



THE ITALIAN SEA GROUP

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ANNUAL FINANCIAL STATEMENTS  
AT 31 DECEMBER 2023

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*This document is an English translation from Italian.*

## LETTER FROM THE FOUNDER & CHIEF EXECUTIVE OFFICER

Dear Shareholders,

2023 Results once again confirm our strength and flexibility, which have allowed us to face a year characterised by a still uncertain macroeconomic and geopolitical context.

We have operated in a challenging environment, showcasing determination, vision, and the ability to overcome all the different exogenous complexities.

Despite the circumstances, we have continued to meet the market's expectations, reaching a new goal of Revenues to Euro 364 million, EBITDA Margin of 17% – well above the Guidance we announced at the beginning of the year – and a Group Net Income of Euro 37 million, growing by 54% versus the previous year.

Furthermore, this year we added another important piece to our Group, with the acquisition of the prestigious woodworking company Celi 1920.

Celi's long history and experience, their skills and avant-garde engineering technology are a great stepping stone to explore the opportunity of expansion in the extra sector of high-luxury real estate and hospitality.

The success stemming from our return to the **Monaco Yacht Show**, with 6 yachts including three new custom-made models, has reinforced the strength of our brands and the uniqueness of our product offering, and has consolidated our high positioning in the industry.

2023 has also been the year when we completed the investments on production capacity in the Marina di Carrara and La Spezia shipyards, which have allowed us to boost shipbuilding and refit activities in light of the significant increase in demand over the past few years.

Now, the next small interventions will be aimed at upgrading our commercial offices, creating new spaces where our clients can live a complete 360° luxury experience with the maximum exclusivity and privacy, a project which we called "**TISG NEW ERA**".

We continued to expand our commitment in terms of sustainability, publishing our first **Non-Financial Report** for 2022 and obtaining our first **ESG rating**, which has positioned us in a high-performance range. We have continued towards the achievement of our objectives in this regard, neutralising Scope 1 and Scope 2 emissions for 2022 and obtaining the ISO:14001 certification for Environmental Management Systems in all our shipyards in Italy.

We continue to work to improve gender equality inside our Company and provide support to our employees, suppliers, and local community. Furthermore, we are the only player in yachting having subscribed to the **Global Compact** initiative by the United Nations.

With seven yachts to launch, including six deliveries, 2024 offers new challenges which will require our usual commitment, and I have no doubt that, with our resilience and strength of will we will continue to win, continue to commit to the achievement of our objectives.

In light of this scenario and all the exciting future perspectives, on February 7<sup>th</sup>, in occasion of our second Capital Markets Day, we have showcased our Strategic Outlook for 2024 and 2025 to investors and the financial community. The growth prospects are

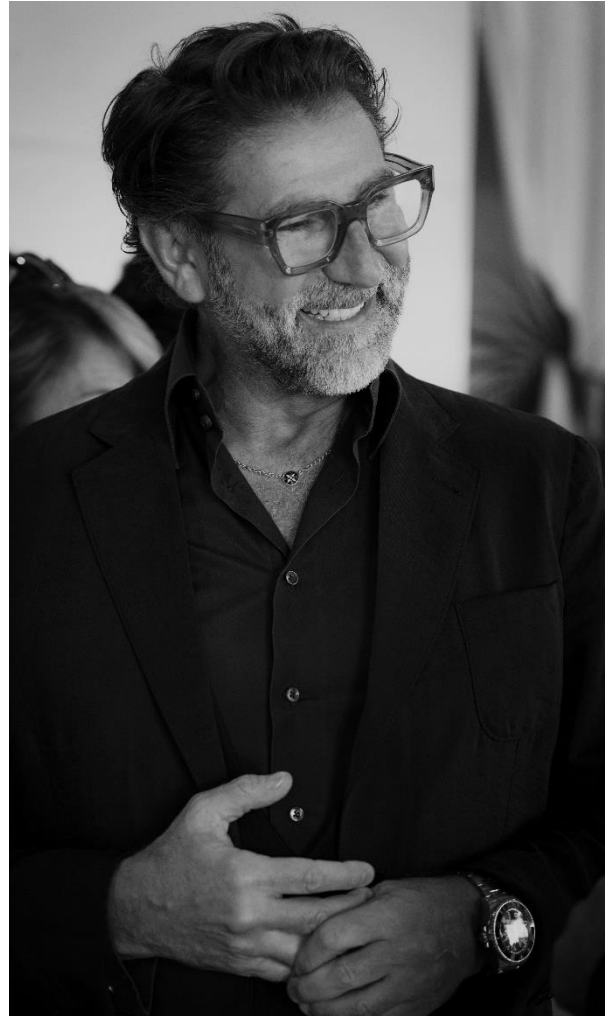
extremely solid, reflecting our confidence in the path we have outlined and the opportunities that await us in the international landscape.

To conclude, I would like to thank our Chair, our Corporate Bodies, our Top Management, General and Functional Management, Middle Management, and all employees for the constant commitment and dedication that they express on a daily basis.

Thank you to the Celi and TISG Turkey employees, for the great support that they give to our big Group.

A heartfelt thank you goes to our suppliers, whom we now consider partners, and the Institutions, always present and ready to support us in our growth.

Finally, I want to thank our Shareholders for continuing to believe in our “factory of emotions”: I am certain that, even in the future, we will continue to give you great satisfaction.



  
FOUNDER AND CEO



## SUMMARY DATA & GENERAL INFORMATION

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**Company name:** The Italian Sea Group S.p.A. (“TISG S.p.A.”)

**Registered Office:** Viale Cristoforo Colombo, 4/BIS, 54033 Marina di Carrara, Carrara (MS), Italy

**Tax Code:** 00096320452

**Registration number at the Companies Register of Carrara - Economic and Administrative Index no.:** 65218



## CORPORATE AND CONTROL BODIES

### BOARD OF DIRECTORS

The TISG Board of Directors will remain in office until the approval of the Annual Financial Statements as at 31 December 2025.



**Filippo Menchelli**  
*Chair*



**Giovanni Costantino**  
*Chief Executive Officer*



**Marco Carniani**  
*Deputy Chair*



**Gianmaria Costantino**  
*Non-Executive Director*



**Antonella Alfonsi**  
*Independent Director*



**Laura Angela Tadini**  
*Independent Director*



**Fulvia Tesio**  
*Independent Director*



**CONTROL, RISK, SUSTAINABILITY & RELATED PARTIES COMMITTEE**

<b>Antonella Alfonsi</b>	<i>Chair</i>
<b>Laura Angela Tadini</b>	<i>Standing Member</i>
<b>Fulvia Tesio</b>	<i>Standing Member</i>

**APPOINTMENTS & REMUNERATION COMMITTEE**

<b>Fulvia Tesio</b>	<i>Chair</i>
<b>Antonella Alfonsi</b>	<i>Standing Member</i>
<b>Laura Angela Tadini</b>	<i>Standing Member</i>

**BOARD OF STATUTORY AUDITORS**

<b>Alfredo Pascolin</b>	<i>Chair</i>
<b>Barbara Bortolotti</b>	<i>Standing Auditor</i>
<b>Felice Simbolo</b>	<i>Standing Auditor</i>
<b>Sofia Rampolla</b>	<i>Alternate Auditor</i>
<b>Roberto Scialdone</b>	<i>Alternate Auditor</i>

**SUPERVISORY BOARD PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01**

<b>Annalisa De Vivo</b>	<i>Chair</i>
<b>Carlo De Luca</b>	<i>Member</i>
<b>Felice Simbolo</b>	<i>Member</i>

**INDEPENDENT AUDITING FIRM**

**BDO S.p.A.**

**MANAGER RESPONSIBLE OF PREPARING FINANCIAL REPORTS**

**Marco Carniani**



## PROFILE AND STRUCTURE

The Italian Sea Group S.p.A. is a global luxury yachting operator, listed on Euronext Milan (“EXM”) and active in the construction and refitting of motor yachts and sailing yachts up to 140 metres. The Company operates in the new build market under the Admiral, Tecnomar, Perini Navi and Picchiotti brands, and is active in the large refitting business under the NCA Refit brand.

In 2023, TISG acquired 100% of Celi 1920, a prestigious cabinetmaker specialising in wooden furniture for yachts.

The Italian Sea Group is, according to the Global Order Book 2024 (an international ranking compiled by Boat International), the leading Italian producer of superyachts over 50 metres.



### SHIPBUILDING

New yacht constructions through the brands **Admiral**, renowned for its prestigious and elegant yachts, **Tecnomar**, recognised for its sportiness, cutting-edge design and high performance, **Perini Navi**, a branch of excellence in the design and construction of large sailing yachts, and **Picchiotti**, an historic Italian nautical brand with classic and elegant lines.



### REFITTING

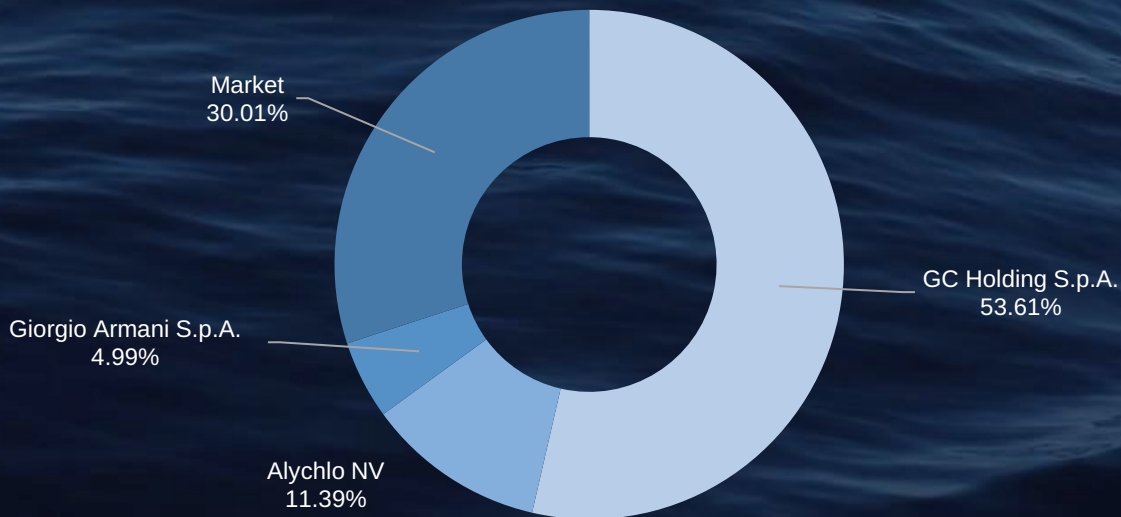
Through its **NCA Refit** business unit, TISG handles routine and extraordinary maintenance of yachts with a focus on those larger than 60 metres. Thanks to the state-of-the-art facilities at the Marina di Carrara and La Spezia shipyards, the refitting division can handle work on ships up to 140 metres long.



# SHAREHOLDERS

On **3 June 2021** the offer of sale and subscription of ordinary shares of the Parent Company for the purpose of listing on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., now known as **Euronext Milan** (“EXM”), and **8 June 2021** was the first day of trading of the Parent Company’s shares.

The updated shareholding structure is as follows:



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

## COMPANY INFORMATION

The Italian Sea Group S.p.A. (“**TISG**” or the “**Company**”) is one of the most recognised players in the international luxury yachting industry, specialising in the design and construction of sailing and motor yachts up to and over 100 metres.

Through the **Admiral**, **Tecnomar**, **Perini Navi** and **Picchiotti** brands, from its foundation in 2009 to the present day, TISG has consolidated its presence in the nautical world with high-end positioning, reinforced not only by the quality and uniqueness of its products but also by its partnerships with prestigious Italian luxury brands such as **Giorgio Armani** and **Automobili Lamborghini**.

Today, The Italian Sea Group is the world’s third largest shipyard and the first in Italy to build yachts over 50 metres in length<sup>1</sup>.

Through its **NCA Refit** brand, which is complementary to its shipbuilding activity, the Company manages the routine and extraordinary maintenance of sailing and motor yachts, with a particular focus on yachts between 60 and 140 metres in length.

In 2023, The Italian Sea Group also acquired **Celi 1920**, a prestigious cabinetmaking company, with the aim of bringing many of its furniture requirements in-house in order to be able to offer maximum customisation and flexibility to the requirements of customers.

TISG has always stood out for its ability to offer its Owners a true luxury experience, which is expressed through high-quality workmanship, attention to detail, state-of-the-art technology and innovative design solutions.

These elements, combined with passion, know-how, professionalism, taste for beauty and art, hospitality and customer care, characterise the uniqueness of the Company’s philosophy.

Due to their size and technical and stylistic detailing, The Italian Sea Group’s yachts appeal to a clientele of Ultra High Net Worth Individuals (“**UHNWI**”), an extremely resilient market segment.

<sup>1</sup> Source: Boat International, Global Order Book 2024

## BRANDS

### PICCHIOTTI

Founded in 1575, the Picchiotti brand is inextricably linked to the history of Italian and Mediterranean yachting.

This long tradition began with the construction of work boats and ocean-going sailing ships, only then to move on to important military commissions, and ultimately to make the Picchiotti brand a pioneer of Italy's first pleasure yachts. The largest ship built by the brand, in 1982, was "**Al Said**" (103 metres), which was fitted out precisely in Marina di Carrara, in the sheds of The Italian Sea Group.

Under the Picchiotti brand, TISG has developed the "**Picchiotti Gentleman**" semi-custom line, a fleet of 24 to 55 metre motor yachts inspired by the silhouettes of 1960s American yachts, offering timeless elegance.

### ADMIRAL

The first Admiral boat, 18 metres and made entirely from wood, was constructed in 1966. In the mid-1970s, the first wooden motor yacht (30 metres) was produced, an extremely cutting-edge product for the particular historical period; Admiral then went on to build the first aluminium and steel hulls in the early 1980s.

Today, Admiral is the flagship brand of The Italian Sea Group, offering experienced Owners around the world large yachts characterised by elegant and refined aesthetics, timeless style and the possibility of total customisation.

### PERINI NAVI

The story of Perini Navi began in 1983, when its founder **Fabio Perini** launched the prototype of a sailing yacht that could be manoeuvred safely with a small crew, thanks to the invention of an automatic sail furling system.

The iconic Perini Navi fleet boasts over 60 of the world's most admired yachts, such as the legendary 88-metre clipper "**Maltese Falcon**".

Following the acquisition in 2022, The Italian Sea Group delivered the first sailing catamaran under the Perini Navi brand, the 47-metre "**Art Explora**", one of the world's largest. In March 2023, TISG presented to the market the new Perini Navi fleet, "**Genesis**", which reinterpreted the iconic stylistic elements of the prestigious brand in a modern key.

## TECNOMAR

Introduced to the market in 1987, the Tecnomar brand is dedicated to building fast motor yachts up to 50 metres.

The brand's main characteristics include innovative design, modern lines, sportiness, and high performance; each model is a design challenge that balances elegance and bold aesthetics, all through the use of innovative technologies and materials.

One example is the motor yacht "**This Is It**", a 43-metre catamaran which, with its futuristic profile and state-of-the-art interior, was one of the most popular models at the 2023 Monaco Yacht Show.

## NCA REFIT

NCA Refit specialises in the refitting and repair of super-yachts and mega-yachts, both motor and sailing, backed by the skills and expertise of a team of highly qualified engineers, architects and technicians as well as a comprehensive offer of exclusive services reserved for crews.

Strategically located in Marina di Carrara and La Spezia, covering a total surface area of over 130,000 m<sup>2</sup>, the brand's state-of-the-art infrastructures have unique features that make NCA Refit one of the Mediterranean's most important naval hubs.

## CELI 1920

Since its foundation in 1920, experience, craftsmanship and technology have made Celi an international benchmark in the design and production of high-quality furniture.

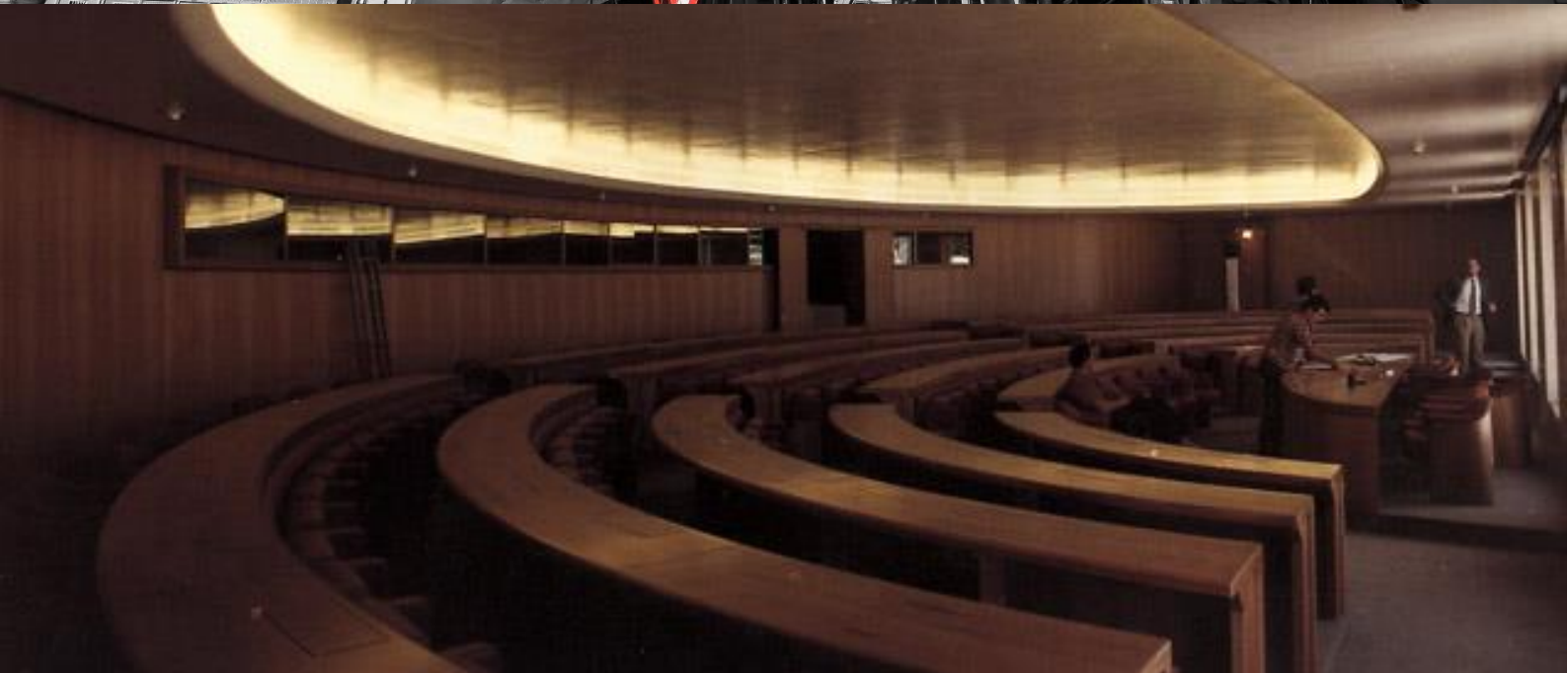
In addition to precision cabinetmaking, Celi has developed, over time, a rigorous construction methodology and the use of advanced production technologies, while retaining all values and qualities of the "handmade".

Throughout its prestigious history, the Celi brand has assisted internationally renowned architects in the development of large and prestigious works, including Renzo Piano's Parco della Musica Auditorium in Rome.









## 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 of the smaller boat market, aggravated by the continuing credit crunch and the financial defaults of owners, the Company acquired the **Admiral** brand in November 2011, expanding its offer with the aim of entering the market of larger size yachts, which is more resilient and less subject to economic cycles.

The rapid growth in the number of contracts and the increase in the size of the orders in progress created the need to invest in a larger production site having direct access to the sea. For this reason, in 2012, GC Holding S.p.A. acquired 100% of **Nuovi Cantieri Apuania S.p.A.** (now The Italian Sea Group S.p.A.), which produced commercial and cruise ships at the Marina di Carrara shipyard.

The production site in Marina di Carrara, today the headquarters of TISG, was established in 1942, and even then boasted modern facilities and systems, facilitating the production of medium tonnage ships. In 1973, following two decades of investments in upgrading the facilities, the shipyard was further expanded with the construction of a dock which was 200 metres long and 35 metres wide.

The acquisition of and establishment at the shipyard allowed the employment levels to be maintained and for a company

experiencing a crisis – but with a recent past as a leading player in the large shipbuilding industry – to be relaunched, expanding the production capacity and retaining its valuable specialist know-how in the relevant segment.

This was followed by major investments in the renovation and expansion of the headquarters, the organisation of areas dedicated to new production, the construction of a steel mill and upholstery factory, and the expansion of the areas dedicated to refitting activities, launched in 2015.

From 2020, a series of investment plans (“**TISG 4.0**” and “**TISG 4.1**”) were resolved, aimed at further increasing the shipyard's production capacity, and they were completed in the first-half of 2023.

To date, the Marina di Carrara shipyard covers an area of approximately 120,000 m<sup>2</sup> and boasts an absolutely strategic position, particularly for refitting.

Overlooking the Mediterranean, at a short distance from famous Italian tourist and recreational destinations – and consequently a popular stop for yachts in the summer season – the shipyard is equipped with state-of-the-art facilities and recreational spaces for crews that, combined with the skills of management and the quality of its services, enable the Company to be an important reference point for Owners from all over the world.

The headquarters boast: (i) **two dry docks**, of 200 metres and 147 metres respectively; (ii) 7 outfitting sheds, covered by photovoltaic panels; (iii) a floating dock with a lifting capacity of up to 3,300 tonnes.

On 22 December 2021, through its wholly-owned subsidiary New Sail S.r.l. (later merged by incorporation into the Parent Company), TISG acquired Perini Navi S.p.A. at the bankruptcy auction called by the Court of Lucca, for Euro 80 million.

The acquisition includes the securities and real estate compendium of the shipyards in Viareggio and La Spezia, the real estate compendium in Pisa, the Perini Navi and Picchiotti brands, the patents, the shareholding in Perini Navi USA Inc. (100%) and the legal relationships in place with employees and with third parties.

In 2023, TISG sold the office building in Viareggio and, at the time of drafting this report, the sale of the Picchiotti shipyard is still being finalised.



In 2022, The Italian Sea Group completed the acquisition of 100% of the shares of **TISG Turkey Yat Tersanecilik Anonim Sirketi** (“**TISG Turkey**”), a company through which TISG controls and supervises the hull and superstructure carpentry activities that it carries out in Turkey.

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

With a view to continuous internalisation of key production chain activities – a strategy already pursued for some 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 the shares of CELI S.r.l. (“Celi”), a cabinetmaker founded in 1920 with experience in the yachting and construction sector.

Through Celi’s experience and innovative production systems, The Italian Sea Group is able to provide an attractive offer to the luxury real estate and hospitality sectors, for those customers who are interested in high-end custom-made furniture also for their projects on land.

## INVESTMENTS

The history of The Italian Sea Group is based on strategic acquisitions, the re-launch of historical brands and significant investment strategies, particularly on production capacity and on increasing the efficiency of its infrastructures in order to expand the range of services and facilities available to customers, suppliers and employees.

### Services

Opened in 2019, the Village is an area dedicated to owners, employees, captains and crews and represents a strong competitive advantage for TISG compared to other shipyards offering refitting services in the Mediterranean, as an added value for captains and crews, who are the main decision-makers when choosing the shipyard at which the maintenance activities are to be carried out.

The two-storey building includes: (i) a Gourmet Restaurant with Lounge Bar and relaxation area; (ii) a fully-equipped gym with dedicated personal trainer; and (iii) a wellness and spa centre with Turkish bath, sauna, sensory shower, whirlpool bath and “Zero-Body” technology lounge.

### Internalisation

Taking revolutionary steps compared to historical trends in the nautical sector, TISG was one of the first operators to make significant investments to internalise some of the production chain phases having the highest added value, such as (i) **Steelworks**, an in-house workshop where all steel finishes are made which are then assembled on the yachts under construction; (ii) **Upholstery**, a division that makes all leather and fabric upholstery and all upholstery details of the designs in progress; (iii) **Outfitting Carpentry**, dedicated to the assembly of technical elements on board; (iv) **Woodworking** through its wholly owned subsidiary Celi S.r.l.

In particular, with regard to the latter, the Company made a series of investments to double its production capacity with the aim of internalising up to 70% of its requirements for wooden furniture.

The internalisation of these activities allows the Company to have more control over these processes and encourages significant cost containment, guaranteeing the high-quality standards required by Owners and their Surveyors.

In addition, The Italian Sea Group has an in-house **Design Department**, staffed by approximately 30 young architects, who work together with customers in developing the design of the yachts’ interior and exterior lines, responding promptly to their every need.



## Production Capacity

Since 2018, The Italian Sea Group has invested around **Euro 79 million** in expanding production capacity within its shipyards: currently, the Company operates across 3 locations in Italy (Marina di Carrara, La Spezia and Viareggio), woodworking facilities in Terni for Celi, and has a number of facilities in Turkey for hull and superstructure construction.

### *Marina di Carrara*

In early 2020, TISG resolved on an investment plan entitled “**TISG 4.0**”. The investment, aimed at upgrading the facilities at Marina di Carrara and completed in the first-half of 2023, included the following interventions:

- (i) Construction of a **new boathouse** capable of accommodating up to **two yachts** of about 80 metres in outfitting;
- (ii) Construction of a **new dry dock** with a maximum capacity of **four yachts between 60 and 70 metres** and **ships up to 140 metres**;
- (iii) Construction of an **additional boathouse to cover the original dry dock**, capable of accommodating up to **two yachts** of approximately **90 metres** or **one yacht of 100 metres** in outfitting.

Subsequently, at the end of 2021, the Company resolved on a further investment plan, entitled “**TISG 4.1**”, to further increase the production spaces at the headquarters through:

- (i) Expansion on the **Chiesa Quay** to increase the space dedicated to refitting activities, creating new berthing areas for large yachts;
- (ii) A **new boathouse** next to the old dry dock to accommodate up to **four yachts between 75 and 80 metres** in outfitting;
- (iii) **New spaces** in the old Lamborghini boathouse, dedicated to warehouses and services for new constructions.

### *La Spezia and Viareggio*

The acquisition of Perini Navi ensured that TISG could further increase its production capacity through the integration of its two production sites in La Spezia and Viareggio.

The facilities, which were already in optimal condition for production since the completion of the acquisition in February 2022, merely underwent some fine-tuning activities during the course of the year and became operational immediately.

Most of the investments were aimed at the La Spezia site, the larger of the two. In particular, the entire Lamborghini production, together with a substantial part of the refitting division, was transferred to La Spezia.

In 2023, the Company completed the sale of the office building at the Viareggio shipyard. At the time of drafting this report, the sale of the state concession of the shipyard is in the process of being finalised.

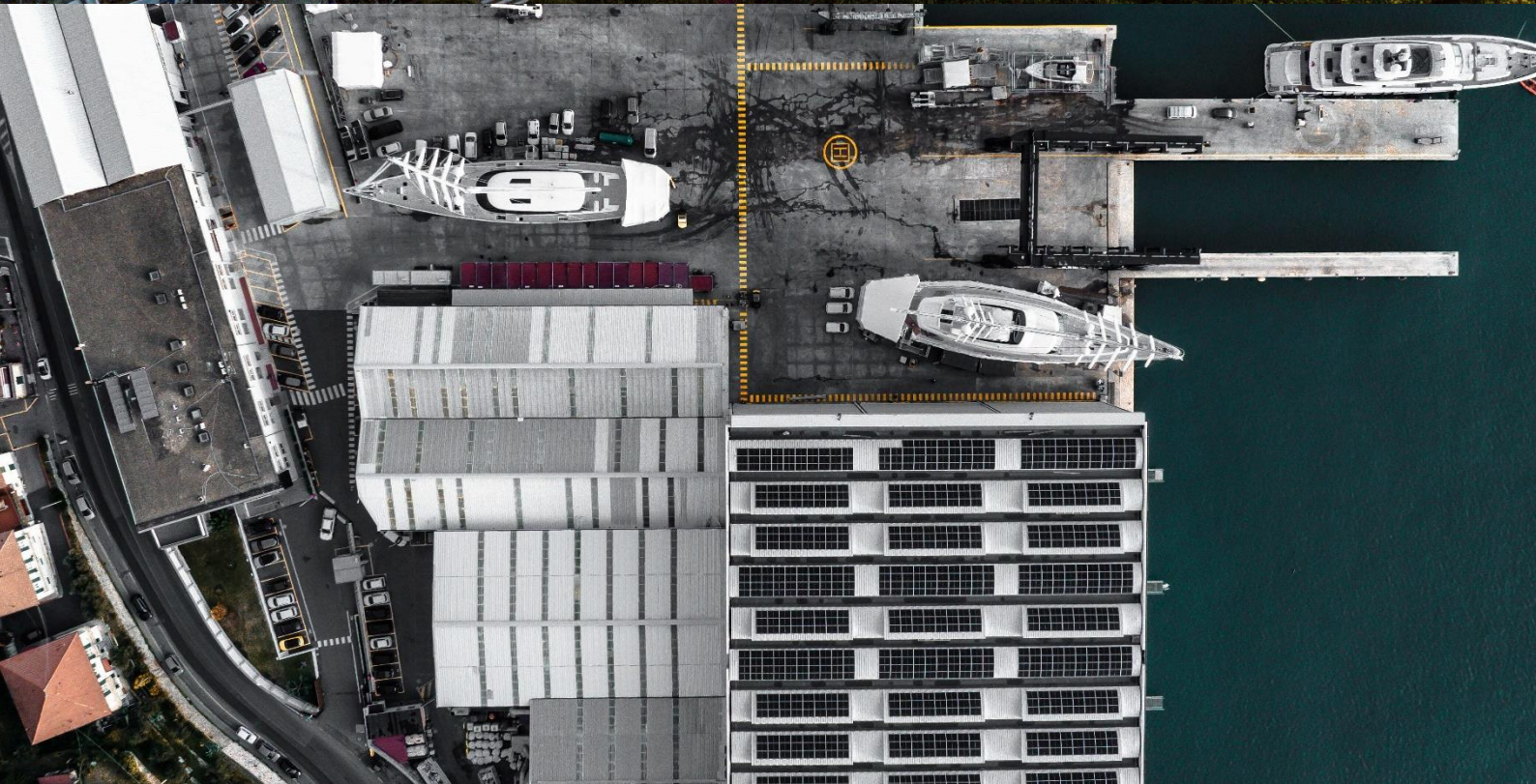
In early 2024, TISG re-launched its woodworking hub in Viareggio, and is in the process of opening a flagship store for Perini Navi.

### *TISG Turkey*

Through TISG Turkey, the Company operates across seven shipyards in Turkey, in the Istanbul and Antalya areas, with a network of partners which are responsible for building the hulls and superstructures of the orders in progress.

TISG pays the rent of two of the shipyards at which it is active: Hercelik and Naveks, both in the Yalova district (close to Istanbul), covering a total surface area of over 30,000 m<sup>2</sup>.







## BUSINESS DEVELOPMENT

Over the years, TISG has strengthened its presence in the international yachting market, both in Europe and beyond, by establishing major partnerships with leading yacht brokers worldwide.

In fact, TISG's business strategy envisages a balanced distribution in the various geographic areas, with a significant expansion of the Americas over the last two years and the aim of further consolidating its presence in Asia and the Middle East.

The broad product offering, enriched with the introduction of the new Perini Navi "Genesis" fleet presented in March 2023 and the new projects in the pipeline, together with a global sales force, have seen TISG become a main reference point in the sector, establishing itself as the leading Italian manufacturer and the third in the world for the large size segment.

In 2023, The Italian Sea Group also made its return to the Monaco Yacht Show, the most prestigious nautical event, presenting four large yachts, including three new models.

TISG's future prospects also include the development of a number of new semi-custom designs for new construction, so that the new production capacity can be utilised to the hilt, with minimal impact on design capacity, which remains focused on large full-custom projects.

Some of the new designs announced to the market include the three presented during the Monaco Yacht Show: (i) Admiral Explorer, 50m; (ii) Tecnomar EVO 155, 46m; and (iii) Tecnomar CAT 133, 40m.

Following the completion of the investments in the Marina di Carrara, La Spezia and Celi sites, the Company does not expect to make any further significant investments in production capacity, aside from some minor works to expand the sales offices in Marina di Carrara ("**TISG New Era**").

With the acquisition of Celi and the subsequent interventions on production capacity, TISG consolidated its strategy of bringing the most value-added activities of the production chain in-house, with the aim of improving margins and having greater control over the quality and timing of work in line with the Company's "no delays, no remarks" policy.

Through Celi, TISG aims not only to internalise up to 70% of its wood furniture requirements for yachts under construction, but also to take advantage of important growth opportunities in the extra sector of furniture for hospitality and luxury real estate.

## MARKET OUTLOOK

### SHIPBUILDING

The Italian Sea Group operates in an extremely resilient market segment, with a customer base represented by Ultra-High Net Worth Individuals (UHNWI), i.e. individuals with assets of \$50 million or more.

This category, which is almost immune to shocks from unfavourable macroeconomic or geopolitical conditions, has experienced strong global growth in recent years, growing at a CAGR of 11% from 2010 to 2021 and with an expected growth of 8% from 2021 to 2026 (+118k people globally). This growth will mainly involve the regions of APAC (CAGR 21-26E +12%) and North America (CAGR 21-26E +6%)<sup>2</sup>.

It is important to note that TISG's customers - and in general the UHNWIs who represent the potential customer base for large yachts - are **cash buyers** and they do not use any type of financing (e.g. leasing) to purchase products.

For this reason, and also because of the limited penetration of this market segment (< 2%), the demand for large yachts remained largely constant after the post-COVID increase.

This sharp increase is due, on the one hand, to an increase in UHNWI and, on the other hand, to a growing desire on the part of these "rich people of the world" for a new need for exclusivity and comfort. In particular, after the pandemic, this category of customers felt the need to build for themselves and their families fully-fledged "moving islands", fully customised, where they could live life without restrictions and in total security and privacy.

### REFITTING

Refitting is an extremely anti-cyclical activity for The Italian Sea Group, as routine maintenance is in many cases mandatory to ensure yachts remain compliant with standards which change over the years. This activity also allows the Company to expand its customer base and to keep up-to-date with industry innovations.

It is also an activity with very strong barriers to entry, as it requires correct technical expertise, significant investment in production capacity and equipment, and a reputation built over time with owners and crews.

In recent years, the number of shipyard visits for refitting work on yachts over 30 metres has been increasing by about 1,450 per year globally<sup>3</sup>. This increase is due to a growth in the number of yachts at sea and an ageing global fleet.

It is important to note that, over the years, Italy has become the reference point for Refitting in Europe, not only as the country having the largest number of dedicated facilities, but also in terms of the number of activities carried out, with a significant increase from 2021 to 2022 compared to other countries active in the sector.

<sup>2</sup> Source: Credit Suisse, Global Wealth Report 2022.

<sup>3</sup> Source: SuperYachtTimes, The State of Yachting 2023

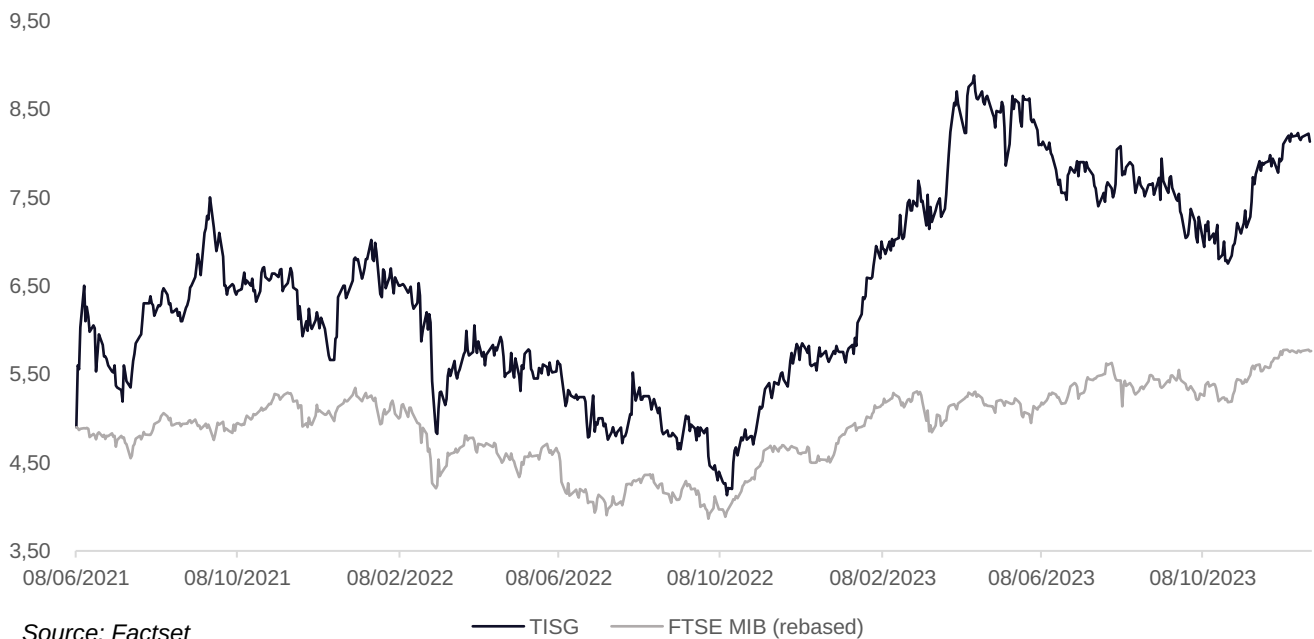
## PRESENCE ON THE FINANCIAL MARKETS

Since 8 June 2021, the shares of The Italian Sea Group S.p.A. have been listed on Euronext Milan, a market regulated and managed by Borsa Italiana, with an initial placement price of **Euro 4.90**. The share capital amounts to **Euro 26,500,000**, fully paid-up and subscribed.

### STOCK EVOLUTION

From the first day of trading (8 June 2021) to 31 December 2023, the stock increased by **+68%** from the placement price. In the same period, the FTSE Mib index increased by **+18%**.

From 1 January to 31 December 2023, the stock increased by **+45%**.



## INVESTOR RELATIONS ACTIVITIES

### ANALYST COVERAGE

The stock is currently covered by **four financial brokers**: Intermonte, Berenberg, TPICAP MidCap and Kepler Cheuvreux. The latter started covering the stock in **May 2023**.

Intermonte acts as a Specialist for TISG.

At the date of drafting this report, the four analysts have a unanimous “BUY” recommendation on the stock and an average Target Price of **Euro 12.4**.

Broker	Analyst	Recommendation	Target Price (EUR)	Last update
Intermonte	Francesco Brilli	BUY	12.50	21/03/2024
Berenberg	Anna Frontani	BUY	12.50	22/03/2024
TPICAP   MiCap	Filippo Migliorisi	BUY	12.40	22/02/2024
Kepler Cheuvreux	Niccolò Storer	BUY	12.20	27/03/2024

### MEETINGS WITH INVESTORS AND WITH THE FINANCIAL COMMUNITY

During 2023, The Italian Sea Group carried out strong communication activities with the market and the financial community through conference calls, site visits, conferences and dedicated events.

On **24 January 2023**, the Company met with investors at its first **Capital Markets Day**, where it presented an update on its economic-financial strategy and outlook for 2023-2024.

TISG also held **four conference calls** to present its financial results on the following occasions:

- **21 March 2023** | Presentation of Financial Results at 31 December 2022
- **10 May 2023** | Presentation of Quarterly Results at 31 March 2023
- **7 September 2023** | Presentation of Half-Year Results at 30 June 2023
- **7 November 2023** | Presentation of Quarterly Results at 30 September 2023

With a view to maintaining a constant dialogue with shareholders in general, the Company also participated at a series of conferences organised in collaboration with its financial brokers:

- **9 February 2023** | Frankfurt MidCap Conference (Intermonte)
- **13 March 2023** | EU Opportunities Conference (Berenberg)
- **12 May 2023** | TPICAP Annual Paris Conference (TPICAP MidCap)
- **16 May 2023** | Nordics Digital Conference (Intermonte)
- **23 May 2023** | Italian Investment Conference (Kepler Cheuvreux)
- **27 September 2023** | Made In Italy Excellences (Intermonte)

- **16 November 2023** | Madrid MidCap Conference (Intermonte)
- **6 December 2023** | European Conference (Berenberg)

The Company also involved its investors in some corporate events, such as the unveiling of the first hull designed in collaboration with the designer Giorgio Armani (**11 February 2023**), the presentation of the new Perini Navi fleet (**15 March 2023**) and the Monaco Yacht Show (**27-29 September 2023**).

TISG met with a total of **over 200 individual institutional investors** through conferences, dedicated roadshows, site visits and one-to-one, in-person or virtual, meetings.

# FINANCIAL CALENDAR

## 2024

**6** FEB 2024

**Approval of  
Preliminary  
Figures at 31  
December 2023**

**7** FEB 2024

**Capital Markets  
Day**

**21** MAR 2024

**Approval of the  
Draft Financial  
Statements at 31  
December 2023**

**29** APR 2024

**Shareholders'  
Meetings**

**15** MAY 2024

**Approval of the  
Quarterly Report  
at 31 March 2024**

**10** SEP 2024

**Approval of the  
Half-Year  
Financial Report  
at 30 June 2024**

**12** NOV 2024

**Approval of the  
Quarterly Report  
at 30 September  
2024**



## SUSTAINABILITY STRATEGY

The Italian Sea Group's ESG strategy encompasses every area of the Company and is aligned with best practices with the aim of creating long-term value for its stakeholders and establishing itself as a benchmark for the marine industry.

To date, the Company has achieved numerous results in all areas (Environmental, Social and Governance) and has built an ambitious and challenging sustainability strategy over time.

This saw TISG, in 2023, obtain its first **ESG rating** from Cerved Rating Agency of BBB, in the top performance bracket.

### ENVIRONMENTAL

TISG's environmental commitment is not limited to offering green solutions in terms of products, but also extends to the production process.

In 2023, the Company completed the installation of photovoltaic panels on the Marina di Carrara and La Spezia shipyards, covering a surface area of 22,380 m<sup>2</sup> and 4,460 m<sup>2</sup> respectively. The use of photovoltaic panels has enabled the Company to produce a considerable amount of energy and, in the warmer months, to sustain its own production through renewable energy.

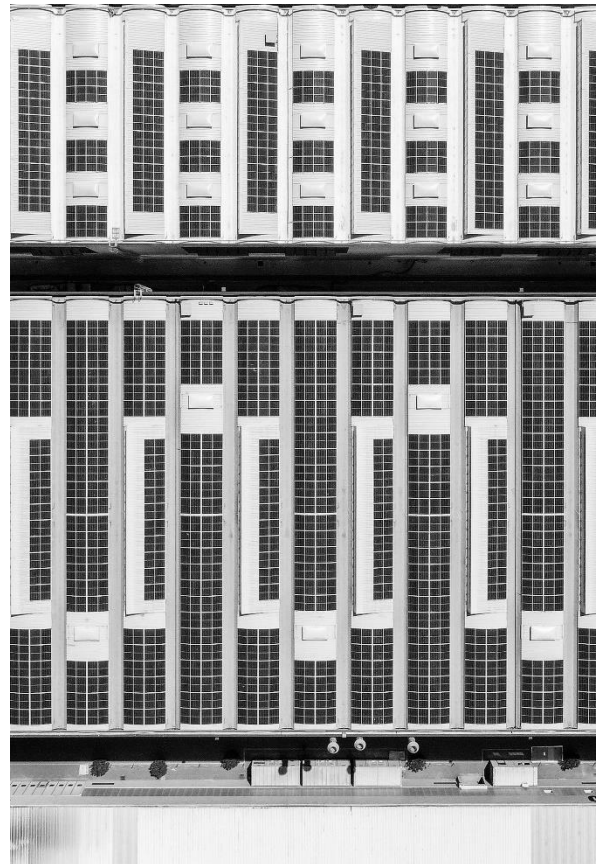
In addition, TISG purchases 100% of the residual energy from renewable sources for Marina di Carrara.

In terms of product, the Company has always been committed to offering the best solutions in terms of platforms for alternative propulsion, when requested by customers.

As early as in 2016, TISG had in fact delivered **M/Y Quinta Essentia** (55m), then the world's largest hybrid yacht.

Today, TISG products have a number of sustainable features, such as: (i) voluntary green class notations; (ii) catalytic and particulate filters; (iii) solar panels that can be installed on the deck-house; (iv) battery packs that allow 6h of autonomy at anchor and 4h of navigation with zero emissions, and manoeuvring in harbour and protected areas in full electric mode.

In 2023, TISG also neutralised its Scope 1 and Scope 2 (market based) emissions for the year 2022 and obtained the **ISO:14001** certification for its **Environmental Management Systems** one year ahead of its ESG plan.



## SOCIAL

TISG's commitment in the social sphere extends not only to employees but also to the local area and to suppliers.

The Company pays strong attention to the well-being of its employees and the construction of solid internal know-how through dedicated **training courses** held at the TISG Academy, which opened in 2021.

The courses, in collaboration with some of Italy's top naval engineering and yacht design faculties, allow the Company not only to develop the technical skills of its in-house resources, but also to lay the foundations for the future workforce by offering students the best internship and apprenticeship opportunities.

In 2023, TISG conducted a climate analysis involving all employees in Italy, Turkey and the employees of the newly-acquired Celi, and implemented further work towards achieving a greater gender balance in management positions.

Beyond the company borders, TISG focuses on sustainable supply chain management, supporting the liquidity of its suppliers through reverse factoring agreements.

In 2023, the Company mapped ESG criteria for all suppliers, both Italian and foreign.

Finally, The Italian Sea Group is the only shipyard that has joined the UN **Global Compact** initiative.

## GOVERNANCE

The Italian Sea Group's ESG strategy is based on sound governance, which is also geared towards sustainability governance.

In 2023, the Shareholders' Meeting appointed the new members the **Board of Directors**, with a high percentage of independence and with female representation.

In addition, the Risk and Control Committee, which is completely composed of independent directors, also assumed responsibility for sustainability issues.

TISG's corporate structure is based on a solid system of "best-in-class" policies and procedures, which also includes a Code of Conduct for Suppliers, aligning TISG's partners with the Company's values.

The Italian Sea Group also holds top certifications such as **ISO:9001** for **Quality Management Systems**, **ISO:45001** for **Occupational Health and Safety Management Systems**, and the **JH-143** certification for risk assessment & control at all shipyards, both in Italy and Turkey.

TISG has also obtained the **AEO – Authorised Economic Operator** certification as a recognition of its reliability as a customs operator.

# PRIZES AND AWARDS 2023

During 2023, The Italian Sea Group received numerous awards for the quality, design and innovation of its yachts, most notably the 75-metre M/Y **Admiral Kenshō**.

The prestigious awards further reinforce TISG's high-level positioning and add an element of desirability and confidence for potential Owners of the industry.



**Boat International**  
**2023 World Superyacht Awards**  
M/Y Admiral Kenshō – Motor Yacht of the Year  
M/Y Admiral Kenshō – Best Motor-Yacht 1,500GT and Above



**Boat International**  
**2023 Design & Innovation Awards**  
M/Y Admiral Kenshō – Best Interior Design, Motor Yachts  
500GT and Above



**Design et al.**  
**The International Yacht & Aviation Awards 2023**  
M/Y Admiral Kenshō – IYA Bathroom



**Robb Report**  
**Best of the Best**  
M/Y Admiral Kenshō – Best Marine Interior

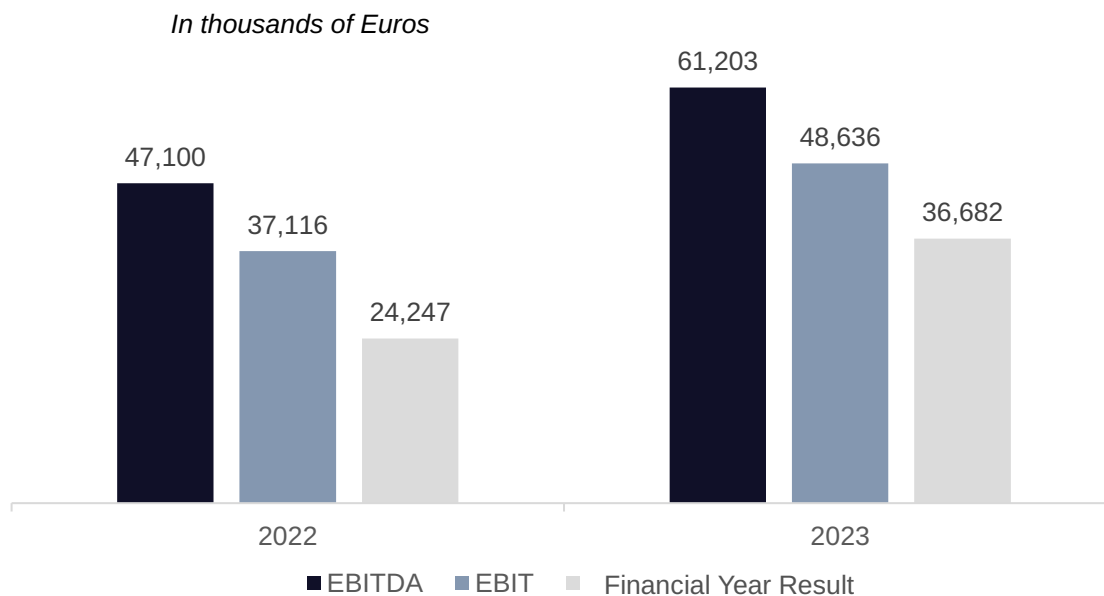




## RECLASSIFIED INCOME STATEMENT

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>
Operating revenues	359,566	291,510
Other revenues and income	8,061	7,266
Commissions	(4,166)	(4,093)
<b>Total revenues</b>	<b>363,461</b>	<b>294,684</b>
Costs for raw materials	(83,997)	(68,133)
Cost for outsourced work	(145,964)	(117,942)
Technical services and consultancy	(18,261)	(16,693)
Other costs for services	(13,718)	(12,778)
Costs for personnel	(35,419)	(29,562)
Other operating costs	(4,898)	(2,477)
<b>EBITDA</b>	<b>61,203</b>	<b>47,100</b>
<i>Percentage on total revenues</i>	<i>16.8%</i>	<i>16.0%</i>
Amortisation, write-offs and capital losses	(12,567)	(9,985)
<b>EBIT</b>	<b>48,636</b>	<b>37,116</b>
<i>Percentage on total revenues</i>	<i>13.38%</i>	<i>12.60%</i>
Net financial charges	(5,749)	(3,781)
Extraordinary income and charges	546	(3,719)
<b>EBT</b>	<b>43,433</b>	<b>29,615</b>
Financial year taxes	(6,751)	(5,368)
<b>FINANCIAL YEAR RESULT</b>	<b>36,682</b>	<b>24,247</b>
<i>Percentage on total revenues</i>	<i>10.1%</i>	<i>8.2%</i>

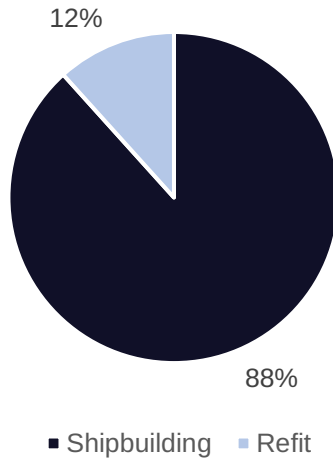
### TREND OF ECONOMIC INDICATORS | 2022 - 2023



## OPERATING REVENUES

The item **Operating revenues** amounting to **Euro 359,566 thousand** at 31 December 2023 increased by **23%** from Euro 291,510 thousand recorded in the 2022 financial year.

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



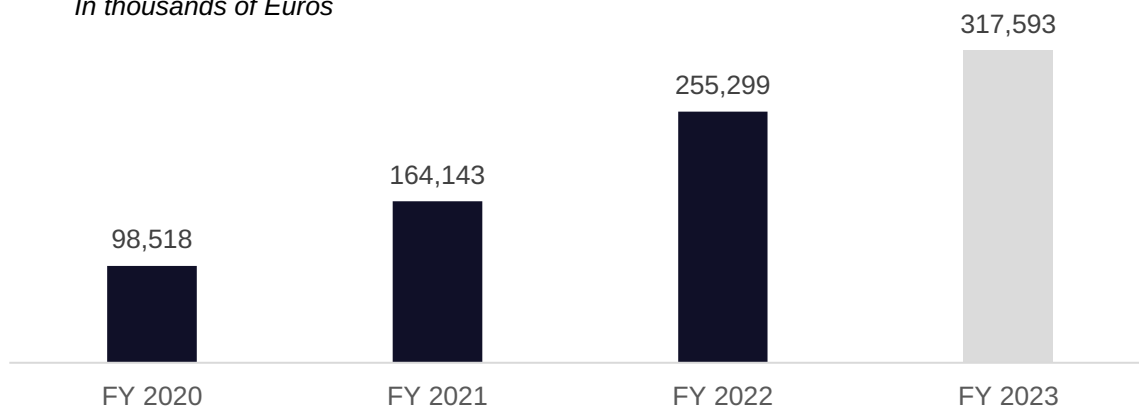
## SHIPBUILDING

The revenues of the **Shipbuilding** Division amounted to **Euro 317,593 thousand** at 31 December 2023, up **24%** from Euro 255,299 thousand in the previous financial year.

Since 2020, the Shipbuilding Division's revenues have grown at a CAGR of 48%.

### 20-23 SHIPBUILDING REVENUES

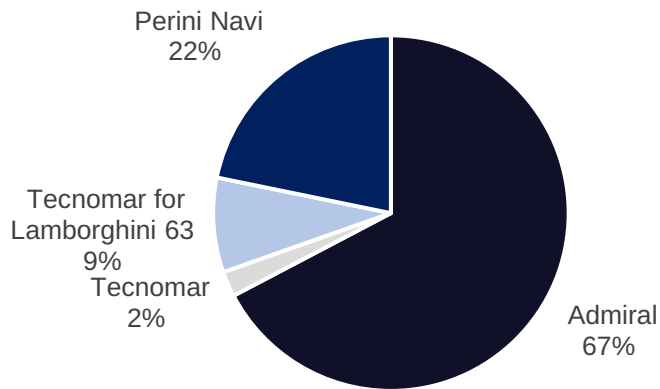
*In thousands of Euros*



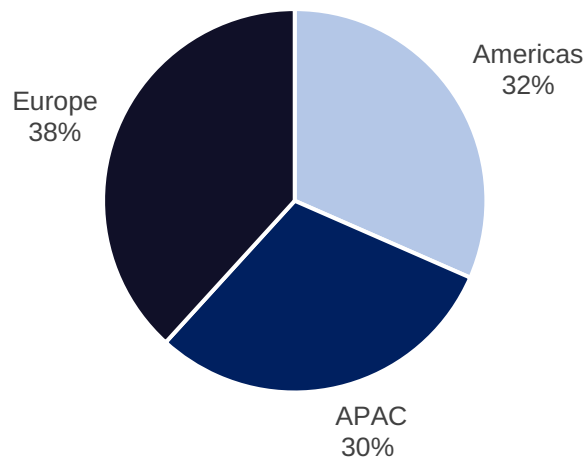


The breakdown of the Shipbuilding revenues at 31 December 2023 is as follows:

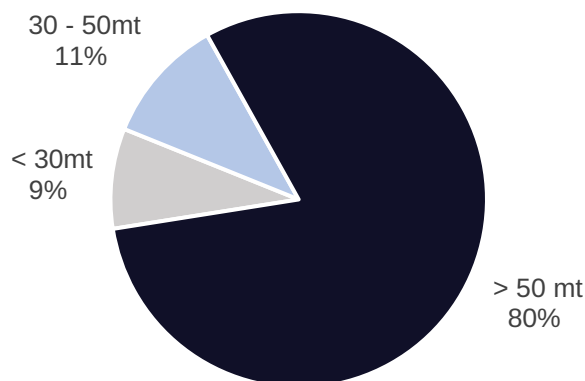
**SHIPBUILDING REVENUES BY BRAND  
2023 FY**



**SHIPBUILDING REVENUES BY GEOGRAPHY  
2023 FY**



**SHIPBUILDING REVENUES BY LENGTH  
2023 FY**

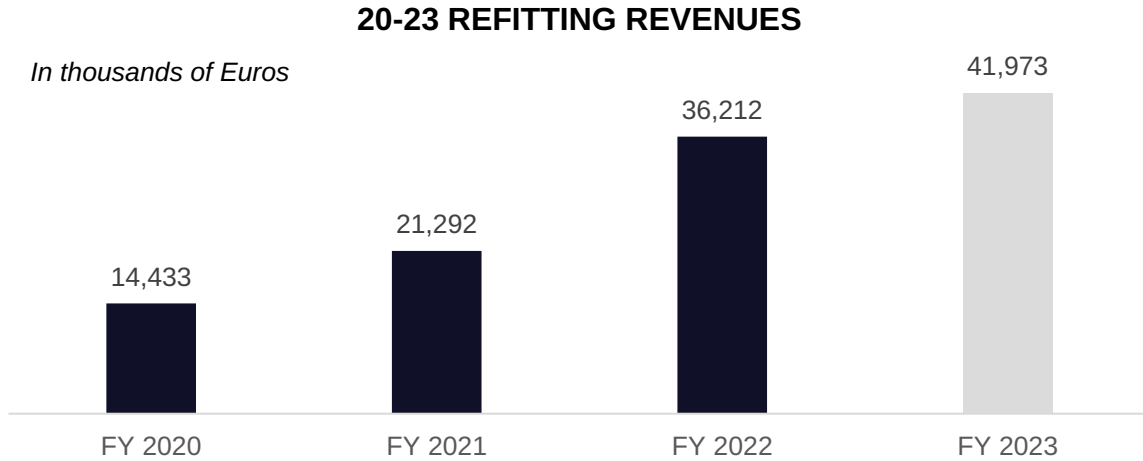




## REFITTING

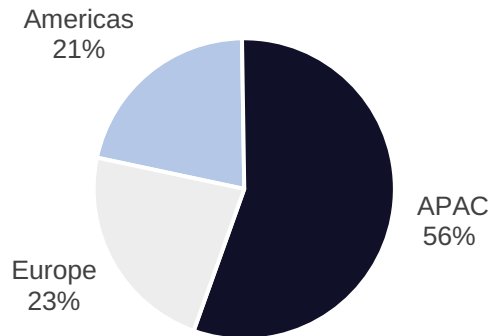
The revenues from the **Refitting** Division amounted to a total of **Euro 41,973 thousand** at 31 December 2023, up **16%** from Euro 36,212 thousand in the previous financial year.

Since 2020, the Refitting Division's revenues have grown at a **CAGR** of **43%**.

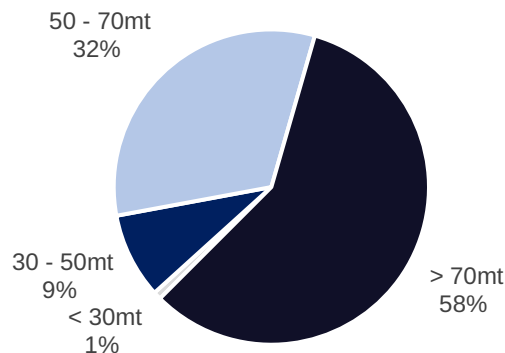


The breakdown of Refitting revenues at 31 December 2023 is as follows:

### REFITTING REVENUES BY GEOGRAPHY 2023 FY



### REFITTING REVENUES BY LENGTH 2023 FY



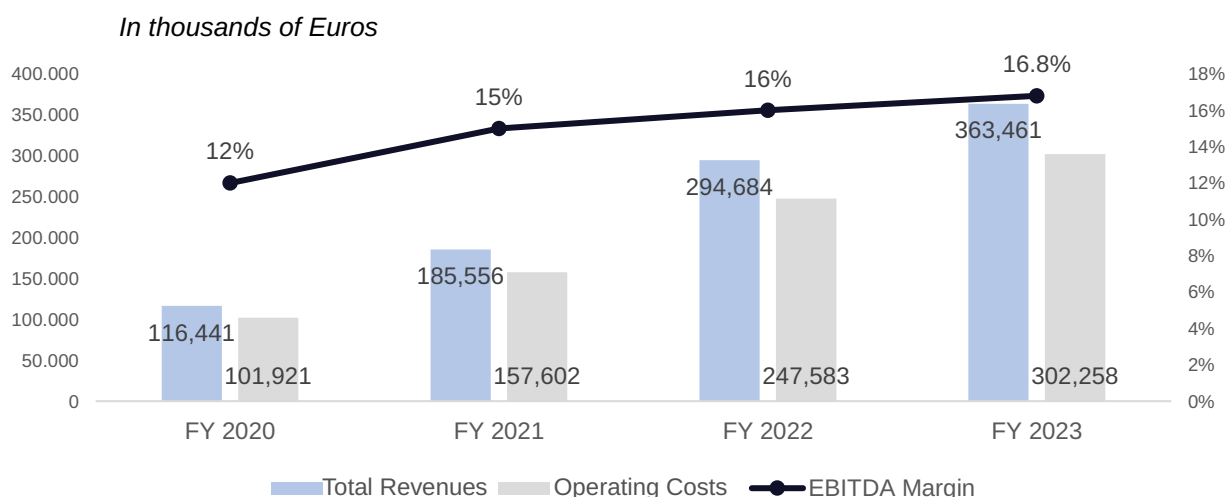
## EBITDA

The **EBITDA** at 31 December 2023 was **Euro 61,203 thousand**, up 30% from the EBITDA at 31 December 2022, which was Euro 47,100 thousand, and with a margin on Revenues of 16.8% (vs. 15.9% recorded in the previous financial year).

The increase in operating margins over time is attributable to:

- (i) Strong focus on management of operating costs;
- (ii) Improved efficiency of production processes;
- (iii) Benefits deriving from the completion of the investments in production capacity with an optimal mix of synergies between Shipbuilding and Refitting activities;
- (iv) Internalisation of production chain activities with higher added value, such as the acquisition of Celi for woodworking activities;
- (v) Increase in product margins, due to an increase in product prices and constant affirmation of the Company's brands among owners and yacht brokers all over the world;
- (vi) Economies of scale, particularly on repeat-projects and semi-custom lines.

### HISTORICAL TREND OF MARGINS



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

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

The EBITDA thus defined represents the indicator used by the Company to monitor and assess its operating performance; since it is not defined as an accounting measure within the scope of 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 Accounting Standards of reference, the calculation criterion applied by the Company may not be the same as the one adopted by other entities, and may therefore not be comparable.

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## EBIT

The EBIT at 31 December 2023 was **Euro 50,046 thousand** - an increase of **35%** compared to the amount recorded in the previous financial year, which was Euro 37,116 thousand - with an incidence on Revenues of **13.8%** against amortisation, write-offs, provisioning and capital losses which amounted to **Euro 11,157 thousand** at 31 December 2023.

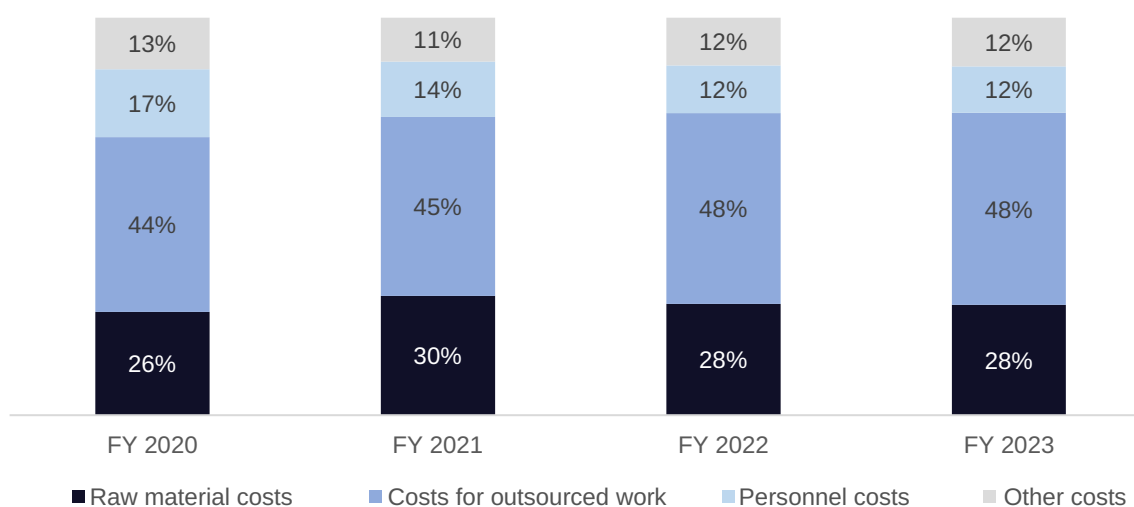
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## OPERATING COSTS

The structure of **Operating Costs** is in line with that of previous financial years.

As can be seen from the graph below:

### STRUCTURE OF 20-23 OPERATING COSTS



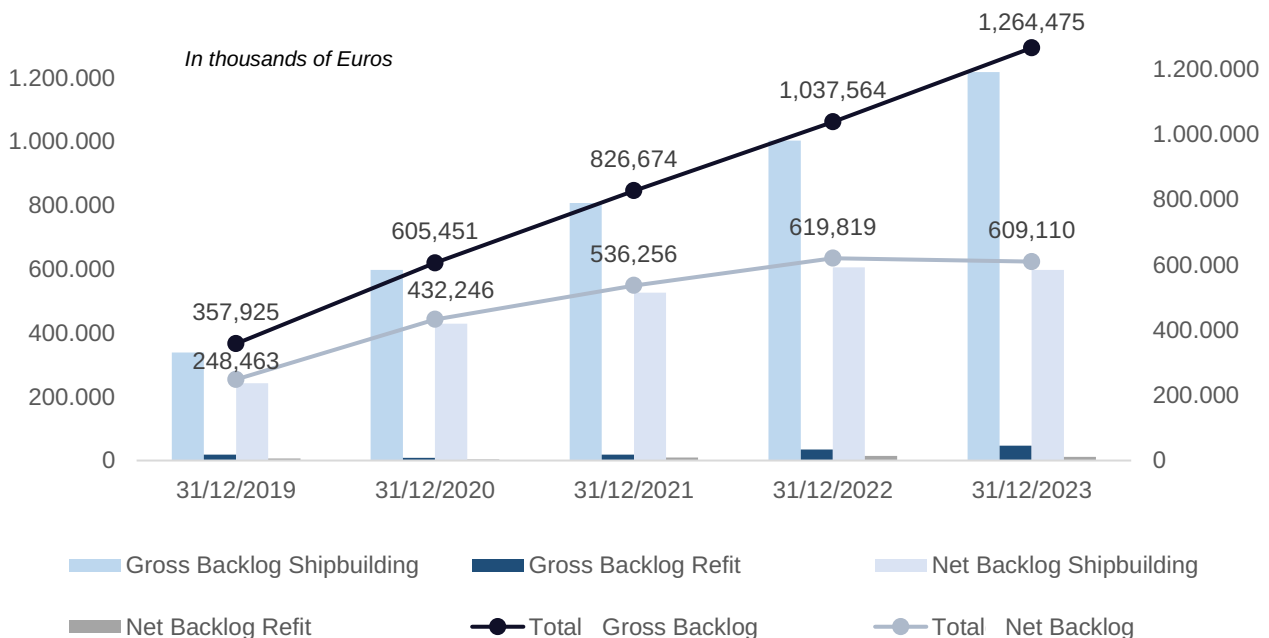
## BACKLOG

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 interim payments already made by the customer.

At 31 December 2023, TISG's **Gross Backlog (Shipbuilding and Refitting)** amounted to **Euro 1,264,475 thousand** and included 24 mega and giga yachts and 10 Tecnomar for Lamborghini 63 under construction, with deliveries scheduled until 2027.

The **Net Backlog (Shipbuilding and Refitting)** amounts to **Euro 609,110 thousand**.

<i>In thousands of Euros</i>	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Shipbuilding Gross Backlog	339,003	597,247	807,726	1,003,357	1,218,273
Refitting Gross Backlog	18,922	8,204	18,948	34,207	46,202
<b>Total Gross Backlog</b>	<b>357,925</b>	<b>605,451</b>	<b>826,674</b>	<b>1,037,564</b>	<b>1,264,475</b>
Shipbuilding Net Backlog	242,410	428,892	526,639	605,832	597,408
Refitting Net Backlog	6,053	3,354	9,617	13,987	11,702
<b>Total Net Backlog</b>	<b>248,463</b>	<b>432,246</b>	<b>536,256</b>	<b>619,819</b>	<b>609,110</b>



## RECLASSIFIED BALANCE SHEET STRUCTURE

<i>in thousands of Euros</i>	31/12/2023	31/12/2022
<b>ASSETS (uses of capital)</b>		
Intangible assets	35,587	35,715
Property, plant and machinery	125,524	135,216
Shareholdings	679	489
Net Deferred Tax assets and liabilities	1,674	(894)
Other non-current assets and liabilities	4,159	6,944
Provisions for non-current liabilities and charges	(4,335)	(3,431)
Provision for employee benefits	(889)	(1,251)
<b>Net fixed capital</b>	<b>162,400</b>	<b>172,788</b>
Inventories and payments received on account	7,921	3,573
Work in progress to orders and advances from customers	47,021	32,667
Trade receivables	32,344	21,469
Trade payables	(97,598)	(78,770)
Other current assets and liabilities	(22,640)	(30,966)
<b>Net Working Capital</b>	<b>(32,953)</b>	<b>(52,027)</b>
<b>Total USES - NIC</b>	<b>129,447</b>	<b>120,761</b>
<b>LIABILITIES (sources of financing)</b>		
Share capital	(26,500)	(26,500)
Share premium reserve	(45,431)	(45,431)
Other reserves and retained earnings	(22,059)	(13,023)
Financial year profit (loss)	(36,682)	(24,247)
<b>Shareholders' equity</b>	<b>(130,672)</b>	<b>(109,202)</b>
Net financial debt	1,225	(11,560)
<b>Total SOURCES</b>	<b>(129,447)</b>	<b>(120,761)</b>

There was a clear decrease in **Net fixed capital** at 31 December 2023, compared to the 2022 financial year: this is mainly due to the sale of the Viareggio corporate branch, which occurred on 4 May 2023.

It is also worth mentioning the completion of the works for the implementation of a major reorganisation and expansion of the entire Marina di Carrara shipyard, known as the "TISG 4.0" and "TISG 4.1" project, the completion of the "TISG 4.2" project at the La Spezia site, the completion of the renovation works of the "Celi 1920" site with the aim of doubling its production capacity, and the construction of new sales offices at the Marina di Carrara site.

During 2023, the Company realised investments of Euro 10,941 thousand.

The increase in **Net Working Capital** is due in particular: to an increase in **Trade receivables** linked to the increase in the number of orders in progress, the increase in work in progress to orders by virtue of normal production progress dynamics with respect to the invoicing of the interim payments and the increase of the item **Other**

**current assets and liabilities** which includes the payment of deposits of new contracts for the production of yachts branded *Tecnomar for Lamborghini 63*.

The increase in shareholders' equity, as described in more detail in the explanatory notes, is mainly due to the net profit resulting from the financial statements as at 31 December 2023 in the amount of Euro 36,682 thousand net of the dividend paid in the amount of Euro 14,416 thousand following the resolution of the Ordinary Shareholders' Meeting that approved the financial statements as at 31 December 2022 on 27 April 2023.



## NET FINANCIAL POSITION

Below is the **Net Financial Position** at 31 December 2023, showing financial payables: (i) to banks, (ii) to Shareholders, and (iii) to other lenders, net of cash and cash equivalents.

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>
A. cash and cash equivalents	29,535	80,536
B. Assets equivalent to cash and cash equivalents	46,516	592
C. Other current financial assets	0	0
<b>D. Liquidity (A)+(B)+(C)</b>	<b>76,051</b>	<b>81,128</b>
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)
<b>G. Current financial debt (E+F)</b>	<b>(12,774)</b>	<b>(16,490)</b>
<b>H. Net financial debt (G-D)</b>	<b>63,276</b>	<b>64,639</b>
I. Non-current bank debt (excluding the current portion of debt instruments)	(54,591)	(66,287)
J. Debt instruments	0	0
K. Non-current trade and other payables	(7,460)	(9,912)
<b>L. Non-current financial debt (I+J+K)</b>	<b>(62,051)</b>	<b>(76,198)</b>
<b>M. Total financial debt (H+L)</b>	<b>1,225</b>	<b>(11,560)</b>

The **Net Financial Position**, amounting to **Euro 1,225 thousand** at 31 December 2023, against a negative Net Financial Position of Euro 11,560 thousand 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 on 27 April 2023; and
- (ii) investments made during 2023 of Euro 10.9 million related to the completion of the "TISG 4.0" and "TISG 4.1" investment plans, the "TISG 4.2" investments on the La Spezia shipyard, some investments regarding the expansion of the commercial offices in Marina di Carrara, and the completion of the refurbishing works of the "Celi 1920" headquarters, with the aim of doubling its 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.

In accordance with the IAS/IFRS accounting standards, the Net Financial Position includes the current value of rents due to the Port Authorities for the state concessions of the Marina di Carrara and La Spezia shipyards, which, at 31 December 2023, amounted to Euro 5.8 million, which will be paid based on the duration of the respective concessions.

The obtainment of the extension on the state concession in Marina di Carrara until 2072 will imply an updating of the Net Financial Position, through the actual value of the fees on the new duration.

The Net Financial Position does not include tax or trade debts for the Company.

During 2023, cash was generated from operations in the amount of Euro 27 million.

## **ALTERNATIVE PERFORMANCE MEASURES ("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 Company and derive directly from the financial statements even though they are not envisaged by the IAS/IFRS. These measures, used by the Company on a continuous and uniform basis for several years, are important in assisting management and investors to analyse the Company's performance. Investors should not consider these APIs as replacements but, rather, as information additional to the data included in the financial statements. It is noted that the APIs as defined may not be comparable to measures with a similar name used by other listed groups.

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

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

- these indicators are derived exclusively from the Company's historical data which are extracted from the general and management accounts, and are not indicative of the Company's future performance. More specifically, they are represented, where applicable, in accordance with the recommendations contained in document no. 1415 of 2015, drawn up by ESMA (as incorporated 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;
- the APIs are not envisaged by international accounting standards ("IFRS") and, although derived from the Company's financial statements, they are not subject to auditing;
- the APIs should not be considered as replacements for the indicators envisaged by the accounting standards of reference (IFRS);
- these APIs should be interpreted in conjunction with the Company's financial information taken from its financial statements;
- the definitions of the measures used by the Company, insofar as they do not originate from the accounting standards of reference used for preparing the

financial statements, may not be the same as those adopted by other groups and may therefore not be comparable with them;

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

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

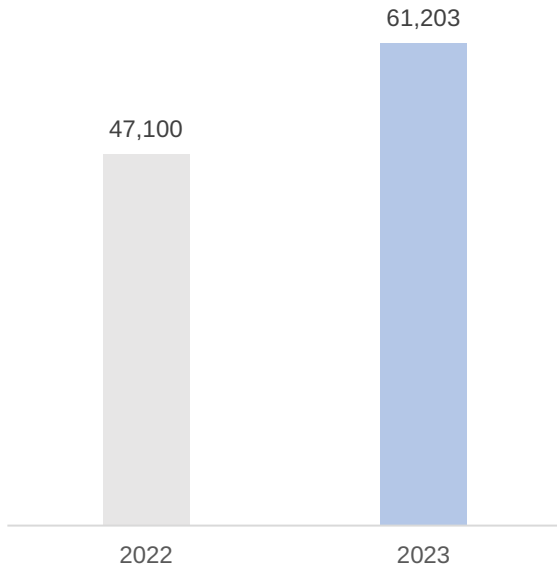
<b>EBITDA</b>	is equal to the result before taxes, before financial income and charges, depreciation, amortisation and other write-offs, as reported in the financial statements, adjusted by the following elements: revenues from extraordinary activities; expenses from extraordinary activities; non-recurring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

**Net Financial Debt** includes:

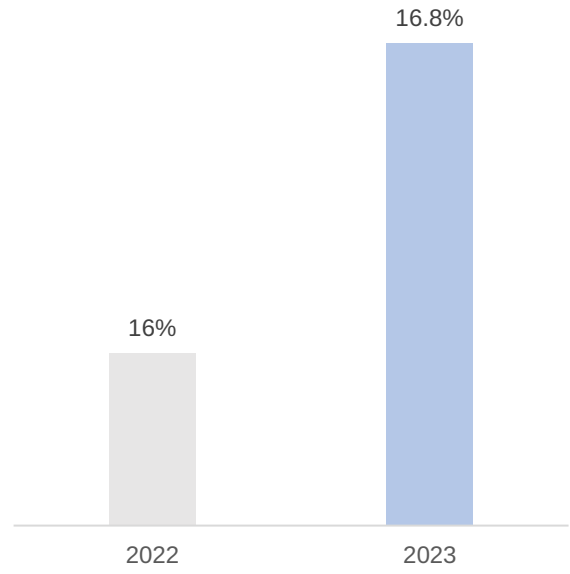
- Liquidity including: cash and bank deposits, other cash and cash equivalents and securities held for trading;
- Net current financial debt includes: current financial receivables, short-term bank debt, current portion of non-current debt, other current financial debt, and payables to funding shareholders;
- Net non-current financial debt includes: non-current bank debt, bonds issued, other non-current payables, payables to funding shareholders.

**EBITDA**

*in thousands of Euros*

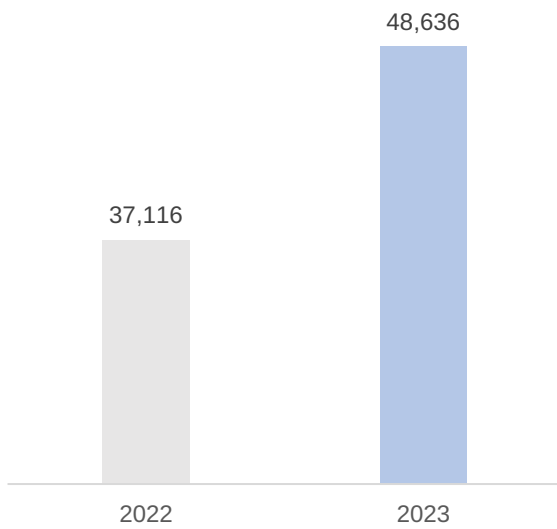


**EBITDA Margin**



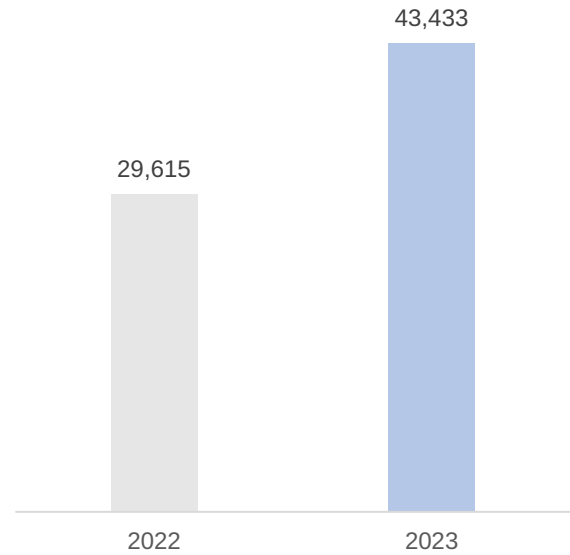
**EBIT**

*in thousands of Euros*



**EBT**

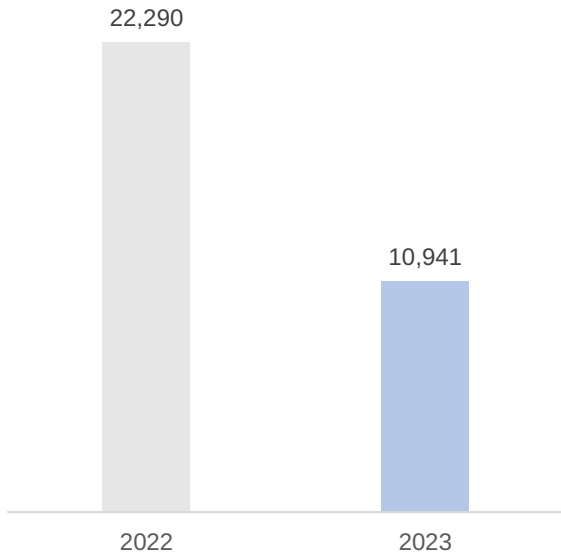
*in thousands of Euros*





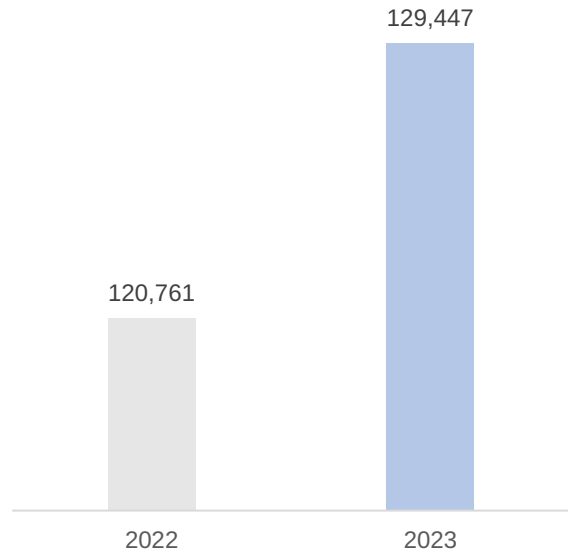
### Investments

*in thousands of Euros*



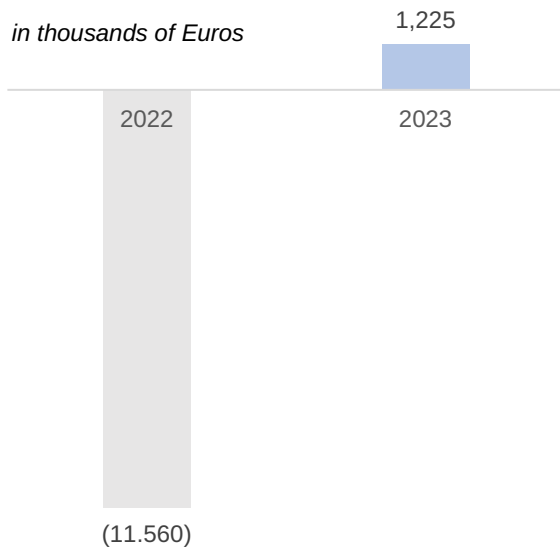
### Net Invested Capital

*in thousands of Euros*



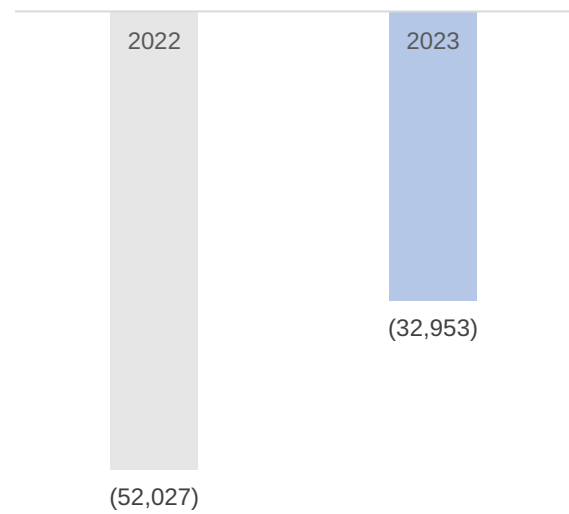
### Net Financial Position

*in thousands of Euros*



### Net Working Capital

*in thousands of Euros*





## SIGNIFICANT EVENTS IN THE FINANCIAL YEAR

On **23 January 2023**, TISG extended its licence agreement with **Automobili Lamborghini** until the end of 2027.

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

During the event, Management illustrated the main economic and financial dynamics of TISG, the strategy that will be pursued in the medium/long-term, the Company'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** 72-meter yacht, in collaboration with the prestigious Italian designer, who designed the exterior and interior lines.

At the **end of February 2023**, the Company announced the tragic and untimely passing of the **Deputy Chair 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, Monaco, Miami, New York, Newport, and Mexico City.

Edmiston will deal with the exclusive sale of the first 47-metre Perini Navi new 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 until 2020 Chair of **Perini Navi USA**.

On **15 March 2023**, TISG presented, one year after the acquisition, the new and innovative Perini Navi fleet consisting of three lines of sailing yachts 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 Company announced the acquisition of 100% of the shares of the woodworking company **Celi S.r.l.** ("Celi"), in line with the internalisation strategy for high value-added phases of the production chain, for approximately Euro 190 thousand.

The integration of Celi's cross-sectional skills within the Group will allow TISG to develop further its internal know-how and to have greater control over the furniture and woodworking activities, not only in terms of costs but also in relation to the quality and timing of the works.

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

On **27 April 2023**, TISG's Shareholders' Meeting appointed the new Board of Directors, composed of 7 members, 3 of

whom being independent, and the new Board of Statutory Auditors<sup>4</sup>.

Furthermore, the first **Non-Financial Statement** (“NFS”) of TISG was presented to the Shareholders’ Meeting, with the aim of representing transparently the Company’s sustainability roadmap, the results achieved, and the future objectives.

Confirming its effort in developing its ESG strategy, in the first-half of 2023 TISG announced that it had 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 to support the achievement of the UN’s “Sustainable Development Goals” (SDGs).

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

The transaction, in collaboration with the yachting broker **IYC**, further confirms the validity of TISG’s strategy, focusing its core business on the construction of yachts in the size range from 50 metres to over 100 metres, and provides additional visibility to the order book.

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

<sup>4</sup>For more information on the composition of the corporate bodies and committees, see the “Corporate and Control Bodies” section of this report.

As further evidence of The Italian Sea Group’s excellent brand awareness and its positive perception on the market, on **20 May 2023**, the motor-yacht **Admiral Kenshō**, 75mt, was awarded the **Motor-Yacht of the Year** award at the prestigious **2023 World Super-Yacht Awards of Boat International**.

During that same event, the yacht also won the award in the “**Displacement Motor-Yacht 1,500GT and Above**” category.

These two renowned awards can be added to the long list of awards won by the Admiral Kenshō motor yacht during 2023.

In **June 2023**, The Italian Sea Group received from **Cerved Rating Agency** (“Cerved”) an ESG Rating in the high-performance range, corresponding to solid capability in managing environmental, social, and corporate governance factors.

The analysis carried out by Cerved noted TISG’s strong capability in managing risk factors and ESG opportunities, positioned above average for companies of the industry and highlighted a high level of awareness regarding ESG issues.

In particular, the risk management and objective planning were found to be appropriately overseen through a high level of integration of sustainability issues into the corporate governance model.

In the second-half of the year, TISG announced the reopening of its flagship store on the Costa Smeralda, at the centre of the luxury shopping district in Porto



Cervo, an exceptional Italian showcase, which gave customers and prospects the opportunity to board the iconic *Tecnomar for Lamborghini 63* throughout the summer.

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

Furthermore, the Company announced the progress of the refurbishing and expansion works of the “**Celi 1920**” site, renowned woodworking company in Terni, acquired in April.

These major investments, completed in late 2023, doubled Celi’s production capacity through the acquisition of two new sites.

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

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

In **July 2023**, The Italian Sea Group neutralised the CO<sub>2</sub> emissions for Scope 1 and Scope 2 - market based generated throughout 2022.

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

Amongst the environmental benefits, the project involves the reduction of 144,681 tonnes of CO<sub>2</sub> emissions and the feed-in of 257,440 GWh of renewable energy each year.

The carbon offset project supported by The Italian Sea Group is part of Verra’s Verified Carbon Standard Programme (VCS) and contributes to four **Sustainable Development Goals**: no. 7) Affordable and clean energy; no. 8) Decent work and economic growth; no. 13) Climate action; no. 15) Life on land.

In developing the project, TISG was supported by the non-profit technical body Rete Clima.

In September 2023, The Italian Sea Group made its return to the **Monaco Yacht Show 2023**, the prestigious showcase of the luxury yachting world.

The Company presented no less than **six yachts** during the show, including the three yachts being delivered during the year: (i) **Admiral Silver Star**, a 55-metre super-yacht with interiors designed entirely by Giorgio Armani with Armani Casa; (ii) **Perini Navi Art Explora**, the first sailing catamaran built under the Perini Navi brand, one of the largest in the world (47 metres long, 17 metres wide); (iii) **Tecnomar This Is It**, a 43-metre motor catamaran with a bold design and futuristic style.

The timeless elegance of the **Picchiotti** line could also be admired, thanks to the first tender built under TISG management.

Guests, mainly brokers, selected owners and investors, were able to experience an atmosphere of elegance and uniqueness in The Italian Sea Group's lounge, thanks to the staging in cooperation with Armani/Casa.

At the start of the Monaco event, TISG also held an exclusive press conference at which it presented three new product lines: (i) **M/Y Admiral Project Adventure**, a 50-metre super-yacht Explorer; (ii) **M/Y Tecnomar Project Cat 133**, a motor catamaran inspired by the lines of the acclaimed M/Y Tecnomar This Is It; (iii) **M/Y Tecnomar Project Evo 155**, a fast 46-metre motor-yacht, an evolution of the successful Tecnomar Evo 120 model.

In **October**, TISG obtained the **ISO:14001** certification for its Environmental Management Systems.

At the end of the year, the Company continued with the last part of the investments on its facilities, re-launching the Perini Navi woodworking hub located in Viareggio, and will continue the works for the opening of a flagship store, with a view to maintaining the strong presence of the Company in the local area.

The development of the order book in 2023 led TISG to climb the Global Order Book 2024 ranking compiled by Boat International, moving from eighth to fifth place globally in the overall classification and third for builders of yachts of over 50 metres, with a total length of the designs of 1,374 metres.

## SIGNIFICANT EVENTS OCCURRING AFTER YEAR-END

Since the beginning of 2024, the Company has announced new projects, updated the market on the progress of existing contracts and explained its strategy to the financial community.

In late January, The Italian Sea Group unveiled the **Quaranta** project, a 40-metre semi-custom line under the Admiral brand, ideal for its charter clientele.

On **7 February**, TISG met investors and the financial community at its second **Capital Markets Day**, held at the Armani/Silos in Milan.

During the meeting, which was attended by more than 100 people in person and remotely, the Company's development projects were illustrated, along with the preliminary results at 31 December 2023 and the 2024-2025 Strategic Outlook.

At the start of the year, The Italian Sea Group also announced the deliveries in the pipeline for 2024.

Over the coming months, TISG will deliver **six new mega-yachts**, all over 50 metres in size and, in particular:

- **Two** 78-metre full-custom **Admiral mega-yachts**, designed by two of the industry's leading architects: Sinot Yacht Architecture & Design and Lobanov Design;
- A 72-metre full-custom **Admiral by Giorgio Armani mega-yacht**, the interiors and exteriors of which were designed by Giorgio Armani;

- A 66-metre full-custom **Admiral mega-yacht** with interior design by the architect Mark Berryman;
- A 55-metre **Admiral super-yacht**, S-Force model, designed entirely by the TISG Style Centre;
- A 60-metre **Perini Navi ketch** developed in collaboration with Ron Holland for the naval architecture and the architect Rémi Tessier, who designed the interiors.

The launch of the first 24-metre Picchiotti Gentleman is also planned for 2024, to be delivered in early 2025.

In 2024, the Company continued to expand its sales strategy, formalising a partnership with prestigious yacht broker **BenheMar Yacht Consultancy**, a Dubai-based company which will support TISG's brands in the Middle-East and North Africa (MENA), an area with great growth potential for the demand of big yachts.

On **14 March 2024**, The Italian Sea Group opened its commercial flagship and new woodworking hub in Viareggio, confirming the tight historical relationship with the local community.

On **25 March 2024**, TISG announced the sale of the third model of its **Admiral 50 metres** line, establishing the success of its semi-custom production strategy, always with a high-level positioning.

On **27 March**, The Italian Sea Group announced the completion of the Accelerated Bookbuilding ("**ABB**") procedure by **GC Holding S.p.A.** for the disposal of 4,602,000 shares (around 8.7% of the share capital).

The transaction allowed TISG to increase its free float in order to reach the necessary requirements to enter the STAR segment of Euronext Milan, in line with its growth strategy to expand its visibility towards a larger range of high-profile investors in Italy and abroad, increasing the stock's liquidity.



## BUSINESS OUTLOOK

Over the past few years, The Italian Sea Group had an extremely positive trend in luxury yachting, with an increase in demand and a focus on mega and giga yachts over 50 metres due partly to an increase in the global number of Ultra-High Net Worth Individuals, a resilient customer base that is little impacted by macroeconomic shocks.

To address this 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 Refitting.

Constant investments in developing a rigid 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 Capital Markets Day, the Company informed the market of its strategic pillars, which remain unchanged over time.

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### MARKET POSITIONING: MEGA AND GIGA YACHTS

The Italian Sea Group bases 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-size

segment, in which demand has drastically increased from 2002 to date.

TISG's positioning in this market segment is demonstrated by the quality and visibility of the order book, 90% of which is made up of yachts of over 50 meters with deliveries scheduled until 2027.

The Italian Sea Group's clientele is extremely global, also thanks to the strategic partnerships established by the Company over the years with the main brokers in the nautical sector, present in different parts of the world, from Europe to Hong Kong to the Americas and the Middle East.

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### 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 meeting the technical and aesthetic requirements of Owners.

The focus on technological and stylistic innovation represents a fundamental point of differentiation for the Company, 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 internalisation of the phases of the production chain with the highest added value: **woodworking, steelwork, upholstery** and **outfitting carpentry** are

all internalised activities that allow the Company to ensure the timing, quality and cost of the works.

In addition, The Italian Sea Group uses an in-house Design Department, consisting of some thirty architects supporting customers who request assistance in the customisation of their yachts from the very basic design.

TISG also collaborates with international architects in the sector, including Winch Design, Sinot Yacht Architecture & Design, 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 Company's positioning in the luxury segment.

In 2023, **Admiral Kenshō** was awarded "**Motor-Yacht of the Year**" at the **World Superyacht Awards**, one of the most prestigious awards in the nautical world.

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### **SHIPBUILDING AND REFITTING: 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 concluded in the first-half of 2023, and with the addition of the La Spezia shipyard deriving from the acquisition of Perini Navi.

This production capacity is distributed between the Shipbuilding and Refitting divisions, leveraging on operational and financial synergies, so as to be able to

accommodate production needs deriving from the growing demand in both divisions.

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### **PERINI NAVI: RE-LAUNCH 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, known as "**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 architects.

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### **SUSTAINABILITY: LONG-TERM VALUE CREATION FOR STAKEHOLDERS**

To date, the Company has achieved major goals in terms of **environmental** sustainability, such as the installation of a photovoltaic panel system on the boathouses at the Marina di Carrara and La Spezia shipyards and the purchase of 100% of the energy used from renewable sources.

There is also a continued commitment to offering cutting-edge solutions in terms of products, through the installation of photovoltaic panels, battery packs, particulate filters and alternative powertrains, at the customer's request.

The **social** responsibility activities include initiatives in favour of employees at all levels and an important **factoring** system to support the production chain.

Furthermore, through the **TISG Academy**, the Company encourages the growth of its people and the development of solid know-how through training courses held in collaboration with the leading universities in the area for Naval Engineering and Yacht Design.

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 an Audit and Risk Committee that has also been assigned responsibility for matters of sustainability.

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## **STRATEGIC OUTLOOK 2024-2025**

The **2024-2025 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 widespread sales structure with a global reach.

The growth targets are revenues between Euro 400-420 million with an EBITDA margin between 17-17.5% in 2024 and revenues between Euro 430-450 million with an EBITDA margin between 18-18.5% in 2025.

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

## RELATIONS WITH RELATED PARTIES

The revenues, expenses, receivables, and payables at 31 December 2023 to and from related parties are described in the explanatory notes.

The transactions are carried out at normal market values, based on the characteristics of the goods and services provided, always taking into account efficiency and quality criteria in line with the interests and standards of the Company.

**TISG Turkey YTAS:** TISG commissioned to TISG Turkey the construction of steel and aluminium hulls related to yachts under construction, from a perspective of convenience and cost optimisation without compromising quality, always under the strict supervision of an on-site team of Italian and Turkish employees. Through TISG Turkey, The Italian Sea Group has the possibility to increase the number of projects for the hull, superstructure, and pre-outfitting activities, according to its needs.

**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.

**CELI S.r.l.:** CELI is among TISG's main strategic suppliers, as it creates the majority of the interior and exterior furniture for the yachts that the Company builds, as well as the making of the furniture of TISG's operational facilities, answering to the production need of the Company from an efficiency perspective. The internalisation of Celi's woodworking activities, in line with TISG's development strategy, will allow the Company to have an increased control on timing, quality, and costs of the furniture works, being able to satisfy up to 70% of its needs. Furthermore, through Celi, TISG has the opportunity to expand its business in the high-end luxury real estate and hospitality sectors, whenever requested by the clients.

**Santa Barbara:** TISG and SANTA BARBARA signed an agreement on 08 February 2022 concerning the use by TISG of a building to carry out commercial activities with potential or current customers for TISG itself, offering them accommodation, entertainment service, event planning, and social dinners.

## 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 Company's economic, financial and equity situation.

### RISKS RELATED TO THE FINANCIAL SITUATION

#### Description of the risk

As of 31 December 2023, the Company had a Net Financial Position of **Euro 1,225 thousand**.

Part of this value derives from financial contracts characterised by **financial covenants**. The Company is therefore exposed to the risk of having to repay its financial debt early if the aforementioned circumstances occur; this fact could have significant negative effects on the Company's economic, financial and equity situation. In the event of non-respect of the financial covenants, the Company 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 to terminate 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 variable-rate medium and long-term loans.

#### Mitigating actions

The Company 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 facility agreements signed in 2022 and in particular:

- Facility 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 Company's investments. The final repayment is scheduled for 31 December 2028;
- Facility agreement signed on 14 January 2022 with MPS Capital Service for Euro 40 million, aimed at payment of the price balance 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 respect of the aforementioned covenants for the year 2023, calculated according to the methods described below, are indicated below:



## 1) Financial covenant for UniCredit and Deutsche Bank pool facility:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>
Shareholders' equity	130,672	109,202
Share capital	0	0
Reserves and retained earnings	0	0
Subordinated Shareholder Loan	0	0
Resolved dividends	-14,416	-9,800
<b>OWN EQUITY</b>	<b>116,256</b>	<b>99,402</b>
Short-term financial liabilities	11,661	14,163
Long-term financial liabilities	54,591	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	8,573	12,238
Co-obligation payables	1,563	2,216
Liquidity	-76,051	-81,128
<b>NFP</b>	<b>337</b>	<b>13,775</b>
EBIT	49,182	33,396
DA	13,017	10,339
Contingencies	-	-
<b>EBITDA</b>	<b>62,199</b>	<b>43,736</b>

INDICATOR	Contractual Reference Value	Covenants	Covenants
	2022	2023	2022
<b>NFP/EBITDA</b>	< 2.00	0.01	0.31
<b>NFP/OE</b>	< 0.50	0.01	0.14

## 2) MPS Capital Service financial covenant:

<i>in thousands of Euros</i>	31/12/2023	31/12/2022
Short-term financial liabilities	11,661	14,163
Long-term financial liabilities	54,591	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	8,573	12,238
Liquidity	-76,051	-81,128
<b>NFP</b>	<b>-1,225</b>	<b>11,560</b>
EBIT	49,182	33,396
DA	13,017	10,339
Contingencies	-	-
<b>EBITDA</b>	<b>62,199</b>	<b>43,736</b>

INDICATOR	Contractual Reference Value	Covenants	Covenants
	2022	2023	2022
NFP/EBITDA	< 2.00	-0.02	0.26

With regard to the remaining positions, the Company is exposed to a moderate credit and liquidity risk depending on the credit lines obtained from banks.

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## RISKS RELATED TO OPERATIONS

### Description of the risk

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

### Impact

If the Company is unable to: (i) implement adequate project management activity, with sufficient or effective procedures and actions in order to control the correct completion and efficiency of its construction processes; (ii) adequately manage any complexity arising from the product diversification activity put in place by the directors; (iii) efficiently distribute workloads according to production capacity (plants and workforce), this could lead to a reduction in revenues and profitability with possible negative effects on the economic, equity and financial situation.

### **Mitigating actions**

TISG has put in place procedures and action plans in order to monitor the progress of each individual project throughout its entire duration. The Company adopts a flexible and dynamic production structure in order to respond efficiently to any fluctuations in demand, guaranteeing delivery times in line with contractual agreements with customers.

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## RISKS ASSOCIATED WITH MANAGING RELATIONS WITH SUPPLIERS IN PRODUCTION OUTSOURCING

### **Description of the risk**

The Italian Sea Group makes use of contractors, external collaborators (e.g. designers) and suppliers in order, among other things, to purchase materials, components and semi-finished products and to carry out carpentry, plant engineering, painting, outfitting, art direction and design work. Any non-compliance by contractors, collaborators and suppliers could jeopardise the correct and timely performance of the Company's activities, entailing negative effects on productivity, results and the economic situation. TISG is also exposed to the risk that possible defects and/or malfunctions of products and processes and/or delays may give rise to reductions in revenues and/or compensation obligations and/or reputational damage.

In addition, the Company is exposed to the risk of employees of external contractors, suppliers or collaborators making claims against the Company for recognition of the existence of employment relationships, as well as requests for payment under solidarity obligations, or claiming violations of the regulations in force, entailing possible negative effects on the Company's economic, equity and financial situation.

### **Impact**

A negative contribution in terms of quality, time or cost from suppliers leads to an increase in production costs and a deterioration in the customer's perception of product quality.

### **Mitigating actions**

The Company's management is particularly attentive to overseeing the coordination of internal and external labour through dedicated structures and procedures. In addition, TISG carefully selects its "strategic suppliers", who must maintain high performance standards.

## RISKS RELATED TO MARKET CONFORMATION

### Description of the risk

The Italian Sea Group is exposed to risks associated with the global economic and financial situation and the economic trends of the specific geographic markets in which its products are sold; those products are intended for a clientele having significant financial availability. Major economic events affecting the world economy or the economy of the countries in which TISG's customers reside, such as financial and economic crises, may entail the risk of customers reducing their propensity to purchase or refraining from finalising the purchase of a yacht that has already been ordered: in this case, the Company would be forced to look for a new buyer, possibly retaining the amounts paid by the customer as an advance in accordance with the contracts signed.

This circumstance could lead to negative effects on the economic, equity and financial situation.

The unstable geopolitical, macroeconomic and financial environment at both European and global level could affect TISG's production capacity and growth prospects. In particular, a prolonged recession in any one of these regions or worldwide, i.e. a public perception that economic conditions are worsening, could significantly decrease product demand.

The growth of UHNWI (the Company's target clientele) is driven by Asia and America. Expansion in these markets, together with a low level of penetration of this customer base, represent an opportunity for the Company; however, any political and/or economic crises in these regions could pose risks to the business.

If, also as a result of changes in market practice and the contingent economic situation, the Company is unable to continue with its policy of collecting payments in advance of delivery of the yachts, due to the time and costs required for their construction, this could have an adverse effect on TISG's business and prospects and on its economic, equity and financial position.

### Mitigating actions

In order to mitigate this risk, the Company has paid particular attention to production quality as well as to meeting the deadlines for constructing the yachts, as well as performing optimal joint planning of customer requirements.

The Company's current strategy includes product and business diversification and a global presence on all continents. This allows TISG to identify and meet the different needs of customers all over the world. TISG implements a commercial strategy aimed at the continuous exchange of information between the customer and internal managers, in order to address and resolve at all times any difficulties that may arise from events not related to the intrinsic performance of the business.

## RISKS CONNECTED TO THE MANAGEMENT OF ORDERS

### Description of the risk

TISG enters into contracts with owners which establish a fixed fee (subject to further demands of the principal received during construction) that must take into account all costs associated with the yacht construction, as well as the penalties that are established in the order contracts for any late delivery and failure to achieve certain yacht performances (speed, noise levels, vibration levels). The occurrence of significant cost increases could lead to a reduction in the margin.

This risk, which in the industry is considered to have a high probability of occurrence, could have an adverse effect on TISG's economic, equity and financial situation.

The contracts for the construction of luxury yachts managed by the Company are multi-year contracts with a fixed fee and a delivery date established from the outset; any variations to the sale price, linked to the customer's needs and tastes, must be agreed with the owner and any variations on the project result from this. When the contract is signed, the pricing must take into account the costs of raw materials, machinery, components, works and all costs associated with construction.

### Impact

Cost changes upwards that are not foreseen in the pre-contractual phase and are not matched by a parallel price increase can lead to a significant reduction in margins on the orders concerned.

In order to reduce the likelihood of this risk, the Company employs **Project Managers**. These persons, characterised by many years of experience in the nautical sector, are responsible for preparing order budgets, managing the supply chain and monitoring delivery times and for the general quality of projects.

### Mitigating actions

This activity is carried out by the project managers in cooperation with the planning and control department, which is under the direct responsibility of the **TISG General Manager**. The monitoring of the final figures against the order budget is carried out monthly in discussion meetings between the planning and control department, the sales department and the Chief Executive Officer of TISG.

The strong experience gained from yachts delivered in recent years, the implementations resulting from investments in the management control system and the constant exchange of information between the various company departments enable the **project managers** to foresee any expected increases in the cost components of orders and in the process of determining the offer price.

It commonly occurs that after the signing of contracts, addenda may be agreed with the customer to manage extra demands and to recover any margin percentages ("**Variations to Contract**" or "**VTC**").



## RISKS RELATED TO MANUFACTURING DEFECTS, NON-CONFORMITY WITH CONTRACTUAL SPECIFICATIONS AND PRODUCT LIABILITY, AND ACTIVATION OF WARRANTIES

### Description of the risk

The Company contractually guarantees its customers against flaws and defects in the workmanship of each yacht, usually for a period of 24 months after delivery, entailing possible negative effects on the economic, financial and equity situation with regard to excess warranty costs over the amount allocated to the warranty provisions in the financial statements, as well as on the Company's image in the market of reference.

### Impact

During the warranty period, the Company is obliged to carry out repair and/or replacement work for any defects or faults that become apparent after delivery (although it may then attribute the relevant liability in turn to its own contractors or third-party suppliers, which additionally have warranty obligations towards the shipyard; from 5% to 10% of each interim payment certificate is retained - during the course of the contract - from the remuneration/contract price or supply price of those contractors or third-party suppliers, precisely as a warranty retention).

During the quotation phase, TISG calculates the possible cost of warranty repairs on the basis of historical intervention statistics and considers them as order costs.

Nevertheless, The Italian Sea Group may incur warranty costs in excess of those allocated. That said, it cannot be ruled out that possible manufacturing defects and non-conformities with certain technical performance specifications or work performed could therefore lead to losses in revenues and/or reputational damage as well as an increase in costs for TISG also by virtue of the warranties on such products and technical performance specifications, entailing significant negative consequences on the economic, equity and financial situation with regard to the excess warranty costs over the amount allocated to warranty provisions in the financial statements, as well as on the Company's image.

### Mitigating actions

The Italian Sea Group has equipped itself with a sophisticated and innovative system to control the entire yacht production phase.

The Quality Department, or **Production Quality Control (PQC)**, performs production control at all stages of the order, and is completely independent from the other departments.

The activities are carried out by a complete team in terms of skills and experience: full-time, on board there are 8 inspectors and 4 external collaborators to implement experience in carpentry, outfitting, safety, compiling test reports and memoranda, handling red notes and remarks on deliveries and approval of designs.

When on-board inspections give negative results, the Quality Control Department issues reports on the defects ("*remarks*") found, based on:

- shipyard standards and mock-ups;
- Classification, Italian Flag Registry and International Naval Regulations;
- technical and Owner specifications and the Technical Department's designs.

At the end of construction, the on-board equipment and systems are tested and inspected in the presence of the Quality Control Department, which, using dedicated test memoranda, reports the commissioning and sea tests carried out before and during the delivery of the order.

These procedures, described in detail, are the result of painstaking work and significant investments, aimed at mitigating any untoward events that may arise after the yacht's delivery and generate costs in excess of normal after-sales management.

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## RISKS RELATED TO THE REGULATORY FRAMEWORK OF REFERENCE

### **Description of the risk**

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

### **Impact**

Any changes in safety or environmental standards, as well as the occurrence of unforeseeable or exceptional circumstances, could require the Company to incur extraordinary expenses in environmental or workplace safety matters.

### **Mitigating actions**

The Italian Sea Group promotes compliance with all regulations to which it is subject, as well as the preparation and updating of preventive control tools suitable for mitigating the risks associated with violations of the law.

## RISKS RELATED TO LITIGATION AND TAX ASSESSMENTS

### Description of the risk

The Company is exposed to the risk of being involved, in the capacity of defendant, in judicial or arbitration proceedings from which compensation and payment obligations may arise. In addition, TISG is exposed to the risk of the unfavourable outcome of currently pending litigation of significant value. This circumstance could entail negative effects on the Company's economic, equity and financial situation.

### Impact

The Company considers it possible that the outcome of the proceedings pending at the closing date of the financial statements at 31 December 2023 may be unfavourable for the Company, with all or part of the claims made by the counterparties being upheld.

Notwithstanding the above assessments, it cannot be ruled out that currently remote risks may become possible or probable and lead to adjustments to the value of the risk provisions, or that, in the event of a loss in litigation for which the relevant risk provisions were deemed adequate, TISG may suffer adverse effects on its economic, equity and/or financial situation.

It should be noted that most of the current contracts to which the Company is a party establish arbitration clauses with the arbitration venue in London, which may increase costs in the event of litigation.

The most significant pending disputes of economic value include the following:

### **ARBITRATION AWARD IN ENGLAND AGAINST GFM SA - FRANCK MULLER GROUP AND FMTM LIMITED FOR A PARTNERSHIP AGREEMENT THAT TISG CLAIMS WAS NOT RESPECTED**

The arbitration proceedings in England, initiated by TISG a few years ago for substantial damages, were won with an award that has now become final (for a total of about Euro 1.6 million).

In the meantime, TISG obtained a final conservative attachment for Euro 660 thousand in Italy, at the Court of Massa, and had it recognised (exequatur) and thus successfully and fully executed in Switzerland against GFM.

GFM objected but was unsuccessful in Switzerland at all levels of the proceedings (with order to pay legal fees, partly collected).

Based upon the awards won in England, TISG took action for the declaration of bankruptcy of GFM, which was indeed declared; GFM, however, paid the due amount to the Bankruptcy Registry to have the declaration of bankruptcy revoked (a possibility in Switzerland), and TISG was recently able to collect approximately Euro 230 thousand of the first English award won on jurisdiction.

In addition, TISG took action and obtained a further attachment against GFM for approximately Euro 1.3 million, which was sufficiently enforced; the procedure for recognition and enforceability in Switzerland of the English main award has also

already been initiated. GFM appealed, losing the first instance, while the appeal stage is ongoing.

### **TISG/CARBONOVUS**

The former contractor, having terminated the contractual relationship, claims non-payment of interim payment certificates and damages of Euro 633,180.

For its part, TISG claims considerable damages and penalties for delay amounting to Euro 19,678,514, arguing that there is nothing to be paid to the former contractor.

TISG filed a petition for judicial liquidation against Carbonovus: the proceedings went ahead with the judge ordering a court expert report and the preliminary report was recently filed which ascertained and declared Carbonovus' state of crisis and insolvency (the next pre-liquidation hearing will be held on 21 March 2024):

Carbonovus brought contractual arbitration against TISG, and for its part TISG took action in that arbitration by way of a counterclaim requesting an order for Carbonovus to pay penalties and damages: this proceeding has already had its two (positive) oral evidence hearings and is heading towards a decision, around the beginning of 2025.

Carbonovus also applied for a judicial attachment against TISG on certain former Perini artefacts: TISG defended itself against this claim and won that stage of justice, with an order for Carbonovus to pay legal costs (paid by Carbonovus).

Carbonovus then appealed this precautionary decision; the appeal decision has been reserved and the company, given the high risk of being declared bankrupt, is initiating contacts with TISG to reach a settlement.

### **OTHER DISPUTES**

At the closing date of the financial year, there were 2 labour disputes pending.

There is a tax dispute concerning notices of assessment no. T9B03BR00854 and T9B03BR00875, relating to the years 2010 and 2011, served on the Company (formerly Nuovi Cantieri Apuania S.p.A.) in its capacity as incorporator of TYG S.p.A, by the Italian Tax Authority – Provincial Directorate I of Milan, disputing the use of non-existent invoices by the company Tecnomar S.p.A. (subsequently named TYG S.p.A.). The tax and penalty claims in question amount to a total of Euro 1,714 thousand, plus interest.

TISG challenged the aforesaid notices before the Provincial Tax Commission of Milan, which annulled them with judgment no. 3944/2018. The Italian Tax Authority appealed against this judgment before the Regional Tax Commission of Lombardy, which confirmed the first instance ruling with judgment no. 652/2020 filed on 27 February 2020.

The unsuccessful Italian Tax Authority appealed to the Italian Supreme Court against the aforementioned judgment no. 652/2020; TISG entered an appearance to oppose the appeal.

During 2023, the Company availed itself of the possibility of facilitated settlement of pending tax disputes provided under Article 1, paragraphs 186 to 202 of Law No. 197/2022, paying an instalment amount of Euro 43,743 for the 2010 tax year and of

EUR 1,169 for the 2011 tax year, thus putting an end to the tax disputes pending before the Italian Supreme Court.

### **Mitigating actions**

All ongoing disputes are constantly monitored by the Company's lawyers, and assessments of any economic and financial impact on the financial statements are carried out meticulously in order to provide a true and fair estimate of the potential loss.

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## CLIMATE RISKS

### **Description of the risk**

The Company is aware of the potential direct and indirect impacts which it could create with its activities when it come to sustainability, and it has therefore put in place a series of internal measures which allow to consider such risks strategically and pre-emptively. For this purpose, it has evaluated and integrated within its risk management model also those risks related to Environmental, Social, and Governance ("ESG") issues.

In this regard, there is an increased relevance of risks stemming from climate change, which are divided as follows:

### **PHYSICAL RISK**

Indicates the financial impact stemming from material damages that Companies may suffer as a consequence of climate change, and is further divided in:

- **acute physical risk**, if caused by extreme weather events such as draughts, floods, and storms;
- **chronic physical risk**, if caused by gradual changes in climate such as increased temperatures, rising sea levels, water stress, loss of biodiversity, land use change, habitat destruction, and scarcity of resources.

### **TRANSITION RISK**

Indicates financial losses which could occur, directly or indirectly, following the adjustment process towards a low-GHG emission economy to facilitate economic transition towards less damaging activities for the climate. Transition risk is divided in:

- **regulatory risk**, stemming from the introduction of new and sudden environmental laws;
- **technological risk**, stemming from the adoption of technological innovation with lower environmental impact;
- **market risk**, stemming from the change in consumer preferences and, in turn, of adjustment to the increasing demand for products with a lower carbon intensity.



## Impact

With reference to **physical risk**, both of the acute and chronic kind, the Company exposed to direct risks on its headquarters and operations.

In particular, the following direct physical risks are deemed particularly relevant:

- risks of suffering damages to facilities and infrastructures, or a decrease in productivity as a consequence of climate change or events;
- regulatory risk stemming from environmental damages.

Therefore, the Company constantly works to implement efficient system for the monitoring and supervision of these risks, with the implementation of insurance policies on its shipyards and facilities.

Regarding **transition risk**, the Company could be exposed to the following direct risks:

- Compliance risks for the non-conformity to environmental regulations;
- Market and reputational risks stemming from the lack of alignment to stakeholder expectations regarding environment protection and limitation of negative impacts;
- Regulatory and market risk stemming from the need to adjust to regulations and to the requests of clients, who are increasingly careful to ESG characteristics of products;
- Risks linked to the increase in operative and transition costs for more sustainable technologies;
- Risks linked to increase in costs for non-renewable energy.

As a result, potential negative impacts for the Company could be:

- Fines or sanctions stemming from a lack of adjustment to regulations;
- Loss of competitive advantage, with a consequent loss of market share;
- Reputational damages and loss of credibility versus clients.

## Mitigating actions

In order to mitigate these risks, the Company works with its partners and suppliers to offer sustainable solutions for its product, and implements activities aimed at fighting climate change and towards decarbonisation. Regarding physical risk, the Company implemented insurance policies on its facilities and carried out investments for the increased efficiency of its shipyard even in terms of energy costs, through the use of photovoltaic plants and the purchase of green energy.

Furthermore, TISG continues to monitor current regulation and market trends in this sense, in order to offer a product which is in line with new environmental standards.

Please note that at 31 December 2023, considering the Company's specific operational characteristics and the nature of the aforementioned climate risks, there have been no relevant impacts (pursuant to IAS 1 accounting principle) reported in this Annual Report.

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE**

The Company is organised according to the traditional management 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 Company is Filippo Menchelli, the Chief Executive Officer is Giovanni Costantino and the Deputy Chairperson is Marco Carniani.

The Company has adopted, in compliance with the Corporate Governance Code most recently updated on 31 January 2020, through its Board of Directors, a regulation on the managing body and on compliance with procedures relating to the timeliness and adequacy of information provided to the 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, one non-executive director and three independent directors.

The Appointments and Remuneration Committee and the Audit, Risk and Sustainability Committee, which also performs the role of Related Party Transactions Committee, have been set up within the Board.

The internal control and risk management system requires the Board, after obtaining the opinion of the Audit, Risk and Sustainability Committee, to define the guidelines for the internal control and risk management system, seen as the 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 articles of association, and internal procedures, as well as the safeguarding of company assets.

The Board of Directors, having heard the opinion of the Audit, Risk and Sustainability Committee, has appointed the head of the Internal Audit department, responsible for verifying that the internal control and risk management system is functional and adequate, ensuring that the same is provided with adequate means to perform its functions, including in terms of the operational structure and internal organisational procedures for access to the information required for the role.

The Company prepares annually the Report on corporate governance and ownership structures which describes the corporate governance system adopted by the Issuer, as well as containing information on the ownership structures and the internal control and risk management system. The Report is available in full on the Issuer's website in the "Corporate Governance" section.

PERSONAL DATA PROCESSING -  
ITALIAN 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 Regulation EU 679/2016 on the protection of natural persons with regard to the processing of personal data (GDPR), the Parent Company has completed the necessary adjustment process in order to align with the regulatory requirements.

The Parent Company is responsible by law, in its capacity as "Data Controller", for all personal data processing activities carried out by the same and, in view of this, it adopts appropriate security measures in relation to the risks for rights and freedoms of natural persons. 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 of 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 has not appointed 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 ACTIVITY

In compliance with Article 2497-bis, paragraph 5, it is noted that the Parent Company is not subject to management and coordination by companies or entities.

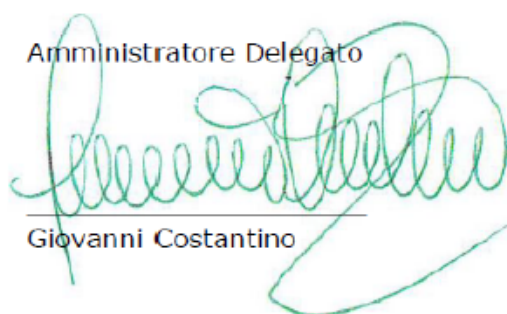
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ART. 2428 OF THE ITALIAN CIVIL  
CODE

The information required by Art. 2428 paragraphs 1, 2, 3 and 6 is provided in the Report on Operations. The information on 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. The indication of the Parent Company's secondary offices is given in section A of the Parent Company's financial statements.

Per il consiglio di Amministrazione

Amministratore Delegato



Giovanni Costantino



## FINANCIAL STATEMENTS' TABLES AT 31 DECEMBER 2023

### BALANCE SHEET - FINANCIAL SITUATION

<i>In thousands of Euros</i>	notes	31/12/2023	31/12/2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Trademarks	1	34,640	34,685
Other intangible assets	2	947	1,030
Land and buildings	3	57,290	38,354
Plant, machinery, equipment, and investments in progress	4	34,450	49,182
Other tangible assets	5	1,261	1,603
Right of Use	6	32,523	46,077
Shareholdings	7	679	489
Other non-current assets	8	4,245	6,576
Deferred tax assets		1,674	
<b>Total non-current assets</b>		<b>167,709</b>	<b>177,996</b>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand	9	76,051	81,128
Trade receivables	10	32,344	21,469
Other receivables	11	4,362	5,956
Assets from contract work in progress	12	84,929	49,468
Stock inventories	13	7,921	3,573
Other current assets	14	5,419	2,778
<b>Total current assets</b>		<b>211,026</b>	<b>164,372</b>
<b>TOTAL ASSETS</b>		<b>378,735</b>	<b>342,368</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		26,500	26,500
Share premium reserve		45,431	45,431
Other reserves and retained earnings		22,059	13,023
Financial year profit (loss)		36,682	24,247
<b>Total Shareholders' Equity</b>	<b>15</b>	<b>130,672</b>	<b>109,202</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions for risks and charges	16	4,335	3,431
Deferred tax liabilities	17	-	894
Provision for employee benefits	18	889	1,251
Long-term financial liabilities	19	62,051	76,198
Other non-current liabilities	20	86	50
<b>Total non-current liabilities</b>		<b>67,361</b>	<b>81,824</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	21	97,598	78,770
Other payables	22	19,702	13,693
Short-term financial liabilities	23	12,484	15,193
Liabilities from contract work in progress	12	37,909	16,800
Other current liabilities	24	13,009	26,886
<b>Total current liabilities</b>		<b>180,702</b>	<b>151,342</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>378,735</b>	<b>342,368</b>



## INCOME STATEMENT - BY NATURE

<i>In thousands of Euros</i>	notes	31/12/2023	31/12/2022
Operating revenues		359,566	291,510
Other revenues and income		11,122	7,710
Commissions		(4,166)	(4,093)
<b>Total Revenues</b>	<b>25</b>	<b>366,522</b>	<b>295,128</b>
Raw materials, components, and consumables	26	(83,997)	(68,133)
Cost for outsourced work	27	(145,964)	(117,942)
Technical services and consultancy	28	(18,353)	(16,800)
Other costs for services	29	(13,648)	(12,729)
Staffing costs	30	(35,419)	(29,562)
Other operating costs	31	(6,941)	(6,227)
<b>Total operating costs</b>		<b>(304,323)</b>	<b>(251,392)</b>
<b>EBIT before amortisation, depreciation, and write-offs</b>		<b>62,199</b>	<b>43,736</b>
Depreciation and amortisation	32	(13,017)	(10,339)
<b>EBIT</b>		<b>49,182</b>	<b>33,396</b>
Financial income	33	452	447
Financial charges	33	(6,201)	(4,228)
<b>Financial year profit (loss) before income taxes</b>		<b>44,194</b>	<b>43,433</b>
Income taxes	34	(6,751)	(5,368)
<b>Financial year profit (loss)</b>		<b>36,682</b>	<b>24,247</b>
<b>Earnings per ordinary share</b>		<b>0.69</b>	<b>0.46</b>
<b>Diluted profit per ordinary share</b>		<b>0.69</b>	<b>0.46</b>

## COMPREHENSIVE INCOME STATEMENT - BY NATURE

<b>Financial year profit/(loss)</b>		<b>36,682</b>	<b>24,247</b>
Profits/(losses) on re-measurement of defined benefit employee plan liabilities	35	(19)	(48)
Change in fair value of hedging derivatives	35	(815)	1,825
<b>TOTAL COMPREHENSIVE FINANCIAL YEAR PROFIT/(LOSS) (A) + (B)</b>		<b>35,848</b>	<b>26,024</b>

## CASH FLOW STATEMENT

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>INCOME MANAGEMENT ACTIVITIES</b>		
Result before tax for the financial year	43,433	29,615
Net interest income	5,750	3,781
Provision for charges and risks	1,326	1,053
Provision for severance indemnity	1,650	1,377
<b>Adjustments for:</b>		
Amortisation, depreciation, and write-downs	11,367	9,889
Capital gains/(losses)	0	
Other provisions and write-downs (revaluations)	450	300
<b>Variazioni di attività e passività:</b>		
Receivables from customers	(11,325)	(11.533)
Inventories and contract work in progress	(18,700)	(7.732)
Other management activities	(2,722)	7.326
Payables to suppliers	18,828	22.100
Other operating payables	(7,833)	19.706
Severance pay	(2,012)	(886)
Provisions for risks and charges	(1,316)	(972)
Taxes paid	(6,751)	(5.368)
Interest paid	(5,750)	(3.781)
<b>Cash flow from income management activities</b>	<b>26,395</b>	<b>64.875</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(1,103)	(19.353)
Disposal of tangible assets	0	0
Purchase of intangible assets	(444)	(483)
Acquisition of equity investments	(190)	(294)
Receivable from CELI	1,675	0
Disbursement for the purchase of the Perini Navi business complex	0	(80.000)
Others	(137)	(3.652)
<b>Cash flow from investing activities</b>	<b>(199)</b>	<b>(103.782)</b>
<b>FINANCING ACTIVITIES</b>		
Change in reserves		(497)
Payment of Dividends	(14,415)	(9,716)
Raising M/L term loans		72,500
Repayment of M/L term loans	(14,198)	(3,161)
Raising shareholders' loans		(23,484)
Repayment of loans to others	(2,660)	(1,212)
<b>Cash flow from financing activities</b>	<b>(31,273)</b>	<b>34,430</b>
<b>TOTAL CASH FLOWS FOR THE PERIOD</b>	<b>(5,077)</b>	<b>(4,477)</b>
<b>CASH AT BANK AND IN HAND AT THE BEGINNING OF THE YEAR</b>	<b>81,128</b>	<b>85,605</b>
<b>CASH AT BANK AND IN HAND AT THE END OF THE YEAR</b>	<b>76,051</b>	<b>81,128</b>

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Data in thousands of Euros</i>	Values at	Allocation of income	Financial year result	Other changes	Total result	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
OTHER RESERVES AND RETAINED EARNINGS	4,635			8,388		13,023
PROFITS (LOSSES) FOR THE PERIOD	16,322	(16,322)	24,247			24,247
<b>TOTAL SE</b>	<b>92,888</b>	<b>(16,322)</b>	<b>24,247</b>	<b>8,388</b>	<b>0</b>	<b>109,202</b>

<i>Data in thousands of Euros</i>	Values at	Allocation of income	Financial year result	Other changes	Total result	Values at
	31/12/22	31/12/22	31/12/23	31/12/23	31/12/23	31/12/23
SHARE CAPITAL	26,500					26,500
SHARE PREMIUM RESERVE	45,431					45,431
OTHER RESERVES AND RETAINED EARNINGS	13,024			9,035		22,059
PROFITS (LOSSES) FOR THE PERIOD	24,247	(24,247)	36,682			36,682
<b>TOTAL SE</b>	<b>109,202</b>	<b>(24,247)</b>	<b>36,682</b>	<b>9,035</b>	<b>0</b>	<b>130,672</b>

## EXPLANATORY NOTES

### CONTENT AND FORM OF THE FINANCIAL STATEMENTS

These explanatory notes were prepared on the basis of the accounting records updated to 31 December 2022. 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 Company 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 balance sheet was prepared by classifying assets and liabilities according to the “current/non-current” criterion;
- the separate 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 Company, is compliant with internal reporting methods and is in line with the relevant industrial sector practice;
- the comprehensive income statement includes, in addition to the financial year profit (loss), as per the separate income statement, other changes in Shareholders’ Equity movements other than those with Shareholders;
- the cash flow statement was prepared by illustrating 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 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.

Furthermore, reference is made to interpretative and supporting documents for the application of the accounting principles issued by international regulatory bodies and Italian supervisory bodies, as well as the standard setters which were also taken into account in the drafting of this Report, wherever applicable, highlighting:

- The Public Statement of 25 October 2025 by ESMA “*European common enforcement priorities for 2023 annual financial reports*” which reiterates, additionally, some recommendation already present in the preceding Public Statement published in October 2022; more specifically, in the drawing up of reports and the given information, particular care is requested to:

- Climate issues and the consistency between the information contained in the reports and the non-financial statements, to the recording of emission allowances (ETS) and certificates linked to renewable energy and the process of impairment test in a climate context;
  - The impact of the current macroeconomic context on the re-financing risks and other financial risks, as well as the process of fair value determination and the related disclosure;
  - Alternate performance measures.
- Discussion paper n. 1/2022 “*Impairment test of non-financial assets (IAS 36) following the war in Ukraine*” published on 29 June 2024 by the Organismo Italiano di Valutazione (“OIV”) which recalls the content of the Public Statement of 13 May 2022 by ESMA (subject of the Consob Warning of 19 May 2022) and provides operational guidelines to manage the uncertainty of the current context regarding the exercise of any impairment test.

## REPORTING BY OPERATING SECTORS

The Company's organisational structure is based on two divisions: Shipbuilding and Refitting.

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 refitting 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 Chief Executive Officer for business management purposes.

Both Divisions operate:

- (i) within the headquarters located in the Port of Marina di Carrara, where the Company has about 120,000 square metres of operational space, in addition to the main corporate functions;
- (ii) The La Spezia construction site has around 32,000 square metres of operational space. TISG also transferred the entire production of the *Tecnomar for Lamborghini 63* project to this construction site.

## ABILITY TO CONTINUE AS A GOING CONCERN

The annual financial statements as at 31 December 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;
- 2) financial risks (trend in interest rates and/or exchange rates, inflation, changes in creditworthiness by rating agencies);



- 3) 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”;
- 4) 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 Company 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 EVALUATION CRITERIA

The financial statements at 31 December 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 income statement, the balance sheet, 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 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 31 December 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:

Title of the document issued by the IASB	Date of publication of the IASB document	Date of entry into force	Number and date of EU type-approval regulation	Date of publication in the OJEU
International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)	23 May 2023	Immediately/ 1 January 2023	(EU) 2023/2468 8 November 2023	9 November 2023
IFRS 17 Insurance Contracts and Subsequent Amendments	18 May 2017, 25 June 2020 and December 2021	1 January 2023	(EU) 2021/2036 19 November 2021 (EU) 2022/1491 8 September 2022	23 November 2021 and 9 September 2022
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	7 May 2021	1 January 2023	(EU) 2022/1392 11 August 2022	12 August 2022
Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	1 January 2023	(EU) 2022/357 2 March 2022	3 March 2022

Disclosure on Accounting Standards (Amendments to IAS 1)	12 February 2021	1 January 2023	(EU) 2022/357 2 March 2022	3 March 2022
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The amendments are applicable from 1 January 2022 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	Issuance 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 Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	May 2021	1 January 2023	11 August 2022	(EU) 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	(EU) 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:

Title of the document issued by the IASB	Date of publication of the IASB document	Date of entry into force	Number and date of EU type-approval regulation	Date of publication in the OJEU
Lease liability in a sale and leaseback (Amendments to IFRS 16)	22 September 2022	1 January 2024	EU 2023/2579 of 20 November 2023	21 November 2023
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	25 May 2023	1 January 2024		
<ul style="list-style-type: none"> <li>• Classification of Liabilities as Current or Non-current;</li> <li>• Classification of Liabilities as Current or Non-current - Deferral of Effective Date;</li> <li>• Non-current Liabilities with Covenants</li> </ul> (Amendments to IAS 1)	23 January 2020  15 July 2020  31 October 2022	1 January 2024  1 January 2024  1 January 2024	(EU 2023/2822 of 19 December 2023)	20 December 2023
Lack of Exchangeability (Amendments to IAS 21)	15 August 2023	1 January 2025		

The Company 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 2023 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 Company has decided not to apply early.

The following amendments are effective from 2023:

- Contracts for consideration – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, plant and equipment: Proceeds before 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 Tax 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 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 agenda decision 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 Company is currently evaluating the impact of these new accounting standards and amendments. The Company 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 Company 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 Company has not adopted in advance any standard, interpretation or improvement issued but not yet in force.

## 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 company.

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.

In the execution of the Impairment test at 31 December 2023, the following has been considered:

- The Public Statement of 25 October 2025 by ESMA “*European common enforcement priorities for 2023 annual financial reports*” which reiterates, additionally, some recommendation already present in the preceding Public Statement published in October 2022; more specifically, in the drawing up of reports and the given information, particular care is requested to:
  - Climate issues and the consistency between the information contained in the reports and the non-financial statements, to the recording of emission allowances (ETS) and certificates linked to renewable energy and the process of impairment test in a climate context;
  - The impact of the current macroeconomic context on the re-financing risks and other financial risks, as well as the process of fair value determination and the related disclosure;
  - Alternate performance measures.
- Discussion paper n. 1/2022 “*Impairment test of non-financial assets (IAS 36) following the war in Ukraine*” published on 29 June 2024 by the Organismo Italiano di Valutazione (“OIV”) which recalls the content of the Public Statement of 13 May 2022 by ESMA (subject of the Consob Warning of 19 May 2022) and provides operational guidelines to manage the uncertainty of the current context regarding the exercise of any impairment test.

**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 (the “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	%
<b>Buildings on land under concession Marina di Carrara</b>	Expiry of the concession December 2043
<b>Buildings on land under concession La Spezia</b>	Expiry of the concession February 2035
<b>Plants and Machinery</b>	6.67%-10%
<b>Equipment</b>	10%-25%
<b>Office furniture and machinery</b>	12%
<b>Electronic machines</b>	20%
<b>Vehicles</b>	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.

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## **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 Company holds tangible assets used in carrying out its business activities, through lease agreements. At the start date of the lease, the Company determines whether the contract is, or contains, a lease.

The Company 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 Company recognises an asset consisting of the right-of-use asset (“**Right-of-Use**”) and a lease liability (“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 Company 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 Company 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

### STOCK 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, ancillary and consumable materials 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.

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### 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 Company 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 losses. 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 balance sheet 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.

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## 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.

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### CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities consist of:

- a) "possible" obligations that arise from events that occurred before the reporting date and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the Company's control; or
- b) current obligations that arise from events before the reporting 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 derive from events that occurred before the reporting date and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not fully under the Company'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 Company's employees benefit from pension and other post-employment plans. The pension plans in which the Company is required to participate by Italian law are of a defined contribution type ("Defined Contribution Plan"), while other post-employment benefit plans, in which the Company generally participates by virtue of collective employment agreements, are of a defined benefit type ("Defined Benefit Plan").

Payments relating to defined contribution plans made by the Company 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 balance sheet 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 re-measurement 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.

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## **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 Company has the contractual right to settle its obligations at least after twelve months from the reporting date. Financial liabilities are eliminated when they are extinguished, or when the obligation specified in the contract is fulfilled, cancelled, or expired.

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## **DERIVATES**

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.

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## 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 Company 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 Company 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 company 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 company 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 company 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 Company 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, an advance payment at the start of the contract is provided, and invoices are subsequently issued on the achievement of specific partial completion stages (*Stati di Avanzamento Lavori*, “SALs”).

By way of example (but without limitation 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 (SAL) as shown above, while only a residual portion is settled upon final delivery of the unit.

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## **FINANCIAL INCOME**

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

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## **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. Grants are loans for which the lender undertakes to waive the right to repayment in the event certain conditions are met.



## 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 found that the company has incurred these costs on an accrual basis.

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## 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.

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## DIVIDENDS

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

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## 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 reporting date.

Prepaid taxes 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.

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

## 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 profit 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; they instead 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 relevant circumstances.

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

Due to the uncertainty that characterises the assumptions and the conditions upon which these estimates are based, the final results of the items in the financial statements for which these estimates and assumptions have been utilised may differ from those reported in the financial statements showing the effects of the estimated items.

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, Tecnomar and Perini Navi 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, on the basis of an impairment test based on estimates and assumptions by the company 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 significant 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 upon completion are recognised in the income statements of the relevant years based on progress. Therefore, the correct recognition of the work in progress and of the margins relating to works not yet completed 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 made by management at that date, 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 assumptions that depend on factors and circumstances that may change over time.



## COMMENTS ON THE MAIN ASSET ITEMS

### NOTE 1 – BRANDS

Changes in this item are detailed as follows:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Brands	34,640	34,685	(45)
<b>TOTAL</b>	<b>34,640</b>	<b>34,685</b>	<b>(45)</b>

<i>In thousands of Euros</i>	Admiral brand	Tecnomar brand	Perini Navi brand	Picchiotti brand	Total
<b>Net Book Value 31/12/2022</b>	<b>2,319</b>	<b>1,235</b>	<b>30,351</b>	<b>780</b>	<b>34,685</b>
Investments	-	-	0	0	0
Net decreases	-	-	-	-	-
Amortisation and depreciation	-	-	-	45	45
<b>Net Book Value 31/12/2023</b>	<b>2,319</b>	<b>1,235</b>	<b>30,351</b>	<b>735</b>	<b>34,640</b>

**Brands:** This item, amounting to Euro 34,640 thousand as at 31 December 2023, decreased, with respect to 31 December 2022, of Euro 45 thousand. This decrease is mainly attributable to the effect of the amortisation process of the Picchiotti brand (with finite useful life).

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 to the various assets, a value of Euro 30,351 thousand was attributed to the Perini Navi brand and a value of approximately Euro 825 thousand was attributed 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 the 2011 financial year, and for Euro 1,235 thousand, for the purchase of the Tecnomar brand from CELI S.r.l., which took place in December 2019; both brands 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.

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 valuation best practices principles, 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 2024-2027 Business Plan, approved by TISG's Board of Directors on 6 February 2024.

The 2024-2027 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 following:

- The weighted average cost of capital used to discount forecast cash flows (so-called WACC) is of **11.50%**.

The results of the Impairment Test on TISG's brands were approved by the Board of Directors on 6 February 2024.

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

## NOTE 2 – OTHER INTANGIBLE ASSETS

Changes in this item are detailed as follows:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Development costs	947	1,030	(83)
<b>TOTAL</b>	<b>947</b>	<b>1,030</b>	<b>(83)</b>

**Projects:** the item, equal to Euro 947 thousand as at 31 December 2023, down by Euro 83 thousand compared to 31 December 2022, net of amortisation, includes the 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.

Changes in this item during the twelve months of 2023 are shown as follows:

<i>In thousands of Euros</i>	<b>Tecnomar for Lamborghini</b>	<b>Software</b>	<b>Total</b>
<b>Net Book Value 31/12/2022</b>	<b>1.030</b>	<b>0</b>	<b>1.030</b>
<b>Changes in 2023</b>			
Investments	0	429	429
Net decreases	0	0	0
Amortisation	(279)	(233)	(512)
<b>Net Book Value 31/12/2023</b>	<b>751</b>	<b>196</b>	<b>947</b>

### NOTE 3 – LAND AND BUILDINGS

Changes in this item are detailed as follows:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Land and buildings	8,972	5,402	3,570
Buildings on land under concession	48,318	32,952	15,366
<b>TOTAL</b>	<b>57,290</b>	<b>38,354</b>	<b>18,936</b>

This item, totalling Euro 57,290 thousand as of 31 December 2023, is increased by Euro 18,936 thousand compared to the previous year 2022 due to the capitalisation of the “Celi 1920” production capacity expansion project, with total investment amounting to Euro 3,818 thousand, and the “TISG 4.0” and “TISG 4.1” projects, listed below:

**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:** Throughout 2023, the company invested a total of Euro 15,238 thousand in this project. The investments concern an important reorganisation and upgrading of the entire Marina di Carrara shipyard. More 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 by four. 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 (no. 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 no. 5 and no. 6.

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

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

The buildings on land under State concession were depreciated on the basis of rates which are representative of the assets' useful life. For this asset category, the used parameter is the expiry date of the Marina di Carrara State concession, scheduled for December 2043.

Changes in this item during the twelve months of 2023 are shown as follows:

<i>In thousands of Euros</i>	<b>Land and buildings</b>	<b>Buildings on land under concession</b>	<b>Total</b>
Historical cost	7,104	44,629	51,733
Depreciation provision	1,702	11,677	13,379
<b>Net Book Value 31/12/2022</b>	<b>5,402</b>	<b>32,952</b>	<b>38,354</b>
<b>Changes in 2023</b>			
Investments	3,836	17,341	21,177
Decreases	0	0	0
Transfers WIP and payments on account	0	0	0
<b>Chg. Historical cost 2023</b>	<b>3,836</b>	<b>17,341</b>	<b>21,177</b>
Amortisation and depreciation	266	1,975	2,241
Release of Depreciation Provision	0	0	0
<b>Chg. Depreciation provision 2023</b>	<b>266</b>	<b>1,975</b>	<b>2,241</b>
Historical cost	10,940	61,970	72,910
Depreciation provision	1,968	13,652	15,620
<b>Net Book Value 31/12/2023</b>	<b>8,972</b>	<b>48,318</b>	<b>57,290</b>



**NOTE 4 – PLANT, MACHINERY AND EQUIPMENT**

Changes in this item are detailed as follows:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Work in progress and payments on account	4,710	26,028	(21,318)
Industrial and commercial equipment	5,179	6,056	(877)
Plant and Machinery	23,224	15,528	7,696
Moulds	1,337	1,570	(233)
<b>TOTAL</b>	<b>34,450</b>	<b>49,182</b>	<b>(14,732)</b>

**Work in progress and payments on account:** equal to Euro 4,710 thousand as at 31 December 2023, up by Euro 21,318 thousand compared to 31 December 2022, mainly related to the completion of the “TISG 4.0”, “TISG 4.1”, “TISG 4.2” projects and refurbishing works of the “Celi 1920” headquarters 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 5,179 thousand, as at 31 December 2023, decreased by Euro 877 thousand compared to 2022, due to depreciation for the period; there were increases in the second half of 2023 by Euro 1,037 thousand due to the capitalisation of shipyard equipment.

**Plant and machinery:** the item, equal to Euro 23,224 thousand as at 31 December 2023, increased by Euro 7,696 thousand compared to 2022, mainly for the capitalisation of the “TISG 4.0”, “TISG 4.1”, “TISG 4.2” projects and the refurbishing works of the Stroncone factory.

**Moulds:** the item, equal to Euro 1,337 thousand as at 31 December 2023, decreased by Euro 233 thousand compared to 2022, due to depreciation for the period.

Changes during the year are shown below:

<i>In thousands of Euros</i>	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
<b>Net Book Value 31/12/2022</b>	<b>26,028</b>	<b>6,056</b>	<b>15,528</b>	<b>1,570</b>	<b>49,182</b>
<b>Changes in 2023</b>					
Investments	9,591	1,037	9,867	0	20,695
Decreases	0	0	0	0	0
Transfers	(30,909)	0	0	0	(30,909)
<b>Chg. Historical cost 2023</b>	<b>(21,318)</b>	<b>1,037</b>	<b>9,867</b>	<b>0</b>	<b>(10,214)</b>
Amortisation and depreciation	0	1,914	2,171	233	4,318
Release of Depreciation Provision	0	0	0	0	0
<b>Chg. Depreciation provision 2023</b>	<b>0</b>	<b>1,914</b>	<b>2,171</b>	<b>233</b>	<b>4,318</b>
Historical cost	4,710	15,152	52,644	5,251	77,957
Depreciation provision	0	9,973	29,420	3,914	43,307
<b>Net Book Value 31/12/2023</b>	<b>4,710</b>	<b>5,179</b>	<b>23,224</b>	<b>1,337</b>	<b>34,450</b>

**NOTE 5 – OTHER TANGIBLE ASSETS**

Changes in this item are detailed as follows:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Office furniture and machines	1,136	1,419	(283)
Motor vehicles	117	162	(45)
Transport Vehicles	1	3	(2)
Electronic office machines	7	19	(12)
<b>TOTAL</b>	<b>1,261</b>	<b>1,603</b>	<b>(342)</b>

The item, equal to Euro 1,261 thousand as at 31 December 2023, decreasing by Euro 342 thousand compared to 2022, due to depreciation for the period.

Changes in the item throughout 2023 are shown below:

<i>in thousands of Euros</i>	<b>Office furniture and machines</b>	<b>Motor vehicles</b>	<b>Transport Vehicles</b>	<b>Total</b>
Historical cost	4,869	429	225	5,523
Depreciation provision	3,431	267	222	3,920
<b>Net Book Value 31/12/2022</b>	<b>1,438</b>	<b>162</b>	<b>3</b>	<b>1,603</b>
<b>Changes in 2023</b>				
Investments	134	0	0	134
Decreases	0	0	0	0
Transfers	0	0	0	0
<b>Chg. Historical cost 2023</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>134</b>
Amortisation and depreciation	429	45	2	476
Release of Depreciation Provision	0	0	0	0
<b>Chg. Depreciation provision 2023</b>	<b>429</b>	<b>45</b>	<b>2</b>	<b>476</b>
Historical cost	5,003	429	225	5,657
Depreciation provision	3,860	312	224	4,396
<b>Net Book Value 31/12/2023</b>	<b>1,143</b>	<b>117</b>	<b>1</b>	<b>1,261</b>

**NOTE 6 – RIGHT-OF-USE**

Changes in this item are detailed as follows:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Right Of Use – Plant and Machinery	601	853	(252)
Right Of Use – Motor vehicles	1,479	3,210	(1,731)
Right Of Use - Leased buildings	0	0	0
Right Of Use – Buildings on land under concession	30,443	42,014	(11,571)
<b>TOTAL</b>	<b>32,523</b>	<b>46,077</b>	<b>(13,554)</b>

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

The item **ROU – Plant and Machinery**, equal to Euro 601 thousand as at 31 December 2023, decreased by Euro 252 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 1,479 thousand as at 31 December 2023, decreased by Euro 1.731 thousand compared to 31 December 2022, due to the effect of contracts termination during the year; this item includes all leasing contracts for motor vehicles that make up the corporate fleet.

The item **ROU – Buildings on land under concession**, amounting to Euro 30,443 thousand as at 31 December 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 11,571 thousand is mainly due to the sale of the office building in Viareggio, occurred via notarial deed on 4 May 2023. The table of changes is shown below:

<i>in thousands of Euros</i>	Right of Use Motor vehicles	Right of Use Plant and Machinery	Right of Use Buildings	Right of Use Buildings on land under concession	Total
Historical cost	4,607	1,839	0	46,726	53,172
Depreciation provision	1,396	987	0	4,711	7,094
<b>Net Book Value 31/12/2022</b>	<b>3,210</b>	<b>853</b>	<b>0</b>	<b>42,014</b>	<b>46,077</b>
<b>Changes in 2023</b>					
Investments	0	0	0	2,508	2,508
Decreases	1,592	0	0	12,439	14,031
Transfers	0	0	0	0	0
<b>Chg. Historical cost 2023</b>	<b>(1,592)</b>	<b>0</b>	<b>0</b>	<b>(9,931)</b>	<b>(11,523)</b>
Amortisation and depreciation	838	252	0	2,684	3,774
Release of Depreciation Provision	699	0	0	1,044	1,743
<b>Chg. Depreciation provision 2023</b>	<b>139</b>	<b>252</b>	<b>0</b>	<b>1,640</b>	<b>2,031</b>
Historical cost	3,015	1,839	0	36,795	41,649
Depreciation provision	1,535	1,239	0	6,351	9,125
<b>Net Book Value 31/12/2023</b>	<b>1,479</b>	<b>601</b>	<b>0</b>	<b>30,443</b>	<b>32,523</b>

**NOTE 7 – EQUITY INVESTMENTS**

This item is detailed as below:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Equity investments in subsidiaries	637	447	190
Equity investments in other companies	43	43	0
<b>TOTAL</b>	<b>680</b>	<b>490</b>	<b>190</b>

The item **Equity investments in subsidiaries** includes the shareholding (100%) in Perini Navi U.S.A. Inc. for a value of Euro 294 thousand, 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 153 thousand and the shareholding (100%) in Celi S.r.l. 1920, acquired in March 2023 for a value of Euro 190 thousand.

The item **Equity investments in other companies** includes the amount relating to the purchase of 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 Company's broker in the Asian market.

**NOTE 8 – OTHER NON-CURRENT ASSETS**

This item is detailed as follows:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Non-current security deposits	428	165	263
Other securities	1,286	2,950	(1,664)
receivables from the subsidiary	707	133	574
Receivables from CELI for long-term tax settlement	1,824	3,328	(1,504)
<b>TOTAL</b>	<b>4,245</b>	<b>6,576</b>	<b>(2,331)</b>

The item, which decreased compared to 2022 by Euro 2,330 thousand, is detailed as follows:

- **Security deposits:** the item, equal to Euro 428 thousand, increased by Euro 263 thousand mainly due to the advances paid in relation to the construction of the photovoltaic plant in Marina di Carrara and La Spezia.
- **Other securities:** recognised in the amount of Euro 1,286 thousand as at 31 December 2023. The item decreased by Euro 1,664 thousand compared to 31 December 2022, due to the recognition of the fair value of derivative financial instruments hedging the outstanding loans in the amount of Euro 1,286 thousand as at 31 December 2023.
- **Receivables from the subsidiary:** Recognised in the amount of Euro 707 thousand. It refers to a receivable from the subsidiary TISG Turkey of Euro 467 thousand and a receivable from the subsidiary Celi Srl of Euro 240 thousand.

- **Receivables from CELI:** the item is related to the long-term portion of the receivable arising from the Company-related CELI as part of the Tax Settlement signed by CELI and TISG with the Italian Tax Authority in October 2020, for which TISG has already advanced Euro 8,080 thousand to the Italian Tax Authority on behalf of CELI. At 31 December 2023, TISG has carried out a debt waiver towards subsidiary CELI for 1.2 million Euros. This amount will be repaid by CELI to TISG over 10 years. The first 6 half-yearly instalments of Euro 237 thousand each have been reimbursed. The remaining 14 half-yearly instalments will be repaid for Euro 152 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 is detailed as follows:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Current bank accounts and post-office deposits	76,050	81,127	(5,077)
Cash	1	1	0
<b>TOTAL</b>	<b>76,051</b>	<b>81,128</b>	<b>(5,077)</b>

The item **Current bank accounts and post-office deposits** as at 31 December 2023 amounts to a total of Euro 76,051 thousand, decreasing by Euro 5,077 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 below:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Receivables from customers	32,344	21,469	10,875
<b>TOTAL</b>	<b>32,344</b>	<b>21,469</b>	<b>10,875</b>

**Receivables from customers**, equal to Euro 32,344 thousand, increasing by Euro 10,875 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:

<i>in thousands of Euros</i>	31/12/2022	Provision made	Provision used	31/12/2023	Changes
Bad debt provision (receivables from customers)	(910)	450	141	(1,219)	(309)
Bad debt provision (insolvency procedures)	(371)	0	0	(371)	0
<b>TOTAL</b>	<b>(1,281)</b>	<b>450</b>	<b>141</b>	<b>(1,590)</b>	<b>(309)</b>

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

counterparties' credit situation, even in the absence of events indicating the need to write down certain credit positions.

#### NOTE 11 – OTHER RECEIVABLES

This item is detailed as below:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Advances to suppliers	2,075	2,486	(411)
Receivables from parent companies	67	67	0
Tax receivables	2,220	3,403	(1,183)
<b>TOTAL</b>	<b>4,362</b>	<b>5,956</b>	<b>(1,594)</b>

The item **Advances to suppliers**, equal to Euro 2,075 thousand as at 31 December 2023, down by Euro 411 thousand compared to 31 December 2022, includes advances paid to suppliers with whom tender contracts were signed for works in progress.

The item **Receivables from parent companies**, equal to Euro 67 thousand as at 31 December 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 Euro 2,220 thousand as at 31 December 2023, decreased by Euro 1,183 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 below:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Assets from contract work in progress	84,929	49,468	35,461
Liabilities from contract work in progress	(37,909)	(16,800)	(21,109)
<b>TOTAL</b>	<b>47,020</b>	<b>32,668</b>	<b>14,352</b>

The item **Assets from contract work in progress**, equal to Euro 84,929 thousand, includes contracts whose progress is higher than the amount invoiced to the customer. Compared to 31 December 2022, this item increased by Euro 35,461 thousand. This increase is mainly attributable to the trend of the contract curves.

The item **Liabilities from contract work in progress**, equal to Euro 37,909 thousand, includes the contracts for which the value of advance payments invoiced to the customer are higher than the work in progress. Compared to 31 December 2022, this item increased by approximately Euro 21,109 thousand.

The net values reflect the valuations of contracts in progress and show an increase compared to the previous year due to the normal progress of production with respect to the invoicing of 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 31 December 2023 and at 31 December 2022 for yachts under contract is shown below:

<i>in thousands of Euros</i> 31/12/2022	Value of contracts	Contract progress	Advance payments invoiced	Net amount of business
Yacht contracts	1,003,357	426,312	(397,525)	28,788
Refitting contracts	34,208	24,100	(20,220)	3,880
<b>Total</b>	<b>1,037,565</b>	<b>450,412</b>	<b>(417,745)</b>	<b>32,668</b>

<i>in thousands of Euros</i> 31/12/2023	Value of contracts	Contract progress	Advance payments invoiced	Net amount of business
Yacht contracts	1,218,273	661,753	(620,866)	40,887
Refitting contracts	46,202	40,632	(34,499)	6,133
<b>Total</b>	<b>1,264,475</b>	<b>702,385</b>	<b>(655,365)</b>	<b>47,020</b>

As at 31 December 2023, there were 34 yachts (including 10 Tecnomar for Lamborghini 63 motor-yachts) in progress under construction contract, with Refit services being carried out by TISG on 9 yachts.

## NOTE 13 – STOCK INVENTORIES

This item is detailed as follows:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Raw, ancillary, and consumable materials	285	340	(55)
Work in progress and semi-finished goods	7,636	3,233	4,403
<b>TOTAL</b>	<b>7,921</b>	<b>3,573</b>	<b>4,348</b>

The item **Raw, ancillary, and consumable materials**, amounting to Euro 285 thousand, decreased by Euro 55 thousand compared to 2022 and refers to the amount of inventories of the general warehouse of TISG and the internal workshops.

The item **Work in progress and semi-finished goods** as at 31 December 2023 amounted to Euro 7,636 thousand, with an increase of Euro 4,403 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, for approximately Euro 2,100 thousand and, for the remaining Euro 5,536 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:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Receivables from social security and tax authorities	107	38	69
Receivables from others (net of the related write-down provision)	127	163	(36)
Receivables from GFM	0	143	(143)
Receivables from CANTALUPI Current	0	(50)	50
Receivables from Tekno Consulting	0	10	(10)
Receivables from CELI for tax settlement	304	475	171
Receivables from insurance companies	0	36	(36)
Prepaid expenses	4,881	1,963	2,918
<b>TOTAL</b>	<b>5,419</b>	<b>2,778</b>	<b>2,641</b>

**Receivables from social security and tax authorities:** amounting to Euro 107 thousand as at 31 December 2023, they refer mainly to advances on INAIL (National Institute for the Prevention of Accidents at Work) contributions and withholdings on interest income from Unicredit and Deutsche Bank Time Deposits.

**Receivables from others:** the item, equal to Euro 127 thousand as at 31 December 2023, down by Euro 36 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 31 December 2022, included the receivable claimed by the Company, which was collected during 2023.

**Receivables from CELI for tax settlement:** this item, amounting to Euro 304 thousand, refers to the short-term portion of the receivable from the Company-related CELI S.r.l. as part of the Tax Settlement signed by CELI and TISG with the Italian Tax Authority in October 2020 (see note no. 8).

The item **Prepaid expenses**, equal to Euro 4,881 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

The ordinary Shareholders' Meeting, held on 27 April 2023, approved the financial statements as at 31 December 2022 and resolved to allocate part of the previous year's result to the statutory reserve in the amount of approximately Euro 950 thousand and to distribute to the shareholders dividends of Euro 0.272 per share. The remaining part of the net result, equal to approximately Euro 9,831 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:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Corporate Capital	26,500	26,500	0
Share Premium Reserve	45,431	45,431	0
Statutory Reserve	5,300	5,300	0
Other reserves and retained earnings	16,759	7,724	9,035
Net income (loss) for the period	36,682	24,247	12,435
<b>TOTAL</b>	<b>130,672</b>	<b>109,202</b>	<b>21,470</b>

At 31 December 2023, TISG's **Corporate Capital** was 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** are determined as the ratio of the company's result for the period to the weighted average of ordinary shares outstanding during the year. Therefore, treasury shares owned by the company (equal to zero as at 31 December 2023), are excluded from the denominator.

<i>In thousands of Euros</i>	31/12/2023	31/12/2022
Net result	EUR 36,682.21	EUR 24,247.08
Result attributable to ordinary shares	EUR 36,682.21	EUR 24,247.08
Average number of shares outstanding	53,000	53,000
<b>Earnings per ordinary share</b>	<b>EUR 0.69</b>	<b>EUR 0.46</b>
Average number of shares outstanding (adjusted)	53,000	53,000
<b>Diluted earnings per ordinary share</b>	<b>EUR 0.69</b>	<b>EUR 0.46</b>

**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 31 December 2023 are shown below:

<b>CHANGES IN PROVISIONS FOR RISKS</b>					
<i>In thousands of Euros</i>	<b>31/12/2022</b>	<b>Provision</b>	<b>Use</b>	<b>31/12/2023</b>	<b>Delta</b>
Civil actions	205	0	(52)	153	(52)
Provision for risks of legal and employment law disputes	82	0	(51)	31	(51)
Provision for yacht guarantee	2,458	1,326	(539)	3,245	787
Provision for previous taxes	685	220	0	905	220
Other risks	1	0	0	1	0
<b>TOTAL</b>	<b>3,431</b>	<b>1,546</b>	<b>(642)</b>	<b>4,335</b>	<b>904</b>

**Provision for civil actions**

The provision collects the estimate of the probability of losing in threatened civil proceedings or in relation to out-of-court claims for damages.

The change in the provision was determined on the basis of information obtained from external lawyers and in application of the provisions of IAS 37.

**Provision for risks of legal and employment law disputes**

The provision is made up, for Euro 31 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 Company has estimated it will have to incur. It should be noted that, in addition to the provision in question, and in order to cover the risk relating to 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 Italian Tax Authority or other entities. The provision for the year represents an estimate of possible claims for municipal taxes related to the investments made by the Company 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 of TISG's workers.

**NOTE 17 – DEFERRED TAXES**

Changes in deferred taxes are shown below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Provisions for risks and charges	948	757	191
Losses carried forward	0	0	0
Others	5,476	2,894	2,582
<b>Deferred tax assets</b>	<b>6,424</b>	<b>3,651</b>	<b>2,773</b>

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Tangible assets	3,326	3,649	(323)
Brands	1,424	896	528
Others	0	0	0
<b>Deferred tax liabilities</b>	<b>4,750</b>	<b>4,545</b>	<b>205</b>
<b>Net amount</b>	<b>1,674</b>	<b>(894)</b>	<b>2,568</b>

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

**NOTE 18 – PROVISION FOR EMPLOYEE BENEFITS**

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

<b>In thousands of Euros</b>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Liabilities for employee benefits	889	1,251	(362)
<b>TOTAL</b>	<b>889</b>	<b>1,251</b>	<b>(362)</b>

Employee benefits, which, according to Italian regulations, are categorised as severance indemnity (*trattamento di fine rapporto, T.F.R.*), 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 is detailed as follows:

<b>In thousands of Euros</b>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Long-term bank payables	54,591	66,287	(11,696)
Lease liabilities – Motor vehicles (long-term portion)	1,576	2,834	(1,258)
Lease liabilities – Plants and Machinery (long-term portion)	346	516	(170)
Lease liabilities – Buildings on land under concession (long-term portion)	5,538	6,561	(1,023)
<b>TOTAL</b>	<b>62,051</b>	<b>76,198</b>	<b>(14,147)</b>

The item **Long-term bank payables**, equal to Euros 54,591 thousand, represents the amount, maturing beyond the 2024 financial year, of medium and long-term loans entered into during previous years and in the current year. The item decreased by Euro 11,696 thousand for the effect of the repayment of principal instalments at the conditions established with the different credit institutions. The Company is paying the instalments for outstanding loans in line with scheduled amortisation.

The items **Lease Liabilities – Motor vehicles**, **Lease Liabilities – Plants and Machinery**, and **Lease liabilities – Leased buildings** respectively equal to Euro 1,576 thousand and Euro 346 thousand as at 31 December 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 5,538 thousand as at 31 December 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.

Details of financial liabilities with maturity dates are set out below:

Classification	Account Balance	Up to 1 year	1 to 5 years	Over 5 years
BPM Payables	90	90	-	-
Pool Payables (Unicredit - Deutsche Bank)	23,743	4,703	19,040	-
Banca Intesa Payables	2,307	802	1,505	-
MPS Payables	7,867	1,600	6,267	-
MPS Capital service Payables	32,245	4,466	27,779	-
Right Of Use Payables	8,281	821	1,370	6,090
Minor Financial Payables	2	2	-	-
<b>Total</b>	<b>74,535</b>	<b>12,484</b>	<b>55,961</b>	<b>6,090</b>

## NOTE 20 – OTHER NON-CURRENT LIABILITIES

Details of other non-current liabilities are provided below:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Subsidised settlement – TER Settlement – long-term portion	-	50	(50)
Subsidised settlement – QUATER Settlement – long-term portion	86	-	86
<b>TOTAL</b>	<b>86</b>	<b>50</b>	<b>86</b>

The item **Subsidised settlement – QUATER Settlement**, amount to Euro 86 thousand as at 31 December 2023, includes the long-term portion of the instalment plan signed with the Italian Tax Authority for all positions registered in the tax roll by 30 June 2022.

**NOTE 21 – TRADE PAYABLES**

This item is detailed as follows:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Payables to suppliers within the following year	97,598	78,770	18,828
<b>TOTAL</b>	<b>97,598</b>	<b>78,770</b>	<b>18,828</b>

**Payables to suppliers:** the item, equal to Euro 97,598 thousand as at 31 December 2023, shows an increase of Euro 18,828 thousand compared to 31 December 2022, due to the operating activities necessary for the work on the contracts in progress, for the development of the refit activities, for the investments related to the “TISG 4.0”, “TISG 4.1”, “TISG 4.2” projects, for the new commercial offices in Marina di Carrara, and for the refurbishing of Celi S.r.l.’s Headquarters.

**NOTE 22 – OTHER PAYABLES**

This item is detailed as follows:

<i>In thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Subsidised Settlement – TER Settlement – short-term	-	580	(580)
Subsidised Settlement – QUATER Settlement – short-term	28	-	28
Payables to social security institutions	4,151	1,680	2,471
Tax payables	12,678	7,641	5,037
Other payables	2,845	3,792	(947)
<b>TOTAL</b>	<b>19,702</b>	<b>13,693</b>	<b>6,009</b>

The short-term portion of the **Subsidised Settlement – QUATER Settlement**, recognised in the financial statements at 31 December 2023 for Euro 28 thousand, refers to the portion of the instalment in progress with the Italian Tax Authority for collection due within the end of 2024.

The item **Payables to social security institutions**, equal to Euro 4,151 thousand as at 31 December 2023, refers to the debt for contributions payable by the Company to INPS (Italian Social Security Institute), INAIL, to Fasi and Previndai, to the Cometa Supplementary Fund, and to other minor funds.

The item **Tax payables**, equal to Euro 12,678 thousand as at 31 December 2023, mainly includes payables to the tax authorities for 2023 IRES (Italian Tax on Corporate Income) and IRAP (Italian Regional Tax on Productive Activities).

The item **Other payables**, equal to Euro 2,845 thousand as at 31 December 2023, mainly includes the current value of the debt to the Port Authority for the adjustment of the fees for the state concession on the Marina di Carrara shipyard announced by the lessor in the second half of 2023, which will be subject to further adjustment following the extension of the state concession to 2072; finally, the item includes a payable to the subsidiary Perini USA in the amount of Euro 342 thousand.

**NOTE 23 – SHORT-TERM FINANCIAL LIABILITIES**

This item is detailed as below:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Short-term bank payables	11,663	14,164	(2,501)
Lease liabilities – Motor vehicles (short-term portion)	336	504	(168)
Lease liabilities – Plant and Machinery (short-term portion)	170	223	(53)
Lease liabilities – Buildings on land under concession (short-term portion)	315	269	46
Short-term payables to other lenders	0	33	(33)
<b>TOTAL</b>	<b>12,484</b>	<b>15,193</b>	<b>(2,709)</b>

The item **Short-term bank payables**, equal to Euro 11,663 thousand, decreased by Euro 2,502 thousand from 31 December 2022, includes the portion to be paid within the next financial year, of the loans subscribed by the company as well as advances on contracts and term credit facilities.

The items **Lease Liabilities – Motor vehicles**, **Lease Liabilities – Plants and Machinery**, and **Lease liabilities – Leased buildings** respectively equal to Euro 336 thousand and Euro 170 thousand as at 31 December 2023, refer to the short-term portion of the financial debt linked to the application of IFRS 16.

**Lease Liabilities – Buildings on land under concession**, equal to Euro 315 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.

Details of financial liabilities with maturity dates are set out below:

Classification	Account Balance	Up to 1 year	1 to 5 years	Over 5 years
BPM Payables	90	90	-	-
Pool Payables (Unicredit - Deutsche Bank)	23,743	4,703	19,040	-
Banca Intesa Payables	2,307	802	1,505	-
MPS Payables	7,867	1,600	6,267	-
MPS Capital service Payables	32,245	4,466	27,779	-
Right Of Use Payables	8,281	821	1,370	6,090
Minor Financial Payables	2	2	-	-
<b>Total</b>	<b>74,535</b>	<b>12,484</b>	<b>55,961</b>	<b>6,090</b>

**NOTE 24 – OTHER CURRENT LIABILITIES**

This item is detailed as below:

<i>In thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Accrued liabilities	239	728	(489)
Other payables due within the next year	12,770	26,158	(13,388)
<b>TOTAL</b>	<b>13,009</b>	<b>26,886</b>	<b>(13,877)</b>



The item **Other payables**, amounting to Euro 12,770 thousand as at 31 December 2023, decreased by Euro 13,388 thousand compared to 2022, is mainly composed as follows:

- Payables to employees for holidays and leaves accrued by them at 31 December 2023 for Euro 5,274 thousand;
- Tecnomar for Lamborghini Deposits and Deposits for construction contracts for Euro 7,515 thousand, which refer to the deposits paid by the respective customers upon the signing of such construction contracts and sale of M/Y Tecnomar for Lamborghini 63.

## COMMENTS ON THE MAIN ITEMS OF THE INCOME STATEMENT

### NOTE 25 – REVENUES

This item is detailed as below:

<i>in thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Revenues from sales and services	345,213	283,835	61,378
Change in contract work in progress	14,353	7,676	6,677
<b>Total operating revenues</b>	<b>359,566</b>	<b>291,511</b>	<b>68,055</b>
Other revenues and income	11,122	7,710	3,412
Commissions	(4,166)	(4,093)	(73)
<b>TOTAL</b>	<b>366,522</b>	<b>295,128</b>	<b>71,394</b>

**Revenues from sales and services**, amounting to Euro 345,213 thousand as at 31 December 2023, have increased compared to the previous year for approximately Euro 61,378 thousand, following the signing of 6 contracts for the production and sale of yachts between 40 metres and 100 metres in length, and 3 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:

<i>in thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Production and sale of yachts (Shipbuilding)	317,593	255,299	62,294
Incidence on total operating revenues	88%	88%	92%
Refit activities	41,973	36,212	5,760
Incidence on total operating revenues	12%	12%	8%
<b>Operating revenues</b>	<b>359,566</b>	<b>291,511</b>	<b>68,054</b>

The item **Other revenues and income**, equal to Euro 11,122 thousand as at 31 December 2023, is mainly composed as follows:

- **Insurance settlements**, for an amount of Euro 785 thousand as at 31 December 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, leading to an insurance reimbursement of Euro 680 thousand.
- **Other revenues**, for an amount of Euro 6,564 thousand, deriving from the management of existing constructions.
- **Contingent assets** in the amount of Euro 3,084 thousand as at 31 December 2023, which mainly refer to extraordinary income realised following the positive conclusion of some disputes in which the Company was the claimant, thanks to the recovery activities carried out by the company's legal counsel and to refunds deriving from the

calculation adjusted by the Italian Tax Authority of the registration tax paid for the acquisition of the Perini Navi asset for Euro 941 thousand.

**Commissions payable**, recognised in the financial statements at 31 December 2023 for Euro 4,166, refer to the brokerage activities of some of the leading brokers in the industry, which have been collaborating with the Company for years in seeking new customers, 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 below:

<i>in thousands of Euros</i>	31/12/2023	31/12/2022	Changes
For raw, ancillary and consumable materials and goods	(86,172)	(67,048)	(19,124)
Short-term rentals	(2,172)	(1,140)	(1,032)
Changes in raw material inventories	(55)	(104)	49
Change in inventories of semi-finished and finished products	4,402	159	4,243
<b>TOTAL</b>	<b>(83,997)</b>	<b>(68,133)</b>	<b>(15,864)</b>

The item **Costs of raw, ancillary, consumable materials and goods**, at 31 December 2023 equal to Euro 86,172 thousand, increased compared to the previous financial year 2022 by Euro 19.124 thousand, includes all costs related to the procurement of the materials necessary to develop the production activities.

**Short-term rentals**, equal to Euro 2.172 thousand as at 31 December 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 55 thousand as at 31 December 2023, is decreasing from the previous financial year by 49 thousand.

The **Change in finished and semi-finished products** shows a positive balance of Euro 4,402 thousand at 31 December 2023, mainly due to costs incurred for the construction of contract works for which a future sale is expected.

## NOTE 27 – COST FOR OUTSOURCED WORK

This item is detailed as below:

<i>in thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Outsourced works	(145,964)	(117,942)	(28,022)
<b>TOTAL</b>	<b>(145,964)</b>	<b>(117,942)</b>	<b>(28,022)</b>

The item **Cost for outsourced work**, equal to Euro 145,964 thousand as at 31 December 2023, increasing by Euro 28,022 thousand compared to 31 December 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 below:

<i>in thousands of Euros</i>	31/12/2023	31/12/2022	Changes
Other services and consultancy	(17,034)	(16,130)	(904)
Legal, tax, and notary consultancy	(1,249)	(621)	(628)
Auditing fees	(70)	(49)	(21)
<b>TOTAL</b>	<b>(18,353)</b>	<b>(16,800)</b>	<b>(1,553)</b>

The item **Other services and consultancy**, amounting to Euro 17,034 thousand as at 31 December 2023, increased compared to 2022 by Euro 904 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 1.249 thousand as at 31 December 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 increased by Euro 628 thousand compared to 2022.

The item **Auditing fees**, amounting to Euro 70 thousand as at 31 December 2023, includes the costs incurred for the audit and review of the non-financial disclosure.

**Note 29 - OTHER COSTS FOR SERVICES**

This item is detailed as below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Transport expenses	(779)	(847)	68
Maintenance fees	(103)	(87)	(16)
Surveillance	(489)	(622)	133
Research costs	(446)	(591)	145
Miscellaneous administrative expenses	(1,556)	(471)	(1,085)
Utilities	(2,644)	(4,485)	1,841
Shipyard and vessel insurance	(3,888)	(2,579)	(1,309)
Cleaning and waste disposal costs	(414)	(131)	(283)
Sundry employee services	(481)	(499)	18
Advertising and entertainment expenses	(1,467)	(627)	(840)
Bank charges and fees	(187)	(330)	143
Fuels	(25)	(15)	(10)
Telephone costs	(115)	(142)	27
Software interventions	(12)	9	(21)
Directors' fees and expenses	(825)	(861)	36
Board of statutory auditors fee	(32)	(32)	0
Supervisory Board	(27)	(17)	(10)
Other expenses	(158)	(402)	244
<b>TOTAL</b>	<b>(13,648)</b>	<b>(12,729)</b>	<b>(919)</b>

**Utility costs**, which amounted to Euro 2,664 thousand as at 31 December 2023, went down by Euro 1,841 thousand compared to the previous year, mainly due to the significant decrease in the price/kw from Euro 0.32/kw in 2022 to Euro 0.21/kw in 2023.

**Sundry employee services**, equal to Euro 481 thousand as at 31 December 2023, decreased by Euro 18 thousand compared to the previous financial year 2022 and mainly refer to services related to canteen and catering managed in the company Village and 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 3,888 thousand as at 31 December 2023, increased by Euro 1,309 thousand as a result of business development.

**Miscellaneous administrative expenses**, equal to Euro 1,556 thousand as at 31 December 2023, increased by Euro 1,085 thousand compared to the first half of 2023. This is mainly due to the increase in specific maintenance and reparations.

**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 Company, donations, and flat-rate travel expenses.

This item is detailed as below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
For staff members	(23,813)	(19,788)	(4,025)
Social security contributions	(8,183)	(6,913)	(1,270)
Severance indemnities	(1,650)	(1,377)	(273)
Other costs	(1,773)	(1,484)	(289)
<b>TOTAL</b>	<b>(35,419)</b>	<b>(29,562)</b>	<b>(5,857)</b>

The average number of TISG employees in the year 2023 is 566, as shown below:

<b>Average number</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Executives	26	23
White-collar	343	290
Blue-collar	197	163
<b>TOTAL</b>	<b>566</b>	<b>476</b>

The number of employees as at 31 December 2023 is 613 broken down as follows:

<b>Precise number</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Executives	24	23
White-collar	366	324
Blue-collar	223	183
<b>TOTAL</b>	<b>613</b>	<b>530</b>

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 Tyrrhenian 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 below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Provisions for risks	(1,326)	(1,053)	(273)
Contingent liabilities	(1,366)	(475)	(891)
IMU – Tasi	(335)	(384)	49
Municipal taxes	(951)	(444)	(507)
<i>Branding</i>	(2,417)	(547)	(1,870)
Other operating costs	(546)	(3,324)	2,778
<b>TOTAL</b>	<b>(6,941)</b>	<b>(6,227)</b>	<b>(714)</b>

The item **Provision for risks**, equal to Euro 1,326 thousand as at 31 December 2023, mainly refers to the allocation to the guarantee provision for yachts under construction, amounting to Euro 1,326 thousand.

**Contingent liabilities**, equal to Euro 1,366 thousand as at 31 December 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 2,417 thousand as at 31 December 2023, includes *inter alia* all costs incurred for the event in collaboration with Giorgio Armani on 11 February 2023.

Throughout 2022, the item **Other operating costs** included Euro 3,197 thousand of non-recurring operating costs related to registration taxes and notary fees incurred for the acquisition of the Perini Navi business.

**NOTE 32 – AMORTISATION AND WRITE-DOWNS**

This item is detailed as below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Depreciation of tangible fixed assets	(10,795)	(9,395)	(1,400)
Depreciation of intangible fixed assets	(572)	(494)	(78)
Write-downs and losses on receivables	(1,650)	(450)	0
<b>TOTAL</b>	<b>(13,017)</b>	<b>(10,339)</b>	<b>(2,678)</b>

With regard to the **Depreciation** of tangible and intangible fixed assets, please refer to **note no. 2 to note no. 6**.

For the item **Write-downs and losses on receivables**, includes Euro 1,200 thousand related to the debt waiver to CELI; for the remaining portion of the item, please refer to previous **note no. 10**.



**Note 33 – FINANCIAL INCOME AND CHARGES**

This item is detailed as follows:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>Changes</b>
Other financial income	452	447	5
Interest expense to banks and others	(5,740)	(3,813)	(1,927)
Interest expense on interest-bearing Shareholders' loan	0	(46)	46
Interest expense on Lease liabilities	(461)	(369)	(92)
<b>TOTAL</b>	<b>(5,749)</b>	<b>(3,781)</b>	<b>(1,968)</b>

The item **Financial income and charges**, equal to Euro 5,749 thousand, has been subject to a change equal to Euro 1,968 thousand versus the previous year, mainly due to the increase in interest rates.

**NOTE 34 – INCOME TAXES**

The tax burden reconciliation table is shown below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>Theoretical IRES rate</b>	<b>24.00%</b>	<b>24.00%</b>
Profit (loss) before tax	43,433	29,615
<b>THEORETICAL IRES</b>		
Total Increases	6,715	3,656
Total Decreases	(19,364)	(11,801)
Taxable income	(30,784)	(21,469)
Tax loss effect usable at 80%	0	0
ACE (AID TO ECONOMIC GROWTH)	737	750
Net taxable income	(30,047)	(20,719)
<b>IRES 24%</b>	<b>(7,211)</b>	<b>(4,973)</b>
<b>IRAP</b>	<b>(1,644)</b>	<b>(1,209)</b>
<b>taxes from previous financial years</b>	<b>(180)</b>	<b>0</b>
<b>Total current taxes</b>	<b>(9,036)</b>	<b>(6,182)</b>
Deferred tax assets/liabilities	2,285	663
Contingent assets from Patent Box application	0	151
<b>TOTAL TAXES</b>	<b>(6,751)</b>	<b>(5,368)</b>

It should be noted that the Company benefited from the subsidised taxation regime applying the Patent Box rules for the financial years 2019, 2020, 2021, 2022, and 2023.

Since TISG is among the entities entitled to exercise the option set forth in Article 4 of Decree-Law No. 58 of 30 April 2019, converted, with amendments, by Law No. 58 of 28 June 2019, as well as in accordance with the terms and conditions set forth in Measure No. 658445 of the Head of the Italian Tax Authority, it chose to exercise the option for the direct determination of the subsidised income, as set forth in Article 1 of said measure.

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

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

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

SUMMARY OF ECONOMIC TECHNICAL BASES	31/12/2023	31/12/2022	31/12/2021
Annual discount rate	2.95%	3.57%	0.29%
Annual inflation rate	2.00%	2.30%	1.75%
Annual rate of increase in severance indemnity	3.00%	3.23%	2.81%

More specifically it should be noted how:

- the annual discount rate used to determine the present value of the obligation has been derived, in line with section 83 of IAS 19, from the Iboxx Corporate AA index with duration 5-7 recognised at the valuation date. For this purpose, the performance with a duration comparable to the duration of the collective of workers under assessment was chosen;
- the annual rate of increase of the employee severance indemnity, as provided for by Article 2120 of the Italian Civil Code, is 75% of inflation plus 1.5 percentage points.

The technical demographic bases used are shown below:

<b>Death</b>	RG48 mortality tables published by the State General Accounting Office
<b>Disability</b>	INPS tables separated by age and gender
<b>Retirement</b>	100% on reaching AGO [Compulsory General Insurance] requirements

### Additional information

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

SENSITIVITY ANALYSIS OF KEY EVALUATION PARAMETERS	
THE ITALIAN SEA GROUP SPA	DBO 31/12/23
Turnover rate +1%	890,115.27
Turnover rate -1%	888,033.54
Inflation rate +0.25%	895,906.82
Inflation rate -0.25%	882,393.16
Discount rate +0.25%	878,860.22
Discount rate -0.25%	899,595.33

Service Cost and Duration	
THE ITALIAN SEA GROUP SPA	
Service Cost 2021	21,404.77
Duration	6.2

ESTIMATED FUTURE REIMBURSEMENTS	
Years	Expected reimbursements
1	151,128.86
2	117,127.68
3	100,437.37
4	89,723.86
5	114,001.47

### NOTE 36 – CASH FLOW HEDGE

In the context in which the use of derivative instruments is formally designed 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 Company uses bank or insurance sureties to guarantee the advances received from owners relating to the sale contracts entered into.

### RELATIONS WITH RELATED PARTIES

Below is a list of the main Related Parties with which transactions took place in 2023 and the type of relationship:

List of related parties	Related-party relationship
GC HOLDING S.p.A.	53.6% PARENT COMPANY OF TISG
TISG Turkey YTAS	100% SUBSIDIARY
PERINI NAVI USA Inc.	100% SUBSIDIARY
GMC Architecture S.r.l. S.t.p.	GC HOLDING INVESTEE COMPANY
CELI SRL	100% SUBSIDIARY
SANTA BARBARA S.r.l.	RELATED PARTY OF TISG

Transactions with related parties during the financial year ended at 31 December 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		22				
FINANCIAL RECEIVABLES	67	467			2,368	
TRADE RECEIVABLES		8,636		1	549	4
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>67</b>	<b>9,125</b>	<b>0</b>	<b>1</b>	<b>2,917</b>	<b>4</b>
FINANCIAL PAYABLES	0		342			
TRADE PAYABLES	38	6,962		8	1,007	0
<b>TOTAL PAYABLES</b>	<b>38</b>	<b>6,962</b>	<b>342</b>	<b>8</b>	<b>1,007</b>	<b>0</b>

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		24,171			11,146	0
COSTS FOR CONSULTANCY				253		
COSTS FOR SERVICES						180
INTEREST PAYABLES	0					
<b>TOTAL COSTS</b>	<b>0</b>	<b>24,171</b>	<b>0</b>	<b>253</b>	<b>11,146</b>	<b>180</b>
REVENUES FROM SALES		3,610		2	0	0
INTEREST INCOME					129	
<b>TOTAL REVENUES</b>	<b>0</b>	<b>3,610</b>	<b>0</b>	<b>2</b>	<b>129</b>	<b>0</b>

**GC HOLDING S.p.A.:** Extinguished in July 2022, the principal payable to the parent company GC Holding S.p.A., the interest accrued.

**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 a 100-metre motor-yacht under the Admiral brand, the hull and superstructure of two 72-metre motor-yachts under the Admiral brand, and the hull and superstructure of two motor-yachts under the Admiral brand, with a length of 72 and 88 metres respectively.

In order to approve the afore-mentioned agreements, the prior reasoned opinion of the Related Party Transactions Committee was obtained, highlighting the Company'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 purpose 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 Italian Tax Authority 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 Italian Tax Authority 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 Italian Tax Authority reduced the amount to be paid to Euro 7,976 thousand.

The residual receivable as at 31 December 2023 in the amount of Euro 3,328 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 31 December 2023.

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

In addition to the above, CELI is one of the most important strategic suppliers of TISG, as it manufactures most of the furnishings, internal and external, of the Company's yachts under construction, in addition to producing the furniture of the TISG operating offices, answering to the Company's production requirements from an efficiency perspective.

**Santa Barbara:** TISG and SANTA BARBARA signed an agreement on 08 February 2022 concerning the use by TISG of a building to carry out commercial activities with potential or current customers for TISG itself, offering them accommodation, entertainment service, event planning, and social dinners.

### **SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS**

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

### **TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS**

Throughout 2022, the Company 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 notes to the financial statements and 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.

## EARNINGS PER SHARE

The calculation of earnings per share is based on the following data:

<i>in thousands of Euros</i>	<b>31/12/2023</b>	<b>31/12/2022</b>
Net result	Euro 36,682.21	Euro 24,247.08
Profit attributable to ordinary shares	Euro 36,682.21	Euro 24,247.08
Average number of shares outstanding	53,000	53,000
<b>Earnings per ordinary share</b>	<b>Euro 0.69</b>	<b>Euro 0.46</b>
Average number of shares outstanding (adjusted)	53,000	53,000
<b>Diluted earnings per ordinary share</b>	<b>Euro 0.69</b>	<b>Euro 0.46</b>

## AUTHORISATION TO PUBLISH

This document was published on 8 April 2024 upon authorisation of the Chair and the Chief Executive Officer.

## DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

The total remuneration due for the financial year 2022 to the Directors and Statutory Auditors of TISG S.p.A., for carrying out these functions in the Company, amounts to Euro 780 thousand for the Directors and Euro 31 thousand for the Statutory Auditors. For a complete and detailed description of the remuneration paid to Directors, please refer to the Remuneration Report available at the Company's registered office and on the Company's website.

## SUMMARY STATEMENT OF FEES TO THE AUDITING FIRM AND OTHER ENTITIES BELONGING TO ITS NETWORK

Pursuant to Article 149-duodecies of the Issuers' Regulation, it should be noted that the total fees payable to BDO Italia S.p.A. and the BDO network for the review of the 2023 Annual Financial Report, including the review of the Non-Financial Statement, are summarised in the table below:

<i>in thousands of Euros</i>	<b>31/12/2023</b>
Fees for auditing	70
<b>TOTAL</b>	<b>70</b>



*Certification by the Manager responsible of preparing financial reports*

**CERTIFICATION OF THE FINANCIAL STATEMENTS IN  
ACCORDANCE WITH ARTICLE 81-TER OF CONSOB  
REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED  
AND SUPPLEMENTED**

1. The undersigned Giovanni Costantino (Chief Executive Officer) and Marco Carniani (Financial Reporting Manager) of The Italian Sea Group S.p.A., taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, certify that [the accounting records]:
  - a) have been defined in a manner consistent with the administrative/accounting system and the  
Company structure
  - b) their adequacy has been verified
  - c) the administrative and accounting procedures for the preparation of the financial statements were actually applied during the period from 1 January 2023 to 31 December 2023 to which the financial statements refer.
2. No major issues emerged in this respect.
3. We hereby also certify that the Financial Statements as at 31 December 2023:
  - a) are consistent with the amounts indicated in the accounting records and documents;
  - b) 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,
  - c) are suitable to provide a truthful and correct representation of the profit/loss, financial and economic results of the issuer and of the group of undertakings included in the consolidation.

Date 21 March 2024

## PROPOSED RESOLUTION

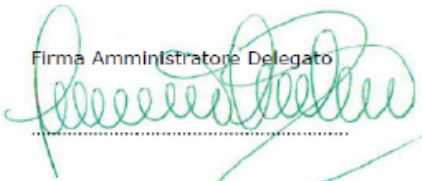
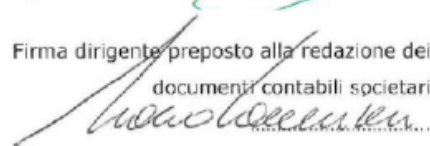
Dear Shareholders,

We propose to allocate the net profit for the year 2023, totalling Euro 36,682 thousand (as opposed to Euro 36,911 thousand in the Consolidated Financial Statements), as follows:

- distribute a dividend to shareholders, totalling Euro 19,610 thousand;
- increase retained earnings in the amount of Euro 17,072 thousand;

Finally, we invite you to approve the Annual Financial Report as at 31 December 2023, as well as the proposed allocation of the net result for the year as illustrated.

Marina di Carrara, 21 March 2024

Firma Amministratore Delegato  
  
Firma dirigente preposto alla redazione dei  
documenti contabili societari  


## The Italian Sea Group S.p.A.

Independent auditor's report pursuant to  
Article 14 of Legislative Decree no. 39, dated  
January 27, 2010 and Article 10 of Regulation  
(EU) 537/2014

Financial statements as at December 31, 2023

*This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

## Independent auditor's Report

pursuant to Article 14 of Legislative Decree n. 39, dated January 27, 2010 and Article 10 of Regulation (EU) 537/2014

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

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### Report on the financial statements

#### Opinion

We have audited the financial statements of The Italian Sea Group S.p.A. (the Company), which comprise the statement of financial position as at December 31 2023 the income statement, the statement of comprehensive income, statement of changes in shareholders' equity, and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement Article 9 of Legislative Decree No. 38/05.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key audit matter****Audit response**

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*Assets and liabilities from contract work in progress*

Refer to note 12.

The Italian Sea Group S.p.A. records in its financial statements as at December 31 2023 Contract assets for an amount equal to Euro 84,929 thousand (corresponding to 22.42% of total assets) and liabilities for contracts equal to Euro 37,909 thousand (corresponding to 10.02% of total liabilities and equity).

Assets and liabilities from contract work in progress 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”).

Contract orders are stated considering the costs incurred plus the margins recognised, less any expected losses, net of invoicing for work in progress with respect to the total cost to finish expected in the contract.

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”.

The estimation of the costs to finish involves a high degree of judgment from Management and an error effected in this phase can be reflected in a wrong appraisal of the contract on going (and consequently on the revenues) that could be significant.

The correct measurement of the completion of the contract assets and liabilities represents a key audit matter in relation to the significance of amounts and the high degree of judgement from Management that involves.

Our main audit procedures performed in response to the key audit matter regarding assets and liabilities from contract work in progress included the following:

- understanding of relevant internal controls pertaining to both initial estimates and subsequent periodical updates on total revenues, total costs and costs to complete the contracts;
- understanding of criteria and procedures adopted by Management in determining the percentage of completion of the contracts and the revenue recognition;
- for each contract selected on a sample basis we obtained and examined the underlying contracts (and any amendments thereto agreed with customers) and verified that the total revenue used for the evaluation of the contracts was in accordance with the contracted prices. For existing contracts, we have verified that there were no contractual changes and, where present, we have verified the correct entry of the revenue based on percentage of completion, possibly revised to account for changes;
- performed comparative analysis with the budgeted costs of previous years, in order to identify significant variations of those costs;
- discussion with project managers and the head of internal control to understand the explanations of the more relevant variations and to assess the adequacy of budgets and their updates;
- for a sample of contracts, the examination and verification of the process adopted to allocate the costs to each contract and checked for consistency the data between the general accounts and the contract accounting;
- performed substantive procedures in order to test the correct attribution of the costs to the related construction contract;
- for a significant sample of contracts, verification for accuracy of calculation of the percentage of completion as a ratio of costs incurred at the financial statements date to estimated full total costs;

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**Key audit matter****Audit response**

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***Valuation of Trademarks with an indefinite useful life***

Please refer to Note no. 1 “Trademarks”.

The Company presents trademarks for Euro 34,640 thousand in its financial statements as at December 31 2023 (corresponding to 9.14% of total assets).

The process and methods for assessing and determining the recoverable value of trademarks with an indefinite useful life are based on assumptions which, by their nature, imply the judgment of the Directors, with particular reference to the forecasted expected cash flows, as far as they can be inferred from the Business Plan 2024-2027 of the Company and approved by the Board of Directors of The Italian Sea Group S.p.A. as of February 6, 2024.

In consideration of the significance of the book value also following the acquisition of the Perini brand which took place during the previous year and the judgment required in defining the valuation methods and assumptions used in estimating the recoverable value of trademarks with an indefinite useful life, we have considered this issue to be a key audit matters of the audit.

- for the boats delivered during the year, check the correct closing of the current order and the possible effect on the Income Statement;
- examination for the appropriateness of disclosures included in the notes to the financial statements and its compliance with applicable accounting standards.

Our main audit procedures performed in response to the key audit matter regarding trademarks with an indefinite useful life included the following:

- understanding of the processes adopted in the preparation of the Impairment Test and the estimate of future cash flows and the expected turnover of the trademarks deduced from the 2024-2027 Business Plan;
- analysis of the reasonableness i) of the main assumptions used by the Directors in identifying trademarks with an indefinite useful life, in determining the related future expected cash flows; ii) the valuation models adopted;
- examination of the sensitivity analysis carried out by the Management with reference to the main assumptions used to carry out the Impairment Test on trademarks;
- examination of the appropriateness of the information provided in the explanatory notes in relation to trademarks with an indefinite useful life and of the Impairment Test conducted.

In our analyses, we made use of the assistance of our experts in valuation techniques, who analysed the valuation methodologies adopted, verified the mathematical accuracy of the calculation models and carried out sensitivity analyses on the key assumptions in order to determine changes in assumptions that could significantly impact the assessment of the recoverable value.

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## Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement Article 9 of Legislative Decree No. 38/05 and, within the terms provide by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with relevant ethical and independence requirements applicable in Italy, and we have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

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#### **Other information communicated pursuant to Article 10 of Regulation (EU) 537/2014**

We were initially engaged by the shareholders meeting of The Italian Sea Group S.p.A. on February 17, 2021 to perform the audits of the financial statements of each fiscal year starting from December 31 2021 to December 31 2029.

We declare that we did not provide prohibited non audit services, referred to Article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the company in conducting the audit.

We confirm that the opinion on the financial statements included in this audit report is consistent with the content of the additional report prepared in accordance with Article 11 of Regulation (EU) 537/2014, submitted to those charged with governance.

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#### **Reports on other legal and regulatory requirements**

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##### **Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815**

The Directors of The Italian Sea Group S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF - European Single Electronic Format) (hereinafter the "Delegated Regulation") to the financial statements, to be included in the Annual Financial Report.

We have performed the procedures required under Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements as at December 31 2023 to the requirements of the Delegated Regulation.

In our opinion, the financial statements as at December 31 2023 have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.



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**Opinion pursuant to Article 14, paragraph 2, (e), of Legislative Decree no. 39/10 and of Article 123-bis paragraph 4 of Legislative Decree no. 58/98.**

The Directors of The Italian Sea Group S.p.A are responsible for the preparation of the report on operations and of the corporate governance report of The Italian Sea Group S.p.A. as at December 31 2023 including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by Article 123-bis, paragraph 4, of Legislative Decree no. 58/98, with the financial statements of The Italian Sea Group S.p.A as at December 31 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of The Italian Sea Group S.p.A as at December 31 2023 and are compliant with applicable laws and regulations.

Milan, April 5, 2024

BDO Italia S.p.A.  
Signed by

Andrea Meneghel  
Partner