THE ITALIAN SEA GROUP

PICCHIOTTI SINCE 1575 ADMIRAL PERINI NAVI TECNOMAR NCA REFIT CELI 1920

CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2023

THE ITALIAN SEA GROUP S.P.A.

EXECUTIVE SUMMARY

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.

CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2023

DRAFTED ACCORDING TO THE IAS/IFRS ACCOUNTING PRINCIPLES

VALUES IN THOUSANDS OF EUROS

INTRODUCTION

This **Consolidated Half-Yearly Financial Report as at 30 June 2023** 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 2023 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: 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

CORPORATE AND CONTROL BODIES

BOARD OF DIRECTORS

FILIPPO MENCHELLI
Chairman of the BoD

GIOVANNI COSTANTINO
Chief Executive Officer

MARCO CARNIANI
Vice Chairman of the BoD

GIANMARIA COSTANTINO
Non-Executive Director

ANTONELLA ALFONSI
Independent Director

LAURA ANGELA TADINI
Independent Director

FULVIA TESIO
Independent Director

CONTROL, RISK, SUSTAINABILITY & RELATED PARTIES COMMITTEE

Chair	Alfonsi Antonella
Standing Member	Tadini Laura Angela
Standing Member	Tesio Fulvia

APPOINTMENT AND REMUNERATION COMMITTEE

Chair	Tesio Fulvia
Standing Member	Alfonsi Antonella
Standing Member	Tadini Laura Angela

BOARD OF STATUTORY AUDITORS

Chair of the Board of Statutory Auditors	Pascolin Alfredo
Standing Auditor	Simbolo Felice
Standing Auditor	Bortolotti Barbara
Alternate Auditor	Scialdone Roberto
Alternate Auditor	Rampolla Sofia

SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/01

Chair	De Vivo Annalisa
Member	De Luca Carlo
Member	Simbolo Felice

INDEPENDENT AUDITORS

BDO Italia S.p.A.

MANAGER RESPONSIBLE FOR PREPARING FINANCIAL REPORTS

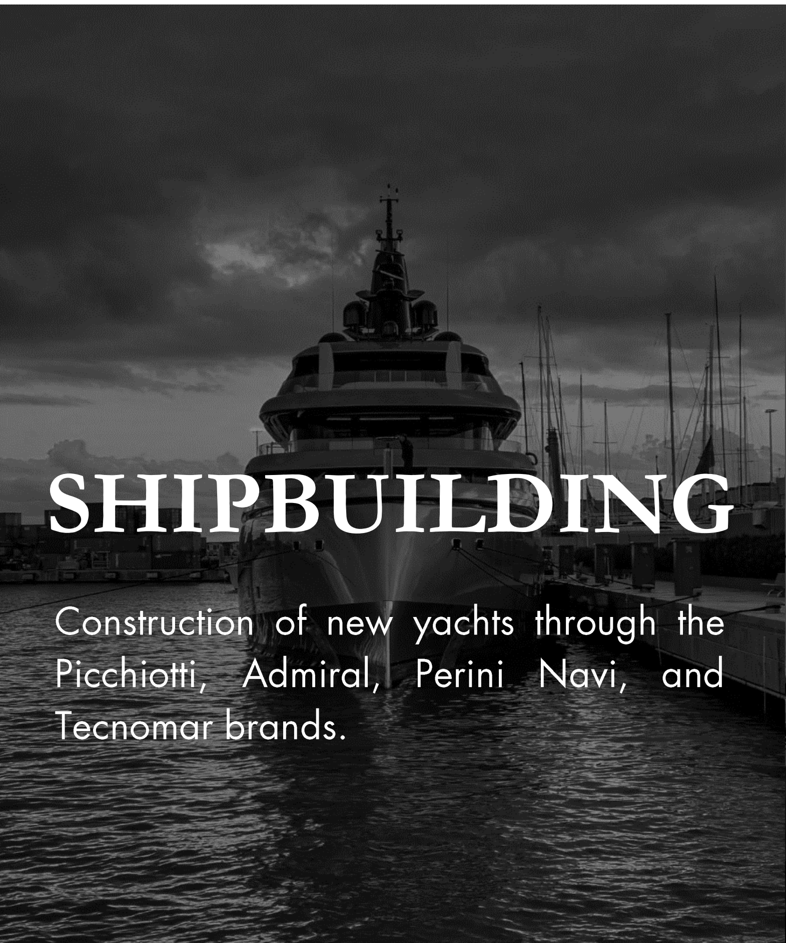
Carniani Marco

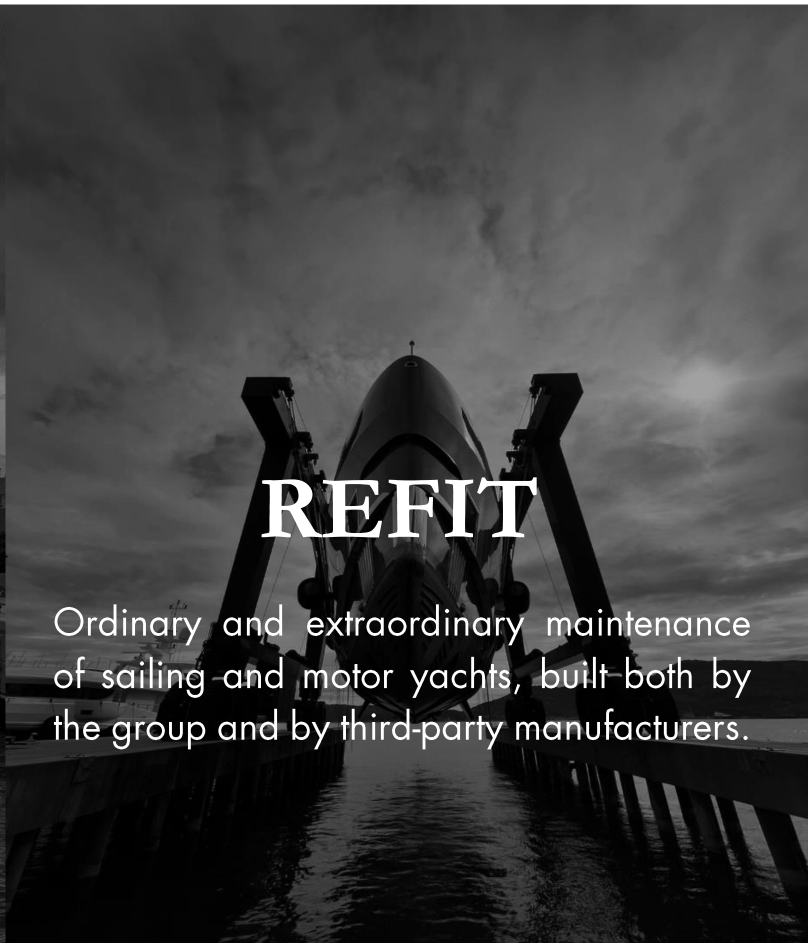
GROUP PROFILE AND STRUCTURE

The Italian Sea Group S.p.A., based in Marina di 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.

The Italian Sea Group S.p.A.

- *100%* Perini Navi USA
- *100%* Celi S.r.l.
- *100%* TISG Turkey





INFORMATION ABOUT THE GROUP

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

Over the last **13** years, TISG has further strengthened its positioning in the luxury industry through important partnerships with two leading brands in the sector: **Automobili Lamborghini**, for the construction of limited-edition speed yachts – *Tecnomar for Lamborghini 63* – and **Giorgio Armani**, with whom the Company collaborates for the design of external lines and the furnishings of some yachts.

The Group has a business unit, **NCA Refit**, dedicated to the ordinary and extraordinary maintenance of sailing and motor yachts of any brand, with a particular *focus* on vessels between 60 and 140 meters.

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

The Italian Sea Group's yachts, due to their size and type, are aimed at a clientele mainly composed of Ultra High Net Worth Individuals (UHNWI) and experienced Shipowners who already own other vessels.

PICCHIOTTI

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

This long tradition began with work boats, passing on to ocean-going sailing ships, then important military orders, leading to the pioneering years of the first pleasure yachts.

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

With the Picchiotti brand, The Italian Sea Group developed, together with the **Luca Dini Design & Architecture** firm, the semi-custom line "**Gentleman Picchiotti",** an entire fleet of motor yachts from 24 to 55 meters, inspired by the silhouette of the American yachts of the 1960s, offering timeless elegance and cutting-edge engineering solutions.

[1] Source: Global Order Book 2022

ADMIRAL

The first Admiral boat, an 18-metre wooden vessel, 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, The Italian Sea Group's flagship brand, 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 standard of the time, thanks to the invention of an automatic sail furling system.

Over the year, the founder's vision achieved great success thus making the brand a true icon of the nautical industry, with considerable presence in the United States, in particular.

The Perini Navi fleet boasts 60 sailing yachts among the most admired in the world; one of them is the legendary The Maltese Falcon, an 88-meter clipper that marked a revolution in sailing technology, introducing the world to the sail system now known as the Falcon Rig.

TECNOMAR

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

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

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

GROUP'S BRIEF HISTORY

The Italian Sea Group's story began in 2009, when **GC Holding S.p.A.**, a company owned by the 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, further expanding its range. 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 built commercial and cruise ships within the Marina di Carrara shipyard.

The shipyard in Marina di Carrara, which today is the home of TISG's headquarters, 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, development in equipment allowed the shipyard to build ever larger projects. In 1973, the structure was further expanded with the construction of a dry dock, 200 metres in length and 35 metres in width.

The acquisition allowed the employment levels to be maintained and the relaunch of a company in crisis, but with a recent past as a leading player in the large shipbuilding industry, through the expansion of production capacity and retaining valuable know-how specialising in the construction of large yachts.

Significant investments have been made over time, such as the expansion and complete renovation of the registered offices of the Group, the organisation of areas dedicated to new productions, the construction of a steel workshop, an upholstery, and the expansion of the areas dedicated to refit activities started in 2015.

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

To date, the Marina di Carrara shipyard covers an area of approximately 120,000 square meters and boasts an absolutely strategic position, especially for **NCA Refit**.

Overlooking the Mediterranean, at a short distance from famous Italian touristic and recreational destinations – and consequently 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 reference point for Shipowners from all over the world.

The headquarters boast a state-of-the-art production site equipped with **two dry docks** of 200 metres and 147 metres respectively, 11 separate production areas, a total lifting capacity of 1,000 tonnes and 3,300 tonnes of floating dock, which is enhanced and restructured for launching yachts and mega-yachts up to 100 metres.

The Board of Directors of the Group resolved on a further investment plan on **4 November 2021**, called "**TISG 4.1**", worth **Euro 14 million**, which has been completed in the first half of 2023.

On **22 December 2021** TISG, through its wholly owned subsidiary, **New Sail S.r.l.** (merged by incorporation 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.

In **August 2022**, The Italian Sea Group S.p.A. completed 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.

This transaction allowed the Group to consolidate the entire production process, ensuring even more integrated operations management, favouring direct investment strategies from TISG to TISG Turkey.

In line with the internalisation of key supply chain activities – a strategy already pursued in time with the creation of internal workshops for steelworks, upholstery, and metal carpentry – in the first half of 2023 TISG completed the acquisition of 100% of **CELI S.r.l**. ("Celi") shares, a woodworking founded in 1920 with experience in both the yachting and the construction sector.

Through Celi's experience and innovative production systems, The Italian Sea Group approaches to the luxury real estate and hospitality sectors, for those clients who are interested in high-end custom-made furniture also for their projects on land.

SHAREHOLDING STRUCTURE

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, organised and managed by Borsa Italiana S.p.A., now called **Euronext Milan** ("EXM"), was completed, and **8 June 2021** represented the first day of trading of the Parent Company's shares.

The updated company structure is as follows:

SHAREHOLDERS	**%**
GC Holding	62.68%
Alychlo NV(*)	11.39%
Giorgio Armani S.p.A.	4.99%
Mercato	20.94%

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

BUSINESS OUTLOOK

Over the years, TISG has strengthened its presence in both European and non-European international markets. During 2022, it also signed important partnership agreements with the most prestigious international brokers to consolidate its positioning in Asia and the Middle East.

The Americas are also expanding strongly: only at the end of 2020, in fact, this area accounted for about 1% of the Order Book, while to date it represents around 30%, with sales to clients coming from the US, Canada, and Mexico.

The Group's commercial strategy envisages its 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 first-hand the quality of the product and the technical skills of the Team, as well as the attention to detail and the very high level of service.

The success of mega-yacht Admiral Kenshō (75 metres), awarded "Motor-yacht of the year" at the prestigious 2023 World Superyacht Awards, as well as the sale of three 70-metre mega-yachts Admiral GC-Force, further prove how strong and recognisable the TISG brand is in the yachting world.

According to sector statistics[2], the sales of 6 yachts over 50 metres announced by TISG in 2023 represent over 30% of the total sales announced throughout the year by all European players operating in the reference segment.

TISG is now permanently present in all strategic luxury yachting markets and sells its products to Ultra-High Net Worth Individuals from all over the world.

With regard to production capacity, with the completion of the acquisition of the Perini Navi S.p.A. business complex, the Group acquired the La Spezia and Viareggio shipyards. The **"TISG 4.0" and "TISG 4.1**" investment plans have been completed, and they respectively envisaged: (i) a new warehouse, a new dry-dock and coverage of the original basin; (ii) the expansion on the church quay, the relocation of Lamborghini production to La Spezia and the construction of an additional warehouse.

In addition to this production capacity, there are also facilities in Turkey, where TISG builds hulls and superstructures through a network of specialised partners operating on around five shipyards.

[2] *Source: SuperYacht Times*


ADMIRAL
GIORGIO ARMANI

METHODOLOGICAL INTRODUCTION

In compliance with the relevant IAS/IFRS framework, the consolidated financial statements of TISG as at 30 June 2023 show the balances of the consolidated financial statements of TISG as at 31 December 2022 as comparative data with regards to the **Balance Sheet**; they show the data of the consolidated financial statements of TISG as at 30 June 2022 with regards to the **Income Statement**.

During 2023, the scope of consolidation was further amended following the acquisition of **100%** of **CELI S.r.l.** ("Celi") shares, a woodworking company founded in 1920 with experience in the yachting and construction industries.

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

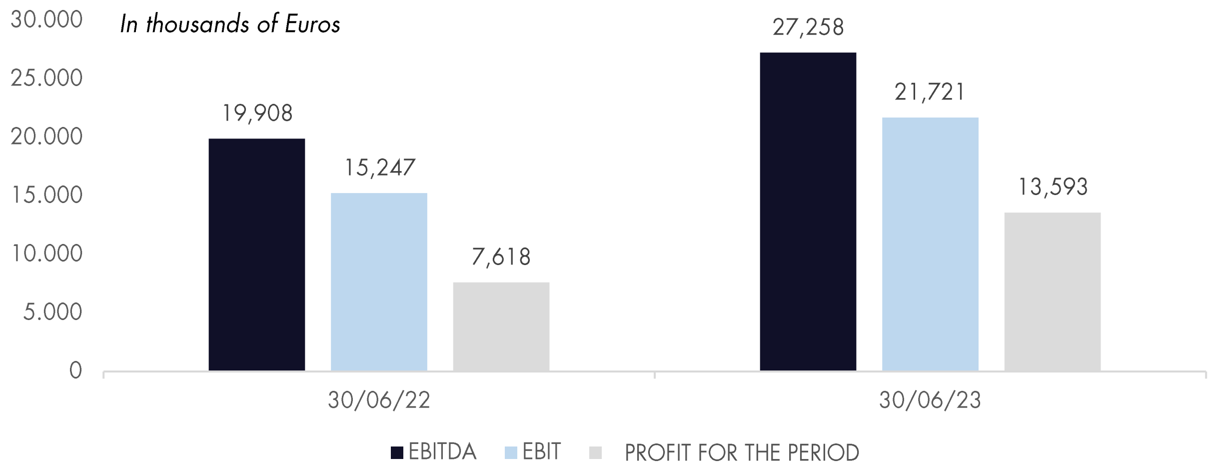
	30/06/2023	
In thousands of Euros	**Shareholders' Equity**	**Operating Result**
Financial Statements of The Italian Sea Group S.p.A.	**107,919**	**13,287**
Derecognition of intercompany transactions	559	306
Total attributable to the Shareholders of the Parent Company	**108,478**	**13,593**
Shareholders' equity and minority interests	-	-
Total of the Consolidated Financial Statements	**108,478**	**13,593**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

The following table shows the economic data related to the first six months of 2023, compared with the data related to the same period of 2022.

in thousands of Euros	**30/06/2023**	**30/06/2022**
Operating Revenues	162,502	135,278
Other revnues and income	7,079	794
Commissions	(3,677)	(2,454)
Total Revenues	**165,903**	**133,618**
Costs for raw materials	(32,134)	(35,597)
Cost for outsourced work	(67,851)	(53,780)
Technical Services and consultancy	(9,754)	(3,895)
Other costs for services	(6,843)	(5,201)
Personnel costs	(18,691)	(14,272)
Other operating costs	(3,372)	(965)
EBITDA	**27,258**	**19,908**
Percentage on total revenues	*16.4%*	*14.9%*
Amortisation, depreciation, write-downs	(5,537)	(4,660)
EBIT	**21,721**	**15,247**
Percentage on total revenues	*13.09%*	*11.41%*
Net financial charges	(2,179)	(1,224)
Income from extraordinary charges	(404)	(3,361)
EBT	**19,138**	**10,663**
Taxes for the period	(5,544)	(3,044)
CONSOLIDATED PROFIT	**13,593**	**7,618**
Percentage on total revenues	*8.2%*	*5.7%*

TREND OF ECONOMIC INDICATORS 2022 - 2023



OPERATING REVENUES

The item **Operating Revenues** increased by **20%** amounting to **Euro 162,502 thousand** as at 30 June 2023 *versus* Euro 135,278 thousand in the first half of 2022.

This increase is mainly attributable to the signing of n. 7 construction and sale contracts of yachts between 40 to 100 metres in length, and n. 6 contracts for motor-yachts of approximately 20 metres with the Tecnomar for Lamborghini 63 brand.

This item is split between the **Shipbuilding** and **Refit** division as follows:

SHIPBUILDING	Euro 139,471 thousand
REFIT	Euro 23,031 thousand

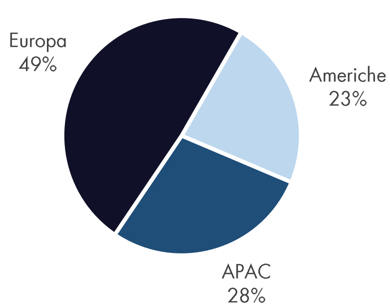
SHIPBUILDING

Shipbuilding revenues amount to a total of **Euro 139,471 thousand** as at 30 June 2023, increasing by **24%** with respect to **Euro 112,139 thousand** recorded in the first half of 2022.

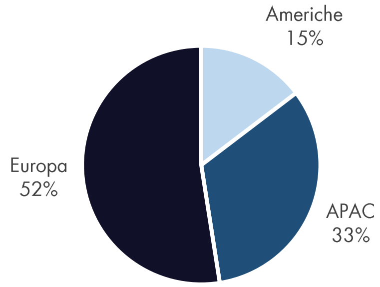
The breakdown of shipbuilding revenues is as follows:

SHIPBUILDING |Breakdown by Geographical Area

1H 2023

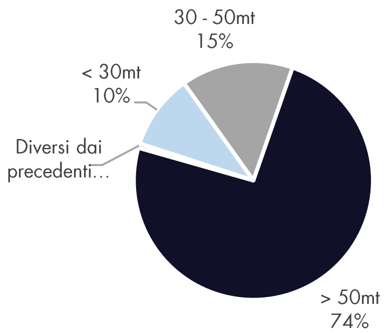


1H 2022

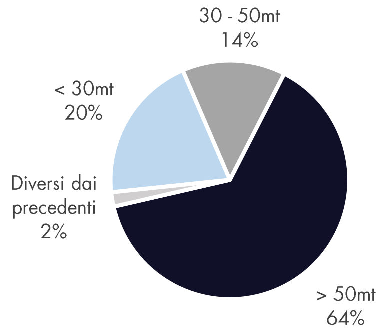


SHIPBUILDING | Breakdown by Dimension

1H 2023

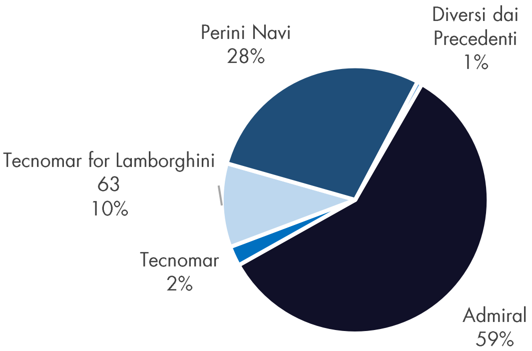


1H 2022

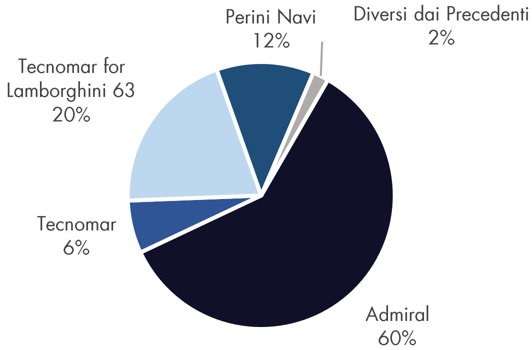


SHIPBUILDING | Breakdown by Brand

1H 2023



1H 2022

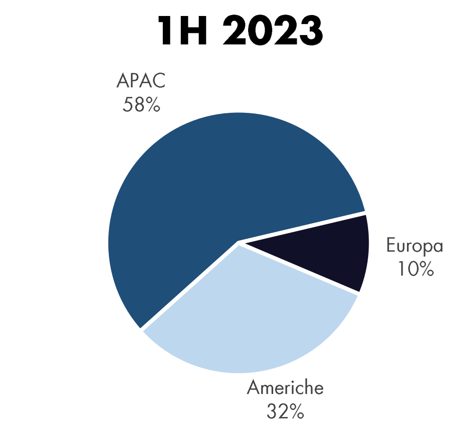


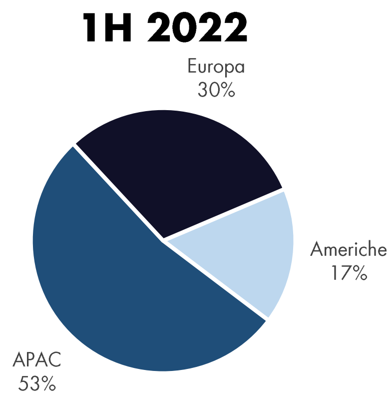
REFIT

Refit revenues amount to **Euro 23,031 thousand** as at 30 June 2023, in line with respect to **Euro 23,139 thousand** recorded in the first six months of 2022.

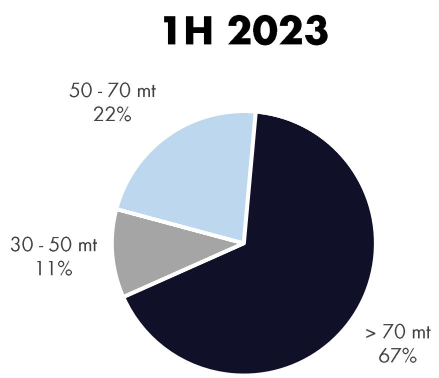
The breakdown of Refit revenues is as follows:

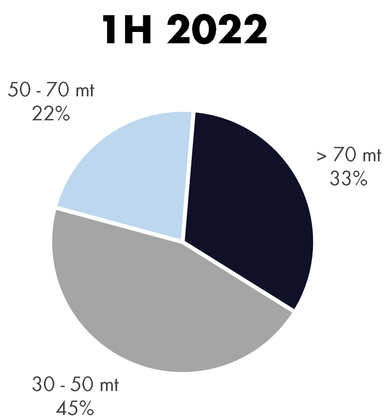
REFIT | Breakdown by Geographic Area





REFIT | Breakdown by Dimension





CONSOLIDTED EBITDA

EBITDA as at 30 June 2023 was **Euro 27,258 thousand**, up **36.9%** compared to EBITDA as at 30 June 2022 (equal to **Euro 19,908 thousand**), with a margin on Total Revenues of **16.4%** (vs an EBITDA margin of 14.9% in the first half of 2022).

The increase in operating margins over time is attributable to:

- Strong focus on management of operating costs;
- Improved efficiency of production processes;
- Benefits deriving from the strategy of investments in production capacity with an optimal mix of synergies between Shipbuilding and Refit activities;
- Improvement in product marginality, due to an increase in product prices and a constant affirmation of the Group's brands towards shipowners and yacht brokers all over the world;
- Economies of scale.

It is important to remember that, in accordance with its sales strategy, the Group generally does not accept trade-ins, thus eliminating inventory risk and risks deriving from the sale of used yachts.

EBITDA corresponds to the net result adjusted by financial management, taxes, amortisation of fixed assets, as well as non-recurring components. The EBITDA thus defined represents the indicator used by the Group to monitor and assess its operating performance; since it is not defined as an accounting measure within the scope of the 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 Group may not be the same as the one adopted by other entities, and therefore may not be comparable.

CONSOLIDATED EBIT

Consolidated EBIT as at 30 June 2023 amounted to **Euro 21,721 thousand** – an increase of **42.4%** compared to the first half of 2022 of **Euro 15,247 thousand** – with an impact on Total Revenues of **13.09%** against amortisation, depreciation, write-downs, provisions and losses which, as at 30 June 2023, amounted to **Euro 5,537 thousand**.

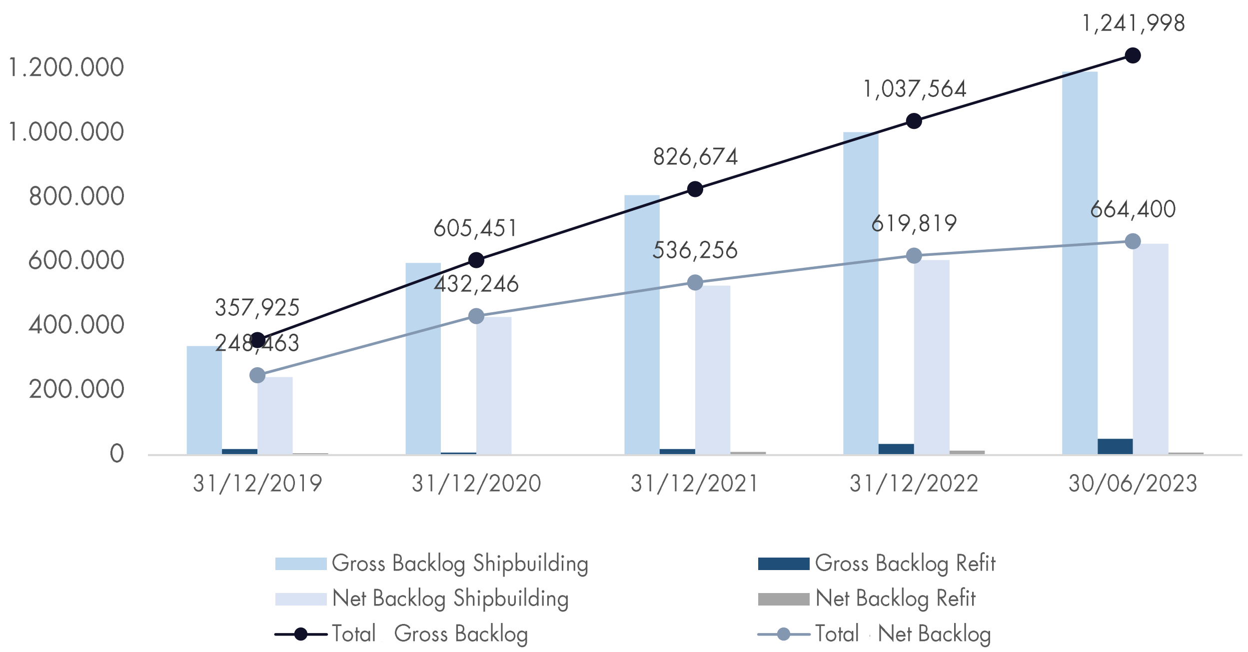
BACKLOG

The development of TISG's business is linked to the visibility and quality of its **order book** (**Gross Backlog**) and the consequent **Net Backlog**, i.e., the value of contracts for existing orders net of the progress already paid by the customer.

As at **30 June 2023**, TISG's **Gross Backlog** (Shipbuilding and Refit) amounts to **Euro 1,241,998 thousand** and includes 22 mega and giga yachts and 13 Tecnomar for Lamborghini 63 under construction, or a total of 35 projects in progress with deliveries scheduled until 2027.

Net Backlog (Shipbuilding and Refit) amounts to **Euro 664,400 thousand**.

In thousands of Euros	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**30/06/2023**
Gross Backlog Shipbuilding	339,003	597,247	807,726	1,003,357	1,190,924
Gross Backlog Refit	18,922	8,204	18,948	34,207	51,075
Total Gross Backlog	**357,925**	**605,451**	**826,674**	**1,037,564**	**1,241,998**
Net Backlog Shipbuilding	242,410	428,892	526,639	605,832	656,925
Net Backlog Refit	6,053	3,354	9,617	13,987	7,476
Total Net Backlog	**248,463**	**432,246**	**536,256**	**619,819**	**664,400**



CONSOLIDATED RECLASSIFIED STATEMENT OF FINANCIAL POSITION

in thousands of Euros	**30/06/2023**	**31/12/2022**
ASSETS		
Intangible assets	35,818	35,715
Property, plant, and equipment	125,420	135,216
Equity investments	43	195
Net deferred tax assets and lilabilities	-362	-894
Other non-current assets and liabilities	4,672	6,944
Provisions for non-current risks and charges	-3,870	-3,431
Provision for employee benefits	-1,047	-1,251
Net fixed capital	**160,674**	**172,494**
Inventories and payments on account	8,660	3,573
Contract work in progress and advances from customers	26,097	32,667
Trade receivables	35,040	21,469
Trade payables	-73,463	-78,770
Other current assets and liabilities	-29,238	-31,061
Net working capital	**-32,904**	**-52,122**
Total ASSETS - NIC	**127,770**	**120,372**
SOURCES		
Share capital	-26,500	-26,500
Share premium reserve	-45,431	-45,431
Reserves and other retained earnings	-23,051	-13,023
Currency translation reserve	97	0
Consolidated profit (loss)	-13,593	-24,046
Shareholders' Equity	**-108,478**	**-109,001**
Net financial indebtness	-19,292	-11,371
Total SOURCES	**-127,770**	**-120,372**

There was a clear decrease in the **Consolidated net fixed capital** as at 30 June 2023, with respect to 2022: this is mainly due to the sale of the Viareggio business branch, which occurred on 4 May 2023.

It is also to be highlighted that the works related to an important reorganisation and upgrade of the entire shipyard in Marina di Carrara, named projects TISG 4.0 and TISG 4.1, have been completed.

During the first half of 2023, the Group made investments for Euro 6,136 thousand.

The increase in **Net working capital** is due, in particular, to: a decrease in **Trade payables** and an increase of **Trade receivables** linked to the higher number of projects in progress, and the change in the item **Other current assets and liabilities**, which includes the advance payments for *Tecnomar for Lamborghini 63* yachts.

Shareholders' Equity, as described in more detail in the explanatory notes, is mainly due to the net profit resulting from the consolidated financial statements as at 30 June 2023 for Euro 13,593 thousand, and to the increase in retained earnings for Euro 10 thousand.

CONSOLIDATED NET FINANCIAL INDEBTEDNESS

The following table shows the **Net Financial Indebtedness** at 30 June 2023, which shows financial payments to: (i) banks; (ii) shareholders; (iii) other lenders, net of cash and cash equivalents:

in thousands of Euros	**30/06/2023**	**31/12/2022**
A. Cash	39,584	81,317
B. Cash equivalents	25,748	0
C. Other current financial assets	0	0
D. Liquidity (A)+(B)+(C)	**65,332**	**81,317**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	-2	-34
F. Current portion of non-current financial debt	-11,737	-14,163
F.1 Other current financial payables	-2,554	-2,292
G. Current financial indebtedness (E+F)	**-14,293**	**-16,490**
H. Net financial indebtedness (G-D)	**51,039**	**64,827**
I. Non-current bank debt (excluding the current portion of debt instruments)	-60,390	-66,287
J. Debt instruments	0	0
K. Trade and other non-current payables	-9,941	-9,912
L. Non-current financial indebtedness (I+J+K)	**-70,331**	**-76,198**
M. Total financial indebtedness (H+L)	**-19,292**	**-11,371**

Net financial indebtedness, amounting to **Euro 19,292 thousand** as at 30 June 2023, *versus* a Net Financial Indebtedness of Euro 11,371 thousand as at 31 December 2022, reflects:

(i) the outlay during 2023 of **Euro 14.4 million** for the payment of dividends, following the Shareholders' Meeting resolution for the approval of the Annual and Consolidated Financial Statements at 31 December 2022 in date 27 April 2023; and

(ii) investments carried out in the first half of 2023 equal to Euro 6.1 million related to the completion of the "TISG 4.0" and "TISG 4.1" investment plans, investments of "TISG 4.2" on the La Spezia shipyard, other investments regarding the upgrading of commercial offices in Marina di Carrara, and the progress of refurbishing works of the "Celi 1920" Headquarters, with the aim of doubling production capacity.

Furthermore, it is important to note the sale of the building in Viareggio, which resulted in a net cash-in of Euro 10.6 million.

As per IAS/IFRS accounting standards, Net Financial Position includes the current value of fees due to the Port Authorities for the state concessions of the Marina di Carrara and La Spezia shipyards, which amounted to Euro 6 million as at 30 June 2023, to be paid based on the duration of the relevant concessions.

Finally, it should be noted that the calculation of the Net Financial Indebtedness includes the Group's tax payables, mainly related to the residual amount of the debt for the facilitated definition *ter* (see the section on related parties) and the agreement of the restructuring of Celi S.r.l.'s debts.

In the first half of 2023, the cash flows from income management activities were positive for Euro 4 million.

ALTERNATIVE PERFORMANCE INDICATORS ("NON-GAAP MEASURES")

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

The APIs refer to measures used by management and investors to analyse the trends and performances of the Group and that derive directly from the financial statements even though they are not envisaged by IAS/IFRS. These measures, used by the Group on a continuous and uniform basis for several years, are relevant to assist management and investors in analysing the Group's performance. Investors should not consider these APIs as a replacement, but rather as additional information to the data included in the financial statements. It should be noted that the APIs defined as so may not be comparable to measures with a similar name 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:

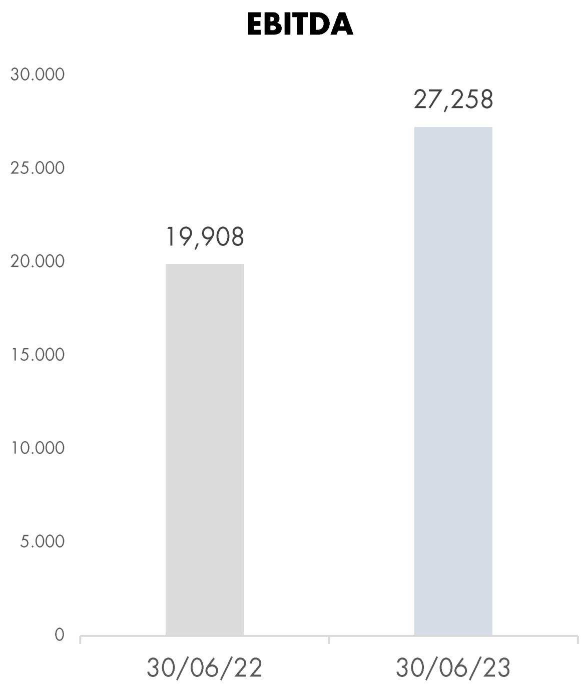
EBITDA	is equal to the result before taxes, before financial income and expenses, depreciation and amortisation, as reported in the financial statements, adjusted by the following elements: revenues from extraordinary activities; expenses from extraordinary activities; non-recurring provisions for risks (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.

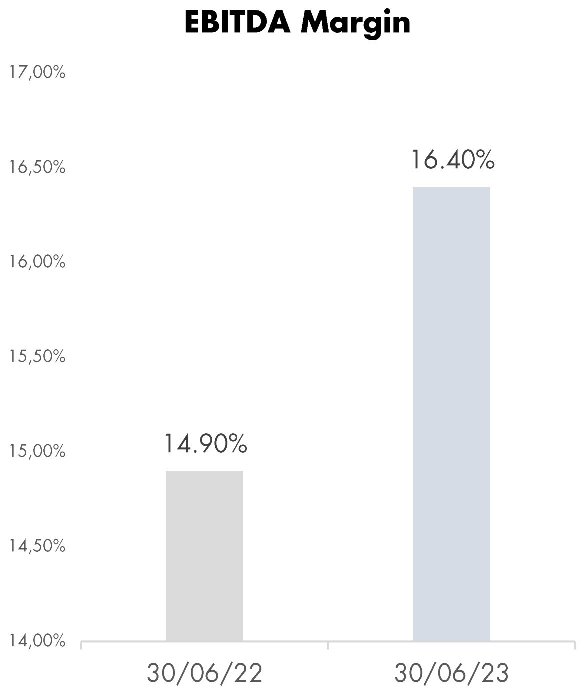
Net Financial Indebtedness includes:

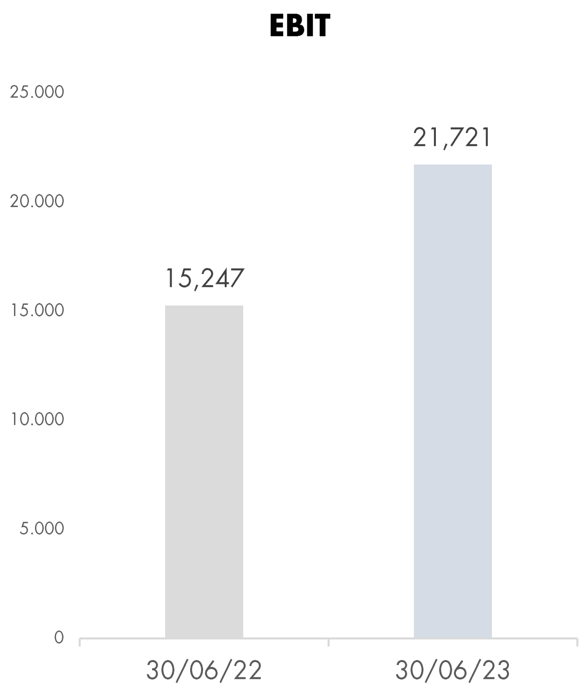
- Cash, including: cash and bank deposits, other cash and cash equivalents and securities held for trading;

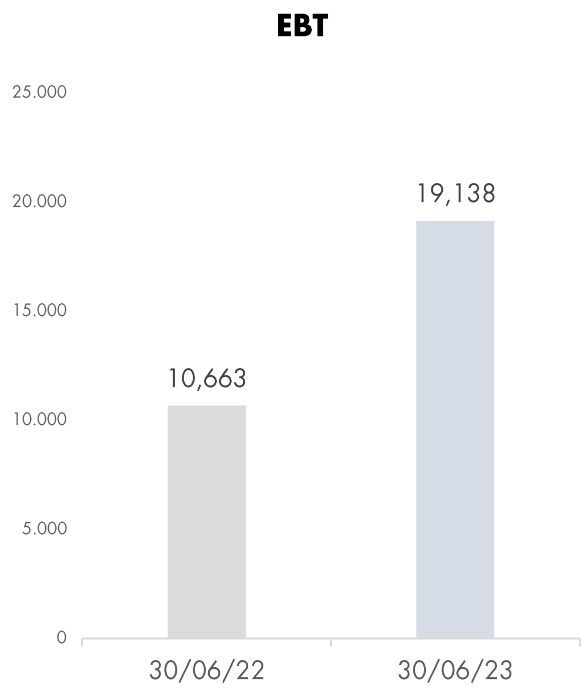
- Net current financial indebtedness includes: current financial receivables, short-term bank debt, current portion of non-current debt, other current financial debt, and payables to funding shareholders;

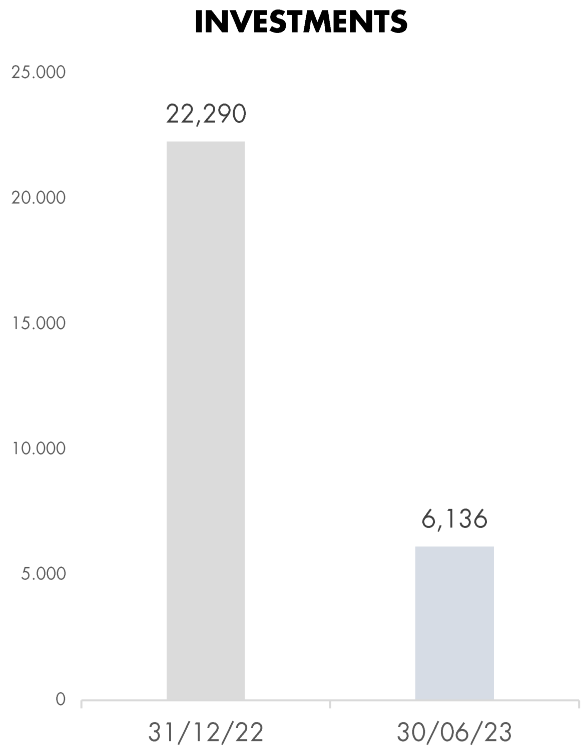
- Net non-current financial debt includes: non-current bank debt, bonds issues, other non-current payables, payables to funding shareholders.

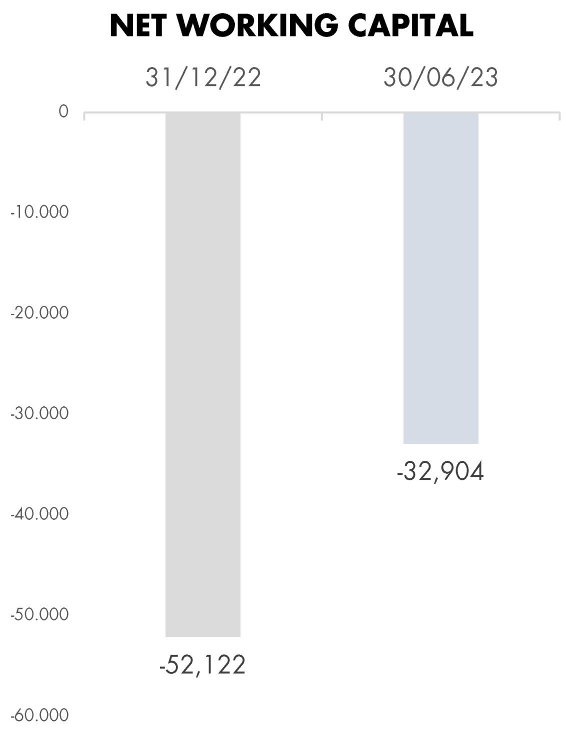

EBITDA
30.000
25.000
20.000
15.000
10.000
5.000
0
19,908
27,258
30/06/22
30/06/23

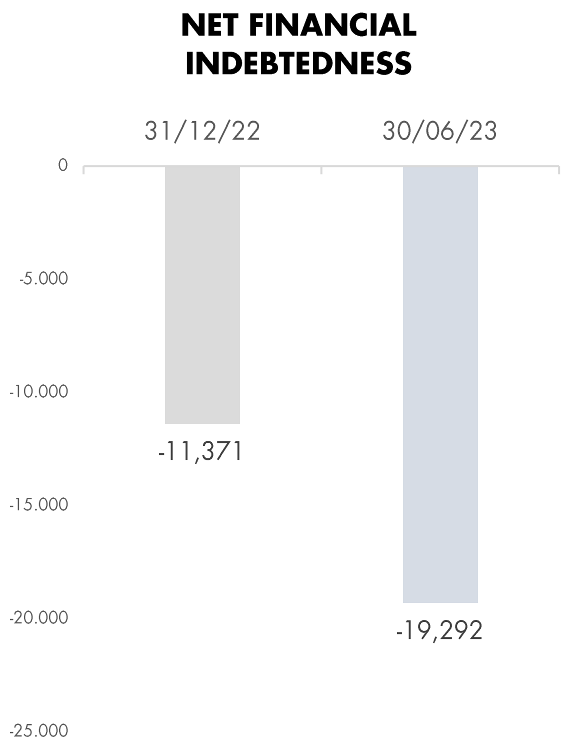

EBITDA Margin
17,00%
16,50%
16,00%
15,50%
15,00%
14,50%
14,00%
14.90%
16.40%
30/06/22
30/06/23

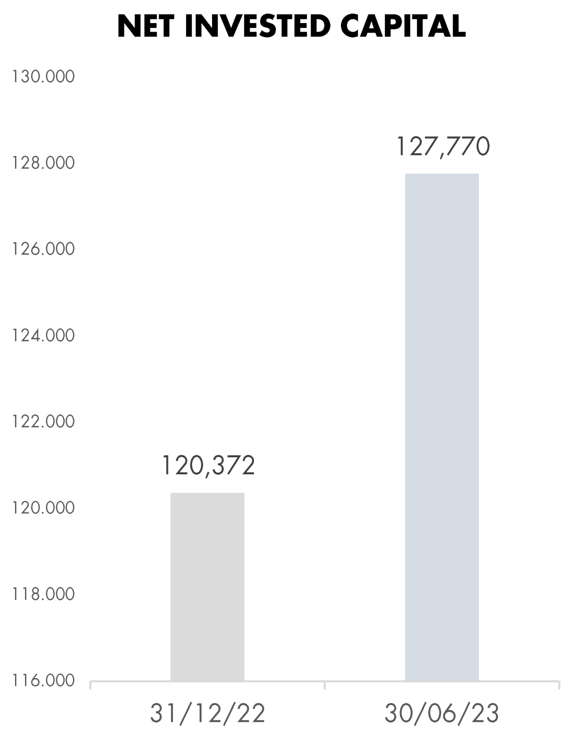

EBIT
25.000
20.000
15.000
10.000
5.000
0
15,247
21,721
30/06/22
30/06/23


EBT
25.000
20.000
15.000
10.000
5.000
0
10,663
19,138
30/06/22
30/06/23


INVESTMENTS
25.000
20.000
15.000
10.000
5.000
0
22,290
6,136
31/12/22
30/06/23


NET WORKING CAPITAL
31/12/22
30/06/23
0
-10.000
-20.000
-30.000
-40.000
-50.000
-60.000
-52,122
-32,904


NET FINANCIAL INDEBTEDNESS
31/12/22
30/06/23
0
-5.000
-10.000
-15.000
-20.000
-25.000
-11,371
-19,292


NET INVESTED CAPITAL
130.000
128.000
126.000
124.000
122.000
120.000
118.000
116.000
120,372
127,770
31/12/22
30/06/23

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

On **23 January 2023**, the Group extended its license contract with **Automobili Lamborghini** until the end of 2027.

On **24 January 2023**, the Group formalised the **Preliminary Results as at 31 December 2022** and the**2023-2024 Strategic Outlook** on the first **Capital Markets Day** in virtual format.

During the event, the Management illustrated the main economic and financial dynamics of TISG, the strategy that will be pursued in the medium/long-term, the group's growth expectations, the capital structure, and the dividend policy.

On Saturday 11 February 2023, through an important event at the Marina di Carrara headquarters, TISG presented the hull of the first **Admiral Armani** yacht of 72 meters, in collaboration with the prestigious Italian designer who designed the exterior and interior lines.

At the **end of February 2023**, the Group announced the tragic and untimely passing of the **Vice Chairman Giuseppe Taranto**, due to an illness that lasted just under a year.

On **2 March 2023**, TISG announced a partnership with the major brokerage firm **Edmiston**, based in London, Munich, Miami, New York, Newport, and Mexico City.

Edmiston will take charge of the exclusive sale of the first new Perini Navi 47-meter yacht, an aluminium sloop with high sports performance, drawing on the proven sailing experience of **Bruce Brakenhoff**, Director of the Edmiston office in Newport, Rhode Island, and Chairman of **Perini Navi USA** until 2020.

On **15 March 2023**, TISG presented, one year after the acquisition, the new and innovative Perini Navi fleet consisting of three lines of sailing vessels of: 48, 56 and 77 meters.

The fleet, called "Genesis", confirms the ultra-high-level positioning of Perini Navi as a global player in large sailing yachts.

On **17 April 2023**, the Group announced the acquisition of 100% of shares of woodworking company **Celi S.r.l.** ("Celi"), in line with the internalisation strategy for the high value adding phases of the supply chain, for Euro 190 thousand.
The integration of Celi's transversal competences within the Group will allow TISG to further develop its internal know-how and have a higher control on woodworking and furniture, not only in terms of costs but also when it comes to the quality and timing of the works.

Additionally, Celi's prestigious history, combined with TISG's solid commercial presence, represents an opportunity for the Group to expand its business within the yachting sector on a worldwide level, in particular in the luxury real estate and hospitality sectors.

On **27 April 2023**, TISG's Shareholders' Meeting appointed the new Board of Directors, composed by 7 members of which 3 Independent Directors, and the new Board of Statutory Auditors[3].

Furthermore, the first **Non Financial Statement** has been presented to the Shareholders' Meeting, with the objective of representing the Group's sustainability roadmap, the achieved results, and the future objectives in a transparent way.

Confirming its effort in the pursuit of its ESG strategy, in the first half of 2023 TISG announced that it joined the **United Nations Global Compact Initiative**.

The UN Global Compact is a call to companies everywhere to align their operations and strategies with Ten universally accepted Principles in the areas of Human Rights, Labour, Environment and Anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals (SDGs).

In **May 2023**, TISG announced the sale of **three Admiral 70-metre mega yachts** to a single European Family Group.

The operation, in collaboration with yachting broker **IYC**, further confirms the validity of TISG's strategy, focusing its core business on the construction of yachts in the dimensional range from 50 metres to over 100 metres, and provides additional visibility to the Company's Order Book.

The sales confirm The Italian Sea Group's positioning as leader in the large yachting sector.

As further evidence of The Italian Sea Group's brand awareness and the positive perception from the market, on **20 May 2023**, motor-yacht **Admiral Kensho**, 75mt, has been awarded the **Motor-yacht of the Year** prize at the prestigious **2023 World Super-yacht Awards** hosted by **Boat International**.

During that same event, the yacht has also won in the "**Displacement Motor-yacht 1'500GT and Above**" category.

These two reputable awards add to the long list of prizes won by M/Y Admiral Kensho during 2023, including:

- "**Best Interior Design**, **Motor-yachts 500GT and Above**" –

[3] For more information of the composition of the corporate bodies and committees, please refer to the "Corporate and Control Bodies" section of this report.

Design & Innovation Awards 2023 by Boat International;

- "**Motor-yacht Over 60mt**", "**Interior Design Over 40mt**", and "**IYA Bathroom**" – **International Yacht & Aviation Awards 2023** by **Design et al.**

In **June 2023**, has obtained from **Cerved Rating Agency** ("Cerved") an ESG Rating in the high-performance range, corresponding to solid capability in managing environmental, social, and corporate governance topics.

The analysis carried out by Cerved has highlighted TISG's high capability to manage risk factors as well as ESG opportunities, positioning the Group above sector average; furthermore, it underlined a high level of awareness regarding ESG subjects.

In particular, risk management and objective planning resulted appropriately supervised through a high integration level of the sustainability topics into the Corporate Governance model.

SIGNIFICANT EVENTS AFTER THE FIRST HALF OF 2023

In the second half of the year, TISG announced the re-opening of its flagship store in Costa Smeralda, within Porto Cervo's *"promenade"*, an exceptional window within the Italian luxury world.

Upon reservation, it will be possible to go on board the extraordinary and iconic *Tecnomar for Lamborghini 63* motor-yacht, which will stay in Costa Smeralda for the entire summer season.

The success of the *Tecnomar for Lamborghini 63* project expands beyond the borders of the Italian coasts; from July 2021, the iconic yacht conquered the most prestigious marinas in the world, starting from Saint-Tropez and Cannes, through Miami, and reaching Dubai and Sydney.

Furthermore, the Group officialised the progress of the refurbishing and expansion works in the Headquarters of "**Celi 1920**", renown woodworking company in Terni, which TISG acquired in April.

These significant investments involve doubling Celi production capacity through the acquisition of two new sites.

The goal is both to support TISG production needs as well as to seize the opportunity to expand the woodworking business even in the high-end real-estate and hospitality sectors.

The refurbishing works of the office areas, designed in the elegant and distinguished style of the Marina di Carrara Headquarters, are about to be completed, whereas the expansion of the production areas will be completed by the end of 2023.

The Group also approved an important recruitment plan aimed at the professional training of employees, especially the younger demographic, in line with the objective, constantly promoted by the Group, of stimulating growth in every worker.

In **July 2023**, The Italian Sea Group neutralised its CO_2 emissions for Scope 1 and Scope 2 – market based generated throughout FY 2022.

The neutralisation of CO_2 emissions occurred through the cancellation of carbon credits generated by the hydroelectric energy project VCS 535 – Akocak Hydroelectric Power Plant in Turkey.

The goal is to generate renewable energy from the flowing waters of Karadere river, in the Eastern Black Sea region.

Amongst the environmental benefits, the project involves the reduction of 144,681 tons of CO2 emissions and the feed-in of

257,440 GWh of renewable energy each year.

The carbon offset project that The Italian Sea Group supports is part of the Verra's VCS Program (Verified Carbon Standard Program) and contributes to four Sustainable Development Goals: n. 7) – Affordable and clean energy; n. 8) – Decent work and economic growth; n. 13) – Climate action; n. 15) – Life on land.

Throughout the development of the project, TISG has been assisted by Rete Clima, a no-profit technical organisation supporting Companies in their journey towards sustainable governance, decarbonisation, sustainability, and reforestation in Italy.

Additionally, The Italian Sea Group announced it will take part to the **2023 Monaco Yacht Show**, which will take place in **Montecarlo** at the end of September, an exclusive window for luxury yachting worldwide.

During the show, the Group will present **6 yachts**, including **Admiral Silver Star**, a 55-metre superyacht with interiors entirely curated by Giorgio Armani with Armani Casa.

It will be also possible to admire the timeless elegance of the **Picchiotti** line, through the first tender built under the TISG management, which will be available to clients to move around the yacht show.

TISG's lounge will recreate the atmosphere of the Marina di Carrara Headquarters, with a perfect balance of elegance and uniqueness, thanks to refined out fittings created in collaboration with Armani Casa, further confirming the success of the partnership with the renown Italian brand.

On **26 September** at **15:00**, at the Yacht Club de Monaco, Deck 3 – Ballroom, a press conference will be held to present important news.

BUSINESS OUTLOOK

In the near future, The Italian Sea Group expects a positive trend for luxury yachting, with an increase in demand and a focus on mega and giga yachts over 50 metres, also as a result of the increasing global number of Ultra-High Net Worth Individuals - potential customer base - particularly in the Americas and APAC, which cumulatively account for about 60% of the Order Book as at 31 December 2022.

To address this potential growth in demand, TISG has already made its production capacity more efficient through investments and acquisitions, and can now count on the best quality of spaces, structures and know-how to best meet the demands of its customers, with an excellent production mix between the Shipbuilding and the refit division.

Constant investment in the development of a strict internal quality control system has enabled The Italian Sea Group to achieve a very high market position over the years, further strengthened by prestigious partnerships with leading international luxury companies.

In light of these considerations, during the first **Capital Markets Day** of 24 January 2023, the Group informed the market of its **strategic outlook** for the years 2023 and 2024.

MARKET POSITIONING: MEGA AND GIGA YACHTS

In the coming years, The Italian Sea Group will base the development of its business not only on an extremely resilient and continuously growing customer base, but also on a solid market positioning in the large-scale segment, in which demand has been seen drastically increase from 2002 to date.

TISG's positioning in this market segment is demonstrated by the quality and visibility of the order book, 85% of which is made up of yachts over 50 meters with deliveries expected until 2027.

The Italian Sea Group's customers are extremely global, also thanks to the strategic partnerships that the Group has signed over the years with the main brokers in the nautical sector, present in different parts of the world.

Worth mentioning in particular are **Camper & Nicholsons** for Hong Kong and China, **TWW Yachts** and **Blackorange** for the Middle East, **FGI Yacht Group** for America and **IYC** for Europe.

BRAND AWARENESS: EXCELLENCE IN QUALITY AND DESIGN

The Italian Sea Group's core business lies in the construction of large yachts with a very high level of quality and customisation, characterised by high performance and a flexible approach to meet Shipowners' technical and aesthetic requirements.

The focus on technological and stylistic innovation represents a fundamental point of differentiation for the Group, also thanks to the "Made in Italy" label, a symbol of art, creativity, passion and craftsmanship.

For closer control over the timing and quality of its products down to the smallest detail, TISG has invested and continues to invest in the in-sourcing of the activities of the production chain with the highest added value: **steelwork**, **upholstery** and **outfitting structures** are all in-house workshops that allow the Group to ensure the timing, quality and cost of processing.

In addition, The Italian Sea Group uses an in-house Style Centre, consisting of some thirty architects following the customers who request it in the customisation of their yachts right from the basic design.

TISG also collaborates with international *archistars* in the sector, including Winch Design, Sinot, Espen Oeino, Luca Dini and others.

The success of The Italian Sea Group brand is also strengthened by the prestigious partnerships with **Automobili Lamborghini** and **Giorgio Armani**, which have contributed to consolidating the Group's positioning in the luxury segment.

SHIPBULDING AND REFIT: SYNERGIES AND PRODUCTION CAPACITY

One of the main strengths of The Italian Sea Group lies in its production capacity, through the investment plans on the Marina di Carrara shipyard, which will be completed in the first half of 2023, and with the addition of the two shipyards of La Spezia and Viareggio deriving from the acquisition of Perini Navi.

This production capacity is distributed between the Shipbuilding and Refit divisions, leveraging operational and financial synergies, so as to be able to accommodate the production needs deriving from the growing demand in both divisions.

PERINI NAVI: RELAUNCH AND STRATEGIES

In March 2023, TISG formalised the restyling of the new Perini Navi fleet with three product lines of 48, 56 and 77 meters, respectively.

The fleet, called **"Genesis"**, stems from the desire to revisit the iconic elements of the Perini Navi brand in a modern and exclusive way, with a future-oriented language and prestigious collaborations with *leading* industry stars.

SUSTAINABILITY: LONG-TERM VALUE CREATION FOR STAKEHOLDERS

To date, the Group has achieved important goals in terms of **environmental** sustainability, such as the installation of a photovoltaic panel system on the warehouses of the Marina di Carrara shipyard and the purchase of 100% of the energy used from renewable sources.

This commitment also continues by offering cutting-edge solutions in terms of products: in particular, motor yacht **Admiral Kensho (2022)** represents a benchmark for sustainable yachting thanks to the **Lloyd's Register ECO** notation and a **"Serial Hybrid"** propulsion system that optimises energy consumption and reduces emissions, vibration, and noise pollution.

Social responsibility activities include initiatives in favour of employees at all levels and an important factoring system to support the production chain. Through the **TISG Academy**, the Group also encourages the growth of its people and the development of solid know-how through training courses carried out in collaboration with the Universities of Genoa, La Spezia and Trieste.

As regards **Governance**, TISG fulfils all the requirements of best practices in terms of gender equality, composition of the Board of Directors and of the Board Committees, with a Control and Risk Committee that has also been assigned responsibility for matters of sustainability.

In April 2023, the Group published the first **Non-Financial Statement (Sustainability Report),** with a view to total transparency towards the market and the reference stakeholders.

STRATEGIC OUTLOOK 2023 - 2024

The **2023-2024 Strategic Outlook** forecasts significant organic growth and benefits from the group's current structure and the considerable contribution due to the integration of Perini Navi and the assets deriving from it, the important partnerships signed with leading nautical brokers, luxury brands and the extensive sales structure with a global outreach.

In light of results for the first half of 2023, the Group reaffirms 2023 Guidance, positioning on the high end of the value range, with Revenues for 365 million Euros and EBITDA Margin of 16.5%.

Furthermore, The Italian Sea Group confirms its Strategic Outlook for 2024, which envisages Revenues between 400 and 420 million Euros and an EBITDA Margin between 17 and 17.5%.

With reference to the capital structure and the dividend policy, the objective for 2023 and 2024 is to maintain neutral leverage, with a maximum limit of 1.5x EBITDA, and to distribute an annual dividend with a payout of around **40-60%** of the Group's Net Profit. These policies are subject to temporary impacts linked to the CapEx and M&A strategy.

RELATED PARTY TRANSACTIONS

Revenues, expenses, receivables, and payables at 30 June 2023 from related parties are described in the Notes to the financial statements.

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.

RISKS RELATED TO THE FINANCIAL SITUATION

Description of the risk

As at 30 June 2023, the Group had a Net Financial Indebtedness of **Euro 19,292 thousand**.

Part of this value derives from financial contracts characterised by financial covenants. The Group is therefore exposed to the risk of having to repay its financial debt early in the event of the above-mentioned assumptions; this circumstance could have significant negative effects on the Group's economic, financial and equity situation. In the event of non-compliance with the financial covenants, the Group undertakes to deliver a declaration, made by the legal representative, indicating the reasons and the measures adopted, where possible, to restore the original conditions. In such cases, the Bank may opt for termination of the contract pursuant to Article 1456 of the Italian Civil Code.

TISG is exposed to the so-called **interest rate risk**, i.e., the risk that an increase in interest rates may result in higher charges than the current ones. In order to hedge this risk, The Italian Sea Group adopts hedging instruments for the most significant medium and long-term loans at variable rates.

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 **financial covenants**, to be verified at the end of each annual or half-yearly financial period, are established within the loan agreements signed in 2022 and in particular:

- Loan agreement with UniCredit and Deutsche Bank, for a maximum amount of up to Euro 32 million, aimed at the full early repayment of the previous loan of Euro 16 million of 8 May 2020 and to support the Group's investments. The final repayment is scheduled for 31 December 2028;

- Loan agreement signed on 14 January 2022 with MPS Capital Service for Euro 40 million, aimed at the payment of the balance of the price following the awarding of the unified business complex of the bankrupted Perini Navi S.p.A. The final repayment is scheduled for 31 December 2028.

The parameters that demonstrate compliance with the aforementioned covenants for the year 2022, calculated according to the methods described above, are shown below:

1) MPS Capital Service Financial Covenant:

In thousands of Euros	**30/06/2023**	**31/12/2022**
Short-term financial liabilities	11,737	14,163
Long-term financial liabilities	60,390	66,287
Liabilities for non-current derivative instruments	0	0
Liabilities for current derivative instruments	0	0
Other financial assets not included in the above items	12,497	12,238
Liquidity	-65,332	-81,317
NFP	**19,292**	**11,371**
EBIT	21,721	37,099
DA	5,537	9,985
EBITDA	**27,258**	**47,084**

CONTENTS	**Contractual Reference Value 2022**	**Covenants 30/06/2023**	**Covenants 2022**
PFN/EBITDA	< 2.9	0.35	0.24

2) Financial covenant for UniCredit and Deutsche Bank pool financing:

In thousands of Euros	**30/06/2023**	**31/12/2022**
Share Capital	26,500	26,500
Share premium reserve	45,431	45,431
Subordinated Shareholders' Loan	0	0
OWN FUNDS	**71,931**	**71,931**
Short-term financial liabilities	11,737	14,163
Long-term financial liabilities	60,390	66,287
Liabilities for non-current derivative instruments	0	0
Liabilities for current derivative instruments	0	0
Other financial assets not included in the above items	12,497	12,238
Co-obligation payables	1,888	2,216
Liquidity	-65,332	-81,317
NFP	**21,180**	**13,587**
EBIT	21,721	37,099
DA	5,537	9,985
EBITDA	**27,258**	**47,084**

CONTENTS	**Contractual Reference Value 2022**	**Covenants 30/06/2023**	**Covenants 2022**
PFN/EBITDA	< 2.00	0.39	0.29
PFN/MP	< 0.50	0.29	0.19

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 Group, 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 Group 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 Group's activities and results.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Group 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 Group is Filippo Menchelli, the Chief Executive Officer is Giovanni Costantino and the Deputy Chair is Marco Carniani.

The Group 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, Risk and Sustainability 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, Risks and Sustainability 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, Risk and Sustainability 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.

The Group annually draws up the Report on corporate governance and ownership structure which describes the corporate governance system adopted by the Issuer, as well as information on the ownership structure and the internal control and risk management system. The Report is available in full on the Issuer's website in the Governance section.

PROCESSING OF PERSONAL DATA - LEGISLATIVE DECREE No. 196 OF 30 JUNE 2003 - REG. EU 679 OF 27 APRIL 2016 (GDPR - GENERAL DATA PROTECTION REGULATION)

With reference to the obligations established by the privacy legislation in force, The Italian Sea Group S.p.A., as Data Controller, has adopted all security measures listed therein.

Following the definitive entry into force of EU Regulation 679/2016 concerning the protection of individuals with regards to the processing of personal data (GDPR), the Parent Company has completed the necessary adjustment process in order to align itself with the regulatory requirements.

The Parent Company is responsible by law, in its capacity as "Data Controller", for all the personal data processing activities carried out by the same and, in consideration of this, adopts adequate security measures in relation to the risks for rights and freedoms of individuals. In order to ensure efficient operations in relation to the performance of processing activities, it has identified within the Board of Directors a person who, in the name and on behalf of the Parent Company, independently makes decisions on the purposes and methods of processing personal data and on the tools used, including the adoption and monitoring of security measures and their adequacy, and who supervises all personal data processing activities carried out by the Parent Company.

The Parent Company did not appoint a DPO (Data Protection Officer) since it does not carry out the processing of data as defined by art. 37 of the GDPR.

INFORMATION ON MANAGEMENT AND COORDINATION ACTIVITIES

In compliance with Article 2497-bis, paragraph 5, it should be noted that the Parent Company’s activities are not subject to the management and coordination of companies or entities.

ARTICLE 2428 ITALIAN CIVIL CODE

The information required by Article 2428, paragraphs 1, 2, 3 and 6 are included in the Report on Operations. Information relating to the financial instruments, objectives, and policies of the Group on the subject of financial risk management can be found in section F of the Explanatory Notes to the consolidated financial statements and in section E of the financial statements of the Parent Company.

Information on the Parent Company's secondary offices is reported in section A of the Parent Company's financial statements.

CONSOLIDATED CONDENSED FINANCIAL REPORT AS AT 30/06/2023

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of Euros	notes	30/06/2023	31/12/2022
ASSETS			
NON-CURRENT ASSETS			
Brands	1	34,672	34,685
Other intangible assets	2	1,146	1,030
Land and buildings	3	53,378	38,354
Plant, machinery, equipment, and investments in progress	4	37,947	49,182
Other tangible assets	5	1,403	1,603
Right of Use	6	32,692	46,077
Equity investments	7	43	195
Other non-current assets	8	2,416	6,576
Total non-current assets		**163,696**	**177,702**
CURRENT ASSETS			
Cash and cash equivalents	9	65,332	81,317
Trade receivables	10	35,040	21,469
Other receivables	11	4,426	5,956
Assets from contract work in progress	12	64,682	49,468
Inventories	13	8,660	3,573
Other current assets	14	5,161	2,778
Total current assets		**183,302**	**164,560**
TOTAL ASSETS		**346,998**	**342,262**
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		26,500	26,500
Share premium reserves		45,431	45,431
Reserves and other retained earnings		23,051	13,023
Currency translation reserve		- 97	
Consolidated profit (loss)		13,593	24,046
Total Shareholders' Equity	**15**	**108,478**	**109,001**
NON-CURRENT LIABILITIES			
Provisions for risks and charges	16	3,870	3,431
Deferred tax liabililties	17	362	894
Provision for employee benefits	18	1,047	1,251
Long-term financial liabilities	19	69,094	76,198
Other non-current liabilities	20	-	50
Total non-current liabilities		**74,372**	**81,824**
CURRENT LIABILITIES			
Trade payables	21	73,463	78,770
Other payables	22	20,554	13,788
Short-term financial liabilities	23	12,685	15,193
Liabilities from contract work in progress	12	38,585	16,800
Other current liabilities	24	18,862	26,886
Total current liabilities		**164,149**	**151,438**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**346,998**	**342,262**

CONSOLIDATED INCOME STATEMENT – BY NATURE

In thousands of Euros	**notes**	**30/06/2023**	**30/06/2022**
Operating revenues		162,502	135,278
Other revenues and income		7,512	902
Commissions		(3,677)	(2,454)
Total Revenues	**25**	**166,336**	**133,726**
Raw materials, components, and consumables	26	(32,134)	(35,597)
Cost for outsourced work	27	(67,851)	(53,780)
Technical services and consultancy	28	(9,791)	(3,934)
Other costs for services	29	(6,828)	(5,201)
Personnel costs	30	(18,691)	(14,272)
Other operating costs	31	(4,087)	(4,151)
Total operating costs		**(139,383)**	**(116,934)**
Operating result before amortisation, depreciation, and write-downs		**26,954**	**16,792**
Amortisation and depreciation	32	(5,637)	(4,906)
Operating result		**21,317**	**11,887**
Financial income	33	643	226
Financial charges	33	(2,822)	(1,450)
Consolidated profit (loss) before income taxes		**19,138**	**10,663**
Income taxes	34	(5,544)	(3,044)
Consolidated Profit (loss)		**13,593**	**7,618**
Earnings per ordinary share		**0.26**	**0.14**
Diluted earnings per ordinary share		**0.26**	**0.14**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT – BY NATURE

Consolidated Profit/(loss)		**13,593**	**7,618**
Gains/(losses) on remeasurement of defined benefit employee plan liabilities	35	(35)	(8)
Change in fair value of hedging derivatives	35	624	1,121
TOTAL CONSOLIDATED PROFIT/(LOSS) (A) + (B)		**14,182**	**8,732**

CONSOLIDATED CASH FLOW STATEMENT

In thousands of Euros	**30/06/2023**	**31/12/2022**
INCOME MANAGEMENT ACTIVITIES		
Consolidated profit before taxes	19,138	29,415
Net interest	2,179	3,781
Provision for charges and risks	759	1,053
Provision for severance indemnity	748	1,377
Adjustments for:		
Amortisation, depreciation, and write-downs of fixed assets	5,537	9,889
Capital gains/(losses)		
Other provisions and write-downs (revaluations)	100	300
Changes in assets and liabilities:		
Receivables from customers	(9,319)	(11,533)
Inventories and contract work in progress	1,484	(7,731)
Other management activities	(4,657)	7,221
Payables to suppliers	(5,307)	21,897
Other operating payables	(1,361)	19,706
Severance indemnity	(952)	(886)
Provisions for risks and charges	(852)	(972)
Taxes paid	(5,544)	(5,368)
Interest paid	(2,179)	(3,781)
Cash flow from income management activities	**(227)**	**64,368**
INVESTMENT ACTIVITIES		
Purchase of tangible assets	4,523	(19,353)
Disposal of tangible assets	0	0
Purchase of intangible assets	(367)	(483)
Purchase of equity investments	0	(152)
Receivable from CELI	0	
Disbursement for the purchase of the Perini Navi business complex	0	(80,000)
Others	4,063	(3,804)
Cash flow from investing activities	**8,219**	**(103,792)**
FINANCING ACTIVITIES		
Capital contributions		
Payment of Share Premium Reserve		
Change in reserves	0	200
Payment of IPO Charges		
Payment of dividends	(14,364)	(9,716)
Raising M/L term loans		72,500
Repayment of M/L term loans	(8,325)	(23,484)
Raising shareholders' loans		(3,161)
Repayment of loans to others	(1,289)	(1,212)
Net change in other sources of short-term financing		
Cash flow from financing activities	**(23,978)**	**35,127**
TOTAL CASH FLOWS FOR THE PERIOD	(15,986)	(4,297)
OPENING CASH AND CASH EQUIVALENTS	81,317	85,615
CLOSING CASH AND CASH EQUIVALENTS	65,332	81,317

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Data in thousands of Euros	**Values at**	**Allocation of income**	**Consolidated result**	**Other changes**	**Total profit/(loss)**	**Values at**
	31/12/21	**31/12/21**	**31/12/2022**	**31/12/2022**	**31/12/2022**	**31/12/2022**
SHARE CAPITAL	26,500					26,500
SHARE PREMIUM RESERVE	45,431					45,431
RESERVES AND OTHER RETAINED EARNINGS	4,635			8,388		13,023
PROFIT/(LOSS) FOR THE PERIOD	16,322	(16,322)	24,046			24,046
TOTAL NA	**92,888**	**(16,322)**	**24,046**	**8,388**	**0**	**109,001**

Data in thousands of Euros	**Values at**	**Allocation of income**	**Consolidated result**	**Other changes**	**Total profit/(loss)**	**Values at**
	31/12/22	**31/12/22**	**30/06/23**	**30/06/23**	**30/06/23**	**30/06/23**
SHARE CAPITAL	26,500					26,500
SHARE PREMIUM RESERVE	45,431					45,431
RESERVES AND OTHER RETAINED EARNINGS	13,023			10,028		23,051
CURRENCY TRANSLATION RESERVE	-			(97)		(97)
PROFIT/(LOSS) FOR THE PERIOD	24,046	(24,046)	13,593			13,593
TOTAL NA	**109,001**	**(24,046)**	**13,593**	**9,931**	**0**	**108,478**

EXPLANATORY NOTES

CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

These explanatory notes were prepared on the basis of the accounting records updated at 30 June 2023. The purpose of this document is to illustrate, analyse, and, in some cases, supplement the data indicated in the financial statements.

The financial statements at 31 December 2014 were the first financial statements of the Group prepared in compliance with the International Accounting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

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

- the 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 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 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 Euros.

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.

REPORTING BY OPERATING SECTOR

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 120,000 square metres of operational space, in addition to the main corporate functions.

BUSINESS CONTINUITY

The financial statements as at 30 June 2023 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 as a result of the evolution of the conflict between Russia and Ukraine and the evolution of sanctions for 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, inflation, 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.

INTRODUCTION

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 as reference standards for the preparation of its consolidated and separated 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 financial statements at 30 June 2023 were prepared in compliance with the International Accounting Standards (IFRS), in force at the reporting date, 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 at 30 June 2022 for what concerns the income statement; regarding the statement of financial position, the cash flow statements, and the changes in shareholders' equity, the comparison has been carried out with the corresponding values at 31 December 2022.

The accounting standards adopted in the preparation of these financial statements are consistent with those adopted in the preparation of the financial statements as at 30 June 2022.

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.

New accounting standards, amendments and interpretations applied from 1 January 2023

Pursuant to IAS 8 (Accounting Standards, changes in accounting estimates and errors), the IFRS in force as from 1 January 2023 are indicated and briefly described below:

The amendments are applicable from 1 January 2023 and had no impact on the financial statements or on the disclosure.

Early Adoption of the Principles and Amendments

The table below lists all the decisions with a mandatory effective date in future accounting years.

Furthermore, at the date of these Financial Statements, the competent bodies of the European Union have concluded the endorsement process necessary for the adoption of the following accounting standards and amendments:

Document title	Issue date	Date of entry into force	Date of approval	EU Regulation and date of publication
IFRS 17 - Insurance Contracts (including amendments published in June 2020)	May 2017 June 2020	1 January 2023	19 November 2021	(EU) 2021/2036 23 November 2021
Definition of accounting estimates (Amendments to IAS 8)	February 2021	1 January 2023	2 March 2022	(EU) 2022/357 3 March 2022
Disclosure on accounting standards (Amendments to IAS 1)	February 2021	1 January 2023	2 March 2022	(EU) 2022/357 3 March 2022
Deferred taxes related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	May 2021	1 January 2023	11 August 2022	(UE) 2022/1392 12 August 2022
First-time adoption of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17)	December 2021	1 January 2023	8 September 2022	(UE) 2022/1491 9 September 2022

The document published by the IASB includes amendments to the document "IFRS Practice Statements 2 – Making Materiality Judgements" that have not been endorsed by the European Union as they do not relate to an accounting standard or an interpretation.

Furthermore, at the date of these Financial Statements, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

Document title	Issue date by the IASB	Date of entry into force of the IASB document	Date of expected approval by the EU
Standards			
IFRS 14 Regulatory deferral accounts	January 2014	1 January 2016	Approval process suspended pending the new accounting standard on "rate-regulated activities".
Amendments			
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until completion of the IASB project on the equity method	Approval process suspended pending the conclusion of the IASB project on the equity method
Classification of liabilities as current or non-current (Amendments to IAS 1) and Non current liabilities with covenants (Amendments to IAS 1)	January 2020 July 2020 October 2022	1 January 2024	TBD
Lease liability in a sale and leaseback (Amendments to IFRS 16)	September 2022	1 January 2024	TBD

The Group will adopt these new standards, amendments, and interpretations on the basis of the expected date of application and will assess their potential impacts when they are approved by the European Union.

In addition to the above rulings, in 2022 the IFRS Interpretations Committee issued several "agenda decisions", which do not constitute a mandatory guideline. However, they report the reasons why the IFRIC did not include an item on its agenda (or did not report it to the IASB) and the way in which the IFRS obligations must be applied. The IFRS Foundation website states that the "agenda decisions" must be "useful, informative and persuasive"

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

Accounting standards, amendments and interpretations not yet applied or applicable

There are numerous principles, amendments to the principles and interpretations that have been issued by the IASB which will be effective in future accounting years and that the Group has decided not to apply early.

The following amendments are effective from 2022:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);

- Property, plant and equipment: Revenues earned before an asset is ready for its intended use (Amendments to IAS 16);

- Annual improvements to the 2018-2020 IFRS Standards (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and

- References to the conceptual framework (Amendments to IFRS 3).

The following amendments are effective from the financial year starting 1 January 2023:

- Communication of accounting standards (Amendments to IAS 1 and to IFRS Practice Statement 2 of IFRS);

- Definition of accounting estimates (Amendments to IAS 8); and

- Deferred taxes related to assets and liabilities arising from a single transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that the classification as current or non-current is based on the consideration whether at the end of the year an entity has the right to defer payment of the liability for at least twelve months after the end of the year. The amendments also clarify that the word "payment" includes the transfer of cash, goods, services or equity instruments, unless the obligation to transfer equity instruments arises from a conversion item that is classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual periods beginning on or after 1 January 2022. However, in May 2020, the effective date was postponed to annual periods beginning on or after 1 January 2023.

In response to feedback and questions from stakeholders, in December 2020, the IFRIC (the Committee) issued a provisional agenda decision, which analysed the applicability of the amendments to three scenarios. However, in the light of the feedback received and the various concerns raised about the outcome of the application of some aspects of the amendments, the Committee did not finalise the provisional decision agenda and referred the matter to the IASB. At its meeting in June 2021, the IASB provisionally decided to amend the obligations under IAS 1 regarding the classification of liabilities by subjecting it to conditions and the disclosure of information regarding these conditions and to postpone the effective date of the 2020 amendment by at least one year.

The Group is currently evaluating the impact of these new accounting standards and amendments. The Group will assess the impact of the final amendments to IAS 1 on the classification of its liabilities once the latter are issued by the IASB. The Group does not believe that the amendments to IAS 1, in their current form, have a significant impact on the classification of its liabilities, since the conversion element of its convertible debt instruments is classified as an equity instrument and, therefore, it does not affect the classification of its convertible debt instruments as non-current liabilities.

The Group has not adopted in advance any standard, interpretation or improvement issued but not yet in force.

CONSOLIDATION PRINCIPLES

The consolidated financial statements have been drafted on the basis of the financial statements as at 30 June 2023, prepared by the Parent Company The Italian Sea Group S.p.A. and its subsidiaries, 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 statement of the Parent Company and its subsidiaries.

SUBSIDIARIES

Subsidiaries are the companies in which the Group is exposed to variable returns, or holds rights to such returns, arising form 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, deriving 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 starting 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 which are therefore 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	98,000 €	Line-by-line	100%
Celi srl	Italy	110,000 €	Line-by-line	100%
TISG Turkey	Turkey	4,000 €	Line-by-line	100%

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 30/06/2023**	**Consolidated result at 30/06/2023**	**SE 31/12/2022**	**Consolidated result at 31/12/2022**
Shareholders' equity and net result of the controlling company:	107,919	13,287	109,202	24,247
Elimination of the carrying amount of the consolidated participations:				
Diff. Between carrying amount and pro-quota value of shareholders' equity:	230		489	
Diff. In currency translation	(97)			
Pro-quota result of the owned Company		306		(201)
Elimination of the effects of operations between consolidated companies:				
Elimination of intercompany payables and receivables – exchange rate difference:	426		(690)	
Shareholders' Equity and Net Result for the period attributable to the controlling company's shareholders	**108,478**	**13,593**	**109,001**	**24,046**
Third party equity interests	-	-	-	-
Total Shareholders' Equity	**108,478**	**13,593**	**109,001**	**24,046**

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
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, valued at cost, which is reduced for impairment. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

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 hedging instruments 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 a yacht 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 yacht ("over time"). In particular, the orders 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 ship 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 yacht 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 period.

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 – TRADEMARKS

The changes in this item are detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Trademarks	34,672	34,685	(13)
TOTAL	**34,672**	**34,685**	**(13)**

In thousands of Euros	**Admiral brand**	**Tecnomar brand**	**Perini brand**	**Picchiotti brand**	**Celi brand**	**Total**
Net Book Value 31.12.2022	**2,319**	**1,235**	**30,351**	**780**	**0**	**34,685**
Investments	-	-	0	0	10	**10**
Net decreases	-	-	-	-		**-**
Depreciation	-	-	-	23		**23**
Net Book Value 30.06.2023	**2,319**	**1,235**	**30,351**	**757**	**10**	**34,672**

Trademarks: This item, amounting to Euro 34,672 thousand as at 30 June 2023, decreased, with respect to 31 December 2022, of Euro 13 thousand. This decrease is mainly attributable to the effect of the amortisation process of the Picchiotti brand (with finite useful life). Following the consolidation of subsidiary Celi S.r.l., it is important to note the registration, in this item, of the Celi brand for Euro 10 thousand.
Based on the results of the "Purchase Price Allocation – PPA", carried out in order to define the allocation of the sale price of the Perini Navi business complex to the various assets, a value of Euro 30,351 thousand to the Perini Navi brand and a value of approximately Euro 825 thousand to the Picchiotti brand.

The remaining item is composed of Euro 2,319 thousand for the purchase of the Admiral brand, incurred by The Italian Sea Group S.p.A. in 2011, and for Euro 1,235 thousand, from the purchase of the TECNOMAR brand from CELI S.r.l., which took place in December 2019; both trademarks were considered to have an indefinite useful life.

Contrary to what is envisaged for the Perini Navi brand, the Picchiotti brand has been measured at finite useful life and, consequently, amortised over a period of 18 years (depreciation for the first half of 2023 equals to Euro 23 thousand).

Brands are tested for impairment indicators at least once a year (Impairment Test). If the test shows an impairment loss, the Group records a corresponding write-down in the financial statements.

This test was based on the comparison between the recoverable value of the brands and their book value posted in the financial statements.

Pursuant to the applicable accounting regulations, the "recoverable amount" of the asset is equal to the higher of the "fair value net disposal costs" and the "value in use". The estimate of the value in use was carried out, in compliance with IAS 36, applying the principles of valuation best practices, by discounting the expected cash flows.

The various expected cash flows, broken down by brand, are summarised in an average normal flow determined starting from the prospective data reported in the 2023-2026 Business Plan, approved by TISG's Board of Directors on 24 January 2023.

The 2023-2026 Business Plan incorporates some assessments on potential risk elements, as well as counter-action and response actions.

The cost of capital used to discount the forecast cash flows of the estimated value of the CGU:

- It was estimated using the Capital Asset Pricing Model (CAPM), which is an application criterion of general acceptance referred to in IAS 36;
- It reflects the current market estimates of the time value of money and the specific risks of groups of assets;
- It was calculated using comparative market parameters to estimate the "beta coefficient" and the weighting coefficient of the equity and debt capital components;
- It takes into account the impacts deriving from the application of the new IFRS 16 standard.

With reference to the two CGUs subjected to impairment, we report:

- The weighted average cost of capital used to discount forecast cash flows (so-called WACC) of 10.70%.

The results of the impairment test on TISG's brands were approved by the Board of Directors on 24 January 2023.

In light of the above elements, no impairment losses have occurred during the first half of 2023; therefore, the book values are confirmed.

NOTE 2 – OTHER INTANGIBLE ASSETS

The changes in the item are detailed as follows:

in thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Development costs	1,146	1,030	116
TOTAL	**1,146**	**1,030**	**116**

Projects: the item, equal to Euro 1,146 thousand as at 30 June 2023, up by Euro 116 thousand compared to 31 December 2022, net of amortisation, includes the Group's investments regarding the capitalisation of software licenses and capitalised costs for the development of strategic projects, amortised over an estimated useful life of 5 years.

In particular, for the recognition of these amounts in the financial statements, it emerged that:

- The above-mentioned projects were clearly identified, and the related costs are reliably identifiable and measurable;
- The projects' technical feasibility has been demonstrated;
- The intention to complete the projects and 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.

Details of the type of project that make up this item are detailed as follows:

in thousands of Euros	**Tecnomar for Lamborghini**	**Software**	**Total**
Net Book Value 31.12.2022	**1,030**	**0**	**1,030**
Changes in 2023			
Investments	0	357	357
Net decreases	0		0
Depreciation	(139)	(102)	(241)
Net Book Value 30.06.2023	**891**	**255**	**1,146**

NOTE 3 – LAND AND BUILDINGS

The changes in this item are detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Land and buildings	5,298	5,402	(104)
Buildings on land under concession	48,080	32,952	15,128
TOTAL	**53,378**	**38,354**	**15,024**

The item, totalling Euro 53,378 thousand as at 30 June 2023, increased by Euro 2,360 thousand compared to the previous year 2022, as a result of the capitalisation of the "TISG 4.0" and "TISG 4.1" projects, completed in the first half of 2023 and listed as follows:

TISG 4.0 Investments: Throughout 2022 and the beginning of 2023, the coverage of the historical dry dock; built in 1973, has been completed. The investments for the project have been completed in the first half of 2023.

TISG 4.1 Investments: As at 30 June 2023, the Group invested in this project a total of Euro 15,238 thousand. The investments concern an important reorganisation and upgrading of the entire Marina di Carrara Shipyard. In detail, this included the expansion of the shed next to the original dry dock, as well as a series of facilities and plants. This allowed to increase the number of vessels under construction. The main interventions were as follows:

- Demolition of a metal shed approximately 86x25 metres, functioning as a warehouse supporting refit activities;
- Expansion of the shed covering the existing dry dock (nr. 5) through the realisation of a new shed made from reinforced concrete, single-span, approximately 38 metres wide, with a length of 174 metres and a height of 25 metres, dedicated to the construction and outfitting of yachts up to 90 metres in length;
- Expansion of the eastern dry dock;
- Construction of a single-story box above ground with a metal structure next to sheds nr. 5 and nr. 6.

The new section in expansion allowed for the construction, at the same time, of an additional nr. 4 units of yachts from 60/70 metres in length, compared to the shipyard's current logistic availability.

The investments for the project have been completed in the first half of 2023.

The buildings on land under concession have been depreciated on the basis of rates which are representative of the assets' useful life; for this asset category, the utilised parameter is the expiry date of the Marina di Carrara state concession, scheduled for December 2043.

Changes in this item during the first half of 2023 are shown as follows

In thousands of Euros	**Land and buildings**	**Buildings on land under concession**	**Total**
Historical Cost	7,104	44,629	51,733
Depreciation provision	1,702	11,677	13,379
Net Book Value 31.12.2022	**5,402**	**32,952**	**38,354**
Changes in 2023			
Investments	0	16,078	16,078
Decreases	0	0	0
Transfers WIP and payments on account	0	0	0
Chg. Historical Cost 2023	**0**	**16,078**	**16,078**
Depreciation	104	949	1,053
Release of depreciation provision	0	0	0
Chg. Depreciation provision 2023	**104**	**949**	**1,053**
Historical Cost	7,104	60,707	67,811
Depreciation provision	1,806	12,627	14,433
Net Book Value 30.06.2023	**5,298**	**48,080**	**53,378**

NOTE 4 – PLANT, MACHINERY AND EQUIPMENT

Changes in this item are detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Work in progress and payments on account	8,273	26,028	(17,755)
Industrial and commercial equipment	5,163	6,056	(893)
Plant and machinery	23,058	15,528	7,530
Moulds	1,453	1,570	(117)
TOTAL	**37,947**	**49,182**	**(11,235)**

Work in progress and payments on account: equal to Euro 8,273 thousand as at 30 June 2023, decreasing by Euro 17,755 thousand compared to 31 December 2022, mainly related to the completion of the "TISG 4.0" and "TISG 4.1" projects with the consequent change from item "Work in progress and payments on account" to the respective asset categories.

Industrial and commercial equipment: the item is equal to Euro 5,163 thousand, as at 30 June 2023, decreased by Euro 893 thousand compared to 2022, due to depreciation for the period.

Plant and machinery: the item, equal to Euro 23,058 thousand as at 30 June 2023, increased by Euro 7,530 thousand compared to 2022, mainly for the capitalisation of the "TISG 4.0" and "TISG 4.1" projects.

Moulds: the item, equal to Euro 1,453 thousand as at 30 June 2023, decreased by Euro 117 thousand compared to 2022, due to depreciation for the period.

Changes in the item during the first half of 2023 are shown below:

In thousands of Euros	**Work in progress and payments on account**	**Industrial and commercial equipment**	**Plant and machinery**	**Moulds**	**Total**
Historical cost	26,028	14,115	42,777	5,251	88,171
Depreciation provision	0	8,059	27,249	3,681	38,989
Net Book Value 31.12.2022	**26,028**	**6,056**	**15,528**	**1,570**	**49,182**
Changes in 2023					
Investments	6,136	0	8,549	0	14,685
Decreases	0	0	0	0	0
Transfers	(23,891)	0	0	0	(23,891)
Chg. Historical cost 2023	**(17,755)**	**0**	**8,549**	**0**	**(9,206)**
Depreciation	0	893	1,019	117	2,029
Release of Depreciation provision	0	0		0	0
Chg. Depreciation provision 2023	**0**	**893**	**1,019**	**117**	**2,029**
Historical Cost	8,273	14,115	51,326	5,251	78,965
Depreciation provision	0	8,952	28,268	3,798	41,018
Net Book Value 30.06.2023	**8,273**	**5,163**	**23,058**	**1,453**	**37,947**

NOTE 5 – OTHER TANGIBLE ASSETS

The changes in this item are detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Office furniture and machines	1,248	1,419	(171)
Motor vehicles	139	162	(23)
Transport vehicles	3	3	(0)
Electronic office machines	13	19	(6)
TOTAL	**1,403**	**1,603**	**(200)**

The item, equal to Euro 1,403 thousand as at 30 June 2023, decreasing by Euro 200 thousand compared to 2022, net of depreciation for the period.

Changes in the item during the first half of 2023 are shown below:

In thousands of Euros	**Office furniture and machines**	**Motor vehicles**	**Transport Vehicles**	**Total**
Historical cost	4,869	429	225	5,523
Depreciation provision	3,431	267	222	3,920
Net Book Value 31.12.2022	**1,438**	**162**	**3**	**1,603**
Changes in 2023				
Investments	0	0	0	0
Decreases	0	0	0	0
Transfers	0	0	0	0
Chg. Historical cost 2023	**0**	**0**	**0**	**0**
Depreciation	177	23	0	200
Release of Depreciation Provision	0	0	0	0
Chg. Depreciation provision 2023	**177**	**23**	**0**	**200**
Historical cost	4,869	429	225	5,523
Depreciation provision	3,608	290	222	4,120
Net Book Value 30.06.2023	**1,261**	**139**	**3**	**1,403**

NOTE 6 – RIGHT-OF-USE

Changes in this item are detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Right Of Use – Plant and machinery	720	853	(133)
Right Of Use – Motor vehicles	2,768	3,210	(442)
Right Of Use – Buildings on land under concession	29,204	42,014	(12,810)
TOTAL	**32,692**	**46,077**	**(13,385)**

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

The item **ROU – Plant and machinery**, equal to Euro 720 thousand as at 30 June 2023, decreased by Euro 133 thousand compared to 31 December 2022, net of the depreciation for the period; this item includes all lease contracts related to the leasing of plant and machinery used for operational managing activities.

The item **ROU – Motor vehicles**, equal to Euro 2,768 thousand as at 30 June 2023, decreased by Euro 442 thousand compared to 31 December 2022, net of depreciation for the period; this item includes all leasing contracts for motor vehicles that make up the corporate fleet.

The item **ROU – Buildings in land under concession**, amounting to Euro 29,204 thousand as at 30 June 2023, refers to the recognition of the discounted value of the state concessions relating to Marina di Carrara (concession expiring in December 2043) and La Spezia (concession expiring in February 2035); the decrease of Euro 12,810 thousand is mainly due to the sale of the office building in Viareggio, occurred via notary act on 4 May 2023.

The table of changes is shown below:

In thousands of Euros	**Right Of Use Motor Vehicles**	**Right Of Use Plant and Machinery**	**Right of Use Buildings**	**Right of Use Buildings under state concession**	**Total**
Historical cost	4,606	1,840	0	46,725	53,171
Depreciation provision	1,396	987	0	4,711	7,094
Net Book Value 31.12.2022	**3,210**	**853**	**0**	**42,014**	**46,077**
Changes in 2023					
Investments	0	0	0	0	0
Decreases	0	0	0	12,439	12,439
Transfers	0	0	0	0	0
Chg. Historical cost 2023	**0**	**0**	**0**	**(12,439)**	**(12,439)**
Depreciation	442	133	0	371	946
Release of Depreciation provision	0	0	0	0	0
Chg. Depreciation provision 2023	**442**	**133**	**0**	**371**	**946**
Historical cost	4,606	1,840	0	34,286	40,732
Depreciation provision	1,838	1,120	0	5,082	8,040
Net Book Value 30.06.2023	**2,768**	**720**	**0**	**29,204**	**32,692**

NOTE 7 – EQUITY INVESTMENTS

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Equity investments in subsidiaries	0	152	(152)
Equity investments in other companies	43	43	0
TOTAL	**43**	**195**	**(152)**

As at 31 December 2022, the item **Equity investments in subsidiaries** included the shareholding (100%) in TISG Turkey Yat Tersanecilik Anonim Sirketi, acquired in July 2022 from the Parent Company GC Holding S.p.A. for a value of Euro 152 thousand; as at 30 June 2023, this item has been consolidated and, thus, erased.

The item **Equity investments in other companies** includes the amount relating to the purchase of nr. 250 shares, equal to 2.5% of the total share capital of T.I.S.G. Asia Limited Group, based in Hong Kong, carried out in 2017. TISG Asia Limited currently acts as the Group's broker in the Asian market.

NOTE 8 – OTHER NON-CURRENT ASSETS

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Non-current security deposits	270	166	104
Other securities	2,146	2,949	(803)
Receivables from the subsidiary	0	133	(133)
Receivables from CELI for long-term tax transaction	0	3,328	(3,328)
TOTAL	**2,416**	**6,576**	**(4,160)**

The item, which decreased compared to 2022 by Euro 4,160 thousand, is detailed as follows:

- **Non-current security deposits:** the item, equal to Euro 270 thousand, increased by Euro 104 thousand mainly due to the advances paid in relation to the construction of the photovoltaic plant in Marina di Carrara.

- **Other securities:** equal to Euro 2,146 thousand as at 30 June 2023, the item is related to the recognition of the fair value of derivative financial instruments hedging existing loans.

- **Receivables from the subsidiary:** Equal to Euro 133 thousand as at 31 December 2022, was related to a receivable from the subsidiary TISG Turkey.

- **Receivables from CELI:** the item, as at 31 December 2022, was related to the long-term portion of the receivable arising from the related party CELI as part of the Tax Settlement signed by CELI and TISG with the Revenue Agency in October 202, for which TISG has already advanced Euro 8,080 thousand to the Revenue Agency n behalf of CELI. This amount 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 year, starting from 30 June 2021 until 31 December 2030.

NOTE 9 – CASH AND CASH EQUIVALENTS

This item can be broken down as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Bank and post office deposits	65,331	81,316	(15,985)
Cash	1	1	0
TOTAL	**65,332**	**81,317**	**(15,985)**

The item **Bank and post office deposits** as at 30 June 2023 amounts to a total of Euro 65,332 thousand, decreasing by Euro 15,985 thousand compared to 31 December 2022.

For more details on the change, please see the cash flow statement.

NOTE 10 – TRADE RECEIVABLES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Receivables from customers	35,040	21,469	13,571
TOTAL	**35,040**	**21,469**	**13,571**

Receivables from customers, equal to Euro 35,040 thousand, increasing by Euro 13,571 thousand compared to 31 December 2022, mainly arose from commercial transactions related to the progress of production projects 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:

In thousands of Euros	**31.12.2022**	**Provision made**	**Provision used**	**30.06.2023**	**Changes**
Bad debt provision (trade receivables)	(910)	100	0	(1,010)	(100)
Bad debt provision (competition procedures)	(371)	0	0	(371)	0
TOTAL	**(1,281)**	**100**	**0**	**(1,381)**	**(100)**

The existing provision 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:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Advances to suppliers	2,514	2,485	29
Receivables from parent companies	67	67	0
Tax receivables	1,845	3,404	(1,559)
TOTAL	**4,426**	**5,956**	**(1,530)**

The item **Advances to suppliers**, equal to Euro 2,514 thousand as at 30 June 2023, increasing by Euro 29 thousand compared to 31 December 2022, includes advances paid to suppliers with whom tender contracts were signed for works in progress.

Receivables from parent companies, equal to Euro 67 thousand as at 30 June 2023, refers to the payments carried out by TISG on behalf of parent company GC Holding S.p.A.

The item **Tax receivables**, equal to Euros 1,845 thousand as at 30 June 2023, decreased by Euro 1,559 thousand compared to 31 December 2022, refers mainly to the VAT credit due to TISG from the Tax Authorities.

NOTE 12 – ASSETS AND LIABILITIES FROM CONTRACT WORK IN PROGRESS

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Assets from contract work in progress	64,682	49,468	15,214
Liabilities from contract work in progress	(38,585)	(16,800)	(21,785)
TOTAL	**26,097**	**32,668**	**(6,571)**

The item **Assets from contract work in progress**, equal to Euro 64,682 thousand, includes construction contracts whose progress is higher than the amount invoiced to the customer. Compared to 31 December 2022, this item increased by Euro 15,214 thousand. This increase is mainly attributable to the trend of the order curves. This item also includes the work in progress of subsidiary Celi Srl for Euro 2,922 thousand.

The item **Liabilities from contract work in progress**, equal to Euro 38,585 thousand, includes the construction contracts for which the value of payments on account invoiced to the customer are higher than the work progress.

The net values reflect the valuations of contracts in progress and show a decrease compared to the previous year due to the normal progress of production with respect to the invoicing of state of works (SALs).

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

The development of this item at 30 June 2023 ad at 31 December 2022 for yachts under contract is shown below:

in thousands of Euros **31.12.2022**	**Value of contracts**	**Contract progress**	**Advances invoiced**	**Net amount of business**
Yacht Orders	1,003.357	426,312	(397,525)	28,787
Refitting Orders	34,208	24,100	(20,220)	3,880
Total	**1,037,565**	**450,412**	**(417,745)**	**32,667**

In thousands of Euros **30.06.2023**	**Value of contracts**	**Contract progress**	**Advances invoiced**	**Net amount of business**
Yacht Orders	1,190,924	556,000	(533,999)	22,001
Refitting Orders	51,075	44,773	(43,599)	1,174
Total	**1,241,998**	**600,773**	**(577,598)**	**23,175**

As at 30 June 2023, there were 35 yacht (including 13 Tecnomar for Lamborghini 63 motor-yachts) in production to order, with Refit services being carried out on 19 yachts.

NOTE 13 – INVENTORIES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Raw materials, supplies, and consumables	2,980	340	2,640
Work in progress and semi-finished products	5,680	3,233	2,447
TOTAL	**8,660**	**3,573**	**5,087**

The item **Raw materials, supplies, and consumables**, amounting to Euro 2,980 thousand, increased by Euro 2,640 thousand compared to 2022 and refers to the amount of inventories of the general warehouse of the Group and the internal workshops, as well as those of subsidiaries TISG Turkey and Celi.

Work in progress and semi-finished products as at 30 June 2023 amounted to Euro 5,680 thousand, with an increase of Euro 2,447 thousand compared to 31 December 2022, mainly referring to the hull of a 47-meter sailing yacht, currently under construction, acquired within the Perini Navi S.p.A. business complex, for approximately Euro 2,100 thousand and, for the remaining Euro 3,580 thousand, as a result of the capitalisation of costs incurred for the construction of hulls for orders for which sales negotiations are underway.

NOTE 14 – OTHER CURRENT ASSETS

The breakdown of other current assets is shown below:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Receivables from employees	(0)	0	(0)
Receivables from social security and tax authorities	44	38	6
Due from others (net of the related write-down provision)	715	163	552
Receivables from GFM	143	143	0
Receivables from CANTALUPI Corrente	0	(50)	50
Receivables from Tekno Consulting	0	10	(10)
Receivables from CELI for tax transaction	0	475	(475)
Receivables from insurance companies	139	36	103
Prepaid expenses	4,120	1,963	2,157
TOTAL	**5,161**	**2,778**	**2,383**

Receivables from social security and tax authorities: equal to Euro 44 thousand as at 30 June 2023, refer mainly to advances on INAIL contributions.

Due from others: the item, equal to Euro 715 thousand as at 30 June 2023, increasing by Euro 552 thousand compared to 31 December 2022, includes a number of receivables net of the related provision for write-downs.

Receivables from GFM: the item, equal to Euro 143 thousand as at 30 June 2023, includes the receivable claimed by the Group in relation to two partial awards in favour of TISG, 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 from CELI for tax transaction: this item, amounting to Euro 475 thousand as at 31 December 2022, referred to the short-term portion of the receivable from the Group related CELI S.r.l. as part of the Tax Settlement signed by CELI and TISG with the Tax Authority in October 2020 (see note no. 8).

The item **Prepaid expenses**, equal to Euro 4,120 thousand, refers mainly to the calculation of the accruals of the insurance costs of the shipyard, the builder risks of the yachts under construction, and the bank guarantees.

COMMENTS ON THE MAIN CONSOLIDATED LIABILITY ITEMS

NOTE 15 – SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

The ordinary Shareholders' Meeting, held on 27 April 2023, approved the financial statements at 31 December 2022 and resolved to distribute to shareholder a dividend of Euro 0.272 per share. The remaining part of the net result, equal to approximately Euros 9,9831 thousand, was carried forward.

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

The breakdown of Shareholders' Equity is detailed below:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Share Capital	26,500	26,500	0
Share Premium Reserve	45,431	45,431	0
Legal Reserve	5,300	5,300	0
Reserves and other retained earnings	17,751	7,724	10,027
Currency translation reserve	(97)	0	(97)
Consolidated profit (loss)	13,593	24,046	(10,453)
TOTAL	**108,478**	**109,001**	**(523)**

At 30 June 2023, TISG's share capital stood at Euro 26,500 thousand, composed by 53,000,000 shares with nominal value of Euro 0.5 per share, fully subscribed and paid up.

Basic **Earnings per share** is determined as the ratio of the Group's result for the period to the weighted average of ordinary shares outstanding during the half-year. Therefore, treasury shares owned by the Group (equal to zero as at 30 June 2023), are excluded from the denominator.

In thousands	**30/06/2023**	**31/12/2022**
Net profit attributable to shareholders	13,593 €	24,046 €
Average number of shares outstanding	53,000	53,000
Earnings per ordinary share	**0.26 €**	**0.45 €**
Diluted earnings per share	**30/06/2023**	**31/12/2022**
Net profit attributable to shareholders	13,593 €	24,046 €
Average number of shares outstanding (adjusted)	53,000	53,000
Diluted earnings per share (*)	**0.26 €**	**0.45 €**

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

NOTA 16 – PROVISIONS FOR RISKS AND CHARGES

Details of the changes and composition of the provisions for risks and charges from 31 December 2022 to 30 June 2023 are shown below:

CHANGES IN PROVISIONS FOR RISKS					
In thousands of Euros	**31.12.2022**	**Alloc.**	**Use**	**30.06.2023**	**Delta**
Civil actions	205	0	0	205	0
Provision for risks of legal and employment disputes	82	0	0	82	0
Provision for yacht guarantee	2,458	759	(327)	2,890	432
Provision for previous taxes	685	0	0	685	0
Other risks	1	7	0	8	7
TOTAL	**3,431**	**766**	**(327)**	**3,870**	**439**

Provision for civil actions

The provision collects the estimate of the probability of losing in 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.

Provision for yacht guarantees

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

Changes in deferred taxes are shown below:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Provisions for risks and charges	878	757	121
Others	3,572	2,894	678
Deferred tax assets	**4,450**	**3,651**	**799**

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Tangible assets	3,488	3,649	(161)
Trademarks	1,324	896	428
Others	0	0	0
Deferred tax liabilities	**4,812**	**4,545**	**267**
Net amount	**(362)**	**(894)**	**532**

Deferred taxes are mainly related to the differences that arose during the transition to IFRS concerning the valuation 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

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

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Liabilities for employee benefits	1,047	1,251	(204)
TOTAL	**1,047**	**1,251**	**(204)**

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".

NOTE 19 – LONG-TERM FINANCIAL LIABILITIES

This item can be detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Long-term bank payables	60,390	66,287	(5,897)
Lease liabilities – Motor vehicles (long-term portion)	2,543	2,834	(291)
Lease liabilities – Plants and Machinery (long-term portion)	427	515	(88)
Lease liabilities – Buildings on land under concession (long-term portion)	5,734	6,562	(828)
TOTAL	**69,094**	**76,198**	**(7,104)**

The item **Long-term bank payables**, equal to Euros 60,390 thousand, represent the amount, maturing beyond the first half of 2024, of medium and long-term loans entered into during previous years and in the current year. The item decreased by Euro 5,897 thousand for the effect of the repayment of capital contributions at the conditions established with the different credit institutions. The Group is paying the instalments for outstanding loans in line with scheduled payments.

The items **Lease Liabilities – Motor Vehicles** and **Lease Liabilities – Plants and Machinery**, respectively equal to Euro 2,543 thousand and Euro 427 thousand as at 30 June 2023, refer to the long-term portion of the financial debt linked to the application of IFRS 16.

Lease liabilities – Buildings on land under concession, amounting to Euro 5,734 thousand as at 30 June 2023, 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 concession of the state property complex located in Marina di Carrara and La Spezia.

NOTE 20 – OTHER NON-CURRENT LIABILITIES

Details of other non-current liabilities are provided below:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Subsidised settlement – TER scrapping – long-term portion	0	50	(50)
TOTAL	**0**	**50**	**(50)**

The item **Subsidised settlement – TER Scrapping**, amount to Euro 0 thousand as at 30 June 2023, included, at 31 December 2022, the long-term portion of the instalment plan signed with the Revenue Agency for all positions registered in the tax roll by 31 December 2017.

NOTE 21 – TRADE PAYABLES

This item can be detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Payables to suppliers within the following year	73,463	78,770	(5,307)
TOTAL	**73,463**	**78,770**	**(5,307)**

Payables to suppliers: the item, equal to Euro 73,463 thousand as at 30 June 2023, shows a decrease of Euro 5,307 thousand compared to 31 December 2022, due to the operating activities necessary for the work on the orders in progress, for the development of the refit activities, for the investments related to the "TISG 4.0", "TISG 4.1", "TISG 4.2" investment projects, for the new commercial offices in Marina di Carrara, and for the refurbishing of Celi S.r.l.'s Headquarters with the objective of doubling its production capacity.

NOTE 22 – OTHER PAYABLES

This item can be detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Subsidised Settlement – TER scrapping – short-term	289	580	(291)
Payables to social security institutions	2,501	1,680	821
Tax payables	13,325	7,641	5,684
Other payables	4,439	3,887	552
TOTALE	**20,554**	**13,788**	**6,766**

The short-term portion of the **Subsidised Settlement – TER Scrapping**, recognised in the financial statements at 30 June 2023 for Euro 289 thousand, refers to the portion of the instalment in progress with the Revenue Agency for collection due within the end of 2023.

The item **Payables to social security institutions**, equal to Euro 2,501 thousand as at 30 June 2023, refers to the debt for contributions payable by the Company to INPS, for the month of June 2023, and INAIL, to Fasi and Previndai, to the Cometa Supplementary Fund, and to other minor funds.

The item **Tax payables**, equal to Euro 13,325 thousand as at 30 June 2023, mainly includes payables to the tax authorities for IRES and IRAP.

The item **Other payables**, equal to Euro 4,439 thousand as at 30 June 2023, mainly includes payments received on a dedicated current account, to manage the current expenses of a 140-metre motor-yacht currently subject to a freezing decree, as required by EU Regulations. The vessel, owned by the State, was entrusted to TISG which, among other things, is carrying out important refit works.

NOTE 23 – SHORT-TERM FINANCIAL LIABILITIES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Short-term payables to banks	11,739	14,165	(2,426)
Lease liabilities – Motor Vehicles (short-term portion)	525	504	21
Lease liabilities – Plant and Machinery (short-term portion)	196	223	(27)
Lease liabilities – Buildings on land under concession (short-term portion)	225	268	(43)
Short-term payables to other lenders	0	33	(33)
TOTAL	**12,685**	**15,193**	**(2,508)**

The item **Short-term payables to banks**, equal to Euro 11,739 thousand, decreased by Euro 2,426 thousand from 31 December 2022, 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** and **Lease Liabilities – Plants and Machinery**, respectively equal to Euro 525 thousand and Euro 196 thousand as at 30 June 2023, refer to the short-term portion of the financial debt linked to the application of the IFRS 16 accounting standard.

Lease Liabilities – Buildings on land under concession, equal to Euro 225 thousand, refer to the short-term portion of payables for the state concessions of Marina di Carrara and La Spezia, in application of the IFRS 16 accounting standard.

NOTE 24 – OTHER CURRENT LIABILITIES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**31/12/2022**	**Changes**
Accrued expenses	464	728	(264)
Other payables due within the next year	18,398	26,158	(7,760)
TOTAL	**18,862**	**26,886**	**(8,024)**

The item **Other payables**, amounting to Euros 18,862 thousand as at 30 June 2023, decreased by Euro 8,024 thousand compared to 2022 and is mainly composed as follows:

- Payables to employees for holidays and leave accrued by them at 30 June 2023 for Euro 5,960 thousand;
- Tecnomar for Lamborghini Deposits and Deposits for contracts under construction for Euro 11,844 thousand, which refer to the deposits paid by the respective customers upon the signing of contracts for the construction and sale of M/Y Tecnomar for Lamborghini 63.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

NOTE 25 – REVENUES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Revenues from sales and services	171,994	129,028	42,966
Change in contract work in progress	(9,492)	6,250	(15,742)
Total operating revenues	**162,502**	**135,278**	**27,224**
Other revenues and income	7,512	902	6,610
Provisions	(3,677)	(2,454)	(1,223)
TOTAL	**166,337**	**133,726**	**32,611**

Revenues from sales and services, amount to Euro 171,994 thousand as at 30 June 2023, have increased compared to the previous year for approximately Euro 42,966 thousand, following the signing of 7 contracts for the production and sale of yachts between 40 metres and 100 metres in length, and 6 contracts for motor-yachts of around 20 metres in length under the Tecnomar for Lamborghini 63 brand.

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

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Production and sale of yachts (Shipbuilding)	139,471	112,139	27,332
Incidence on total operating revenues	*86%*	*83%*	*100%*
Refit activities	23,031	23,137	(108)
Incidence on total operating revenues	*14%*	*17%*	*0%*
Operating revenues	**162,502**	**135,278**	**27,224**

The item **Other revenues and income**, equal to Euro 7,512 thousand as at 30 June 2023, is mainly composed as follows:

- **Insurance settlements**, for an amount of Euro 707 thousand as at 30 June 2023, refer to reimbursements paid in 2023 by insurance companies for costs incurred by TISG in 2023, related to claims for adverse weather events and damage to vehicles. In particular, the most significant claim occurred in February 2023, with an insurance reimbursement of Euro 680 thousand.

- **Other revenues**, for an amount of Euro 5,983 thousand, derive from the management of existing constructions;

- **Contingent assets**, for Euro 433 thousand as at 30 June 2023, refer mainly to extraordinary income obtained following the successful conclusion of some disputes, due to the collection activities carried out by the Group's lawyers.

Provisions payable, recognised in the financial statements at 30 June 2023 for Euro 3,677 thousand, refer to the brokerage activities of some of the leading brokers in the industry, which have been collaborating with the Group for years in finding new clients, and the royalties accrued to Automobili Lamborghini during 2023 for the exclusive use of the Lamborghini brand.

NOTE 26 – RAW MATERIALS, COMPONENTS, AND CONSUMABLES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Raw materials, consumables, and goods	(33,844)	(34,000)	156
Short-term rentals	(713)	(449)	(264)
Changes in raw material inventories	(23)	(174)	151
Change in inventories of semi-finished and finished products	2,446	(974)	3,420
TOTAL	**(32,134)**	**(35,597)**	**3,463**

The item **Costs of raw materials, consumables, and good**, at 30 June 2023 equal to Euro 33,844 thousand, decreasing compared to the first half of 2022 by Euro 156 thousand, includes all costs related to the procurement of the materials necessary to the development of production activities.

Short-term rentals, equal to Euro 713 thousand as at 30 June 2023, refer to all costs relating to the rental of equipment, forklifts, and scaffolding for specific short periods strictly linked to production requirements, especially in the context of refit services.

The item **Changes in raw material inventories**, which represents a balance of Euro 23 thousand as at 30 June 2023, is decreasing by Euro 151 thousand compared to the first half of 2022.

The item **Change in finished and semi-finished products** shows a positive balance of Euro 2,446 thousand at 30 June 2023, mainly due to costs incurred for the construction of orders for which a future sale is expected.

NOTE 27 – COST FOR OUTSOURCED WORK

The item is detailed as follows:

In thousands of Euros	30/06/2023	30/06/2022	Changes
Outsourced works	(67,851)	(53,780)	(14,071)
TOTAL	**(67,851)**	**(53,780)**	**(14,071)**

The item **Cost for outsourced work**, equal to Euro 67,851 thousand as at 30 June 2023, increasing by Euro 14,071 thousand compared to the first half of 2022, refers to the production activities managed in outsourcing by specialised companies in the yachting industry.

In particular, it refers to marine carpentry services, turnkey furnishings of yachts and superyachts, electrical and plumbing works, and interior and exterior fittings of the yachts. The increase recorded in 2023 is linked to the development of the growth for external lines which involves the transfer, outside the Marina di Carrara shipyard, 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:

In thousands of Euros	30/06/2023	30/06/2022	Changes
Other services and consultancy	(8,878)	(3,635)	(5,243)
Legal, tax, and notary consultancy	(898)	(299)	(599)
Independent Audit Fees	(15)	0	(15)
TOTAL	**(9,791)**	**(3,934)**	**(5,857)**

The item **Other services and consultancy**, amounting to Euro 8,878 thousand as at 30 June 2023, increased compared to the first half of 2022 by Euro 5,243 thousand due to a greater number of design phases for new mega-yachts entrusted to external designers and architects.

The item **Legal, tax, and notary consultancy**, equal to Euro 898 thousand as at 30 June 2023, includes the costs incurred for the management of legal activities, employment law advice, consultancy on industry-specific VAT regulations, as well as costs for the notarial deeds related to all contracts for the sale of yachts, extraordinary transactions, and other advice. The item has increased by Euro 599 thousand compared to the first half of 2022.

NOTE 29 – OTHER COSTS FOR SERVICES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Transport costs	(194)	(13)	(181)
Maintenance costs	(36)	(10)	(26)
Supervision	(242)	(243)	1
Research costs	(229)	(182)	(47)
Miscellaneous administrative expenses	(1,041)	(130)	(911)
Utilities	(1,330)	(2,063)	733
Shipyard and vessel insurance	(1,875)	(1,203)	(672)
Cleaning and waste disposal costs	(236)	(80)	(156)
Sundry employee services	(239)	(211)	(28)
Advertising and entertainment expenses	(496)	(230)	(266)
Bank charges and commissions	(100)	(219)	119
Fuels	(8)	(8)	0
Telephone costs	(63)	(129)	66
Software interventions	(3)	14	(17)
Directors' fees and expenses	(427)	(447)	20
Board of statutory auditors fee	(27)	0	(27)
Auditing Body	(18)	(17)	(1)
Other expenses	(264)	(30)	(234)
TOTAL	**(6,828)**	**(5,201)**	**(1,627)**

Miscellaneous administrative expenses, equal to Euros 1,041 thousand as at 30 June 2023, increased by Euro 911 thousand compared to the first half of 2022. This is mainly due to the increase in specific maintenance and reparations for Euro 919 thousand in the first half of 2023.

Utilities, equal to Euro 1,330 thousand as at 30 June 2023, decreased by Euro 733 thousand compared to the first half of 2022.

Sundry employee services, equal to Euro 239 thousand as at 30 June 2023, mainly refer to services related to canteen and catering managed in the company *Village*, to travel and business trips related to the start-up of the foreign outsourcing of the production of structural work, and to some commercial trips.

Shipyard and vessel insurance, equal to Euro 1,875 thousand as at 30 June 2023, increased by Euro 672 thousand as a result of business development.

NOTE 30 – PERSONNEL COSTS

This item represents the total expensed incurred for TISG's 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:

In thousands of Euros	30/06/2023	30/06/2022	Changes
For personnel	(13,078)	(9,594)	(3,484)
Social security charges	(4,032)	(3,379)	(653)
Severance indemnity	(748)	(630)	(118)
Other costs	(833)	(669)	(164)
TOTALE	**(18,691)**	**(14,272)**	**(4,419)**

The average number of TISG employees in the first half of 2023 is equal to 630, and is detailed as follows:

Average Number	30/06/2023	30/06/2022
Executives	32	50
Office staff	370	234
Manual workers	228	144
TOTAL	**630**	**428**

The number of employees as at 30 June 2203 is 659 and is detailed as follows:

Precise number	30/06/2023	30/06/2022
Executives	30	61
Office staff	392	282
Manual workers	237	171
TOTAL	**659**	**514**

The management of all production phases led to a significant increase in employment levels, which is why TISG now plays a fundamental role within the Thyrrenian Sea District as one of the leading players in terms of employment opportunities in the production of luxury mega-yachts.

NOTE 31 – OTHER OPERATING COSTS

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Provision for risks	(758)	(689)	(69)
Contingent liabilities	(672)	(10)	(662)
Losses on receivables	0	0	0
IMU – Tasi	(192)	(116)	(76)
Municipal taxes	(197)	(99)	(98)
Branding	(2,159)	(16)	(2,143)
Other operating costs	(109)	(3,221)	3,112
TOTAL	**(4,087)**	**(4,151)**	**64**

The item **Provision for risks**, equal to Euro 758 thousand as at 30 June 2023, mainly refers to the allocation to the guarantee provision for yachts under construction.

Contingent liabilities, equal to Euro 672 thousand as at 30 June 2023, mainly refer to extraordinary items of income, lost revenues, items that have contributed to increasing income during past years, but which are not reflected in the current year.

The item **Branding**, equal to Euro 2,159 thousand as at 30 June 2023, includes all costs incurred for the event in collaboration with Giorgio Armani on 11 Feburary 2023.

In the first half of 2022, the item **Other operating costs** included Euro 3,221 thousand of non-recurring operating costs related to registration taxes and notary fees incurred for the acquisition of the Perini Navi business complex.

NOTE 32 – AMORTISATION AND WRITE-DOWNS

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Depreciation of tangible fixed assets	(5,266)	(4,399)	(867)
Amortisation of intangible fixed assets	(271)	(207)	(64)
Write-downs and losses on receivables	(100)	(300)	200
TOTAL	**(5,637)**	**(4,906)**	**(731)**

For what concerns the **Depreciation of tangible and intangible fixed assets**, please refer to **note nr. 2 and note nr. 6**.

For the item **Write-downs and losses on receivables**, please refer to previous note **nr. 10**.

NOTE 33 – FINANCIAL INCOME AND CHARGES

This item is detailed as follows:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Other financial income	643	226	417
Interest expense to banks and others	(2,618)	(1,235)	(1,383)
Interest expense on interest-bearing loan to shareholders	0	(46)	46
Interest expense on Lease liabilities	(204)	(169)	(35)
TOTAL	**(2,179)**	**(1,224)**	**(955)**

NOTE 34 – INCOME TAXES

This item is detailed as below:

In thousands of Euros	**30/06/2023**	**30/06/2022**	**Changes**
Income taxes for the period	(5,544)	(3,044)	(2,500)
TOTAL	**(5,544)**	**(3,044)**	**(2,500)**

The breakdown of taxes recognised in the income statement as at 30 June 2023 is provided below:

Description *in thousands of Euros*	**30/06/2023**
Current taxes	(3,286)
Deferred taxes	(2,258)
TOTAL	**(5,544)**

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

The actuarial reference model 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 Group's direct experience, while for the others the reference best practice was taken into account. The economic technical bases used are shown below:

SUMMARY OF ECONOMIC TECHNICAL BASES	30.06.2023	31.12.2022
Annual discount rate	3.64%	3.57%
Annual inflation rate	2.30%	2.30%
Annual rate of increase in severance indemnity	3.23%	3.23%

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 art. 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 for the mail valuation parameters	
THE ITALIAN SEA GROUP SPA	**DBO 30.06.23**
Turnover rate +1%	1,013,027.87
Turnover rate -1%	1,008,523.67
Inflation rate +0.25%	1,018,316.65
Inflation rate -0.25%	1,003,473.68
Discount rate +0.25%	999,605.25
Discount rate -0.25%	1,022,351.46

Service Cost and Duration	
THE ITALIAN SEA GROUP SPA	
Service Cost 2021	47,731.80
Duration	6.47

Estimated future reimbursements	
Years	**Expected reimbursements**
1	170,577.98
2	147,188.35
3	135,400.41
4	108,415.59
5	155,601.50

NOTE 36 – CASH FLOW HEDGE

In the context in which the use of derivative instruments is fromally desined to hedge a specific risk, and such hedging results effective, it is possible to apply Hedge Accounting rules, which provide for different accounting standards for hedge category.

A hedge instrument is that in which the fair value or the cash flow should compensate, entirely or in part, the change in fair value or cash flows of the hedged item.

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.p.A.	62.68% PARENT COMPANY OF TISG
TISG Turkey YTAS	100% SUBSIDIARY OF TISG
PERINI NAVI USA Inc.	100% SUBSIDIARY OF TISG
GMC Architecture S.r.l. S.t.p.	GC HOLDING INVESTEE COMPANY
CELI S.r.l.	100% SUBSIDIARY
SANTA BARBARA S.r.l.	RELATED PARTY OF TISG

Transactions with related parties during the first half of 2023 are shown below:

BALANCE SHEET (€/000)	GC Holding	TISG Turkey YTAS	PERINI NAVI USA INC.	GMC ARCHITECTURE S.R.L. S.T.P.	CELI SRL	SANTA BARBARA S.R.L.
SECURITY DEPOSITS		23				
FINANCIAL RECEIVABLES	67	133			3.566	
TRADE RECEIVABLES		6.106		1	549	4
TOTAL RECEIVABLES	**67**	**6.262**	**0**	**1**	**4.115**	**4**
FINANCIAL PAYABLES	0		342			
TRADE PAYABLES	38	3.937		10	1.204	-50
TOTAL PAYABLES	**38**	**3.937**	**342**	**10**	**1.204**	**-50**
INCOME STATEMENT (€/000)	**GC Holding**	**TISG Turkey YTAS**	**PERINI NAVI USA INC.**	**GMC ARCHITECTURE S.R.L. S.T.P.**	**CELI SRL**	**SANTA BARBARA S.R.L.**
COSTS FOR PROCESSING		9.184			4.970	
COSTS FOR CONSULTANCY				206		
COSTS FOR SERVICES						90
INTEREST EXPENS						
TOTAL COSTS	**0**	**9.184**	**0**	**206**	**4.970**	**90**
REVENUES FROM SALES		1.104		2		0
INTEREST INCOME					67	
TOTAL REVENUES	**0**	**1.104**	**0**	**2**	**67**	**0**

GC HOLDING S.p.A.: the principal payable to the parent company GC Holding S.p.A: was settled in July 2022; the interest accrued up to that date amounted approximately to Euro 46 thousand for the year 2022.

TISG Turkey YTAS: TISG has commissioned TISG Turkey to build steel and aluminium hulls for yachts under construction. Specifically, the contract was commissioned for the construction of the hull and superstructure of motor-yacht 597 under the Admiral brand, with a length of 100 metres.

In order to approve the afore-mentioned agreement, the prior reasoned opinion of the Related Party Transactions Committee was obtained, highlighting the Group's interest in approving the transaction under analysis and the convenience and substantial fairness 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 outfitting of offices, fairs and, in general, to take care of the corporate image of TISG and develop projects for the design of the external profiles of yachts that the company should produce for future potential customers.

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., 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.

In March 2023, TISG acquired 100% of CELI’s shares.

Santa Barbara: During 2023, TISG carried out a supply of specialised technical services on behalf of Santa Barbara.

SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

For the first half of 2023, 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 operation in the section related to significant events of the period.

TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

In the first half of 2023, 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 14 September 2023 upon authorisation of the 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 2023.

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: 14/09/2023

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.

THE ITALIAN SEA GROUP S.p.A.

Review report on interim condensed consolidated financial statements at 30 June 2023

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.

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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 companies (hereby the Group TISG) as of 30 June 2023. 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 2023 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, 14 September 2023

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

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.

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