184	(36)
Lease liabilities - Buildings short-term portion	0	0	0
Lease liabilities - Buildings held under state concession short-term portion	181	177	4
Short term payables to other lenders	33	33	0
TOTAL	15,922	11,479	4,443

Payables to shareholders for loans, amounting to Euro 3,206 thousand as at 30 June 2022, refer to interest-bearing disbursements made by the sole shareholder of TISG, GC Holding S.p.A. The classification under short-term financial liabilities refers to the fact that GC Holding S.p.A. will make the repayment of this loan by

the end of 2022. The increase compared to 31 December 2021 is represented by the interest accrued in the period in addition to the shift of the principal amount to be repaid within the next financial year.
The item **Short-term payables to banks**, amounting to Euro 11,901 increased by Euro 4,326 thousand compared to 31 December 2021, includes the portion to be paid within the next financial year of the loans subscribed by the Group as well as advances on contracts and cash credit lines.
The items **Lease liabilities - Motor vehicles**, **Lease liabilities - Plant and Machinery** and **Lease liabilities - Leased Building** for Euro 453 thousand, Euro 148 thousand and Euro 0 as at 30 June 2022 refer to the short-term portion of the financial debt linked to the application of IFRS 16.
Lease liabilities - Buildings under state concession, amounting to Euro 181 thousand, refer to the short-term portion of payables for the thirty-year state concession, in application of IFRS 16.

Payables to other lenders refer, for Euro 33 thousand, to the short-term portion of no. 4 loans taken out for the purchase of no. 4 vehicles owned by TISG.

NOTE 24 - OTHER CURRENT LIABILITIES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	31/12/2021	Changes
Accrued expenses	449	207	242
Other payables due within the next year	18,499	14,518	3,981
TOTAL	18,948	14,725	4,223

The item **Other payables**, amounting to Euro 18,499 thousand as at 30 June 2022, increased by Euro 3,981 thousand compared to the previous year 2021 and is mainly composed as follows:

- payables to employees for holidays and leave accrued by employees as at 30 June 2022 for the amount of Euro 4,750 thousand;
- Tecnomar For Lamborghini deposits of Euro 13,613 thousand refers to the deposits paid by the respective customers upon the signing of contracts for the construction and sale of M/Y Tecnomar for Lamborghini.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

NOTE 25 - REVENUES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Revenues from sales and services	129,027	51,789	77,238
Change in contract work in progress	6,251	27,255	(21,004)
Total operating revenues	**135,278**	**79,044**	**56,234**
Other revenues and income	902	3,268	(2,366)
Commissions	(2,454)	(278)	(2,176)
TOTAL	133,726	82,034	51,692

Operating revenues of **Euro 135,278 thousand** as at 30 June 2022 increased by approximately Euro 56,234 thousand compared to the previous year.

The costs for commissions equal to Euro 2,454 thousand increased compared to 30 June 2021 by approximately Euro 2,176 thousand.

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

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Production and sale of yachts (Shipbuilding)	112,139	69,394	42,745
incidence on total operating revenues	*83%*	*88%*	*76%*
Refit Activities	23,139	9,650	13,487
incidence on total operating revenues	*17%*	*12%*	*24%*
Operating revenues	135,278	79,044	56,234

NOTE 26 - RAW MATERIALS, COMPONENTS AND CONSUMABLES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Raw materials, consumables and goods	(34,000)	(14,890)	(19,110)
Short-term rentals	(449)	(122)	(327)
Changes in inventories of raw materials	(174)	(48)	(126)
Change in inventories of semi-finished and finished products	(974)	(2,547)	1,574
TOTAL	(35,597)	(17,607)	(17,989)

The item **costs for raw materials, consumables and goods**, amounting to Euro 34,000 thousand as at 30 June 2022, up compared to the previous year of 2021 by Euro 19,110 thousand, includes all costs relating to the procurement of materials necessary for the development of the production activities.

Short-term rentals, amounting to Euro 449 thousand as at 30 June 2022, refer to all costs incurred for the rental of equipment, forklifts and scaffolding for specific short periods strictly linked to production requirements, especially in the context of refit services.

NOTE 27 - COST FOR OUTSOURCED WORK

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Outsourced works	(53,780)	(34,652)	(19,128)
TOTAL	(53,780)	(34,652)	(19,128)

Costs for Outsourced work, equal to Euro 53,780 thousand as at 30 June 2022, up by Euro 19,128 thousand compared to 31 December 2021, refers to production activities managed in outsourcing by specialised nautical sector companies.

In particular, they relate to marine carpentry services, turnkey furnishings of yachts and superyachts, electrical and plumbing work, and interior and exterior fittings of ships. The increase recorded in 2022 is linked to the development of growth for external lines, which involves the transfer, outside the Marina di Carrara shipyard, of the realisation of some processing phases such as those relating to the construction of the hull.

NOTE 28 – SERVICES AND TECHNICAL CONSULTANCY

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Other services and consultancy	(3,617)	(1,724)	(1,893)
Legal, tax and notary consultancy	(299)	(1,609)	1,310
Independent Audit fees	(18)	0	(18)
TOTAL	(3,934)	(3,333)	(601)

The item **Other services and consultancy**, amounting to Euro 3,617 thousand as at 30 June 2022, increased by Euro 1,893 thousand compared to 2021 due to a greater number of design phases of the new mega yachts entrusted to external designers and architects.

Legal, tax and notary consultancy, which amounted to Euro 299 thousand as at 30 June 2022, decreased by Euro 1,310 thousand due to costs incurred last year in relation to the IPO project.

NOTE 29 - OTHER COSTS FOR SERVICES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Transport costs	(13)	(141)	128
Maintenance costs	(10)	(13)	3
Supervision	(243)	(249)	6
Research costs	(182)	(599)	417
Miscellaneous administrative expenses	(130)	(107)	(23)
Utilities	(2,063)	(1,249)	(814)
Shipyard and vessel insurance	(1,203)	(744)	(459)
Cleaning and waste disposal costs	(80)	(155)	75
Sundry employee services	(211)	(171)	(40)
Advertising and entertainment expenses	(230)	(366)	136
Bank charges and commissions	(219)	(318)	99
Fuels	(8)	(11)	3
Telephone costs	(129)	(36)	(93)
Software interventions	14	(27)	41
Directors' fees and expenses	(391)	(110)	(281)
Board of Statutory Auditors fee	0	0	0
Independent Auditors	0	0	0
Supervisory Body	(17)	(17)	0
Directors' remuneration	(56)	(45)	(11)
Outsourced works	0	(49)	49
Other expenses	(36)	(14)	(22)
TOTAL	(5,201)	(4,422)	(779)

Costs for Utilities, amounting to Euro 2,063 thousand as at 30 June 2022, increased by Euro 814 thousand compared to the previous year, mainly as a result of the development of the business, the entry into operation of the Village facilities and energy consumption linked to investment management.

Shipyard and vessel insurance, amounting to Euro 1,203 thousand as at 30 June 2022, increased by Euro 459 thousand as a result of business development.

NOTE 30 - PERSONNEL COSTS

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

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
For personnel	(9,594)	(7,038)	(2,556)
Social security charges	(3,379)	(2,575)	(804)
Severance indemnity	(630)	(414)	(216)
Other costs	(669)	(476)	(193)
TOTAL	(14,272)	(10,503)	(3,769)

The average number of TISG employees in 2022 is 428 as follows:

Average number	30/06/2022	30/06/2021
Executives	50	46
Office staff	234	157
Workers	144	126
TOTAL	428	329

The number of employees as at 30 June 2022 was 514, broken down as follows:

Precise number as at 30 June 2022	30/06/2022	30/06/2021
Executives	61	48
Office staff	282	171
Workers	171	133
TOTAL	514	352

NOTE 31 - OTHER OPERATING COSTS

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Provision for risks	(689)	(491)	(198)
Contingent liabilities	(10)	(155)	145
Losses on receivables	0		0
IMU - Tasi	(116)	(62)	(54)
Municipal taxes	(99)	(82)	(17)
Branding	(17)	(385)	368
Other operating costs	(3,220)	(227)	(2,993)
TOTAL	**(4,151)**	**(1,402)**	**(2,749)**

The item **provisions for risks**, equal to Euro 689 thousand as at 30 June 2022, mainly refers to the allocation to the guarantee provision for yachts under production.

The item **Other operating costs** include Euro 3,197 thousand of non-recurring operating costs related to registration taxes and notary fees incurred for the Perini Navi acquisition.

NOTE 32 - AMORTISATION, DEPRECIATION AND WRITE-DOWNS

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Depreciation of tangible fixed assets	(4,399)	(2,200)	(2,199)
Amortisation of intangible fixed assets	(207)	(176)	(31)
Write-downs and losses on receivables	(300)	(180)	(120)
TOTAL	**(4,906)**	**(2,556)**	**(2,350)**

As regards the depreciation of tangible and intangible fixed assets, please refer to **note no. 2 and note no. 6** above.
For the item **Write-downs and losses on receivables**, please refer to the previous **note 10**.

NOTE 33 - FINANCIAL INCOME AND CHARGES

The item can be broken down as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Other financial income	226	96	130
Interest expense to banks and others	(1,235)	(1,443)	208
Interest expense on interest-bearing loan to shareholders	(46)	(33)	(13)
Interest expense on Lease liabilities	(169)	(154)	(15)
TOTAL	(1,224)	(1,534)	310

Note 34 - INCOME TAXES

This item is detailed as follows:

Description *in thousands of Euros*	30/06/2022	30/06/2021	Changes
Income taxes for the year	(3,044)	(1,375)	(1,669)
TOTAL	(3,044)	(1,375)	(1,669)

The breakdown of taxes recognised in the income statement as at 30 June 2022 is provided below:

Description *in thousands of Euros*	30/06/2022
Current taxes	(2,314)
Deferred taxes	(730)
TOTAL	(3,044)

NOTE 35 - GAINS/(LOSSES) FROM REMEASUREMENT OF LIABILITIES TO DEFINED BENEFIT PLANS

The actuarial model of reference for the valuation of severance pay is based on various demographic and economic assumptions.

For some of the assumptions used, where possible, explicit reference was made to the direct experience of the Group, for the others the reference best practice was taken into account. The economic technical bases used are shown below:

SUMMARY OF THE ECONOMIC TECHNICAL BASIS	30/06/2022	31/12/2021
Annual discount rate	2.56%	0.29%
Annual inflation rate	2.10%	1.75%
Annual rate of increase in severance indemnity	3.08%	2.81%

In particular, it should be noted that:

- the annual discount rate used to determine the current value of the obligation was derived, in accordance with par. 83 of IAS 19, from the Iboxx Corporate AA index with duration 5-7 recorded at the measurement date. For this purpose, the return with a duration comparable to the duration of the collective of workers subject to valuation was chosen;

- the annual rate of increase in severance indemnity as set forth in Article 2120 of the Italian Civil Code, is equal to 75% of inflation plus 1.5 percentage points;

The technical demographic bases used are shown below:

Death	RG48 mortality tables published by the State General Accounting Office
Disability	INPS tables broken down by age and gender
Retirement	100% upon achievement of the AGO requirements adjusted to Law Decree no. 4/2019

ADDITIONAL INFORMATION

The new IAS 19, for post-employment defined benefit plans, requires a series of additional information that is reported below:

Sensitivity analysis of the main valuation parameters	
THE ITALIAN SEA GROUP S.P.A.	DBO 30/06/2022
Turnover rate +1%	1,210,303.68
Turnover rate -1%	1,209,944.71
Inflation rate +0.25%	1,219,402.73
Inflation rate -0.25%	1,200,956.44
Discount rate +0.25%	1,195,906.04
Discount rate -0.25%	1,224,676.63

Service Cost and Duration	
THE ITALIAN SEA GROUP S.P.A.	
Service Cost 2021	58,169.10
Duration	6.73

Estimated future disbursements	
Years	Expected disbursements
1	198,588.59
2	176,441.91
3	146,052.01
4	149,824.75
5	106,783.70

OTHER INFORMATION

COMMITMENTS AND RISKS

For the production of yachts, in some cases, the Group uses bank or insurance sureties to guarantee the advances received from the shipowners relating to the sale contracts entered into.

RELATED PARTY TRANSACTIONS

Below is a list of the main Related Parties with which transactions took place in 2022 and the type of relationship:

List of related parties	Correlation relationship
GC HOLDING S.r.l.	100% PARENT COMPANY OF TISG
TISG Turkey YTAS	100% SUBSIDIARY OF GC HOLDING
GMC Architecture S.r.l. S.t.p.	GC HOLDING INVESTEE COMPANY
CELI S.r.l.	RELATED PARTY OF TISG
SANTA BARBARA S.r.l.	RELATED PARTY OF TISG

This item is detailed as follows:

BALANCE SHEETS *in thousands of Euros*	GC Holding	TISG Turkey YTAS	GMC ARCHITECTURE S.R.L. S.T.P.	CELI S.r.l.	SANTA BARBARA
SECURITY DEPOSITS		23			
FINANCIAL RECEIVABLES	67			4,041	
TRADE RECEIVABLES				625	4
TOTAL RECEIVABLES	67	23	-	4,666	4
FINANCIAL PAYABLES	3,206				
TRADE PAYABLES		371	1	1,198	0
TOTAL PAYABLES	3,206	371	1	1,198	-
INCOME STATEMENT *in thousands of Euros*	**GC Holding**	**TISG Turkey YTAS**	**GMC ARCHITECTURE S.R.L. S.T.P.**	**CELI S.r.l.**	**SANTA BARBARA**
COSTS FOR PROCESSING		2,787		5,259	142
COSTS FOR CONSULTANCY			86		
COSTS FOR SERVICES					
INTEREST EXPENSE	46				
TOTAL COSTS	46	2787	86	5,259	142
REVENUES FROM SALES		2,069	0	80	10
INTEREST INCOME				75	
TOTAL REVENUES	-	2069	-	155	10

GC HOLDING S.p.A.: the financial payables to the parent company GC Holding refer entirely to the interest-bearing loan disbursed by the shareholder GC Holding to the Group in 2018. Specifically, the principal payable amounted to Euro 2,880 thousand, while the interest accrued at 30 June 2022 amounted to Euro 327 thousand, of which Euro 46 thousand pertaining to the year 2022.

TISG Turkey YTAS: TISG has commissioned TISG Turkey to build steel and aluminium hulls for yachts. Specifically, the contract was commissioned for the construction of the hull and superstructure of the motor yacht 597 under the Admiral brand with a length of 100 meters, to be completed by 31 October 2022.
For the purposes of approving the above-mentioned agreement, the prior reasoned opinion of the Related Party Transactions Committeewas obtained, which highlighted the Group's interest in approving the transaction under analysis and the convenience and substantial correctness of the conditions under which it should be carried out

GMC ARCHITECTURE S.r.l. S.t.p.: TISG and GMC Architecture have signed a contract based on which GMC undertakes to provide assistance and stylistic consultancy for the fitting out of offices, fairs and, in general, to take care of the corporate image of TISG and develop projects for the design of the external profiles of yachts that the Group should produce for future potential customers.

CELI S.r.l.: On 24 June 2019, the Board of Directors of TISG resolved to transfer the business unit called “CELI”, whose object is the design, manufacture and marketing of furniture and furnishings, to former subsidiary ATS Service S.r.l., later renamed CELI S.r.l.
Among the items transferred with the CELI Business Unit, TISG transferred to CELI Euro 13,534 thousand of overdue payables including: (a) tax payables due to the Revenue Agency for direct and indirect taxes and withholdings for Euro 9,385 thousand; (b) payables due to INPS for Euro 3,102 thousand; (c) payables due to INAIL for Euro 441 thousand; and (d) payables to local authorities for Euro 606 thousand.

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

The residual receivable as at 30 June 2022 in the amount of Euro 4,041 thousand will be repaid by CELI to TISG over 10 years through 20 half-yearly instalments of Euro 237 thousand each, plus interest calculated at 3.5% per annum, starting from 30 June 2021 until 31 December 2030. CELI repaid the instalments according to the repayment plan on 30 June 2022.

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

In addition to the above, CELI is one of the most important strategic suppliers of TISG, as it manufactures most of the furnishings, internal and external, of the Group's yachts under construction, in addition to producing the furniture of the TISG operating offices.

Santa Barbara: In 2022 TISG has carried out a supply of specialised technical services on behalf of Santa Barbara.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In 2022, no significant non-recurring transactions were carried out, as defined by Consob Communication no. DEM/6064293 of 28 July 2006, other than those described in the report on operations in the section significant events that occurred in 2022.

TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In 2022, the Group did not carry out any significant atypical and/or unusual transactions, as defined by Consob Communications no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006, other than those described in the explanatory notes and in the report on operations.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD

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

AUTHORISATION TO PUBLISH

This document was published on 22 September 2022 upon authorisation of the Chairman and Chief Executive Officer.

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

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

- the adequacy of the characteristics of the company (also taking into account any changes during the six-month period); and
- the actual application of the administrative and accounting procedures for the preparation of the condensed half-yearly financial statements, during the first half of 2022.

2. It is also certified that:

2.1 the condensed half-yearly financial statements:

a) are prepared in accordance with the applicable international accounting standards endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002;

b) corresponds to the results of the accounting books and records;

c) is suitable of providing a true and fair view of the Company's assets and liabilities, profit and loss and financial position.

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

The interim management report also includes a reliable analysis of information on significant transactions with related parties.

Date: 13/09/2022

Signature of the CEO

Signature of the Manager responsible for preparing the Financial Reports

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