FERRETTIGROUP

Ferretti S.p.A.

(Incorporated under the laws of Italy as a joint-stock company with limited liability)

(Stock Code: 09638)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

FINANCIAL HIGHLIGHTS

The net revenue of the Group for the six months ended June 30, 2023 was approximately €580.8 million, representing an increase of approximately 8.6% as compared with that of approximately €534.9 million for the corresponding period in 2022.

The profit for the period of the Group for the six months ended June 30, 2023 was approximately €40.9 million, representing an increase of approximately 36.8% as compared with that of approximately €29.9 million for the corresponding period in 2022.

The profit attributable to Shareholders for the six months ended June 30, 2023 increased by approximately 26.8% as compared with that for the corresponding period in 2022.

The adjusted EBITDA (excluding listing expenses and related costs, Management Incentive Plan, and other minor non-recurring events) for the six months ended June 30, 2023 amounted to approximately €83.4 million, representing an increase of approximately 20.9% as compared with that of approximately €69.0 million for the corresponding period in 2022.

BUSINESS HIGHLIGHTS

On June 27, 2023, the Group successfully completed the first ever Dual Listing of the Company between the Euronext Milan and the Hong Kong Stock Exchange.

The Board hereby announces the interim unaudited condensed consolidated financial results of the Group for the Relevant Period together with the unaudited comparative figures for the corresponding period in 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in thousands Euro)	*Notes*	**For the six months ended June 30, 2023 (unaudited)**	For the six months ended June 30, 2022 (unaudited)
Revenue		**613,346**	555,641
Commissions and other costs related to revenue		**(32,505)**	(20,694)
NET REVENUE		**580,841**	534,948
Change in inventories of work-in-process, semi-finished and finished goods		**65,828**	2,826
Cost capitalized		**14,832**	14,625
Other income	3	**8,335**	7,716
Raw materials and consumables used	4	**(316,071)**	(260,839)
Contractors costs	5	**(102,808)**	(77,272)
Costs for trade shows, events and advertising		**(12,120)**	(9,493)
Other service costs	6	**(58,856)**	(61,053)
Rentals and leases		**(4,482)**	(3,733)
Personnel costs	7	**(65,088)**	(69,301)
Other operating expenses	8	**(2,953)**	(5,626)
Provisions and impairment		**(24,844)**	(26,859)
Depreciation and amortization		**(30,128)**	(25,518)
Share of loss of a joint venture		**–**	(18)
Financial income	9	**4,277**	5
Financial expenses	10	**(1,957)**	(2,356)
Foreign exchange gains		**705**	11,100
PROFIT BEFORE TAX		**55,512**	29,151
Income tax		**(14,658)**	724
PROFIT FOR THE PERIOD		**40,855**	29,875
Attributable to:			
Shareholders of the Company		**40,448**	29,608
Non-controlling interests		**407**	266
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (€)	13	**0.12**	0.10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands Euro)	*Notes*	**For the six months ended June 30, 2023 (unaudited)**	For the six months ended June 30, 2022 (unaudited)
PROFIT FOR THE PERIOD		**40,855**	29,875
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Profit on defined benefits plan		**104**	725
Income tax effect		**(25)**	(174)
		79	551
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Gains/(losses) from the translation of foreign operations		**(2,012)**	3,175
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(1,933)**	3,726
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**38,922**	33,601
Attributable to:			
Shareholders of the Company		**38,515**	33,334
Non-controlling interests		**407**	266

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands Euro)	*Notes*	**As at June 30, 2023 (unaudited)**	As at December 31, 2022 (audited)
CURRENT ASSETS			
Cash and cash equivalents		**309,660**	317,759
Trade and other receivables	11	**49,872**	59,432
Contract assets		**135,148**	115,372
Inventories		**262,765**	198,120
Advances on inventories		**40,518**	39,156
Other current assets		**45,669**	86,732
Income tax recoverable		**1,583**	2,091
		845,215	818,663
NON-CURRENT ASSETS			
Property, plant and equipment		**362,209**	303,394
Intangible assets		**263,701**	264,070
Other non-current assets		**4,734**	5,031
Deferred tax assets		**9,021**	16,397
		639,665	588,893
TOTAL ASSETS		**1,484,881**	1,407,556
CURRENT LIABILITIES			
Minority Shareholders' loan		**1,000**	1,000
Bank and other borrowings		**11,234**	14,500
Provisions		**63,417**	42,946
Trade and other payables	12	**383,345**	337,364
Contract liabilities		**175,591**	185,914
Income tax payable		**7,045**	1,683
		641,632	583,408

(in thousands Euro)	*Notes*	**As at June 30, 2023 (unaudited)**	As at December 31, 2022 (audited)
NON-CURRENT LIABILITIES			
Bank and other borrowings		**23,492**	24,056
Provisions		**14,093**	13,049
Non-current employee benefits		**7,348**	7,646
Trade and other payables		**905**	1,006
		45,838	45,757
TOTAL LIABILITIES		**687,471**	629,165
SHARE CAPITAL AND RESERVES			
Share capital		**338,483**	338,483
Reserves		**458,136**	439,525
Equity attributable to shareholders of the Company		**796,619**	778,007
Non-controlling interests		**791**	384
TOTAL EQUITY		**797,410**	778,391
TOTAL LIABILITIES AND EQUITY		**1,484,881**	1,407,556

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands Euro)	**For the six months ended June 30, 2023 (unaudited)**	June 30, 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	**55,512**	29,151
Depreciation and amortization	**30,128**	25,518
Loss on disposal of property, plant and equipment	**(62)**	5
Provisions	**21,301**	16,735
Financial income	**(4,277)**	(5)
Financial expenses	**1,957**	2,294
Share of loss of joint venture	**0**	0
Impairment of trade receivables, net	**0**	500
Provision against inventories, net	**6,244**	27
Increase in inventories	**(72,252)**	(3,837)
Change in contract assets and contract liabilities	**(33,184)**	52,552
Increase in trade and other receivables	**4,133**	(11,842)
Increase in trade and other payables	**45,036**	35,026
Change in other operating liabilities and assets	**7,540**	(579)
Income tax paid	**0**	(1,328)
Cash flows from operating activities (A)	**62,076**	144,215
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment and intangible assets	**(83,609)**	(36,710)
Proceeds from disposal of property, plant and equipment and intangible assets	**367**	709
Acquisition of subsidiaries	**0**	0
Other financial investments	**42,384**	(42,987)
Interest received	**4,228**	5
Cash flows used in investing activities (B)	**(36,629)**	(78,983)

(in thousands Euro)	**For the six months ended** **June 30, 2023** **(unaudited)**	June 30, 2022 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	**0**	223,320
Dividends paid	**(19,903)**	(6,707)
New bank and other borrowings	**200**	0
Repayment of bank and other borrowings	**(9,874)**	(14,364)
Interest paid	**(1,957)**	(2,232)
Cash flows from/(used in) financing activities (C)	**(31,533)**	200,017
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D=A+B+C)	**(6,087)**	265,248
Cash and cash equivalents at the beginning of year/period (E)	**317,759**	173,010
Effect of foreign exchange rate changes, net (F)	**(2,012)**	3,175
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (G=D+E+F)	**309,660**	441,434
Cash and cash equivalents as stated in the consolidated statement of financial position	**309,660**	441,434

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

These unaudited interim condensed consolidated financial statements of Ferretti S.p.A. and its subsidiaries (collectively, the "**Group**") for the six-month period ended June 30, 2023 were authorized for issue in accordance with a resolution of the directors on August 2, 2023.

Ferretti S.p.A. (the "**Company**" or "**Ferretti**") is a limited liability company incorporated in Italy. The registered office of the Company is located at Via Irma Bandiera, 62–47841 Cattolica (Rimini), Italy.

The Company and its subsidiaries are principally engaged in the design, construction and marketing of yachts and recreational boats.

The table below shows the names, registered offices and interests in capital held directly and indirectly by the Company in subsidiaries as at June 30, 2023.

SUBSIDIARIES

(consolidated line by line, with an indication of the percentage of share capital)

Name	Principal country of operation	Registered office	Currency	Share capital (in units)	% controlling interest Direct	Indirect
Zago S.p.A.	Italy	Scorzé (Venice)	Euro	120	100%	
Il Massello S.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	30		85%
Smart Wood S.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	10		85%
Parola S.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	10		85%
Sea Lion S.r.l.	Italy	Forlì (Forlì-Cesena)	Euro	10	75%	
Ram S.p.A.	Italy	Sarnico (Bergamo)	Euro	520	80%	
Ma.ri.na. S.r.l.	Italy	Sarnico (Bergamo)	Euro	10.4		80%
Ferretti Tech S.r.l.	Italy	Cattolica (Rimini)	Euro	10	100%	
Allied Marine Inc.	USA	Fort Lauderdale (USA)	US Dollar	10	100%	
Fratelli Canalicchio S.p.A.	Italy	Narni (Terni)	Euro	500	60%*	
Ferretti Group of America Holding Company Inc.	USA	Delaware (USA)	US Dollar	10	100%	
BY Winddown Inc.	USA	Miami (USA)	US Dollar	10		100%
Ferretti Group of America Llc.	USA	Fort Lauderdale	US Dollar	100		100%
Ferretti Group Asia Pacific Ltd.	China	Hong Kong (China)	Hong Kong Dollar	100	100%	
Ferretti Asia Pacific Zhuhai Ltd.**	China	Hengqin (Zhuhai)	Renminbi	1,000,000	100%	
Ferretti Group (Monaco) S.a.M.	Monaco	Principality of Monaco	Euro	150	99.4%***	
Ferretti Group UK Limited	United Kingdom	United Kingdom	Pound sterling	1	100%	
Ferretti Gulf Marine-Sole Proprietorship Llc.	Arab Emirates	Arab Emirates	Emirati Dirham	300	100%	

* The remaining 40% is subject to put and call options exercisable from September 19, 2027 to September 19, 2028. The terms of put and call options over these non-controlling interests, mean that they give to the Group a present ownership interest in the underlying securities, accordingly this business combination was accounted for on the basis that the underlying shares subject to the put and call options have been acquired. Thus, the Group does not recognize non-controlling interests and recorded liabilities for shareholders under the options.

** Registered as a wholly-foreign-owned enterprise under PRC law.

*** The investment of 0.6% is owned by the three directors of Ferretti Group (Monaco) S.a.M. for their role, as provided for by the By-laws.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1. Basis of Preparation

These unaudited interim condensed consolidated financial statements as at June 30, 2023, have been prepared in condensed form in conformity with the international accounting standards applicable to the preparation of interim financial statements (IAS 34). The unaudited interim condensed consolidated financial statements at June 30, 2023, do not contain all of the information required for the annual consolidated financial statements and should therefore be read together with the Group's consolidated financial statements at December 31, 2022.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

For the purposes of clarity and to make this document more readily understandable, all the amounts listed in the interim condensed consolidated financial statements — income statement, comprehensive income statement, statement of financial position, cash flow statement, statement of changes in equity, the accompanying notes — are stated in thousands of Euro, except when otherwise indicated.

2.2. Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

— A specific adaptation for contracts with direct participation features (the variable fee approach)

— A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates — Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Standards issued but not yet effective

The standards and interpretations that have already been issued, but are not yet effective at the date of issuance of the Group's financial statements, are disclosed below. The Group intends to adopt such standards when they enter into force and does not foresee any material impacts on its condensed consolidated financial statements:

— Amendments to IAS 1 Presentation of Financial Statements:

- Classification of Liabilities as Current or Non-current Date (issued on January 23, 2020);

- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (issued on July 15, 2020); and

- Non-current Liabilities with Covenants (issued on October 31, 2022)

— Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022)

— Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

— Amendments to IAS 12 Income taxes: International Tax Reform — Pillar Two Model Rules (issued 23 May 2023)

Segment Report

For management purposes the Group has a single operating segment relevant for reporting. This segment is the design, construction and marketing of yachts and pleasure craft. Since it is the only operating segment on which the Group reports, no additional analysis of its operating segment is provided.

3. OTHER INCOME

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Discounts from suppliers	**2,720**	2,741
Cost over-accruals	**1,285**	1,076
Damage settlements	**1,204**	56
Rental income	**419**	430
Rebilling of miscellaneous costs to customers and dealers	**624**	245
Gains on sales of assets	**100**	10
Other	**1,984**	3,158
Total Other income	**8,335**	7,716

The item "Discounts from suppliers" regards the discounts received from suppliers which co-operate with the Group, and the Company in particular, in accordance with the sales agreements entered into in the period.

The item "Cost over-accruals" mainly refers to differences on cost forecasts recorded in the previous years for the supplies of services and raw materials, whose final account proved to be lower.

The item "Damage settlements" refers primarily to the received proceeds of insurance payouts related in particular to fire damages occurred to the Company's shipyard in Cattolica (Rimini) collected in 2023.

The item "Other" includes proceeds from sundry activities not directly connected with shipbuilding such as: income from promotional, marketing and co-branding agreements entered into with other internationally renowned firms.

4. RAW MATERIALS AND CONSUMABLES USED

This item primarily reflects purchases of raw and ancillary materials and the change for the six-month period ended June 30, 2023 in the corresponding inventories.

5. CONTRACTORS COSTS

This item consists mainly of the costs incurred to outsource certain phases of the production process. This is because the boat building process can include the use of external companies as contractors for the construction and assembly of onboard equipment installed in Group boats.

6. OTHER SERVICE COSTS

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Transportation and customs clearing costs	**12,529**	9,689
Technical consulting	**7,327**	7,163
Tax, legal and administrative consulting services	**6,163**	6,231
Utilities	**4,740**	4,450
Insurance	**3,074**	3,128
Fees paid to members of corporate governance bodies	**2,851**	3,167
Travel and per diem expenses	**2,719**	1,690
Entertainment expenses	**2,499**	1,957
Maintenance	**2,103**	2,227
Recruiting and training costs	**1,631**	1,340
Management Incentive Plan	**0**	3,213
Other	**13,220**	16,798
Total other service costs	**58,856**	61,053

The item "Technical consulting" amounting to €7,327 thousand refers to consultancy on production issues and services rendered by engineering firms and designers with regard to the design of boats and new models of vessels, interiors and other studies and research bearing on the shipbuilding process. It also includes the costs of certifications or services from other entities of a technical nature.

The item "Tax, legal and administrative consulting services" mainly included €2,807 thousand for legal advice and notaries' fees and €1,346 thousand relating to administrative consulting, including accounts auditing, and tax assistance. Moreover, €250 thousand referred to IT consulting.

In the six-month period ended June 30, 2023, "Fees paid to members of corporate governance bodies" included €2,732 thousand for fixed and variable remuneration paid to Directors, as well as €77 thousand in fees paid to Statutory Auditors and €43 thousand for the Supervisory Body.

The item "Recruiting and training costs" mainly refers to the costs incurred by Group companies for the company canteen and meal vouchers (as provided for contractually), as well as remuneration for project workers and the costs of training.

The item "Other" consists mainly of costs incurred for services of various types, such as security services, janitorial services, etc.

7. PERSONNEL COSTS

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Wages and salaries	**46,733**	52,588
Social security contributions	**15,463**	14,467
Non-current employee benefits and other provisions	**2,891**	2,246
Total personnel costs	**65,088**	69,301

8. OTHER OPERATING EXPENSES

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Cost under-accruals	**1,045**	2,493
Taxes and fees other than income taxes	**750**	743
Memberships in trade associations	**362**	323
Re-billable costs	**234**	781
Advertising and promotional material	**187**	147
Settlement agreements	**73**	228
Losses on asset sales	**37**	6
Sundry operating costs	**264**	905
Total other operating expenses	**2,953**	5,626

The item "Cost under-accruals" referred mainly to the higher costs incurred during the financial year in excess of the provisions recognized in the financial year ended December 31, 2022 for supplies pertaining to the previous years.

The item "Taxes and fees other than income taxes" includes the cost of IMU (municipal property tax), stamp duty, Tari (waste tax) and other minor taxes.

The item "Settlement agreements" related to several private agreements entered into in the course of the six-month period ended June 30, 2023.

The item "Sundry operating costs" includes mainly gifts, fines, stamp duties, etc.

9. FINANCIAL INCOME

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Interest income from banks	**2,542**	4
Interest and other financial income	**1,734**	1
Total financial income	**4,277**	5

10. FINANCIAL EXPENSES

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Interests on banks and other loans	**(657)**	(1,594)
Interest on lease liabilities	**(134)**	(61)
Interest on provision for severance benefits and pensions	**(54)**	(28)
Other financial expenses	**(1,113)**	(673)
Total financial expenses	**(1,957)**	(2,356)

11. TRADE AND OTHER RECEIVABLES

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Trade receivables	**21,041**	17,011
Other receivables	**28,830**	42,421
Total trade and other receivables	**49,872**	59,432

Trade receivables

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Accounts receivable from customers	**24,256**	20,227
(Less) Provision for doubtful accounts	**(3,215)**	(3,216)
Total trade receivables	**21,041**	17,011

"Accounts receivable from customers" as at June 30, 2023 relate primarily to sales and services other than boat sales, for which the balance is generally received before delivery based on the contractual terms and conditions in force. Therefore, they refer to paid after-sales services, sales of material and spare parts, merchandising and provision of joinery works. These are considered to be receivable within 12 months.

The provision for doubtful accounts, calculated by the Group in compliance with IFRS 9, changed as follows in the two reporting periods:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
At beginning of year	**3,216**	5,745
Impairment losses, net	**—**	558
Amount written off as uncollectible	**(2)**	(3,089)
At end of period	**3,215**	3,216

An impairment analysis is performed at the end of each of the reporting dates to measure expected credit losses. The provision rates are based on the aging for each specific customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Other receivables

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Other tax receivables	**13,477**	27,206
Accruals, deferrals and other receivables	**15,354**	15,215
Total other receivables	**28,830**	42,421

Other tax receivables refer to value-added tax.

The item "Accruals, deferrals and other receivables" may be broken down as follows:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Receivables owed by social security institutions	**230**	223
Commissions advances	**5,847**	4,890
Advances, prepayments and sundry receivables from suppliers	**4,267**	3,876
Others	**361**	305
Accruals and deferrals	**4,649**	5,922
Total accruals, deferrals and other receivables	**15,354**	15,215

"Receivables owed by social security institutions" as at June 30, 2023 refer mainly to receivables from the Italian workman's compensation agency (INAIL) of €160 thousand, for advances and payments to employees, as well as, for the residual amount, advances against the Redundancy Fund paid to employees on behalf of the Italian social security administration (INPS), still to be refunded for €3 thousand.

The balance relating to "Advances, prepayments and sundry receivables from suppliers" as at June 30, 2023 mainly refers for about €1,155 thousand to advances already paid for the main industry trade shows to be held in the next months of 2023. The balance also includes advances paid to suppliers for services that have not yet been completed or work progress payments for goods not yet delivered.

As at June 30, 2023, the loss allowance of other receivables was assessed to be minimal.

Income tax recoverable

As at June 30, 2023, income tax recoverable includes mainly tax credits recognized under Italian incentive laws for €859 thousand and advances for IRES and IRAP for €602 thousand paid in excess of the amount due at year end by some Group subsidiaries.

12. TRADE AND OTHER PAYABLES

The table below sets forth a breakdown of the Group's trade and other payables as of the dates indicated:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Trade payables	**336,575**	289,653
Other payables	**47,676**	48,717
Total trade and other payables	**384,251**	338,370

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Trade and other payables — current	**383,345**	337,364
Trade and other payables — non-current	**905**	1,006
Total trade and other payables	**384,251**	338,370

a. Trade payables

A breakdown of this item is as follows:

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Accounts payable to suppliers	**336,575**	289,653
Total trade payables	**336,575**	289,653

"Accounts payable to suppliers" relate to the amount due to suppliers for ordinary commercial supplies of services and materials, at arm's length.

b. Other payables

	June 30, 2023 (unaudited)	December 31, 2022 (audited)
Payables due to pension and social security institutions	**11,933**	12,504
Amounts payable to employees	**20,219**	23,411
Amounts payable to directors	**1,602**	2,849
Other tax payable	**6,251**	3,344
Miscellaneous payables	**3,620**	3,464
Accrued expenses	**946**	1,426
Deferred income	**2,199**	714
Government authorisation fees	**193**	229
Deferred income — non current	**712**	776
Total other payables	**47,676**	48,717

The item "Payables due to pension and social security institutions" reflects the amounts owed to these institutions at June 30, 2023 by Group companies and their employees for the June payroll and for accrued and deferred remuneration.

The item "Amounts payable to employees" refers to the June payroll to be paid in the following month and to the liability for accrued and unused vacations and personal days, as well as to the accrued portion of the performance and production bonus.

The item "Amounts payable to directors" refers to remuneration which has accrued but was not yet paid as of June 30, 2023.

The item "Other tax payable" chiefly refers to taxes withheld accrued that will be paid in July 2023.

The items "Accrued expenses and deferred income" consists mainly of insurance premiums and other transactions recognized on an accrual basis.

The item "Government authorization fees non-current", totaling €193 thousand at June 30, 2023, relates mainly to prepayments of public grants received by the Group of €161 thousand authorized in favor of the former Riva S.p.A., now merged in the Company and €32 thousand authorized in favor of the former subsidiary CRN S.p.A., now also merged in the Company. Said deferred income was classified under "Non-current liabilities" for the portion due after the following year. These grants will be recognized in the income statement along with the amortization periods of the corresponding assets once the underlying framework agreements expire.

The Group's management believes that the carrying amount of "Total trade and other payables" is close to their fair value.

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY BASIC AND DILUTED

Earnings per share were calculated as the ratio of net profit for the year attributable to shareholders of the Company to the weighted average number of shares in issue during the period, as indicated in the table below, and coincides with the earnings per share diluted due to the absence of partially dilutive instruments.

	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)
Profit attributable to shareholders of the company (in thousand Euro)	**40,448**	29,608
Weighted average number of shares during the period	**338,482,654**	294,714,294
Earnings per share attributable to shareholders of the company:		
basic and diluted (in Euro)	**0.12**	0.10

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established player in the global luxury yacht market, leader in the global luxury inboard yacht market above 9 meters (approximately 30 feet) with a market share of 15% as of June 30, 2022 (source: Group calculation based on data from PD&A) and among the top players in the super yachts segment (source: Group calculation based on data from SYT iQ, issued in December 2022 by SuperYacht Times).

Since its founding, the Group has played an important role in steering the development of the global luxury yacht industry by acquiring and integrating other leading yacht brands and production facilities, and now owns a portfolio with seven brands, including some of the oldest in the industry: Riva, Wally, Ferretti Yachts, Pershing, Itama, CRN and Custom Line, each with distinctive features and identity, recognized as symbols of luxury, exclusivity, Italian design, craftsmanship, innovation and performance. The Group designs, produces and sells luxury composite, made-to-measure, and super yachts from 8 to 95 meters (approximately 27 and 312 feet) covering a broad and diversified range of types, catering for the personal tastes and specific requirements of its clientele. With its market leadership, history and iconic brand portfolio, the Group is positioned as a trend-setter of the global luxury yacht industry and an ambassador of Italian nautical craftsmanship to the world.

In addition to the sale of new luxury yachts, the Group has a comprehensive offering to satisfy the needs of its customers beyond yacht purchase, including: (a) yacht brokerage, chartering and management services; (b) after-sales and refitting services; (c) brand extension activities, such as branded lounges, lifestyle merchandise, and boat restoration services; (d) manufacturing and installation of nautical components such as wooden furnishings and kinetic systems and components; (e) trading of pre-owned yachts, offering trade-in opportunities to its customers as a lever to facilitate the sales of new yachts; and (f) the sale of coastal patrol vessels by the FSD. With these ancillary services, the Group is present along all of the phases of the yachting "customer journey", thus positioning itself as a one-stop-shop luxury yacht player.

The Group's multi-brand business model relies on separate, brand-dedicated teams that manage new model development and concept design to nurture and preserve each brand's individual identity and unlock its full potential. At the same time, the Group is able to capture synergies by centralizing high-value-added activities that support all brands (R&D, procurement and manufacturing) and corporate functions (human resources, investor relations, finance, legal and IT).

Over the years, the Group has cultivated a premium and loyal clientele of highly sophisticated very high net worth individuals ("**VHNWIs**") and ultra-high net worth individuals ("**UHNWIs**"), thanks to its effective sales model. The Group has an established sales presence in more than 70 countries in EMEA, AMAS and APAC, with an in-house sales team in each region, enabling the Group to reach its customers globally. Moreover, the Group believes that its dedicated brand promotion activities, branded lounges in exclusive locations and sponsorship arrangements, have enhanced the high-end positioning of its brands, which, in turn, has enabled the Group to grow its high-end clientele, cultivate an exclusive community of luxury yacht owners, and nurture a strong sense of belonging.

The Group owns and operates seven shipyards, as well as two production plants for interior fittings and customized furnishings and one production plant for kinetic equipment, all located at the heart of the world-famous Italian nautical district. This strategic choice allows the Group to continuously enhance its production process, while ensuring an uncompromised focus on product quality and technical performance, by leveraging on the proximity of its network of suppliers and contractors. The Group also owns a refitting facility in Fort Lauderdale (Florida, USA) to cover the AMAS market. As part of its ongoing efforts to meet the demand for high-end customization and further increase its competitiveness, each interior design element of the Group's luxury yachts is carefully selected, leveraging upon the Group's strategic partnerships with prestigious international designers, and is tailor-made by nautical craftsmen with techniques handed down over generations, blending tradition, modernity, and relentless dedication to customization. In addition, in order to strengthen its control over the supply chain and ensure supply of key inputs, the Group has begun work on a project to internalize a portion of its fiberglass and carbon-fiber hulls production.

SIGNIFICANT EVENTS IN THE FIRST HALF YEAR OF 2023

The Group held its first Capital Markets Day in Milan on March 21, 2023 providing the mid-long term outlook.

The Group reached an agreement with Rosetti Marino S.p.A. for the acquisition of Cantiere San Vitale, in Ravenna of over 70,000 square meters.

In April 2023, the Group made a big step forward in respect of the project in the former Belleli Yard port area in Taranto of over 220,000 square meters, where an industrial facility will be developed for the construction of models and molds, as well as research center for advanced materials. All the public administrations involved approved the remediation and industrial development project.

On June 27, 2023, the Company successfully completed the first ever Dual Listing of the Company between the Euronext Milan and the Hong Kong Stock Exchange.

OUTLOOK AND FUTURE PLAN

The Group's order backlog increased by 15.8% in the Relevant Period compared to the six months ended June 30, 2022. This growth was supported by investments to expand the product portfolio and in model re-stylings, with new and re-styled models launched. Furthermore, the Group's financial performance was underpinned by substantial industrial and research and development investments. The former provided the production capacity needed to sustain volumes expansion, while the latter was key to aligning the Group's product offering to emerging customer needs and market trends, representing a solid pillar upon which to build future growth. These investments, paired with favorable market momentum, contributed to an increase in revenue by 8.6% in the Relevant Period compared to the six months ended June 30, 2022.

The global luxury yacht industry has continued to grow solidly throughout 2021 and 2022, fostered by the growth of the VHNWI and UHNWI clientele in terms of both number and wealth. In this context, and as proved by its ability to outperform the underlying luxury yacht market in the past, the Group believes it is ideally positioned to continue to capture market growth, capitalizing on its unique and effective business model, strong heritage of iconic brands, unparalleled focus on product excellence and innovation, tailored approach for cultivating an exclusive community of luxury customers and its distinctive sales model. To continue building on the expected trends of the global luxury yacht industry, enhancing its value proposition and strengthening its overall resilience, the Group's future plans are based on the following strategic pillars:

— The Group will enhance and expand its product offering and product mix ahead of evolving market trends and customer expectations, with the aim to consolidate its market leadership position in both composite and made-to-measure segments, focusing on the segments with the highest growth potential and marginality.

— The Group will expand its made-to-measure offering into larger alloy yachts, developing new alloy-hulled super yacht models under its iconic Riva, Wally, Pershing, and Custom Line brands.

— The Group will also broaden both its yacht brokerage, chartering and management services and its after-sales and refitting services, extend its brand extension and licensing activities and further expand into the security and patrolling market.

— Finally, the Group will keep investing in the internalization of high value-added activities to support its future growth and product portfolio expansion.

The Group's results are not subject to seasonality, except for the concentration of deliveries in the northern summer season (May-August) and, to a lesser extent, in the southern summer season (November-January), especially for composite yachts.

FINANCIAL REVIEW

Net Revenue

The Group's net revenue increased by approximately 8.6% from approximately €534.9 million for the six months ended June 30, 2022 to approximately €580.8 million for the Relevant Period. The following table summarizes the net revenue by business lines during the periods indicated:

	Six months ended June 30,			
	2023		2022	
	(Unaudited)		(Unaudited)	
(In thousands Euro, except percentages)	**Net Revenue**	**% of Total Net Revenue**	Net Revenue	% of Total Net Revenue
Composite yachts	**259,790**	**44.7%**	233,710	43.7%
Made-to-measure yachts	**207,983**	**35.8%**	201,286	37.6%
Super yachts	**64,847**	**11.2%**	48,928	9.1%
Other businesses [1]	**48,221**	**8.3%**	51,024	9.5%
Total	**580,841**	**100%**	534,948	100%

Note: (1) Mainly comprising revenue from ancillary businesses and the FSD.

(i) Sales of Composite Yachts

The Group's revenue from the sales of composite yachts increased by approximately 11.2% from approximately €234 million for the six months ended June 30, 2022 to approximately €260 million for the Relevant Period. The increase in revenue was mainly due to the increase in the backlog.

(ii) Sales of Made-to-Measure Yachts

The Group's revenue from the sales of made-to-measure yachts increased by approximately 3.3% from approximately €201 million for the six months ended June 30, 2022 to approximately €208 million for the Relevant Period. The increase in revenue was mainly due to the increase in the backlog.

(iii) Sales of Super Yachts

The Group's revenue from the sales of super yachts increased by approximately 32.5% from approximately €49 million for the six months ended June 30, 2022 to approximately €65 million for the Relevant Period. The increase in revenue was mainly due to the launch of alloy-hulled super yacht models.

(iv) Other Businesses

The Group's revenue generated from other businesses are substantially in line and approximately €51 million for the six months ended June 30, 2022 and approximately €48 million for the Relevant Period.

The Group's standard sales contracts generally do not provide any specific price adjustment clause. In some instances however, the Group may agree with the customer to include a specific clause typically tied to inflation. In this case, the contract price will be increased.

Order backlog by segment

(i) Composite Yachts

The Group's order backlog from composite yachts reached €408.1 million for the Relevant Period representing approximately 28.9% of the total backlog (as at December 31, 2022: €386.7 million representing approximately 29.8% of the total backlog).

(ii) Made-to-Measure Yachts

The Group's order backlog from made-to-measure yachts reached €503.2 million for the Relevant Period representing approximately 35.7% of the total backlog (as at December 31, 2022: €469.6 million representing approximately 36.2% of the total backlog).

(iii) Super Yachts

The Group's order backlog from super yachts reached €442.3 million for the Relevant Period representing approximately 31.4% of the total backlog (as at December 31, 2022: €384.6 million representing approximately 29.7% of the total backlog).

(iv) Other Businesses (Including FSD and Wally sail)

The Group's order backlog from other businesses (including FSD and Wally sail) reached €56.9 million for the Relevant Period representing approximately 4.0% of the total backlog (as at December 31, 2022: €54.8 million representing approximately 4.2% of the total backlog).

Revenues by Geographical Region

The **AMAS** region reached €143.7 million for the Relevant Period representing approximately 24.7% of the total revenue (as at June 30, 2022: €171.3 million representing approximately 32.0% of the total revenue).

The **EMEA** region reached €250.2 million for the Relevant Period representing approximately 43.1% of the total revenue (as at June 30, 2022: €225.6 million representing approximately 42.2% of total revenue).

The **APAC** region reached €73.9 million for the Relevant Period representing approximately 12.7% of total revenue (as at June 30, 2022: €38.1 million representing approximately 7.1% of total revenue).

Other and Super yachts (Including ancillary activities, FSD, Wally sail and pre-owned) reached €113.1 million for the Relevant Period representing approximately 19.5% of the total revenue (as at June 30, 2022: €100.0 million representing approximately 18.7% of the total revenue).

Raw Materials and Consumables Used

The Group's raw materials and consumables used increased by approximately 21.2% from approximately €260.8 million for the six months ended June 30, 2022 to approximately €316.1 million for the Relevant Period. Such increase was mainly due to the increase in production activities following the growth in order intake.

Contractors Costs

The Group's contractors costs increased by approximately 33.0% from approximately €77.3 million for the six months ended June 30, 2022 to approximately €102.8 million for the Relevant Period. Such increase was mainly attributable to the increase in production activities to properly answer to the acceleration of the order intake.

Costs for Trade Shows, Events and Advertising

The Group's costs for trade shows, events and advertising increased by approximately 27.7% from approximately €9.5 million for the six months ended June 30, 2022 to approximately €12.1 million for the Relevant Period mainly due to the renormalization process after the COVID-19 pandemic when many of these activities were canceled.

Other Service Costs

The Group's other service costs decreased by approximately 3.6% from approximately €61.1 million for the six months ended June 30, 2022 to approximately €58.9 million for the Relevant Period due to the combined effect of an increase in service costs for production volumes, in particular transportation, and a decrease in fees paid to members of corporate governance bodies, due to the presence as at June 30, 2022 of €3.2 million for a portion of the Management Incentive Plan.

Rentals and Leases

The Group's rentals and leases increased by €0.8 million, or 20.1%, from €3.7 million for the six months ended June 30, 2022 to €4.5 million for the Reporting Period, primarily due to (i) an increase in royalties mainly attributable to the increase in new yachts delivered; and (ii) an increase in expenses relating to short-term leases, which was generally in line with the growth of the Group's business.

Personnel Costs

The Group's personnel costs decreased by €4.2 million, or 6.1%, from €69.3 million for the six months ended June 30, 2022 to €65.1 million for the Reporting Period, primarily due to the combined effect of the absence of the Management Incentive Plan cash bonus for €12.3 million as at June 30, 2022, and an increase in the average headcount to support the growth of the Group's business.

Other Operating Expenses

The Group's other operating expenses decreased from approximately €5.6 million for the six months ended June 30, 2022 to approximately €3.0 million for the Relevant Period mainly due to the reduction of cost under-accruals and re-billable costs.

Income Tax Expenses

The Group recorded income tax expenses of €14.7 million for the Relevant Period and income tax benefit of €724 thousand for the six months period ended June 30, 2022. The tax expenses increased mainly due to (i) an increase in current tax as attributable to the significant increase in the Group's profit before tax; and (ii) a decrease in deferred tax assets recognized in respect of prior tax losses.

Net Profit

The Group's profit for the period increased by approximately 36.8% from approximately €29.9 million for the six months ended June 30, 2022 to approximately €40.9 million for the Relevant Period mainly due to the increase in volumes and the increase in margin.

Non-IFRS Measure

To supplement the Group's consolidated income statements which are presented in accordance with IFRS, EBITDA, adjusted EBITDA, adjusted EBITDA/net revenue without pre-owned, being non-IFRS measures, were also presented in this announcement. The Group is of the view that this measure facilitates comparison of operating performance from period to period by eliminating potential impacts of certain items and believes that this measure provides useful information to understand and evaluate the Group's consolidated income statements in the same manner as they help the Group's management. However, the Group's presentation of EBITDA may not be comparable to similar terms used by other companies. The use of this measure has limitations as an analytical tool, as such, it should not be considered in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

The Group defines (i) EBITDA as profit after tax plus financial expenses (including the result of foreign exchange conversion but excluding exchange rate gains/(losses) related to financial transactions), depreciation and amortization, and income tax expense, and less financial income and income tax benefit; (ii) adjusted EBITDA (excluding listing expenses and related costs, Management Incentive Plan and other minor non-recurring events; and (iii) net revenue without pre-owned as net revenue excluding revenue generated from the trading of pre-owned yachts.

The table below sets forth the reconciliations of the Group's non-IFRS measure to the nearest measures prepared in accordance with IFRS for the years indicated:

(in thousands Euro)	**June 30, 2023 (unaudited)**	June 30, 2022 (unaudited)
Net revenue	**580,841**	534,948
Revenue pre-owned	**(13,419)**	(24,328)
Net revenue without pre-owned	**567,422**	510,619
Operating costs	**(484,005)**	(441,582)
Adjusted EBITDA	**83,418**	69,037
Special items	**(802)**	(23,099)
Operating exchange gains/(losses) and share of loss of a joint venture	**836**	(1,176)
EBITDA	**83,451**	44,762
Depreciations and amortization	**(30,128)**	(25,518)
Financial income, financial expenses, financial exchange gains/(losses)	**2,189**	9,906
Profit before tax (PBT)	**55,512**	29,151
Income tax	**(14,658)**	724
Profit after tax (PAT)	**40,855**	29,875
Adjusted EBITDA/Net revenue without pre-owned	**14.7%**	13.5%

The Group's adjusted EBITDA (excluding listing expenses and related costs, Management Incentive Plan, and other minor non-recurring events) for the Relevant Period amounted to approximately €83.4 million, increased by approximately 20.9% for the six months ended June 30, 2022 which amounted to approximately €69.0 million, demonstrating the increase in profitability of the Group's operating performance.

The adjusted EBITDA/net revenue without pre-owned margin increased from 13.5% for the six months ended June 30, 2022 to 14.7% for the Reporting Period.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

During the Relevant Period, the Group financed its operations mainly by cash generated from operations.

As at June 30, 2023, the Group had cash and cash equivalents and other current assets of approximately €355 million (as at December 31, 2022: approximately €404 million).

Taking into account the cash flow generated from operations and the net proceeds from the Listing, the Directors are of the view that the Group has sufficient working capital to meet its current liquidity demand and the liquidity demand within at least 12 months from the date of this announcement.

Capital Expenditure

The capital expenditure of the Group as at June 30, 2023 was €84.5 million.

Net Financial Position

The net cash of the Group as at June 30, 2023 was €320 million (as at December 31, 2022: €365 million).

Capital Structure

A. Borrowing

The total bank and other borrowings of the Group as at June 30, 2023 was approximately €35.7 million (as at December 31, 2022: €38.6 million) which was originally denominated in Euro, so it did not have any foreign exchange impact on its financial statements during the Relevant Period. The bank borrowing was interest-bearing, secured and unsecured. During the Relevant Period, the Group did not experience any difficulties in utilizing its banking facilities with its lenders.

B. Gearing Ratio

As at June 30, 2023, the Group's gearing ratio was approximately 4.5% (as at December 31, 2022: 5.1%), calculated as the total indebtedness divided by total equity as at the end of the Relevant Period multiplied by 100%. The decrease was mainly due to the increase in share capital related to the Listing and the decrease in total indebtedness. The Group's gearing ratio demonstrated that the financial position of the Group was healthy as the debt level of the Group was very low as at the end of the Relevant Period.

Treasury Policies

The Group continues to adopt a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Period. The Board closely monitors the liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of Assets

As at December 31, 2022, the Group's bank borrowings were secured by certain of the Group's buildings, which amounted to €98.1 million. As at June 30, 2023, the Group did not pledge any further assets in comparison with December 31, 2022.

Contingent Liabilities

As at June 30, 2023 and 2022, the Group did not have any material contingent liabilities.

Significant Investments, material acquisitions and disposals, plans for significant investment of acquisition of material capital assets

During the Relevant Period, the Group did not make any material disposal of subsidiaries and associates. Save for the expansion plans disclosed in the section headed "Future Plans and Use of Proceeds" in the Hong Kong Prospectus, the Company has no specific plans for significant investments or acquisitions of material capital assets.

Risk factors

The Company identifies risk at the activity level which can help to focus risk assessment on major business units or functions and also contribute to maintaining an acceptable level of risk across the Group. We also review periodically economic and industrial factors affecting our business and meet industry analysts and players to keep abreast of the latest development of the industry.

Factors such as increased competition, regulatory changes, personnel changes, and developments in the markets which contribute to and increase risks are always on the watch list.

For further details, please refer to the annual report of the Company for the year ended December 31, 2022.

Foreign Currency Exposure

Majority of the Group's generating activities and borrowings were denominated in Euro. The Group is exposed to foreign currency risk arising from fluctuations in exchange rates between Euro against USD. The Group uses foreign currency forward contracts to hedge its exposure to foreign currency risks in connection with forecast transactions and firm commitments. As at December 31, 2022 and June 30, 2023, there were no currency forwards in place.

Human Resources

As at June 30, 2023, the Group had approximately 1,921 full-time employees, of which 1,851 were based in the EMEA and 70 were based in AMAS and APAC. The total cost of staff for the six months ended June 30, 2023 was €65.1 million as compared to €69.3 million as at June 30, 2022. The decrease was mainly attributable to the combined effect of the settlement of the Management Incentive Plan cash bonus of €12.3 million as at June 30, 2022, and an increase in the average headcount to support the growth of the Group's business.

Going Concern

Based on the current financial position and the available financing facilities, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements in this announcement were prepared on a "going concern" basis.

INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the Reporting Period.

TERMINATION OF SHARE OPTION SCHEME

The Company adopted a generic Share Option Scheme on May 25, 2022 for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses, to provide additional incentives to the scheme participants and to promote the long-term financial success of the Group by aligning the interests of holders of the share options to Shareholders.

On May 18, 2023, the Company's Shareholders' Meeting approved a resolution to revoke the Share Option Scheme, effective as of the first trading date on Euronext Milan. As a result, the Share Option Scheme has been terminated on June 27, 2023, first trading date on Euronext Milan.

SUFFICIENCY OF PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, upon the Hong Kong Listing and up to June 30, 2023, the Company maintained the amount of public float as required under the Hong Kong Listing Rules.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the issue of 4,167,700 Shares pursuant to the over-allotment option granted by the Company to the sole global coordinator for the Hong Kong Global Offering in the context of the Hong Kong Listing, since the Hong Kong Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS FROM THE HONG KONG LISTING

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Hong Kong Global Offering in the context of the Hong Kong Listing and the exercise of over-allotment option of approximately HKD1,862.94 million. There has been no change in the intended use of net proceeds as previously disclosed in the Hong Kong Prospectus. As at June 30, 2023, the Group has been gradually utilizing the net proceeds from the Hong Kong Global Offering according to the manner and proportions disclosed in the Hong Kong Prospectus.

On June 27, 2023, the Company successfully completed the first ever Dual Listing of the Company between Euronext Milan and the Hong Kong Stock Exchange. Since the listing of Shares on Euronext Milan only consisted of offering of existing Shares owned by a controlling shareholder, the Company did not raise proceeds from the offer.

CORPORATE GOVERNANCE

The Board strives to uphold the principles of corporate governance set out in the Hong Kong Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules, the Italian Consolidated Financial Act and the Italian Corporate Governance Code to which the Company has adhered after the Dual Listing, and adopted various measures to enhance the internal control system, the Directors' continuing professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its Shareholders. The Board will continue to conduct reviews and improve the quality of corporate governance practices with reference to local and international standards.

The Company has complied with the code provisions as set out in Appendix 14 to the Hong Kong Listing Rules during the Relevant Period. The Company has adhered and is compliant with Italian Corporate Governance Code starting from the EXM Listing.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules (the "**Model Code**") and relevant Italian provisions as its own code governing securities transactions of the Directors.

Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the Relevant Period.

REVIEW BY AUDIT COMMITTEE

The Company has established the Audit Committee on December 21, 2021 with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and the Hong Kong Corporate Governance Code and in compliance with the Italian Corporate Governance Code.

Pursuant to Hong Kong Listing Rules and Article 6 of the Italian Corporate Governance Code, the Audit Committee, is in charge of, and assists the Board of Directors in, inter alia: (i) defining the guidelines of the internal control and risk management system so that the main risks to the Company and its subsidiaries are properly identified, adequately managed and monitored, and establishing criteria for the compatibility of such risks with the proper Company management; (ii) assessing the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved by coordinating for the part of competence with the ESG Committee; (iii) expressing opinions on specific aspects inherent to the identification of the main corporate risks and supporting the decisions of the Board of Directors related to management of risks; (iv) reviewing periodic and particularly significant reports prepared by the internal audit function; and (v) reporting, at least at the time of the approval of the annual and half-yearly financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system.

The Audit Committee has four members, Mr. Patrick Sun, Mr. Stefano Domenicali, Mr. Hua Fengmao and Mr. Li Xinghao, with Mr. Sun currently serving as the chairman. Mr. Sun has the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules.

The Audit Committee has reviewed with the management of the Company the unaudited interim condensed consolidated financial statements and the interim results announcement of the Company for the Relevant Period and agreed with the accounting treatments adopted by the Company, and was of the opinion that the preparation of the financial statements of the Company for the Relevant Period complies with the applicable accounting standards and the requirements under the Hong Kong Listing Rules and also with the Italian regulatory applicable provisions and adequate disclosures have been made.

The unaudited interim condensed consolidated financial statements, which were prepared in Italian and translated into English herein for the convenience of international readers, were reviewed by EY S.p.A., the Company's independent auditor, in accordance with the criteria for a review recommended by applicable law.

ADOPTION OF THE NEW BY-LAWS

The Company has adopted certain corporate governance policies that are required for Italian listed companies and made certain changes to its by-laws in order to mainly comply with the Italian Consolidated Financial Act and other applicable Italian laws and regulations for listed companies.

The resolution in relation to the adoption of the new By-laws was considered and approved by the Shareholders at the Shareholders' Meeting and the amended By-laws were adopted by the Company with effect from June 27, 2023 upon the first trading date on Euronext Milan.

The new By-laws are available on the websites of the Hong Kong Stock Exchange and the Company.

APPOINTMENT OF EY S.P.A. AS INDEPENDENT AUDITOR

At the Shareholders' Meeting, it was resolved that EY S.p.A. be appointed as an independent auditor of the Company upon the expiration of its current term of office at the Shareholders' Meeting.

Upon completion and in connection with the EXM Listing, as the Company will be qualified as a "Public Interest Entity" pursuant to Article 16 of Legislative Decree No. 39/2010 as amended and as supplemented, the Company is required to appoint its independent auditor for a term of nine financial years.

The Board acknowledged the reasoned proposal of the Board of Statutory Auditors and the re-appointment of the Company's existing independent auditor, EY S.p.A., for a term of nine financial years was considered and approved by the Shareholders at the Shareholders' Meeting. The term of such appointment shall commence from the financial year ending December 31, 2023 and expire on the date of the Shareholders' general meeting to approve the financial statements for the year ending December 31, 2031.

ELECTION OF THE BOARD OF STATUTORY AUDITORS

The terms of the Board of Statutory Auditors expired at the adjourned meeting of the Shareholder' meeting held on June 13, 2023. The resolutions in relation election of candidates as effective statutory auditors and alternate statutory auditors were considered and approved at the adjourned meeting of the Shareholders' meeting. Mr. Luigi Capitani, Mr. Luca Nicodemi and Ms. Giuseppina Manzo were elected as the effective statutory auditors. Mr. Luigi Capitani has been apponted as Chairman of the Board of Statutory Auditors. Ms. Tiziana Vallone and Ms. Federica Marone were elected as the alternate statutory auditors and will remain in office until the approval of the annual financial statements as of December 31, 2025.

Please refer to the circular, supplemental circular and announcement of the Company dated April 26, 2023, May 29, 2023 and June 13, 2023, respectively, for further details.

EXM LISTING AND ADMISSION TO TRADING OF THE SHARES ON THE EURONEXT MILAN

In respect of the EXM Listing, the Company successfully received from Borsa Italiana the admission of trading of the Shares on the Euronext Milan on June 23, 2023 and Shares commenced trading on Euronext Milan on June 27, 2023.

On June 21, 2023, CONSOB has issued the notice for the approval of the Italian Prospectus of Ferretti S.p.A. and Borsa Italiana has admitted all of the shares of Ferretti S.p.A. to trading on Euronext Milan on June 23, 2023. The first trading date was on June 27, 2023.

Please refer to the circular of the Company dated April 26, 2023, the announcements of the Company dated May 28, 2023, June 20, 2023, June 21, 2023 and June 23, 2023 for further details.

EVENTS AFTER THE RELEVANT PERIOD

There is no other material event after the Relevant Period and up to the date of approving this interim results.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the designated website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) under "Listed Company Information" and the website of the Company (www.ferrettigroup.com) under "Investor Relations". The interim report of the Company for the six months ended June 30, 2023 will be sent to Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

REDESIGNATION OF DIRECTOR

Mr. Xu Xinyu has been granted powers for overseeing the execution of Board decisions, improving the Company's internal audit functions, and supervising the Company's operations quality and has been appointed to the role of officer in charge of establishing and maintaining the internal control and risk management system. Despite the functions and powers granted to Mr. Xu do not entail any operative role in the operations and management of the Company, Mr. Xu has been redesignated from a non-executive director of the Company to an executive director of the Company by virtue of the specific definition of "executive" set forth in the Italian Corporate Governance Code.

Mr. Xu, aged 60, was appointed as a non-executive director of the Company in July 2012. Mr. Xu has served as the vice chairman and deputy general manager of Weichai Group since September 2020, the director of Weichai Power (Hong Kong) International Development Co., Ltd. since December 2011, the chairman of Weichai Power (Luxembourg) Holding S.à r.l. since November 2012, the chairman of FIH since April 2020 and an executive director of Weichai Power Co., Ltd.* since December 2002, a company listed on Hong Kong Stock Exchange (stock code: 02338) and the Shenzhen Stock Exchange (stock code: 000338).

Mr. Xu started his career at the Weifang Diesel Engine Factory* from July 1986 to January 1997 as head of the human resources and operations departments. He served as the deputy general manager of Shandong Weichai Import and Export Co., Ltd.* from January 1997 to July 1998, the deputy general manager and executive deputy general manager of Weifang Diesel Engine Factory* from July 1999 to July 2004, the director of Torch Automobile Group Co., Ltd.* from December 2005 to April 2007, the chairman of Weichai Power (Weifang) Investment Co., Ltd.* from August 2005 to April 2007, the chairman of Weichai Power (Shanghai) Technology Development Co., Ltd.* from August 2009 to August 2013, the chairman of Weichai Power (Beijing) International Resource Investment Co., Ltd.* from October 2010 to November 2012, the chairman of Société International des Moteurs Baudouin and the chairman of Weichai America Corp. from May 2009 to July 2012.

Mr. Xu obtained a bachelor degree in Mathematics from Liaocheng University in the PRC in July 1986 and an executive MBA degree from the National University of Singapore in Singapore in June 2006. Mr. Xu became a senior economist in November 2001.

Mr. Xu has entered into a service contract with the Company for a period of three years, subject to termination in certain circumstances as stipulated in the letter of appointment. Mr. Xu is receiving remuneration of €40,000 per annum for his directorship in the Company, which was determined by reference to his duties and responsibilities with the Company as well as the prevailing market conditions.

Save as disclosed above, as at the date of this announcement, Mr. Xu (i) has not held any directorship in any other listed companies in the past three years; (ii) does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company; and (iii) does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong.

Save as disclosed above, as at the date of this announcement, Mr. Xu also confirmed that there is no disagreement with the Board and there is no other information on Mr. Xu that needs to be disclosed pursuant to Rule 13.51(2) sub-paragraphs (h) to (v) of the Hong Kong Listing Rules and there are no other matters relating to his redesignation as an executive director of the Company that need to be brought to the attention of the shareholders of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

"AMAS"	North America, Central America and South America
"APAC"	Asia-Pacific
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Borsa Italiana"	Borsa Italiana S.p.A., a joint-stock company (società per azioni) incorporated under the laws of Italy, with registered office at Piazza degli Affari 6, Milan, Italy, which is, inter alia, the market operator of Euronext Milan
"By-laws"	the by-laws of the Company as amended, supplemented or restated from time to time
"Company"	Ferretti S.p.A., a company incorporated under the laws of Italy as a joint-stock company with limited liability, the shares of which are dually listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 9638) and the Euronext Milan (EXM: YACHT)
"CONSOB"	Italian authority for the supervision of financial markets (Commissione Nazionale per le Società e la Borsa), with its registered office in Rome, at Via Giovanni Battista Martini 3, Italy
"COVID-19"	the Coronavirus Disease 2019
"Director(s)"	the director(s) of the Company
"Dual Listing"	the dual listing of the Shares of the Hong Kong Stock Exchange and Euronext Milan
"EMEA"	Europe, Middle East and Africa

"Euro" or "€"	the lawful currency of the member states of the European Union participating in the third stage of the European Union's Economic and Monetary Union
"Euronext Milan"	the Euronext Milan, organized and managed by Borsa Italiana
"EXM Listing"	the listing of the Shares on the Euronext Milan managed and organized by Borsa italiana
"FSD"	Ferretti Security Division business, a division of the Company that designs, develops and manufactures coastal patrol vessels
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
"Hong Kong Global Offering"	the public offering of the Shares as defined and described in the Hong Kong Prospectus
"Hong Kong Listing"	the listing of the Shares on the Main Board
"Hong Kong Listing Date"	March 31, 2022, the date on which the Shares are listed and dealings in the Shares first commence on the Main Board
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, modified or supplemented from time to time
"Hong Kong Prospectus"	the prospectus of the Company dated March 22, 2022 in relation to the Hong Kong Global Offering and the Hong Kong Listing
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Italian Consolidated Financial Act"	Italian Legislative Decree no. 58 of February 24, 1998 as subsequently amended and supplemented
"Italian Corporate Governance Code"	Italian Corporate Governance Code enacted by the Corporate Governance Committee (Comitato di Corporate Governance) on January 2020
"Italian Prospectus"	the prospectus of the Company approved by CONSOB on June 21, 2023 in relation to the EXM Listing
"Main Board"	the Main Board of the Hong Kong Stock Exchange
"Management Incentive Plan"	a management incentive plan approved on December 21, 2021, setting out incentives for the Group's senior management and other employees
"PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Reporting Period" or "Relevant Period"	the six months ended June 30, 2023
"Share(s)"	ordinary share(s) with no nominal value in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Meeting"	the annual general meeting of the Company held on May 18, 2023
"Share Option Scheme"	the share option scheme adopted by the Company on May 25, 2022
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules, unless the context otherwise requires

"UHNWIs" or "ultra-high net worth individuals"	persons who have a net worth with investable and liquid assets in excess of 50 million U.S. dollars
"USD" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States of America
"VHNWIs" or "very-high net worth individuals"	persons who have a net worth with investable and liquid assets of five million to 50 million U.S. dollars
"%"	per cent

By Order of the Board
Ferretti S.p.A.
Mr. Alberto Galassi
Executive Director and Chief Executive Officer

Hong Kong, August 2, 2023

As at the date of this announcement, the Board comprises Mr. Alberto Galassi and Mr. Xu Xinyu as executive Director; Mr. Tan Xuguang, Mr. Piero Ferrari, Mr. Li Xinghao, and Ms. Jiang Lan Lansi as non-executive Directors; and Mr. Hua Fengmao, Mr. Stefano Domenicali and Mr. Patrick Sun as independent non-executive Directors.