

**Report from the Board of Statutory Auditors at the Ordinary Shareholders' Meeting convened to approve the Financial Statements as of December 31<sup>st</sup> 2022 The Italian Sea Group S.p.A. pursuant to Article 2429, paragraph 2, Civil Code and Article 153 of the Legislative Decree no.58/1998.**

Dear Shareholders,

The Board of Statutory Auditors, pursuant to article 153 of the Legislative Decree no. 58/1998 of the Consolidated Law on Finance (“TUF”) and to article 2429, paragraph 2, Civil Code, has to report to the Shareholders' Meeting about the results achieved in the financial year and about the activities carried out while fulfilling their responsibilities and make comments and proposals with reference to the financial statements and their approval as well as the topics falling within their competence.

During the financial year, the Board of Statutory Auditors has fulfilled its surveillance duty in compliance with the current legislation and after having taken into consideration the Rules of Conduct recommended by the National Council of Chartered Accountants and Accounting Experts, as well as the resolutions from Consob in the field of corporate controls and activity of the Board of Statutory Auditors and the indications contained in the Code of Conduct of listed companies approved in July 2018 from the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. (the “Code”) to which The Italian Sea Group S.p.A. (“**The Italian Sea Group**” or the “**Company**”) adheres.

This report is compliant with the indications provided by Consob with Communication DAC/RM/97001574 of 20 February 1997 and with Communication DEM/1025564 of 6 April 2001, modified and integrated by Communications DEM/3021582 of 4 April 2003 and DEM/ 6031329 of 7 April 2006.

For this purpose the Board of Statutory Auditors, in addition to participating in the Board of Directors and the Board Committees, has constantly exchanged information with the administration and audit departments, with the Body in charge of monitoring the compliance with and the update of the Company Organisation, Management and Control Model, pursuant to the Legislative Decree no. 231/01 (“**Supervisory Board**”) as well as with BDO S.p.A., the company in charge of the statutory audit and the release of the relevant certificate, in the capacity as Designated Auditor.

This way, the Board of Statutory Auditors has gained knowledge on the effectiveness and efficiency of operating activities, and on the reliability and continuity of controls which grant the promptness of any corrective events.

### **The Board of Statutory Auditors**

The Board of Statutory Auditors in charge at the Report Date was appointed by the Shareholders' Meeting dated May 8<sup>th</sup> 2020 and is composed by:

- Mr. Felice Simbolo (Chairman);
- Mrs. Barbara Bortolotti (Standing Auditor);
- Mr. Mauro Borghesi (Standing Auditor).

Mrs. Luisa Bortolotti and Mrs. Annalisa Naldi are Alternate Auditors.

The control body will remain in office for three financial years and will terminate its mandate at the date of the Shareholders' Meeting convened for the approval of the Financial Statements related to Financial Year 2022.

The professional background of the members of the Board of Statutory Auditors is shown in the Report on Corporate Governance and Ownership Structure, written in compliance with article 123-*bis* of TUF, and made available to the public on the Company website (<https://investor.theitalianseagroup.com/en/governance/>).

The Board of Statutory Auditors declares that all members respect the regulations issued by Consob with reference to their mandate accumulation.

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We state that the Company Financial Statements as of December 31<sup>st</sup> 2022 are written based on the IAS/IFRS issued by the *International Accounting Standards Board* (IASB) and approved by the European Union, as of December 31<sup>st</sup> 2022, as well as in compliance with the regulations issued based on article 9 of the Legislative Decree 38/2005.

The company financial statements and the consolidated financial statements as of December 31<sup>st</sup> 2022 of The Italian Sea Group report the declaration of conformity from the Chief Executive Officer and from the Manager in charge of preparing the corporate Accounting Books.

### **Company continuity**

In the meeting dated March 21<sup>st</sup>, 2023, the Board of Directors approved the financial statements as of December 31<sup>st</sup> 2022, adopting the assumption of the company continuity.

The consolidated financial statements as of December 31<sup>st</sup> 2022 are written in the perspective of the continuation of the company business since there is the reasonable expectation for TISG S.p.A. to continue its operating activity in the foreseeable future (and in any case in a timeframe beyond 12 months).

In particular, the following factors have been taken into consideration:

1. the main risks and uncertainty (mostly exogenous) to which TISG is exposed:
  - The overall macro-economic changes in the Italian, European and extra-UE markets, as well as the financial market volatility in the “Euro zone” due to: (i) The definitive UK exit from EU; (ii) The evolution of the pandemic caused by the SARS-CoV-2 virus; (iii) The evolution of the conflict between Russia and Ukraine and the evolution of the sanctions imposed to the Russian Federation;
  - The changes in business conditions, also with reference to the competitive dynamics;
  - The outcome of controversies and litigations with regulatory authorities, competitors and other parties;
  - Financial risks (interest and exchange rate trends, changes in creditworthiness from rating agencies);
2. the mix between risk capital and debt capital – which we consider optimal, as well as the policy of remuneration of the risk capital, as described in the note on Net Equity;
3. the policy of financial risks management (market risk, credit risk and liquidity risk), as described in the note on Financial Risks Management.

Based on these factors, the Company Management believes that, at present, there is no uncertainty about the perspective of business continuity for TISG S.p.A.

The Board of Statutory Auditors has constantly monitored – on the occasion of regular audits - the evolution of the economic-financial and patrimonial situation.

### **Non-recurring significant activities**

In 2022 there are no significant non-recurrent activities to be highlighted, as per the definition in the Consob Communication n. DEM/6064293 of July 28th, 2006, different from those described in the annual report under the topic “Relevant facts happened in 2022” and reported below:

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:

- Movable and real estate assets of Viareggio;
- Movable and real estate assets of La Spezia;
- Land in Pisa
- Vessel under construction, subject of contract number 2369;
- Trademarks and patents
- Shareholding (100%) of Perini Navi USA Inc. and,

existing legal relationships, including, but not limited to:

- a) Employment relationships with personnel that will be in place at the date of effectiveness of the transfer;
- b) State-owned concessions in place for the construction sites, warehouses, quays and areas of Viareggio and La Spezia at the effective date of the sale;
- c) Authorisations, licenses, permits, certifications issued in favour of Perini Navi and/or the trustee for the operation of the business complex;
- d) Contracts relating to utilities for the property complex, rental contracts for hardware and software equipment, software licenses and e-mail account licenses;
- e) Tender contracts for the security, surveillance, safekeeping and cleaning services of the Viareggio and La Spezia sites.

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.

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 complex 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.

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

Created in collaboration with Luca Dini and his Design & Architecture, the project represents the understanding of TISG's ideas and requirements for relaunching the historical stylistic essence of Picchiotti, with the participation of Kurt Lehman and his Yacht Moments Consultant.

With the name "Gentleman", the fleet introduces TISG into the mass production segment of yachts and super-yachts, while maintaining its ultra-high-level positioning.

The project stems from the ambition to create a product inspired by the silhouette of American yachts of the 1960s, expressing 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.

On 4 August 2022, the Board of Directors of The Italian Sea Group approved the acquisition of 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 the delegation to the Chairman, Filippo Menchelli, to sign the resulting deeds.

This transaction will allow the company to consolidate the entire production process, ensuring 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.

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

Damage to structures - which were promptly repaired by the purposely set up task force - is to be considered negligible and all the assets are covered by an insurance policy.

In September, The Italian Sea Group unveiled its new line of semi-custom motor yachts, the 50-metre Admiral-branded Panorama project born from the collaboration with team of Studio Piredda & Partners. With an elegant and timeless profile, Panorama is a Made in Italy masterpiece in terms of form, lines and functional solutions. As evidence of the project's success, two models have already been sold within a month of its launch.

On 27 October 2022, the Board of Directors co-opted Gianmaria Costantino as Director.

Gianmaria Costantino takes over from Giulio Pennacchio, General Manager of NCA Refit, who had resigned from his position as a member of the Company's Board of Directors in order to be able to dedicate himself entirely to the management of the company activities under his responsibility, consequently to the intense growth the Group is recording and the further future development of the NCA Refit business.

This appointment is the first step along a succession plan that will guarantee business continuity in the years to come and a gradual generational transition.

In October, the Company also formalised its collaboration with Malcolm McKeon, a leader in the design of super-yachts for over 30 years with innovative and high-performance projects. The partnership will begin with the construction of the 56-metre sailing ketch. It borrows some of the most iconic stylistic features of the Perini Navi fleet, interpreting them in a modern key and combining designer input with TISG design standards. The 56-metre ketch represents the starting point for the development of the new Perini Navi fleet ranging from 47 to 90 metres.

### **Impairment Test Procedure**

On January 24, 2023 the Board of Directors has approved the *impairment test* for the 2022 Financial Statement.

The information and the process outcomes are reported in the explanatory notes. The Impairment test was done on the brands “Admiral”, for yachts equal or longer than 50 metres, and “Tecnomar”, for yachts below 50 metres in length, and “Perini Navi”, brand specializing in the construction of bid dimensions sailing yachts.

The evaluation of the fair value of the brands was done based on the forecast of the future value generated by the Company contained in the Business Plan 2023 – 2026. The Production Value indicators, EBITDA, Net Income, investments and NFP reported in the aforementioned plan allowed to evaluate the brands' fair value in line with the figures reported in the financial statement, equal to Euro 2.329 million for the “Admiral” brand, Euro 1.234 million for the “Tecnomar” brand, Euro 30.351 million for the Perini Navi brand.

Following the implementation of the impairment procedures, any depreciation of the brands did not prove necessary.

The Board of Statutory Auditors confirms that the *impairment test* procedure adopted by the Company was adequate.

### **Atypical or unusual operations**

It does not appear that the Company has carried out any atypical or unusual operations as defined by the Consob communication DEM/6064293 of 28 July 2006.

### **Intra-group transactions or transactions with related parties**

On 18 February 2021 the Board of Directors has adopted the regulation of Control and Risk Committee subsequently approved by the same Committee in July 2021 (“CRC and RPT Regulation”).

The Committee is composed of three non-executive directors, of which at least two independent directors who remain in office until the end of term of the Board of Directors. At least one member of the Committee has an appropriate experience in the field of accounting, finance, and risk control at the time of the appointment.

The Board of Statutory Auditors attended one meeting of the Related Parties Committee, examining intra-group transactions; such transactions have been also periodically communicated by the Company.

Related Party Transactions are indicated in the explanatory note to the financial statements and the consolidated financial statements of the Company and the Group, which include also the consequent economic and patrimonial effects.

The Board of Statutory Auditors has monitored the compliance with the Regulation and the correctness of the process followed by the Board of Directors and the competent Committee in terms of qualification of the related parties and has nothing to report.

### **Activities carried out by the Board of Statutory Auditors during financial year 2021**

In the fulfilment of its activities, the Board of Statutory Auditors:

- Has monitored the compliance with the law and the Articles of Association;
- Has monitored the respect of the principles of correct administration;
- Has attended the Ordinary Shareholders’ Meeting on 29 April 2022 on video conference
- Has attended the meetings of the Board of Directors, the Control and Risks Committee, the Appointment and Remuneration Committee, the Related Party Transaction Committee and has obtained from the Directors periodic information, on a quarterly basis, on the general development of the management, on the expected evolution, as well as the transaction with the highest economic, financial and patrimonial relevance carried out by The Italian Sea Group, ensuring that the resolutions adopted and executed are not manifestly impudent, hazardous, potentially in conflict of interest, in contrast with the Shareholders’ resolutions or compromise the integrity of the corporate assets.
- Has monitored the appropriateness of the organisational structure, through direct observations, collection of information from the Managers of the Company Functions and the participation to the internal Board Committees;



- Has monitored the appropriateness and the performance of the internal control and risk management systems through the participation to the meetings of the Control and Risks Committees, by obtaining information from the Chief Executive Officer, in charge of the internal control and risk management, from the Managers of the Company Functions, the Representatives of the Auditing firm and the Supervisory Board, which has among its members also a member of the Board of Statutory Auditors. It has also met the Company's Internal Auditor, who provided information on the state of implementation of the Auditing Plan for the financial year, on the findings of the carried-out verifications and the rectification activities implemented and scheduled, as well as on the related follow-up activities;
- Has monitored the appropriateness of the administrative-accounting system through meetings with the Chief Financial Officer, with the Administrative Director who, during the financial year in object, has also worked as a Manager in Charge of preparing the corporate Accounting Books, and with the Auditing Firm BDO S.p.A., also with the purpose to exchange data and information;
- Has monitored the implementation modalities of the Corporate Governance rules adopted by the Company, also in compliance with the principles of the Code. In particular:
  - Has verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members;
  - Has verified the independence of the Auditing Firm;
  - Has evaluated the independence of its members;
  - Has monitored on Related Party and intra-group transactions;
  - Has monitored the correct implementation of the Company's obligations related to internal dealing transaction and on the "Protection of Savings", as well as for corporate governance matters.
- Has timely exchanged data and information relevant to accomplish the respective tasks with the managers in charge from the Auditing Company pursuant to Art. 150 of Legislative Decree 58/98, also by examining the results of the activities carried out and the reception of the reports required by Art. 14 of Legislative Decree 39/2010.

In light of the above, and taking into account the evolutionary nature of the internal control and risk management system, from the analysis carried-out and on the basis of the informational elements acquired, the Board of Statutory Auditors has not identified any elements that could deem inappropriate, in its entirety, the internal control and risk management system of the Company.

The Internal Audit and the Supervisory Board, which we have met periodically, did not report any particular issues within the respective competences.

The annual Report on Corporate Governance and Ownership Structure of the Board of Directors has not highlighted any issues to be brought to Your attention.

**Surveillance activity on the financial information process**

In this regard, the Board of Statutory Auditors has verified the existence of appropriate norms and procedures to oversee the process of financial information gathering, formation and release.

Furthermore, it has acknowledged that the Manager in charge of preparing the corporate Accounting Books has confirmed:

- the adequacy and suitability of the power and the tools given to him by the Board of Directors;
- to have had direct access to all the necessary information to produce the accounting data, without the need for authorisation;
- to have taken part in the internal information flows for accounting purposes and to have approved all the relating company procedures.

Therefore, the Board of Statutory Auditors expresses an adequacy evaluation of the financial information formation process and believes there are no relevant topics to be submitted to the Board of Directors.

#### **Surveillance activity on the non-financial information process**

Pursuant to Art. 3, par. 7, Legislative Decree 254/2016, the Board of Statutory Auditors, as per the functions attributed to it by the Order, has monitored the respect of the rules regulating the preparation and publication of the Non-Financial Statement (“NFR”). In particular, the Board of Statutory Auditors has monitored the organisational structure adopted by the Group to reach the strategic social and environmental objectives and the adequacy of the processes and structures that within the Group are aimed at producing, reporting, measuring and representing the non-financial results and information. To this end, the Board of Statutory Auditors has examined the documentation made available by the Company and has met the management team in charge of the NFR reporting as well as the managers of the Auditing Company, who have been given the task to express, in a specific report, the certificate of conformity pursuant to Art. 3, par. 10, Legislative Decree 254/2016. It has also discussed the topics related to Taxonomy with team in charge and has assessed the correctness of the procedures adopted. The Board of Directors approved the NFR on March 21 2023; it was written pursuant to Legislative Decree 254/2016 and taking into consideration the criteria from the GRI Standards – Global Reporting Initiative.

The Board of Statutory Auditors has also acknowledged that the Auditing Company has issued the report pursuant to Art. 3, par. 10, Legislative Decree n. 254/2016 on April 5, 2023. In this report BDO has certified that, based on the work done, there are no elements to believe that the NFR was not written in compliance with art. 3 and 4 Legislative Decree 254/2016 and with the reporting standard adopted by the Company.

The Board of Statutory Auditors, in turn, believes that non-conformity elements came to its attention with respect to the laws regulating the preparation and publication. The Board of Statutory Auditors, therefore, as per its competence, expresses an evaluation of adequateness for the NFR process in line with the social and environmental strategic objectives.

**Statements, charges pursuant to article 2408 of Civil Code. Possible omissions, censorable facts or observed irregularities**

During 2021 there have been no charges pursuant to article 2408 of Civil Code.

**Remuneration of Directors, General Manager and Managers with strategic responsibilities**

On February 18<sup>th</sup> 2021 the Board of Directors has adopted the regulation for the Appointment and Remuneration Committee, successively approved by the newly-formed Committee in July 2021 (the “Appointment and Remuneration Committee Regulation”).

The Committee is composed by three non-executive administrators, two of whom are independent and remain in charge until the end of term of the entire Board of Directors. At least one member of the Committee has a proper knowledge and experience in the financial field as well as about remuneration policies, assessed by the Board of Directors while appointed.

During financial year 2022, the Board of Statutory Auditors did not express any opinions pursuant to Article 2389, paragraph 3 of the Civil Code on the remuneration of Directors with specific roles.

**Additional opinions expressed by the Board of Statutory Auditors**

During fiscal year 2022 the Board of Statutory Auditors has expressed the following additional opinions:

- on October 26 2022 has released its approval, pursuant to Art. 2386, par. 1 Civil Code, concerning the replacement of Mr. Giulio Pennacchio, who resigned from the Board of Directors, with Mr. Gianmaria Costantino, with resolution dated October 27, 2022.
- Pursuant to Art. 2426 par. 1 item 5 of Civil Code it has expressed its consent to include under “Intangible Assets” development costs for a total of Euro 1,030 thousand at December 31, 2022, with a growth of Euro 167 thousand versus December 31, 2021.

The Board of Statutory Auditors ha also monitored the annual audit and the audit of the consolidated accounts, as well as the independence of the audit firm, with particular attention to possible non-audit services supplied and to the outcome of the auditing process. With reference to the independence of

the auditing firm, BDO S.p.A., The Board of Statutory Auditors has previously examined the proposals of granting BDO S.p.A. with assignments different from auditing, considering in particular the compatibility with the prohibitions as per article 5. of the EU Regulation 537/2014 and the absence of potential risks for the independence of the auditor while supplying these services. Provided that the prerequisites foreseen by the law occur, the Board has approved to grant the services to BDO S.p.A. In the financial year 2022 the auditing firm has carried out for the Group the activities reported described in the notes to the consolidated financial statements. The Board of Statutory Auditors declares that the fees are appropriate, considering the dimension, complexity and characteristics of the tasks performed and that the assignments for services different from audit 11 are not such as to compromise its independence.

### **Self-evaluation of the Board of Statutory Auditors**

In compliance with the provisions referred to in the “Rules of Conduct of the Board of Statutory Auditors of listed Companies”, issued by the National Council of Chartered Accountants and Accounting Experts, which require that the Board of Statutory Auditors carries out, following the appointment and with annual recurrence, an evaluation on its work in relation to the scheduled planning of its activities, the eligibility of its members, the appropriate composition of the body with reference to requirements in terms of levels of professionalism, competences, integrity and independence, as well as the appropriateness of the time and resources availability with respect to the complexity of the role (the “Self-evaluation”), please note that the Board of Statutory Auditors has carried out the Self-evaluation for financial year 2022.

### **Meetings of the Board of Statutory Auditors, of the Board of Directors and the Board Committees**

During the financial year 2022:

- There have been number six meetings of the Board of Statutory Auditors, for a medium duration of around 2 hours and 40 minutes each;
- The Board of Statutory Auditors has met periodically and exchanged information with the Representatives of BDO S.p.A.;
- There have been number thirty meetings of the Board of Directors. In this regard, it is to be noted that the Board of Directors is made up of seven members, three of which are independent; two directors out of seven are female;
- The Control and Risks Committee has met eight times, the Appointment and Remuneration Committee has met eight times and the Related Party Committee has met two times.

The Board of Statutory Auditors has attended the meetings of the Board of Directors and the Board Committees.

Lastly, the Board of Statutory Auditors has acknowledged to have attended the Shareholders' Meeting on April 29, 2022.

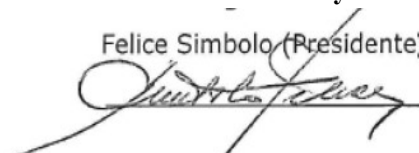
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The Chief Executive Officer and the Manager in charge of preparing the corporate Accounting Books have released, on 21 March 2023, the declarations in compliance with Article 154-bis of the TUF, stating that the financial statements and consolidated financial statements are prepared in compliance with the international accounting standards recognised by the European Community in accordance with Regulation (EC) n. 1606/2002 of the European Parliament and the Council on 19 July 2002, conform with corporate accounting documents, records, and books and are appropriate to provide for a true and correct representation of the patrimonial, economic and financial situation of the Issuer and the Group. The Board of Statutory Auditors has confirmed the completeness and appropriateness of the information provided by the Board of Directors in their reports, also concerning the risks, the significant uncertainties and the litigations to which the Company and the Group are exposed. As explained in the Management Report, no relevant facts happened after the end of the financial year. The Board of Statutory Advisors, recalling all the considerations expressed in this Report, expresses positive opinion to the approval of the Financial Statements as of December 31st 2022, and expresses positive opinion with regards to the proposal of distribution of profits as presented by the Board of Directors.

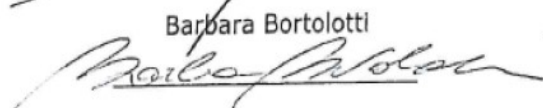
*Marina di Carrara, 5 April 2023*

**The Board of Statutory Auditors**

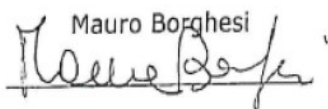
Felice Simbolo (Presidente)



Barbara Bortolotti



Mauro Borghesi



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