

THE ITALIAN SEA GROUP

PRESS RELEASE

THE ITALIAN SEA GROUP S.P.A.

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL REPORT AND THE DRAFT FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

Growth of Revenues (+24%), EBITDA (+32%), and Net Income (+54%)

EBITDA Margin reaches 17%, exceeding 2023 Guidance

Proposal of distribution of a dividend for EUR 0.37 per share

Key consolidated results for Financial Year ending 31 December 2023:

- **All key consolidated indicators in the high part or exceeding 2023 Guidance**
- **Total Revenues:** EUR 364 million, **+24%** versus EUR 295 million in the previous year;
- **EBITDA:** EUR 62 million, significantly improving by **+32%** versus EUR 47 million as of 31 December 2022; **EBITDA Margin** reached 17% versus 15.9% in 2022;
- **EBIT:** EUR 50 million, improving by **+35%** versus EUR 37 million in 2022, with a margin on revenues of 13.8% versus 12.6% in the previous year;
- **Net Income:** EUR 37 million, significantly improving by **+54%** versus EUR 24 million as of 31 December 2022;
- **Investments:** EUR 11 million, of which EUR 5.6 million dedicated to the increase in Celi 1920 production capacity;
- **Net Financial Position:** positive for EUR 2 million versus a Net Financial Debt for EUR 11 million as of 31 December 2022;
- **The total value of the Order Book** as of 31 December 2023 is equal to EUR 1,265 million.

Strategic Outlook 2024-2025

- **2024:** Revenues between EUR 400-420 million and EBITDA Margin between 17-17.5%;
- **2025:** Revenues between EUR 430-450 million and EBITDA Margin between 18-18.5%.

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Other resolutions of the Board of Directors

- Proposal of distribution of a dividend for EUR 0.37 per share;
- Approval of the Consolidated Non-Financial Report at 31 December 2023;
- Verification of the independence of the members of the corporate bodies;
- Notice of call of the Annual General Meeting convened on 29 April 2024.

Marina di Carrara, March 21st, 2024 – **The Italian Sea Group S.p.A.** (“**TISG**” or the “**Company**”), global operator in luxury yachting with the brands Admiral, Tecnomar, Perini Navi, Picchiotti, NCA Refit, and Celi 1920, announces that the Board of Directors, in today’s meeting, has approved the Company’s Draft Financial Statements for the Financial Year ending on 31 December 2023, drafted according to IFRS international accounting standards.

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

“The results approved today by the Board of Directors once again confirm our strength and flexibility, which have allowed us to successfully face a year characterised by an uncertain macroeconomic and geopolitical landscape. We have operated in a challenging environment, proving determination, vision, and ability to overcome the many exogenous difficulties.

We have continued to meet the market’s expectations, reaching a new goal of Revenues for EUR 364 million, an EBITDA Margin of 17% – well over the guidance we announced at the beginning of the year – and a Group Net Income for EUR 37 million, growing by 54% versus the previous year.

In light of the deliveries scheduled in the following years and all the exciting future prospects, last February 7th, in occasion of our second Capital Markets Day, we have announced to investors and the financial community our Strategic Outlook for 2024 and 2025. The growth expectations are extremely solid and reflect our confidence in the path we have outlined and the opportunities that the international landscape holds in store for us.”

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ANALYSIS OF THE ECONOMIC AND FINANCIAL RESULTS

CONSOLIDATED REVENUES

The Italian Sea Group's consolidated results for 2023 show **Revenues** equal to **EUR 364.5 million**, growing by **23.6%** versus EUR 294.6 million recorded in 2022.

Operating Revenues, equal to EUR 360.2 million, increasing by **23.6%** versus the previous year, are broken down as follows:

- **Shipbuilding Revenues** amount to **EUR 318 million** as of 31 December 2023, increasing by 25% versus EUR 255 million recorded in 2022. This result is attributable to the regular progress of the yachts under construction and the signing of new contracts for projects in the larger dimensional range;
- **Refit Revenues** amount to **EUR 42 million** as of 31 December 2023, increasing by **17%** versus EUR 36 million recorded in 2022. This increase is due to the utilisation of additional production capacity from investments completed at the beginning of the year.

BACKLOG

The total value of the Order Book, relating to the gross value of existing contracts for yachts not yet delivered to clients, as of 31 December 2023 is equal to EUR 1,265 million.

The total value of existing contracts for yachts not yet delivered to clients, net of the revenues already recorded in the income statement (**Net Backlog**) as of 31 December 2023 is equal to EUR 609 million.

Currently, there are **34 projects** under construction: **24 mega and giga yachts** e **10 Tecnomar for Lamborghini 63**, with deliveries scheduled until 2027.

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CONSOLIDATED EBITDA

EBITDA is equal to EUR 61.9 million, growing by **+31.6%** versus EUR 47.0 million as of 31 December 2022 and with an EBITDA Margin equal to **17.0%** versus 15.9% in the previous year, exceeding the guidance communicated to the market.

The increase in marginality over time is attributable to: (i) a strong attention to operating cost management; (ii) an improved efficiency of production processes; (iii) benefits coming from the expansion in production capacity with an optimal mix between Shipbuilding and Refit activities; (iv) internalisation of key supply chain activities, also following the acquisition of woodworking company Celi 1920; (v) an increase in sale prices, due to a constant improvement in the recognition of the Company's brands from owners and brokers worldwide; and (vi) economies of scale.

CONSOLIDATED EBIT

EBIT as of 31 December 2023 is equal to **EUR 50.5 million** – an increase of 35% versus the previous year, when it was EUR 37.0 million – with a margin on Revenues of **13.8%** after amortisation, depreciation, write-downs, and capital losses amounting to EUR 11.5 million as of 31 December 2023.

CONSOLIDATED NET INCOME

Consolidated Net Income as of 31 December 2023 is equal to **EUR 36.9 million**, increasing by **54%** versus EUR 24.0 million during 2022.

INVESTMENTS

Throughout the year, TISG carried out **Investments** equal to **EUR 10.9 million**, mainly related to the restart of the Perini Navi hub in Viareggio and to interventions on the production capacity of Celi 1920; for the expansion of the latter, the Company acquired two new sheds, reaching a total surface of approximately 30,000 square metres of facilities which will allow TISG to internalise up to 70% of its production needs for wooden furniture activities.

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CONSOLIDATED NET FINANCIAL POSITION

Preliminary **Net Financial Position** as of 31 December 2023, drafted in accordance to IAS/IFRS accounting principles, is positive for EUR 2 million versus a negative Net Financial Position of EUR 11 million at 31 December 2022. This result reflects:

- i) Cash out for **EUR 14.4 million** for dividend distribution;
- ii) **Investments** for the year equal to **EUR 10.9 million**;
- iii) The disposal of an office building inside the Viareggio shipyard, generating a net cash inflow of **EUR 10.6 million**.

Net Financial Position includes the current value of the fees for the state concession on the shipyard, in accordance of IFRS 16. The Net Financial Position will be updated for the state concession on the Marina di Carrara shipyard from 2043 to 2072.

2024-2025 STRATEGIC OUTLOOK

Strategic Outlook for **2024-2025** forecasts a significant organic growth and benefits from the current structure of the Group and the important support due to the integration of Perini Navi and its assets, the important partnerships signed with luxury brands and the capillary sale structure with a global perimeter.

The Group's growth objectives expect: Revenues between EUR 400-420 million and an EBITDA Margin between 17-17.5% in 2024 and Revenues between EUR 430-450 million with an EBITDA Margin between 18-18.5% in 2025.

With respect to the capital structure and the dividend policy the objectives for 2024 and 2025 are to maintain a neutral financial position, with maximum leverage of 1,5x EBITDA, and to distribute a yearly dividend which equates to a payout ratio between 40-60% of the Net Income of the Group. These objectives are subject to temporary impacts related to the CapEx and M&A strategy.

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BUSINESS OUTLOOK

Market leader in the reference segment

The Italian Sea Group continues its establishment as a market leader in the luxury yachting segment on a global scale, in particular in the segment of yachts over 50 metres, the Company's core business.

The success of **75-metre mega-yacht Admiral Kenshō** awarded “**Motor-yacht of the Year**” at the **2023 World Superyacht Awards**, shows the strength and recognition of TISG's brand positioning on the yachting industry worldwide. This positioning has been further strengthened by the Company's presence at the **Monaco Yacht Show** in September 2023.

TISG's commercial strategy in the reference markets, thanks to the collaboration with the leading sector brokers, allowed the Company's brands to express their full potential in markets which have large opportunities for growth, such as the Americas and, most recently, North Africa with the Tecnomar for Lamborghini 63 project.

In line with this global expansion, in March 2023 TISG announced a strategic partnership with **BehneMar Yachting Consultancy**, aimed at representing the Group's brands in the Middle East and North Africa (MENA) area, thanks to a sustained brand awareness program, in line with the objective of strengthening the capillary sale structure in the region, which is steadily expanding in terms of demand for custom yacht and super yachts.

Completion of investments in production capacity

In 2023 TISG completed the “TISG 4.0”, “TISG 4.1” and “TISG 4.2” investment plans on the facilities in Marina di Carrara and La Spezia, which have benefited both the shipbuilding and refit divisions.

In April 2023, following the acquisition of Celi 1920, the Company has carried out interventions on the facilities of the subsidiary to double its production capacity in order to internalise the majority of woodworking activities.

During the Company's second Capital Markets Day, on February 7th 2024 at the Armani/Silos in Milan, the Company detailed the main characteristics of its production capacity, with shipyards in Italy and facilities in Turkey, where it operates on 7 shipyards managed by established strategic partners, under the supervision of an internal team.

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2024 deliveries and new projects

During the Capital Markets Day on February 7th 2024, The Italian Sea Group defined the timeline of the six deliveries scheduled within the end of 2024:

- Two **78-metre Admiral mega-yachts Admiral di 78 metri**, full custom, designed in collaboration with two leading sector archistars, Sinot Yacht Architecture & Design and Lobanov;
- A **72-metre Admiral | Armani mega-yacht**, the first one designed entirely in collaboration with Giorgio Armani, both in the interior and exterior lines;
- A **67 metre Admiral motor-yacht**, *full custom*, with interiors by architect Mark Berryman;
- A **55-metre Admiral motor-yacht** based on the popular Admiral S-Force model, the third in the line, entirely designed by TISG's Centro Stile;
- A **60-metre Perini Navi ketch**, naval architecture by Ron Holland and interior design by Remi Tessier.

Furthermore, TISG announced the plan to expand its commercial strategy introducing new semi-custom projects up to 50 metres. The presence in this market segment will allow TISG to decrease delivery times in comparison to full-custom mega-yachts – which will remain the Company's core business – attracting a wider range of customers and, at the same time, will allow to exploit the large production capacity without impacting or weighing on engineering capacity, which will remain focused on the core business.

Sustainability

Throughout 2023, TISG implemented its ESG plan for the reference year, reaching its defined objectives.

The main drivers of its ESG strategy have been the commitment to reduce the environmental impact and the improvement of social responsibility: **decarbonisation, sustainable supply chain management and employee welfare and growth**.

The achievements of these objectives allowed TISG to obtain an ESG rating of BBB, in the high-performance range, issued by Cerved Rating Agency.

PROPOSAL OF PROFIT ALLOCATION

The Board of Directors has resolved to propose to the Annual General Meeting the payment of an ordinary dividend, for the 2023 Financial Year, for EUR 0.37 per share.

The total of the dividend, for EUR 19.6 million, corresponds to a pay-out of 53% of the Consolidated Net Income (+36% versus 2022 dividend).

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Where approved by the AGM, the ex-dividend date will be on May 20th, 2024, record date will be on May 21st, 2024 and the payment will be on May 22nd, 2024.

CONSOLIDATED NON-FINANCIAL REPORT AT 31 DECEMBER 2023

The Board of Directors has examined and resolved to approve the Consolidated Non-Financial Report as of 31 December 2023, in compliance to Legislative Decree 254/2016.

The Consolidated Non-Financial Report, drafted according to the Global Reporting Initiative Standards (“GRI Standards”), summarises the Group’s commitment towards Environmental, Social, and Governance (“ESG”) issues throughout the financial year, and proposes a long-term sustainability plan with the purpose of creating value to all of its stakeholders.

VERIFICATION OF THE INDEPENDENCE OF THE MEMBERS OF THE CORPORATE BODIES

In accordance with the provisions of the applicable law and the Corporate Governance Code, the Board of Directors evaluated the independence of Directors Antonella Alfonsi, Laura Angela Tadini, and Fulvia Tesio, appointed by the Annual General Meeting on 27 April 2023. On the basis of the evaluations carried out by the Board of Directors with reference to the information provided by the aforementioned Directors, the latter have been found to be in possession of the independence requirements *ex art.* 148, third paragraph, as recalled by article 147-*ter*, fourth paragraph, of the Italian Legislative Decree 58/1998 (“**TUF**”) and the Corporate Governance Code.

Furthermore, the Board of Statutory Auditors has verified that all its standing members possess the independence requirements provided for by law and the Corporate Governance Code, and has informed the Board of Directors, which has acknowledged the results of the verification carried out by the Board of Statutory Auditors regarding the possession by the standing auditors of the independence requirements provided for by law.

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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 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 as of 31 December 2023 will be presented today, **21 March 2024** at **4:00pm CET** through a Conference Call held by Top Management and broadcasted via the following link:

<https://b1c-co-uk.zoom.us/join/9tZtYqce6hpjwvGtDZ8AA4J-CT9VrYPfBmAGjU>

The presentation illustrated by top management will be available from the beginning of the Conference Call on the website investor.theitalianseagroup.com in the “Financial Documents” section.

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

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The Italian Sea Group is a global operator in luxury yachting, listed on Euronext Milan (“EXM”) and active in the construction and refit of motor yachts 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. According to the Global Order Book 2024, international ranking by Boat International, The Italian Sea Group is the first Italian superyacht builder for yachts over 50 metres.

For more information:

Media Relations

Image Building

Tel. +39 02 89011300 / +39 06 68392100

E-mail: theitalianseagroup@imagebuilding.it

Investor Relations

The Italian Sea Group

Benedetta De Maio

Tel. +39 0585 5062 / +39 333 1862397

E-mail: investor.relations@theitalianseagroup.com

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CONSOLIDATED RECLASSIFIED INCOME STATEMENT AS OF 31 DECEMBER 2023

<i>In EUR thousands</i>	31/12/2023	31/12/2022
Operating Revenues	360.258	291.510
Other Revenues and income	8.366	7.266
Commissions	(4.166)	(4.093)
Total Revenues	364.458	294.684
Costs for Raw Material	(79.342)	(68.133)
Costs for outsourced work	(147.906)	(117.942)
Technical services and consultancy	(17.532)	(16.700)
Other costs for services	(14.021)	(12.787)
Personnel Costs	(38.649)	(29.562)
Other operating costs	(5.028)	(2.477)
EBITDA	61.979	47.084
<i>% on total Revenues</i>	<i>17,0%</i>	<i>16,0%</i>
Amortisation, depreciation, write-downs and capital losses	(11.518)	(9.985)
EBIT	50.461	37.099
<i>% on total Revenues</i>	<i>13,8%</i>	<i>12,6%</i>
Net financial charges	(5.527)	(3.817)
Income from extraordinary charges	308	(3.867)
EBT	45.242	29.415
Taxes for the period	(8.331)	(5.368)
NET INCOME	36.911	24.046
<i>% on total Revenues</i>	<i>10,1%</i>	<i>8,2%</i>

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CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2023

<i>In EUR thousands</i>	<i>note</i>	31/12/2023	31/12/2022
ASSETS			
NON CURRENT ASSETS			
Brands	1	34.650	34.685
Other intangible assets	2	975	1.030
Land and buildings	3	57.290	38.354
Plants, machinery, equipment, and investment in progress	4	35.459	49.182
Other tangible assets	5	1.261	1.603
Right of Use	6	32.523	46.077
Equity investments	7	43	195
Other non-current assets	8	1.716	6.576
Deferred tax assets		3.035	-
Total non-current assets		166.952	177.702
CURRENT ASSETS			
Cash and Cash Equivalents	9	76.413	81.317
Trade receivables	10	24.007	21.469
Other receivables	11	4.937	5.956
Assets from contract work in progress	12	89.068	49.468
Inventories	13	10.897	3.573
Other current assets	14	5.115	2.778
Total current assets		210.436	164.560
TOTAL ASSETS		377.388	342.262
PASSIVO E PATRIMONIO NETTO			
PATRIMONIO NETTO			
Share capital		26.500	26.500
Share premium reserve		45.399	45.431
Other reserves and retained earnings		22.409	13.023
Translation Reserve		- 83	
Profit (loss) for the year		36.911	24.046
Total Shareholders' Equity	15	131.136	109.001
NON-CURRENT LIABILITIES			
Provisions for risks and charges	16	4.335	3.431
Deferred tax liabilities	17	-	894
Provisions for employee benefits	18	959	1.251
Long-term financial liabilities	19	62.051	76.198
Other non-current liabilities	20	86	50
Total non-current liabilities		67.431	81.824
CURRENT LIABILITIES			
Trade payables	21	90.568	78.770
Other payables	22	24.171	13.796
Short-term financial Liabilities	23	12.484	15.193
Liabilities from contract work in progress	12	38.561	16.800
Other current liabilities	24	13.038	26.878
Totale current liabilities		178.821	151.438
TOTALE LIABILITIES AND SHAREHOLDERS' EQUITY		377.388	342.262

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CONSOLIDATED NET FINANCIAL POSITION

AS OF 31 DECEMBER 2023

<i>In EUR thousands</i>	31/12/2023	31/12/2022
A. Cash	29.897	80.725
B. Cash Equivalents	46.516	592
C. Other Current Financial Assets	0	0
D. Liquidity (A)+(B)+(C)	76.413	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	(11.661)	(14.163)
F.1 Other current financial payables	(1.111)	(2.292)
G. Current financial debt (E+F)	(12.774)	(16.490)
H. Net Financial Debt (G-D)	63.638	64.827
I. Non-current bank debt (excluding the current portion of debt instruments)	(54.591)	(66.287)
J. Debt instruments	0	0
K. Trade and other non-current payables	(7.460)	(9.912)
L. Non-current financial debt (I+J+K)	(62.051)	(76.198)
M. Total financial debt (H+L)	1.587	(11.371)

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CONSOLIDATED CASH FLOW AS OF 31 DECEMBER 2023

<i>In EUR thousands</i>	31/12/2023	31/12/2022
INCOME MANAGEMENT ACTIVITIES		
Risultato dell'esercizio prima delle imposte	45.242	29.415
Net interest	5.528	3.781
Provision for charges and risks	1.326	1.053
Provision for severance indemnity	1.377	1.377
Adjustments for:		
Amortisation and write-downs for fixed assets	11.519	9.889
Other provisions and write-downs (revaluations)	500	300
Changes in assets and liabilities:		
Receivables from customers	(1.363)	(11.533)
Inventories and contract work in progress	(25.163)	(7.731)
Other management activities	(5.122)	7.221
Payables to suppliers	11.798	21.897
Other management payables	(3.431)	19.706
Severance indemnity	(1.669)	(886)
Provisions for risks and charges	(1.316)	(972)
Taxes paid	(8.331)	(5.368)
Interest paid	(5.528)	(3.781)
Cash flow from income management activities	25.367	64.368
INVESTMENT ACTIVITIES		
Purchase of tangible assets	(2.257)	(19.353)
Disposal of tangible assets	0	0
Purchase of intangible assets	(489)	(483)
Purchase of equity investments	0	(152)
Receivables from CELI	2.128	
Cash-out for acquisition of Perini Navi business complex	0	(80.000)
Other	1.620	(3.804)
Cash flow from investment activities	1.002	(103.792)
FINANCING ACTIVITIES		
Changes in reserves	0	200
Payment of dividends	(14.415)	(9.716)
Rising M/L term loans		72.500
Repayment of M/L term loans	(14.198)	(23.484)
Raising loans towards shareholders		(3.161)
Repayments of loans to others	(2.660)	(1.212)
Flusso finanziario da attività di finanziamento	(31.273)	35.127
TOTAL CASH FLOWS FOR THE PERIOD	(4.904)	(4.297)
OPENING CASH AND CASH EQUIVALENTS	81.317	85.615
FINAL CASH AND CASH EQUIVALENTS	76.413	81.317