

THE ITALIAN SEA GROUP

PRESS RELEASE

THE ITALIAN SEA GROUP:

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT AS OF JUNE 30TH, 2022

**Strong increase in Net Sales (+65%) and doubling of EBITDA (+94%)
2022 Guidance confirmed**

Consolidated Results as of June 30th, 2022:

- **Total Revenues: EUR 133.6 million, +65.1%** versus **EUR 80.9 million** in the first half of 2021;
- **EBITDA: EUR 19.9 million, +94.2%** versus **EUR 10.3 million**, with an EBITDA Margin of **14.9%** (versus 12.7% in the first half of 2021);
- **EBIT: EUR 15.2 million, +94%** versus **EUR 7.9 million** in 2021, with an EBIT Margin of **11.4%** (versus 9.7% in the first half of 2021);
- **Net Result: EUR 7.6 million, +65%** versus **EUR 4.6 million** in the first half of 2021;
- **Backlog: Gross Backlog equal to EUR 922 million and Net Backlog equal to EUR 537 million;**
- **Net Financial Debt at EUR 46.2 million**, versus a positive Net Financial Position of **EUR 41 million** as of December 31st, 2021;
- **Investments: EUR 7 million** as of June 30th, 2022;
- **2022 Guidance confirmed.**

Marina di Carrara, September 13th 2022 – **The Italian Sea Group S.p.A.** (“**TISG**” or the “**Company**”), global operator in luxury yachting with the brands Picchiotti, Admiral, Perini Navi, Tecnomar and NCA Refit, announces that the Board of Directors, during today’s meeting, has approved the Consolidated Half-Year Report as of June 30th, 2022.

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Giovanni Costantino, Founder & CEO of **The Italian Sea Group**, commented:

“We are very proud of the results achieved, which confirm the value of our strategy, the solidity of our development plan and our execution ability.

The strengthening of our brands in markets with high potential, remains our focus in the next months, also thanks to the recently signed partnerships with the leading international brokers in luxury yachting and the expansion of our commercial presence in all the most prestigious locations in the world such as Porto Cervo, with the flagship store opened last June, as well as East Hampton (Long Island), reference point for the yachting industry in the American East Coast.

Our product offering is enriched with the new Picchiotti line and project Panorama, a serial production of yachts always characterised by the highest quality standards and our care for detail.

This serial production, facilitated by the expansion of production spaces, will allow us to increase sales without involving the Group’s internal engineering capacity, dedicated to large custom-made yachts. Despite the seriality of these projects, they remain in line with our commercial strategy: the production of each yacht starts only after the sale and without trade-ins.

The re-launch of the historical Perini Navi brand proceeds successfully; within the end of the year, we will present new completely restyled models, including the “new Maltese Falcon” which will be iconic and innovative in terms of aesthetic and technology, a crown jewel in our fleet.”

ANALYSIS OF THE COMPANY’S ECONOMIC AND FINANCIAL MANAGEMENT

In the first half of 2022, The Italian Sea Group recorded **Total Revenues** equal to EUR **133.6 million**, a **65.1%** increase with respect to EUR 80.9 million recorded in the same period of 2021.

This significant increase in Revenues is mainly due to the growth of the Company’s comprehensive order book (**Order Book**), equal to EUR **922 million** as of June 30th, 2022, to the progress of the vessels currently under construction, as well as to the significant boost by the NCA Refit division.

In particular, NCA Refit increased its revenue by **140%** with respect to the first half of 2021, benefitting from the timely start-up of the Viareggio and La Spezia shipyards and from the expansion in production capacity inside the Marina di Carrara shipyard, despite the concurrent progress of investment plans “**TISG 4.0**” and “**TISG 4.1**”, which will be completed within the end of the year.

The significant increase in NCA Refit revenues is also reflecting the works on large yachts (over 50 metres), which represent around 50% of the division’s revenues.

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The success of the **Tecnomar for Lamborghini 63** project continues, representing **20.2%** of Shipbuilding revenues, with a current visibility of production of existing contracts up to the end of 2023.

A few months after the Perini Navi acquisition, revenues generated by the brand represent 11.8% of Shipbuilding turnover, due to an effective re-launch strategy and renewed commercial energy, with an already running production plan comprising 3 deliveries in the next two years.

In terms of breakdown by geography, it is to be highlighted the strong growth of the American market, representing 14.6% of Shipbuilding revenues in the first half of 2022, thanks to the contract for an 82-metre mega-yacht sold to an American client, and to the push of the Tecnomar for Lamborghini 63 project.

REVENUES BY DIVISION

<i>in thousands of EUR</i>	30/06/2021	% on Operating Revenues	30/06/2022	% on Operating Revenues
Total Shipbuilding Revenues	69,393	88%	112,139	83%
Total NCA Refit Revenues	9,651	12%	23,137	17%
Operating Revenues	79,044	100%	135,276	100%
Other Revenues and proceeds		2,211		794
Commissions		-278		-2,454
Total Revenues		80,977		133,616

REVENUES BY DIMENSION – REFIT

<i>in thousands of EUR</i>	30/06/21	% on Revenues 30/06/2021	30/06/22	% sui Revenues 30/06/2022
< 30 metres	321	3.32%	3	0.01%
30 - 50 metres	1,261	13.06%	10,485	45.32%
50 - 70 metres	4,314	44.70%	5,117	22.11%
> 70 metres	3,756	38.9%	7,532	32.56%
Total Refit Revenues	9,651	100%	23,137	100%

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REVENUES BY BRAND – SHIPBUILDING

<i>in thousands of EUR</i>	30/06/2021	% on Revenues 30/06/2021	30/06/2022	% on Revenues 30/06/2022
Admiral	55,018	79.28%	66,887	59.65%
Tecnomar	8,675	12.50%	7,193	6.41%
Tecnomar for Lamborghini 63	2,892	4.17%	22,648	20.20%
Perini Navi	-	0.00%	13,241	11.81%
Other	2,808	4.05%	2,170	1.93%
Total Shipbuilding Revenues	69,393	100%	112,139	100%

REVENUES BY GEOGRAPHY – SHIPBUILDING

<i>in thousands of EUR</i>	30/06/2021	% on Revenues 30/06/2021	30/06/2022	% on Revenues 30/06/2022
Americas	150	0.22%	16,442	14.66%
APAC	37,183	53.58%	36,836	32.85%
Europe	32,059	46.20%	58,861	52.49%
Total Shipbuilding Revenues	69,393	100%	112,139	100%

EBITDA is equal to EUR **19.9 million**, with a **94.2%** increase versus EUR 10.3 million as of June 30th, 2021 and an **EBITDA Margin** of **14.9%** versus 12.7% in the same period of 2021.

The increase in marginality reflects the renowned positioning in the luxury segment and the consequent increase in sale prices, the optimal mix between Shipbuilding and Refit activities, the continuous attention to the reduction of structural costs, the internalisation of strategic activities, as well as the utilisation of renewable energy sources.

EBIT is equal to EUR **15.2 million**, with a **94%** increase versus EUR 7.9 million recorded in the same period of 2021, with an **EBIT Margin** of **11.4%** (versus 9.7% in the first half of 2021).

Net Result is equal to EUR **7.6 million**, a **65%** increase versus EUR 4.6 million in the first half of 2021.

During the first six months of 2022, TISG recorded **Investments** for EUR **7 million** related to the progress of “**TISG 4.0**” and “**TISG 4.1**” investment plans and the start-up of the La Spezia and Viareggio shipyards. The investment plan also included the

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modernisation of the sheds as well as their energy efficiency through the installation of a photovoltaic plant for the production of green electric energy.

Net Financial Debt as of June 30th 2022 is equal to EUR **46.2 million** versus a positive Net Financial Position of EUR 41 million as of December 31st 2021.

The change for EUR 88.4 million reflects the cash outflow due to the acquisition of Perini Navi for EUR 75 million, the investments carried out during the first half of 2022 for the progress of the “TISG 4.0” and “TISG 4.1” projects and the finetuning of the Viareggio and La Spezia production facilities for EUR 7 million, as well as the increase in Net Working Capital which has generated a cash-out of EUR 6.5 million in the first half.

It is important to note that, in line with the Net Working Capital dynamics respecting the payment collection plan of the instalments related to the orders in progress, in the second quarter of 2022 the Company generated cash inflow from operations for EUR 8.5 million. According to IAS/IFRS accounting principles, the Net Financial Debt includes the current value of fees due to the Port Authorities for the state concessions of the shipyards in Marina di Carrara, Viareggio and La Spezia, equal to EUR 6.9 million as of June 30th 2022, amount which will be paid throughout the duration of the related concessions.

GUIDANCE 2022

The Italian Sea Group reconfirms the 2022 Guidance, announced on February 22nd 2022, confirming **Total Revenues** as of December 31st 2022 between EUR **280** and EUR **295 million** and an **EBITDA Margin** of **15.5%**.

RELEVANT EVENTS AFTER JUNE 30TH 2022

Acquisition of 100% of shares of TISG Turkey Yat Tarsanecilik Anonim Sirketi (“TISG Turkey”)

The Italian Sea Group completed the acquisition of 100% of TISG Turkey Yat Tarsanecilik Anonim Sirketi (“**TISG Turkey**”) shares from GC Holding S.p.A. for a price of EUR **150,000**.

This operation will allow the Company to consolidate the entire production process, granting a more integrated and quality-oriented management of the operations. Moreover, it will enable to favour the investment strategy directly from TISG to TISG Turkey with a view to further business growth.

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Impact of the bad weather wave on August 18th

Following the wave of bad weather which hit the Massa Carrara province on Thursday August 18th, TISG did not record any significant impact on the shipyard's activities, and no interruption of production.

Production carried on at full speed since the day following the event, thanks to the intervention of the entire "The Italian Sea Group" Team, that has promptly granted their availability for the recovery of the areas.

Throughout its history, The Italian Sea Group has always been committed to invest in the safety and security of its facilities, carrying out prevention activities in case of such events, which in the past few years have started occurring more and more frequently.

It is thanks to this attention, both on an engineering and execution level, that all workers in the shipyard were unharmed and, at the same time, all Company activities have been able to continue without delays.

Please note that the amount of the general structural damages is covered by insurance policy.

BUSINESS OUTLOOK

Perini Navi production plan

Six months after the completion of the Perini Navi acquisition and the integration of the related assets, The Italian Sea Group reiterates its brand relaunch strategy and the production plan already announced to the market.

The restyling of the Perini Navi fleet continues and will be presented to the market within the end of the year: four new product lines from 42 to 75 metres, with in-depth innovation from an engineering and aesthetic standpoint. Within the end of the year, the Company will unveil the "new Maltese Falcon", the contemporary version of the 88-metre, three-mast clipper which, in 2006, revolutionised the sailing yacht world due to a never-before-seen sailing system.

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Serial production

With the launch of two important projects – the Gentleman Picchiotti line and the Panorama motor-yacht – The Italian Sea Group enters the serial production segment, still maintaining its high-end positioning and remaining faithful to the Group’s strategy.

The production of the yachts, which will be built exclusively with noble materials such as steel and aluminium, will only start following the signing of sale contracts and, in line with the Company’s commercial strategy, there will be no trade-ins.

This new segment will allow for the diversification of the product offering, without involving the engineering capacity of the team dedicated to the production of large, custom-made yachts, which will remain TISG’s core business.

The investment plans on the Marina di Carrara Headquarters, together with the increase in production capacity and human resources following the integration of the Perini Navi assets, currently allow TISG to offer to the market a wide range of products, answering the demand of an international, extremely diversified clientele. Such offering represents an important driver of growth in the near future.

Picchiotti Gentleman’s Yacht

Only six months from the acquisition of the historical Perini Navi and Picchiotti brands, the Company has unveiled the new fleet bringing back in the spotlight the Picchiotti brand, a name that since 1575 represents the excellence and elegance of the Italian yachting tradition.

Developed in collaboration with Luca Dini Design & Architecture, international “*archistar*” of interior and exterior superyacht design, the Gentleman’s Yacht line presents an entire motor-yacht fleet from 24 to 55 metres inspired by the silhouette of the American yachts of the 60’s, interpreting timeless elegance, and featuring innovative engineering solutions.

The models will be equipped with hybrid propulsion or full-electric engines, in line with the Group’s sustainability strategy.

On the basis of the Group’s production capacity, the production plan includes the construction of 15 units.

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Admiral Panorama

Panorama is the project of the new 50 metre superyacht in the Admiral fleet, born from TISG's collaboration with Studio Piredda & Partners Superyacht Design Firm, who curated the exterior and interior design.

Steel hull and aluminium superstructure, with its 499GT Panorama grants the ability to make long journeys in total safety and maximum comfort, in a sophisticated and welcoming environment, thanks to a curated selection of fine and natural materials.

Global brand awareness and penetration in new markets

The Company continues to expand its global reach and strengthen its positioning in markets with high growth potential, also through partnerships with leading international brokers.

After the agreement with Camper & Nicholsons for the expansion in the Asian market and the collaboration, signed in April, with TWW Yachts for Egypt, Turkey and Azerbaijan, in June 2022 TISG signed a new partnership with **Blackorange Yacht Experts**, full-service yacht brokerage company boasting a solid positioning in the Arab Gulf area, with a proven experience in the segment of mega-yachts from 50 to 150 metres.

The broker represents the Admiral and Tecnomar brands in the **Arab Emirates, Oman, Kuwait, Qatar** and **Bahrain**.

Sustainability strategy

The Italian Sea Group continues the implementation of its sustainability strategy, with particular attention to energy sources. The photovoltaic plant installed in June inside the Marina di Carrara shipyard has allowed for a significant production of green energy and has partially contributed to limit the effects of the recent increase in energy costs. For what concerns the energy acquired by the Group, 100% of it comes from renewable sources.

Furthermore, the constant attention to hydric resources led to the implementation, inside the Marina di Carrara shipyard, of a sprinkler system which will use sea water instead of fresh water, allowing for a significant saving of resources.

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DECLARATION EX ART. 154-BIS, SECOND COMMA, T.U.F.

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

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

The consolidated financial report as of June 30th, 2022 is currently undergoing legal audit, activity which is currently yet to be completed.

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

Conference Call in Webcast

The financial results related to the first half of 2022 will be presented on Tuesday, September 13th at 04:30 PM CEST during a Conference Call held by the Company's Top Management.

The Conference Call will be held via webcast through the following link: https://b1c-co-uk.zoom.us/meeting/register/tZlvdO6grz8vGdXfOc_2m0losJzcz9qU66Ua.

The presentation by the Top Management will be available from the beginning of the conference call on the website investor.theitalianseagroup.com in the "Financial Documents" section.

The Half-Year Financial Report as of June 30th 2022 will be made available to the public, at the Company's registered office, at Borsa Italiana, as well as the investor.theitalianseagroup.com website in compliance with the law.

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Please find attached the Income Statement, Balance Sheet and Cash-Flow Statement.

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

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

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

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CONSOLIDATED INCOME STATEMENT

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

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CONSOLIDATED BALANCE SHEET

<i>In thousands of EUR</i>	notes	30/06/2022	31/12/2021
ASSETS			
NON-CURRENT ASSETS			
Brands	1	34,708	3,554
Other intangible assets	2	1,034	863
Land and buildings	3	39,240	35,994
Plant, machinery, equipment and investments in progress	4	38,227	28,708
Other tangible assets	5	1,761	1,642
Right of Use	6	46,829	8,889
Equity investments	7	78	43
Other non-current assets	8	5,408	4,222
Total non-current assets		167,286	83,915
CURRENT ASSETS			
Cash and cash equivalents	9	52,769	85,615
Trade receivables	10	25,487	10,236
Other receivables	11	4,507	10,339
Assets from contract work in progress	12	53,783	41,336
Inventories	13	2,370	1,250
Other current assets	14	2,244	2,384
Total current assets		141,159	151,159
TOTAL ASSETS		308,445	235,075
LIABILITIES AND SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY			
Share capital		26,500	26,500
Share premium reserve		45,431	45,431
Reserves and other retained earnings		12,149	4,635
Profit (loss) for the year		7,618	16,322
Total Shareholders' Equity	15	91,698	92,888
NON-CURRENT LIABILITIES			
Provisions for risks and charges	16	3,483	3,066
Deferred tax liabilities	17	2,245	1,178
Provisions for employee benefits	18	1,365	760
Long-term financial liabilities	19	81,578	31,378
Other non-current liabilities	20	487	486
Total non-current liabilities		89,158	36,868
CURRENT LIABILITIES			
Trade payables	21	61,271	57,146
Other payables	22	8,907	5,623
Short-term financial liabilities	23	15,922	11,479
Liabilities from contract work in progress	12	22,541	16,345
Other current liabilities	24	18,948	14,725
Total current liabilities		127,589	105,318
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		308,445	235,075

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CASH FLOW STATEMENT

<i>in thousands of EUR</i>	30/06/2022	30/06/2021
INCOME MANAGEMENT ACTIVITIES		
Profit for the period before taxes	10,663	6,024
Income taxes	-	-
Net interest	1,269	1,567
Provision for charges and risks	689	491
Provision for severance indemnity	630	414
Adjustments for:	-	-
Amortisation and write-downs of fixed assets	2,625	2,376
Capital gains/(losses)	-	(36)
Other provisions and write-downs (revaluations)	300	180
Changes in assets and liabilities:	-	-
Receivables from customers	(15,201)	11,438
Inventories and contract works in progress	(5,103)	(24,659)
Other management activities	5,981	(1,580)
Escrow receivables	-	-
Payables to suppliers	4,363	6,402
Other operating payables	7,273	6,468
Severance indemnity	(25)	(441)
Provisions for risks and charges	795	753
Taxes paid	(3,044)	(1,375)
Interest paid	(1,224)	(1,534)
CASH FLOW FROM INCOME MANAGEMENT ACTIVITIES	-	-
INVESTMENT ACTIVITIES		
Purchase of tangible assets	(5,153)	(10,034)
Disposal of tangible assets	-	36
Purchase of intangible assets	(222)	(398)
Disposal of intangible assets	-	-
Purchase of equity investments	-	-
Disposal of equity investments	-	-
Receivable from CELI	-	(3,412)
Payment for purchase of Perini Navi corporate complex	(80,000)	-
Others	(377)	(58)
CASH FLOW FROM INVESTMENT ACTIVITIES	(85,752)	(13,866)
FINANCING ACTIVITIES		
Capital contributions	-	4,750
Payment of Share Premium Reserve	-	41,799
Change in Reserves	-	-
Raising M/L term loans	72,500	17,000
Repayment of M/L term loans	(19,852)	(2,029)

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Raising shareholder loans	-	-
Repayment of shareholder loans	-	-
Raising loans to others (<i>lease</i>)	-	-
Repayment of loans to others (<i>lease</i>)	(7)	(957)
Net change in other sources of short-term financing	-	(426)
Payment of IPO charges	-	(2,027)
Payment of dividends	(9,716)	(6,253)
	-	-
CASH FLOW FROM FINANCING ACTIVITIES	42,925	51,857

TOTAL CASH FLOWS FOR THE PERIOD	(32,836)	44,479
OPENING CASH AND CASH EQUIVALENTS	85,605	17,943
FINAL CASH AND CASH EQUIVALENTS	52,769	62,422