FERRETTIGROUP

2023 Annual Report

(Courtesy Translation Version)

FERRETTI S.P.A. (incorporated under the laws of Italy as a joint-stock company with limited liability)

HKEX code: 9638 | Euronext code: YACHT.MI

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Contents

Corporate Information

EXECUTIVE DIRECTORS
Mr. Alberto Galassi *(Chief Executive Officer)*
Mr. Xu Xinyu (徐新玉)

NON-EXECUTIVE DIRECTORS
Mr. Tan Xuguang (譚旭光) *(Chairman)*
Mr. Piero Ferrari *(Honorary Chairman)*
Ms. Jiang Lan (Lansi) (蔣嵐)
Mr. Li Xinghao (李星昊) *(resigned on February 19, 2024)*
Mr. Zhang Quan (張泉) *(appointed on February 19, 2024)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Stefano Domenicali
Mr. Patrick Sun (辛定華)
Mr. Hua Fengmao (華風茂) *(resigned on February 19. 2024)*
Ms. Zhu Yi (朱奕) *(appointed on February 19, 2024)*

AUDIT COMMITTEE
Mr. Patrick Sun (辛定華) *(Chairman)*
Mr. Stefano Domenicali
Ms. Jiang Lan (Lansi) (蔣嵐)
Ms. Zhu Yi (朱奕)

REMUNERATION COMMITTEE
Mr. Stefano Domenicali *(Chairman)*
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Mr. Patrick Sun (辛定華)
Ms. Zhu Yi (朱奕)

NOMINATION COMMITTEE
Mr. Tan Xuguang (譚旭光) *(Chairman)*
Mr. Alberto Galassi
Mr. Stefano Domenicali
Mr. Patrick Sun (辛定華)
Ms. Zhu Yi (朱奕)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE
Mr. Tan Xuguang (譚旭光) *(Chairman)*
Mr. Alberto Galassi
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Ms. Jiang Lan (Lansi) (蔣嵐)
Mr. Zhang Quan (張泉)
Ms. Zhu Yi (朱奕)

STRATEGIC COMMITTEE
Mr. Tan Xuguang (譚旭光) *(Chairman)*
Mr. Alberto Galassi
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Mr. Zhang Quan (張泉)
Mr. Patrick Sun (辛定華)

BOARD OF STATUTORY AUDITORS
Mr. Luigi Capitani *(Chairman)*
Ms. Giuseppina Manzo
Mr. Luca Nicodemi
Ms. Federica Marone *(Alternate auditor)*
Ms. Tiziana Vallone *(Alternate auditor)*

JOINT COMPANY SECRETARIES
Mr. Niccolò Pallesi
Ms. Wong Hoi Ting *(ACG, HKACG)*

SECRETARY OF THE BOARD
Mr. Ma Jun (馬俊)

AUTHORIZED REPRESENTATIVES
Mr. Alberto Galassi
Ms. Wong Hoi Ting

REGISTERED OFFICE AND HEADQUARTER OFFICE
Via Irma Bandiera 62,
47841 Cattolica (RN),
Italy

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

AUDITOR
EY S.p.A.
Independent Auditor registered in the Register Held by MEF (Italian Ministry of Economy and Finance) and Recognized PIE Auditor under the Financial Reporting Council Ordinance (Cap. 588)
Via Meravigli, 12
20123 Milan
Italy

EXECUTIVE RESPONSIBLE FOR THE CORPORATE FINANCIAL DOCUMENTS

Mr. Marco Zammarchi

HONG KONG LEGAL ADVISER

King & Wood Mallesons
13th Floor Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

ITALY LEGAL ADVISER

Studio Legale Pedersoli Gattai
via Monte di Pietà, 15, 20121
Milan, Italy

COMPLIANCE ADVISER

Gram Capital Limited
Room 1209
12th Floor, Nan Fung Tower
Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.ferrettigroup.com

STOCK CODES

EXM: YACHT.MI
HKEX: 9638

A summary of the results and the assets, liabilities and non-controlling interests of the Company for the last five financial years is set out below:

RESULTS

(in thousands Euro)	Year ended December 31, 2023	2022	2021	2020	2019
Net revenue	**1,134,484**	1,030,099	898,421	611,355	649,251
Profit before tax	**104,022**	69,385	40,674	3,527	6,430
Income tax	**(20,519)**	(8,839)	(3,291)	18,455	20,169
Profit for the year	**83,503**	60,546	37,383	21,982	26,599
Attributable to:					
Shareholders of the Company	**83,048**	60,274	37,545	22,006	26,628
Non-controlling interests	**456**	271	(162)	(24)	(29)
	83,503	60,546	37,383	21,982	26,599

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

(in thousands Euro)	As at December 31, 2023	2022	2021	2020	2019
Current assets	**930,247**	818,663	505,199	443,075	450,855
Non-current assets	**672,002**	588,893	540,877	515,368	467,830
Total assets	**1,602,248**	1,407,556	1,046,076	958,443	918,685
Current liabilities	**(720,037)**	(583,408)	(473,440)	(394,427)	(414,703)
Non-current liabilities	**(42,532)**	(45,757)	(74,570)	(100,691)	(54,657)
Total liabilities	**(762,569)**	(629,165)	(548,010)	(495,118)	(469,360)
Non-controlling interests	**(840)**	(384)	212	50	26
Equity attributable to shareholders of the Company	**838,840**	778,007	498,278	463,375	449,351

KEY FINANCIAL RATIOS

	As at/year ended December 31, 2023	2022	2021	2020	2019
Profitability Ratios					
Return on equity	**10.3%**	9.5%	7.8%	4.8%	8.5%
Return on total assets	**5.5%**	4.9%	3.7%	2.3%	3.1%
Liquidity Ratios					
Current ratio	**1.3**	1.3	1.1	1.1	1.1
Quick ratio	**0.8**	1.1	0.8	0.7	0.6
Capital Adequacy Ratio					
Gearing ratio	**4.0%**	5.1%	17.8%	35.4%	27.9%

Note: The summary of the consolidated results of the Group for the two years ended December 31, 2019 and 2020 and the consolidated assets, liabilities and non-controlling interests of the Group as at December 31, 2019 and 2020 have been extracted from the Hong Kong Prospectus.

Chairman's Statement

On behalf of the Board, I would like to present to the Shareholders the annual results and consolidated financial statements of the Group for the Reporting Period.

1 Review of Operating Conditions

In 2023, the Group successfully listed on Euronext Milan, following its listing on the Hong Kong Stock Exchange in 2022, making us the first Company to be listed in both the Hong Kong Stock Exchange and the Euronext Milan. The Group was able to attract a broad interest among leading Italian and international institutional investors, resulting in a widened and strengthened institutional shareholder base of the Company.

The Italian listing further consolidated the Group positioning as a global leader in the luxury yacht arena.

On the business growth, we recorded a strong increase in net revenue during the Reporting Period of €1,134.5 million, representing an approximately 10.1% increase as compared to the corresponding period in 2022.

As far as the Group's profitability is concerned, its adjusted EBITDA amounted to €169.2 million, representing an increase of approximately 20.9% from the year ended December 31, 2022 (€140.0 million). The increase was also significant in terms of percentages, with an adjusted EBITDA/net revenue of new yachts margin reaching 15.2% or 110 basis points higher than that of 2022. Finally, the Group's profit for the year increased by approximately 38% from €60.5 million for the year ended December 31, 2022 to €83.5 million for the Reporting Period.

In 2024, we expect a sustainable growth, which is backed by an order backlog of approximately €1.5 billion as at December 31, 2023, which represents an approximate increase of 15.1% as compared to that as at December 31, 2022.

1.1 Yacht Manufacturing Business

The Group upheld an innovation-driven approach to maintain its market-leading position in its core business, placing great emphasis on research and development. Leveraging the substantial investments in research and development, the Group has been continuously renewing and broadening its product portfolio with technological and design innovation, allowing it to stay abreast of the rapidly evolving preferences and expectations of its clientele.

The launch of new models for composite and made-to-measure yachts, together with a growing interest in super yachts, allowed the Group to attract new customers while also continuing to nurture the interest of the Group's loyal clients.

- The Group's net revenue from sales of composite yachts reached €491.8 million, representing a year-on-year growth of 19.3% and approximately 44.3% of the Group's total net revenue of new yachts for the Reporting Period. The Group's order intake for composite yachts was €527.2 million for the Reporting Period, mainly due to the contribution of composite yachts of over 80 feet.

- The Group's net revenue from sales of made-to-measure yachts increased by 1.7% from €433.0 million for the year ended December 31, 2022 to €440.3 million for the Reporting Period. The Group's order intake for made-to-measure yachts was €423.0 million for the Reporting Period.

- The Group's net revenue from sales of super yachts increased by 23.3% from €95.4 million for the year ended December 31, 2022 to €117.6 million for the Reporting Period. The Group's order intake for super yachts was €149.5 million for the Reporting Period, primarily due to the good performance of flagship semi serial models.

1.2 Other Businesses

The Group's other businesses provide synergies with our yacht manufacturing business with a comprehensive portfolio, including: (i) yacht brokerage, chartering and management services; (ii) after-sales and refitting services; (iii) brand extension activities (including exclusive lounges all-over-the-world); (iv) manufacturing and installation of wooden furnishings and kinetics for nautical interiors; (v) manufacturing and sale of coastal patrol vessel by the FSD; and (vi) manufacturing and sale of Wally sailing yachts. With such businesses, we are able to cover all customer's needs throughout the whole yachting "customer journey", from the purchase of luxury yachts to a complete offer of ancillary services to enhance customer satisfaction and loyalty, while providing us with real-time information about market trends and customer preferences.

For the Reporting Period, the Group's net revenue from other businesses segment reached approximately €61.3 million, representing a year-on-year increase of approximately 10.3%. The increase in net revenue mainly derived from Wally sailboats segment.

1.3 ESG Commitment of the Group

By leveraging considerable investments in research and development, the Group has continuously upgraded and expanded its product portfolio with environmentally friendly, technological, and design innovations since 2014 to keep pace with the rapidly evolving expectations of its customers.

Thanks to its innovative drive, the Group was the very first to introduce a pioneering hybrid propulsion solution to the market in 2008, and it continues to innovate in this field. In 2021, the Group launched a collaboration with Rolls-Royce Power Systems to jointly develop hybrid solutions to be installed on future yachts and in 2022, the Group extended the agreement until the end of 2027, which guarantees the supply chain's efficiency, with clear benefits for its customers. The Group also entered the E-luxury segment with the first Riva full-electric powerboat, named El-Iseo, available for sale in January 2024. Furthermore, the Group is committed to expanding its other "green" product offering across all key brands, launching and marketing more eco-friendly solutions, building on the proposition of the newly launched models (besides FSD N800, Riva El-Iseo, wallytender43X and wallytender48X and the INFYNITO range) and increasing its presence in the sailing yacht market through Wally.

With respect to sustainable development, hydrogen is attracting increasing attention as an energy source and has the potential to become a game-changer in the maritime sector as well. Building on Weichai Group's significant achievements on this front and having already installed hydrogen engines on land vehicles, it will be a crucial partner of the Group to provide the necessary know-how and experience to make hydrogen engines on yachts a reality.

In addition, with a view to reducing the environmental impact of its products, the Group is constantly seeking innovative solutions, which involve the use of eco-friendly and lighter materials.

Moreover, the Group's ESG commitment is not limited to its outstanding product offering, but also targets its shipyards. All shipyards are adjusted to the ISO 14001:2015 environmental certification, introducing innovative solutions (such as trigeneration systems) and increasingly proficient solar panels to reduce both energy consumption and emissions.

The Group firmly believes in the importance of ESG moving forward and aims to become an ESG leader in the global yacht market. As a remark, the Group has to establish been the first in the yacht industry to publish a sustainability report in 2019 and establish the ESG Committee in 2011, which is responsible for helping the Board to devise ESG policies and strategies and reviewing and assessing its sustainability performance.

2 Outlook and Prospects

The global luxury yacht industry continued to grow solidly throughout 2022 and 2023. Once again, the global luxury yacht industry proved resilience in the face of geopolitical uncertainty, underscoring its stability and strength. Against this backdrop, the Group continued its outstanding performance, steadily gaining market share and strengthening its strategic position not only in high-value segments, but also in new emerging and high-growth segments. To continue to take advantage of the expected growth trends in the global luxury yacht industry, enhancing its value proposition and strengthening its overall resilience, the Group made future plans based on the following strategic pillars:

- To improve and expand its offering and product mix in anticipation of evolving market trends and customer expectations, with the aim of consolidating its market leadership that in 2023, which grew further from 14.9% in 2022 to 15.8% in 2023 in both the composite yachts and made-to-measure yachts segments, focusing on the segments with the highest growth and margin potential.

- To continue to invest in innovation, technologies, and products with the goal of providing a more environmentally responsible sailing experience through the skillful use of more sustainable materials and processes to reduce the environmental impact of products.

- To expand its made-to-measure offering to larger alloy yachts, developing new alloy-hulled super yacht models under the iconic Riva, Wally, Pershing, and Custom Line brands.

- To expand yacht brokerage, chartering and management services and after-sales and refitting services, expand brand extension and licensing activities, and further expand into the security and patrol market.

- To continue to invest in the internalization of high value-added activities to support its future growth and product portfolio expansion.

3 Appreciation

Last but not least, I would like to express my sincere appreciation to all of our proven and new Shareholders, our potential investors and our customers for their care and support, as well as to all of our staff for their hard work and dedication!

Mr. Tan Xuguang
Chairman and non-executive Director
Hong Kong, March 14, 2024

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is an established leader in the global luxury yacht industry with a portfolio of iconic brands of long heritage and outstanding high-end manufacturing capabilities. As one of the oldest Italian luxury yacht producers, it has been playing an important role in steering the development of the global luxury yacht industry by acquiring and integrating other leading yacht brands and production facilities since the establishment of the business in 1968. Its seven brands — Riva, Wally, Ferretti Yachts, Pershing, Itama, CRN and Custom Line — are globally recognized as symbols of luxury, exclusivity, Italian design, quality, craftsmanship, innovation and performance. The Group designs, produces and sells luxury composite yachts, made-to-measure yachts and super yachts from 8 to 95 meters, offering the full spectrum of functionalities and an increasing range of ancillary services, catering to the personalized tastes and requirements of its clientele. With its market leadership, rich history and iconic brand portfolio, the Group is positioned as the trend-setter of the global luxury yachting industry and the ambassador of Italian nautical excellence to the world.

Owing to excellent market reaction to the models launched in previous years, for the Reporting Period, the Group recorded a net revenue of €1,134.5 million, representing a 10.1% increase from €1,030.1 million for the year ended December 31, 2022. The Group delivered 212 new vessels during the Reporting Period, compared to 207 new vessels for the year ended December 31, 2022. Meanwhile, its net profit increased by about 38.0% from €60.5 million for the year ended December 31, 2022 to €83.5 million for the Reporting Period. During the Reporting Period, the Group achieved an order intake of €1,120.4 million, which was in line with the amount of order intake in the year ended December 31, 2022. There had also been a major increase in the Company's order intake for composite yachts of over 80 feet, which have a high profitability similar to that of made-to-measure yachts.

The Group upheld an innovation-driven approach to maintain its market-leading position in its core business, placing great emphasis on research and development. Leveraging the substantial investments in research and development, the Group has been continuously renewing and broadening its product portfolio with technological and design innovation, allowing it to stay abreast of the rapidly evolving preferences and expectations of its clientele.

The launch of new models for composite and made-to-measure yachts, together with a growing interest in super yachts, allowed the Group to attract new customers while also continuing to nurture the interest of the Group's loyal clients.

The Group's other businesses provide synergy with its yacht manufacturing business with a comprehensive portfolio, including: (i) yacht brokerage, chartering and management services; (ii) after-sales and refitting services; (iii) brand extension activities (including exclusive lounges all-over-the-world); (iv) manufacturing and installation of wooden furnishings and kinetics for nautical interiors; (v) manufacturing and sale of coastal patrol vessel by the FSD; and (vi) manufacturing and sale of Wally sailing yachts. With such businesses, the Group is able to cover all customers' needs throughout the whole yachting "customer journey", from the purchase of luxury yachts to a complete offer of ancillary services to enhance customer satisfaction and loyalty, while providing it with real-time information about market trends and customer preferences.

The Group's total net revenue of new yachts sales increased by about 11.5%, from €996.1 million in 2022 to €1,110.9 million in 2023, due to the strong order intake in 2022 and 2023.

Order intake by segment

The following table shows the breakdown of the order intake by segment[1]:

	Order intake by segment				
(in millions Euro)	**2023**	**%**	2022	%	**Change[2]**
Composite yachts	**527.2**	**47.1%**	462.8	39.8%	**+13.9%**
Made-to-measure yachts	**423.0**	**37.8%**	495.1	42.6%	**–14.6%**
Super yachts	**149.5**	**13.3%**	204.6	17.6%	**–26.9%**
Other businesses[3]	**20.7**	**1.8%**	0	0%	**—**
Total	**1,120.4**	**100.0%**	1,162.5	100.0%	**–3.6%**

Order intake from the **composite yachts** segment totaled €527.2 million in 2023, accounting for approximately 47.1% of total order intake in 2023 (2022: €462.8 million, accounting for approximately 39.8% of total order intake in 2022).

Order intake from the **made-to-measure yachts** segment totaled €423.0 million in 2023, accounting for approximately 37.8% of total order intake in 2023 (2022: €495.1 million, accounting for approximately 42.6% of total order intake in 2022).

Order intake from the **super yachts** segment totaled €149.5 million in 2023, accounting for approximately 13.3% of total order intake in 2023 (2022: €204.6 million, accounting for approximately 17.6% of total order intake in 2022).

Order intake from the **other businesses** segment totaled €20.7 million in 2023, accounting for approximately 1.8% of total order intake in 2023.

1 The Ferretti Yacht 1000 model that was originally under the composite yachts segment had been reclassified under the made-to-measure yachts segment in this Reporting Period

2 The percentage figures are subject to rounding adjustments and may not be an arithmetic aggregation of the figures preceding them

3 Including FSD and Wally sailboats

Order intake by geographical area

The following table shows the breakdown of order intake by geographical area[4]:

	Order intake by geographical area				
(in millions Euro)	**2023**	**%**	2022	%	**Change[5]**
Europe	**483.6**	**43.2%**	446.5	38.4%	**+8.3%**
MEA	**273.8**	**24.4%**	241.8	20.8%	**+13.2%**
APAC	**65.8**	**5.9%**	74.7	6.4%	**–11.9%**
AMAS	**297.1**	**26.5%**	399.4	34.4%	**–25.6%**
Total	**1,120.4**	**100.0%**	1,162.5	100.0%	**–3.6%**

Order intake in **Europe** totaled €483.6 million, accounting for approximately 43.2% of total order intake in 2023 (2022: €446.5 million, accounting for approximately 38.4% of total order intake in 2022).

Order intake in **MEA** totaled €273.8 million, accounting for approximately 24.4% of total order intake in 2023 (2022: €241.8 million, accounting for approximately 20.8% of total order intake in 2022).

Order intake in **APAC** totaled €65.8 million, accounting for approximately 5.9% of total order intake in 2023 (2022: €74.7 million, accounting for approximately 6.4% of total order intake in 2022).

Order intake in **AMAS** totaled €297.1 million, accounting for approximately 26.5% of total order intake in 2023 (2022: €399.4 million, accounting for approximately 34.4% of total order intake in 2022).

Order backlog

As of December 31, 2023, the order backlog amounted to €1,491.1 million, increased by approximately 15.1% from €1,295.6 million as of December 31, 2022.

4 The geographical breakdown in the Reporting Period refers to breakdown by the dealer's area of exclusivity or by the customer's nationality

5 The percentage figures are subject to rounding adjustments and may not be an arithmetic aggregation of the figures preceding them

Order backlog by segment

The following table shows the breakdown of the order backlog by segment[6]:

	Order backlog by segment				
(in millions Euro)	**2023**	**%**	2022	%	**Change[7]**
Composite yachts	**460.9**	**30.9%**	339.1	26.2%	**+35.9%**
Made-to-measure yachts	**554.6**	**37.2%**	517.1	39.9%	**+7.3%**
Super yachts	**418.0**	**28.0%**	384.6	29.7%	**+8.7%**
Other businesses[8]	**57.7**	**3.9%**	54.8	4.2%	**+5.3%**
Total	**1,491.1**	**100.0%**	1,295.6	100.0%	**+15.1%**

Order backlog from the **composite yachts** segment reached €460.9 million as of December 31, 2023, accounting for approximately 30.9% of the total backlog (up from €339.1 million, accounting for approximately 26.2% of the total backlog as of December 31, 2022).

Order backlog from the **made-to-measure yachts** segment reached €554.6 million as of December 31, 2023, accounting for approximately 37.2% of the total backlog (up from €517.1 million, accounting for approximately 39.9% of the total backlog as of December 31, 2022).

Order backlog from the **super yachts** segment reached €418.0 million as of December 31, 2023, accounting for approximately 28.0% of the total backlog (up from €384.6 million, accounting for approximately 29.7% of the total backlog as of December 31, 2022).

Order backlog from **other businesses** segment reached €57.7 million as of December 31, 2023, accounting for approximately 3.9% of the total backlog (up from €54.8 million, accounting for approximately 4.2% of the total backlog as of December 31, 2022).

Net Backlog

The net backlog represents the total backlog orders in portfolio which has not been delivered net of revenue already booked, amounted to €858.0 million as of December 31, 2023, increased by approximately 14.3% compared to €750.5 million as of December 31, 2022.

6 The Ferretti Yacht 1000 model that was originally under the composite yachts segment had been reclassified under the made-to-measure yachts segment in this Reporting Period

7 The percentage figures are subject to rounding adjustments and may not be an arithmetic aggregation of the figures preceding them

8 Including FSD and Wally sailboats

OUTLOOK AND PROSPECTS

The global luxury yacht industry continued to grow solidly throughout 2022 and 2023. Once again, the global luxury yacht industry proved resilience in the face of geopolitical uncertainty, underscoring its stability and strength. Against this backdrop, the Group continued its outstanding performance, steadily gaining market share and strengthening its strategic position not only in high-value segments, but also in new emerging and high-growth segments. To continue to take advantage of the expected growth trends in the global luxury yacht industry, enhancing its value proposition and strengthening its overall resilience, the Group made future plans based on the following strategic pillars:

- To improve and expand its offering and product mix in anticipation of evolving market trends and customer expectations, with the aim of consolidating its market leadership that in 2023, which grew further from 14.9% in 2022 to 15.8% in 2023 in both the composite yachts and made-to-measure yachts segments, focusing on the segments with the highest growth and margin potential.

- To continue to invest in innovation, technologies, and products with the goal of providing a more environmentally responsible sailing experience through the skillful use of more sustainable materials and processes to reduce the environmental impact of products.

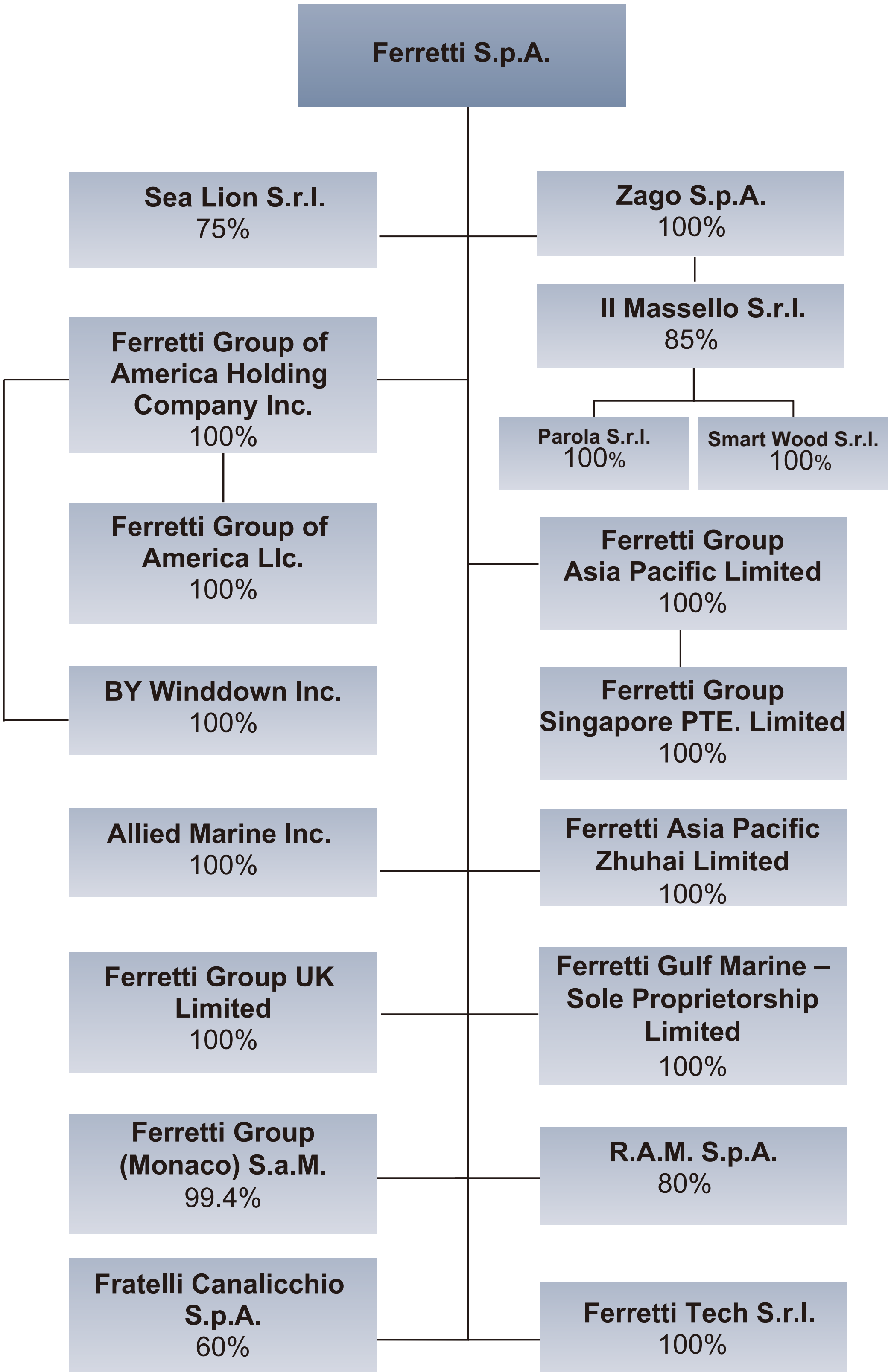
- To expand its made-to-measure offering to larger alloy yachts, developing new alloy-hulled super yacht models under the iconic Riva, Wally, Pershing, and Custom Line brands.

- To expand yacht brokerage, chartering and management services and after-sales and refitting services, expand brand extension and licensing activities, and further expand into the security and patrol market.

- To continue to invest 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.

GROUP CHART


Ferretti S.p.A.
Sea Lion S.r.l.
75%
Zago S.p.A.
100%
Il Massello S.r.l.
85%
Parola S.r.l.
100%
Smart Wood S.r.l.
100%
Ferretti Group of America Holding Company Inc.
100%
Ferretti Group of America Llc.
100%
BY Winddown Inc.
100%
Ferretti Group Asia Pacific Limited
100%
Ferretti Group Singapore PTE. Limited
100%
Allied Marine Inc.
100%
Ferretti Asia Pacific Zhuhai Limited
100%
Ferretti Group UK Limited
100%
Ferretti Gulf Marine – Sole Proprietorship Limited
100%
Ferretti Group (Monaco) S.a.M.
99.4%
R.A.M. S.p.A.
80%
Fratelli Canalicchio S.p.A.
60%
Ferretti Tech S.r.l.
100%

FINANCIAL REVIEW

Results of Operations

The table below sets forth selected consolidated income statements items for the years indicated:

(in thousands Euro)	Year ended December 31, 2023	2022
Revenue	**1,196,352**	1,072,449
Commissions and other costs related to revenue	**(61,868)**	(42,350)
NET REVENUE	**1,134,484**	1,030,099
Change in inventories of work-in-progress, semi-finished and finished goods	**118,753**	35,181
Cost capitalized	**32,781**	31,982
Other income	**22,223**	16,002
Raw materials and consumables used	**(615,523)**	(514,468)
Contractors costs	**(209,426)**	(166,051)
Costs for trade shows, events and advertising	**(23,529)**	(19,963)
Other service costs	**(117,917)**	(117,680)
Rentals and leases	**(9,755)**	(8,931)
Personnel costs	**(130,727)**	(128,810)
Other operating expenses	**(7,961)**	(9,052)
Provisions and impairment	**(30,747)**	(33,115)
Depreciation and amortization	**(63,167)**	(53,089)
Share of loss of a joint venture	**–**	(44)
Financial income	**8,652**	2,328
Financial expenses	**(4,139)**	(4,452)
Foreign exchange gain/(losses)	**19**	9,448
PROFIT BEFORE TAX	**104,022**	69,385
Income tax	**(20,519)**	(8,839)
PROFIT FOR THE YEAR	**83,503**	60,546
Attributable to:		
Shareholders of the Company	**83,048**	60,274
Non-controlling interests	**456**	271

Net Revenue

The Group's net revenue increased by approximately 10.1% from approximately €1,030.1 million for the year ended December 31, 2022 to approximately €1,134.5 million for the Reporting Period.

The increase in the Group's net revenue was due to (i) an increase of €79.6 million in sales of composite yachts; (ii) an increase of €7.3 million in sales of made-to-measure yachts; (iii) an increase of €22.2 million generated in sales of super yachts; (iv) an increase of €5.8 million in revenue from other businesses; and (v) a decrease of €10.5 million in revenue from pre-owned boats. The Group delivered 212 new vessels during the Reporting Period, compared to 207 new vessels for the year ended December 31, 2022.

The following table shows the breakdown of net revenue of new yachts sales by segment[9]:

	Net revenue of new yachts sales by segment				
(in millions Euro)	**2023**	**%**	2022	%	**Change[10]**
Composite yachts	**491.8**	**44.3%**	412.1	41.3%	**+19.3%**
Made-to-measure yachts	**440.3**	**39.6%**	433.0	43.5%	**+1.7%**
Super yachts	**117.6**	**10.6%**	95.4	9.6%	**+23.3%**
Other businesses[11]	**61.3**	**5.5%**	55.6	5.6%	**+10.3%**
Total	**1,110.9**	**100.0%**	996.1	100.0%	**+11.5%**

(i) Sales of Composite Yachts

The Group's net revenue from sales of composite yachts reached €491.8 million, representing a year-on-year growth of 19.3% and approximately 44.3% of the Group's total net revenue of new yachts for the Reporting Period. The Group's order intake for composite yachts was €527.2 million for the Reporting Period, mainly due to the contribution of composite yachts of over 80 feet.

(ii) Sales of Made-to-Measure Yachts

The Group's net revenue from sales of made-to-measure yachts increased by 1.7% from €433.0 million for the year ended December 31, 2022 to €440.3 million for the Reporting Period and representing approximately 39.6% of the Group's net revenue of new yachts. The Group's order intake for made-to-measure yachts was €423.0 million for the Reporting Period.

9 The Ferretti Yacht 1000 model that was originally under the composite yachts segment had been reclassified under the made-to-measure yachts segment in this Reporting Period

10 The percentage figures are subject to rounding adjustments and may not be an arithmetic aggregation of the figures preceding them

11 Including ancillary activities, FSD, Wally sailboats

(iii) Sales of Super Yachts

The Group's net revenue from sales of super yachts increased by 23.3% from €95.4 million for the year ended December 31, 2022 to €117.6 million for the Reporting Period and representing approximately 10.6% of the Group's net revenue of new yachts, primarily due to the good performance of flagship semi serial models. Specifically, the Group's order intake for super yachts was €149.5 million for the Reporting Period.

(iv) Other Businesses

The Group's net revenue from other businesses segment increased by approximately 10.3% from approximately €55.6 million for the year ended December 31, 2022 to approximately €61.3 million for the Reporting Period and representing approximately 5.5% of the Group's net revenue of new yachts. The increase in revenue mainly derived from Wally sailboats segment.

The table below provides a breakdown by geographical regions[12] of the Group's net revenue for the years indicated:

(In thousands Euro, except percentages)	**2023**	**%**	2022	%
Europe	**480,065**	**43.2%**	468,226	47.0%
MEA	**212,316**	**19.1%**	87,248	8.8%
APAC	**98,211**	**8.8%**	72,090	7.2%
America	**320,356**	**28.8%**	368,555	37.0%
Total net revenue of new yachts	**1,110,949**	**100.0%**	996,119	100.0%
Pre-owned	**23,535**		33,980	
Total net revenue	**1,134,484**		1,030,099	

Change in Inventories of Work-in-process, Semi-finished and Finished Goods

The Group's change in inventories of work-in-process, semi-finished and finished goods increased by €83.6 million, or 237.5%, from €35.2 million for the year ended December 31, 2022 to €118.8 million for the Reporting Period, primarily due to the necessity to rebuild a minimum level of finished goods.

Cost Capitalized

The Group's cost capitalized aligned mostly with cost capitalized in the previous year with a small increase by €0.8 million, or 2.5%, from €32.0 million for the year ended December 31, 2022 to €32.8 million for the Reporting Period.

12 The geographical breakdown in the Reporting Period refers to breakdown by the dealer's area of exclusivity or by the customer's nationality

Other Income

The Group's other income increased from €16.0 million for the year ended December 31, 2022 to €22.2 million for the Reporting Period, due to increased income from insurance reimbursements, rebate, operating grants and other minor non-operating income.

Raw Materials and Consumables Used

The Group's raw materials and consumables used increased by €101.1 million, or 19.6%, from €514.5 million for the year ended December 31, 2022 to €615.5 million for the Reporting Period, primarily due to the increase in production volumes.

Contractors Costs

The Group's contractors costs increased by €43.4 million, or 26.1%, from €166.1 million for the year ended December 31, 2022 to €209.4 million for the Reporting Period, primarily due to the increase in production activities catering for 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 €3.6 million, or 17.9%, from €20.0 million for the year ended December 31, 2022 to €23.5 million for the Reporting Period, primarily due to the increase in events and promotional activities.

Other Service Costs

The Group's other service costs remained substantially stable at €117.9 million for the Reporting Period as compared to €117.7 million for the year ended December 31, 2022.

Rentals and Leases

The Group's rentals and leases increased by €0.8 million, or 9.2%, from €8.9 million for the year ended December 31, 2022 to €9.8 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 increased by €1.9 million, or 1.5%, from €128.8 million for the year ended December 31, 2022 to €130.7 million for the Reporting Period, primarily due to 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 by €1.1 million, or 12.1%, from €9.1 million for the year ended December 31, 2022 to €8.0 million for the Reporting Period, mainly due to the implementation of cost control measures during the Reporting Period.

Provisions and Impairment

The Group's provisions and impairment decreased by €2.4 million, or 7.2%, from €33.1 million for the year ended December 31, 2022 to €30.7 million for the Reporting Period, primarily due to the release in other risks provisions that partially offset the accruals for the year ended December 31, 2023.

Depreciation and Amortization

The Group's depreciation and amortization increased by €10.1 million, or 19.0%, from €53.1 million for the year ended December 31, 2022 to €63.2 million for the Reporting Period, which was driven by the increase in the Group's property, plant and equipment as well as intangible assets, reflecting the significant investments made to renew and extend the Group's product portfolio and upgrade the Group's production facilities.

Financial Income and Financial Expenses

The Group's financial income increased from €2.3 million for the year ended December 31, 2022 to €8.7 million for the Reporting Period, primarily due to the interest income on bank accounts which increased for the positive operating cash flow and the proceeds of the Hong Kong Listing.

The Group's financial expenses decreased from €4.5 million for the year ended December 31, 2022 to €4.1 million for the Reporting Period, primarily due to a decrease in the interest on bank loans, which was mainly attributable to a decrease in average bank loan balance driven by the substantial improvement of the Group's net financial position and a significant increase in cash and cash equivalents.

Foreign Exchange Gains/(Losses)

The Group's foreign exchange gains that are substantially nil for the Reporting Period decreased by €9.4 million, primarily due to as at December 31, 2022 there was recorded a gains related to financial transactions, among which mainly the change of the proceeds of the listing process from HK dollars to Euro for €11.4 million.

Income Tax Expenses

The Group recorded income tax expenses of €20.5 million for the Reporting Period, as compared to income tax expense of €8.8 million for the year ended December 31, 2022, primarily due to an increase in current tax attributable to the significant increase in the Group's profit before tax.

Profit for the Year

As a result of the foregoing, the Group's profit for the year increased by €23.0 million, or by approximately 38%, from €60.5 million for the year ended December 31, 2022 to €83.5 million for the Reporting Period. The Group's net profit margin, which represents profit for the year as a percentage of net revenue, increased from 5.9% for the year ended December 31, 2022 to 7.4% for the Reporting Period and as a percentage to net revenue of new yachts, it increased from 6.1% for the year ended December 31, 2022 to 7.5% for the Reporting Period.

Certain Balance Sheet Items

Net Current Assets

The table below sets forth the Group's current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,	
(in thousands Euro)	**2023**	2022
Current assets		
Cash and cash equivalents	**314,109**	317,759
Trade and other receivables	**70,271**	59,432
Contract assets	**166,846**	115,372
Inventories	**337,732**	198,120
Advances on inventories	**37,266**	39,156
Other current assets	**820**	86,732
Income tax recoverable	**3,203**	2,091
	930,247	818,663
Current liabilities		
Minority Shareholders' loan	**1,000**	1,000
Bank and other borrowings	**11,253**	14,500
Provisions	**62,809**	42,946
Trade and other payables	**443,585**	337,364
Contract liabilities	**195,091**	185,914
Income tax payable	**6,299**	1,683
	720,037	583,408
Net current assets	**210,209**	235,255

The Group had net current assets of €210.2 million as of December 31, 2023, consisting of current assets of €930.2 million and current liabilities of €720.0 million, which represented a decrease of €25.0 million from the Group's net current assets of €235.3 million as of December 31, 2022, primarily due to (i) an increase in contract assets of €51.5 in line with the growth of the Group's business; (ii) an increase in inventories and advances on inventories of €137.7 million, mainly attributable to an increase in production volumes; (iii) an increase in trade and other receivables of €10.8 million in line with the growth of the Group's business; and (iv) a decrease in bank and other borrowings of €3.2 million driven by the substantial improvement of the Group's net financial position. This was partially offset by (i) an increase in trade and other payables of €106.2 million in line with the growth of the Group's business; (ii) a decrease in other current assets of €85.9 for the reduction of time deposit with a maturity longer than 3 months; and (iii) an increase in contract liabilities of €9.2 million, mainly attributable to an increase in advances received from customers. All borrowings are denominated in Euro.

Inventories/Advances on Inventories

The Group's inventories and advances on inventories increased by €137.7 million, or 58.0%, from €237.3 million as of December 31, 2022 to €375.0 million as of December 31, 2023, primarily due to an increase in production volumes of yachts in line to answer to the growing demand.

Trade and Other Receivables

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

	As of December 31,	
(in thousands Euro)	**2023**	2022
Trade receivables		
Accounts receivable from customers	**25,923**	20,227
Impairment	**(3,496)**	(3,216)
	22,427	17,011
Other receivables	**47,843**	42,421
Total	**70,271**	59,432

The Group's trade and other receivables increased by €10.8 million, or 18.2%, from €59.4 million as of December 31, 2022 to €70.3 million as of December 31, 2023, primarily due to (i) an increase in trade receivables related to other businesses; and (ii) an increase in other receivables of €5.4 million mainly attributable to a decrease in VAT receivables of 10.4 million and the increase of €15.9 million of payments in advance for the acquisition of the new Ravenna site.

Contract Assets

The Group's contract assets increased by €51.5 million, or 44.6%, from €115.4 million as of December 31, 2022 to €166.8 million as of December 31, 2023, primarily due to an increase in production volumes.

Trade and Other Payables

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

(in thousands Euro)	As of December 31, 2023	2022
Trade payables	**393,915**	289,653
Other payables	**50,606**	48,717
Total	**444,521**	338,370

The Group's trade and other payables increased by €106.2 million, or 31.5%, from €338.4 million as of December 31, 2022 to €444.5 million as of December 31, 2023, primarily due to an increase in trade payables of €104.2 million, which was mainly attributable to an increase in the Group's procurement in line with the growth of the Group business.

Contract Liabilities

The Group's contract liabilities increased by €9.2 million, or 4.9%, from €185.9 million as of December 31, 2022 to €195.1 million as of December 31, 2023, primarily due to an increase in the advances received from customers.

Capital Expenditures

The Group's capital expenditures were primarily in connection with the Group's continuous efforts in renewing and broadening its product portfolio as well as expanding and upgrading its production facilities. The Group intends to fund its planned capital expenditures through a combination of the net proceeds collected through the Hong Kong Listing and cash generated from operating activities.

The table below sets out the Group's capital expenditures (except right-of-use assets) for the years indicated:

(in thousands Euro)	Year ended December 31, 2023	2022
Property, plant and equipment	**127,584**	81,131
Intangible assets	**19,485**	4,129
Total capital expenditures	**147,069**	85,260

Consolidated net financial position

The net financial position as of December 31,2023 was €281.1 million of net cash, compared to €365.0 million of net cash as of December 31,2022.

Net working capital

Net working capital as of December 31,2023 was a negative €29.7 million, an increase compared to the previous year, to be able to meet the next season's deliveries in Europe and Middle East.

Non-IFRS Measures

To supplement the Group's consolidated income statements which are presented in accordance with IFRS, EBITDA, adjusted EBITDA, adjusted EBITDA/net revenue of new yachts, being non-IFRS measures, were also presented. The Group is of the view that these measures facilitate comparison of operating performance from period to period by eliminating potential impacts of certain items and believes that these measures provide 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 these measures have 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 Company defines (i) EBITDA as profit for the year plus financial expenses (including the result of operating foreign exchange conversion but excluding exchange rate gains/(losses) related to financial transactions), depreciation and amortization, and income tax expense, and less financial income; (ii) adjusted EBITDA as EBITDA adjusted by adding back certain special items (including listing expenses, Management Incentive Plan, non-recurring costs for supply chain support, contribution to employees for Emilia-Romagna flood and other minor non-recurring events); and (iii) net revenue of new yachts 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 measures to the nearest measures prepared in accordance with IFRS for the years indicated:

(in thousands Euro)	**For the year ended December 31, 2023**	December 31, 2022
Net revenue	**1,134,484**	1,030,099
Revenue pre-owned	**(23,535)**	(33,980)
Net revenue of new yachts	**1,110,949**	996,119
Operating costs	**(941,703)**	(856,130)
Adjusted EBITDA	**169,246**	139,989
Special items	**(6,589)**	(24,796)
Operating exchange gains/(losses) and Share of loss of a joint venture	**62**	(1,989)
EBITDA	**162,719**	113,204
Depreciations and amortisation	**(63,167)**	(53,089)
Financial income, financial expenses, financial exchange gains	**4,470**	9,269
Profit before tax (PBT)	**104,022**	69,385
Income tax	**(20,519)**	(8,839)
Profit after tax (PAT)	**83,503**	60,546
Adjusted EBITDA/Net revenue of new yachts	**15.2%**	14.1%

The Group's adjusted EBITDA for the year ended December 31, 2023 was €169.2 million, with an increase of approximately 20.9% from the year ended December 31, 2022, which was €140.0 million. The adjusted EBITDA/net revenue of new yachts margin was equal to 15.2%, up 110 basis points when compared to 14.1% for the year ended December 31, 2022.

This excellent performance confirms the strength of the commercial and industrial strategy adopted by the Group, thereby enabling it to maintain strong negotiating power over prices, consolidates the most profitable made-to-measure segment, and absorbs fixed costs more efficiently, in addition to greater procurement economies of scale capacity.

The table below sets forth the details of the special items which were deducted from the EBITDA:

(in thousands Euro)	Year ended December 31, 2023	2022
Listing expenses	—	4,872
Management incentive plan	—	17,178
Supply chain support	6,371	—
Contribution to employees for Emilia-Romagna flood	215	—
Other (income)/expenses	3	2,747
Total	6,589	24,796

FINANCIAL RATIOS

The table below sets forth selected financial ratios of the Group:

Profitability Ratios	Year ended December 31, 2023	2022
Return on equity (1)	10.3%	9.5%
Return on total assets (2)	5.5%	4.9%

Liquidity Ratios/Capital adequacy Ratio	As of December 31, 2023	2022
Current ratio (3)	1.3	1.3
Quick ratio (4)	0.8	1.1
Gearing Ratio (5)	4.0%	5.1%

Notes:

(1) Return on equity is calculated based on profit attributable to Shareholders for the period divided by the arithmetic mean of the opening and closing balances of equity attributable to Shareholders and multiplied by 100%.

(2) Return on total assets is calculated based on profit for the period divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(3) Current ratio is calculated based on total current assets divided by total current liabilities.

(4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(5) Gearing ratio is calculated based on total indebtedness divided by total equity and multiplied by 100%.

Return on Equity

The Company's return on equity increased from 9.5% for the year ended December 31, 2022 to 10.3% for the Reporting Period, primarily due to an increase in profit.

Return on Total Assets

The Company's return on total assets increased from 4.9% for the year ended December 31, 2022 to 5.5% for the Reporting Period, primarily because the increase in its profit outpaced the increase in its total assets.

Current ratio

The Company's current ratio remains stable at 1.3 as of 31 December, 2023 and 2022.

Quick ratio

The Company's quick ratio decreased from 1.1 as of December 31, 2022 to 0.8 as of December 31, 2023.

Gearing ratio

As at December 31, 2023, the Group's gearing ratio was approximately 4.0% (as at December 31, 2022: 5.1%), calculated as the total indebtedness divided by total equity as at the end of the Reporting Period multiplied by 100%. The decrease was mainly due to the increase in share capital related to net profit for the year, net of the dividend paid, 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 Reporting 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 Reporting 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.

FOREIGN EXCHANGE EXPOSURE

The Group's revenue generating activities and borrowings were denominated in Euro, which is the functional and presentation currency of the Group. The Board considered that the Group was exposed to exchange rate risks in relation to the U.S. dollar. The Group could use foreign currency forward contracts to hedge its exposure to foreign currency risks in connection with forecast transactions and firm commitments. As at December 31, 2023 and 2022, there were no currency forwards in place.

PLEDGE OF ASSETS

As at December 31, 2023, the Group's bank borrowings were secured by certain of the Group's buildings, with the carrying amount of €115.6 million (2022: €98.1 million). Details of which are set out in Note 50 to the Consolidated Financial Statements.

LEGAL AND POTENTIAL PROCEEDINGS

As at December 31, 2023, the Group did not have any on-going legal proceedings or potential proceedings threatened to be brought against the Group that would have a material impact to the operations of the Group.

CONTINGENT LIABILITIES

As at December 31, 2023 and 2022, the Group did not have any material contingent liabilities.

Details of contingent liabilities of the Group are set out in Note 49 to the Consolidated Financial Statements.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES, FUTURE PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF CAPITAL ASSETS

During the Reporting Period, the Group did not make any significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures. 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 plan for significant investments or acquisitions of material capital assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In late January 2024, the Company signed an agreement for the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, increasing the entire new production area in Ravenna to approximately 100,000 square meters to produce the made-to-measure, composite and sailboat segments of the Ferretti Yachts and Wally brands. This latest acquisition is equivalent to an investment of approximately €14 million already settled in 2023, and further increases the Group's production capacity by 10%.

In January 2024, the Group presented Riva El-Iseo, a fusion of evergreen elegance with latest-generation technology and a focus on sustainability at the Düsseldorf boat show. After the presentation of the prototype in September 2022 at the Monaco Yacht Show, followed by successful completion of a cycle of complex technical and reliability tests, the official version of the first Riva model created for the E-Luxury segment is now available for sale.

On March 1, 2024, the Company announced its withdrawal from the reclamation and industrial conversion of the site of the former Belleli Yard in Taranto's port area. The Group remains committed to the strategy of verticalization of key production processes such as the internalization of part of the production of fiberglass hulls and superstructures, to which the Taranto area had been designated, thanks to other opportunities such as the recently purchased area in Ravenna to expand the shipyard and other areas near the Group's shipyards.

There was no event that had a significant impact on the Group's operation, financial and trading prospects since the end of the Reporting Period, and up to the date of this annual report which the Board is aware of.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2023, the Group had 1,971 employees (as at December 31, 2022: 1,835). Apart from salary remuneration, our employees benefit from the accruals of social security contributions to the National Institute of Social Security in Italy, and to the private funds if provided by the collective bargaining agreement. In addition, the Company granted discretionary bonuses to qualified employees, based on its operating results and individual performance.

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018
(Translation from the original Italian text)

To the Board of Directors of
Ferretti S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree December 30, 2016, n. 254 (hereinafter "**Decree**") and article 5, paragraph 1, letter g) of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Ferretti S.p.A. and its subsidiaries (hereinafter the "Group" or "**Ferretti Group**") for the year ended on December 31, 2023 in accordance with article 4 of the Decree, presented in the specific section of the Director Report of the Group's consolidated financial statements and approved by the Board of Directors on March 14, 2024 (hereinafter "**DNF**").

Our assurance engagement does not cover the information included in the paragraph "EU Taxonomy" of the Group's DNF, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI — Global Reporting Initiative (hereinafter "**GRI Standards**"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) -Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "**ISAE 3000 Revised**"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("**reasonable assurance engagement**") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. comparison of the economic and financial data and information included in the DNF with those included in the Ferretti Group's consolidated financial statements;

4. understanding of the following aspects:

    a. Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;

    b. policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;

    c. main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

    With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

    In particular, we have conducted interviews and discussions with the management of Ferretti S.p.A. and with the personnel of Ferretti Group of America Holding Company Inc, Il Massello S.r.l., Zago S.p.A., Ferretti Group Asia Pacific Limited, R.A.M. S.p.A., Fratelli Canalicchio S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

    Furthermore, for significant information, considering the Group activities and characteristics:

    — at Group level:

        a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;

        b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.

    — For the Ancona and Forlì sites of Ferretti S.p.A., that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out site visit and remote interview during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Ferretti Group for the year ended on December 31, 2023, has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions reported above do not cover the information included in the paragraph "EU Taxonomy" of the Group's DNF, that are required by art.8 of the European Regulation 2020/852.

Other information

The comparative information presented in the DNF for the year ended on December 31, 2022 and on December 31, 2021 have not been examined.

Bologna, March 14, 2024

EY S.p.A.

Signed by: Gianluca Focaccia
(Auditor)

This report has been translated into the English language solely for the convenience of international readers.

CONTENTS

WELCOME MESSAGE FROM OUR CEO

2023 was an important year for the Ferretti Group. In June, Ferretti S.p.A. concluded the process for the dual listing becoming the first ever Company to be dual listed on the Hong Kong Stock Exchange and Euronext Milan. Our commitment to sustainability in front of a new and wider shareholder base allows us to further promote innovations centered on a more sustainable product portfolio to meet our current clients and future clients' desires and be responsible towards all the people with whom we interact, especially our people, that has always been the secret of our success.

Our people are the backbone of our Company. We are leader in the luxury yachting sector thanks to the daily work of our artisans; with this in mind, after the successful first edition of "Scuola dei Mestieri" in Forlì and later at the Mondolfo and Sarnico sites, we kicked off the second edition of the "Scuola dei Mestieri" in November 2023 in Forlì. The course combines theory and experience in the yard — in a program ranging from sessions in the classroom and workshop to on-the-job training in production departments — with the aim of creating real career opportunities in boatbuilding and keeping the immense value of craftsmanship in our family. As a reference we hired ca. 40 students in the Group.

We have been continuously investing in R&D to be at the forefront of industry innovation, to expand and renew our portfolio ahead of market trends, and to position ourselves as an "E-Luxury" yachting manufacturer with environmentally friendly and sustainable solutions. In addition to our increasing presence in the sailing segment with Wally, we made the most out of our know-how and experience launching "green" models across all our portfolio brands, such as the FSD N800 (the first hybrid model ever launched by the Group), the full electric Riva El-Iseo, available for sale in January 2024, wallytender43X and wallytender48X (featuring solar panels on the fly top to recharge batteries) and the Ferretti Yachts INFYNITO range (featuring solar panels on the fly top to recharge batteries and F.S.E.A. — Ferretti Sustainable Enhanced Architecture — a package of environment-friendly cruising solutions). We have also been working on forefront technologies through strategic partnerships with leading third-party manufacturers such as Rolls Royce, extending the agreement for the development of hybrid propulsion systems until the end of 2027. Moreover, our engineers put a great deal of efforts to develop two sustainable technical architectures with the most efficient implementation of Fuel Cell technology aboard CRN superyachts obtaining a special recognition by RINA (RINA is a multinational group specialized in ship classification, test, inspection, certification and engineering solutions in a wide range of sectors). RINA confirmed that the Sustainable Powered Yacht Project (SUP-Y) is sized appropriately for proper functioning and easy management and meets the regulatory requirements for safe implementation.

We have also been seeking innovative solutions involving the use of alternative eco-friendly materials to create lighter yachts without compromising on quality and durability. This innovation will allow us to optimize fuel consumption which will reduce pollutant emissions. These new materials also include antifouling paints, water-based coatings and certain types of fibers that have significant environmental benefits. All our shipyards are adjusted to the ISO 14001:2015 environmental certification, introducing innovative solutions and increasingly proficient solar panels that help us to reduce both energy consumption and emissions.

Our path towards becoming a sustainable leader in the luxury yachting sector would not be possible without our corporate governance structures and, in particular, the ESG Committee. The ESG Committee is responsible for supporting the Board on all matters regarding the ESG policies and strategies and for reviewing and assessing our sustainability performance, allowing us to create value for all our stakeholders.

It is, therefore, a source of pride for us to share with our stakeholders our accomplishments in Sustainability thanks to our passion, creativity and state-of-the-art-capabilities. Our direction is clear, and we will continue to pave the way while delivering value to all our stakeholders.

Alberto Galassi
CEO of the Ferretti Group

1. FERRETTI GROUP: LEADING LUXURY YACHTING WORLDWIDE

1.1 Our history: from 1968 to today

Riva	CRN	Ferretti Yachts	Itama	Pershing	Wally	Custom Line
1842	**1963**	**1968**	**1969**	**1985**	**1994**	**1996**
The most iconic brand in the history of yachting	World-leading expertise in the design and construction of fully-custom and bespoke superyachts and megayachts in metal up to 90 metres	The brand that built the Group, one yacht at a time	Sporty open yachts with unique elegance	The pioneer in high-performance luxury yachts	The brand that inspired the modern yachting philosophy and which introduced carbon fibre to the luxury yacht	Timeless high-end superyachts with custom interiors, cutting-edge technology, ingenious functional solutions and unmistakable design

Ferretti Group is a world leader in the design, construction and sale of luxury yachts and pleasure vessels and has been synonymous with luxury, innovation, passion and excellence for over fifty years.

The Group possesses a unique portfolio of prestigious, exclusive brands, such as Ferretti Yachts, Pershing, Itama, CRN, Custom Line, Wally and Riva, famous for its Italian craftsmanship and design for more than 180 years.

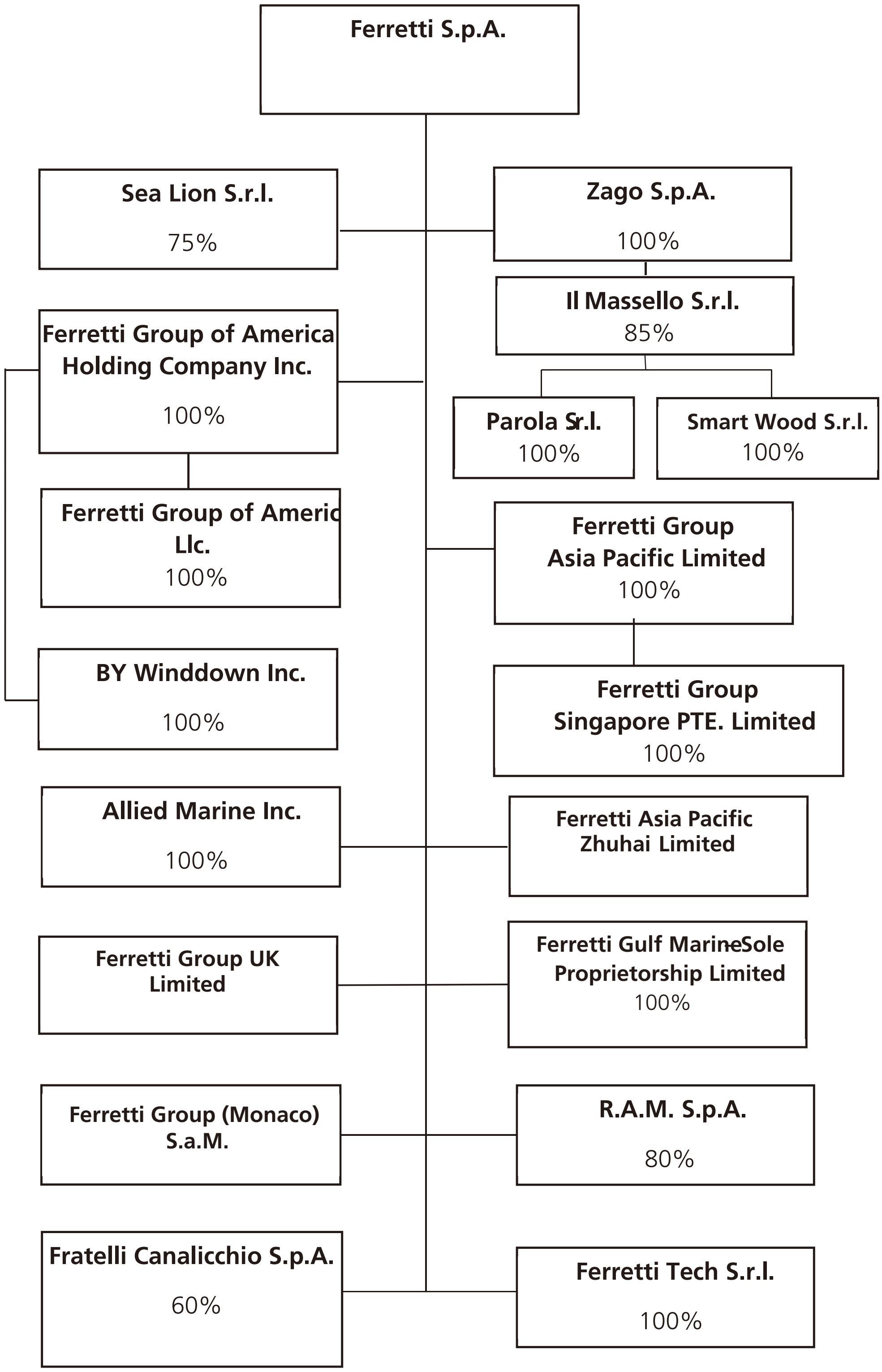
Today, Ferretti Group still maintains strong ties to Italy's centuries-old yachting tradition and is well-known for its distinctive Italian style, along with production facilities that are on the industrial cutting edge and a wide range of motor and sail yachts considered as the finest expression of Italian-made elegance and creative genius.

Ferretti Group serves clients in more than 70 countries worldwide through a direct presence in Europe, Asia and the USA and a strong network of meticulously selected dealers. The Group's fleet has long stood out for its exceptional quality and exclusive design, its futuristic technology and uncompromising safety, its timeless allure and supreme performance on the water.

1.2 Ferretti Group Profile

Italy is world famous for its excellence in the yachting and luxury sectors, and the Ferretti Group is considered a truly iconic brand. The secret to the Group's success lies in its concrete foundations, in addition to a few key characteristics that have contributed to its identity over the decades.

GROUP STRUCTURE



- An experienced and passionate *management team* with an impressive track record
- Ambitious *shareholders* who support the Group's long-term growth
- Various *market segments* that mitigate the cyclical and seasonal nature of the Group's core business
- A *multi-brand structure* that allows the unique features of each brand to stand out
- A *production management approach* that optimises the impact on working capital
- A *sales strategy* that emphasises direct relationships with customers, using dealers and brokers as intermediaries while launching a large number of new products on the market each year
- A close relationship with *Made in Italy excellence and Italy's maritime district*

PRODUCTS AND SERVICES

The Ferretti Group specialises in the design and construction of yachts measuring from 8 to 95 metres in length. The product portfolio satisfies a broad customer base, featuring brands and models that vary in type, length, performance, design, materials, and level of customisation.

The Group's seven boat brands can be divided into three categories according to their key features:

— **Composite Yachts:** This category includes vessels up to a maximum of 30 metres (100 feet) in length. Yachts in this category have composite hulls made from fibreglass or carbon fibre, and feature a standard set of accessories, materials, and decorative elements that owners can configure according to their preferences; given their intrinsic characteristics, yachts in this category follow a "one-piece flow" production process and have the fastest delivery times of the three categories.

— **Made-To-Measure Yachts:** This category includes vessels that are almost entirely made-to-measure and range from 30 to 43 metres (100–140 feet) in length. Yachts in this category have composite hulls made from fibreglass or carbon fibre, but unlike our Composite Yachts, they offer many more options for customisation: the interior layout, furnishings, and accessories can be almost completely tailored to customer needs, while the hulls are predefined depending on the model, thus benefiting from the production advantages of our Composite Yachts.

— **Super Yachts:** Our Super Yacht range includes vessels with alloy hulls that measure up to 95 metres in length (311 feet). This category is further subdivided into two model types: fully custom yachts, which are unique and designed to meet customer needs both inside and out, and branded super yachts flagship models with fully customizable interiors but reflecting the distinctive exterior design of the respective Riva, Pershing and Custom Line brands as well as sailing super yachts under Wally brand. Given their distinctive nature, the production process takes longer and strictly depends on the design complexity. All three yacht categories have differing construction and delivery times. In fact, our bigger boats offer more scope for customisation and as such often require longer build times. Our yacht selling methods also vary according to size.

	COMPOSITE YACHTS 8–30m	**MADE-TO-MEASURE YACHTS 30–43m**	**SUPER YACHTS Up to 95m**
Level of personalisation	List of predefined options to choose from (e.g., colours, fabrics, etc.)	Layout and interior details	Hull and exterior and interior design
Build time	2–8 months	7–15 months	28–48 months
Sales Channel	Dealer	Dealer & Broker	Broker
Fibreglass hull			Metal hull

In addition to constructing and selling yachts — the Group's core business — Ferretti Group is also engaged in:

— Conception, design, and manufacture of wooden interior furnishings and kinetics systems

— The design and construction of boats for supervising and patrolling international, regional and coastal waters through the FSD Division (Ferretti Security Division)

— Aftersales and refitting services

— Brand extension activities aimed at engaging more customers

— Brokerage, chartering and management services

The growth in revenues deriving from these activities — which help support the Group's key business — is an important strategic strength as it mitigates the cyclical and seasonal nature of the Group's core business.

- >70 countries
- 7 Production sites (shipyards)
- 3 Production facilities (Zago S.p.A., Il Massello S.r.l. and Fratelli Canalicchio S.p.A.)
- 1 Restoration facility (R.A.M. S.p.A.)
- 1 Naval refitting site (Fort Lauderdale)
- 7 offices
- 1,971 employees globally

PRODUCTION SITES	TOTAL SURFACE AREA[1]	COVERED SURFACE AREA[1]	CERTIFICATIONS[2]	PRODUCTS MADE
FORLÌ	51,524m²	24,163m²	ISO 9001:2015 ISO 14001:2015	Ferretti Yachts (from 50 to 72 feet) Itama (62 feet) Sailing Yachts, wallytender43 and 43X, wallytender48 and 48X, wallypower50 and 50X, 58 and 58X and wallywhy100
CATTOLICA	12,212m²	6,757m²	ISO 9001:2015 ISO 14001:2015	Ferretti Yachts (from 75 to 100 feet)
MONDOLFO	83,377m²	25,788m²	ISO 9001:2015 ISO 14001:2015	Pershing (from 50 to 116 feet) Itama (45 and 75 feet) wallywhy150 and 200
ANCONA	76,945m²	32,704m²	ISO 9001:2015 (excluding SYD) ISO 14001:2015	CRN and Riva SuperYachts Division (from 164 feet) Custom Line (from 164 feet), Pershing (from 140 feet)
SARNICO	43,378m²	16,986m²	ISO 9001:2015 ISO 14001:2015	Riva from 27 to 68 feet
LA SPEZIA	39,025m²	20,459m²	ISO 9001:2015 ISO 14001:2015	Riva from 75 to 130 feet

OTHER FACILITIES	TOTAL SURFACE AREA	COVERED SURFACE AREA	CERTIFICATIONS	PRODUCTS MADE
SCORZÈ (VE), ZAGO SPA	17,600m²	11,000m²	ISO 9001:2015	Interiors and furnishings
SARNICO (BG), R.A.M. SPA	8,800m²	3,800m²	ISO 9001:2015	Boat restoration
PIAN DI ROSE (PU), IL MASSELLO SRL	9,130m²	5,530m²	/	Interiors and furnishings
NARNI (TR), F.LLI CANALICCHIO SPA	22,700m²	8,900m²	ISO 9001:2015	Interiors and furnishings
FORT LAUDERDALE (FL, US)	5,809m²	4,708m²	/	Naval Refitting

1 Surface as of 31/12/2023

2 An ISO 9001:2015 certification attest compliance with the best standards for business processes that impact product and service quality and, ultimately, customer satisfaction. ISO 14001:2015 is an international standard specifying requirements for an effective environmental management system. For more information on quality and environmental management system certifications, please refer to chapters 4 and 5.

1.3 Our journey and our values

Imagine for a moment that the Ferretti Group is a robust, well-built yacht that has been sailing around the world for over 180 years, led by a crew of 1,971 people. Passion and people are our engine, innovation is our fuel, and excellence, authenticity and luxury are all key destinations along our route.

The passion for creating and appreciating greatness is what drives both us and our customers. It's a passion that begins at sea and is expressed in a range of different components. And it's a key element around which navigation, design, luxury and technology revolve. Our employees feel this same passion and it manifests itself as a sense of pride in our unique yachts that will sail the seas for decades to come. This passion, in all its forms, is the driving force behind the innovative, safe and high-performance yachts we have been building for over 180 years.

Innovation continues to fuel our dream of building magnificent yachts that leave onlookers speechless and boat enthusiasts eager to know more. Our innovation is contagious, permeating through our employees, products, processes, designs and the most advanced technology on the market. For Ferretti Group, innovation means creating a stream of new models that are faithful to the history and heritage of each brand but have their sights on the future. We owe our success to substantial investments and the right infrastructure and facilities, and in fact our broad portfolio only exists because of the teamwork, cutting-edge design, innovative materials, modern machinery and scrupulous craftsmanship at the heart of Made in Italy excellence.

Quality, uniqueness and exclusivity are our core values and they have always charted the course ahead for us, one that takes Ferretti Group in a clear direction, setting us apart from the crowd and forging our unique identity over the years. For us, quality rhymes with responsibility. Managing and growing some of the world's most exclusive and prestigious yacht brands is a source of immense pride for us, but it also fills us with a sense of responsibility and makes sure we are never tempted to compromise. Ferretti Group is a true leader in its field and well known for combining craftsmanship with expertise and innovation, and we owe it all to our culture of excellence. Uniqueness is also about letting our brands push the boundaries and shape the future of our market, without ever losing sight of our roots. Exclusivity in luxury is the ability to evolve the heritage of our industry, our country and our business culture while preserving its authenticity. The Group brings all these elements together to pursue continuous growth driven by an integrated business model and strong central coordination, while always remembering that sustainability is key to that growth.

Vision

Our vision is to set the trends of tomorrow in the luxury yachting world, to be a beacon for the entire industry, to inspire excitement, dreams and desire, in a relentless pursuit of quality, innovation and distinction. Ferretti Group aspires to be the world's most influential luxury yachting group through our technology, sustainability and economic achievements.

Mission

Our mission is to deliver exceptional yachting experiences to customers worldwide. We set the standard for quality, sophistication and client care, backed by a drive for exclusive design, impeccable performance and cutting-edge technology. Ferretti Group is the ideal choice for those wishing to experience excellence at sea in supreme comfort and total safety.

1.4 Group governance

Shareholders and Governance bodies

On March 31st 2022 Ferretti S.p.A. listed on the Hong Kong Stock Exchange.

On June 27th 2023 Ferretti S.p.A. listed on Euronext Milan thereby becoming the first company to be dual listed on the Hong Kong Stock Exchange and Euronext Milan.

Ferretti S.p.A., is a joint stock company, registered with the Companies Register of Romagna (Forlì Cesena and Rimini).

Ferretti S.p.A. has its registered office in via Irma Bandiera 62, Cattolica (RN), while its administrative office is located in Via Giovanni Ansaldo 7, Forlì.

The governance is structured according to the traditional administration and control model and consists of the following corporate bodies:

- the **Shareholders' Meeting**
- the **Board of Directors**, within which a Chairman, a Chief Executive Officer and a Honorary Chairman are appointed.
- the **Board of Statutory Auditor**s, within which a Chairman, two effective auditors and two alternate auditors are nominated.

On December 31, 2023, the Board of Directors comprised the following nine members:

ROLE	NAME	DATE OF APPOINTMENT
Chairman and Non-Executive Director	Xuguang Tan	July 3, 2012
Chief Executive Officer and Executive Director	Alberto Galassi	October 23, 2013
Honorary Chairman and Non-Executive Director	Piero Ferrari	June 16, 2016
Executive Director	Xinyu Xu	July 6, 2012
Non-Executive Director	Xinghao Li	March 6, 2020
Non-Executive Independent Director	Fengmao Hua	December 21, 2021
Non-Executive Independent Director	Stefano Domenicali	December 21, 2021
Non-Executive Independent Director	Patrick Sun	December 21, 2021
Non-Executive Director	Jiang Lan	May 18, 2023

The breakdown of members by gender and age is as follows:

GENDER AGE GROUP	30–50	50–60	Over 60	TOTAL
Male	1	4	3	8
Female	0	1	0	1
Total	1	5	3	9

The **Board of Statutory Auditors** provides oversight on compliance with law and the company By-Laws, on compliance with the principles of correct administration and in particular on the adequacy of the company's organisational, administrative and accounting structure.

- Chairman: Luigi Capitani
- Effective Auditor: Luca Nicodemi
- Effective Auditor: Giuseppina Manzo
- Alternate Auditor: Tiziana Vallone
- Alternate Auditor: Federica Marone

The Company also established the Supervisory Body, appointed by the Board of Directors on July 31, 2019, and in office from September 1, 2019, which, as at the reporting date, is composed as follows:

- Chairman: Paolo Beatrizzotti
- Member: Monica Alberti
- Member: Luigi Bergamini

Within the Board of Directors, the Company established four committees:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- ESG Committee

The **Audit Committee** comprises four Directors: Patrick Sun (Chairman), Stefano Domenicali, Hua Fengmao, and Li Xinghao. This committee is responsible for reviewing and overseeing the Group's financial reporting process and internal control system and supports the Board of Directors' assessments and decisions relating to the internal control and risk management system and the approval of periodic financial reports.

The **Remuneration Committee** comprises five Directors: Stefano Domenicali (Chairman), Patrick Sun, Hua Fengmao, Piero Ferrari, and Xu Xinyu. The Remuneration Committee is responsible for evaluating the remuneration polices for directors and senior management of the Company and making recommendations thereon to the Board of Directors. The establishment of the Remuneration Committee ensures extensive information and transparency on the remunerations due to the directors and senior management of the Company, as well as on the way such remunerations are determined.

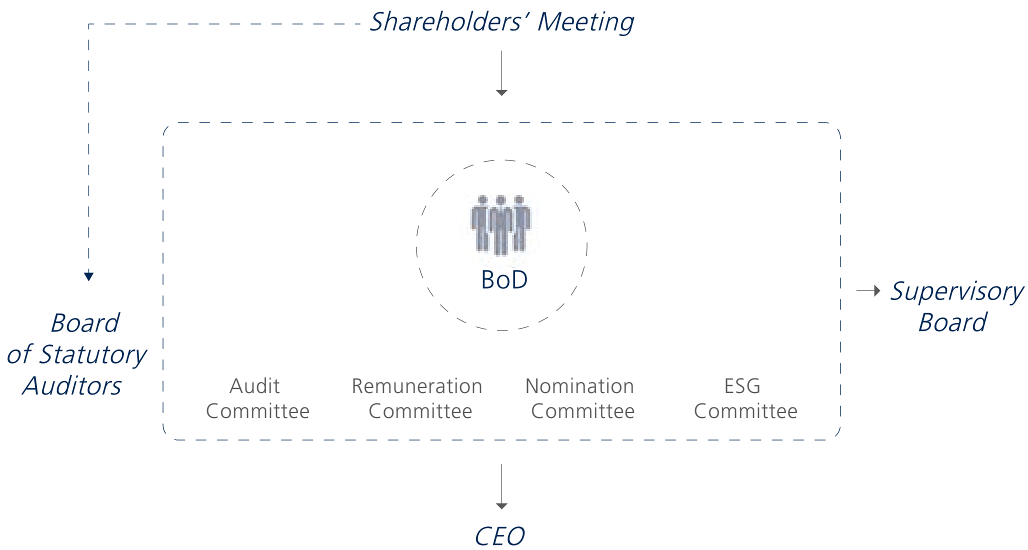
The Remuneration Committee is in charge of, and supports the Board of Directors in:

- the development of the remuneration policy;
- submitting proposals or delivering opinions on the remuneration of executive directors and other directors holding special offices, as well the setting of performance objectives related to the variable component of such remuneration;
- submitting proposals for the establishment of a transparent procedure for the development of the remuneration policy and monitoring the implementation of the policy;
- verifying the consistency of the remuneration paid with the principles and criteria defined in the policy;
- monitoring on an annual basis, or with the different frequency established by the Board of Directors, the actual application of the policy, in accordance with the modalities set forth in the procedure, verifying, in particular, the actual achievement of the performance objectives related to the variable component of the remuneration of executive directors or other directors who hold special offices;
- evaluating periodically the adequacy and overall consistency of the policy of directors and top management.

The **Nomination Committee** comprises five Directors: Tan Xuguang (Chairman), Patrick Sun, Stefano Domenicali, Hua Fengmao, and Alberto Galassi. The Nomination Committee is responsible for identifying, screening and recommending qualified candidates to serve as Directors on the Board.

The primary duties of the Nomination Committee include, among other things, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board members, making recommendations to the board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive Directors, making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors (in particular the Chairman and the Chief Executive), as well as making recommendations on any proposed changes to our Board composition to complement our corporate strategies. In identifying and selecting suitable candidates for directorships, the Nomination Committee considers the relevant criteria of director nomination as formulated by the Company that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

The **ESG Committee** comprises five Directors: Tan Xuguang (Chairman), Piero Ferrari, Xu Xinyu, Alberto Galassi, and Hua Fengmao. The ESG Committee is mainly responsible for supporting the Board in formulating ESG policies and strategies, monitoring ESG issues, reviewing and evaluating sustainability performance, setting metrics and targets, making recommendations to the Board, and overseeing the ESG reporting process through the review and approval of the Sustainability Report.



Remuneration of the Board of Directors

The Remuneration Committee is the only responsible for the determination, review and approval of the Directors' remuneration, following the principles of meritocracy and equity.

The remuneration of the members of the Board of Directors is formulated in such a way as to attract and motivate the best professionalism and skills for the better exercise of their respective offices and the achievement of the purposes of the Remuneration Policy.

All directors will be paid at a fixed rate to ensure adequate remuneration for the activities and commitment of the directors in favour of the Company. There is no further compensation for participation in the internal board committees.

Non-executive directors

Non-executive directors, whether or not they are independent directors, are entitled to a fixed remuneration determined by the Shareholders' Meeting pursuant to Article 2389 of the Italian Civil Code, as well as reimbursement of expenses incurred for official reasons.

Executive Directors

The remuneration of the Executive Directors is appropriately balanced in order to effectively contribute to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company.

In particular, the remuneration structure of the Chief Executive Officer consists of:

- a fixed component: this component is determined taking into account the size and strategic nature of the role held, the distinctive subjective characteristics and strategic skills possessed by the Chief Executive Officer. For the sake of completeness, it should be noted that a portion of the fixed component is represented by the consideration paid by the Company for the non-compete obligation assumed pursuant to the directorship agreement signed between the Company and Mr. Alberto Galassi on 8 March 2023;

- a short-term variable component: this component pursues the objective of incentivizing the Chief Executive Officer to work towards the achievement of annual objectives in order to maximize the value of the Group, in line with the interests of shareholders and other stakeholders.

- a medium-long term variable component: this component pursues the objective of encouraging the Executive Directors to operate with a view to maximizing the value of the Group and to align the interests of these directors with those of shareholders and other stakeholders, according to a medium-long term logic and sustainable development.

- Fringe benefits: these consist of the provision of goods and/or services assigned in accordance with market practice and in compliance with current legislation.

As of 2023, there are neither MBOs nor other incentives related to the socio-environmental performance of the Board of Directors or other employees.

In line with the GRI standards, during 2023, the ratio of the annual total compensation for the highest-paid individual to the median annual total compensation for all employees is 130.40. The ratio of the percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees is 0.85. For the purposes of this calculation, the following items were considered: fixed and variable pay, performance-based retribution, and bonuses.

ANNUAL TOTAL COMPENSATION RATIO[3]

Year	Annual compensation Ratio	Change in the Annual Total Compensation Ratio
2021	94.21	13.44
2022	129.26	7.43
2023	130.40	0.85

ORGANISATION MODEL AND CODE OF ETHICS PURSUANT TO LEGISLATIVE DECREE No. 231/2001

The Code of Ethics is a key document that defines the Company's approach to business ethics and the principles that guide its culture and identity.

The document, published on the Group's website, contains both our moral vision as a Group — which focuses on maintaining and developing stakeholder trust — and a list of core values that guide the Ferretti Group, such as honesty, fairness, transparency, equity and reciprocity. The Code of Ethics features specific sections on topics that are particularly important to the Group, such as workplace safety and customer privacy. The Code of Ethics therefore applies to the entire Group, it is shared with its clients and suppliers and informally extended to all stakeholders, in the hope that the Group's moral and ethical values can be expanded well beyond its physical limits.

When drafting the Code of Ethics, the Group took into consideration also all of the activities that help prevent the crimes (i.e. reati presupposto) that all Italian companies are obliged to prevent pursuant to Legislative Decree No. 231 of June 8, 2001. As such, the Code of Ethics constitutes a fundamental element of the Organisation, Management and Control Model adopted by the Ferretti Group. Defining the 231 Model involved carrying out an initial assessment of the Group's pre-existing organisational model in order to identify areas and activities that could pose a risk of crime, as envisaged by the Decree. We then defined control protocols for any important activities we had previously identified, in order to align our control principles with the Legislative Decree in question.

The Ferretti Group approved the 231 Model in 2019, bringing it into force and publishing it on the Group's website from that date onwards. The latest updated version of the Model was approved on December 6, 2022. Ferretti Group also established a Supervisory Board, which was assigned certain tasks included in the model. The company also undertakes to constantly update the Model, adding new crimes to the Special Section. To this aim, the Company adopted a Custom Compliance Program and Internal Compliance Program related to export control crimes and activities, in order to avoid commercial relationship with listed subjects and/or listed territories.

3 In relation to 2021 and 2022 data, the remuneration ratios reported in the table do not include figures for R.A.M. S.p.A., Il Massello S.r.l. and F.lli Canalicchio S.p.A.

The Supervisory Board oversees the functioning and observance of the 231 Model, assessing its adequacy, communicating necessary updates to the Board of Directors, and monitoring its implementation and updating.

In 2022 the Group updated the 231 Model, which has been finalized and approved in the last quarter of 2022. In 2023 the Supervisory Board during its audit activities provided a training session, also including all the provisions regarding anti-corruption and anti-bribery. In 2023 two training sessions were provided, for a total amount of 2h in Ancona, Forlì and Cattolica sites. The Company is evaluating the adoption of a specific online course addressed to all the Company's employees.

As a Group, we have been actively engaged in preventing the risk of bribery and corruption and money laundering, and above all, we strive to promote integrity and precision at all levels of the organisation and in every country in which we operate. In addition to affecting trust and respectful competition between market operators, behaviour that goes against the principles of fairness and integrity risks undermining the very foundations of the Ferretti Group, which has championed morality and excellence for more than fifty years. Given the Group's presence in a number of countries, including so-called 'tax havens', the Group is exposed to the risk of violating anti-corruption and anti-money laundering legislation in all nations in which it operates, as well as incurring financial penalties imposed by the European Union and the United States of America, which would have a very detrimental impact on the Group's reputation. This risk is also present with regard to the Ferretti Security Division, as it often fulfils requests financed by governments and international institutions.

The circumstances described above and the related risks are addressed by means of two key tools, namely the Group's Code of Ethics and the Organisational and Management Model for the prevention of crimes pursuant to Legislative Decree No. 231/2001. The Group also adopted a zero-tolerance anti-corruption policy. During the Reporting Period, the Group has complied with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

Finally, we can confirm that there were no episodes of bribery, corruption or other critical concerns involving the companies of the Group in the period from 2021 to 2023.

Ferretti gives primary importance to the protection of minors and to the repression of exploitation of any kind against them. Furthermore, in order to guarantee total respect for the person, as stated in its Code of Ethics, Ferretti Group is committed to complying and ensuring its employees, suppliers, collaborators and partners comply with the legislation in force on protection of employment, with specific attention to child labour, as outlined in the Minimum Age Convention No. 138/1973 and the Worst Forms of Child Labour Convention No. 182/1999 adopted by the ILO, and the exploitation of women and foreigners from outside the European Union and also by respecting the principles of the European Charter of Fundamental Rights.

The Group has complied with the relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour. No issues or concerns regarding child labour and compulsory labour from suppliers have been identified by the Group along the 2021–2023 reporting period.

According to the Code of Ethics, every act or behaviour that could lead, even potentially, to conflicts of interests with the Group's business or to make biased and impartial decisions, should be avoided. In such situations, actual or potential, all employees are asked to notify the risk of conflicts of interest to the Supervisory Board. Similarly, if any employee becomes aware during his/her work of the commission of acts or behaviours which may harm personal safety as identified above, or constitute the exploitation or subjection of a person, he/she must immediately notify his/her superiors, without prejudice to obligations imposed by law, and the Group will take appropriate actions as and when appropriate. To this end, specific clauses are set up in the individual contracts with suppliers.

Violations of the general principles of the Code of Ethics involve sanctioning mechanisms based on the type of violation committed, aimed at reaffirming the significance of adhering to the principles within the Group.

These mechanisms of sanctions are designed to address different types of violations and serve as a means of accountability. By implementing appropriate consequences, the Group emphasizes the importance of upholding the ethical principles that guide its actions. Ferretti Group has also adopted a dedicated policy to manage Whistleblowing Reports, in compliance with the Legislative Decree 24/2023. Furthermore, according to Legislative Decree 231/2001, all Recipients of the 231 Model are obliged to provide circumstantiated reports of any major unlawful conduct or breaches of the Organisation, Management and Control Model adopted by the Company. The Supervisory Board has the task of managing the Reports and treats the reports as confidential and adopts appropriate verification procedures to protect both the Whistle-blower's privacy and the reported persons' identity and integrity.

The group has not yet implemented specific policy commitments outside certification requirements; however, it is actively engaged in enhancing its corporate governance framework to establish efficient and tailored mechanisms that align with its organizational structure. The organization recognizes the importance of robust governance practices and is diligently working towards implementing effective tools and frameworks to ensure responsible decision-making and operational excellence. By proactively addressing governance matters, the group aims to establish a solid foundation for sustainable growth and stakeholder trust.

2. OUR BUSINESS MODEL: FROM MADE IN ITALY EXCELLENCE TO EVOLUTION IN THE NAME OF INNOVATION

2.1 The Ferretti Group model: when industrial innovation meets true craftsmanship

Being a cutting-edge entity and leader in the luxury yachting market is all about embracing the two distinct qualities that allow us to manufacture yachts that fulfil our customers' wishes: industrial innovation and craftsmanship. In fact, industrial innovation is all about improving the efficiency of our serial production process year upon year, while craftsmanship allows us to offer excellent scope for personalisation and to produce some truly unique products. In many cases, the yachts we manufacture are one-of a-kind prototypes, boasting exclusive features developed in collaboration with our customers.

In keeping with our dual spirit, the Ferretti Group model sees our yachts pass through a production line in which all components are assembled, starting from the hull, through to the engines, machineries, electrical and hydraulic systems and finally, the furnishings and fittings, depending on the type of yacht we are producing and the customer's personal preferences. The Group coordinates the entire process, managing the project as a whole and directly overseeing the design, selection and procurement of raw materials and components, ready for production. The industrial aspect is evident in the planning, programming and control of the progress of each activity, while the artisan soul is left to the execution of the activity.

The Ferretti Group model helps us guide customers, studying ad hoc feasibility for them, through decision-making processes while gifting us with a strong understanding of market demand. This allows us to anticipate new trends while maintaining a strong bond with our suppliers, with whom we continuously explore cutting edge solutions.

The new product development process

Over the years, we have developed and perfected our New Product Development Process, which allows us to alter and restyle existing products, as well as to carry out in-house modifications on products with pre-set specifications.

By defining and applying this process, we are able to guarantee consistency with the Ferretti Group's strategy and values when developing new products. The process also allows us to pursue specific objectives with regard to time-to-market, quality, costs, profitability and the maximum exploitation of brand partnerships.

The Process cuts across various company departments to ensure that each step — from pre-development to prototype creation — is fully developed and implemented using the appropriate skills.

The process begins with the completion of market analysis by the product marketing department to establish the macro-requirements for the new yacht model to be developed. This step is followed by a preliminary feasibility study on the amount of investment required, which determines whether development of the new model will continue. The technical features and architecture of the new model are then developed by the Operative Product Committee (OPC), which is assisted by external naval architects and designers, and our technical team. Subsequently, the members of the SPC (Strategic Product Committee) proceed with the final approval of the concept, conducting an economic assessment of the investment required to develop the model.

Strategic
Product Committee

SPC

The **Strategic Product Committee** supervises meetings to define product ranges, overseeing requirements and time-to-market, and reviews each product before it is formally approved.

Operational
Product Committee

OPC

The **Operational Product Committee**, on the other hand, reviews projects from a technical and architectural perspective, in order to guarantee their optimisation in terms of human resources and implementation times.

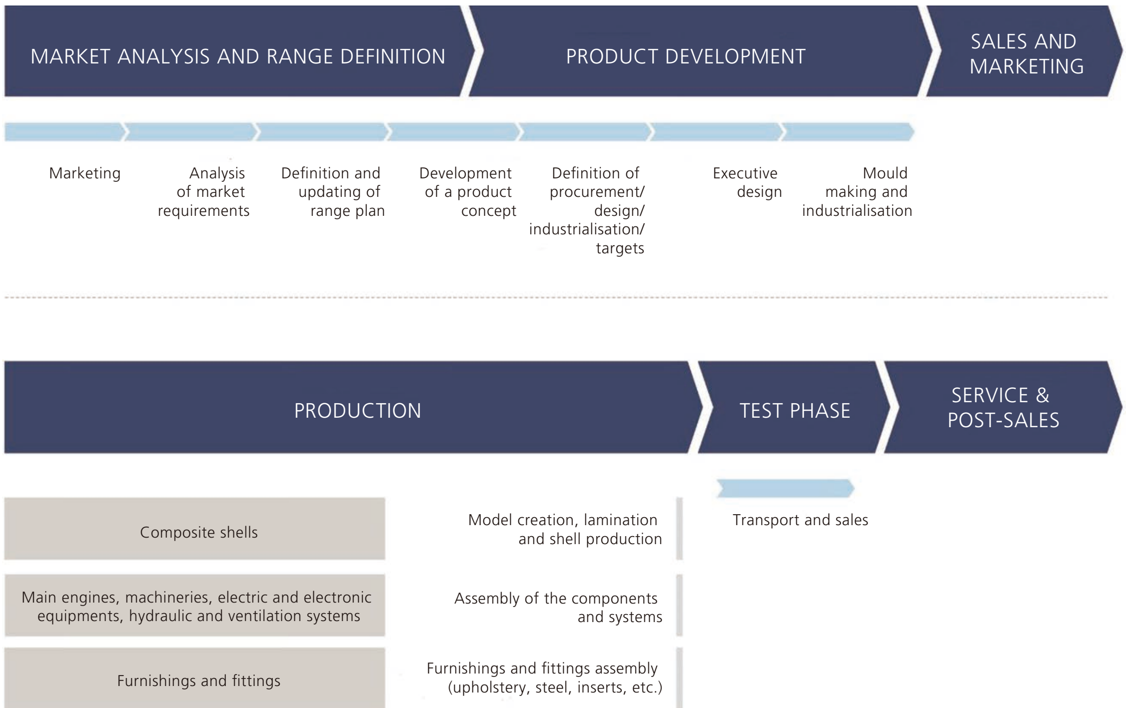
Both **Committees** work according to a process with several phases; the decision-making process is only undertaken when work at every stage of the project has been addressed and implemented correctly. This ensures that every new model is in line with the Group's strategy and targets.

The Committee monitors the development of the prototype and the final design, keeping track of the costs and time taken to complete the process. Once the first product has been built and tested, and the industrialisation costs have been defined, a final meeting is convened to determine the adherence to the approved values and any actions.

The Ferretti Group is equipped with a team of internal and external professionals who work together to define the layout for new models. As previously mentioned, our in-house design team collaborates with external naval architects and designers to research styles and define new product lines. Our engineering department (in cooperation with project managers and project architects) is responsible for defining the technical layout of new models. Along with the technical departments and project management department, they are tasked with performing operational analysis, monitoring product development, and conducting ongoing checks to satisfy the finance department, which evaluates and ensures that all new products meet financial margins and targets, as an independent collaborator in the process.

Below is a diagram that demonstrates how the Group's product development and production model works:

Product development process



2.2 Seven souls, one heart: our brands

The Ferretti Group seeks to enhance the value of its brands in order to preserve their unique identities and distinctive features while also making use of the Group's central structure.

The histories of our brands have crossed paths several times over the past few decades and continue to do so, through partnerships, the sharing of ideas, projects and new horizons. As such, we are proud to tell seven different stories with one shared dream: to package together the best yachts in the world.

CENTRALIZED FUNCTIONS
at Group level to leverage industrial efficiencies

HIGH-VALUE ADDED FUNCTIONS

R&D | PROCUREMENT | MANUFACTURING

CORPORATE FUNCTIONS

HR | INVESTOR RELATIONS | FINANCE | LEGAL | IT

DECENTRALIZED ACTIVITIES
at Brand level to nurture each Brand's DNA and target all customer segments

WALLY · FERRETTI YACHTS · PERSHING · itama · Riva · CRN · CUSTOM LINE

MARKETING | DESIGN | SALES

BUSINESS MODEL DESIGNED TO
promote Brand distinctiveness while capturing synergies

2.3 Customer relations

The Ferretti Group has always been fully committed to transferring its product excellence to the services it offers, ensuring that it does so in ever more structured, systematic ways, and providing continuity in its customer relations. In fact, a wide range of after-sales services are available to owners, designed exclusively for customers and customised for the various yachts.

The Group has consistently invested significant resources in building the loyalty of existing customers and in attracting new customers, leveraging the original features and appeal of its brands, business growth, diversification in terms of product models, the organisation of events and participation at international trade fairs. Over the years, this has not only increased the number of new customers, but also the percentage of loyal customers. These results have also been possible thanks to the robust relationships the Group has built and reinforced over time, and to the exclusive events and unique luxury environment that Ferretti Group creates for its customers, all while respecting the basic requirements of confidentiality and privacy.

The Ferretti Group traditionally operates in a market featuring an extremely select customer base of high-net-worth individuals who are particularly sensitive to issues surrounding confidentiality. The Group therefore pays close attention to the issue of privacy, not simply to remain compliant with the European Personal Data Protection Regulation (GDPR[4]), but also to protect its clients and guarantee maximum confidentiality and security in the processing of their data. In doing so, it confirms the solid reputation that the Group has created over the years. In 2023, there were no reports of customer privacy violations. The Group's privacy policy is available at https://www.ferrettigroup.com/en-us/Legal-notice

Customer Care & Satisfaction

The commercial strategy optimises the use of dealers, brokers and the direct customer relationship so as to receive the direct input of the market, tap into trends and developments and boost existing customer loyalty.

For large yachts (over 30 metres), over the years the Group has expanded its global broker network to ensure a stronger foothold on particularly key markets. The Ferretti Group has also improved its internal sales structure by supporting the network with direct sales outlets (Milan, Monaco, Majorca, Fort Lauderdale, Palm Beach, Shanghai and Hong Kong).

Commercial strategies according to yacht size

<30 meters	>30 meters
Sales through dealers (55 dealers active in 71 countries around the world)	Sales through brokers (over 279 worldwide) and other Group direct sellers

4 Regulation (EU) 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

In addition, every customer enjoys an exclusive relationship with the shipyard and the international service network, navigating safely with a team of experts ready to support them at all times and wherever they are. The range of services includes a hotline to address technical issues in real time, a network of spare parts warehouses (After Sales Ferretti Group) and training initiatives for service network professionals (Service University) and commanders (Convergence).

Leveraging the synergy of the entire Group and its international network can therefore guarantee customers the best possible navigation experience.

Excellent customer service has always been a Ferretti Group priority and has a single focus: to guarantee the owner, at all times, the pleasure of experiencing the sea in absolute peace of mind and safety. The owner's initial technical training is carried out dockside and includes an accompanying service for the yacht's maiden voyage. After delivery of the yacht, the Dealer and Service Point play key roles. The Service University — the refresher and professional training school for after-sales staff — emerged from this vision. It provides a wide range of training, updated annually and improved with new content to support a broad spectrum of skills: from managerial to customer satisfaction and to technical, commercial and operational expertise.

Thanks to the ever-growing ability to respond to the development demands of the various entities involved, as evident in the increasing number of participants, the Service University is today a central hub and an unmissable opportunity for all Ferretti Group Dealers and Service Points.

The Group also benefits from state-of-the-art CRM (customer relationship management) teams and processes, able to collect, aggregate and process data and information on current and potential customers. Throughout every phase of the customer journey, specific CRM activities are planned and developed — particularly to identify potential new customers and expand the customer base.

In this sense, customer surveys conducted over recent years have revealed an ever-increasing focus on performance and consumption, combined with comfort and ergonomics.

Finally, the Group promotes mutual growth and training through Convergence, an event that brings together captains from all over the world with the goal of strengthening the link between the Group and the sailing community. The event was launched for the first time in 2003, with attendance in recent years reaching in excess of 100 people. Captains discuss at the event technical and non-technical aspects related to the complex daily management of motor yachts. Convergence is a training opportunity, but also an opportunity for both the Group and attendees to build solid relationships — based on trust and mutual cooperation — to ensure the profitable professional growth of the entire sector.

A high-level commitment to the resale of superior quality yachts

The Ferretti Group also offers its customers the opportunity to buy and sell pre-owned yachts, carefully selecting these yachts and guaranteeing potential new owners of pre-owned yachts an easy, safe purchasing experience. The pre-owned segment also operates through a dedicated online platform.

2.4 Value creation: figures and achievements

In 2023, the Ferretti Group generated more than Euro 1 billion in total economic value. The Group's net revenue increased by approximately 10.1% from approximately €1,030.1 million for the year ended December 31, 2022 to approximately €1,134.5 million for the Reporting Period. Of the economic value generated, the economic value distributed to the various stakeholders, including suppliers (operating costs), employees, capital providers, the Public Sector, shareholders and the local community, represents approximately 88% of the total, as shown below:

(in Euro thousands)[5]	%	**2023**	%	2022	%	2021
Economic value generated	100%	**1,316,894**	100.0%	1,115,592	100.0%	908,092
Economic value distributed	88.3%	**1,162,792**	87.8%	1,030,099	89.4%	811,875
Operating costs	74.55%	**981,708**	82.3%	834,017	75.1%	681,972
Value distributed to employees	9.9%	**130,727**	12.7%	128,810	12.4%	112,417
Value distributed to providers of capital	0.3%	**4,139**	0.4%	4,452	0.7%	5,940
Value distributed to shareholders	2.5%	**32,833**	2.0%	19,903	0.7%	6,707
Other	1%	**13,385**	2.6%	7,120	0.5%	4,839
Economic value retained	11.7%	**154,140**	12.2%	140,186	10.6%	96,217

5 The correlation between the items in the table (per GRI 201-1) and the items reported in the Group's income statement (in brackets) is shown below.

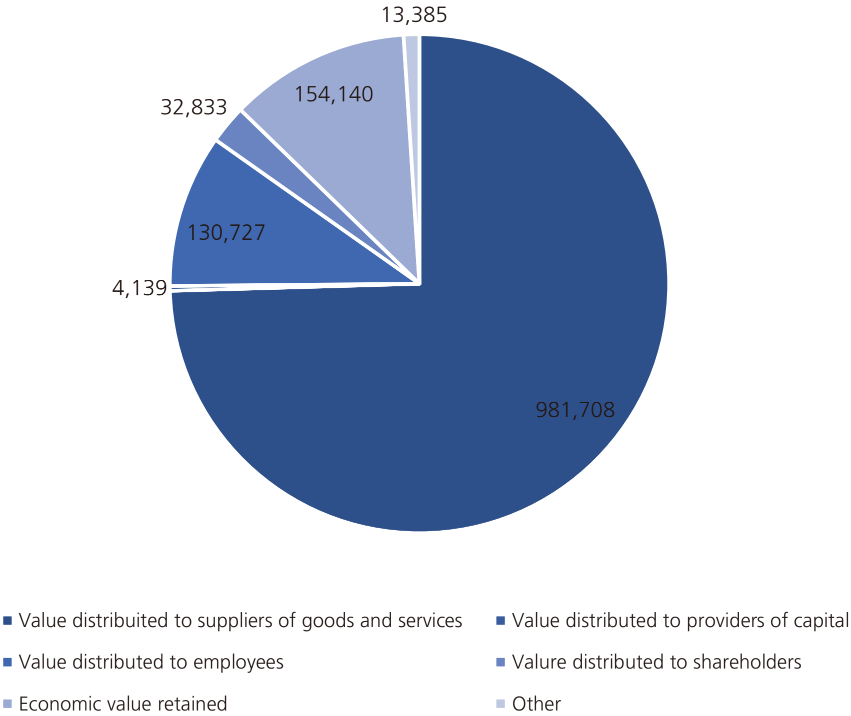
"**Economic value generated**" comprises "Value of production" ("**Revenues from contracts with customers**"), "Other financial income" ("**Other revenues and income**", "**Financial income**", and "**Change in inventories**") and "Increase in internal work capitalised" ("**Increase in internal work capitalised**").

"**Economic value distributed**" comprises:

- Operating costs: "Raw material costs' ("**Raw materials and consumables**"), "Service costs" ("**Outsourcing costs**", "**Trade fair, events and communication costs**", and "**Other service costs**"), "Rent, lease and similar costs" ("**Rent, lease and similar costs**"), and "Miscellaneous operating expenses net of taxes" ("**Other operating costs**", from which "Non-income related taxes" and "Membership subscriptions" are subtracted);
- Value distributed to employees ("**Personnel costs**");
- Value distributed to providers of capital ("**Financial charges**");
- Value distributed to shareholders ("**Dividends paid**");
- "Other", which comprises:
  - Value distributed to the community: donations, sponsorships, and membership fees ("**Membership subscriptions**").
  - Value distributed to the government: "Current and prepaid income taxes" (difference between "Income taxes" and "Deferred taxes") and "Other operating expenses" ("**Non-income related taxes**");

Finally, "economic value retained" comprises "Profit for the year net of dividends" ("**Foreign exchange gains (losses)**" and "**Profit for the period from continuing operations**"), "Depreciation and amortisation" ("**Provisions and impairments**" and "**Depreciation, amortisation, and impairment of fixed assets**"), and "Deferred taxes"

Breakdown of Economic Value created by the Group in 2023 (thousands Euro)[6]



More than 74% of the total economic value generated has been distributed along the Group's supply chain; this has led to the creation of a real and ever-expanding ecosystem, predominantly made up of small and medium-sized Italian companies, with whom the Ferretti Group has a long history of productive collaboration. The SMEs working with the Group are emblematic of the flexibility, excellence and sustainability of local production systems, and often boast decades of collaboration with Ferretti Group brands and a relationship that is more than simply professional.

Some have been acquired by the Group over the years as they constitute fundamental partners in the sale of the world's leading yachts. Such is the case of Zago S.p.A., a subsidiary of the Group that creates wooden interiors, Il Massello S.r.l., providing end-to-end on-board assembly service, as well as F.lli Canalicchio S.p.A., which has a deep expertise in yacht static exteriors and automatic kinetics systems.

While it is true that the Group's complex supply chain allows the Ferretti Group to lead the world by exporting its yachts to every corner of the planet, it is also thanks to the Ferretti Group that those small and medium Italian companies that contribute to the production of the Group's products have the opportunity to deal indirectly with the global market.

6 The breakdown in the graphic does not include value distributed to the Public Administration or membership fees (see the account "Other" in the table to the left).

In selecting its suppliers, the Ferretti Group maintains the highest quality standards and takes into account the individual characteristics of each brand. This approach begins as early as the design phase, which often involves co-design activity between the Group and specific suppliers. The Group does, however, tend towards the internal production of its most crucial components, those which are fundamental to the development and retention of its expertise.

Selection of suppliers is managed by the Group's Procurement Department which, in close collaboration with the project's managers and engineers, identifies the specific requirements that suppliers must satisfy. These include technical capacity, structural elements (company size, geographic presence, logistics), production capacity, credentials, Key Performance Indicators, financial solidity, and before-and after-sales assistance. Today, the Group also assesses sustainability aspects during the supplier selection process, aware of the growing importance that these aspects will assume in the near future. In this regard, it should be noted that all new suppliers who qualified in 2023 were assessed also according to environmental and social criteria; environmental criteria cover certification requirements for waste management and disposal and the climate (FGas declaration) and include ISO 9001 for quality. Social requirements, on the other hand, mainly include criteria for managing occupational health and safety.

The Group suppliers receive training on the Group's Code of Conduct, which imposes standards on ethical business, respect of workers' human rights, product quality and other ESG topics. In the event that the Group is aware of any violation of the Group's Code of Conduct by the suppliers, the Group will evaluate the situation and take appropriate measures. All suppliers whose activities are directly performed on site are trained on the safety measures described in the Group's policies and practices. By doing so, not only does the Group ensure the highest safety standards, but it also generates awareness on the importance of having a safe and committed workplace for everybody.

It should also be highlighted that the vast majority (89%) of Ferretti Group's Suppliers are located within the national territory, and that the non-Italian exceptions are well-structured, reliable multinationals, such as suppliers of engine parts or electronic components.

INTERIORS AND FURNISHINGS

All furniture components, including floors, kitchens, marble, interior and exterior upholstery, mattresses, lighting, sanitary and other accessories.

COMPOSITE

Hulls, frames and superstructures in fibreglass and steel, as well as all rigid and structural components such as rigid canopies and hatches.

PROPULSION & SYSTEMS

Engines, gearboxes, propellers, rudders, generators, fins, manoeuvring propellers and all other aspects of yacht mechanics.

ELECTRONIC EQUIPMENTS

Audio/video equipment, navigation and communication instruments, batteries, lights, radar and any other electronic components.

KINEMATICS & STEEL

Hold doors, walkways, pulpit handrails, ladders, anchors and all components that allow movement around the boat.

CONTRACTORS

This category includes both the manpower and the materials involved in the creation of hydraulic, electrical and insulation systems, and also all the processes of painting, resin coating, fitting out and covering.

GENERAL, ADMINISTRATIVE AND SALES COSTS (SG&A)

General, administrative and sales expenses, investments and purchases, maintenance services, waste disposal, exceptional transport, consultancy, communication, trade fairs and events

Highlights

Total value of orders (2023)	Percentage of orders to Italian companies	Total number of suppliers of Ferretti Group	Italian suppliers of Ferretti Group
Euro 927 million	89% (Euro 826 million)	3,587	2,901

	Number of suppliers			Purchase volume[7]		
Year	2021	2022	**2023**	2021	2022	**2023**
Italy	1,911	2,111	**2,901**	527,221,243 €	664,548,046 €	**825,889,658 €**
Europe	73	115	**130**	40,437,136 €	46,802,919 €	**58,250,667 €**
Extra Europe	139	576	**556**	24,378,235€	41,543,334 €	**42,377,583 €**
Total	2,123	2,802	**3,587**	592,036,614 €	752,894,298 €	**926,517,909 €**

7 Purchases made between Group companies (inter-company purchases) are excluded from the overall calculation. Furthermore, the volume of purchases cannot be reconciled with the item in the income statement linked to the "Value distributed to suppliers of goods and services", for the following reasons: i) orders to foreign companies (mainly those of Ferretti Group Asia Pacific) are not included in the purchase orders; ii) purchases of used vessels are not included in the purchase orders; iii) difference in reporting of information related to Capex purchases and user costs; iv) delay between the date of the purchase order and the actual accrual of the cost of said order v) currency exchange rates for USD expenditures.

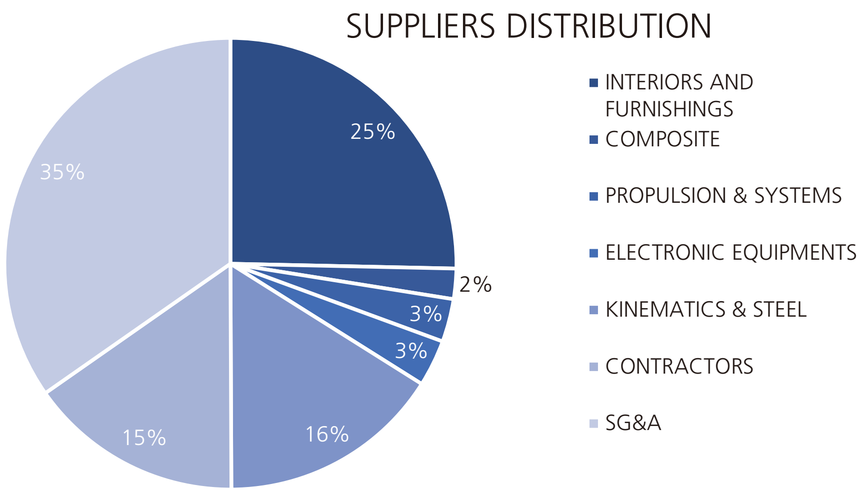
In 2023, total spending amounts to more than Euro 927 million, +23% versus 2022. Please be advised that the recorded surge in our numerical data is largely a consequence of the execution of an enlarged production plan.

Focus on Ferretti S.p.A. (excluding AMAS)

2023

Product category	Number of suppliers	Value of purchases
INTERIOR	781	213,951,438 €
COMPOSITE	67	117,293,940 €
PROPULSION & SYSTEMS	95	147,159,717 €
ELECTRONIC EQUIPMENTS	103	38,138,707 €
KINEMATICS & STEEL	493	101,981,264 €
CONTRACTORS	473	191,639,322 €
SG&A	1,070	95,887,323 €
TOTAL	3,082	906,051,710 €

Breakdown of the geographical distribution of Ferretti Group (excluding AMAS) total purchase value by product category (2023)



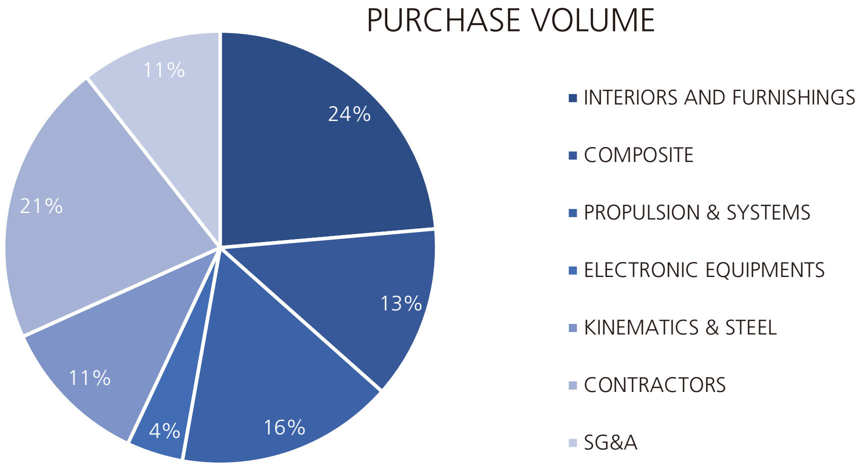
These percentages represent the composition of suppliers across different product categories within the business.

The largest category is SG&A (Selling, General & Administrative expenses), accounting for 35% of the suppliers. This could include a wide range of services and products that fall under operational overheads, such as office supplies, marketing services, and administrative support.

Interiors and Furnishings come next with 25% of the suppliers. This suggests a significant portion of suppliers are devoted to the provision of interior and furnishing items.

The Kinematics & Steel and Contractors categories follow closely at 16% and 15% respectively. These categories could involve suppliers providing materials, parts, and services related to the movement mechanics and steel components, as well as contracted service.

Electronic Equipment, Propulsion & Systems and Composite are more specialized areas with relatively fewer suppliers.



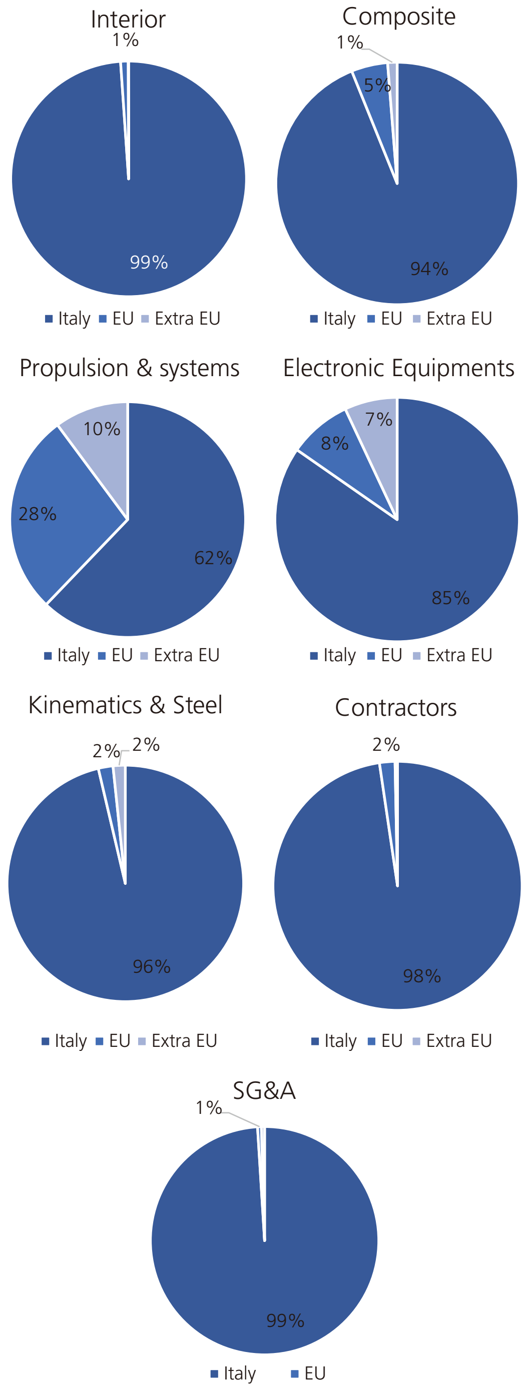
The overview of the product category data provides valuable insights into the business' s supplier distribution and procurement strategy and mostly reflect the proportion of purchases made by the business across different product categories.

However, the Composite category, while constituting a smaller segment of suppliers (2%), accounts for a larger percentage of the total purchases (13%). This due to the nature of the products purchased (Fiberglass hulls, decks and superstructures; Hard Tops, hatches, boots, minor fiberglass components; Raw material for fiberglass; Carbon components).

The same in the Propulsion & Systems category, where a smaller percentage of suppliers (3%) is associated with a noticeable portion of purchases (16%) indicating a highly specialised and high value per supplier scenario in this sector.

Conversely, while SG&A emerges as the largest category in terms of supplier distribution (35%), it represents a comparatively smaller portion (11%) of the total purchases.

Breakdown of the geographical distribution of Ferretti Group (excluding AMAS) total purchase value by product category (2023)



Geographical analysis of the number of suppliers by product category reveals a trend in line with the strong craftsmanship that typifies the Made in Italy movement described above. Categories related to manual labour, such as interiors, relate almost entirely to Italian workmanship; mechanical and electronic components, on the other hand, are produced more internationally, as evidenced by the higher percentage of purchases made from abroad.

3. THE GROUP'S RESPONSIBILITIES: OUR JOURNEY TOWARDS SUSTAINABILITY

In recent years, issues related to sustainability, the reduction of negative impacts, and the maximisation of positive ones on the environment and people have sat alongside and intertwined with the business activities of companies across the world; no industry, including the luxury and yachting sectors, is exempt from this structural change. Today, business models in numerous industries are being restructured to include and integrate sustainability issues, especially when pushed to do so by consumers, investors and other important stakeholders who demand a more conscientious approach to the world beyond business.

Other sectors, such as the one in which the Ferretti Group operates, have recently begun to enter the world of sustainability by attempting to anticipate the growing environmental focus of their stakeholders. In the yachting world this means vessels with hybrid engines, equipped with water treatment and recovery systems, furnished using eco-compatible materials, or even built relying on a network of tracked and responsible suppliers. This drive towards sustainability is dictated both by choices made by the future owners of the Group's products and by increasingly stringent regulations that require every company in the sector to make forward-looking choices and undertake strategic planning that includes sustainability as an integral corporate value.

The Ferretti Group began its journey towards sustainability in 2020 with the publication of the Group's first Sustainability Report for 2019. This began by mapping the main impacts deriving directly or indirectly from its activities with the objective of increasing internal sustainability awareness. In 2023, a further step has been taken, with the publication of the first Non-Financial Statement, following the requirements of the Italian Legislative Decree 254/2016.

To date, the Board of Directors has the central role of defining and updating the corporate strategy and the moral principles that guide the Code of Ethics, and in the approval of policies, objectives and targets, including those related to sustainable development. In particular, the Board is involved annually in identifying the impacts on the environment, people and the economy, and is responsible for and officially approves the information shared in the Non-Financial Statement, including the Material Topics, by assessing the impact of the company on society, environment and stakeholders.

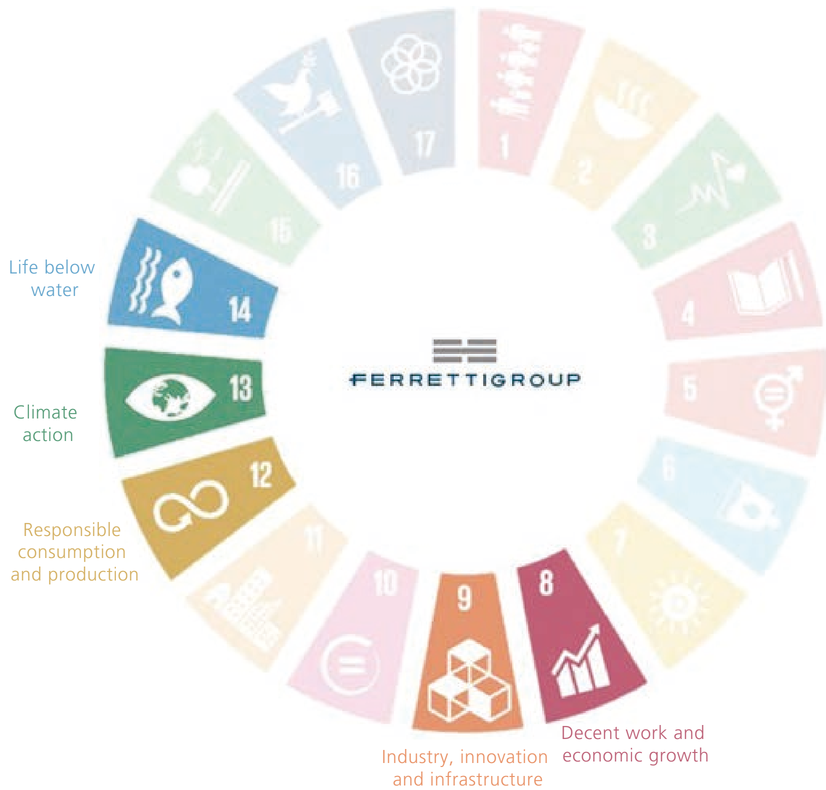
This document constitutes the Group's fifth step towards the adoption, in the coming years, of an increasingly more strategic vision of these topics, which is designed to use its pioneering ideas to protect the Group's rich heritage for future generations. As in previous years, 2023 saw discussion of and updates to one of the most important instruments in the preparation of a Non-Financial Statement: the materiality analysis designed to identify the most relevant sustainability issues in terms of impacts generated and stakeholder focus.

It is on the areas identified as material that the Group will focus its current attention and future efforts, with a view to reducing its environmental impact and creating value for the community and the local area. In its efforts, Ferretti Group is supported by a number of stakeholders and, in particular, by foundations and associations to which it is member, namely Fondazione Altagamma, Italy China Council Foundation (ICCF), SYBAss, Confindustria Nautica, Confindustria La Spezia e Confindustria di Ancona. Together with these entities, not only does Ferretti Group communicate regularly, but it also exchanges projects and ideas to develop the nautical sector in terms of socio-environmental impact.

SUSTAINABLE DEVELOPMENT GOALS — SDGs

The Sustainable Development Goals (SDGs) are 17 goals approved in September 2015 by the governments of the 193 member countries of the United Nations General Assembly. They recognise the close relationship between human well-being and the health of natural systems, highlighting the common challenges that every country faces in creating a sustainable future. The objectives are part of the ambitious action programme for peace and prosperity for people and the planet, known as the 2030 Agenda for Sustainable Development. The SDGs are universal, targeting both developing and advanced countries, and are based on integration between the three dimensions of sustainable development: environmental, social and economic aspects. The 17 objectives therefore cover a number of development areas, from the fight against hunger to the elimination of inequality, from the protection of natural resources to urban development, from agriculture to consumption patterns.

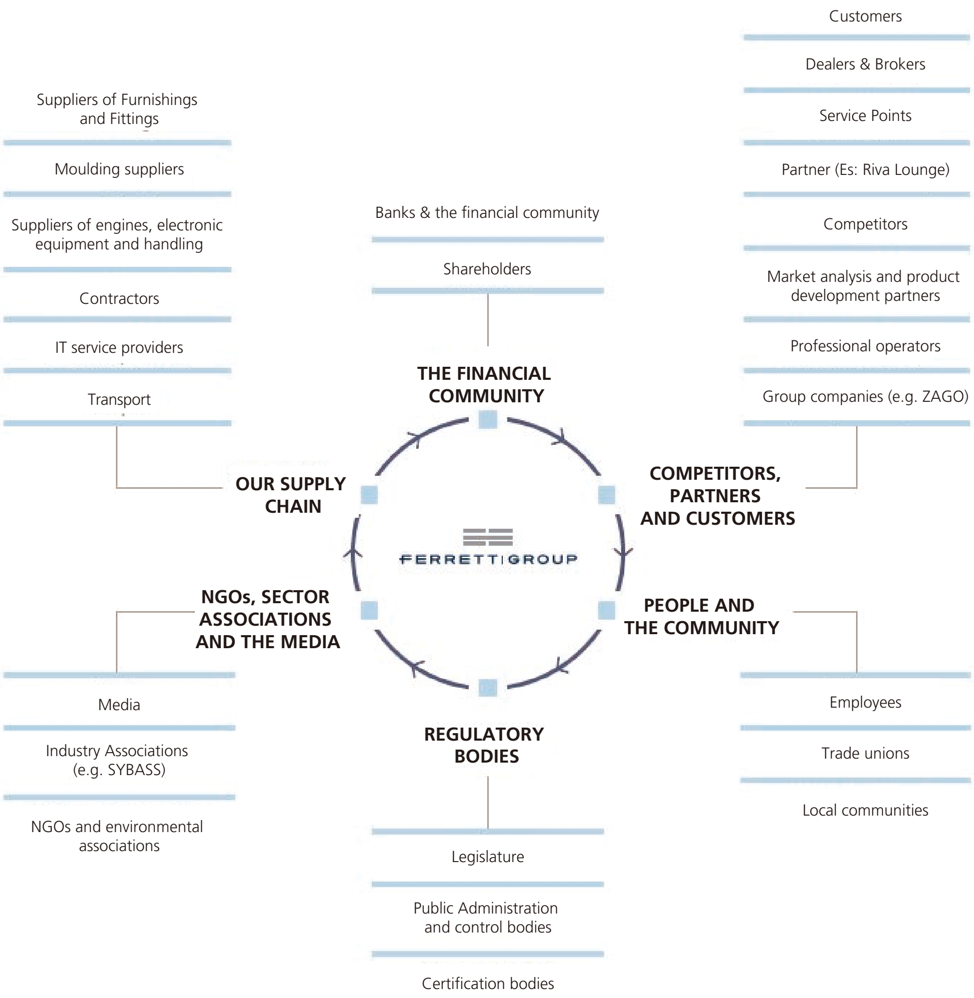
The Ferretti Group supports and promotes the 2030 Agenda for sustainable development and, specifically, has identified five objectives linked to its values and commitments and that it believes it can significantly influence through its activity:



The choice of these five SDGs reflects the topics identified as material and relates both to the production process and to the products themselves. It also further evaluates the impacts along the supply chain and on the local communities affected by the Group's business.

3.1 The Ferretti Group's stakeholders

For the Ferretti Group, dialogue with and the direct involvement of its stakeholders are of prime importance in understanding their various expectations and requirements. Over the years this collaboration has allowed the Group to develop the robust personal and professional relationships that guarantee the Ferretti Group the leading role it currently plays in the luxury yachting sector.



Stakeholders were identified by involving the entire front line of the company and considering the players with whom the Group interacts and those groups who influence/are influenced by the Ferretti Group's activities along the entire value chain. The discussion carried out by the Company's senior management confirmed the stakeholders also for 2023, and no changes were made to the list presented above.

3.2 The materiality analysis

The Group drafted this Non Financial Statement according to the GRI (Global Reporting Initiative) Sustainability Reporting Standards, that have been updated in 2021. Moreover, in continuity with the last Reporting Period, this Section is also aimed at fulfilling the requirements of the "ESG Reporting Guide" of the Hong Kong Stock Exchange, after the listing of the Group in March 2022.

Through a process of Materiality Analysis, Ferretti Group was able to identify those sustainability topics deemed material and, thus, worth reporting — i.e., topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights (GRI 3: Material Topics 2021).

In 2023 the company confirmed material topic selection by performing an update of the materiality process.

Materiality definition process

The material topics were examined through an articulated process which included the understanding of the context in which Ferretti Group operates (review of the relevant sustainability guidelines, key documents, legislation and benchmarking activities); the identification of current and potential, negative and positive impacts on the economy, environment, and people including impacts on human rights, across the organization's activities and business relationships; the assessment of the significance of impacts (based on the severity of the impact itself for actual impacts and based on severity and likelihood for potential ones); the prioritization of the most significant impacts for reporting purposes; identification of sustainability material topics starting from the impacts identified.

The assessment of the relevance of impacts was carried out taking into consideration the guidelines of the GRI Standards and the results of the analysis were validated by Ferretti Group's management, without engaging directly with stakeholders.

The list of material topics and a brief explanation of related impacts is reported in the following table.

Material Topic	Description of related impacts
Negative impacts	
GHG emissions	The organization, through its operations, supply chain, and logistics, and during the use of its products, generates an actual negative impact on climate change, due to the emissions of greenhouse gases. Those emissions contribute to climate change and generate global impacts. (Actual Impact)
Energy consumption	The organization, through its operations, supply chain, and logistics, and during the use and disposal of its products, consumes energy resources. If managed in an unsustainable way, this consumption can influence the availability of energy resources, thus generating significant impacts. (Actual Impact)
Polluting atmospheric emissions	The organization, through its operations, supply chain, and logistics, and during the use and disposal of its products, may release polluting emissions in the atmosphere, which have an actual negative impact on the air quality and on the ecosystems, included on human and animal health. These emissions include sulphur oxides (SOx), nitrogen oxides (NOx), particulates (PM), volatile organic compounds (VOCs) and carbon monoxide (CO). (Actual Impact)
Water consumption	The organization, through its operations, withdraws, consumes and discharges water. Inefficient withdrawals and discharges, as well as potential discharges of pollutants into water, may negatively contribute to the quality and depletion of water resources. (Actual Impact)
Waste management and product's end-of-life	The organization, through its operations and during the use and disposal of its products, generates waste. This waste, if not recyclable nor reusable, may lead to actual environmental impacts in the concerned territories. (Actual Impact)
Raw materials consumption	The organization's supply chain, if managed in an unsustainable way, may influence the availability of raw materials and the local ecosystems, thus generating significant negative impacts. (Actual Impact)

Material Topic	Description of related impacts
Biodiversity	The organization, through its operations and supply chain, and during the use of its products, without an adequate monitoring system, may jeopardize natural, and especially marine, ecosystems. Its damages may impoverish the local flora and fauna, with consequent significant potential impacts on the local biodiversity. (Potential Impact)
Occupational health and safety	The organization, through its operations and supply chain, may cause injuries to its workers and not guarantee the protection of workers' health and safety. (Actual Impact)
Human and civil rights	The organization, through its operations and supply chain, may not guarantee the respect of decent working conditions, and may cause incidents of violation of human rights, forced labour and child labour. (Potential Impact)
Diversity, equal opportunity and inclusion	The organization, through its operations and supply chain, may build business relationships that do not guarantee equal opportunities, diversity and inclusion, with consequent incidents of discrimination and negation of equal opportunities in the treatment, remuneration and benefits of workers. (Potential Impact)
Product Safety	The organization, during the use of its products, and without an adequate system of quality control and monitoring, may offer an unsafe product, with consequent risks for the health and safety of customers. (Potential Impact)
Anti-corruption and money laundering	The organization, through its operations and supply chain, may incur in practices of corruption and money laundering, also due to its presence in countries known as tax heavens. Without adequate preventive policies and procedures, there could be an incorrect allocation of economic resources, as well as abuse of democracy, violation of human rights and political instability. (Potential Impact)

Material Topic	Description of related impacts
Positive impacts	
Sustainable supply chain management	The organization, through its supply chain, promotes a sustainable supply chain management, by screening its suppliers with ESG criteria. (Actual Impact)
Human capital development, retention and satisfaction	The organization, through its operations, offers training programs to develop the workforce's technical skills, as well as to improve its management and relationship. Moreover, the organization implements retention practices for its personnel. These initiatives improve the competences and satisfaction of the communities in which the firm operates. (Actual Impact)
Development and value creation for local communities	The organization, through its operations, by implementing and favouring local hiring programs, donations, volunteering and philanthropic activities, contributes to the enrichment of local communities, in terms of economic resources, personal development and professional growth opportunities. (Actual Impact)
Research & Development	The organization, through its operations, monitors and contributes to the technological evolution of its field, which improves the quality of products and processes, reduce costs and lead to more competitive product prices. Those R&D practices positively contribute to the technological development, economic and financial status, and reputation of the whole sector. (Actual Impact)

3.3 ESG Risk Management

In accordance with the Hong Kong Stock Exchange ESG Reporting Guide, the Ferretti Group assesses and determines the characteristics and extent of risks relating to environmental, social, and governance (ESG) topics and its material topics. ESG risks must be assessed to ensure business continuity and to prevent critical issues from arising that could cause operational or reputation based problems; as such, the Group is committed to incorporating these risks into its business strategy.

The Group's initial ESG risk assessment was conducted by its Sustainability departments, which adopted a cross-cutting approach to the main challenges of the ESG world. The risk assessment carried out by the Ferretti Group in 2021 and confirmed in 2023, comprised an initial qualitative assessment that took into consideration four risk categories:

- **Operational risks:** risks that could interrupt or damage the company's business operations
- **Financial risks:** risks that could have a direct impact on the Company's financial performance.
- **Reputational risks:** risks that could have a negative impact on the Group's reputation and image.
- **Compliance risks:** the risk of non-compliance with applicable laws — which could expose the Group to legal sanctions — the Code of Ethics, or internal procedures.

Category	Material Topic	Risk identification	Description	Risk type	Response
ENVIRONMENT	Polluting atmospheric emissions Waste management Water consumption and discharge	Potential risks related to poorly controlled pollutants and waste and water management on the Company premises	Non-compliance with regulatory requirements and the inefficient management of pollutants, waste and water could lead to higher operating costs and have a greater environmental impact	Compliance risk Operating risk Reputational Risk	— Specialised HSE divisions set up at each of the Group's plants, with a strong corporate vision regarding the improved management of pollutants, waste, and water management on Group premises — ISO 14001:2015 on environmental management systems active at all Ferretti S.p.A. sites. — 14001 provides for the planning of simulations and the correct management of waste, etc. — Plant maintenance activities beyond regulatory requirements, regular maintenance to prevent faults and further reduce impact
ENVIRONMENT	Tangible assets	Potential risk related to the poor control of investments in products and/or use of materials that are incompatible with environmental protection and/or potentially hazardous to customers and the environment (including the end-of-life of certain materials (e.g., fibreglass shell)	Investing in products and using materials that are incompatible with environmental protection could lead to higher operating costs and have a greater environmental impact	Compliance risk Operating risk Reputational Risk	— ISO 14001:2015 on environmental management systems active at all Ferretti S.p.A. sites. — Defining specific initiatives and actions to a) lighten and reduce weight where possible, b) improve fuel efficiency during use, c) improve materials and component types, including the consumption of associated resources, d) improve the end-of-life process, so that yachts and their component parts can be fully dismantled — Qualification of suppliers, who are assessed from an environmental standpoint through 14001 certification

Category	Material Topic	Risk identification	Description	Risk type	Response
ENVIRONMENT	Reduction and efficiency of energy consumption Atmospheric GHG emissions	Potential risk related to the poor control of energy consumption and consequent GHG emissions on the Company's premises	The entry into force of stricter energy efficiency requirements could result in the Group not complying with these requirements. A failure to implement energy efficiency strategies could result in a financial risk due to the failure to reduce costs. The Group could incur transitional risks related to climate change, such as compliance or reputational risks caused by the transition to a low-carbon economy. Save for the above, the Company has not performed an analysis to identify any additional risks related to significant climate-related issues which have impacted or may impact the Company during the Reporting Period.	Compliance risk Operating risk Reputational Risk Finance risk	— Specialised HSE divisions set up at each of the Group's plants, with a strong corporate vision on the improved management of pollutants, waste, and water management on Group premises — ISO 14001:2015 on environmental management systems active at all Ferretti S.p.A. sites. — The Group's management has expressed the clear intention to provide for the predisposition of a formal process, defining methodologies, roles and responsibilities for the identification and assessment of risks and opportunities related to climate change
SOCIAL	Creating value for local communities	Potential risk linked to an inability to implement an adequate investment plan to support the local community and interruption of the local supply chain, which comprises artisans and people with specific skills handed down from generation to generation. This could jeopardise business continuity in the future	The lack of a comprehensive community investment plan could have consequences on the effectiveness of the investments themselves, which would bring reduced benefit to the community and would represent a missed opportunity for the Ferretti Group to improve its reputation through social initiatives.	— Reputational Risk — Finance risk	— Strong link between production activities and employees who come from the areas in which the sites are located

Category	Material Topic	Risk identification	Description	Risk type	Response
SOCIAL	Customer safety and centrality	Potential risk related to a poor response to security standards, the inability to protect customer data, and potential non-compliance with privacy requirements	Non-compliance with specific safety norms and standards or non-compliance with data privacy regulatory requirements (e.g., data loss/theft) could lead to potential health and safety risks for customers, fines, or reputational damage	Compliance risk Operating risk Reputational Risk	— Maintaining high quality standards, in terms of business processes, customer care and satisfaction; — ISO 9001:2015 Certification — Compliance with the European Data Protection Regulation (GDPR) — Performing internal audits on compliance with the data privacy regulation — Carrying out awareness-raising activities on customer protection and privacy
SOCIAL	Occupational health and safety	Potential risk related to the failure to protect the health and safety of direct employees, contractors, and third parties	Non-compliance with occupational health and safety regulations could lead to fines, as well as a lack of action to prevent accidents and risks to workers' health and safety.	Compliance risk Operating risk Reputational Risk Finance risk	— Guarantee employee health and safety — Provide the best possible working conditions at sites — ISO 14001 certifications on all Ferretti S.p.A. sites. — Compliance with local 81/2001 H&S decrees — Monthly meeting at each shipyard to discuss incidents and corrective measures — Monthly meeting between the employer and facility managers to discuss the measures taken, practices to be followed, and potential critical issues — Injury reduction targets and severity in site director compensation plans — Specialised health and safety training courses — Other specific and up-to-date measures and good practices to reduce risks during operations

Category	Material Topic	Risk identification	Description	Risk type	Response
SOCIAL	Research and development	Potential risk linked to the insufficient monitoring of technological developments within the Company	A failure to monitor technological developments that could improve the quality of products and processes, as well as a failure to streamline costs and to sell products at more competitive prices could harm the Group's economic and financial stability and its reputation. Protecting intellectual and/or industrial property rights is key to the success of the Group's business and products, as well as its competitive standing. The Group is exposed to the risk of third-party interference in the enjoyment and exploitation of its intellectual and/or industrial property rights, as well as to potential disputes and limitations on the exploitation of such rights, which could result in potential liabilities and have negative effects on the Group's economic and financial stability and its reputation.	Reputational Risk Finance risk	— Conduct industrial research and encourage experimental developments and process innovations to improve existing products, processes and services — Expand the Group's knowledge base to support its entry into promising new global sectors — Product Strategic committee and product operations committee in place for a number of years

Category	Material Topic	Risk identification	Description	Risk type	Response
SOCIAL	Employee motivation and satisfaction Talent attraction, retention and development	Potential risk related to a lack of qualified employees, the absence of an adequate pipeline for strategic roles/ skills, and/ or a shortage of qualified personnel in the maritime labour market	Risk linked to the lack of or inadequate management and development of skills within the Company using a continuous improvement model, as well as a failure to encourage the full expression of personal skills and to adequately cover corporate roles. This risk may arise, for example, due to a lack of or gaps in investment in staff training, resulting in an inability to learn new skills or improve acquired ones. This category includes the risk of inadequate recruitment due to a failure to identify current and future needs or to use the correct recruitment channels.	Operating risk Finance risk	— Strengthening employer branding activities — Supporting regions by monitoring staff turnover on a quarterly basis and defining action plans to reduce it — Annual survey to monitor employee engagement — Recognition and investment in top performers — Identification of strategic skills/ competencies and top talent needed to support future growth — Continued investment in development and training to accelerate the growth of top talent and to build skills
GOVERNANCE	Business ethics and fairness	Potential risk related to the occurrence of unethical business practices and unfair competition	Failure by Ferretti Group employees to comply with legislative regulations, the internal code of conduct and procedures (e.g., due to employees' lack of knowledge of the matter) could damage the Group's reputation.	Compliance risk Operating risk Reputational Risk	— Code of Ethics in place since 2019 and promotion of the Company's values internally and externally; — Anti-Corruption Policy at Group level

Category	Material Topic	Risk identification	Description	Risk type	Response
GOVERNANCE	Sustainable supply chain management Selection and sustainability of raw materials	Potential risk related to lack of proper due diligence on potential suppliers, a failure to monitor environmental and social regulations, a lack of supply chain resilience due to unstable factors (such as the COVID-19 pandemic), and relationships with third-party suppliers, contractors, and manufacturers	The risk that due diligence is not adequately performed on potential suppliers and that the environmental and social regulations in the contracts concluded are not properly monitored, resulting in activities that do not comply with the principles of sustainability (proper use of natural resources, protection of individual rights, etc.).	Operating risk Reputational Risk	— Raise awareness of the importance of a resilient and flexible supply chain; — Guarantee the continuity of production, including through periods of significant instability (e.g., the COVID-19 pandemic).

4. LUXURY AND INNOVATION: THE QUALITY AND EXCLUSIVITY OF OUR PRODUCTS

4.1 Research, innovation and sustainability

The luxury maritime sector features a high level of innovation and attention to detail which ensure excellence in final products and bring the best out of their construction.

In order to be at the forefront of industry innovation, expand and renew its portfolio ahead of market trends, and position itself as an "E-Luxury" yachting manufacturer with environmentally friendly and sustainable solutions, the Group has been continuously investing in R&D. In this regard, once the new management team had been appointed in 2014, the Ferretti Group began to invest heavily in R&D activities to upgrade and modernise its product lines. As a consequence, the Group incurred total expenditure of around Euro 170 million between 2019 and 2023 alone.

Group R&D figures:

At the Forefront of Innovation

— Approximately Euro 170 million invested in R&D from 2019 to 2023

Proactively Chasing Market Trends

— 36 models (including 4 Flagship Superyachts) launched between 2020 and 2023 (approximately 50% of the Group product portfolio is less than 3 years old)

Cutting-Edge Model Portfolio

— 3.8 average age (in years) of models in the portfolio in 2023 (due to recent upgrades to the product portfolio)

Sustainability at the Core

— Joint development of Hybrid propulsion systems through a strategic partnership with Rolls Royce

— Joint development of Fuel-cell power system with Ballard Power Systems (through a Joint Venture established with Weichai Group, one of the Group Controlling Shareholders)

In addition to its presence in the sailing market with Wally sailing yachts (wallywind models), the Ferretti Group is committed to further developing environmentally friendly technologies to be the industry pioneer and to mitigate its environmental impact. The Group intends to continue developing such initiatives by:

— Developing alternative hybrid and electric propulsion systems for its yachts;

— Investing in research and development to identify innovative, light, and environmentally friendly materials and increase recyclable inputs;

— Reducing the carbon footprint across its shipyards.

To this end, the Group will capitalize on the know-how and experience behind the launch of "green" models across all its portfolio brands, such as the FSD N800 (the first hybrid model ever launched by the Group), the full electric Riva El-Iseo, available for sale in January 2024, wallytender43X and wallytender48X (featuring solar panels on the fly top to recharge batteries) and the INFYNITO range (featuring solar panels on the fly top to recharge batteries and F.S.E.A. — Ferretti Sustainable Enhanced Architecture — a package of environment-friendly cruising solutions).

In addition, the Group will continue to work on forefront technologies such as the selective catalytic reduction technology (SCR), which uses urea solutions as nitrogen oxide (NOx) reduction agents. The SCR technology can be installed on the vast majority of our products and all new yacht projects.

E-Luxury Segment — Riva El-Iseo

The Riva El-Iseo is the brand's first full-electric powerboat that launches the new E-Luxury segment under the banner of sustainability.

After the presentation of the prototype in September 2022 at the Cannes Boat, followed by successful completion of a cycle of complex technical and reliability tests, the official version of this model is ready for sale in January 2024.

An elegant 27-foot runabout, Riva El-Iseo inherits the sleek lines of the Iseo and combines them with a modern, full-electric core.

It has a Parker GVM310 full-electric engine from Parker Hannifin, offering unprecedented performance in terms of speed and acceleration. With a power output of 250 kW, peaking at 300 kW, the Parker GVM310 delivers a cruising speed of 25 knots and a self-limited top speed of 40 knots, with an acceleration curve significantly steeper than that of a similarly sized boat powered by an internal combustion engine.

El-Iseo is fitted with and a high-energy-density lithium battery pack supplied by Podium Advanced Technologies, which is more efficient, extremely light and up to 10 times longer-lasting than lead-acid technology. Its 150 kWh, 800 V batteries have two charging modes, normal and fast, for charging from 20% to 80% in 75 minutes and a "Redundant Design Configuration", with two independent blocks is installed to ensure that the failure of one of the two blocks doesn't put the operation of the entire pack at risk.

During development, there was a razor-sharp focus on on-board safety and numerous measures were adopted. First and foremost, batteries are sealed and liquid-cooled, the most efficient system for rapid heat transfer and they have extra thermal insulation in the form of technologically advanced cladding inside the GRP panel that provides access to the compartment. This material with excellent fire resistance performance compared to its extremely light weight is commonly used in the aerospace industry and consists of fiberglass panels that create an effective thermal shield against flames. A gas sensor is also installed to detect leaks.

El-Iseo has three cruising modes with names that pay tribute to tradition and take their inspiration from classical music: Adagio, Andante and Allegro.

Adagio is the ECO mode, designed to optimize cruising performance focusing on sailing distance: maximum speed is 5 knots and acceleration is limited, reducing energy consumption and maximising range to up to 10 hours of cruising. In Andante mode, cruising speed and acceleration are comparable to a typical yacht of similar length with an internal combustion engine, reaching a maximum planing speed of 25 knots. Allegro is the sport mode, in which the engine is unlimited and El-Iseo can reach a top speed of 40 knots with electrifying acceleration.

To maintain battery life, when the residual charge drops to 20% (a range of about 10 nautical miles), the boat automatically switches to Adagio regardless of the cruising mode selected, allowing the owner to conserve power and safely reach a mooring point or charging station.

The new El-Iseo perfectly fits the Ferretti Group's sustainability path which is not defined only by the type of propulsion, but also by the materials used and the production processes. This new technology will allow vessels to make typical journeys (lake boats or ship's tenders) using only electricity.

INFYNITO Range — INFYNITO 90

The new Ferretti Yachts INFYNITO 90 is the first model in the INFYNITO range which is designed to offer the experience of life at sea in a sustainable way and personalisation at every level.

The new Ferretti Yachts model brings to market the Group's F.S.E.A. technology (Ferretti Sustainable Enhanced Architecture), a package of environmentally friendly cruising solutions.

Thanks to this technology — a system combining photovoltaic panels mounted on the yacht's superstructure (producing up to 7.3 kW) with an Energy Bank consisting of a 120 kWh lithium battery pack — life on board can be enjoyed in "hotel mode" for up to 8 hours at anchor, with zero emissions and zero noise and without using the generator. In terms of energy efficiency, this means an 80% saving on fuel and a corresponding reduction in CO_2 emissions during typical average use of the yacht from May to September.

There was also a special focus on the use of green materials, such as natural and bamboo fabrics, regenerated leather and recyclable materials, ecological water-based paints and lamellar teak with FSC 5 certification used throughout the exteriors.

In addition, thanks to the unique design of the hull, the yacht has a range of up to 1,400 nautical miles at an economy cruising speed of 10 knots for maximum efficiency.

New International Certification For CRN

CRN, the Group's historic brand specializing in the design, engineering and construction of superyachts up to 90 metres obtained a special recognition for the Sustainable Powered Yacht Project (SUP-Y) by RINA.

The certification followed the effort for development of two sustainable technical architectures with the most efficient implementation of Fuel Cell technology aboard CRN superyachts.

Both the architectures are equipped with Fuel Cells as an alternative power source, fed by hydrogen reformed from green methanol and optimized to ensure several days in full hotel mode without diesel generators running and the capability to sail in zero emission mode for several hours. This approach significantly reduces total noxious emissions and ensures compliance with the strictest environmental standards.

RINA confirmed that the project is sized appropriately for proper functioning and easy management and meets the regulatory requirements for safe implementation.

The new technology at the heart of SuP-Y is a major step forward towards the future of yachting, with an easy-to-use solution that meets all the regulatory requirements for safety at sea.

The PTO/PTI Hybrid Propulsion System

This new PTO/PTI Hybrid Propulsion System is currently under installation on vessels under construction at the Ancona shipyard aiming at the efficiency of main engines' functioning. An electrical power take off and power take in system is connected to the main propulsion gearboxes:

- In PTO mode the generators can deliver up to 300kW (2 x 150 kW) electrical power exploiting and optimizing the extra load from the main engines.

- In PTI mode the generators can be used as electric motors with a power output of 2 x 100 kW for electric propulsion at slow speed.

The 400kWh battery pack is an integrant part of the functioning of the system, being the energy storage for stay at anchor without generators in running or cruise in zero emissions mode for some hours.

Heat Recovery System

To avoid the wasting of the thermal energy content from the generator's cooling water, a Heat Recovery System was installed on vessels under construction at the Ancona shipyard. The recovered power is used to heat pools, hot waters boilers and deck washing system. Energy recovery solutions together with a proper sizing of the ship's equipment represent the first step for a conscious and sustainable design.

Alternative Materials

The Ferretti Group is constantly seeking innovative solutions which involve the choice and the use of alternative materials. The substitution where possible of traditional solvent-based internal paint products with solvent-free epoxy resins, for vessels under construction in 2023 at the Ancona shipyard, goes towards that.

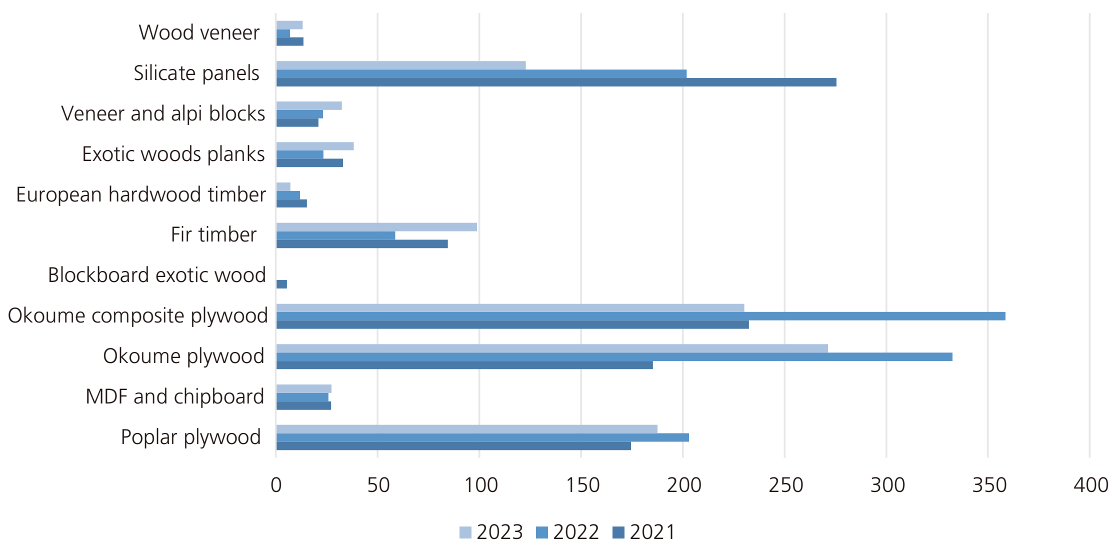
They can be used in poorly ventilated environments without concerns of access to the areas after painting while improving the quality of the outcomes. In fact, they result in excellent adhesion, high yields and low thickness, high corrosion resistance and no metal surface preparation required (avoiding aluminium powder).

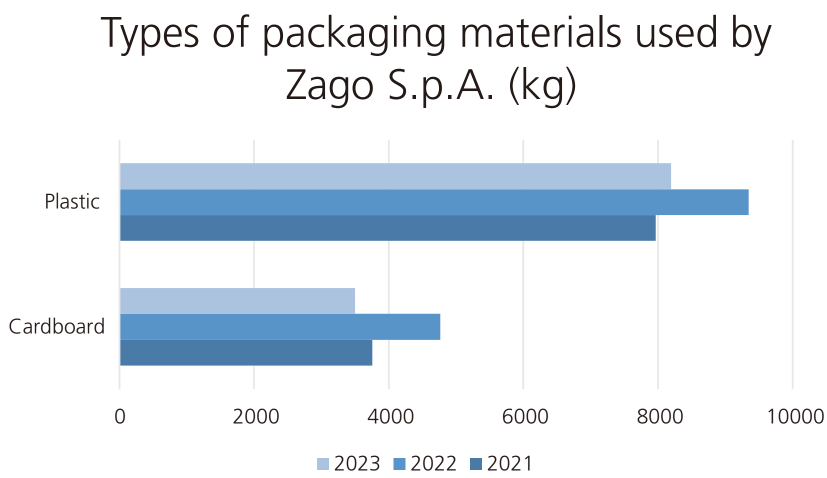
Furnishings and fittings meet sustainability and innovation: the craftsmanship of Zago

The company pays particular attention to the responsible procurement of wood and its derivatives.

The company's main supplier of this composite wood is Alpi S.p.A., which guarantees that the raw material comes from forests that are managed in compliance with national regulations stipulating prudent forest management which guarantee that forest areas designated for felling are naturally or artificially renewed, while all operations and documentary processes are overseen by the relevant authorities. In addition to paying close attention to the responsible supply of wood, Zago S.p.A. constantly undertakes to use low formaldehyde products in its production cycle, and periodically carries out indoor tests to assess how healthy each workspace is. In 2023, Zago S.p.A. used a total of 1,033 m^3 of high-quality wood in its activities; on top of that, packaging of plastic and carton was consumed, for a total of 11,692 kg.

Types of wood used by Zago S.p.A. (cubic meters)





4.2 Quality system

One of the milestones on the path to excellence is the achievement of ISO 9001:2015[8] *certification, which attests to compliance with the best standards of all business processes that impact the Quality of Products and Services and, ultimately, Customer satisfaction. Unique in the world of yacht-builders, Ferretti S.p.A. underwent the certification process in 2006 in order to ensure excellence within the organisation and in the management of the processes involved in creating products and offering services, from development to final delivery, with the establishment of a consolidated heritage of best practices and know-how.*

In addition to ISO 9001:2015, the Group has recently obtained the following additional certifications:

— **ISO 14001:2015** on environmental management systems, currently active at Group's headquarters and all of the Group's other shipyards: in 2023 the Group successfully obtained the certification for the Ancona shipyard. ISO 14001:2015 Certification, an internationally recognised reference, contributes to the environmental pillar of sustainability, with a view to preserving the environment. As a naval shipyard, one of Ferretti S.p.A.'s main objectives are the production of boats designed to meet the needs of the market both from the point of view of performance and aesthetics, and environmental sustainability from a product lifecycle perspective.

[8] Since 2018 the Group's quality certification has incorporated ISO 9001:2015 requirements. The certification authority is Rina. To date, as for the Ancona shipyard, following the merger between C.R.N S.p.A. and Ferretti S.p.A. at the beginning of 2022, the ISO 9001:2015 certification covers the Custom Line Yard but does not currently cover the Super Yachts yard in the Ancona shipyard. Also in December 2023 RAM S.p.A. obtained for the first time the ISO 9001:2015 certification.

The quality system sets out specific responsibilities at two different levels. At the first level, the Quality Assurance function guarantees the direct control of some key aspects of the value chain from the customer satisfaction and customer experience perspective, via the direct management of After Sales and continuous product improvement thanks to an evolved and systematic dedicated problem-solving process, by Brand and Production Site. At the second, plant managers are entrusted with product quality control, with local supervision of production processes through quality control of assembled products, the assembly process, testing and approval.

In summary, in order to ensure that products delivered to customers are of the highest possible quality, six main steps are followed, as illustrated in the graph below.

Finally, product quality is certified by appropriate marking and certifications. The **CE mark**[9] is valid in the European Economic Area for the sale of newly built boats up to 24 metres long. It is a requirement in guaranteeing the health and safety of passengers, product quality, environmental impact and consumer protection. Through the CE marking process, the Group guarantees owners that their yachts meet the highest safety standards, protecting their commercial value and quality throughout the life of the yacht.

For boats over 24 metres, the same guarantees are provided by specific **approval procedures** overseen by certification bodies, mainly RINA, for "pleasure yachts" and yachts for commercial use. Certificates are issued which certify that the product meets the requirements of the relevant approval standards, including tests for the various components.

In 2023 there were no non-conformities related to consumer health and safety aspects of the vessels produced and sold. Also, no recall or complaints were received on Ferretti Group's products. The Group considers complaints an opportunity for improvement, to overcome conflicts and to recover customer trust and satisfaction. Due to the unique and bespoke nature of its products and direct relationship with its clients, eventual complaints or quality issues of the products are managed according to the specific situation.

9 Directive 2013/53/EU.

The Group protects its intellectual property through means such as the registration of trademarks and the filing of patents. From time to time, the Group enters into coexistence agreements with third parties who own trademarks that are "formally similar" but not identical in substance. In addition, the Group seeks to protect the inventories generated through product development and innovation activities by means of patents and protect proprietary know-how and trade secrets by implementing procedures designed to safeguard the confidentiality of its internal processes and to restrict access to information relating there.

5. EXCELLENCE AND DEVELOPMENT: PRODUCTION SITES AND ENVIRONMENTAL IMPACT

5.1 Our shipyards: When industrial innovation meets true craftsmanship

The quality, innovation and reliability of our yachts is guaranteed by the Group's cutting-edge production centres, which combine state-of-the-art production efficiency and the inimitable attention to detail ensured by the craftsmanship that accompanies every stage of the process.

Equipped with high-tech equipment and the most modern production processes, the Italian shipyards are located in Italy's celebrated maritime district, and specifically in Forlì, Cattolica, Ancona, Mondolfo, Sarnico, La Spezia, Ravenna and the US site is in Fort Lauderdale (Florida). With the exception of the latter (which is dedicated to refitting), these are mainly assembly sites, where the finishing, testing and delivery processes take place, as does a significant portion of the tooling process, i.e., the production of all the composite material components that make up the boat. In addition to the eight naval aforementioned shipyards (seven of which carry out assembly and the other refitting), there are two production plants for interior fittings and customized furnishings (Zago S.p.A and Il Massello S.r.l) and one production plant for kinetic equipment (Fratelli Canalicchio S.p.A.), all located at the heart of the world famous Italian nautical district.

FORLÌ

The site and the shipyard

The Forlì shipyard is the site of production facilities for Ferretti Yachts, Itama and Wally yachts, houses the Group's head offices, and is also where models, moulds and fibreglass hulls for a number of Group lines are made.

The current site occupies a total surface area of 51,524m^2 (of which 24,163 m^2 is covered). This includes the extension carried out following the 2019 acquisition of a facility next to the original industrial complex. This is a significant investment designed to create new Wally production areas — including a new testing tank — and administrative and representative offices.

Works were scheduled to be completed in two phases. The first of these, which centred around the development of the production site for the wallytender line, concluded in 2020. The second one including the completion of all the building and structural works, was concluded in 2022. Since the end of 2021, in addition to the shipyard, some offices, showroom and the equipment storage area are operational. In 2020 the shipyards also took on management of the docks, which are therefore the responsibility of the site administration. This is a change that affects not only the shipyard at Forlì but the Ferretti Group as a whole.

CATTOLICA

The Ferretti Tradition

The Cattolica production centre opened its doors in 2001, and is the production site for Ferretti Yachts, motor yachts between 24 and 30 metres in length.

The shipyard stretches over a total surface are of 12,212 m^2, of which around 6,757 m^2 is covered, and is equipped with 16 assembly stations. The facility meets the most modern efficiency criteria. The layout of the Cattolica production line uses an "island" construction system, in which every workstation is entirely autonomous. Its proximity to the sea also makes it easy to conduct water testing and checks. In 2022, the makeover of the office building was completed, by re-inventing and refitting the exteriors, ground-floor reception area, new commercial showroom and full restyling of the customer route to the production area.

THE SHIPYARD OF THE DOMINANT SPECIES

The Mondolfo shipyard

The Mondolfo plant is much more than just a production center. It is a futuristic space extending around 83,377 m^2, with 25,788 m^2 covered surface, continuously projecting onto expansion plans. It is the meeting point of form and function, dreams and technology, tradition and forward thinking that enables Ferretti Group to constantly develop its production and yachts offering.

This shipyard is home to the Pershing and Itama yacht brands, the Ferretti Security Division (FSD) line of patrol vessels and in recent years has hosted the production of the latest Wally models. Mondolfo shipyard sees an ongoing design evolution that has led to the development of the Pershing Generation X yachts and the introduction of the brand-new GTX Series, with its flagship GTX116.

The production site features two large and innovative painting booths, one of 500 m^2 and the other of 300 m^2, where boats are dry painted. Five hydraulic stacking trucks (40 t., 120 t. e 160 t.) enable yacht handling activities in the test basin (33 m long, 7.5 m wide and 2.3 m deep), used for all technical tests (engines, exhaust systems, bilge systems and gen sets) and for waterproofing and preliminary tests in general. Two travel lifts, having a carrying capacity of 130 tons and of 210 tons, and the two hydraulic trolley jacks allow completion of haulage and launching activities in the test basin.

A further expansion is forecasted in 2024 to make space for a second pool of 40 m length for the testing of superyachts.

MULTI-BRAND HUB AND CENTRE OF EXCELLENCE

Ancona Superyacht Yard

The Ferretti Group Superyacht Yard is the multi brand shipyard, an hub of excellence dedicated to the superyachts and megayachts. Founded in 1963 in Ancona, on the Adriatic Coast — a strategic maritime destination on the Mediterranean — as CRN shipbuilder. Today CRN is one of the most important international players in the segment of bespoke vessels and the shipyard has specialized in designing, engineering and constructing full-custom yachts in steel and aluminium and all aluminium of up to 95 metres.

In 2019 the Ancona shipyard became the Group's Superyacht Yard, one of the most significant and advanced production centres in the European yachting sector. The construction hub designs and builds CRN, Custom Line 50, Riva Superyachts Division and Pershing 140 pleasure vessels and the entire Custom Line range in composite materials.

Spanning almost 80,000 m^2 (around 33,000 of which indoors), the Ancona construction hub builds pleasure vessels of up to 95 metres in length. This multi-brand facility produces the entire CRN and Custom Line fleets plus the new aluminium Pershing as well as hosting the new Riva Superyacht Division. The stretch of water that opens out in front is a unique space and a precious resource — a gateway to the Adriatic, a private tourist marina to full effect. Extending 250 metres along the coast, it provides large berths for fitting out and finishing up to 15 superyachts at once.

The yard vaunts a 670-ton travel lift for launching metal and composite ships of up to 50 metres, which is also used to haul out vessels for testing. The facilities include 9 modern high-tech sheds, all fully heated, air-conditioned and comprehensively equipped. They feature state-of the-art air-extraction, compressed-air and centralised technical-gas systems, heating and power-generation systems, and 2 overhead cranes for handling and installing materials on board. The sheds can accommodate up to 24 superyachts under construction at the same time. The shipyard employs over 1,000 day workers, 360 of whom are highly skilled workers, technicians, engineers, architects and office staff. Attention to the customer and his/her project team is ensured by the numerous customer care services provided throughout the entire design and construction processes. It continues with after-sales care which guarantees constant availability, assistance and support even after the yacht has been delivered.

Refitting work is carried out by a dedicated team. Thanks to their technical expertise, experience and design skills, the professionals that work at the Superyacht Yard are able to offer a complete range of personalised services that will satisfy the most demanding of customers. These include technical inspections, damage assessments, conversion and on-board system modification projects and optimisation of interior design.

THE RIVA SHIPYARD AT SARNICO

The timeless workshop

The Sarnico shipyard, created in 1842 on Lake Iseo, in the heart of Franciacorta, has given life to the whole history of Riva, from the construction of the legendary wooden hulls to the current yachts, from 8 to 21 metres.

The heart of the shipyard is the office of Engineer Carlo Riva, called "la Plancia", who planned it considering not only its design, but above all its functionality. The studio is located in the centre of the depot's large vault, with an arch 40 metres wide supported by two other lateral pillars, which also support two overhead cranes, each of which is capable of lifting yachts weighing over 20 tonnes. The daring and futuristic architecture of this office, protected along with the entire shipyard by the Environmental Heritage Department, does not go unnoticed and still represents an example of great architectural modernity.

The shipyard extends over a total surface area of 43,378 m², of which 16,986 m² is covered, and offers 10 available berths, 2 jib cranes, 4 painting booths and a 50-tonne trailer used for the transportation of finished vessels to the quayside and for the internal handling of hulls or bulky elements.

THE RIVA SHIPYARD AT LA SPEZIA

A leap into the future

The La Spezia production hub is of strategic importance from an industrial, social and environmental point of view. Operational since 2004, today it forms the centre of the Ferretti Group's technical, logistic and commercial operations in the Ligurian and Tyrrhenian Sea basin.

Designed according to the most advanced production techniques, the shipyard covers a total area of 39,025 m², of which 20,459 m² is covered. This modern facility houses production of the largest models in the range and is also the main centre for the testing, launching and delivery of the Group's yachts. Support and port services for the customers of all brands are also provided at the shipyard.

In 2018, the authorisation process for an expansion and restructuring project, dictated by increased production capacity requirements, was launched. The project is still ongoing and foresees demolition and reconstruction that will conclude in summer 2024. The new covered docks improve working conditions at the workstations in question, protecting them from sun and rain and therefore allowing work to continue regardless of weather conditions. In 2021, on the other hand, construction of the first new buildings for administrative staff was completed. In addition, the plants using solvents are all protected by double, paintstop filters and batteries with active carbon filters, to minimise the impact of emissions into the atmosphere and are synchronised with a usage schedule that also maximises use by reducing the amount of special waste to be disposed of.

The facility is located within a Site of Regional Interest, where reclamation projects were planned both on land and in the marine area. While the first of these has already been carried out, following changes to the project plans no work is planned at sea, and as such the entire reclamation plan will be remodelled by the technical work group that is currently underway.

RAVENNA

In March 2023, Ferretti Group acquired a production site of over 70,000 m^2 in San Vitale (province of Ravenna). The new facility will include new production areas and an R&D centre. The production will be dedicated to Wally brand including Wally sailing yachts and our other brands, starting with the Ferretti Yachts INFYNITO range, the new sustainable range.

The operation forms part of Ferretti Group's growth strategy which over the last five years resulted in the expansion and improvement of all production facilities, and the La Spezia yard and the Ancona Superyacht Yard in particular.

The new site, when fully operational, will increase production capacity by about 20%.

Moreover, it is strategically located, close to the company's Forlì headquarters and its Cattolica shipyard.

OUR PRESENCE IN THE UNITED STATES

Investing in ancillary services in the temple of recreational yachting

Over the years the Ferretti Group has expanded globally and currently operates through a network of offices, dealers and brokers located across Europe, Asia and America. This guarantees a presence in the key maritime markets and means that its products reach customers in more than 70 countries.

The Group operates in the United States of America through the subsidiary Ferretti Group of America LLC, with headquarters and offices in Fort Lauderdale (Florida) itself and also Palm Beach, through which it manages a network of stores and services, in order to offer its customers an all-round experience, from the marketing of the Group's brands throughout the North American market to the provision of ancillary services. In addition to the offices of the American headquarters, Ferretti Group has a large, important showroom. As regards services, Ferretti Group owns Allied Marine, a dealership company with a widespread presence on the east coast of the USA, which also offers brokerage and chartering services.

In addition, in 2019 the Group leased a shipyard in Fort Lauderdale, which became fully operational in 2020. This is dedicated to refitting, for both yachts belonging to the Group's brands and other brands. Activities include hull painting and antifouling operations and, more generally, repairs to damage of various sizes.

Results from the refitting activities in the first year of operation were very satisfactory and have grown thanks to intense promotional and public relations activities resulting in a continuous crescendo of commissioned works and incoming yachts. The fact that the Ford Lauderdale shipyard hosts yachts made by companies outside the Ferretti Group is, in fact, a source of great pride for the Group, as it confirms the high quality of the activities carried out at the US shipyard and the dependability of its staff.

ZAGO S.p.A.

One hundred years of service to the maritime industry

Among the hundreds of enterprises involved along the Ferretti Group's supply chain, one stands out, partly because it is an integral part of the Group, and partly because it symbolises more than any other company the crucial role that artisan work plays in the maritime sector.

The history of the Zago joinery begins early last century, when in 1908 Carlo Zago, a skilled craftsman and woodworker, opened a small workshop in Venice. Decades later, in 1945, the shop was left to his grandson, also called Carlo. By now, the workshop had become a true business, and was growing constantly. After the Second World War, production capacity expanded to include furnishings for hotels and large banks and from 1961 Zago moved into the maritime sector, marking the beginning of a long standing and significant collaboration with Fincantieri. Its first naval outfitting was the Appia ferry of the Adriatica di Navigazione. A production line dedicated to naval furnishings was created and in 1964 the facility was moved to its present location in Scorzè. In the following years Zago began to specialise in maritime furnishings, injecting innovation into the sector and establishing itself as a national leader. In 1987, it created the first Italian patent for the construction of prefabricated cabins, and in 1989 it participated in the construction of the passenger ship Crown Princess, commissioned by the historic shipping company P&O Princess Cruise Line, continuing today the historic collaboration with Fincantieri with the production of about 7,000 m^2 of cabins per year.

After 47 years of outstanding work, Carlo Zago passed away from natural causes in 1992. The business passed to his son Antonio, who represents the fourth generation of the family and who now leads the company as it continues to grow and expand. It was under his leadership that in 1994 Zago began to establish itself in the yacht furnishings sector; in 1998 collaboration began with Cantiere Navale Benetti, while in 2000 the company launched a close partnership with Italy's leading maritime organisation: the Ferretti Group. After constructing the lower deck of the first model of the Custom Line 112, the Group decides to entrust Zago with fitting-out the interiors of CRN and Riva yachts. In the space of ten years the company had developed a collaboration with the sector's leading shipyards and in 2004, to further support this growth, Zago joined the Ferretti Group. This allowed it to make an even more fundamental contribution to the growth of the yachting sector.

Today the Company employs 110 people in a production facility covering 17,600 m^2 divided into two plants. The semi-industrial approach it has adopted allows it to deal flexibly with technically complex projects of any size.

Zago S.p.A. has been ISO 9001-certified since 2004 (the longest lasting Group certification). In 2004 it was certified according to the ISO 9001:2000 standard, and then adapted to ISO 9001:2008; currently it is adapted to the requirements of ISO 9001:2015.

5.2 Environmental impacts

The protection of the environment, together with the health and safety of workers and technological and production development, are fundamental and enabling elements of the Group's growth process. Improving environmental performance is therefore an integral part of the shipbuilding development policies implemented within the individual production sites.

To achieve this goal, the management has set specific targets for every construction site regarding energy use efficiency, waste management and reduction, air emission monitoring and reduction and water use efficiency, and assigned responsibilities to the employees that are in charge of the environmental impacts in order to reduce them and mitigate the connected risks along its entire value chain. With a view to reducing the environmental impact of its yachts, the Group has undertaken a number of initiatives to reduce their weight over the years since the weight determines fuel usage and related emissions of polluting and greenhouse gases and it has focused its attention to the choice and use of recycled materials and application of coating with a low biocide content. For 2023, the Group confirmed its compliance with the relevant laws and regulations and the absence of sanctioning activities regarding environmental applicable legislation, in particular regarding greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In line with the requirements of ISO 14001, all the certified sites have in place specific monitoring and improvement plans that are validated by the Board of Directors, in accordance with the principle of continuous improvement. The Board is updated at least once a year on the progresses on the ESG results by the ESG Committee and validates the strategical direction and alignment with Company's values and goals. During the reporting period, the Board makes sure that the ESG review result is in line with the strategical direction and values and goals of the Company.

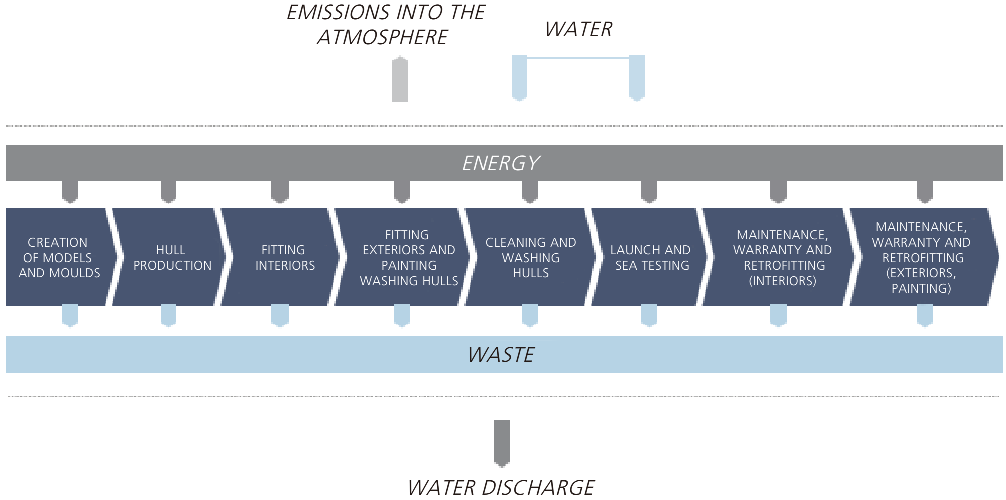
In 2020, the Group drafted its Policy for Quality and Environment, which defines the objectives and commitments of the firm to monitor and improve its management system, as well as to comply with legal and voluntary requirements underwritten by the company with its stakeholders. The final goal of such effort is to meet stakeholders' expectations and need, and to promote a sustainable development of the Group's management system itself.

This Policy is strictly connected to a procedure, drafted in 2020 and updated in 2021, describing the modalities and responsibilities related to the monitoring and control of its direct and indirect environmental impacts, valid for all sites covered by ISO 14001. Responsibilities are assigned to reference figures at shipyard level, supported by external consultants for specific issues and coordinated by a central group department.

This procedure also defines the criteria to identify, evaluate, update and mitigate such impacts, as well as the functions responsible for the related Environmental Analysis. Once assessed the most significant environmental impacts produced by the organization, the procedure displays a plan of continuous improvement with intermediate steps and targets. Moreover, the procedure contains instructions on the management of environmental emergency situations, so as to prevent and limit the environmental impact linked to potential emergencies.

Ferretti Group is committed to provide the needed investments and to broadly communicate its culture of quality and environmental conscience, given the importance of the personal and professional engagement of all those participating in the company's business. Depending on the specifics and characteristics of the sites, the type of activities carried out there and in line with the nature and size of the related environmental impacts, the sites pursue their own improvement objectives, in particular with regard to the reduction and management of process waste, energy efficiency, environmental protection and the health and safety of workers in the use of chemical substances and products and the control of indirect environmental aspects related to the work of contractors.

Process steps and related environmental impacts



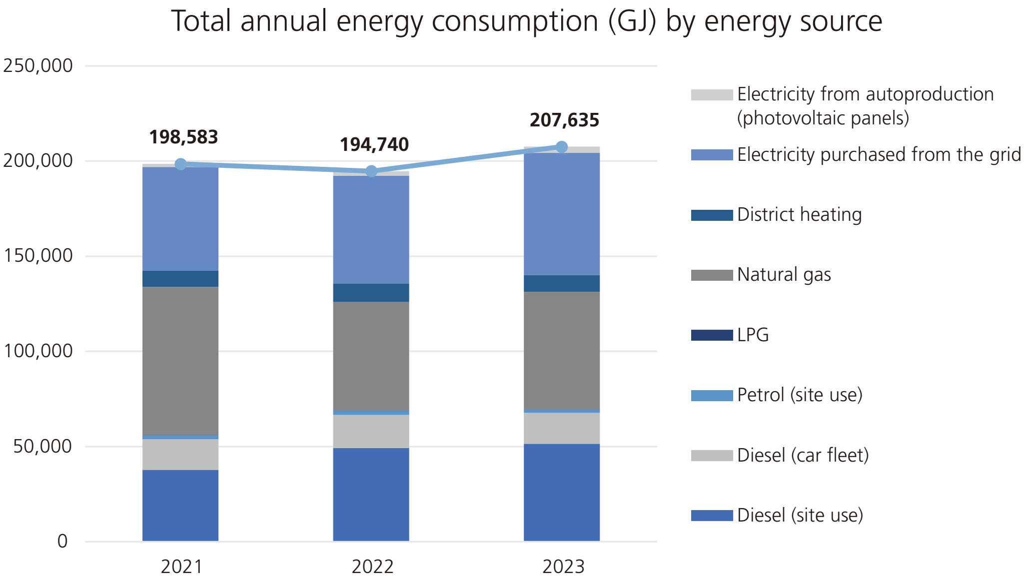
5.2.1 Energy and climate footprint

The Company is subject to periodic energy diagnosis obligations: several energy audits have been carried out along the past years on all the sites and further campaigns are planned for all Group sites in the future, even outside normative obligations, with the aim of continuously optimising energy consumption. Energy diagnostics allow improved understanding of how consumption is distributed and facilitate the evaluation of energy-saving solutions.

As in previous years, the Group's top source of energy consumption is natural gas, which is primarily used to heat indoor premises, to produce domestic hot water and, where present, to heat painting booths. The second-largest source of energy consumption is electricity, which is used at all Group shipyards and offices to power production departments (such as compressed air systems, dust extraction systems, air inlet and extraction systems in painting booths, refrigeration units and woodworking machines). The remaining part of electricity consumption regards lighting (particularly in the sheds) and air conditioning in the summer months. The Group also consumes diesel and petrol, mainly to test and launch boats, as well as to power internal handling activities at shipyards, to fuel the company vehicle fleet and, to a lesser extent, to heat the Zago site.

At Group level, consumption remained rather constant between 2022 and 2023 (approx. +6.6%), with 207,635 GJ.

In Forlì — where both the shipyard and headquarters are located — the Ferretti Group no longer directly uses fossil fuels to heat its indoor premises and has instead connected the entire site to the municipal district heating network.



The focus on energy efficiency and the results of the diagnostics carried out have led to improvements in measures to improve efficiency and the introduction of cutting-edge technology. To reduce its climate footprint, already in 2015, among the various initiatives to improve efficiency and therefore reduce energy consumption, Ferretti Group began to revamp the lighting systems in the production halls, switching to LED technology. LED technology has since been installed in all new buildings.

Moreover, at the end of 2019 the Group installed photovoltaic solar panels on Ancona plant's warehouses for the self-production of electricity, thus using the roofs to their full potential; in 2020 other two photovoltaic panels were installed in Forlì and La Spezia, entering into operation since 2021.

Outside the borders of Ferretti S.p.A., even Il Massello S.r.l. and F.lli Canalicchio S.p.A., two new entries of the Group, are equipped with a photovoltaic system. Finally, in line with new infrastructure investments, new energy-saving solutions are systematically assessed. These include, for example, the use of heat pumps instead of methane systems in new projects and the use of renewable resources, especially photovoltaic systems, according to the new volumes available. A project to install photovoltaic systems on the roofs of the Group's plants, whose tendering procedure started in 2022, will be developed in the following two years.

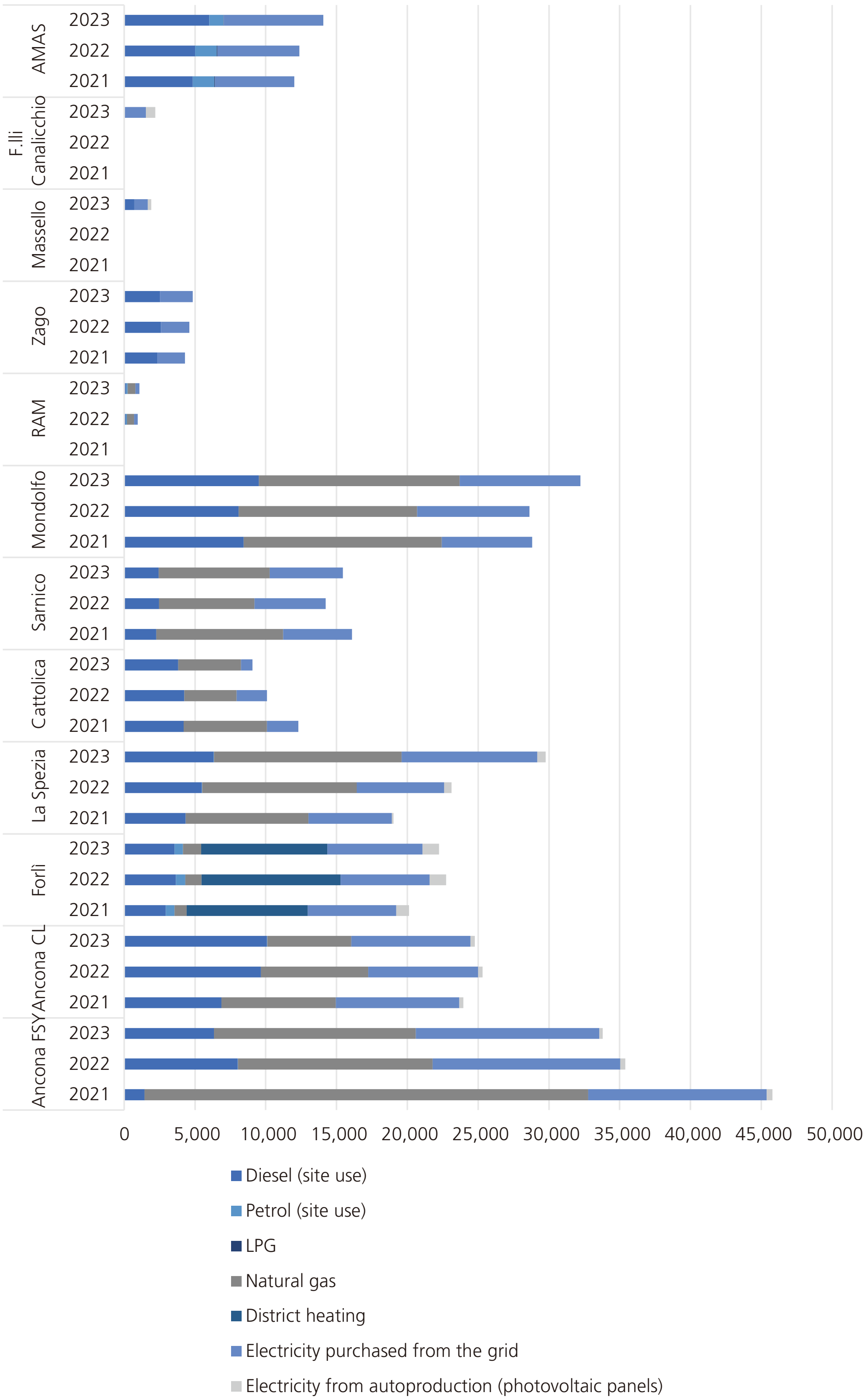
Autoproduced energy from photovoltaic systems [kWh/year]

Site	2021	2022	2023
Forlì	250,626	326,684	**328,558**
La Spezia	33,430	147,974	**160,748**
Ancona	195,551	182,296	**147,502**
Il Massello S.r.l.	—	—	**71,154**
F.lli Canalicchio S.p.A.	—	—	**190,400**
Total	479,607	656,954	**898,361**

In addition to photovoltaic panels, Ferretti Group also invested in a cogeneration plant in the Ancona SuperYacht site. The plant became fully operational in the second half of 2020 and, considering the partial use during the year, its contribution to the energy efficiency of the shipyard was appreciable from 2021. In 2023 this system produced 661,525 kWh, supporting the energetic needs of the shipyard.

Energy consumption by shipyard and source is broken down below.

Total annual energy consumption (GJ) by shipyard

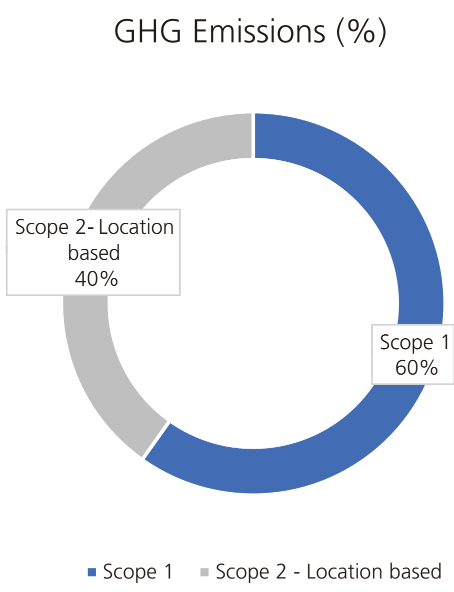


Greenhouse gas emissions

The commitment to increasing its awareness of the climate impacts of its activity and production processes and a commitment to reducing these impacts are part of the Ferretti Group's responsibility and demonstrate its focus on future generations. Greenhouse Gas (GHG) emissions are calculated using a standardised methodology[10] to quantify corporate greenhouse gas emissions. This methodology categorises the company's direct and indirect emissions into three scopes:

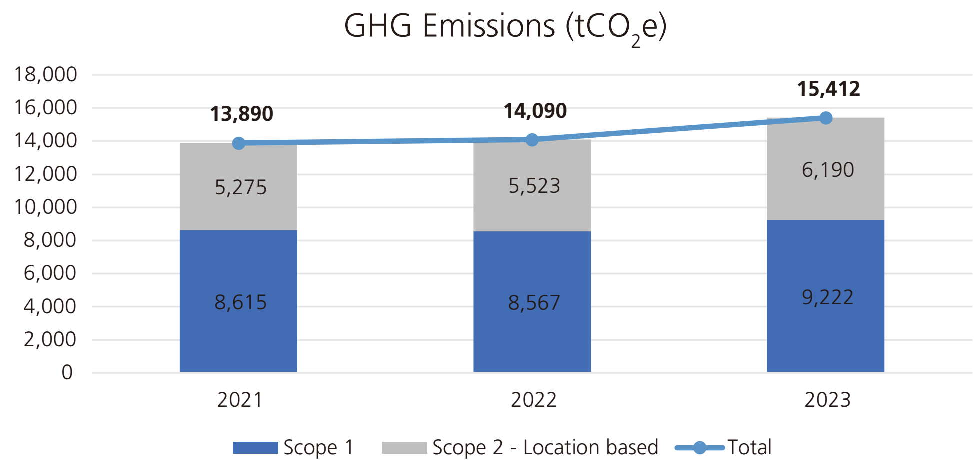
- Scope 1: direct emissions generated by the company, the source of which is owned or controlled by the company itself;
- Scope 2: indirect emissions generated by the production of energy purchased and consumed by the company;
- Scope 3: includes all other indirect emissions that are generated by the company's value chain, for example related to business travel, raw material production, inbound and outbound logistics. These categories are not currently reported by the Ferretti Group as they are emissions over which the Group does not exercise direct control; in future it will be possible to carry out an in-depth analysis of its supply chain, both upstream and downstream of the production phase, to verify which categories are the most significant in terms of emissions and therefore carry out an in-depth analysis to estimate the main greenhouse gases produced.

GHG emissions (%)



[10] "GHG Protocol Corporate Accounting and Reporting Standard (2004)" (available at https://ghgprotocol.org/corporate-standard).

GHG emissions (tonne CO_2e)



Ferretti Group constantly monitors its emissions to assess the impact and select potential improvement actions to reduce their effect on climate change. Reductions in energy consumption and self-production of electricity from photovoltaic renewable sources are therefore essential factors in reducing climate-altering gas emissions. Ongoing work in this area will therefore lead to a gradual reduction in emissions.

5.2.2 Polluting atmospheric emissions monitoring and reduction

In the furnishings and joinery departments, work is carried out that requires dust extraction points and related filtering systems for dust reduction. These include the sanding of wooden models and retouching plaster and polyurethane molds. Extraction of the relevant plaster and fiberglass dust is carried out using flexible hoses and intake terminals. These are the main atmospheric emissions which are subject to authorisation and self-control for compliance with emission limits for dust and volatile organic compounds. These abatement systems are subject to strict inspection procedures, as required by law. For facilities in which hull painting work is carried out, i.e., Sarnico, La Spezia and Mondolfo, modern suction systems and systems designed to reduce emissions of volatile organic compounds are installed in accordance with the specific authorisations.

An advanced fiberglass infusion printing system is used at Forlì. The infusion of composite materials is a production process which is increasingly used to improve the aesthetic quality of the final product and to reduce total labour costs. The general principle of infusion is to "vacuum" resin into the fibers which will be reinforced using vacuum technology. The system is equipped with an active carbon filter that allows highly professional finishes to be achieved in complete safety.

Focus: Painting Booth

According to European environmental regulations, air contaminated by any pollutant produced during processing must be treated before being released into the atmosphere. Pollutants can be divided into two categories: particulate matter (PM) and volatile organic solvents (VOCs).

Particulate matter is dust of various sizes that is released into the atmosphere during many types of work such as carpentry, sandblasting and others, while VOCs are small droplets of solvents or fumes that are released during processes such as painting, sanding, trimming and resin coating. In some cases, such as in painting, VOCs are released at the same time because the portion of paint that is released via the over-spray phenomena consists of both powders and solvents. Particulate materials and VOCs can be removed using various types of filters.

Painting booths are used in industrial sectors where products — in order to be considered finished — must undergo a coating process. This process leads to the aerial dispersal of particles that, if inhaled by workers, can cause serious damage to health, starting from the respiratory system and, in the most severe cases, travelling to the nervous system. These dusts pose an additional hazard in that they make the surrounding atmosphere potentially explosive.

Regulations for painting booths

The regulations that govern the manufacture of painting booths are part of a wide range of technical standards concerning safety in the design, construction and installation of machinery for the application of coating products. These are European standards implemented in Italy by UNI, the Italian Standards Agency.

Of particular note is the new standard UNI EN 16985:2019, which replaces the previous standards:

- **UNI EN 12215:2010** (Painting plants — Painting booths for the application of liquid coating products — Safety requirements);

- **UNI EN 12981:2009** (Painting plants — Painting booths for the application of powder coating products — Safety requirements);

- **UNI EN 13355:2009** (Painting plants — Painting booths — Safety requirements). The UNI EN 16985:2019 standard defines all of the most significant hazards (electrical, thermal or mechanical or caused by faults or malfunctions or even noise, harmful substances, explosion or fire) that may occur in relation to painting booths.

Many other certifications exist, of course, but among all of them we highlight what is conventionally known as the ATEX Standard. This is described in the European Directive 2014/34/EU on potentially explosive atmospheres and regulates equipment used in explosive areas, imposing the obligation to certify these products.

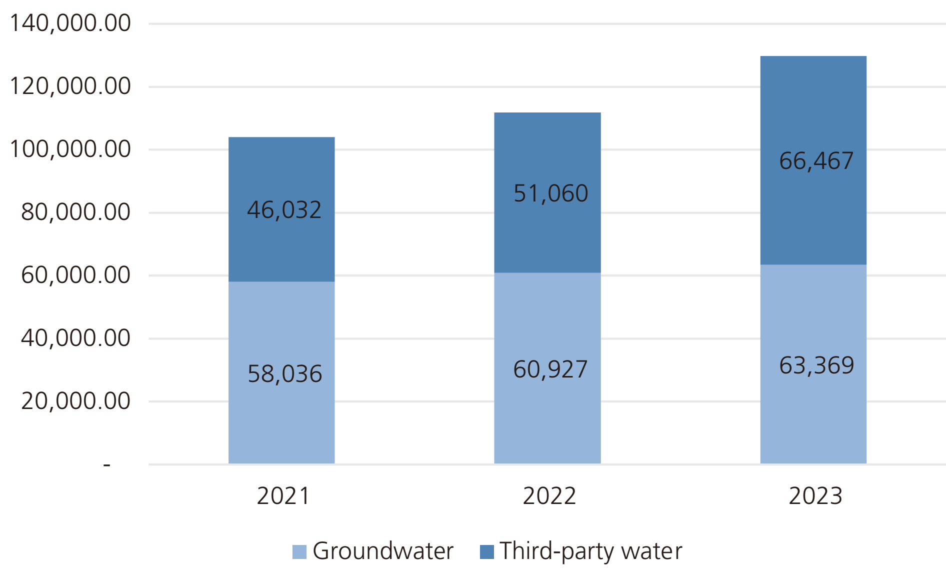
5.2.3 Water: a precious resource

In recent decades, safeguarding water resources has become a significant objective in both the civil and industrial sectors. Because of the type of work that it carries out, the Ferretti Group's shipyards do not require significant water consumption, and, depending on the site, water is sourced chiefly from mains water, with a lower percentage coming from well water. None of the sites are located in water-stressed or particularly sensitive areas.

Drinking water is used for hygienic and sanitation purposes. Process water, on the other hand, is used to fill tanks in which buoyancy tests for finished yachts are carried out (at Mondolfo and Forlì) if no quays are available to allow the tests to be conducted sea, as they are at La Spezia. Pressurised water is used to clean hulls and facilities.

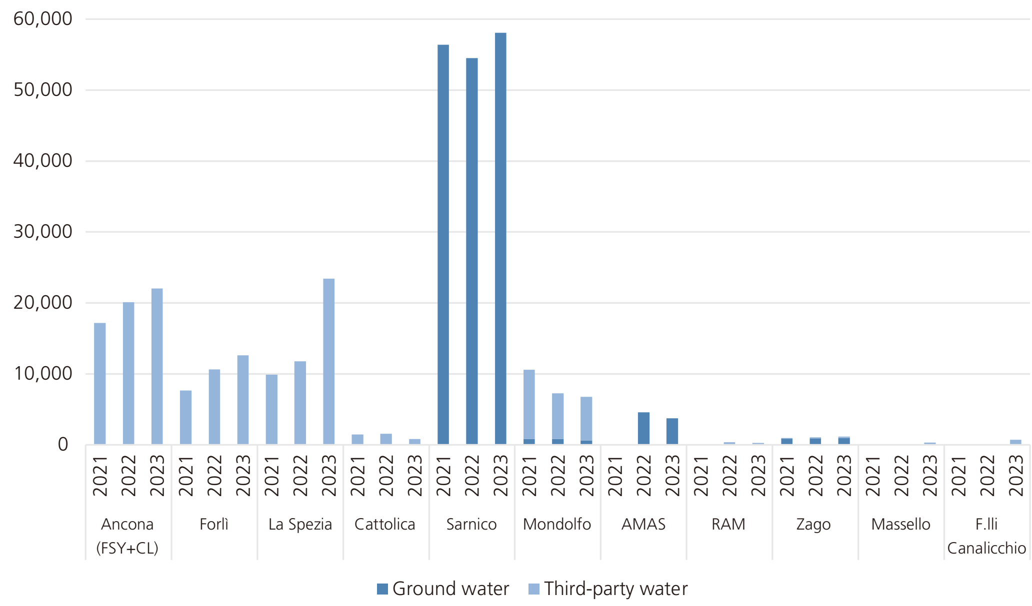
As shown in the chart below, in 2023 the Group withdrew a total of 129,836 m³ of water, 51% of which came from third parties (e.g., aqueducts) while the remainder was sourced from wells.

Water withdrawal by source (m³)



Water withdrawal for each of the Group's shipyards is reported below, specifying groundwater and third-party withdrawal, the significant groundwater withdrawal at the Sarnico shipyard is partly attributable to some recurrent leaks at the main plant.

Water withdrawal by shipyard (m³)



5.2.4 Waste[11]

In 2023, Ferretti Group produced a grand total of 4,723,872 kg of waste, following a stable trend compared to the previous year (4,410,717 kg produced in 2022).

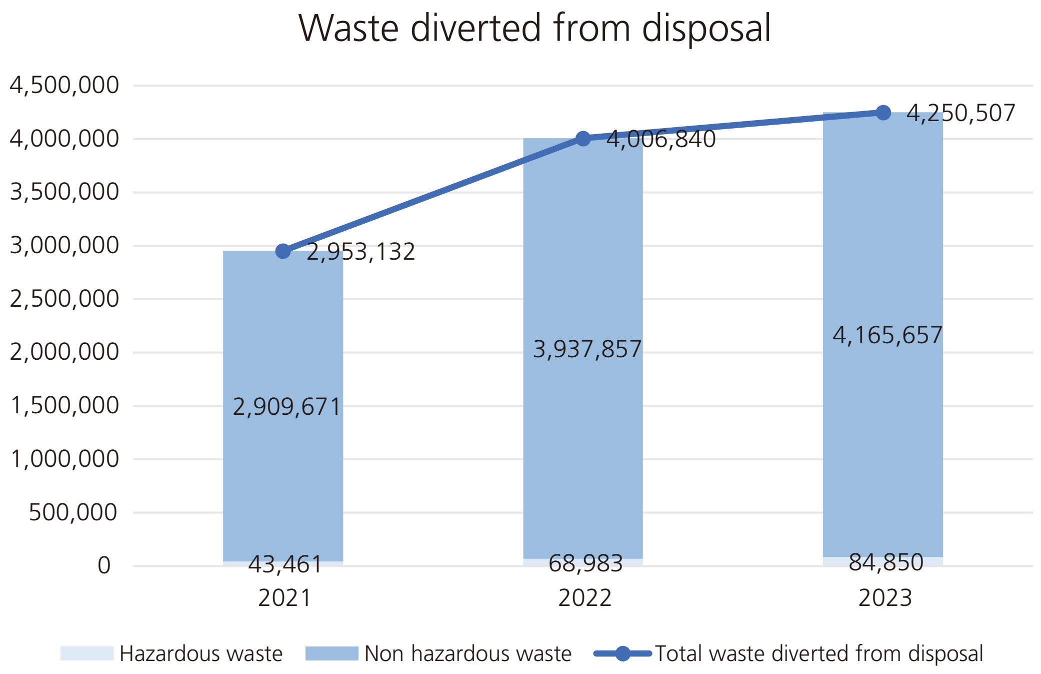
Non-hazardous waste from the production process (92.6% of the total) is generally waste from internal and external preparation and industrial cleaning processes and is duly sorted.

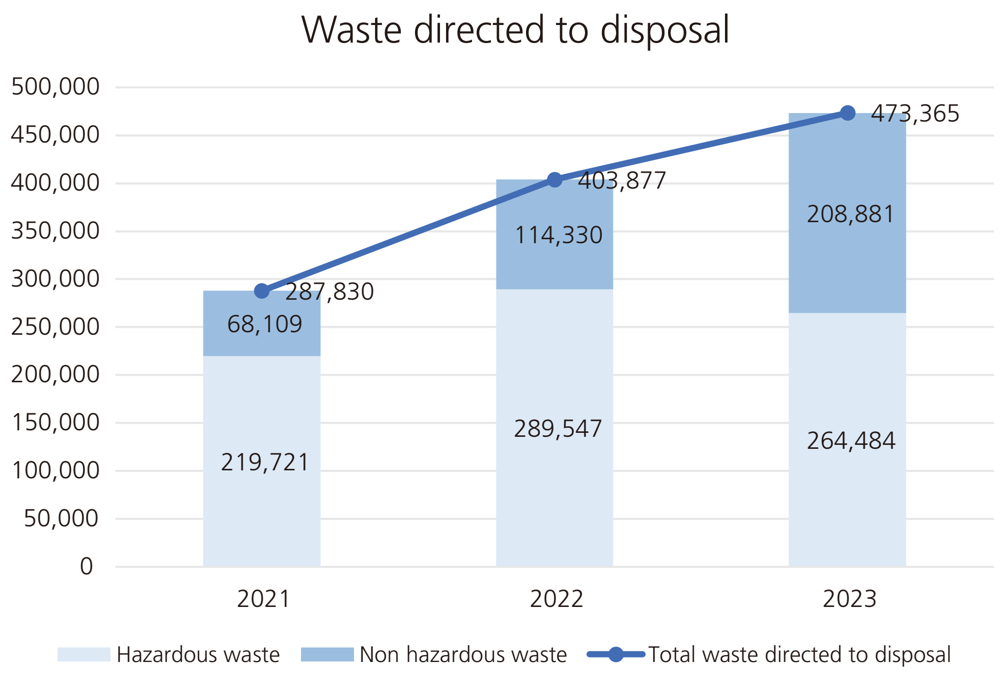
Waste defined as hazardous (7.4% of the total) chiefly comprises solvent mixtures, products used in painting booths, fiberglass scraps, or oils, waste emulsions and dirty packaging in general. All waste is managed by third parties and according to the local norms and regulations on the matter.

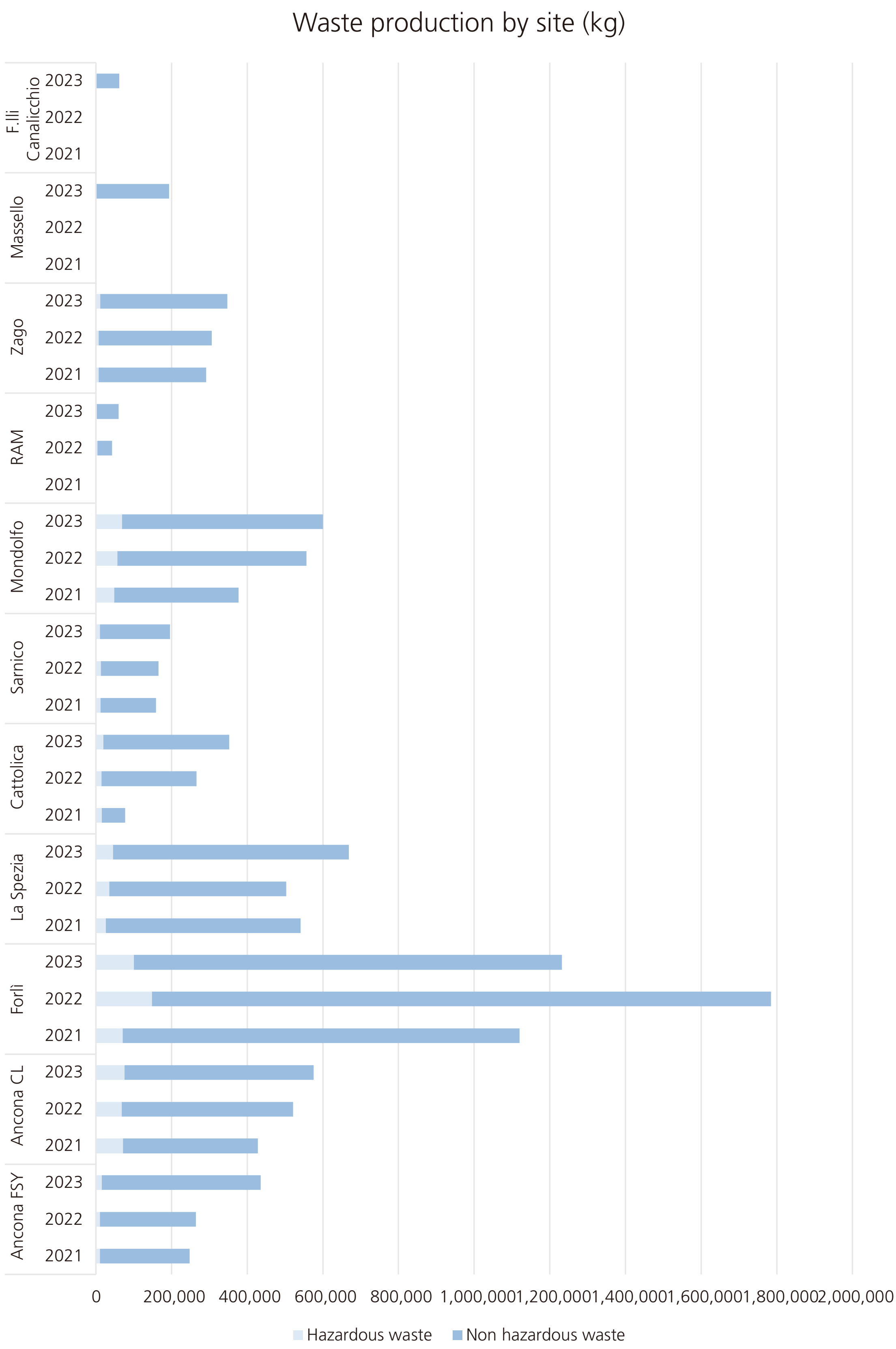
As far as the disposal method is concerned, the vast majority (90%) of waste is either recycled (99.9% of waste diverted from disposal) or reused (0.1% of waste diverted from disposal). The remaining part, accounting for 10% of total waste, is sent to landfilling (96% of waste directed to disposal) or incinerated (4% of waste directed to disposal).

11 Group waste data reported in this table do not include figures for the Fort Lauderdale shipyard (FL, USA).

A breakdown of waste produced by the Group is shown below:






Waste production by site (kg)
F.lli Canalicchio
Massello
Zago
RAM
Mondolfo
Sarnico
Cattolica
La Spezia
Forlì
Ancona CL
Ancona FSY
2023
2022
2021
0
200,000
400,000
600,000
800,000
1,000,000
1,200,000
1,400,000
1,600,000
1,800,000
2,000,000
Hazardous waste
Non hazardous waste

5.2.5Biodiversity

Besides climate change, biodiversity loss — that is the increasing loss of the biological diversity that characterizes our planet's living things, including plants, bacteria, animals, and humans — is becoming an increasingly more impactful issue. Plant and animal species are disappearing at an accelerating rate due to human activities, and the yachting industry can be not only a contributor to biodiversity loss but part of the solution, primarily through innovation and more responsible production, processing, and raw materials sourcing.

Tackling biodiversity loss will be fundamental in the future and, therefore, Ferretti Group is committed to protect the natural environment and the biodiversity of the territories in which it operates. Indeed, the Group is fully compliant with all relevant national legislations on the matter. In addition, some analyses to assess whether some of the Ferretti Group sites are located in, or adjacent to (in the proximity of 10 km from the Ferretti Group site) protected areas have been performed through the National Network of Biodiversity of the Italian Institute for Environmental Protection and Research (in Italian, ISPRA) and the World Database on Protected Areas (WDPA), which identify the Italian and international protected areas and habitats at risk[12].

The results of such analyses are summarized in the following table:

Site	Region	Size of operational site (km²)	Type of operation	Position in relation to the protected area	Protected area	Extension of the protected area	Type of biodiversity value	Biodiversity value characterized by listing of protected status
FORLÌ	Emilia Romagna	0.052	Shipyard	8.6km	Bosco di Scardavilla, Ravaldino	4.55 km²	Terrestrial and Inland Waters	ZSC IT4080004
				3.4km	Meandri del fiume Ronco	2.32 km²	Terrestrial and Inland Waters	ZSC IT4080006
				8.3km	Selva di Ladino, Fiume Montone, Terra del Sole	2.22 km²	Terrestrial and Inland Waters	ZSC IT4080009
CATTOLICA (RN)	Emilia Romagna	0.012	Shipyard	0.5km	Colle S. Bartolo	11.93 km²	Marine	ZSC IT5310006
				0.5km	Colle San Bartolo, litorale pesarese	40.31 km²	Terrestrial and Inland Waters	ZPS IT5310024
MONDOLFO (PU)	Marche	0.083	Shipyard	9.2km	Fiume Metauro da Piano di Zucca alla foce	7.71 km²	Terrestrial and Inland Waters	ZSC IT5310022
ANCONA	Marche	0.077	Shipyard	3.3km	Costa tra Ancona e Portonovo	4.66 km²	Marine	ZSC IT5320005
SARNICO (BG)	Lombardia	0.043	Shipyard	3km	Torbiere d'Iseo	3.25 km²	Terrestrial and Inland Waters	ZSC IT2070020
LA SPEZIA	Liguria	0.039	Shipyard	2.6km	Montemarcello	14.01 km²	Terrestrial and Inland Waters	ZSC IT1345109
				8.3km	Isole Tino — Tinetto	0.15 km²	Marine	ZSC IT1345103

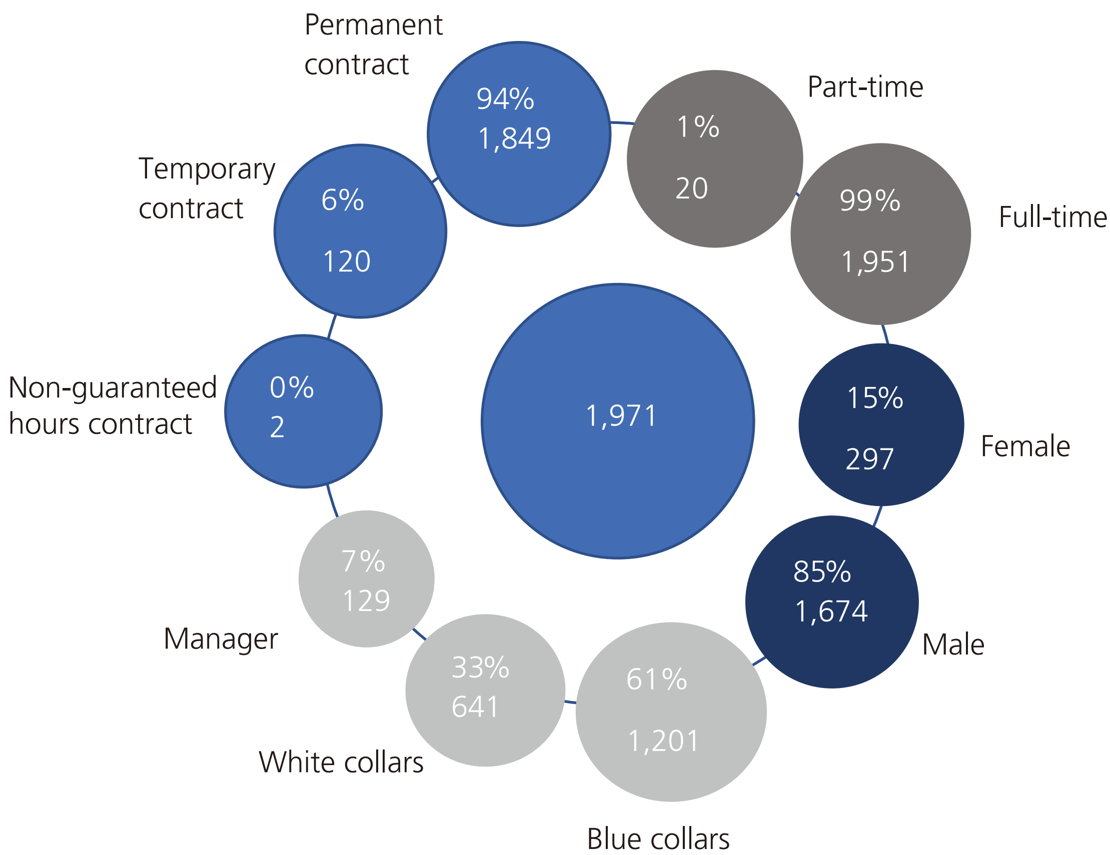
12 Complementary information on the involved protected areas has been found in the World Database on OECMs, Global Database on Protected Area Management Effectiveness (GD-PAME), accessible on the Protected Planet website.

Site	Region	Size of operational site (km²)	Type of operation	Position in relation to the protected area	Protected area	Extension of the protected area	Type of biodiversity value	Biodiversity value characterized by listing of protected status
				6km	Isola di Palmaria	1.64 km²	Terrestrial and Inland Waters	ZSC IT1345104
				5.5km	Portovenere — Riomaggiore — S. Benedetto	26.65 km²	Terrestrial and Inland Waters	ZSC IT1345005
				9km	Parco nazionale delle Cinque Terre	38.6 km²	Terrestrial and Inland Waters	ZSC IT1344323
FORT LAUDERDALE (FL, US)	Florida, USA	0.006	Shipyard	2.4km	Holland	6.45 km²	Terrestrial and Inland Waters	WDPA ID: 555585146
				3km	Snyder	0.36 km²	Terrestrial and Inland Waters	WDPA ID: 555585313
				3.5km	John U. Lloyd Beach State Park	1.26 km²	Terrestrial and Inland Waters	WDPA ID: 555586032
				3.5km	John U. Lloyd	1.00 km²	Marine	WDPA ID: 555749233
				4.7km	Hugh Taylor Birch	0.67 km²	Terrestrial and Inland Waters	WDPA ID: 555751021
				5.2km	Secret Woods Nature Center	0.23 km²	Terrestrial and Inland Waters	WDPA ID: 555584925
				6.5km	Mills Pond	0.22 km²	Terrestrial and Inland Waters	WDPA ID: 555585225
				7km	Pond Apple Slough	0.86 km²	Terrestrial and Inland Waters	WDPA ID: 555749266
SARNICO (BG), R.A.M. SPA	Lombardia	0.043	Restoration facility	3km	Torbiere d'Iseo	3.25 km²	Terrestrial and Inland Waters	ZSC IT2070020
SCORZÈ (VE), ZAGO SPA	Veneto	0.018	Production facility	7.2km	Fiume Sile dalle sorgenti a Treviso Ovest	14.9 km²	Terrestrial and Inland Waters	ZSC IT3240028
				2.2km	Cave di Noale	0.43 km²	Terrestrial and Inland Waters	ZSC IT3250017
				4km	Ex Cave di Villetta di Salzano	0.64 km²	Terrestrial and Inland Waters	ZSC IT3250008
				6km	Ex Cave di Martellago	0.5 km²	Terrestrial and Inland Waters	ZSC IT3250021
PIAN DI ROSE (PU), IL MASSELLO SRL	Marche	0.009	Production facility	0,5km	Tavernelle sul Metauro	8.27 km²	Terrestrial and Inland Waters	ZSC IT5310028
				8.2km	Mombaroccio	24.46 km²	Terrestrial and Inland Waters	ZSC IT5310013
NARNI (TR), F.LLI CANALICCHIO SPA	Umbria	0.023	Production facility	1.5km	Lago l'Aia (Narni)	1.21 km²	Terrestrial and Inland Waters	ZSC IT5220019
				3.7km	Gole di Narni — Stifone	2.27 km²	Terrestrial and Inland Waters	ZSC IT5220020

6. OUR PEOPLE: PRIDE, PASSION AND BELONGING

6.1 Key figures

Building some of the world's most beautiful yachts requires a special crew, one that is able to bestow on our products the distinctiveness, innovation and quality that set the Ferretti Group apart. Our employees are the ultimate embodiment of these values and as such are the source of our success; our crew adds expertise, experience and a strong sense of belonging to the pride of building unique masterpieces.



At the Ferretti Group, every individual is at the centre of the Group's vision, whose main objective has always been to ensure that each employee is able to express himself or herself as a person even before expressing him/herself as a professional. This leads, on the one hand, to constant improvement in the quality of work, and on the other to a particular focus on human relationships, which are founded on trust, friendship, respect and cohesion. This is the only way to preserve the Group's cultural heritage, an authentic treasure trove of knowledge and experience which is unrivalled anywhere in the world.

As stated in its Code of Conduct, the Group is strongly committed to build an environment with equal rights and opportunities and fair compensation and does not tolerate any physical or psychological abuse. During the reporting period, the Group has complied with the relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

At the end of 2023, the Group employed a total of 1,971 employees, with a significant increase on previous years (+16.5% compared to 2022), due to the inclusion in the perimeter of two new sites, Il Massello S.r.l. and F.lli Canalicchio S.p.A.. The vast majority of Ferretti's personnel were hired on a full-time permanent contract. Geographically, they are mainly distributed in EMEA (1,902 people), specifically in Italy, while a minority is located in other regions (8 in APAC and 61 in AMAS).

The gender breakdown shows a preponderance of male workers, though there is a clear correlation between contract type and gender: women make up 35% of office workers, compared to a lower percentage of managers (17%) and especially of blue-collar workers (4%), in part due to the characteristics of the nautical construction sector. There are, however, encouraging signs of a growth in the total number of female employees over the last three years. While 248 women were employed by the Group in 2021, this number now stands at 297, an increase of nearly 20% in two years.

Moreover, the company population is evenly distributed across the main age groups, and shows a rejuvenation, especially in the under-30 age group, which has undergone an increase in absolute value compared to 2021 (from 117 to 258) and in percentage terms (from 7% to 13%).

This is certainly the result of a stimulating, ever-changing working environment, which has helped create a stable, long-lasting team; at the same time, however, it may represent a risk if new recruitment policies aimed at encouraging the entry of young people and the renewal of skills are not implemented. The Group is aware of this risk and has in recent years strengthened its relations with schools and universities in the areas where it operates, encouraging the addition of young people under the age of 30. The 2023 figure (123 new staff under 30) is the highest in recent years and bears witness to the commitment that the Group has made in this area.

A large number of these additions relate to the hiring of recent graduates through internships which in most cases lead to a fixed-term contract; at the end of this period, they are then given permanent contracts. Considering these hires, and despite the complex recent and ongoing complex social-health backdrop, there are no particular trends in staff terminations, which remain related chiefly to retirements and voluntary resignations.

In addition to its internal workforce, the Ferretti Group also makes use of an external workforce through subcontracting agreements with third parties. External workers are mainly engaged in the creation of on-board systems for yachts, and therefore deal with electrical and hydraulic systems, furniture installation, painting and air conditioning systems, as subcontractors in the shipyards.

WORKERS WHO ARE NOT EMPLOYEES[13]	2021	2022	**2023**
INTERNS (curricular and extra-curricular)	12	16	**18**
SELF-EMPLOYED PERSONS	0	0	**1**
AGENCY WORKERS	7	16	**37**
CONTRACTORS	1350	1624	**2150**
TOTAL	1369	1656	**2206**

6.2 Training and Development

Training and development play a key role in enhancing the Group's human capital. At the Ferretti Group, employees are guided and involved at every stage of their development, using specific tools in line with their experience and role within the company. This is training as a competitive advantage: developing staff to help them grow towards the key skills needed to maintain market leadership over time.

The 2023 training plan included courses on Health, Safety and Environment (HSE) topics, useful to understand how to evaluate and prevent injuries and other risks on the workplace, linked to the ISO 14001 certification. Indeed, safety consists of a considerable part of each employee's development in the Company. Moreover, with reference to Operations and Supply Chains topics, training sessions on quality control processes was organised, while on the Engineering side, software programming classes were held. As for boat licenses, international courses, such as the Global Maritime Distress Safety System (GMDSS) and Standards of Training, Certification and Watchkeeping for Seafarers (STCW), were provided. Finally, Ferretti Group considers as particularly relevant also additional training activities, like linguistic classes (e.g., English, Portuguese, etc.), sessions on Sustainable Mobility and Digital Transformation, which enrich the staff with new soft skills and personal growth, as well as other technical courses according to the expertise area.

In 2023, the total amount of training hours that employee were expected to conduct was equal to 16,183, with a 18% decrease with respect to the previous year. Going forward, the Group will also provide the actual number of training hours as compared to the those planned. In 2022, training planned activities saw a peak, in light of the restart after the pandemic period.

13 The number of interns, self-employed persons and agency workers represents the heat count at the end of the reporting period. The number of contractors represents the average number of contractors across the reporting period.

Total annual training hours[14]

2021	2022	**2023**
15,901	19,635	**16,183**

Further main purposes of the Group consist in ensuring a healthy workplace and objective performance evaluations for its employees, to avoid any discrimination and unconscious bias. For this reason, Ferretti Group adopted the following internal procedures:

— Policy on MBO linked compensation that regulates rules and instruction for the assignment of MBO objectives and evaluations;

— Hiring and Job rotation policies in order to define the activities of onboarding of new hires in communicative, organizational and contractual terms from the signing of the letter of commitment to employment and any subsequent changes in the employment relationship;

— Policy regarding working hours, additional to the formal contractual agreements;

— Policy regarding trainings and qualification of employees, including induction to new hires.

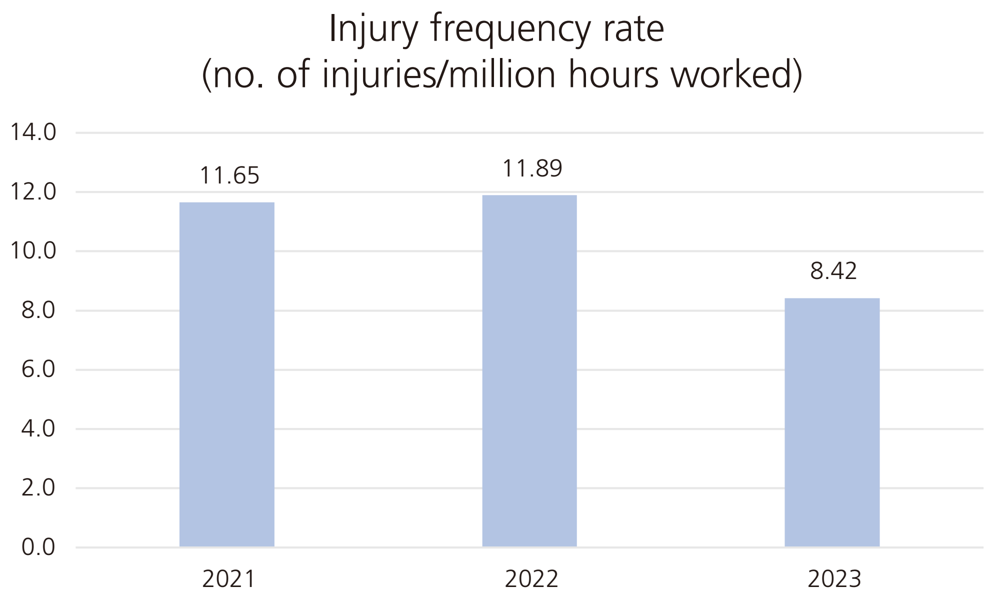
No reports on discrimination issues have been received in 2023.

6.3 Health and safety

The health and safety of workers has always been of fundamental importance to the Ferretti Group. Ensuring a safe and comfortable working environment is not only a priority for the Group but is also a strategic and development factor for the entire company.

14 Please note that the figures refer to theoretical and not effective training hours.

Group Injury frequency rate (no. of injuries/million hours worked)

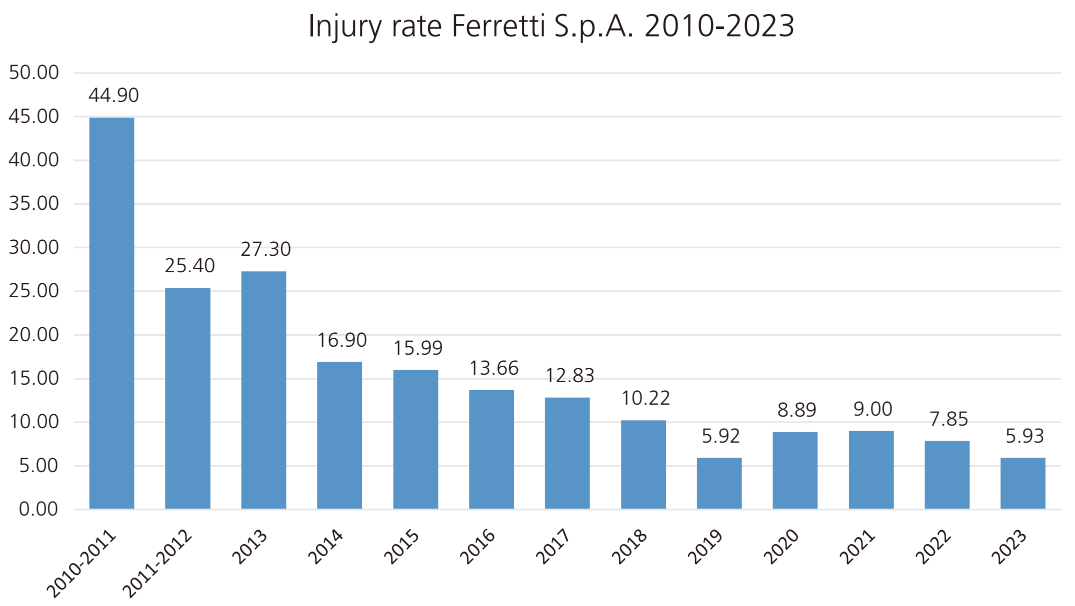


In 2023, no events of serious injuries (i.e., those entailing an absence of over six months) were reported by the companies of the Group, nevertheless the Group will continue to work towards a zero injuries workplace and to possibly keep reducing accident and injury rates. One of the tools used by the Group to achieve such goals is represented by constant HS training activities, conducted both on the basis of the law requirements and on the specific needs of its workforce, in accordance with the main relevant figures (workers, RLS, Supervisors, etc.).

Moreover, in the last 13 years, thanks to a series of measures and policies designed to lower the number of accidents involving its workers, Ferretti S.p.A. has reduced its injury rate (that is, the number of injuries per million hours worked) by 86,8% compared to 2010[15].

[13] The increase in the injury rate in 2020 can be interpreted as an effect of the sudden imposition of pandemic containment measures. These shifted the attention of company workers to the newly adopted COVID-19 prevention measures and temporarily away from all other working risks, especially during the early months of the year.

Injury frequency rate (no. of injuries/million hours worked) over the last 13 years — Ferretti S.p.A.



This extraordinary result was only made possible by detailed, continuous assessment of the potential risks at each of the Group's shipyards and the consequent implementation of all the measures (whether organisational or systems-based) required to eliminate or, where this is not possible, reduce these risks to a minimum. Among the risks identified at the main stages of the production process are a not insignificant chemical risk, a carcinogenic risk, a risk deriving from working at height, a moderate biomechanical risk, a moderate noise risk, a very slight vibration risk and a mechanical risk.

Main investments for safety at shipyards 2019–2023

— Lifelines on all overhead cranes

— Machine qualification — wood with badge (still in the implementation phase)

— Regularisation of scaffolding at Cattolica

In order to prevent potential injuries, each employee receives detailed training on the risks to which he or she is exposed, including practical training. At the end of this process, the work of each employee is then checked, supervised, and coordinated by his or her Contact Person. Each Contact Person is selected from among experienced employees and formally appointed to the role, having received adequate training for the position. Every month the Contact Person attends an **occupational health and safety meeting** along with their colleagues, the Prevention & Protection Service Manager (PPSM) and the EHS Manager. This meeting is an opportunity to share the procedures adopted and practices to be used, and critical issues, injuries and near-misses that have emerged in previous weeks are discussed, as are the related corrective actions, as detailed below.

In the event of an accident or near-miss (any event that could have caused an injury or damage to health but which, by pure chance, did not) involving an employee, a **report** is drawn up which includes a detailed description of the event. A specific section is also filled in relating to the corrective measures identified, indicating the person appointed to implement said measures and the date by which they will be carried out. Each of these events is then illustrated, commented on and shared with the Employer and all Plant Directors at a specific meeting that is held monthly and is called the "**OMT Meeting**". The involvement of Executives and attention to every single accident or near-miss event is fundamental in sharing situations of potential risk and implementing prevention measures across all the Group's shipyards.

Each production site is also associated with a **Company-Appointed Doctor** who is in charge of all the activities related to Occupational Medicine. The Company-Appointed Doctor works alongside the Employer, the EHS Manager and the PPSM to manage professional risks, and particularly focuses on assessing the compatibility between a worker's health and the role he/she performs. In addition to a regular health check, in the event that any worker believes there are specific situations that may cause injury or health problems, he or she may request an extraordinary medical examination to share his/her concerns with the Company-Appointed Doctor and to discuss potential regulations or limitations necessary to safeguard his/her health. In order to ensure maximum confidentiality, every worker's health and risk records are held and managed by each Company-Appointed Doctor in full compliance with privacy regulations.

Safety Meeting	OMT Meeting
Monthly meeting at every shipyard to discuss accidents and corrective measures	Monthly meeting between the employer and facility managers to discuss the measures adopted, practices to be followed and any critical issues

These measures for the prevention and management of injuries have led to positive results in recent years. The Group will continue to work to ensure this figure stays at zero and to reduce every accident and injury rate.

DIRECT EMPLOYEES	MEASUREMENT UNIT	2021	2022	2023
Employee work hours	No.	2,660,838	2,775,405	**3,205,134**
Total number of recordable work-related injuries, including deaths	No.	31	33	**27**
of which injuries during commute (only if transport was arranged by the organisation)	No.	0	1	**0**
of which work-related injuries with serious consequences (> 6 months absence), excluding deaths	No.	0	2	**0**
of which deaths	No.	0	0	**0**
Recordable work-related injury rate (calculated per 1,000,000 hours worked)	—	11.65	11.89	**8.42**
Serious work-related injury rate (calculated per 1,000,000 hours worked)	—	0.0	0.7	**0**
Death rate (calculated per 1,000,000 hours worked)	—	0	0.0	**0**
Lost workdays due to injuries	No.	N/A	757	**937**

In 2023, the Group reported five cases of work-related ill health to INAIL for Ferretti S.p.A.

6.4 Company welfare and industrial relations

Among the company benefits provided for full-time employees, a distinction should be made between those provided by national collective bargaining agreements and the further benefits offered by the Group.

Among the benefits provided by the national collective bargaining agreements, the following should be noted:

— **Life Insurance** (for Executives);

— **Healthcare** (as a fringe benefit and therefore in the form of reimbursement of medical expenses for Executives, or from the Fondo Altea fund for the timber sector);

— **Social Security** (through the Fondo ARCO Fund for the timber sector, through the Fondo COMETA Fund in accordance with national bargaining CCNL Metalmeccanica Industria and through Previndai for Executives);

— **Assistance for workers seconded abroad** (for all company personnel);

Among the further benefits offered by the Group, the following should be noted:

— **Unisalute Healthcare** for managers and expatriates;

— **Assistance for work-related and non-work-related injuries** (for Executives and Directors);

— **Copertura Kasco coverage**, allowing use of a car for workers on company business;

— the **Corporate Welfare System**, according to second level bargaining agreements.

As regards the company welfare plan, Group employees may allocate up to 50% of their results bonus to welfare goods and services, choosing from dozens of options available and enjoying significant tax benefits.

In terms of industrial relations, over the years the Group has built solid relationships which have contributed to the current relationship of trust and mutual respect. Temporary redundancy and shutdown periods were managed with the sector's main trade unions through meetings held in a productive atmosphere.

Specifically, we note that on February 2022 Ferretti S.p.A. and the national and European trade unions and shipyard Workers' Representative Bodies signed an agreement to renew the supplementary second level contract, valid until 31/12/2024.

6.5 Local initiatives

Ferretti Group is very careful in evaluating its potential impact on the community in which it operates, addressing all the efforts in improving the community environment. For this reason, every year the Group chooses carefully which projects to support in order to be consistent with its values and the needs of the community.

Supporting children in El Salvador

Ferretti Group and 7: The David Beckham UNICEF Fund collaborated in 2023 to raise funds for the children of El Salvador with Ferretti Group donating a Riva Anniversario, a special limited-edition boat created by Riva to celebrate the shipyard's 180th anniversary as well as 60 years of the iconic Aquarama of which only 18 units were made, to be sold to the highest bidder at auction.

All the proceeds of the charity auction were donated to the fund to protect children in El Salvador, the funds raised will help UNICEF's efforts to strengthen and improve access to child protection systems, to support children to stay in school and transform public areas into child friendly spaces, helping children, including those with disabilities, to safely play sports, learn life skills and build resilience.

Il Miglio Blu (The Blue Mile)

La Spezia has always been one of the most important global centres for yacht production, hosting shipyards run by the Ferretti Group, Sanlorenzo, Baglietto and Fincantieri, among others. This concentration of yacht builders in an area around one mile long, combined with the ambition of local administrators to enhance this unique industrial hub, has led to the creation of the Miglio Blu (Blue Mile) project. The project foresees a requalification of the whole area that is designed to enhance this section of the port both aesthetically, making this stretch of road immediately identifiable, and logistically, organising space so as to create a true maritime district which responds to all the specific needs of the sector.

The project also includes the construction of a pedestrian and cycle path, marked with the "Blue Mile" logo, which will allow residents and tourists to rediscover a special, historic place where hundreds of unique yachts are produced every year. The project will also lead to training for around 300 professionals to meet the employment needs of the requalified area, which will have a positive effect on local employment. At the same time, the presence of the La Spezia university hub will also prompt innovation and research, leading to training for highly qualified workers; the objective is therefore to strengthen synergies between the maritime companies and the university hub, including through the direct participation of the Group's companies.

In between 2022 and 2023 a number of specific clusters and working groups were established, including one which will focus on sustainable energy, and work began to restructure Viale San Bartolomeo to create pavements.

Ferretti Group is proud to contribute to the creation of an exclusive nautical district capable of establishing La Spezia as the international capital of the maritime industry.

The donation to La Fenice

The Ferretti Group believes that the companies representing Made in Italy around the world have a duty to support and promote other Italian excellence in the field of culture and historical and artistic heritage. In 2023 the Group made a donation to support the Fondazione Teatro La Fenice, in Venice.

Scuola dei Mestieri

Scuola dei Mestieri is a Ferretti Group project for 18 to 29-year-olds who want to start a career in the high-end Italian yacht industry.

Much more than an extra-curricular internship for career guidance, this course combines theory and experience in the yard — in a program ranging from sessions in the classroom and workshop to on-the-job training in production departments — with the aim of creating real career opportunities.

The goal of transferring knowledge is achieved by exploiting the Group's own know-how: the classroom courses are held by managers and key technical experts who worked in Ferretti Group.

After the successful first edition in Forlì and subsequent launch at the Mondolfo and Sarnico sites, the Group kicked off the second edition of the Scuola dei Mestieri project on November 13, 2023 in Forlì. The goal of this second edition was mainly to focus on the newly acquired Ravenna yard, aiming to grow the workforce in view of the upcoming full functionality. The students on the course were, in fact, based both in Ravenna and Forlì.

In Ferretti Group's vision, the Scuola dei Mestieri is an incubator of young resources attracted by the excellence of Italian boatbuilding.

7. EU TAXONOMY

Introduction

To respond to the environmental challenges imposed by the climate crisis and concretely implement the objectives of the European Green Deal, the European Union has set specific climate and energy targets to be achieved by 2030 and 2050. To this end, the private sector is expected to actively participate in the implementation of sustainable projects and activities. With this in mind, the European Institutions have developed the so-called "Taxonomy of economic activities", i.e. a classification of economic activities that can be considered "environmentally sustainable".

This Taxonomy was introduced through Regulation (EU) 2020/852 (hereinafter "**Regulation**"), published in the Official Journal of the European Union on June 22nd, 2020 and entered into force on July 12th, 2020. The Regulation, which applies to all companies obliged to draw up a Non Financial Statement in accordance with the provisions of Directive 2014/95/EU, implemented in Italy by means of the Legislative Decree 254/2016, provides investors, companies and public institutions with reliable and shared criteria and tools to identify environmentally sustainable economic activities.

In order to proceed with the classification of economic activities, the document divides them into "eligible" and "aligned". An economic activity is defined as "eligible" if it is listed in the Delegated Regulation in relation to one or more environmental objectives, namely: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems. The activity, if eligible, has the potential to contribute substantially to the target setting.

On the other hand, an economic activity is "aligned" if, in addition to being eligible, it is carried out in accordance with:

— the technical screening criteria, which are divided into **substantial contribution criteria**, identified on a scientific basis and specific to each of the objectives, and **DNSH** (*Do No Significant Harm*) criteria, which ensure that the activity does not cause significant harm to any of the remaining five objectives;

— the **minimum safeguards**, i.e. the safeguards implemented by the Group to ensure respect for human rights and international standards in the management of its organisation and along the supply chain.

Over the years, the Regulation has already undergone additions and extensions by means of Delegated Acts that have introduced additional economic activities and modified some criteria.

In 2021, the European Commission published the "Climate Delegated Act",[16] aimed at regulating economic activities that can contribute substantially to the two climate objectives, while in 2023 the "Environmental Delegated Act" was published[17], which, in addition to regulating the remaining four environmental objectives, made some changes to the models to be used for the publication of key performance indicators (KPIs) of non-financial companies. During the same year, Delegated Regulation 2023/2485 was also published, with which amendments were made to the Climate Delegated Act, both in terms of new economic activities and in terms of technical screening criteria.

With regard to the 2023 Reporting Period, the first in which the Ferretti Group is subject to the Regulation, non-financial companies obliged to prepare a Non Financial Statement are required to provide information regarding the share of turnover, capital expenditures (CapEx) and operating expenses (OpEx) associated with the economic activities considered eligible and aligned with the Taxonomy, with reference to the economic activities included in the "Climate Delegated Act". With regard to the activities included in the Environmental Delegated Act, on the other hand, for this first year of reporting, non-financial companies are only required to report the share of eligible turnover, CapEx and OpEx.

Evaluation of the Ferretti Group's activities

Eligibility analysis

In order to assess the possible eligibility for the six environmental objectives outlined by the Regulation, the Ferretti Group has carried out a mapping of its economic activities, identifying activity ***3.3 Manufacture of low-carbon technologies for transport*** associated with the objective of climate change mitigation as the main activity related to its business, in particular considering the specific characteristics of the "*Commission Notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets 2022/C 385/01*". This communication, issued on October 6th, 2022 by the European Commission, indicates that qualifiers are assessed as "low carbon" exclusively to determine compliance with technical screening criteria and not in terms of eligibility.

Alignment Analysis

In order to assess the alignment of Turnover, CapEx and OpEx with respect to activity *3.3 Manufacture of low-carbon technologies for transport*, linked to the objective of climate change mitigation, the Group carried out an audit of the following elements:

- Compliance with the technical screening criteria, divided into substantial contribution criteria and Do No Significant Harm (DNSH) criteria;
- The fulfilment of minimum safeguards.

[16] Delegated Regulation (EU) 2021/2139

[17] The Environmental Delegated Act, European Commission, C(2023) 2486, adopted on 27 June 2023 and entered into force on 1 January 2024.

Substantial Contribution Analysis

The requirements of the Regulation to meet the criterion of substantial contribution to the climate change mitigation objective for activity *3.3 Manufacture of low-carbon technologies for transport* are as follows:

m. sea and coastal passenger water transport vessels, not dedicated to transporting fossil fuels, that:

i. have zero direct (tailpipe) CO2 emissions;

ii. until 31 December 2025, hybrid and dual fuel vessels derive at least 25 % of their energy from zero direct (tailpipe) CO2 emission fuels or plug-in power for their normal operation at sea and in ports;

iii. until 31 December 2025, the vessels have an attained Energy Efficiency Design Index (EEDI) value 10 % below the EEDI requirements applicable on 1 April 2022 if the vessels are able to run on zero direct (tailpipe) CO2 emission fuels or on fuels from renewable sources;

In this regard, during the 2023 financial year, the Group developed only one boat that meets these requirements, the Riva El-Iseo model (R27E), i.e. the all-electric propulsion version of the Iseo model. It should be noted, however, that this model has not yet been sold and therefore no revenues related to it have been generated. It should also be noted that the Group is actively dedicated to the research and development of solutions aimed at creating increasingly environmentally friendly boats.

Do No Significant Harm

The purpose of the DNSH compliance review in relation to the DNSH criteria is to ensure that the individual activities identified do not cause harm to the other environmental objectives.

In particular, in order to comply with the DNSH criteria, activity *3.3 Manufacture of low-carbon technologies for transport* must comply with the following criteria:

— Adaptation to climate change: The criteria outlined in Appendix A of the Climate Delegated Act require an analysis to be carried out to identify and assess chronic and acute physical climate risks (listed in Section II of the same Appendix) that affect the activity. This requires a robust assessment of climate risk and vulnerability, based on a precise process set out in the Delegated Act itself.

  To date, the Group has not carried out an analysis dedicated to the assessment of climate risks and for this reason the criterion is not met.

— Sustainable use and protection of water and marine resources: the criteria outlined in Appendix B of the Climate Delegated Act require an analysis of the risks of environmental degradation related to both the maintenance of water quality and the prevention of water stress, or an environmental impact assessment according to Directive 2000/60/EC of the European Parliament and of the Council. The Group does not currently carry out this type of analysis and for this reason, the criterion is not met.

— Transition to a circular economy: the criteria outlined by the Climate Delegated Act require the activity to assess *the availability of and, where feasible, adopts techniques that support*:

  a. *reuse and use of secondary raw materials and re-used components in products manufactured;*

  b. *design for high durability, recyclability, easy disassembly and adaptability of products manufactured;*

  c. *waste management that prioritises recycling over disposal, in the manufacturing process;*

  d. *information on and traceability of substances of concern throughout the life cycle of the manufactured products.* The Ferretti Group is committed to investing in the research of innovative materials and techniques capable of reducing the impact of its products. However, the Group does not believe that to date it has the necessary information available for a full evaluation of the criterion. Therefore, the criterion is considered as not fulfilled as a precautionary measure.

— Pollution prevention and control: the criteria outlined in Appendix C of the Climate Delegated Act require an assessment to be made of specific substances potentially included in manufacturing processes. The Ferretti Group complies with local and international laws regarding the use of hazardous substances. However, since it has not carried out a specific assessment, conservatively, it considers the criterion to be unfulfilled.

— Protection and restoration of biodiversity and ecosystems: The criteria outlined in Appendix D of the Climate Delegated Act require an Environmental Impact Assessment (EIA) procedure to be carried out and the implementation of mitigation and compensation measures necessary for the protection of the environment.

  To date, the Group does not carry out this type of analysis and for this reason the criterion is not met.

Minimum safeguards

In order to verify compliance with the criteria defined by the minimum safeguards, the Ferretti Group carried out an assessment of the main corporate structures and policies, aiming to assess compliance with a series of international standards and principles, including the Organisation for Economic Co-operation and Development (OECD) guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the main conventions of the International Labour Organization (ILO), such as the International Bill of Human Rights.

The Ferretti Group pays great attention to respect for human rights and the proper conduct of business, making these elements a solid foundation of its business. In order to ensure and promote these principles, the Group has implemented a public Code of Ethics, which serves as a reference to outline the main guidelines for corporate conduct.

The Group is also committed to the fight against gender inequalities, making use of a "Diversity policy of the Administrative and Control Bodies".

The adoption of this policy underlines the focus on diversity in its various forms, both within the Board of Directors and within the Group at large. During the selection process, the Group adopts strict principles of non-discrimination, respecting internationally accepted standards and principles.

Upholding the importance of a transparent and ethical work environment, the Group has established a whistleblowing policy, making it public and easy to access for all its various stakeholders. This system makes it possible to report any unethical behaviour, thus promoting a culture of integrity in the Group.

With regard to corruption, the Ferretti Group has adopted Model 231, with a particular focus on corruption crimes, further reaffirming its commitment to legality and transparency.

However, with a conservative and prudential approach, the Group recognizes the need for further progress in terms of due diligence policies and supply chain control. In this perspective, it does not yet consider its practices fully aligned with the required parameters, continuing to work to improve these aspects.

Contextual Information & Accounting Policy

This paragraph describes the methodological and accounting approaches used to calculate the Turnover, CapEx and OpEx KPIs required by the regulations, based on what is reported in the Annexes of Delegated Act 2178/2021 of the Regulation, analyzing the information based on the activities deemed eligible and, if necessary, aligned.

The calculation methods, the structure of the different indicators analysed in relation to the activities defined by the EU taxonomy and the methods of numerical extraction are presented in order to quantify the items included in the numerator of each indicator. It should be noted that items relating to intercompany transactions are excluded from the analysis carried out to calculate the indicators, in accordance with the Regulation.

The elaboration of the indicators required the involvement of the Group’s administrative and accounting structures which, on the basis of the indications set out in Annex 1 to Delegated Act 2178/2021, identified the accounting items to be associated with the various KPIs, starting with the consolidated financial statement items.

Additionally, it should be noted that the Capex and Opex KPIs do not incorporate any elements related to the requirements for a plan to expand economic activities aligned with the taxonomy or to enable economic activities eligible to alignment with the taxonomy, as described in §1.1.2.2 of Annex 1 of Delegated Act 2178/2021.

Turnover

In line with the provisions defined by Annex 1 of the Delegated Act 2021/4987, the Turnover KPI has been calculated as the ratio between the share of net revenues obtained from products or services, including intangibles, associated with taxonomy-aligned economic activities (numerator) and the Group's net revenues (denominator). In accordance with the international accounting reference IAS 1.82 (a) cited by the Regulation, in order to avoid *double counting*, any revenue generated by the sale of Intercompany products or services has been excluded from the calculation of the KPI. Consequently, the denominator of the Turnover KPI corresponds to the item "Net revenues" presented in the Consolidated Income Statement, showing a value of € 1,134,484 thousand.

In accordance with the requirements of the Annexes of the Disclosure Delegated Act 2021/4987, in calculating the numerator, the Group considered only revenues related to economic activities identified as eligible. Specifically, the turnover generated by the Group deemed eligible is associated with activity 3.3 — *Manufacture of low-carbon technologies for transport* (Climate Change Mitigation), which refers to *Ferretti S.p.A.'s core business, the manufacture of boats*.

CapEx

As described in the Regulation, the calculation of the denominator of the CapEx KPI includes the additions to assets presented during the 2023 financial year for tangible assets, intangible assets and *right of use of assets* (in accordance with IFRS 16), including those deriving from business combinations, considered before depreciation, impairment and any revaluation, including those deriving from restatements and impairments, excluding changes in fair value. In accordance with the provisions defined by Annex 1 of the Delegated Act 2021/4987, the denominator of the CapEx KPI was calculated starting from the items "Increases in owned assets" and "Increases in assets for rights of use" recorded during the year and reported in Note 30 — Buildings, plant and equipment and the item of "Increases" recorded during the year in Note 31 — Intangible assets Intangible assets excluding the goodwill. To cover the accounting references required by IAS16, IAS38 and IFRS16, a breakdown of the denominator composition with reference to the asset categories mentioned, is given below:

- Intangible assets with a finite life: € 19,485 thousand;
- Property, plant and equipment: € 127,584 thousand;
- Rights of use related to tangible assets: € 8,320 thousand.

The value considered in the denominator of the Capex KPI therefore amounts to € 15,389 thousand.

To identify the numerator, an analysis of the additions associated to point (a)[18] of § 1.1.2.2 of Annex 1 of the Disclosure Delegated Act was carried out. In particular, the values related to the additions allocated to the activity that generates Turnover were extracted, that is activity 3.3 -Manufacture of low-carbon technologies for transport (Climate Change Mitigation) This essentially encapsulates the core activities of the Group. Within this context, only the net revenues attributed to *composite yachts, made-to-measure yachts, super yachts, FDS and Wally sailboats*, were considered, for a total value of € 1,064,476 thousand.

OpEx

For the calculation of the OpEx KPI, the chart of accounts of the Group was analysed in detail in order to isolate cost items attributable to the categories defined by Annex 1 of the Delegated Act 2021/4987 as follows:

- Non-capitalized R&D;
- Building renovation measures;
- Short-term leases;
- Maintenance and Repair;
- Day-to-Day Servicing of assets.

With reference to the FAQ[19] published by the European Commission, the expenses incurred by the Group for the cleaning of the assets have been included in the calculation of the denominator with reference to the category " any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment".

On the basis of the categories metioned above, the denominator of the OpEx KPI is € 10,037 thousand.

For the identification of the operating expense values associated with the numerator of the Opex KPI, the Group mainly identified expenses related to the maintenance of owned assets, maintenance of non-owned assets and cleaning related to "Day to Day servicing of assets" related to point (a)[20] of § 1.1.2.2 of Annex 1 of the Disclosure Delegated Act. In particular, the above-mentioned categories included in the management accounts of Ferretti S.p.a. were considered instrumental to the performance of core business activities, as they are functional to the manufacture of boats.

It should be noted that, since the activities relating to the gas and nuclear sectors, included in the Complementary Delegated Act (Delegated Regulation 2022/1214), are not eligible, the related tables are not published.

18 Capital expenditures included in the denominator that are related to assets or processes associated with taxonomy-aligned economic activities.

19 FAQ 12 of Commission Notice C (2022) 385/01 of 06.10.2022

20 Par. 1.1.3.2 of (EU) Delegated Regulation 2021/2178: operational expenditure related to assets or processes associated with taxonomy-aligned (eligible) economic activities, including training and other human resources adaptation needs, as well as direct non-capitalised R&D costs.

Share of turnover deriving from products or services associated with economic activities aligned and eligible for the Taxonomy — information relating to the year 2023 (data in €/k)[21]

Financial Year 2023		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Turnover aligned (A.1.) or eligible (A.2.), year 2022 (18)	Category Enabling activity (19)	Category Transitional activity (20)
		k €	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY — ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		— €	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N	N	N	N	N	N	N	0,00%		
of which enabling				0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N	N	N	N	N	N	N	0,00%	E	
of which transitional				0,00%						N	N	N	N	N	N	N	0,00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies for transport	3.3 CCM/3.3 CCA	1.067.476,00 €	94,09%	AM	N/AM												0,00%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	1.067.476,00 €	94,09%	94,09%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%		
Turnover of Taxonomy eligible activities Totale (A.1 + A.2)	1.067.476,00 €	94,09%	94,09%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%		
B TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities		67.008,00 €	5,91%																
TOTAL		1.134.484,00 €	100,00%																

21 The methods of representation of information, following regulatory clarifications, may be subject to updates.

	Ratio of Turnover/Total Turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	94,09%
CIRCA	0,00%	0,00%
WRT	0,00%	0,00%
THAT	0,00%	0,00%
PPC	0,00%	0,00%
BIO	0,00%	0,00%

Share of capital expenditures deriving from products or services associated with taxonomy-aligned economic activities — Disclosure for the year 2023 (data in €/k)[22]

Financial Year 2023		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of CapEx aligned (A.1.) or eligible (A.2.), year 2022 (18)	Category Enabling activity (19)	Category Transitional activity (20)
		k €	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY — ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		— €	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N	N	N	N	N	N	N	0,00%		
of which enabling				0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N	N	N	N	N	N	N	0,00%	E	
of which transitional				0,00%						N	N	N	N	N	N	N	0,00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies for transport	3.3 CCM/3.3 CCA	139.914,01 €	165,01%	AM	N/AM												0,00%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	139.914,01 €	90,04%	90,04%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%		
CapEx of Taxonomy eligible activities Totale (A.1 + A.2)	139.914,01 €	90,04%	90,04%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		15.474,99 €	9,96%																
TOTAL		155.389,00 €	100,00%																

22 The methods of representation of information, following regulatory clarifications, may be subject to updates.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	90,04%
CIRCA	0,00%	0,00%
WRT	0,00%	0,00%
EC	0,00%	0,00%
PPC	0,00%	0,00%
BIO	0,00%	0,00%

Share of operating expenses deriving from products or services associated with taxonomy-aligned economic activities — Information for the year 2023 (data in €/k)[23]

Financial Year 2023		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of OpEx aligned (A.1.) or eligible (A.2.), year 2022 (18)	Category Enabling activity (19)	Category Transitional activity (20)
		k €	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY — ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		— €	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N	N	N	N	N	N	N	0,00%		
of which enabling				0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N	N	N	N	N	N	N	0,00%	E	
of which transitional				0,00%						N	N	N	N	N	N	N	0,00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies for transport	3.3 CCM/3.3 CCA	6.610,36 €	65,86%	AM	N/AM												0,00%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)	6.610,36 €	65,86%	65,86%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%		
CapEx of Taxonomy eligible activities Totale (A.1 + A.2)	6.610,36 €	65,86%	65,86%	0,00%	0,00%	0,00%	0,00%	0,00%									0,00%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities		3.427,24 €	34,14%																
TOTAL		10.037,61 €	100%																

23 The methods of representation of information, following regulatory clarifications, may be subject to updates.

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	65,86%
CIRCA	0,00%	0,00%
WRT	0,00%	0,00%
THAT	0,00%	0,00%
PPC	0,00%	0,00%
BIO	0,00%	0,00%

METHODOLOGICAL NOTE

Reporting criteria

The 2023 Non Financial Statement represents the fifth step in the Ferretti Group's Sustainability journey, which began in 2020 with the publication of the first Sustainability Report. In this document, the Group has updated and extended its reporting of the main initiatives, activities and performance in environmental, social and governance terms.

In order to accurately and clearly update the topics covered in this report, in 2023 the Board of Directors reviewed and approved the information reported in the present document.

This report, for the year 2023, has been prepared using the Global Reporting Initiative Sustainability Reporting Standards ("**GRI Standards**") reporting framework published by the Global Sustainability Standards Board, following the option "In accordance". In addition, following the listing process concluded in 2022, reference was made to the disclosures in the ESG Reporting Guide (Main Board Listing Rules — Appendix C2) of the Hong Kong Stock Exchange, which are set out in the Content Index. This Non Financial Statement refers to specific standards of the framework that have been chosen for reporting. They are summarised in the table below:

Macro-category	Material topic	GRI Aspect
Product and customers	Customer protection and safety	GRI 416: 2016 — *Customer health and safety* GRI 417: 2016 — *Marketing and labelling* GRI 418: 2016 — *Customer privacy*
	Research and development	—
People	Human and civil rights	GRI 2: *General Disclosures* GRI 408: 2016 — *Child Labour* GRI 409: 2016 — *Forces or Compulsory Labour*
	Human capital development, retention and satisfaction	GRI 2: *General Disclosures* GRI 401: 2016 — *Employment*
	Occupational health and safety	GRI 403: 2018 — *Occupational health and safety*
	Diversity, equal opportunities and inclusion	GRI 405: 2016 — *Diversity and equal opportunity* GRI 406: 2016 — *Non-Discrimination*
Value for the local area	Development and value creation for local communities	GRI 201: 2016 — *Economic performance* GRI 204: 2016 — *Procurement practices*
	Community Investments	—
	Anti-corruption and money laundering	GRI 205: 2016 — *Anti-corruption*
	Sustainable supply chain management	GRI 414: 2016 — *Supplier social assessment* GRI 308: 2016 — *Supplier environmental assessment*
Reduction of environmental impacts of the production process	Waste management and product's end-of-life	GRI 306: 2020 — *Waste*
	Polluting atmospheric emissions	GRI 305: 2016 — *Emissions*
	Water resources	GRI 303: 2018 — *Water and effluents*
	Energy consumption	GRI 302: 2016 — *Energy*
	Raw materials consumption	GRI 301: 2016 — *Materials*
	GHG emissions	GRI 305: 2016 — *Emissions*
	Biodiversity	GRI 304: 2016 — *Biodiversity*

The purpose of the document is to describe the activities, objectives and performance achieved by the Group in the three-year reference period regarding issues identified through the materiality analysis, described in chapter 3 of this document. The Group's Non Financial Statement is published annually and is distributed to stakeholders through the Company's usual communication channels. A short version of the 2022 Sustainability Report has been published together with the 2022 Annual Report, while the extended version has been published on November 27, 2023 and it is available at https://www.ferrettigroup.com/en-us/Sustainability/Sust-archive.

This Non Financial Statement has been published together with the 2023 Annual Report on March 28, 2023, so as to provide an insightful description of the firm's commitment and effort towards sustainability.

All figures reported refer to the Reporting Period between January 1, 2023, and December 31, 2023, and refer to all Group companies on a consolidated basis with the exception of some data expressly indicated in the text. In particular, environmental information are only collected by production sites and facilities, since commercial offices has a marginal contribution to the Group's environmental impacts. The reporting boundary and reporting period are the same as the information reported in the 2023 Annual Report and are consistent with those of the previous year, with the exception of Il Massello S.r.l. and F.lli Canalicchio S.p.A., which have been fully acquired at the end of 2022 and included in the sustainability reporting process from 2023.

All data are presented in comparison with the two years prior to this Statement, namely 2021 and 2022, in order to provide greater detail and highlight the main trends occurring during the three-year period. Given the consideration of extending the perimeter to cover previous years, the data has been accordingly adjusted. Kindly note that the GRI 301–1 indicator strictly applies to the entity Zago S.p.A. and does not include the other entities within the group.

This Non Financial Statement represents the first edition subject to external assurance, in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised) by the independent auditor EY S.p.A.. Quantitative indicators that do not refer to any general or topic-specific disclosure of the GRI Standards are not subject to external assurance.

The sources of the parameters used to calculate the data presented in this report are as follows:

- The **Conversion to GJ of energy sources** used by the Group was carried out using the conversion factors provided by the Ministry for the Environment and Protection of the Land and the Sea (MATTM) in the National Standard Parameters Table for 2023 (for natural gas), and by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA), available in the document "2023 UK Government GHG Conversion Factors for Company Reporting" (for electricity and fuels).

- **Direct GHG emissions (Scope 1)** produced by the Group and due to the consumption of natural gas were calculated using the emission factors provided by the Ministry for the Environment and Protection of the Land and the Sea (MATTM) in the National Standard Parameters Table for 2023 (for natural gas). As regards consumption of electricity, f-gases, diesel and petrol, on the other hand, the emissions factors used were those provided by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA), available in the document "2023 UK Government GHG Conversion Factors for Company Reporting". Specifically, in calculating CO2 emissions associated with the vehicle fleet, the reference factor for "Upper medium" vehicles was used.

- When calculating energy indirect **(Scope 2) Location-Based** GHG emissions, the emission factors used were those published by Terna in the document "International Comparisons 2020–2019 data" (for Italian sites) and by the United States Environmental Protection Agency (EPA), in the "eGRID — all fuels" database available online (for US sites). For **Scope 2 Market-Based** emissions the emission factor used was the one published in 2021 by the Association of Issuing Bodies in the document "European Residual Mixes — Results of the calculation of Residual Mixes for the calendar year 2021" (for Italian sites) and by the United States Environmental Protection Agency (EPA), in the "eGRID — all fossil fuels" database available online (for US sites).[24]

No reference has been made to Comply or Explain Provisions KPI A 2.5 (*Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced*) that is not deemed applicable to the Group's business. As regards KPI B6.3 (*Description of practices relating to observing and protecting intellectual property rights*), please see the discussion of this topic in the "Business — Intellectual Property" section of the Prospectus published in March 2022 on the Group's website.

For any information regarding this document please contact Margherita.Sacerdoti@ferrettigroup.com and Alessandro.Pellegrini@ferrettigroup.com.

[24] The Location-Based approach uses an average emission factor which refers specifically to the Italian electricity production mix, while the Market-Based approach uses emission factors based on rates defined contractually with electricity suppliers. Given the absence of specific electricity agreements between the companies of the Group and the suppliers (e.g. a Guarantee of Origin purchase), for this calculation an emission factor related to the national "residual mix" was used.

GRI CONTENT INDEX & HKEX INDEX

Ferretti Group has reported the information cited in this GRI content index for the period 01/01/2023–31/12/2023 with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): N/A

Material topics — Specific standard disclosure

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1.4 Group Governance</td><td colspan="3" rowspan="5">Reasons for omission are not permitted for these disclosures.</td></tr>
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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2–11 Chair of the highest governance body		1.4 Group Governance			
	2–12 Role of the highest governance body in overseeing the management of impacts		3. The Group's responsibilities: our journey towards sustainability			
	2–13 Delegation of responsibility for managing impacts		1.4 Group Governance			
	2–14 Role of the highest governance body in sustainability reporting		Methodological note			
	2–15 Conflicts of interest		1.4 Group Governance			
	2–16 Communication of critical concerns		1.4 Group Governance			
	2–17 Collective knowledge of the highest governance body		As of 2023, the Group does not implement any specific training activities for the Board of Directors on sustainable development.			
	2–18 Evaluation of the performance of the highest governance body		As of 2023, the Group does not evaluate the Board of Directors' performance in managing the firm's ESG impacts.			
	2–19 Remuneration policies		1.4 Group Governance			
	2–20 Process to determine remuneration		1.4 Group Governance			
	2–21 Annual total compensation ratio		1.4 Group Governance			
	2–22 Statement on sustainable development strategy		Welcome message from our CEO			
	2–23 Policy commitments		1.4 Group Governance 5.2 Environmental impacts 6.2 Training and Development			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2–24 Embedding policy commitments		Compliance with policy commitments is guaranteed by various company bodies: the ESG Committee which, in carrying out its tasks, also monitors compliance with the commitments defined in company policies; the Supervisory Board in the field of Model 231 and related documents; the shipyards representatives, for compliance with regulations in the field of environmental compliance (ISO 14001).			
	2–25 Processes to remediate negative impacts		Apart from the Whistleblowing procedure, there are no other measures implemented to remediate to negative impacts.			
	2–26 Mechanisms for seeking advice and raising concerns	B7.2	1.4 Group Governance			
	2–27 Compliance with laws and regulations[25]	GD A1	No incidents of non-compliance with law and regulations occurred during the three-year reporting period.			
	2–28 Membership associations		3. The Group's responsibilities: our journey towards sustainability			

25 The GRI 2-27 defines as Laws and Regulations: — international declarations, conventions, and treaties; — national, subnational, regional, and local regulations; — binding voluntary agreements made with regulatory authorities and developed as a substitute for implementing a new regulation; and — voluntary agreements (or covenants), if the organization directly joins the agreement, or if public agencies make the agreement applicable to organizations in their territory through legislation or regulation.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	2–29 Approach to stakeholder engagement		3. The Group's responsibilities: our journey towards sustainability 3.1 The Ferretti Group's stakeholders 3.2 The materiality analysis			
	2–30 Collective bargaining agreements		Tables of figures			
Material topics						
ECONOMIC PERFORMANCE INDICATORS						
GRI 3: Material Topics 2021	3–1 Process to determine material topics		3.2 The materiality analysis	Reasons for omission are not permitted for these disclosures.		
	3–2 List of material topics		3.2 The materiality analysis			
Economic performance						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B7	3.3 ESG Risk Management 1.4 Group governance			
GRI 201: Economic performance 2016	201–1 Direct economic value generated and distributed	KPI B8.2	2.4 Value creation: figures and achievements			
Procurement practices						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B7	3.3 ESG Risk Management 1.4 Group governance			
GRI 204: Procurement practices 2016	204–1 Proportion of spending on local suppliers	KPI B5.1	2.4 Value creation: figures and achievements			
Anti-corruption						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B7	3.3 ESG Risk Management 1.4 Group governance			
GRI 205: Anti-corruption 2016	205–3 Confirmed incidents of corruption and actions taken	KPI B7.1 KPI B7.2 KPI B7.3	1.4 Group governance			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
ENVIRONMENTAL PERFORMANCE INDICATORS						
Materials						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. A2	5.2 Environmental Impacts			
GRI 301: Materials 2016	301–1 Materials used by weight or volume	KPI A2.5	4.1 Research, innovation and sustainability Tables od figures			
Energy						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. A2	5.2 Environmental Impacts			
GRI 302: Energy 2016	302–1 Energy consumption within the organization	KPI A2.1	5.2.1 Energy and climate footprint Tables of figures			
	302–3 Energy Intensity	KPI A2.1	Tables of figures			
Water and effluents						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. A2	5.2.3 Water: a precious resource			
GRI 303: Water and Effluents 2018	303–1 Interaction with water as shared resource	G.D. A2	5.2.3 Water: a precious resource			
	303–3 Water withdrawal	KPI A2.2 KPI A2.4	5.2.3 Water: a precious resource Tables of figures None of the Ferretti Group sites is located in an area of water stress.			
Biodiversity						
GRI 3: Material Topics 2021	3–3 Management of material topics		5.2 Environmental impacts			
GRI 304: Biodiversity 2016	304–1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Biodiversity			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Emissions						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. A1 G.D. A4	5.2.1 Energy and climate footprint			
GRI 305: Emissions 2016	305–1 Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2	Tables of figures			
	305–2 Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2	Tables of figures			
	305–4 GHG emissions intensity	KPI A1.2	Tables of figures			
	305–7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	KPI A1.1	5.2.2 Polluting atmospheric emissions monitoring and reduction Tables of figures			
Waste						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. A1 G.D. A3	5.2.4 Waste			
GRI 306: Waste 2020	306–1 Waste generation and significant waste-related impacts	KPI A3.1	5.2.4 Waste			
	306–3 Waste generated	KPI A1.3 KPI A1.4	5.2.4 Waste Tables of figures			
	306–4 Waste diverted from disposal	KPI A1.3 KPI A1.4	5.2.4 Waste Tables of figures			
	306–5 Waste directed to disposal	KPI A1.3 KPI A1.4	5.2.4 Waste Tables of figures			
Supplier environmental assessment						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B5	2.4 Value creation: figures and achievements 3.3 ESG Risk Management			
GRI 308: Supplier Environmental Assessment 2016	308–1 New suppliers that were screened using environmental criteria	KPI B5.2 KPI B5.3 KPI B5.4	2.4 Value creation: figures and achievements			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
SOCIAL PERFORMANCE INDICATORS						
Employment						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B1	6.4 Company welfare and industrial relations			
GRI 401: Employment 2016	401 -1 New employee hires and employee turnover	KPI B1.2	Tables of figures			
Occupational health and safety						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B2	6.3 Health & Safety			
GRI 403: Occupational Health and Safety 2018	403–1 Occupational health and safety management system	G.D. B2 KPI B2.3	6.3 Health & Safety			
	403–2 Hazard identification, risk assessment, and incident investigation	G.D. B2	6.3 Health & Safety			
	403–3 Occupational health services	KPI B2.3	6.3 Health & Safety			
	403–4 Worker participation, consultation, and communication on occupational health and safety		6.3 Health & Safety			
	403–5 Worker training on occupational health and safety	KPI B2.3	6.3 Health & Safety			
	403–6 Promotion of worker health		6.4 Company welfare and industrial relations			
	403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	KPI B2.3	6.3 Health & Safety			
	403–8 Workers covered by an occupational health and safety management system		6.3 Health & Safety			
	403–9 Work-related injuries	KPI B2.1 KPI B2.2	6.3 Health & Safety Tables of figures			
	403–10 Work-related ill health	KPI B2.1	6.3 Health & Safety Tables of figures			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B1	6. Our People: Pride, passion and belonging			
GRI 405: Diversity and Equal Opportunity 2016	405–1 Diversity of governance bodies and employees	KPI B1.1	Tables of figures			
Non-discrimination						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B1	6. Our People: Pride, passion and belonging			
GRI 406: Non-discrimination 2016	406–1 Incidents of discrimination and corrective actions taken	G.D. B1	6. Our People: Pride, passion and belonging No incidents of discrimination occurred during the three-year reporting period			
Child labour						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B4	1.4 Group governance			
GRI 408: Child Labour 2016	408–1 Operations and suppliers at significant risk for incidents of child labour	KPI B4.1 KPI B4.2	1.4 Group governance			
Forced or compulsory labour						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B4	1.4 Group governance			
GRI 409: Forced or Compulsory Labour 2016	409–1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	KPI B4.1 KPI B4.2	1.4 Group governance			
Supplier social assessment						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B5	2.4 Value creation: figures and achievements			
GRI 414: Supplier Social Assessment 2016	414–1 New suppliers that were screened using social criteria	KPI B5.2 KPI B5.3	2.4 Value creation: figures and achievements			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	REFERENCE TO HKEXESG REPORTING GUIDE	LOCATION	OMISSION		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Customer health and safety						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B6 KPI B6.4	2.3 Customer relations			
GRI 416: Customer Health and Safety 2016	416–2 Incidents of non-compliance concerning the health and safety impacts of products and services	G.D. B6 KPI B6.1 KPI B6.2	No incidents occurred during the three-year reporting period			
Marketing and labelling						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B6	4.2 Quality system			
GRI 417: Marketing and Labelling 2016	417–3 Incidents of non-compliance concerning marketing communications	G.D. B6 KPI B6.3	No incidents occurred during the three-year reporting period			
Customer Privacy						
GRI 3: Material Topics 2021	3–3 Management of material topics	G.D. B6	2.3 Customer relations			
GRI 418: Customer Privacy 2016	418–1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.5	2.3 Customer relations No incidents occurred during the three-year reporting period			
Community Investments						
Non GRI Topics		G.D. B8 KPI B8.1 KPI B8.2	6.5 Local initiatives			
		KPI B5.1	2.4 Value creation: figures and achievements			
Research and development						
Non GRI Topics			4. Luxury and innovation: The Quality and Exclusivity of our Products			

TABLES OF FIGURES

Environmental data — Energy-GRI 302–1

ENERGY SOURCE	MEASUREMENT UNIT	2021	2022	2023
NATURAL GAS	GJ	77,768	56,896	**61,715**
DIESEL (site use)	GJ	37,703	49,296	**51,444**
DIESEL (vehicle fleet)	GJ	16,142	17,325	**16,239**
PETROL (site use)	GJ	2,157	2,355	**1,802**
LPG (site use)	GJ	52	52	**31**
ELECTRICITY PURCHASED FROM THE GRID	GJ	54,489	56,637	**64,269**
ELECTRICITY FROM AUTOPRODUCTION	GJ	1,727	2,365	**3,234**
DISTRICT HEATING	GJ	8,546	9,814	**8,901**
TOTAL	GJ	198,583	194,740	**207,635**

Environmental data — GHG emissions-GRI 305–1, 305–2

CATEGORY	MEASUREMENT UNIT	2021	2022	2023
SCOPE 1	**ton CO_{2e}**	**8,615**	**8,567**	**9,222**
From gas	ton CO_{2e}	4,371	3,198	**3,488**
From diesel	ton CO_{2e}	2,823	3,798	**3,830**
From diesel (vehicle fleet)	ton CO_{2e}	1,209	1,335	**1,209**
From petrol	ton CO_{2e}	152	164	**127**
From LPG	ton CO_{2e}	3	3	**2**
From f-gas refills	ton CO_{2e}	57	68	**565**
SCOPE 2 LOCATION BASED	**ton CO_{2e}**	**5,275**	**5,523**	**6,190**
From electricity	ton CO_{2e}	4,870	5,058	**5,746**
From district heating	ton CO_{2e}	405	465	**444**
SCOPE 2 MARKET BASED	**ton CO_{2e}**	**7,320**	**7,640**	**8,586**
From electricity	ton CO_{2e}	6,915	7,174	**8,142**
From district heating	ton CO_{2e}	405	465	**444**

Environmental Data — Energy and emissions Intensity — GRI 302–4, 305–4

ENERGY INTENSITY	MEASUREMENT UNIT	2021	2022	2023
Revenue	GJ/Euro million	214.1	181.6	**183.0**

EMISSIONS INTENSITY	MEASUREMENT UNIT	2021	2022	2023
Revenue	tCO_{2e} (Sc.1 + Sc.2 Location-Based)/ Euro million	15.0	13.1	**13.6**

Environmental Data — Pollutant emissions — GRI 305–7

POLLUTING ATMOSPHERIC EMISSIONS[26]	MEASUREMENT UNIT	2021	2022	2023
NOx	kg	1,309	1,110	**1,575**
Volatile Organic Compounds (VOC)	kg	6,099	8,608	**49,540**
Particles (PM)	kg	140	77	**1,134**
Hazardous Air Pollutant (HAP)	kg	49	115	**130**
Heavy metals	kg	0	0	**4,358**
Total	**kg**	**7,597**	**9,910**	**56,736**

Environmental Data — Water — GRI 303–3

WATER WITHDRAWAL BY SOURCE[27]	MEASUREMENT UNIT	2021	2022	2023
Total withdrawn from groundwater (e.g., wells)	m^3	58,036	60,827	**63,369**
Total withdrawn from third parties (e.g., mains water)	m^3	46,032	51,060	**66,467**
Total	m^3	**104,068**	**111,887**	**129,836**

26 Group pollutant emissions data reported in the table do not include figures for the Fort Lauderdale shipyard (FL, USA). The pollutant emission data for Zago and F.lli Canalicchio sites are estimates based on 2022 figures, since the data for 2023 are not yet available. Regarding all other sites, pollutant emissions have been measured during period assessments.

27 2021 and 2022 data have been updated, compared to the previous Sustainability Report, for a refinement of the calculation methodology.

Environmental Data — Water Intensity

WATER INTENSITY	MEASUREMENT UNIT	2021	2022	2023
Revenue	m^3/Euro million	112.2	104.3	**114.4**

Environmental Data — Waste[28] — GRI 306–3, 306–4, 306–5

HAZARDOUS WASTE	MEASUREMENT UNIT	2021	2022	2023
Forlì	kg	70,910	148,263	**100,772**
Ancona CL	kg	71,400	68,410	**75,350**
Mondolfo	kg	48,104	57,157	**69,320**
La Spezia	kg	26,478	35,380	**45,271**
Cattolica	kg	15,920	14,470	**19,300**
Ancona FSY	kg	10,860	10,490	**15,272**
Sarnico	kg	12,240	13,140	**10,810**
Zago	kg	7,270	7,580	**11,065**
RAM	kg	N/A	3,640	**2,151**
Il Massello	kg	N/A	N/A	**23**
F.lli Canalicchio	kg	N/A	N/A	**0**
Total	**kg**	**263,182**	**358,530**	**349,334**

NON-HAZARDOUS WASTE	MEASUREMENT UNIT	2021	2022	2023
Forlì	kg	1,048,860	1,636,667	**1,131,080**
Ancona CL	kg	356,570	453,040	**500,390**
Mondolfo	kg	328,880	499,720	**531,130**
La Spezia	kg	514,720	468,090	**623,605**
Cattolica	kg	61,150	251,150	**333,220**
Ancona FSY	kg	236,830	253,690	**420,070**
Sarnico	kg	146,600	152,090	**185,010**
Zago	kg	284,170	298,790	**336,580**
RAM	kg	N/A	38,950	**58,186**
Il Massello	kg	N/A	N/A	**193,672**
F.lli Canalicchio	kg	N/A	N/A	**61,595**
Total	**kg**	**2,977,780**	**4,052,187**	**4,374,538**

28 Group waste data reported in the tables do not include figures for the Fort Lauderdale shipyard (FL, USA).

Environmental Data — Material[29] — GRI 301–1

MATERIALS	U.M.	ZAGO MATERIALS 2021	2022	2023
RENEWABLE MATERIALS				
Poplar plywood	m^3	174.54	203.01	**187.63**
MDF and chipboard	m^3	27.28	25.96	**27.43**
Okoume plywood	m^3	185.33	332.63	**271.49**
Okoume composite plywood	m^3	232.52	358.61	**230.26**
Blockboard exotic wood	m^3	5.48	0	**0**
Fir timber	m^3	84.6	58.7	**98.89**
European hardwood timber	m^3	15.31	12	**7.19**
Exotic woods planks	m^3	33.03	23.48	**38.36**
Veneer and alpi blocks	m^3	21	23.32	**32.56**
Silicate panels	m^3	275.47	201.99	**122.95**
Wood veneer	m^3	13.69	6.99	**13.18**
Cardboard	Kg	3,755	4,765	**3,500**
NON-RENEWABLE MATERIALS				
Plastic	Kg	7,963	9,346	**8,192**

Social Data — Staff breakdown (headcount at 31.12.2023)-GRI 2–7

CONTRACT TYPE	GENDER	FERRETTI GROUP 2021	2022	2023
PERMANENT CONTRACT	Female	230	252	**280**
	Male	1,305	1,361	**1,569**
	Other	0	0	**0**
	Not disclosed	0	0	**0**
	Total	**1,535**	**1,613**	**1,849**
TEMPORARY CONTRACT	Female	18	11	**17**
	Male	46	68	**103**
	Other	0	0	**0**
	Not disclosed	0	0	**0**
	Total	**64**	**79**	**120**
NON-GUARANTEED HOURS EMPLOYEES	Female	0	0	**0**
	Male	0	0	**2**
	Other	0	0	**0**
	Not disclosed	0	0	**0**
	Total	**0**	**0**	**2**
TOTAL		**1,599**	**1,692**	**1,971**

29 Material data reported in the tables include only figures for Zago S.p.A

CONTRACT TYPE	REGION / GENDER	EMEA 2021	EMEA 2022	EMEA 2023	AMAS 2021	AMAS 2022	AMAS 2023	APAC 2021	APAC 2022	APAC 2023
PERMANENT CONTRACT	Female	204	226	**254**	22	22	**22**	4	4	**4**
	Male	1,269	1,321	**1,527**	32	37	**39**	4	3	**3**
	Other	0	0	**0**	0	0	**0**	0	0	**0**
	Not disclosed	0	0	**0**	0	0	**0**	0	0	**0**
	Total	**1,473**	**1,547**	**1,781**	**54**	**59**	**61**	**8**	**7**	**7**
TEMPORARY CONTRACT	Female	18	11	**17**	0	0	**0**	0	0	**0**
	Male	46	68	**102**	0	0	**0**	0	0	**1**
	Other	0	0	**0**	0	0	**0**	0	0	**0**
	Not disclosed	0	0	**0**	0	0	**0**	0	0	**0**
	Total	**64**	**79**	**119**	**0**	**0**	**0**	**0**	**0**	**1**
NON-GUARANTEED HOURS EMPLOYEES	Female	0	0	**0**	0	0	**0**	0	0	**0**
	Male	0	0	**2**	0	0	**0**	0	0	**0**
	Other	0	0	**0**	0	0	**0**	0	0	**0**
	Not disclosed	0	0	**0**	0	0	**0**	0	0	**0**
	Total	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL		**1,537**	**1,626**	**1,902**	**54**	**59**	**61**	**8**	**7**	**8**

CONTRACT TYPE	GENDER	FERRETTI GROUP 2021	FERRETTI GROUP 2022	FERRETTI GROUP 2023
FULL-TIME	Female	242	254	**287**
	Male	1,345	1,422	**1,664**
	Other	0	0	**0**
	Not disclosed	0	0	**0**
	Total	**1,587**	**1,676**	**1,951**
PART-TIME	Female	6	9	**10**
	Male	6	7	**10**
	Other	0	0	**0**
	Not disclosed	0	0	**0**
	Total	**12**	**16**	**20**
TOTAL		**1,599**	**1,692**	**1,971**

CONTRACT TYPE	REGION / GENDER	EMEA 2021	EMEA 2022	EMEA 2023	AMAS 2021	AMAS 2022	AMAS 2023	APAC 2021	APAC 2022	APAC 2023
FULL-TIME	Female	217	228	**261**	21	22	**22**	4	4	**4**
	Male	1,309	1,382	**1,621**	32	37	**39**	4	3	**4**
	Other	0	0	**0**	0	0	**0**	0	0	**0**
	Not disclosed	0	0	**0**	0	0	**0**	0	0	**0**
	Total	**1,526**	**1,610**	**1,882**	**53**	**59**	**61**	**8**	**7**	**8**
PART-TIME	Female	5	9	**10**	1	0	**0**	0	0	**0**
	Male	6	7	**10**	0	0	**0**	0	0	**0**
	Other	0	0	**0**	0	0	**0**	0	0	**0**
	Not disclosed	0	0	**0**	0	0	**0**	0	0	**0**
	Total	**11**	**16**	**20**	**1**	**0**	**0**	**0**	**0**	**0**
TOTAL		**1,537**	**1,626**	**1,902**	**54**	**59**	**61**	**8**	**7**	**8**

Social Data — Employees by age group and gender (headcount at 31.12.2023)-GRI 405–1

		FERRETTI GROUP 2021 < 30	2021 31–50	2021 > 50	2021 TOT	2022 < 30	2022 31–50	2022 > 50	2022 TOT	2023 < 30	2023 31–50	2023 > 50	2023 TOT
Managers	Male	0	74	27	101	0	63	30	93	**0**	**62**	**45**	**107**
	Female	1	17	9	27	0	16	10	26	**0**	**10**	**12**	**22**
	Other	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
	Not disclosed	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
TOTAL		**1**	**91**	**36**	**128**	**0**	**79**	**40**	**119**	**0**	**72**	**57**	**129**
White collars	Male	45	209	50	304	63	221	57	341	**81**	**266**	**67**	**414**
	Female	27	128	28	183	32	130	32	194	**39**	**147**	**41**	**227**
	Other	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
	Not disclosed	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
TOTAL		**72**	**337**	**78**	**487**	**95**	**351**	**89**	**535**	**120**	**413**	**108**	**641**
Blue collars	Male	42	535	369	946	78	536	381	995	**136**	**571**	**446**	**1,153**
	Female	2	24	12	38	2	27	14	43	**2**	**27**	**19**	**48**
	Other	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
	Not disclosed	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
TOTAL		**44**	**559**	**381**	**984**	**80**	**563**	**395**	**1,038**	**138**	**598**	**465**	**1,201**
Total	Male	87	818	446	1,351	141	820	468	1,429	**217**	**899**	**558**	**1,674**
	Female	30	169	49	248	34	173	56	263	**41**	**184**	**72**	**297**
	Other	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
	Not disclosed	0	0	0	0	0	0	0	0	**0**	**0**	**0**	**0**
TOTAL		**117**	**987**	**495**	**1,599**	**175**	**993**	**524**	**1,692**	**258**	**1,083**	**630**	**1,971**

Social data — Employees covered by collective bargaining agreements — GRI 2–30

EMPLOYEES	MEASUREMENT UNIT	FERRETTI GROUP 2021	2022	2023
Total number of employees on December 31	No.	1,599	1,692	**1,971**
Number of employees covered by collective bargaining agreements	No.	1,537	1,626	**1,902**
Percentage of employees covered by collective bargaining agreements	%	96%	96%	**96%**

All employees from the EMEA region are covered by collective bargaining agreements. Employees from the AMAS and APAC region, although not officially covered, are granted with similar working conditions and terms of employment, and their contracts respect local laws and regulation on the matter.

Social data — New hires during the reporting period — GRI 401–1

NEW HIRES GENDER	AGE GROUP	FERRETTI GROUP 2021	2022	2023
Female	< 30	16	13	**23**
	31–50	18	29	**30**
	> 50	0	3	**5**
Total Female		**34**	**45**	**58**
Male	< 30	45	72	**100**
	31–50	65	92	**136**
	> 50	12	20	**30**
Total Male		**122**	**184**	**266**
Other	< 30	0	0	**0**
	31–50	0	0	**0**
	> 50	0	0	**0**
Total Other		**0**	**0**	**0**
Not disclosed	< 30	0	0	**0**
	31–50	0	0	**0**
	> 50	0	0	**0**
Total Not disclosed		**0**	**0**	**0**
TOTAL NEW HIRES		**156**	**229**	**324**
HIRING RATE		**9.8%**	**13.5%**	**16.4%**

NEW HIRES GENDER	AGE GROUP	EMEA 2021	EMEA 2022	EMEA 2023	AMAS 2021	AMAS 2022	AMAS 2023	APAC 2021	APAC 2022	APAC 2023
Female	< 30	14	11	**21**	1	1	**1**	1	1	**1**
	31–50	15	22	**28**	3	6	**2**	0	1	**0**
	> 50	0	2	**4**	0	1	**1**	0	0	**0**
Total Female		**29**	**35**	**53**	**4**	**8**	**4**	**1**	**2**	**1**
Male	< 30	45	70	**97**	0	2	**2**	0	0	**1**
	31–50	57	82	**126**	8	10	**9**	0	0	**1**
	> 50	10	16	**25**	2	4	**4**	0	0	**1**
Total Male		**112**	**168**	**248**	**10**	**16**	**15**	**0**	**0**	**3**
Other	< 30	0	0	**0**	0	0	**0**	0	0	**0**
	31–50	0	0	**0**	0	0	**0**	0	0	**0**
	> 50	0	0	**0**	0	0	**0**	0	0	**0**
Total Other		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Not disclosed	< 30	0	0	**0**	0	0	**0**	0	0	**0**
	31–50	0	0	**0**	0	0	**0**	0	0	**0**
	> 50	0	0	**0**	0	0	**0**	0	0	**0**
Total Not disclosed		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL NEW HIRES		**141**	**203**	**301**	**14**	**24**	**19**	**1**	**2**	**4**
HIRING RATE		**9.2%**	**12.5%**	**15.8%**	**25.9%**	**40.7%**	**31.1%**	**12.5%**	**28.6%**	**50.0%**

Social data — Employee departures during the reporting period — GRI 401–1

DEPARTURES GENDER	AGE GROUP	FERRETTI GROUP 2021	FERRETTI GROUP 2022	FERRETTI GROUP 2023
Female	< 30	5	5	**5**
	31–50	18	22	**22**
	> 50	5	3	**4**
Total Female		**28**	**30**	**31**
Male	< 30	15	8	**31**
	31–50	27	54	**61**
	> 50	24	44	**46**
Total Male		**66**	**106**	**138**
Other	< 30	0	0	**0**
	31–50	0	0	**0**
	> 50	0	0	**0**
Total Other		**0**	**0**	**0**
Not disclosed	< 30	0	0	**0**
	31–50	0	0	**0**
	> 50	0	0	**0**
Total Not disclosed		**0**	**0**	**0**
TOTAL DEPARTURES		**94**	**136**	**169**
TURNOVER RATE		**5.9%**	**8.0%**	**8.6%**

DEPARTURES GENDER	AGE GROUP	EMEA 2021	EMEA 2022	EMEA **2023**	AMAS 2021	AMAS 2022	AMAS **2023**	APAC 2021	APAC 2022	APAC **2023**
Female	< 30	5	4	**4**	0	1	**0**	0	0	**1**
	31–50	14	14	**19**	4	6	**3**	0	2	**0**
	> 50	5	2	**3**	0	1	**1**	0	0	**0**
Total Female		24	20	**26**	4	8	**4**	0	2	**1**
Male	< 30	14	8	**30**	0	0	**1**	1	0	**0**
	31–50	23	44	**52**	2	9	**9**	2	1	**0**
	> 50	23	42	**41**	1	2	**3**	0	0	**2**
Total Male		60	94	**123**	3	11	**13**	3	1	**2**
Other	< 30	0	0	**0**	0	0	**0**	0	0	**0**
	31–50	0	0	**0**	0	0	**0**	0	0	**0**
	> 50	0	0	**0**	0	0	**0**	0	0	**0**
Total Other		0	0	**0**	0	0	**0**	0	0	**0**
Not disclosed	< 30	0	0	**0**	0	0	**0**	0	0	**0**
	31–50	0	0	**0**	0	0	**0**	0	0	**0**
	> 50	0	0	**0**	0	0	**0**	0	0	**0**
Total Not disclosed		0	0	**0**	0	0	**0**	0	0	**0**
TOTAL DEPARTURES		84	114	**149**	7	19	**17**	3	3	**3**
TURNOVER RATE		5.5%	7.0%	**7.8%**	13.0%	32.2%	**27.9%**	37.5%	42.9%	**37.5%**

Social data — Health & Safety[30]

WORK-RELATED INJURIES	M.U.	2021	2022	**2023**
			EMPLOYEES	
Employee worked hours	n.	2,660,838	2,775,405	**3,205,134**
Total number of recordable work-related injuries	n.	31	33	**27**
of which commuting incidents	n.	0	1	**0**
of which high-consequence work-related injuries	n.	0	2	**0**
of which fatalities	n.	0	0	**0**
Rate of recordable work-related injuries	—	11.65	11.89	**8.42**
Rate of high-consequence work-related injuries	—	0.0	0.7	**0.0**
Rate of fatalities	—	0.0	0.0	**0.0**
Lost workdays due to injuries	n.	N/A	757	**937**

WORK-RELATED ILL HEALTH	M.U.	2021	2022	**2023**
			EMPLOYEES	
Cases of recordable work-relates ill health	n.	8	13	**5**
Fatalities resulting from work-related ill health	n.	0	0	**0**

30 H&S data reported in the tables do not include figures for workers who are not employees.

Ferretti S.p.A.
Consolidated financial statements as of December 31, 2023

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

Ferretti S.p.A.
Consolidated financial statements as of December 31, 2023

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of
Ferretti S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Ferretti Group (the Group), which comprise the consolidated statement of financial position as of December 31,2023, and the consolidated income statement, the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 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 and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

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 Consolidated Financial Statements section of our report. We are independent of the Ferretti S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We identified the following key audit matters:

Key Audit Matters	Audit Responses
Recognition of revenues for the construction of boats	
For the year ended December 31, 2023, the Group reports significant amount of revenue for the construction of boats, whose obligations are fulfilled over time. These net revenues are recognized on a percentage of completion basis. The processes and methodologies for measuring such revenue are based on complex calculation algorithms and assumptions that for their nature require judgement on regards the estimate of costs planned at the budgeting stage, relating to contracts. More specifically, application of the cost-to-cost method requires the prior estimate of costs throughout the life of individual projects and their updating at each reporting date. Because of the mentioned complexity that characterizes this measurement, we identified this area as a key audit matter. Relevant disclosures are included in note 4 and note 7 to the financial statements.	Our audit procedures in response to the key audit matter concerned, among others: • the understanding and evaluation of the methodologies used by management; • the test of the process for the determination of the percentage of completion basis; • the understanding and evaluation of the estimation methodology used by the management through inquiries with the management; • the assessment of the reasonableness of the criteria used by the management for the determination of cost-to-cost method applied; • the assessment of the reasonableness of the significant assumption related to estimated costs to complete the individual projects; • the verification of the arithmetic correctness of the calculations performed by the management. Lastly, we have reviewed the disclosure provided in the notes to the financial statement regarding this key audit matter.

Key Audit Matters	Audit Responses
Recoverability of intangible asset with an indefinite useful life	
As of December 31, 2023, the Group reports intangible assets of Euro 277 million, mostly for trademarks that have an indefinite useful life (Euro 244.4 million) and goodwill (Euro 8.9 million). These intangible assets have been allocated to Group's Cash Generating Units ("**CGUs**"), corresponding to individual Group's trademarks. The processes and methodologies for assessing and determining the recoverable amount of each CGU, in terms of value in use, are based on assumptions sometimes complex, that due to their nature require judgement, particularly with reference to the forecasted future cash flows of each CGU, the determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows. Because of the judgment required and the complexity of assumptions used to estimate the recoverable amount of the Trademarks, we identified this area as a key audit matter. Relevant disclosures are included in note 4 and note 31 to the financial statements.	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the impairment process of intangible assets; • testing the CGUs identification process and the allocation of assets and liabilities to the CGUs; • an examination of the forecasted future cash flows for each CGU as well as the verification of the consistency of future cash flows related to each CGU with the business plans 2023–2027 and budget 2024 approved by the Company's board of directors respectively on March 8, 2023 and February 19, 2024; • assessment of quality of forecasts taking into consideration the historical accuracy of the previous forecast; • assessment of reasonableness of the long-term growth rates and discount rates. Our procedures were performed with the support of our experts in valuation techniques, who performed an independent recalculation of the recoverable amount of the CGUs and sensitivity analysis of the key assumptions that could have a significant effect on the estimate of the recoverable value. Lastly, we have reviewed the disclosure provided in the notes to the financial statement regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided 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.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Ferretti S.p.A. or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("**Collegio Sindacale**") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated 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;

- we have 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 Group's internal control;

- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- we have concluded on the appropriateness of 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 Group'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 consider this matter in forming 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 Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities [or business activities] within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, 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 provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have 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 have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Ferretti S.p.A., in the general meeting held on May 25, 2023, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2023 to December 31, 2031.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

REPORT ON COMPLIANCE WITH OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Ferretti S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF — European Single Electronic Format) (the "**Delegated Regulation**") to the consolidated financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as of December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as of December 31, 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Ferretti S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Ferretti Group as of December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Ferretti Group as of 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 included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Group] as at [mese][gg][anno] and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Ferretti S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Bologna, March 14, 2024

EY S.p.A.

Signed by: Gianluca Focaccia, Auditor

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

Consolidated Income Statement

For the year ended December 31, 2023

(in thousands Euro)	*Notes*	**December 31, 2023**	December 31, 2022
Revenue		**1,196,352**	1,072,449
Commissions and other costs related to revenue		**(61,868)**	(42,350)
NET REVENUE	7	**1,134,484**	1,030,099
Change in inventories of work-in-process, semi-finished and finished goods	8	**118,753**	35,181
Cost capitalized	9	**32,781**	31,982
Other income	10	**22,223**	16,002
Raw materials and consumables used	11	**(615,523)**	(514,468)
Contractors costs	12	**(209,426)**	(166,051)
Costs for trade shows, events and advertising	13	**(23,529)**	(19,963)
Other service costs	14	**(117,917)**	(117,680)
Rentals and leases	15	**(9,755)**	(8,931)
Personnel costs	16	**(130,727)**	(128,810)
Other operating expenses	17	**(7,961)**	(9,052)
Provisions and impairment	18	**(30,747)**	(33,115)
Depreciation and amortization	19	**(63,167)**	(53,089)
Share of loss of a joint venture	20	**—**	(44)
Financial income	21	**8,652**	2,328
Financial expenses	22	**(4,139)**	(4,452)
Foreign exchange gains	23	**19**	9,448
PROFIT BEFORE TAX		**104,022**	69,385
Income tax	24	**(20,519)**	(8,839)
PROFIT FOR THE YEAR		**83,503**	60,546
Attributable to:			
Shareholders of the Company		**83,048**	60,274
Non-controlling interests		**456**	271
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (€)	44	**0.25**	0.19

Consolidated Comprehensive Income Statement

For the year ended December 31, 2023

(in thousands Euro)	*Notes*	**December 31, 2023**	December 31, 2022
PROFIT FOR THE YEAR		**83,503**	60,546
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefits plan	42	**165**	891
Income tax effect	42	**(40)**	(214)
		125	676
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gains/(losses) from the translation of foreign operations	42	**(2,437)**	3,641
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(2,312)**	4,317
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**81,191**	64,862
Attributable to:			
Shareholders of the Company		**80,737**	64,588
Non-controlling interests		**456**	274

Consolidated Statement of Financial Position

As at December 31, 2023

(in thousands Euro)	*Notes*	**December 31, 2023**	December 31, 2022
CURRENT ASSETS			
Cash and cash equivalents	25	**314,109**	317,759
Trade and other receivables	26	**70,271**	59,432
Contract assets	27	**166,846**	115,372
Inventories	28	**337,732**	198,120
Advances on inventories	28	**37,266**	39,156
Other current assets	29	**820**	86,732
Income tax recoverable	26	**3,203**	2,091
		930,247	818,663
NON-CURRENT ASSETS			
Property, plant and equipment	30	**382,346**	303,394
Intangible assets	31	**276,652**	264,070
Other non-current assets	32	**6,077**	5,031
Deferred tax assets	33	**6,926**	16,397
		672,002	588,893
TOTAL ASSETS		**1,602,248**	1,407,556

Consolidated Statement of Financial Position

As at December 31, 2023

(in thousands Euro)	*Notes*	**December 31, 2023**	December 31, 2022
CURRENT LIABILITIES			
Minority Shareholders' loan	34	**1,000**	1,000
Bank and other borrowings	34	**11,253**	14,500
Provisions	39	**62,809**	42,946
Trade and other payables	35	**443,585**	337,364
Contract liabilities	36	**195,091**	185,914
Income tax payable	37	**6,299**	1,683
		720,037	583,408
NON-CURRENT LIABILITIES			
Bank and other borrowings	38	**21,616**	24,056
Provisions	39	**12,535**	13,049
Non-current employee benefits	40	**7,444**	7,646
Trade and other payables	35	**936**	1,006
		42,532	45,757
TOTAL LIABILITIES		**762,569**	629,165
SHARE CAPITAL AND RESERVES			
Share capital	41	**338,483**	338,483
Reserves	42	**500,357**	439,525
Equity attributable to shareholders of the Company		**838,840**	778,007
Non-controlling interests	43	**840**	384
TOTAL EQUITY		**839,680**	778,391
TOTAL LIABILITIES AND EQUITY		**1,602,248**	1,407,556

Consolidated Cash Flow Statement

For the year ended December 31, 2023

	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	**104,022**	69,385
Depreciation and amortization	**63,167**	53,089
Loss/(gain) on disposal of property, plant and equipment	**(78)**	(100)
Provisions	**19,147**	15,696
Financial income	**(8,651)**	(13,761)
Financial expenses	**4,139**	4,452
Share of loss of joint venture	**—**	44
Impairment of trade receivables, net	**—**	558
Provision/(reversal of provision) against inventories, net	**9,183**	678
Decrease/(increase) in inventories	**(146,905)**	(64,167)
Change in contract assets and contract liabilities	**(42,296)**	50,672
Decrease/(increase) in trade and other receivables	**(4,626)**	(18,060)
Increase/(decrease) in trade and other payables	**96,932**	52,370
Change in other operating liabilities and assets	**5,674**	(612)
Income tax paid	**(6,044)**	(4,546)
Cash flows from operating activities (A)	**93,663**	145,697
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment and intangible assets	**(152,946)**	(81,453)
Proceeds from disposal of property, plant and equipment and intangible assets	**1,434**	1,330
Acquisition of subsidiaries (Note 45)	**—**	(9,153)
Other financial investments	**87,184**	(75,278)
Interest received	**8,651**	1,923
Cash flows used in investing activities (B)	**(55,678)**	(162,632)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	**—**	234,753
Dividends paid	**(19,903)**	(6,707)
New bank and other borrowings	**1,000**	2,723
Repayment of bank and other borrowing	**(16,278)**	(70,143)
Interest paid	**(4,017)**	(2,582)

Consolidated Cash Flow Statement

For the year ended December 31, 2023

	December 31, 2023	December 31, 2022
Cash flows (used in)/from financing activities (C)	**(39,198)**	158,044
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D=A+B+C)	**1,214**	141,109
Cash and cash equivalents at beginning of year (E)	**317,759**	173,010
Effect of foreign exchange rate changes, net (F)	**(2,437)**	3,641
CASH AND CASH EQUIVALENTS AT END OF YEAR (G=D+E+F)	**314,109**	317,759
Cash and cash equivalents as stated in the consolidated statements of financial position	**314,109**	317,759

Consolidated Statement of Changes in Equity

For the year ended December 31, 2023

(in thousands Euro)	Share capital	Share premium*	Legal reserve*	Translation reserve*	Other reserves*	Equity attributable to the shareholders of the company	Non-controlling interests	Total equity
At January 1, 2022	250,735	281,293	7,110	4,329	(45,189)	498,278	(212)	498,066
Profit for the year					60,274	60,274	271	60,546
Other comprehensive income for the year:								
Actuarial gain on defined benefits plan, net of tax					673	673	3	676
Exchange differences on translation of foreign operations				3,641		3,641		3,641
Total comprehensive income for the year				3,641	60,948	64,588	274	64,862
Transfer to the legal reserve			1,177		(1,177)	0		0
Dividends					(6,707)	(6,707)		(6,707)
Issue of share capital (Note 41-42)	87,748	143,748				231,496		231,496
Transaction costs (Note 42)					(8,176)	(8,176)		(8,176)
Acquisition of subsidiaries (Note 45)					(1,476)	(1,476)	321	(1,155)
At December 31, 2022	338,483	425,041	8,287	7,970	(1,775)	778,007	384	778,391
Profit for the year					**83,048**	**83,048**	**456**	**83,503**
Other comprehensive income for the year:								
Actuarial loss on defined benefits plan, net of tax					**125**	**125**		**125**
Exchange differences on translation of foreign operations				**(2,437)**		**(2,437)**		**(2,437)**
Total comprehensive income for the year				**(2,437)**	**81,173**	**80,736**	**456**	**81,191**
Transfer to the legal reserve			**2,620**		**(2,620)**	**0**		**0**
Dividends					**(19,903)**	**(19,903)**		**(19,903)**
At December 31, 2023	**338,483**	**425,041**	**10,907**	**5,533**	**58,876**	**838,840**	**840**	**839,680**

* These reserve accounts comprise the consolidated reserves of €500,358 thousand (2021: €439,525 thousand) in the consolidated statements of financial position.

1. CORPORATE INFORMATION

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, 47841 Cattolica (Rimini), Via Irma Bandiera 62, Italy.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the design, construction and marketing of yachts and recreational boats.

2. BASIS OF PREPARATION

The financial information presented herein are based on the Consolidated Financial Statements for the year ended December 31, 2023 of the Group.

The Group's consolidated financial statements have been prepared in accordance with the IAS and IFRS issued or revised by the IASB and approved by the European Union (The "**EU**"). The acronym "IAS/IFRS" also refers to all of the interpretations published by the International Financial Reporting Interpretations Committee ("**IFRIC**"), formerly known as the Standing Interpretations Committee.

At the date of presentation of these consolidated financial statements, there were no differences between the IFRSs endorsed by the European Union and applicable to the Group and those issued by the IASB.

The consolidated financial statements have been prepared on the basis that the Group can operate as a going concern since the Company's management has verified that there are no uncertainties with regard to this. They include the statement of financial position, the income statement, the comprehensive income statement, the cash flow statement, the statement of changes in equity and notes of the Group.

The consolidated financial statements have been presented in Euro and prepared on the basis of the accounts for the year ended December 31, 2023 (January 1, December 31), of the companies within the consolidation perimeter, as approved by the Boards of Directors.

For the purposes of clarity and to make this document more readily understandable, all the amounts listed are stated in thousands of Euro, except when otherwise indicated.

2. BASIS OF PREPARATION (CONTINUED)

Climate change: impacts on financial reporting, accounts and financial statement disclosures.

While preparing the annual consolidated financial statements, taking into account the priorities endorsed by ESMA in October and in light of the findings of The Global Risks Report 2023 prepared by the World Economic Forum, where it is shown that climate change-related risks are those with a higher degree of severity, the Group's management has expressed the clear intention to provide for the predisposition of a formal process, defining methodologies, roles and responsibilities for the identification and assessment of risks and opportunities related to climate change, including the relative impacts on financial disclosures, accounts and financial statements.

Therefore, based on the results of this assessment, no significant influence was noted on the estimates and assessments in the preparation of the annual consolidated financial statements.

Conscious of the strategic importance of a responsible and sustainable business, the Group decided a while ago to communicate information on environmental, social and governance factors to its stakeholders, with a particular focus on the production process and product design based on market expectations. In this regard, the Group acknowledges the fundamental role of a stable and long-term collaboration with all stakeholders, in which a core element is a shared commitment to an increasingly sustainable business.

3. CONSOLIDATION AREA AND CONSOLIDATION PRINCIPLES

These financial statements have been prepared by consolidating the financial statements of the Company and its subsidiaries at the reporting dates indicated.

Pursuant to IFRS 10, control arises when the Group is exposed, or has rights, to variable returns from its involvement with the investee and at the same time has the ability to influence those returns through its power over the said investee.

Specifically, the Group controls an investee if, and only if, the Group has:

— power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee);

— exposure, or rights, to variable returns from its involvement with the investee;

— ability to exert power over the investee to influence the amount of the investor's returns.

It is generally presumed that the majority of voting rights implies control. In support of this assumption, where the Group holds less than the majority of voting rights (or similar rights), the Group considers all facts and circumstances relevant to determining whether it controls the investee, including:

— contractual agreements with other vote-holders;

— rights under contractual agreements;

— the Group's actual and potential voting rights.

The Group reconsiders whether it controls an investee if the facts and circumstances indicate that there have been changes in one or more of the three factors relevant to determining control. A subsidiary begins to be consolidated when the Group obtains control of it and ceases to be consolidated when the Group loses control. The assets, liabilities, revenues and costs of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group no longer controls the company.

3. CONSOLIDATION AREA AND CONSOLIDATION PRINCIPLES (CONTINUED)

The main consolidation criteria applied in preparing the consolidated financial statements are reviewed below:

a) assets and liabilities and revenues and expenses in the financial statements of companies that are consolidated line by line are included in the Group's financial statements, irrespective of the percentage interest held;

b) the carrying amount of investments in subsidiaries held by Ferretti or by other companies included in the consolidation area is offset by the interest in the equity upon recognition of the assets and liabilities of the subsidiary companies. The amount by which the carrying value of the investment in a subsidiaries exceeds the corresponding interest in the underlying equity at the time of acquisition is offset against the incremental value attributable to assets and liabilities. Any residual amount is recognized as goodwill. In accordance with IFRS 3, the Group changed the accounting principles it applies to goodwill prospectively as of the date of transition to the IFRS. Consequently, starting on that date, the Group no longer amortizes goodwill, but it does test it for impairment;

c) Where a negative difference emerges, IFRS 3 does not require the recognition of badwill. In this case, the Group again verifies whether it has properly identified all assets acquired and liabilities assumed and revises the procedures used to determine the amounts to be recognized at the acquisition date. If the new assessment continues to indicate that the fair value of the net assets acquired exceeds their consideration, the difference (gain) is taken to the income statement.

d) The profit or loss of any company acquired or sold during the year is recognized in the consolidated income statement from the actual date of acquisition up to the actual date of sale.

e) Material transactions between consolidated companies are eliminated. The same process is also used for debit and credit entries. Specifically, unrealized gains from transactions between Group companies that on the reporting date are reflected in the valuation of inventories or non-current assets, net of any tax effect, are eliminated.

The interest held by non-controlling shareholders in the net assets of consolidated subsidiaries is shown separately from Group interest in equity. The non-controlling interest is determined based on the interest held by non-controlling shareholders in the fair value of assets and liabilities recognized on the original date of acquisition and in subsequent changes in equity. Subsequently, any losses attributable to the non-controlling shareholders in excess of their interest in the underlying equity are charged against Group interest in equity, unless the non-controlling shareholders have a binding obligation to cover those losses and have the resources to do so.

At December 31, 2023, non-controlling interests related to the shareholders that own 25% of the share capital of the subsidiary Sea Lion Srl, 20% of share of Ram S.p.A. and 15% of the share capital of Il Massello s.r.l., included the companies Parola s.r.l. and Smart Wood s.r.l. indirectly owned through Il Massello s.r.l..

3. CONSOLIDATION AREA AND CONSOLIDATION PRINCIPLES (CONTINUED)

The table below shows the names, registered offices and interests in capital held directly and indirectly by the Company in subsidiaries at December 31, 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	120,000	100%	
Il Massello s.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	30,000		85%
Smart Wood s.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	10,000		85%
Parola s.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	10,000		85%
Sea Lion Srl	Italy	Forlì (Forlì-Cesena)	Euro	10,000	75%	
Ram S.p.A.	Italy	Sarnico (Bergamo)	Euro	520,000	80%	
Ferretti Tech Srl	Italy	Cattolica (Rimini)	Euro	10,000	100%	
Allied Marine Inc.	USA	Fort Lauderdale (USA)	US Dollar	10	100%	
Fratelli Canalicchio S.p.A.	Italy	Narni (Terni)	Euro	500,000	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 (USA)	US Dollar	100		100%
Ferretti Group Asia Pacific Ltd.	China	Hong Kong (China)	Hong Kong Dollar	100,000	100%	
Ferretti Group Singapore Pte. Ltd.	Singapore	Singapore	Euro	1		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	150,000	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	300,000	100%	

3. CONSOLIDATION AREA AND CONSOLIDATION PRINCIPLES (CONTINUED)

Subsidiaries (Continued)

* 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 Bylaws.

These consolidated financial statements are presented in Euro, as this is the currency in which most of the Group's operations are conducted. The separate financial statements of each company in the Group are prepared in the currency of their primary economic environment (functional currency), while for the purposes of the consolidated accounts the financial statements of each foreign entity are presented in Euro.

The assets and liabilities of foreign subsidiaries with functional currencies other than the Euro are translated into Euro at the exchange rate in force at the end of the year. The income statement is translated at the average rate for the year. Any resulting translation differences are recognized in the equity under "Translation reserve", which is part of the financial statements. This reserve is recognized in the income statement as a gain or a loss in the year when the subsidiary involved is sold.

Translation of the Financial Statements of Foreign Companies into Euro

The consolidated financial statements for the year ended December 31, 2023 have been presented in Euro, which is the functional and presentation currency adopted by Ferretti. Each Group company defines its functional currency, which is used to measure the items in the individual financial statements. The Group uses the direct consolidation method. The profit or loss reclassified to the income statement at the time of sale of an international subsidiary represents the amount resulting from the use of this method.

3. CONSOLIDATION AREA AND CONSOLIDATION PRINCIPLES (CONTINUED)

Subsidiaries (Continued)

Group Companies

The assets and liabilities of Group companies are translated into Euro at the spot exchange rate at the reporting date, and the revenues and costs in each separate comprehensive income statement or income statement are translated at the spot exchange rates at the transaction date. The foreign exchange differences resulting from this translation are taken to the comprehensive income statement. Upon the disposal of a foreign operation, the part of the comprehensive income statement relating to such foreign operation is taken to the income statement.

Goodwill on the acquisition of a foreign operation and adjustments to the fair value of the carrying amounts of assets and liabilities arising from the acquisition of a foreign operation are accounted for as assets and liabilities of that foreign operation. They are therefore presented in the functional currency of the foreign operation and translated at the spot exchange rate at year-end.

The conversion into Euro of the financial statements of the non-EU subsidiaries of Ferretti (located in the USA), consolidated line by line, was done adopting the current exchange rate in force at the end of the period of reference for the statement of financial position (1 EUR equal to USD1.10500), and for the income statement items by applying the average exchange rate of the period of reference (1 EUR equal to USD1.08114). Similarly, the conversion into Euro of the financial statements of the subsidiary located in the United Kingdom, also consolidated line by line, was done adopting the current exchange rate at the reporting date December 31, 2022 (1 EUR equal to GBP 0.86905) for the statement of financial position, and for the income statement items by applying the average exchange rate of the period from January 1, 2022 to December 31, 2022 (1 EUR equal to GBP 0.86976).

The Group does not have any assets or liabilities in currencies of hyperinflationary economies.

4. ACCOUNTING POLICIES

The following accounting standards have been consistently applied by all Group companies.

Business Combinations

Business combinations are recognized in accordance with the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group decides whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the share of the non-controlling interest in the acquiree's net identifiable assets. Acquisition costs are expensed and classified under administrative costs.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, economic conditions and other pertinent conditions in place on the acquisition date. This includes checking whether an incorporated derivative has to be separated from the primary contract.

4. ACCOUNTING POLICIES (CONTINUED)

Business Combinations (Continued)

The assets, liabilities and identifiable contingent liabilities of the acquired company that meet the criteria for recognition set forth in IFRS 3 are recognized at their fair values on the date of acquisition, except for non-current assets (or disposal groups) that are classified as being held for sale (in accordance with IFRS 5). These assets are recognized at fair value, less costs to sell.

The acquiree measures contingent consideration at fair value at acquisition date. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. The change in fair value of contingent consideration classified as an asset or liability, in that it is a financial instrument falling within the scope of IFRS9 — Financial Instruments, must be recognized in profit or loss in accordance with IFRS 9. The contingent consideration not covered by IFRS 9 is valued at fair value at the reporting date and the changes in fair value are recognized through profit or loss.

Goodwill is initially recognized at cost, as the difference of the aggregate of the value of the consideration transferred and the amount attributed to non-controlling interests compared to net identifiable assets acquired and liabilities assumed by the Group. If the fair value of net acquired assets exceeds the total consideration paid, the Group verifies again whether it correctly identified all the assets acquired and all the liabilities incurred and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the review again identifies a fair value of net acquired assets exceeding the consideration, the difference (profit) is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree have been assigned to those units.

Transactions that do not have a significant impact on the future cash flows of the transferred net assets — The principle of the continuity of values

The adoption of the principle of the continuity of values results in the recognition on the statement of financial position of values that are the same as those that would be used if the companies that are parties to the business combination had always been combined.

Therefore, if the transfer values are higher than the historical values, the buyer/recipient of the transferred assets must make a reversing entry for the amount of the surplus and adjust downward its equity by a charge to a reserve, whether or not the goodwill paid has economic value.

Transactions that have a significant impact on the future cash flows of the transferred net assets

In this case, the transaction is recognized based on the fair value of the transferred net assets at the date transaction accordingly with the method provided by IFRS 3, including the goodwill.

4. ACCOUNTING POLICIES (CONTINUED)

Recognition of revenue from contracts with customers

The Group generates revenue by selling goods and providing services within its core business. Revenue is stated net of value-added tax, discounts and allowances, and after eliminating sales to Group companies.

In accordance with IFRS 15, the Group recognizes revenue after identifying the contracts with its customers and the related performance obligations to be fulfilled, determining the consideration to which it believes it is entitled in exchange for the sale of the goods or the provision of the services, and assessing the manner of fulfillment of the obligations concerned (i.e., at a point in time or over time).

In accordance with IFRS 15, the Group only recognizes revenue when the following requirements have been met:

— the parties to the contract have approved the contract and undertaken to perform their respective obligations;

— the rights of each of the parties in respect of the goods or services to be transferred may be identified;

— the terms of payment for the goods or services to be transferred may be identified;

— the contract has commercial substance;

— it is probable that the consideration for the goods sold or services transferred will be received.

IFRS 15 requires that revenue from contracts with customers be presented separately from other sources of revenue, unless a disclosure is provided that enables them to be separated from other revenue recognized through other comprehensive income or profit or loss. The Group has elected to recognize revenue from contracts with customers through profit or loss in a single line, with the details disclosed in the notes.

IFRS 15 defines revenues as “income arising in the course of an entity’s ordinary activities” but excludes certain contracts with customers (such as lease contracts) from its scope of application.

IFRS 15 requires that entities assess all relevant facts and circumstances when they apply all steps of the model to contracts with customers. The Standard also specifies the accounting treatment for the incremental costs of obtaining a contract and costs related directly to the fulfilment of a contract. The Standard also requires that ample disclosure be provided.

Contract work revenues represent performance obligations satisfied over time. In particular, revenues are recognized on a percentage of completion basis and are defined by IFRS 15 as contracts specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

4. ACCOUNTING POLICIES (CONTINUED)

Recognition of revenue from contracts with customers (Continued)

When the outcome of a construction contract can be estimated reliably, contract revenues are recognized based on the revenue amounts accrued consistent with the stage of completion of the contract activity at the reporting date that represents the portion of control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or service. Otherwise, revenues are recognized only to the extent of the contract costs incurred that are likely to be recovered.

The stage of completion of the contract activity is determined in accordance with the cost-to-cost method, which is based on the proportion between the contract costs incurred for work performed up to the reference date and the total estimated contract costs. Costs incurred under these contracts are recognized in the year in which they are incurred.

Assets for contract work in process are presented based on the right to the consideration accrued in relation to performance net of related liabilities, namely invoices issued as work progresses and any expected losses. This analysis is carried out contract by contract. If the differential is positive the balance is classified under assets in the item "Contract assets"; if, on the other hand, this differential is negative, the balance is classified under liabilities, in the item "Contract liabilities".

Revenues from the sale of used boats, brokerage services, sale of merchandising, spare parts and the provision of services are performance obligations satisfied at a point in time and revenues are recognized when the control of the asset or service is transferred to the client. The moment the control of the asset or service transfer coincides with the transfer of ownership or possession of the goods to the buyer and so generally with despatch or completion of the service.

Commissions and other costs related to revenue

Commissions, that represents the costs incurred by the Group for the intermediation activities carried out by the dealers and brokers are accounted, are accounted netting the revenues.

4. ACCOUNTING POLICIES (CONTINUED)

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of reduced depreciation charge. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual installments. Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments.

Interest Income and Expense

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Income Taxes

Income taxes comprise current tax expenses and deferred tax expenses.

The liability for current taxes is calculated using the rates in force or effectively in force on the date of the financial statements.

Deferred taxes are the taxes that the Group expects to pay or recover from temporary differences between the reported values of assets and liabilities and the tax values assigned to these assets and liabilities for the purpose of determining the taxable income. They are recognized in accordance with the balance sheet liability method. As a rule, deferred-tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that the Group believes that it will probably generate sufficient taxable income in the future to utilize deductible temporary differences. Likewise, deferred-tax assets that arise from a tax loss carryforward are recognized when it is probable that the Group will generate sufficient taxable income to allow their utilization.

4. ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, affiliated companies and joint ventures, except in those cases where the Company is able to control the offsetting of the temporary differences and it is probable that they will not be offset in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on the date of the financial statements and written down when it is no longer probable that the Group will generate sufficient taxable income to allow the full or partial recovery of these assets.

Deferred taxes are calculated using the tax rate that the Group expects to be in force when the corresponding asset is realized or the liability is satisfied, based on the tax rates (and the tax regulation) set forth in statutes in force or substantially in force on the date of the financial statements. Deferred taxes are recognized directly in earnings, except for those related to items that are recognized directly in equity, in which case the related deferred taxes are also recognized in equity.

The Italian companies Ferretti S.p.A. and Zago S.p.A. have opted for group taxation pursuant to Articles 117 et seq. of TUIR Consolidated Law on Income Tax (Law No. 917 of December 22, 1986).

The Italian government has implemented Pillar Two regulations effective January 1, 2024 (as provided by Legislative Decree No. 209 of December 28, 2023, hereinafter "**Italian Decree on Pillar Two**"). According to the Italian Decree on Pillar Two, Ferretti S.p.A. qualifies as a Partially-Owned Parent Entity ("**POPE**" or "**Partially-Owned Parent Entity**") because more than 20 percent of its profit rights are held by entities outside the group perimeter.

Shandong Heavy Industry, located in China, appears to be the parent company ("**Ultimate Parent Entity**" or "**UPE**") that fully consolidates (i.e., line-by-line) its subsidiaries, including Ferretti S.p.A. Considering that Pillar Two regulations are not yet effective as of the reporting date, there are no current tax liabilities for the year ending December 31, 2023.

In light of the Group's structure above, the preliminary calculation of the "Transitional CbCR Safe harbor" ("**TSH**") tests has been carried out by UPE and is still being finalized.

Indeed, taking into account the complexity of the legislation in question and the uncertainty in its application, the quantitative impact cannot be reasonably estimated at present. The Group expects to complete the assessment in the first half of 2024.

The Group has applied the temporary mandatory exemption required by the amendment to IAS 12.

4. ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, bank checking accounts, deposits redeemable upon demand and other highly liquid, short-term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

Trade and other receivables and contract assets

Trade receivables are sums due from customers in respect of the sale of products and services.

Trade receivables are recognized at their face value, less a write-down capable to recognize an estimate of doubtful account losses, following a simplified approach to calculate expected losses. Such losses are taken to the income statement where there is objective evidence that the receivables have become impaired.

With reference to impairment, the IAS 39 model based on the losses incurred was replaced by the Expected Credit Loss ("**ECL**") model, in accordance with IFRS 9, and applied to trade and other receivables.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 26 and Note 27 to the financial statements, respectively.

4. ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of raw materials, auxiliary materials, supplies, semi-finished goods and work in process are valued at the lower of purchase or production cost, determined by the average weighted cost method, and the corresponding market or estimated realizable value, which takes into account both any additional future production costs and direct costs to sell.

The cost of inventories also includes incidental expenses and the pro-rata share of direct and indirect production costs that can be reasonably attributed to inventories.

Obsolete and slow-moving inventories are written down to reflect their potential utilization or sale by recognizing a special provision in the financial statements. If in a subsequent fiscal year the reasons for the write-down cease to apply, the original value is reinstated.

Financial Instruments: recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

- *Initial recognition and measurement*

  At the time of initial recognition, financial assets are classified, depending on circumstances, based on the following measurement methods, namely amortized cost, fair value through other comprehensive income ("**OCI**") and fair value recognized in the income statement.

  The classification of financial instruments at the time of initial recognition depends on the characteristics of the financial asset contractual cash flows and on the business model used by the Group for its operations. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus the transaction costs, in the case of a financial asset not at fair value recognized in the income statement. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the price of the transaction determined according to IFRS 15.

  For a financial asset to be classified and measured at amortized cost or fair value through OCI, it must generate cash flows that depend only on the principal and interest on the amount of the principal to be repaid (so-called "**solely payments of principal and interest (SPPI)**"). This measurement is indicated as an SPPI test and is carried out at instrument level. The Group's business model for managing financial assets refers to the way in which it manages its financial assets in order to generate cash flows. The business model decides whether the cash flows will derive from the collection of contractual cash flows, the sale of financial assets or both. The purchase or sale of a financial asset requiring its delivery within a period of time generally set by regulation or market practices (so-called regular way trade) is recognized on the deal date, namely the date on which the Group undertook to buy or sell the asset.

4. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments: recognition and measurement (Continued)

Financial Assets (Continued)

- *Subsequent measurement*

  For the purpose of subsequent measurement, financial assets are classified in four categories:

  — financial assets at amortized cost (debt instruments);

  — financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments);

  — financial assets at fair value through other comprehensive income without recycling of cumulative gains and losses upon derecognition (equity instruments);

  — financial assets at fair value through profit or loss.

  1) Financial assets at amortized cost (debt instruments) represent the category of greatest significance for the Group. The Group measures a financial asset at amortized cost if both of the following conditions are met:

     - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

     - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

     Financial assets at amortized cost are subsequently measured using the effective interest rate method and are tested for impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or becomes impaired.

     The Group reports an expected credit loss for all the financial instruments represented by debt instruments not held at fair value recognized in the income statement. The ECLs are based on the difference between the contractual cash flows due under the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

     The expected losses are recognized in two stages. Regarding credit exposure for which there has been no significant increase in the credit risk since initial recognition, credit losses resulting from the estimate of possible default events in the next 12 months (12-month ECL) must be recognized. For credit exposure for which there has been a significant increase in credit risk since initial recognition, the expected losses relating to the residual period of the exposure, regardless of the moment when the default event is expected to occur ("**Lifetime ECL**"), must be recognized in full.

4. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments: recognition and measurement (Continued)

Financial Assets (Continued)

- *Subsequent measurement (Continued)*

  2) Financial assets at fair value through OCI (debt instruments): for assets from debt instruments measured at fair value through OCI, interest income, changes in exchange rate differences and impairment losses, together with the reversals, are recognized in the income statement and are calculated in the same way of financial assets measured at amortized cost. The remaining changes in fair value are recognized in OCI. Upon derecognition, the cumulative change in fair value recognized in OCI is reclassified to profit or loss. The Group's debt instrument assets measured at fair value recognized in OCI include investments in listed debt instruments included in other non-current financial assets.

  3) Investments in equity instruments: upon the initial recognition, the Group may irrevocably elect to classify its investments as equity instruments recognized at fair value through OCI when they meet the definition of equity instruments under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined for each individual instrument. Gains and losses realized on those financial assets are never reversed through the income statement. Dividends are recognized as other income in the income statement when the right to payment has been approved, except when the Group benefits from that income as the recovery of part of the cost of the financial asset, in which case such gains are recognized in OCI. Equity instruments recognized at fair value through OCI are not subject to an impairment test. The Group has chosen to irrevocably classify its unlisted equity investments in this category.

  4) Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value and net changes in fair value are recognized in the statement of profit/(loss) for the year. This category includes derivative instruments and listed equity investments that the Group has not irrevocably chose to classify at fair value recognized in OCI. Dividends on listed equity investments are recognized as other income in the statement of profit/(loss) for the year when the right to payment has been approved.

     The embedded derivative contained in a hybrid non-derivative contract, financial liability or main non-financial contract is separated from the main contract and accounted for as a separate derivative. Main non-financial contract is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and associated risks are not closely related to those of the main contract; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. The embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss. A restatement only occurs if there is a change in the terms of the contract that significantly alters the otherwise expected cash flows. Significantly the otherwise expected cash flows or a reclassification of a financial asset to a category other than fair value through profit or loss.

4. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments: recognition and measurement (Continued)

Financial Assets (Continued)

- *Subsequent measurement (Continued)*

  For trade receivables and contract assets, the Group applies a simplified approach when calculating the expected losses. The Group does not, therefore, monitor changes in credit risk, but fully recognizes the loss expected at each reporting date.

- *Derecognition*

  A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's combined statements of financial position) when:

  - the rights to receive cash flows from the asset have expired; or

  - the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

- *Initial recognition and measurement*

  Upon initial recognition, financial liabilities are classified among financial liabilities at fair value through profit or loss and loans and borrowings.

  All financial liabilities are initially recognized at fair value, in addition to directly attributable transaction costs, in the cases of loans, financing and payables.

4. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments: recognition and measurement (Continued)

Financial liabilities (Continued)

- *Subsequent measurement*

  The valuation of financial liabilities depends on their classification, as described below:

  — Financial liabilities at fair value through profit or loss

  Financial liabilities at fair value with changes recognized through profit or loss include liabilities held for trading and financial liabilities at fair value with changes recognized through profit or loss.

  — Loans and borrowings

  This is the category of greatest significance for the Group. Loans are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liability is extinguished, as well as through the amortization process. Amortized cost is calculated by including the discount or premium, as well as costs and fees, which are an integral part of the effective interest rate. Amortization at the effective interest rate is included among net interest expense in profit or (loss). This category generally includes interest-bearing loans and payables.

  — Derecognition

  A financial liability is derecognized when the obligation underlying the liability is extinguished, canceled or discharged. Where one existing financial liability is replaced by another attributable to the same borrower with substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is accounted for by derecognizing the original liability and recognizing a new liability, with any differences between carrying amounts recognized in the income statement.

4. ACCOUNTING POLICIES (CONTINUED)

Property, Plant, Machinery and Equipment

Buildings and land are recognized at their purchase, production or conveyance cost, including any incidental charges, decommissioning costs and direct costs needed to make an asset ready for use. With the exception of land, these assets are depreciated on a straight-line basis, in equal annual installments in accordance with standard depreciation rates based on the residual useful lives of the assets.

Buildings under construction for use in manufacturing, as administrative facilities or for purposes that are yet to be determined are recognized at cost, net of write-downs for impairment losses. As for all assets, the depreciation of these assets begins when they are ready for use.

Plant, machinery and equipment are recognized at cost, net of accumulated depreciation and any write-downs for impairment losses. Cost includes decommissioning costs, asset removal costs and the costs incurred for the restoration of the site where the non-current asset is located, if they meet the requirements of IAS 37.

Depreciation is taken on a straight-line basis on the cost of the assets, net of any residual value, based on the assets' estimated useful lives, by applying the following rates:

Buildings	
Buildings	3.0%–6.0%
Prefabricated structures	10%
Leasehold improvements	The shorter of the lease term and the estimated useful lives of the assets
Plant, machinery and equipment	
Manufacturing plants and automated machines	11.5%–15.0%
Manufacturing and distribution equipment	25.0%
Models and moulds	
Models and moulds	20%–33%
Other property, plant and equipment	
Office furniture and machines	12.0%
Electronic machines	40.0%
Vehicles	25.0%

4. ACCOUNTING POLICIES (CONTINUED)

Property, Plant, Machinery and Equipment (Continued)

The capitalized costs of leasehold improvements are allocated to the classes of assets to which they belong and are depreciated over the residual duration of the lease or the residual useful life of the type of asset to which the improvement is attributable, whichever is shorter.

When the individual components of a complex item of property, plant and equipment have different useful lives, they are recognized separately and depreciated according to their duration (component approach).

In accordance with this principle, the value of land is separate from that of buildings erected on it and only the buildings are depreciated.

Gains or losses on the sale or disposal of assets — which are calculated as the difference between the sales proceeds and the net carrying value of the asset — are recognized in the income statement for the year.

Ordinary maintenance costs are charged in full in the income statement. Maintenance costs that increase the value of an asset are allocated to the related asset and amortized over the remaining useful life of the asset, if they satisfy the definition of asset.

The recoverability of their value is tested in accordance with the criteria provided for by IAS 36. These criteria are explained in the paragraph entitled "Impairment of Assets".

IFRS 16 — Leases

The Group has leases for a series of activities mainly related to the lease of property, plant, machinery, motor vehicles and other equipment. The Group applied a single recognition and measurement approach for all the leases where the Group was a lessee, except for short-term leases (duration less than 12 months) and low-value leases (comprehensive value of the agreement less than €5,000).

Rights-of-use assets

The Group recognizes the rights-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Rights-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the rights-of-use assets comprises the amount of the initial measurement of the lease liability recognized, any initial direct costs incurred, any lease payments made at or before the commencement date, less any lease incentives received. Unless the Group has the reasonable certainty to obtain ownership of the underlying asset by the end of the lease term, rights-of-use assets are depreciated on a straight-line-basis over the shorter period of the end of the estimated useful life or the end of the lease term. The rights-of-use assets are subjected to impairment.

4. ACCOUNTING POLICIES (CONTINUED)

IFRS 16 — Leases (Continued)

Lease liabilities

At the commencement date, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments comprise fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. The lease payments also comprise the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognized as costs in the period in which the event takes place or the condition that generated the payment.

The Group uses the average interest rate on borrowings to measure the present value of the payments due for the lease. After commencement date, the carrying amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect the lease payments made. Moreover, the carrying amount of the lease liability is remeasured to reflect any lease modifications, or to reflect revised in-substance fixed lease payments.

Significant judgment for determining the lease term for contracts with an option to extend the lease.

The Group determines the lease term as the period of a lease covered by contract, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.

Options to extend the lease of vehicles and housing, for employee use, have not been included when determining the lease term, since the Group has a leasing policy for motor vehicles for a period of no more than four years and so will exercise no right of renewal.

Intangible assets with indefinite useful life

Goodwill and other assets that have an indefinite useful life (trademarks) or are not available for use are not amortized on a regular basis. Instead, their recoverable value is tested annually for impairment at the level of the cash generating unit to which management allocated the goodwill. Once recognized, write-downs of these assets may not be subsequently reversed.

When a subsidiary, joint venture or business unit is sold, the goodwill attributable to the subsidiary, joint venture or business unit is included in the computation of the gain or loss generated by the sale.

4. ACCOUNTING POLICIES (CONTINUED)

Intangible Assets Generated Internally — Research and Development Costs

Research costs are charged to the income statement in the period in which they are incurred.

Intangible assets generated internally, mainly in connection with the development of models and moulds and intellectual property, are recognized as assets only if the following conditions are satisfied:

— the asset is identifiable (e.g., software or new processes);

— it is likely that the asset will generate future economic benefits;

— the costs incurred to develop the asset can be measured reliably; and

— there is a technical and financial capacity to complete the asset and render it available for use or sale.

These intangible assets are amortized on a straight-line basis over the length of their useful lives from three to five years.

When assets generated internally may not be recognized in the financial statements, development costs are charged to the income statement in the period they are incurred.

Other intangible assets

Consistent with the provisions of IAS 38 — Intangible Assets, other intangibles, whether purchased or produced internally, are recognized as assets when it is likely that their use will generate future economic benefits and their cost can be measured reliably.

These assets are valued at their purchase or production cost. When they have a finite useful life, they are amortized on a straight-line basis over their estimated useful lives. Intangible assets with an indefinite useful life are not amortized. They are tested for impairment annually (or more often if there is an indication that an asset may have suffered an impairment loss) to identify any decreases in value.

Trademarks with indefinite useful life are not amortized on a regular basis.

Other intangible assets are initially recognized at their acquisition cost and are amortized on a straight-line basis over their useful lives, which is estimated at five years. However, the cost of application and management software licenses is amortized over three years.

4. ACCOUNTING POLICIES (CONTINUED)

Intangible Assets Generated Internally — Research and Development Costs (Continued)

Other intangible assets (Continued)

Other intangible assets are initially recognized at their acquisition cost and are amortized on a straight-line basis over their useful lives, which is estimated at five years, except the cost of application and management software licenses which is amortized over three years.

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of finite or indefinite useful life is generally based on the following criteria:

— the brand or trade name's overall positioning in its market expressed in terms of volume of activity, international presence and reputation;

— its expected long term profitability;

— its degree of exposure to changes in the economic environment;

— any major event within its business segment liable to compromise its future development;

— its age.

In addition, from business and legal perspective, these trademarks have no terms or can be indefinably renewed and therefore, will always belong to the Group. Having considered these criteria, in the period the Group classified its trademark as assets of indefinite useful life.

Impairment of Assets

At least at each reporting date, the Group reviews the carrying values of its property, plant and equipment and of its intangible assets to determine if there are any indications that the value of these assets has been impaired. If such indications exist, the recoverable value of the affected assets is estimated in order to determine the amount of the write-down that may be required. When the recoverable value of an individual asset cannot be estimated, the Group estimates the recoverable value of the cash-generating unit to which the individual asset has been allocated.

Intangible assets with an indefinite useful life (goodwill and trademarks) are tested annually for impairment, whether there are indications that their value has been impaired or not.

4. ACCOUNTING POLICIES (CONTINUED)

Impairment of Assets (Continued)

The recoverable amount is the greater of an asset's fair value, net of the cost to sell, or its value in use. In determining the value in use, future estimated cash flows are discounted to their present value using an after-tax rate that reflects current market valuation of the value of money and of the specific risks that affect the asset in question.

If the recoverable value of an asset or of a cash-generating unit is estimated to be lower than its carrying amount, the latter is reduced to the asset's lower recoverable value. The corresponding write-down is immediately recognized within the income statement.

When the reasons that justified a write-down cease to apply, the carrying amount of the affected asset or cash-generating unit (but not goodwill) is raised to the new estimated realizable value, but not beyond the net carrying value that the asset would have had, had it not been written down. The reversal is recognized in the income statement.

Equity investments

Associated companies

Associated companies are companies over which the Company exercises a significant influence, but not control. As a rule, an equity interest corresponding to an interest equal to 20% to 50% of the voting rights indicates a significant influence.

Post-employment Employee Benefits

Payments due under defined-contribution plans are charged to the income statement in the period during which they are due.

In the case of defined-benefit plans (which include the employee severance benefit plans of Italian Group companies), the cost of benefits provided is determined in accordance with the projected unit credit method by making actuarial valuations at the end of each year. The new standard re-organizes the information disclosures which must be provided in relation to benefits granted to employees and introduces the obligation to book actuarial gains and losses in the comprehensive income statement, thereby eliminating the possibility of adopting the corridor method. Actuarial gains and losses booked in the comprehensive income statement are not subsequently booked within the income statement. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

4. ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognized for losses or liabilities the existence of which is certain or probable, but the amount or date of occurrence of which cannot be determined at year-end. Provisions reflect the management's best estimates on the basis of the information available to them.

Provisions are recognized in the financial statements for statutory or contingent obligations (contractual or of a different nature) that arise from a past event and it is likely that the Group will be required to fulfil that obligation. These provisions are established based on management's best estimate of the costs needed to fulfil the obligations on the reporting date. They are discounted, when the discounting effect is material.

Basic and diluted earnings per share (EPS)

Accounting standard IAS 33 — Earnings per Share regulates the calculation and disclosure of information to be provided to users of financial statements regarding basic and diluted earnings per share. The classes of financial instruments identified by the standard that have to be considered when calculating the aforesaid indicators are options, warrants, instruments convertible to shares (e.g. convertible bonds) and similar.

Basic earnings per share are calculated based on earnings for the year attributable to shareholders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share are calculated based on diluted earnings for the year attributable to shareholders of the Company, divided by the weighted average number of ordinary shares in issue during the financial year amended by the number of potentially dilutive ordinary shares.

The Company has no potentially dilutive financial instruments and so the two indicators are the same.

Use of estimates and assumptions

The preparation of financial statements and the accompanying notes in accordance with the IFRS requires management to formulate estimates and assumptions that have an impact on the revenue, costs, assets and liabilities listed on the statement of financial position and on disclosures about contingent assets and liabilities at the reporting date, including climate changes as described above. The estimates are based on evaluations and prior experience, as well as on assumptions made from time by time assessed based on the specific circumstances. Actual results may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately on the income statement. Set out below are the main balance sheet items affected by the use of accounting estimates and the circumstances involving an element of judgment by management.

4. ACCOUNTING POLICIES (CONTINUED)

Use of estimates and assumptions (Continued)

Impairment of non-financial assets

An impairment loss occurs when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The carrying amount of non-current assets is assessed periodically whenever circumstances or events require a more frequent assessment. Goodwill and trademarks are assessed at least annually; these recoverability assessments are carried out in accordance with the criteria specified in IAS 36 and described in more detail in Note 31. The recoverable value of a non-current asset is based on estimates and assumptions used to determine expected future cash flows and the discounting rate applied.

Deferred tax assets

Deferred tax assets were recognized, consistently with IAS 12 requirements, only to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. The Group has certain deferred tax assets from tax losses and not deducted interest expenses carryforward ("**DTAs**") that, in accordance with the accounting principle, have not been recognized during the Reporting Periods. The Group reassesses at each reporting date, its DTAs, both recognized and unrecognized and it recognizes a previously unrecognized DTAs to the extent that it becomes probable that sufficient taxable profit will be available to enable the asset to be recovered, based on the actual profits before tax reported in each of the years/period comprising the Reporting Periods and based on the expected continuous improvements in future trading conditions and future forecasted profits. The additional DTAs that became recognizable in the Reporting Period.

Provisions

Provisions are based on evaluations and estimates based on historic experience and assumptions that from time to time are considered reasonable and realistic based on the specific circumstances. For further details, reference should be made to Note 39.

Revenue from contracts with customers for contract assets

With reference to revenue from contracts with customers for contract assets, the risk in question regards the incorrect estimate of costs planned at the budgeting stage, relating to contracts valued based on IFRS 15, and hence incorrect revenue recognition. More specifically, application of the cost-to-cost method requires the prior estimate of costs throughout the life of individual projects and their updating at each reporting date, using at times complex assumptions, which by their very nature imply directors making judgments. Such assumptions may be influenced by multiple factors such as, for example, the time period over several years when other projects are being developed, the high level of technology, innovation and customisation of the projects, the presence of variants and price revisions and boat performance guarantees, including an estimate of contractual risks, where applicable. These facts and circumstances make it a complex task to estimate project completion costs and, as a result, to estimate the value of contract work in process at the reporting date.

4. ACCOUNTING POLICIES (CONTINUED)

Commitments

Commitments are those that may give rise to a future outflow of cash or other resources for contractual commitments for the acquisition of property, plant and equipment and intangible assets, for construct or develop investment property or for repairs, maintenance or enhancements. The total commitments the Group has made but not recognized at the reporting date (including its share of commitments made jointly with other investors with joint control of a joint venture) relating to its interests in joint ventures will be eventually disclosed.

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.

Geographical information — non-current assets

Since over 90% of the Group's non-current assets is located in Italy, no additional information by geographical sector is provided.

Information on main customers

No single external customer accounts for 10% or more of the Group's revenues.

Changes in accounting policies and disclosure

The Group has not early adopted any principles, interpretations or amendments published but not yet in force.

4. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosure (Continued)

Several amendments apply for the first time in 2023, but do not have an impact on the 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 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 Judgements provide guidance and examples to help entities apply materiality judgements 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 consolidated financial statements.

4. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosure (Continued)

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 consolidated financial statements.

International Tax Reform — Pillar Two Model Rules — Amendments to IAS 12

Following the publication in the Official Journal of Commission Regulation (EU) 2023/2468 of November 8, 2023, the following amendments to accounting standard IAS 12 apply:

a. the temporary mandatory exception to the recognition of deferred tax assets and liabilities related to the application of the provisions of Pillar Two; and

b. the disclosure requirement with reference to the estimation of the Group's exposure, if any, to Pillar Two taxes, starting with the 2023 annual financial statements.

Standards issued but not yet effective

The following new standards and amendments were issued by the IASB.

We will comply with the relevant guidance no later than their respective effective dates:

- In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1), which affects the requirements in IAS 1 for the presentation of liabilities, including clarifying one of the criteria for classifying a liability as non-current. In October 2022, the IASB issued an amendment to further clarify that covenants of loan arrangements, which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier adoption permitted. We do not expect a material impact on our Consolidated Financial Statements or disclosures upon adoption of the amendment.

4. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosure (Continued)

Standards issued but not yet effective (Continued)

- In September 2022, the IASB issued a narrow-scope amendment to IFRS 16 — Leases, which adds to the requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. We are currently evaluating the impact of adoption.

- In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, addressing the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements. The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. We are currently evaluating the impact of adoption.

- In August 2023, the IASB issued amendments to IAS 21 — The Effects of Changes in Foreign Exchange Rates that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier adoption permitted. We are currently evaluating the impact of adoption.

5. ACCOUNTING STATEMENTS

The consolidated Income Statement is presented in a layout that shows a breakdown of costs by type.

As required by the revised version of IAS 1, the financial statements include a Comprehensive Income Statement, which reflects certain gains and losses previously recognized directly in equity reserves (e.g., gains or losses from changes in the reserve for the translation of the financial statements of foreign subsidiaries and actuarial results arising from the valuation of employee benefits).

The consolidated Statement of Financial Position is presented in a format that provides a breakdown between current and non-current assets and liabilities. An asset or a liability is classified as current when it meets one of the following requirements:

— there is an expectation that it will be realized/settled or will be sold or used during the Group's regular operating cycle;

— it is owned primarily for trading purposes; or

— the Group expects to sell it/settle it within 12 months of the closing date of the financial statements.

If all of these three conditions cannot be met, an asset or liability is classified as non-current.

The consolidated Cash Flow Statement was prepared in accordance with the indirect method, which requires that the profit before taxes be adjusted to eliminate the impact of non-cash transactions, deferrals or provisioning of previous or future operational collections and payments and revenues or costs related to cash flows stemming from investing or financing activities. Income and expenses from long-term financing transactions, with related hedging instruments, and dividends paid are included among financing activities.

The consolidated Statement of Changes in Equity shows how the components of the Group's equity changed in the course of the year.

6. FINANCIAL RISK MANAGEMENT

The following qualitative information, which is being offered to provide a better understanding of the impact of financial instruments on the Group's statement of financial position, income statement and Cash Flow Statement, is also designed to explain more clearly the Group's exposure to the different types of risks associated with financial instruments and the corresponding management policies, as required by IFRS 7.

The table below lists the assets and liabilities by category of measurement.

Financial assets

	December 31, 2023	December 31, 2022
Derivatives not designated as hedging instruments	**—**	—
Derivatives designated as hedging instruments	**—**	—
Financial assets at fair value through profit or loss	**—**	—
Life insurance with "Bipiemme Vita S.p.A.",	**—**	4,900
Life insurance with "CNP Vita Assicurazione S.p.A."	**—**	38,008
Equity instruments designated at fair value through OCI	**—**	—
Debt instruments at fair value through OCI	**—**	—
Total financial assets at fair value	**—**	42,908
Debt instruments at amortized cost		
Trade receivables	***22,427***	*17,011*
Financial assets included in other receivables	***1,261***	*2,563*
Other current assets	***820***	*3,465*
Other non-current assets	***2,028***	*2,530*
Total financial assets*	**26,537**	68,477

* Financial assets, other than cash and short-term deposits

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

In addition during the previous year the Company began to sign time deposit accounts agreements with primary banks, in order to benefit of increasing interest rates, with maturities ranging from one month to six months. The details of contracts in place on December 31st, 2023 follows:

Fixed Interest Period	Bank	Currency	Amount	Rate %	Expire Date
Three months	China Construction Bank (Europe) S.A.	Eur	30,000	4,08%	19/01/2024
One month	Barclays Bank Ireland PLC	Eur	12,000	3,76%	22/01/2024
One month	Unicredit SpA	Eur	10,000	3,85%	22/01/2024
One month	Credit Agricole CIB Sa	Eur	30,000	4,03%	26/01/2024
One month	Unicredit SpA	Eur	10,000	3,85%	29/01/2024
Three months	Credit Agricole CIB Sa	Eur	20,000	3,98%	28/02/2024
Three months	BNL S.p.A.-BNP P Group	Eur	30,000	3,98%	04/03/2024
Interest			464		
"Time deposit accounts " under "Cash and Cash Equivalents"			**142,464**		

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions; the currency of the cash and cash equivalents were mainly denominated in Euro. As at December 31, 2023, there were not in place any time deposits accounts with a maturity of more than three months that should classified as current financial assets as happened as at December 31, 2022.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities

	December 31, 2023	December 31, 2022
Interest-bearing loans and borrowings		
Bank and other borrowings	**4,733**	6,811
Lease liabilities	**26,044**	28,158
Minority Shareholder Loan	**1,000**	1,000
Other	**—**	1,676
Total Interest-bearing loans and borrowings	**31,776**	*37,645*
Other financial liabilities		
Derivatives not designated as hedging instruments		
Derivatives designated as hedging instruments		
Financial liabilities at fair value through profit or loss		
Liability arising on business combination	**2,093**	1,912
Total financial instruments at fair value	**2,093**	1,912
Other financial liabilities at amortized cost, other than interest-bearing loans and borrowings		
Trade and other payables	**398,517**	293,150
Total other financial liabilities	**432,387**	332,707

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement

The carrying amounts and fair values of Group's financial instruments, other than those whose carrying amounts are a reasonable approximation of the fair value, are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Life insurance with "Bipiemme Vita S.p.A."	—	—	4,900	4,900
Life insurance with "CNP Vita Assicurazioni S.p.A."	—	—	38,008	38,008
Total	—	—	42,908	42,908
Bank and other borrowings	**4,733**	**4,733**	6,811	6,811
Lease liabilities	**26,044**	**26,044**	28,158	28,158
Minority Shareholder Loan	**1,000**	**1,000**	1,000	1,000
Other	—	—	1,676	1,676
Liability arising on business combination	**2,093**	**2,093**	1,912	1,912
Total	**33,870**	**33,870**	39,557	39,557

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, other current assets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets and liabilities are included in the amount for which an instrument could be exchanged in a current transaction between consenting parties other than a forced or liquidation sale.

The fair values of the non-current part of bank and other borrowings have been calculated by discounting expected future cash flows using the rates currently available for instruments with similar terms, credit risk and maturities.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement (Continued)

IFRS 7 requires that the financial instruments recognized at fair value on the Consolidated statement of financial position be classified based on a hierarchical ranking that reflects the reliability of the inputs used to measure fair value. The following levels are used:

— Level 1 — prices quoted in an active market for the assets or liabilities that are being measured;

— Level 2 — inputs other than the quoted prices of Level 1 but which are directly (prices) or indirectly (derived from prices) observable in the market;

— Level 3 — inputs that are not based on observable market data.

The table below lists assets and liabilities for which fair values are disclosed:

	December 31, 2023				December 31, 2022			
Financial statement line item	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial Other current assets	—	—	—	—	—	—	42,908	42,908
Bank and other borrowings	—	**4,732**	—	**4,732**	—	6,811	—	6,811
Lease liabilities	—	**26,044**	—	**26,044**	—	28,158	—	28,158
Minority Shareholders' Loan	—	**1,000**	—	**1,000**	—	1,000	—	1,000
Other	—	—	—	—	—	1,676	—	1,676
Liability arising on business combination	—	—	**2,093**	**2,093**	—	—	1,912	1,912

The Bank and other borrowings non-current under Level 3 for € 2,093 thousand refer to the value of the put and call options for the acquisition of the non-controlling interest of Fratelli Canalicchio S.p.A. and Il Massello s.r.l., both exercisable from September 2027 to September 2028.

	Bank and other borrowings non-current — Level 3
At December 31, 2021 and January 1, 2022	—
Liability arising on business combination for Fratelli Canalicchio S.p.A.	436
Liability arising on business combination for Il Massello	1,476
Unrealized fair value changes recognized in profit or loss	—
At December 31, 2022	1,912
Changes not measured at fair value through profit or loss	**181**
At December 31, 20233	**2,093**

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement (Continued)

The financial debt has been calculated on the basis of the agreements with non-controlling interests that links the price of exercise of this put/call option to the financial performance of the subsidiaries and the Net Present Value has been discounted using the rate of 9.5%.

The following table presents a sensitivity analysis of the Bank and other borrowings non-current — Level 3, keeping all other variables constant.

(in thousand Euro) **Change % interest rate**	**At December 31, 2023** **Bank and other borrowings non-current — Level 3**
-0.5%	**39**
+0.5%	**(39)**

Liquidity Risk

The liquidity risk is the risk that an entity may find it difficult to perform obligations arising from financial and trade liabilities in accordance with stipulated terms and due dates.

The Group continuously monitors the cash flow through the planning of the expected cash flows and the necessary financing sources on a weekly basis, over a monthly horizon, taking also into account the seasonality of the Group's business.

In most of the transactions, the sales policies adopted by the Group continue to call for payment of any contractually owed balances when the boat is delivered and the collection of security deposits and advances in accordance with contractually established schedules, particularly in accordance with the size of the boat.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

The table below, which provides a quantitative analysis of the liquidity risk, shows a breakdown of future financial flows based on the financial liabilities outstanding at December 31, 2023 and at the end of the previous fiscal year, with a breakdown of the Group's financial payables by contractually stipulated due dates:

	Balance at December 31, 2023	Future financial flows Less than 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	Total Financial Flows
Bank and other borrowings (excluding lease liabilities)	**(4,732)**	**(2,208)**	**(372)**	**(186)**	**(1,362)**	**(1,211)**	**(5,338)**
Minority Shareholders' Loan	**(1,000)**	—	—	**(1,000)**	—	—	**(1,000)**
Other	—	—	—	—	—	—	—
Liability arising on business combination	**(2,093)**	—	—	—	**(2,093)**	—	**(2,093)**
Lease liabilities	**(26,044)**	**(2,554)**	**(5,008)**	**(2,450)**	**(13,645)**	**(6,137)**	**(29,794)**
Trade and other payables	**(398,517)**	**(351,362)**	**(45,652)**	**(1,503)**	—	—	**(398,517)**
Total	**(432,386)**	**(356,125)**	**(51,032)**	**(5,139)**	**(17,100)**	**(7,348)**	**(436,743)**

	Balance at December 31, 2022	Future financial flows Less than 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	Total Financial Flows
Bank and other borrowings (excluding lease liabilities)	(6,811)	(3,570)	(414)	(208)	(1,803)	(1,343)	(7,338)
Minority Shareholders' Loan	(1,000)	—	—	(1,000)	—	—	(1,000)
Other	(1,676)	(1,676)	—	—	—	—	(1,676)
Liability arising on business combination	(1,912)	—	—	—	(1,912)	—	(1,912)
Lease liabilities	(28,158)	(2,558)	(5,035)	(2,472)	(16,885)	(5,008)	(31,957)
Trade and other payables	(293,150)	(245,786)	(45,758)	(1,606)	—	—	(293,150)
Total	(332,707)	(253.590)	(51,207)	(5,285)	(20,600)	(6,351)	(337,034)

The tables above analyze the maximum risk entailed by the financial liabilities (including trade payables). All flows shown are nominal undiscounted future flows, determined based on the remaining contractual due dates with regard both to principal and interest. The figures as at December 31, 2022 have been reclassified for a better comprehension.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market and Interest Rate Risk

This is the risk that the fair value and future financial flows of a financial instrument may fluctuate due to changes in market prices. The market risk includes the following subcategories:

— Currency risk (the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates);

— Interest rate risk (the risk that the value of financial instruments may fluctuate due to changes in market interest rates);

— Price risk (the risk that the value of financial instruments may fluctuate due to changes in market prices).

The risk more specifically related to the Group's business is the risk of fluctuations in exchange rates. This risk relates to the possibility of changes in the Euro amount corresponding to the net foreign currency exposure for invoices issued, outstanding orders and, marginally, invoices payable and cash balances in foreign currency accounts.

The Group is primarily exposed to the exchange rate risk in relation to the US Dollar as a result of the sales made by the subsidiary Ferretti Group of America Llc.

To mitigate such risk, in 2021 the Company used cash flow hedging financial instruments through simple derivatives, such as currency forwards in place for expected future cash flows. During 2022 and 2023 no cash flow hedging was done in view of the exchange rate trend. In any case, as of December 31, 2023 and 2022, there were no currency forwards in place.

The following table presents a sensitivity analysis, at the end of each of the financial years, of the Group's profit before tax and equity (excluding losses carried forward) to a reasonably possible change in the exchange rate with the US dollar, keeping all other variables constant.

(in thousand Euro)	**At December 31, 2023**		At December 31, 2022	
Change % EUR/USD exchange rate	**+/- Profit before tax**	**+/- Equity**	+/- Profit before tax	+/- Equity
- 5%	**1,421**	**14,481**	522	15,038
+ 5%	**(1,285)**	**(13,101)**	(473)	(13,606)

The interest risk is the risk that the value of future financial flows could fluctuate due to changes in market interest rates. In 2019, Ferretti S.p.A. and the subsidiary CRN S.p.A. signed a loan agreement with a pool of financing banks for a maximum total amount of €170 million with a five-year term. The interest rate applicable to the Loan is equal to the sum of the relevant spread (290 basis points per annum for the Term Loan Facility and the Revolving Pre-Finance Facility and 300 basis points per annum for the Revolving Credit Facility) and Euribor. The spread may also decline according to the level of the leverage ratio.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market and Interest Rate Risk (Continued)

The following is a sensitivity analysis determined on the basis of the exposure as at the reporting dates December 31, 2023 and December 31, 2022 of the Group's financial debt (assuming that Euribor is above zero, considering the zero-floor condition generally applied to the Group's main borrowings).

(in thousand Euro)

Change in 6M Euribor		**At December 31, 2023**		At December 31, 2022	
(+)	(-)	**(+)**	**(-)**	(+)	(-)
+50 BP	-50 BP	**154**	**(154)**	175	(175)
+100 BP	-100 BP	**307**	**(307)**	350	(350)
+200 BP	-200 BP	**614**	**(614)**	700	(700)
+300 BP	-300 BP	**921**	**(921)**	1,050	(1,050)

Credit Risk

The credit risk is the risk of potential losses due to the inability of counterparties to fulfill commercial or financial obligations. This risk can arise when a counterparty defaults for technical/commercial reasons (disputes about the nature/quality of a product, interpretation of contract clauses, etc.) or when one party causes the other party to incur a loss by failing to comply with an obligation.

In light of the type of customers targeted by the Group's products and services and the commercial policies it has adopted — which envisage, in most of transactions, that the balance of the contract amount, net of advances collected, is paid before or concurrently with the delivery of the boat — the Group believes that its credit risk is not material. The payment of advances is associated with both the defined contractual due dates and the achievement of production milestones.

At the procedural level, in the limited number of cases in which the sales policies mentioned above are not applicable, the Group's receivables and the accrued advances to be paid are monitored periodically to verify compliance with contractual payment terms.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

The table below reports residual amounts — i.e., already net of any write-downs — which even if expired at the reporting date (December 31, 2023) are considered fully recoverable:

	Balance as at December 31, 2023	**Not due**	**Past due 30 days**	**30–60 days**	**60–90 days**	**Beyond 90 days**
Cash and cash equivalents	**314,109**	**314,109**	**—**	**—**	**—**	**—**
Trade receivables*	**22,427**	**5,528**	**1,669**	**3,191**	**4,453**	**7,586**
Other current assets	**820**	**820**	**—**	**—**	**—**	**—**
Financial assets included in other receivables	**1,261**	**1,261**	**—**	**—**	**—**	**—**
Financial assets included in other non-current assets	**2,028**	**2,028**	**—**	**—**	**—**	**—**
Total at December 31, 2022	**340,646**	**323,746**	**1,669**	**3,191**	**4,453**	**7,586**

(*) Net of the allowance for doubtful accounts of €3,496 thousand.

	Balance at December 31, 2022	Not due	Past due 30 days	30–60 days	60–90 days	Beyond 90 days
Cash and cash equivalents	317,759	317,759	—	—	—	—
Trade receivables*	17,011	6,975	2,305	1,363	1,456	4,912
Other current assets	86,732	86,732	—	—	—	—
Financial assets included in other receivables	2,563	2,563	—	—	—	—
Financial assets included in other non-current assets	2,530	2,530	—	—	—	—
Total as at December 31, 2022	426,595	416,559	2,305	1,363	1,456	4,912

(*) Net of the allowance for doubtful accounts of €3,216 thousand.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

The table below reports the amount of trade receivables — i.e., already net of any write-downs — which even if expired at the reporting date (December 31, 2023) are considered fully recoverable. The ageing analysis is presented on the basis of the collection due date of the relevant invoices and categorised into time bands based on analysis used by the management to monitor the Group's cash flow.

	Balance at December 31, 2023	Not due	Past due 30 days	Past due 30–60 days	Past due 60–90 days	Past due Beyond 90 days
%	**13%**	**0%**	**0%**	**0%**	**0%**	**31%**
Trade receivables	**25,923**	**5,535**	**1,669**	**3,197**	**4,474**	**11,047**
Provision for doubtful accounts	**3,496**	**8**	**0**	**6**	**21**	**3,461**
Total at December 31, 2023	**22,427**	**5,528**	**1,669**	**3,191**	**4,453**	**7,586**

	Balance at December 31, 2022	Not due	Past due 30 days	Past due 30–60 days	Past due 60–90 days	Past due Beyond 90 days
%	16%	0%	0%	1%	8%	38%
Trade receivables	20,227	6,975	2,309	1,373	1,586	7,984
Provision for doubtful accounts	3,216	—	3	9	131	3,073
Total at December 31, 2022	17,011	6,975	2,305	1,363	1,456	4,912

The table below reports an analysis of the future financial flows of the trade payables outstanding as at December 31, 2023. The ageing analysis is presented on the basis of the payment terms of the purchasing invoices and categorised into time-bands based on analysis used by the management to monitor the cash flow forecast.

	Balance at December 31, 2023	Future financial flows Less than 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	Total
Trade payables	(393,915)	(346,760)	(45,652)	(1,503)	—	—	(393,915)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

CAPITAL MANAGEMENT

The goals of managing the Group's capital are safeguarding continuing operation and improving financial performance, as indicated by profit before tax, financial charges (Notes 20–23), depreciation and amortization (Note 19), of €162,657 thousand for the year ended December 31, 2023 (2022: €115,194 thousand), in addition to maintenance of sound capital ratios in support of its business and maximizing value for shareholders.

The Group manages its financial structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

No changes were made to capital management objectives, policies or processes during the current or previous years.

NOTES TO THE MAIN COMPONENTS OF THE INCOME STATEMENT

The following notes provide a review of the individual components of the income statement for the fiscal year ended December 31, 2023, compared with those in the income statement for the fiscal year ended December 31, 2022.

7. NET REVENUE

The following table provides the breakdown of the item net revenue for the year ended December 31, 2023, compared with the same item for the year ended December 31, 2022:

	2023	2022
Total revenue from contracts with customers	**1,196,352**	1,072,449
Commissions and other costs related to revenue	**(61,868)**	(42,350)
Total net Revenue	**(1,134,484)**	1,030,099

The table below shows the breakdown of net revenue by production type[7]:

	2023	2022
Composite yachts	**491,751**	412,119
Made-to-measure yachts	**440,265**	433,000
Super yachts	**117,593**	95,441
Other businesses	**61,339**	55,559
Total net revenue new yachts	**1,110,949**	996,119
Pre-owned	**23,535**	33,980
Total net revenue	**1,134,484**	1,030,099

[7] The Ferretti Yacht 1000 model that was originally under the composite yachts segment had been reclassified under the made-to-measure yachts segment in this Reporting Period

7. NET REVENUE (CONTINUED)

Revenue arising from other businesses is broken down below.

	2023	2022
Boat brokerage	**9,742**	14,312
Sales and provision of carpentry products and services and kinematics and steel	**18,781**	16,909
FSD	**3,187**	2,945
Provision of services and sales of replacement parts, merchandise and other goods	**14,949**	14,894
Wally sailboats	**14,680**	6,500
Total other businesses	**61,339**	55,559

In accordance with IFRS 15, the Group identified the revenue streams, including the main ones:

— Sale of yachts to order;

— Sale of used boats.

Regarding the sale of yachts to order (sale of composite yachts, made-to-measure yachts and super yachts), the Group considers that the only performance obligation contained in the sales contracts is the building of the vessel, with no significant accessory services or further activities.

This performance obligation is satisfied over time of construction of boats. The payment terms are agreed with the customers on a case by case basis to match cash requirements for the production. Advance payments are agreed with each customer on the basis of the time needed to construct the boats and are paid before the completion of the construction. These contracts do not include obligations for returns, refunds and other similar obligations, however the vessels are covered by a warranty which is included in a range between 12 and 24 months.

"Commissions and other costs related to revenue" mainly represents the costs incurred by the Group for the intermediation activities carried out by the dealers and brokers.

"Boat brokerage" refer to the activity related to yacht brokerage and yacht charters performed by the U.S. subsidiary Allied Marine.

"Sales and provision of carpentry products and services" relate entirely to subsidiary Zago S.p.A., concerning assembly works and wooden furnishings for yachts of over 100 feet produced by third-party sites and cruise ships.

7. NET REVENUE (CONTINUED)

"Provision of services and sales of replacement parts, merchandise and other goods" partly refer to the refit activity that the Group carried out, and partly regard the sale of replacement parts and other assistance services rendered in Italy and worldwide on boats previously sold. In addition, in 2023 as well the Group continued to sell Riva brand luxury accessories, as part of the Riva Brand Experience project.

The breakdown of net revenue by geographical area[8] was as follows:

(in thousands Euro)	**2023**	2022
Europe	**480,065**	468,226
Mea	**212,316**	87,248
Apac	**98,211**	72,090
America	**320,356**	368,555
Total net revenue new yachts	**1,110,949**	996,119
Pre-owned	**23,535**	33,980
Total net revenue	**1,134,484**	1,030,099

In accordance with IFRS 15, net revenue are shown below with a breakdown into obligations fulfilled at a point in time and those that are fulfilled over time.

(in thousands Euro)	**2023**	2022
At a point in time	**69,250**	75,133
Over time	**1,065,234**	954,966
Total net revenue	**1,134,484**	1,030,099

The table below shows the amount of revenue from recognized contract liabilities which had been included among contract liabilities at the beginning of the year:

(in thousands Euro)	**2023**	2022
Revenue from contract liabilities	**160,550**	126,282

[8] The geographical breakdown in the Reporting Period refers to breakdown by the dealer's area of exclusivity or by the customer's nationality

7. NET REVENUE (CONTINUED)

The following table shows the amount of transaction price for existing contracts outstanding at December 31, 2023 which will be converted into revenue from contracts with customers within one year or after one year.

(in thousands Euro)	**2023**	2022
Within one year	**565,635**	471,924
After one year	**292,390**	277,985
	858,024	749,908

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to sale of new boats, of which the performance obligation is to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained, that is included in contract liabilities.

8. CHANGE IN INVENTORIES OF WORK-IN-PROCESS, SEMI-FINISHED AND FINISHED GOODS

The change in inventories of work-in-process, semi-finished and finished goods refers to inventories of boats not covered by orders.

9. COST CAPITALIZED

This item, amounting to €32,781 thousand, consists mainly of costs incurred for labor, materials and manufacturing overhead that were capitalized under the item "Models and moulds". These costs were incurred primarily for the internal production of models and moulds used to build fiberglass-reinforced plastic forms which constitute the hull and other structural elements of the boats classified in this item as per industry practice.

10. OTHER INCOME

(in thousands Euro)	**2023**	2022
Cost over-accruals	**3,433**	2,891
Discounts from suppliers	**3,140**	2,550
Damage settlements	**1,997**	205
Rebilling of miscellaneous costs to customers and dealers	**1,273**	1,050
Rental income	**873**	1,285
Gains on sales of assets	**118**	205
Other	**11,388**	7,816
Total Other income	**22,223**	16,002

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 "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 financial year.

The item "Damage settlements" refers primarily to the proceeds of insurance payouts — relating in particular to losses that occurred and/or for which claims were filed in respect of boats under construction and/or property, plant and equipment — that were settled in the financial year or to be settled in the following months of the year as per the company insurance policies. This item also includes commercial and settlement agreements entered into by the Group during the year, and the reimbursements received by way of compensation from suppliers with whom disputes had arisen.

The item "Other" includes, approximately €2,996 thousand for invoices to suppliers due to non-compliance of materials received, 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.

11. RAW MATERIALS AND CONSUMABLES USED

This item primarily reflects purchases of raw and ancillary materials and the change for the year in the corresponding inventories.

12. 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.

13. COSTS FOR TRADE SHOWS, EVENTS AND ADVERTISING

The main components of this item are advertising and promotional expenses and expenses incurred to attend industry trade shows. This item also includes costs of communication and image consulting.

14. OTHER SERVICE COSTS

(in thousands Euro)	**2023**	2022
Transportation and customs clearing costs	**27,776**	23,793
Technical consulting	**14,594**	15,138
Tax, legal and administrative consulting services	**10,488**	11,447
Utilities	**7,800**	8,607
Insurance	**6,757**	6,222
Entertainment expenses	**6,444**	4,739
Travel and per diem expenses	**6,358**	4,186
Fees paid to members of corporate governance bodies	**6,081**	8,287
Maintenance	**5,253**	4,569
Recruiting and training costs	**3,091**	2,678
Other	**23,275**	28,014
Total other service costs	**117,917**	117,680

The item "Technical consulting" amounting to €14,594 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 €3,791 thousand for legal advice and notaries' fees and €3,010 thousand relating to administrative consulting, including accounts auditing, and tax assistance. Moreover, €534 thousand referred to IT consulting.

During the Reporting Period, "Fees paid to members of corporate governance bodies" included €5,793 thousand for fixed and variable compensation, benefits and social contribution paid to Directors, as well as €195 thousand in fees paid to Statutory Auditors and €93 thousand for the Supervisory Body. In the fiscal year ended December 31, 2022 it included the Management Incentive Plan of Directors.

With regard to the Note "Fees paid to Directors, Statutory Auditors, members of the Supervisory Body and Independent Auditors", please see the schedule relating to the fees received by the Group's corporate bodies.

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.

15. RENTALS AND LEASES

The Group recognized the right-of-use assets and the lease liabilities, excluding short-term leases and leases related to low-value assets. The right-of-use assets of most lease contracts were recognized based on the carrying amount, discounted using the incremental borrowing rate. For some lease contracts, the right-of-use assets were recognized based to the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease previously recognized. Lease liabilities were recognized at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of first time application.

(in thousands Euro)	**2023**	2022
Short-term rentals and leases	**2,930**	4,510
Rentals and leases for low-value assets	**2,269**	682
Royalties	**4,556**	3,739
Total rentals and leases	**9,755**	8,931

16. PERSONNEL COSTS

(in thousands Euro)	**2023**	2022
Wages and salaries	**93,983**	94,426
Social security contributions	**30,773**	28,692
Non-current employee benefits and other provisions	**5,971**	5,691
Total personnel costs	**130,727**	128,810

The five highest-paid employees during the year ended December 31, 2023 and 2022 include a director, whose details are given in Note 48, and four employees, who are not directors and whose personnel costs are as follows:

(in thousands Euro)	**2023**	2022
Wages and salaries	**6,583**	11,326
Social security contributions	**514**	375
Non-current employee benefits and other provisions	**70**	99
Total personnel costs	**7,167**	11,800

16. PERSONNEL COSTS (CONTINUED)

The number of highest-paid non-Director employees whose remuneration fell into the following ranges were as follows (for 2022 it was included in the special cash bonus paid under the Management Incentive Plan):

	2023	2022
HK$5,500,001–HK$15,500,000	**4**	4
Total number of employees	**4**	4

17. OTHER OPERATING EXPENSES

(in thousands Euro)	**2023**	2022
Cost under-accruals	**1,894**	1,619
Taxes and fees other than income taxes	**1,634**	1,426
Charity initiatives	**1,176**	358
Memberships in trade associations	**768**	702
Settlement agreements	**657**	793
Advertising and promotional material	**607**	585
Re-billable costs	**564**	1,293
Losses on asset sales	**39**	105
Losses on receivables	**0**	3
Reward vouchers and other benefits for employees	**50**	1,164
Sundry operating costs	**571**	1,005
Total other operating expenses	**7,961**	9,052

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 "Charity initiatives" referred mainly to a donation of the proceeds from auction of its special-edition Riva Anniversario yacht to support UNICEF's work keeping children safe in El Salvador.

The item "Settlement agreements" related to several private agreements entered into in the course of the year ended December 31, 2023.

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

18. PROVISIONS AND IMPAIRMENT

This item is shown net of utilizations and releases to income made for the year ended December 31, 2023 and 2022.

(in thousands Euro)	**2023**	2022
Allocations to the provision for product warranties	**25,071**	26,097
Provision for miscellaneous risks, net	**4,478**	6,493
Allocations to the provision for doubtful accounts	**1,198**	525
Total provisions and impairment	**30,747**	33,115

19. DEPRECIATION AND AMORTIZATION

(in thousands Euro)	**2023**	2022
Depreciation of property, plant and machinery	**48,099**	40,396
Depreciation of rights-of-use assets	**8,749**	7,706
Amortization of intangible assets	**6,319**	4,986
Total depreciation and amortization	**63,167**	53,089

Reference should be made to the tables on property, plant, equipment and intangible assets for additional details.

20. SHARE OF LOSS OF A JOINT VENTURE

The item "Share of loss of a joint venture" was nil for the year ended December 31, 2023 due to the dissolution of the company at the beginning of January 2023.

21. FINANCIAL INCOME

(in thousands Euro)	**2023**	2022
Interest income from banks	**6,924**	636
Interest and other financial income	**1,728**	1,692
Total financial income	**8,652**	2,328

The interest income from banks refers to the time deposits accounts agreements with five primary banks, in order to benefit of increasing interest rates.

22. FINANCIAL EXPENSES

(in thousands Euro)	**2023**	2022
Interests on banks and other loans	**1,403**	3,037
Interest on lease liabilities	**375**	153
Interest on provision for severance benefits and pensions	**102**	41
Other financial expenses	**2,259**	1,221
Total financial expenses	**4,139**	4,452

23. FOREIGN EXCHANGE GAINS/(LOSSES)

As at December 31, 2023, the Group does not have exchange rate risk hedging contracts in force; as a result, creditor and debtor balances denominated in foreign currency are subject to changes on the basis of the exchange rates in force at December 31, 2023.

24. INCOME TAX

As shown in the table that follows, the "income tax" amount for the year ended December 31, 2023 was tax expenses of €20,519 thousand, as detailed below:

	2023	2022
Corporate income tax (IRES)	**(5,407)**	(837)
Regional tax (IRAP)	**(5,412)**	(2,891)
Federal taxes and other foreign taxes	**(1,488)**	(2,516)
Total current taxes	**(12,307)**	(6,244)
R&D Tax credit	**1,033**	1,161
Prior-year taxes	**291**	135
Deferred taxes	**(9,536)**	(3,891)
Total income tax	**(20,519)**	(8,839)

The IRES *(Imposta sul reddito delle società)* taxable base of several companies was positive, and therefore, within the framework of national tax consolidation, a provision was made for this tax based on the 24% rate currently in force in Italy. The increase is attributable to the higher taxable income for the year, although reduced due to the use of tax losses and deductible interest expenses carried forward.

The IRAP *(Imposta regionale sulle attività produttive)* taxable base of several companies was positive, and therefore a provision was made for this tax based on the rate in force in the regions in which the value of production is calculated. The increase is attributable to the higher taxable income for the year.

24. INCOME TAX (CONTINUED)

The following table provides a reconciliation between the nominal and effective tax rate of the Group for year ended December 31, 2023 and 2022:

(in thousands Euro)	**2023**	2022
Theoretical taxable base*	**104,022**	69,385
IRES 24%	**(24,965)**	(16,650)
IRAP 3.90%	**(4,057)**	(2,706)
Total theoretical tax	**(29,022)**	(19,356)
Credit used for ACE (Allowance for Corporate Equity) of the year	**2,720**	2,570
Recognition of R&D receivable	**1,033**	1,161
Recognition of previously unrecognized tax losses	**10,868**	11,225
Undeductible costs	**(3,707)**	(1,621)
Other differences	**(2,410)**	(2,816)
Effective tax recognized in the income statement	**(20,519)**	(8,839)

(*) Figure referred to the profit before tax.

The Italian government has implemented Pillar Two regulations effective January 1, 2024 (as provided by Legislative Decree No. 209 of December 28, 2023, hereinafter "**Italian Decree on Pillar Two**"). According to the Italian Decree on Pillar Two, Ferretti S.p.A. qualifies as a Partially-Owned Parent Entity ("**POPE**" or "**Partially-Owned Parent Entity**") because more than 20 percent of its profit rights are held by entities outside the group perimeter.

Shandong Heavy Industry, located in China, appears to be the parent company ("**Ultimate Parent Entity**" or "**UPE**") that fully consolidates (i.e., line-by-line) its subsidiaries, including Ferretti S.p.A. Considering that Pillar Two regulations are not yet effective as of the reporting date, there are no current tax liabilities for the year ending December 31, 2023.

In light of the Group's structure above, the preliminary calculation of the "Transitional CbCR Safe harbor" ("**TSH**") tests has been carried out by UPE and is still being finalized.

Indeed, taking into account the complexity of the legislation in question and the uncertainty in its application, the quantitative impact cannot be reasonably estimated at present. The Group expects to complete the assessment in the first half of 2024.

The Group has applied the temporary mandatory exemption required by the amendment to IAS 12.

NOTES TO THE MAIN ASSET ITEMS

The following Notes provide a breakdown of the individual components of the consolidated statement of financial position as at December 31, 2023 compared with December 31, 2022.

CURRENT ASSETS

25. CASH AND CASH EQUIVALENTS

(in thousands Euro)	**31/12/2023**	31/12/2022
Bank and postal accounts	**171,627**	129,615
Time deposit	**142,464**	188,127
Cash and securities on hand	**18**	17
Total cash and cash equivalents	**314,109**	317,759

The items listed above can be converted readily into cash and are not exposed to a significant risk that their value may change. There are no obligations or restrictions on use except for time deposits accounts which do not bear interests at the agreed rate, if not maintained util the maturity date. Amounts collected and held in escrow accounts are classified as current assets, under the line item "Other current assets".

The carrying amount of "Cash and cash equivalents" is deemed to be aligned with their fair value at the reporting date.

During the year ended December 31, 2023, the Company has signed time deposit accounts agreements with five primary banks, in order to benefit of increasing interest rates, with maturities ranging from one month to six months.

The time deposits accounts with a maturity of more than three months are classified as current financial assets (see Note 29), if any.

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions and the currency of the cash and cash equivalents were mainly denominated in Euro (for details see Note 6).

A detailed analysis of the changes that occurred in this item is provided in the cash flow statement.

26. TRADE AND OTHER RECEIVABLES

(in thousands Euro)	**31/12/2023**	31/12/2022
Trade receivables	**22,427**	17,011
Other receivables	**47,843**	42,421
Total trade and other receivables	**70,271**	59,432

Trade receivables

(in thousands Euro)	**31/12/2023**	31/12/2022
Accounts receivable from customers	**25,923**	20,227
(Less) Provision for doubtful accounts	**(3,496)**	(3,216)
Total trade receivables	**22,427**	17,011

"Accounts receivable from customers" as at December 31, 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 years of reference:

(in thousands Euro)	**31/12/2023**	31/12/2022
At beginning of year	**3,216**	5,745
Impairment losses, net	**881**	558
Amount written off as uncollectible	**(602)**	(3,089)
At end of period	**3,496**	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.

For an analysis of the aging of trade receivables by the due date and net of the provision for doubtful accounts, refer to Note 6, Management of financial risks.

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.

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables

(in thousands Euro)	**31/12/2023**	31/12/2022
Other tax receivables	**16,760**	27,206
Accruals, deferrals and other receivables	**31,083**	15,215
Total other receivables	**47,843**	42,421

Other tax receivables mainly refer to VAT.

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

(in thousands Euro)	**31/12/2023**	31/12/2022
Receivables owed by social security institutions	**376**	223
Commissions advances	**5.177**	4.890
Advances, prepayments and sundry receivables from suppliers	**20,741**	3,876
Others	**8**	305
Accruals and deferrals	**4,782**	5,922
Total accruals, deferrals and other receivables	**31,083**	15,215

"Receivables owed by social security institutions" at December 31, 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 €2 thousand.

The balance relating to "Advances, prepayments and sundry receivables from suppliers" as at December 31, 2023 mainly refers for €14.25 million to the advance payment for the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, bringing the entire new production area in Ravenna to approximately 100,000 square meters to produce the Made-to-measure, Composite and sail segments of the Ferretti Yachts and Wally brands. This latest acquisition is equivalent a further increases the Group's production capacity by 10%. In the second half of January, Ferretti SpA executed the sale agreement. The balance also includes about €1,073 thousand of advances already paid for the main industry trade shows to be held in the first months of 2023, such as those in Dusseldorf and Miami and several insurance indemnities requested during the current year, which will be paid in the following months, in addition to advances paid to suppliers for services that have not yet been completed or work progress payments for goods not yet delivered.

As at December 31, 2023, the loss allowance of other receivables was assessed to be minimal.

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

Income tax recoverable

As at December 31, 2023 Income tax recoverable includes mainly tax credits recognized under Italian incentive laws ("**Industria 4.0**" and "**Credito d'imposta Ricerca e Sviluppo e Design e Ideazione estetica 2022**") for €2,628 thousand and advances for IRES and IRAP for €451 thousand paid in excess of the amount due at year end by some Group subsidiaries.

27. CONTRACT ASSETS

"Contract assets" consist of the amount payable by customers arising from contracts completed at the end of this accounting period, stated net of contract liabilities.

"Contract assets" are measured over time since they meet all the requirements set out in IFRS 15 and are recognized using the input method according to the percentage completed.

The following table provides the breakdown arising from "Contract assets" as at December 31, 2023, compared to those as at December 31, 2022.

(in thousands Euro)	**31/12/2023**	31/12/2022
Gross value of contract assets	**636,577**	544,483
Advances collected	**(469,731)**	(429,111)
Total contract assets	**166,846**	115,372

28. INVENTORIES

(in thousands Euro)	**31/12/2023 Gross value**	**31/12/2023 Allowance for write-downs**	**31/12/2023 Net amount**	31/12/2022 Gross value	31/12/2022 Allowance for write-downs	31/12/2022 Net amount
Raw materials and components inventory	**74,216**	**(8,740)**	**65,475**	64,896	(8,354)	56,541
Work in progress and semi-finished goods	**113,162**	**113,162**	**92,783**	0	92,783	
New boats	**121,877**	**0**	**121,877**	32,263	(230)	32,032
Used boats	**49,339**	**(12,121)**	**37,219**	19,856	(3,093)	16,763
Total inventories	**358,593**	**(20,861)**	**337,732**	209,797	(11,678)	198,120

The "Raw materials and components inventory" is adjusted by an allowance for write-downs of €8,740 thousand at December 31, 2022 (€8,354 thousand at December 31, 2022) that reflects an estimate of slow-moving and/or potentially obsolete inventory items.

The item "Work in progress and semi-finished goods" includes boats not covered by orders at the end of the year.

The item "New boats", refers to boats not covered by orders, whose production had been completed at the closing date of the financial year.

The carrying amount of the used boats was adjusted by means of an allowance for write-downs of €12,121 thousand, in order to bring the purchase cost down to its estimated realizable value.

The expected time for inventories to be recovered is as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Within one year	**315,785**	193,002
Beyond one year	**21,947**	5,118
Total inventories	**337,732**	198,120

ADVANCES ON INVENTORIES

The item "Advances on inventories" refers to the advances that the Group pays to its suppliers for purchases of raw materials.

29. OTHER CURRENT ASSETS

The item "Other current assets" totaled €820 thousand as at December 31, 2023 detailed as follow:

(in thousands Euro)	**31/12/2023**	31/12/2022
Escrow accounts	**433**	1,346
Time deposit accounts and other financial investments	**0**	83,267
Incidental borrowing costs	**385**	641
Other	**3**	1,478
Total other current assets	**820**	86,732

The escrow accounts for €433 thousand as at December 31, 2023 refers to the deposits received by the subsidiary Allied Marine Inc. for its brokerage service (€1,346 thousand at December 31, 2022). These funds, which are provided by customers upon the signing of an order, are held in escrow until the boat is delivered to the corresponding customer.

The deposits in place as at December 31, 2023 included on other current assets are equal to zero.

At the end of the financial year 2022, the Company subscribed some time deposit accounts agreements with four primary banks for a total of €40 million, in order to benefit of increasing interest rates, with maturity of more than three months to six months.

The residual part of "other financial investments" as at December 31, 2022 mainly refers in addition to two financial investments in the form of life insurance policies reimbursed during 2023 detailed as follows:

— Life insurance with "CNP Vita Assicurazioni S.p.A.", for a premium of €38 million;

— Life insurance with "Bipiemme Vita S.p.A.", for a premium of €5 million and annual coupon.

The "Incidentals borrowing costs" refer for €385 thousands to the committed "Revolving Credit Facility" and "Revolving Pre-Finance Facility, not in use on December 31, 2023 but available until August 2024 (Note 34).

NON-CURRENT ASSETS

30. PROPERTY, PLANT AND EQUIPMENT

Movements in this item in the year 2023 were as follows:

(in thousands Euro)	Land and buildings	Plant, machinery and equipment	Other property, plant and equipment	Models and moulds	Total
At January 1, 2023					
Cost	263,335	67,720	50,980	307,492	689,527
Accumulated depreciation	(80,237)	(49,005)	(28,665)	(228,224)	(386,131)
Net carrying amount	**183,098**	**18,714**	**22,315**	**79,268**	**303,394**
At January 1, 2023, net of accumulated depreciation	183,098	18,714	22,315	79,268	303,394
Additions — owned assets	80,661	12,196	6,344	28,383	127,584
Additions — right-of-use assets	7,000	340	980	0	8,320
Disposals	(21)	(741)	(48)	(623)	(1,434)
Disposals — right-of-use assets	0	0	0	0	0
Depreciation — owned assets	(10,770)	(4,205)	(3,969)	(29,155)	(48,099)
Depreciation — right-of-use assets	(7,360)	(266)	(1.123)	0	(8,749)
Reclassification	456	(1,186)	1,484	(241)	513
Exchange realignment	(386)	382	821	0	817
At December 31, 2023, net of accumulated depreciation	**252,678**	**25,233**	**26,805**	**77,631**	**382,347**
At December 31, 2023					
Cost	350,538	78,251	60,284	330,443	819,516
Accumulated depreciation	(97,861)	(53,017)	(33,749)	(252,812)	(437,170)
Net carrying amount	**252,678**	**25,233**	**26,805**	**77,631**	**382,347**

As at December 31, 2023, the net carrying amounts of land and buildings, plant, machinery and equipment, and other equipment and vehicles included right-of-use assets amounting to €15,834 thousand, €156 thousand and €1,622 thousand, respectively.

30. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in this item in 2022 were as follows:

(in thousands Euro)	Land and buildings	Plant, machinery and equipment	Other property, plant and equipment	Models and moulds	Total
At January 1, 2022					
Cost	221,210	59,620	40,537	276,068	597,435
Accumulated depreciation	(67,560)	(44,210)	(24,042)	(201,769)	(337,581)
Net carrying amount	153,650	15,410	16,495	74,299	259,854
At January 1, 2022, net of accumulated depreciation	153,650	15,410	16,495	74,299	259,854
Additions — owned assets	36,938	6,605	5,508	32,081	81,131
Additions — right-of-use assets	4,400	0	2,165	0	6,564
Acquisition of subsidiaries	2,339	1,341	252	0	3,932
Disposals	(1,298)	(20)	(12)	(0)	(1,327)
Disposals — right-of-use assets	0	(209)	0	0	(209)
Depreciation — owned assets	(6,696)	(3,124)	(3,205)	(27,371)	(40,396)
Depreciation — right-of-use assets	(6,510)	(207)	(989)	0	(7,706)
Reclassification	135	(1,281)	1,987	130	970
Exchange realignment	141	200	115	130	585
At December 31, 2022, net of accumulated depreciation	183,098	18,714	22,315	79,268	303,394
At December 31, 2022					
Cost	263,335	67,720	50,980	307,492	689,527
Accumulated depreciation	(80,237)	(49,005)	(28,665)	(228,224)	(386,131)
Net carrying amount	183,098	18,714	22,315	79,268	303,394

As at December 31, 2022, the net carrying amounts of land and buildings, plant, machinery and equipment, and other equipment and vehicles included right-of-use assets amounting to €16,194 thousand, €82 thousand and €1,764 thousand, respectively.

31. INTANGIBLE ASSETS

Movements in this item in the year ended December 31, 2023 were as follows:

(in thousands Euro)	Goodwill	Indefinitive life Trademarks	Other intangible assets	Total
At January 1, 2023				
Cost	8,914	244,448	56,833	310,195
Accumulated amortization	—	—	(46,125)	(46,125)
Net carrying amount	8,914	244,448	10,709	264,070
At January 1, 2023, net of accumulated amortization	8,914	244,448	10,709	264,070
Additions	—	180	19,305	19,485
Disposals				
Amortization	—	—	(6,057)	(6,057)
Impairment			(262)	(262)
Reclassification	—	—	(554)	(554)
Exchange realignment	—	(29)		(29)
At December 31, 2023, net of accumulated amortization	8,914	244,599	23,140	276,652
Cost	8,914	244,599	75,321	328,834
Accumulated amortization	—	—	(52,182)	(52,182)
Net carrying amount	8,914	244,599	23,140	276,652

31. INTANGIBLE ASSETS (CONTINUED)

Movements in this item in the year ended December 31, 2022 were as follows:

(in thousands Euro)	Goodwill	Indefinitive life Trademarks	Other intangible assets	Total
At January 1, 2022				
Cost	1,631	243,980	53,701	299,312
Accumulated amortization	—	—	(41,138)	(41,138)
Net carrying amount	1,631	243,980	12,563	258,174
At January 1, 2022, net of accumulated amortization	1,631	243,980	12,563	258,174
Acquisition of subsidiaries	7,283	132	474	7,888
Additions	—	345	3,784	4,129
Disposals				
Amortization	—	—	(4,987)	(4,987)
Reclassification	—	—	(970)	(970)
Exchange realignment	—	(8)	(155)	(163)
At December 31, 2022, net of accumulated amortization	8,914	244,448	10,709	264,070
Cost	8,914	244,448	56,833	310,195
Accumulated amortization	—	—	(46,125)	(46,125)
Net carrying amount	8,914	244,448	10,709	264,070

Goodwill

Goodwill is related to the investment in the subsidiary Zago S.p.A., the subsidiary Ferretti Group (Monaco) S.a.M. and the subsidiaries acquired for the year ended December 31, 2022 Il Massello S.r.l. and Fratelli Canalicchio S.p.A., as shown in the table below.

(in thousands Euro)	**31/12/2023**	31/12/2022
Zago S.p.A.	**332**	332
Ferretti Group (Monaco) S.a.M.	**1,299**	1,299
Fratelli Canalicchio S.p.A.	**2,699**	2,699
Il Massello S.r.l.	**4,584**	4,584
Total goodwill	**8,914**	8,914

31. INTANGIBLE ASSETS (CONTINUED)

Trademarks

A breakdown of the value of "Trademarks" as at December 31, 2023 is as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Ferretti Yachts	**95,318**	95,318
Crn	**46,528**	46,528
Custom Line	**36,718**	36,718
Riva	**30,848**	30,848
Wally	**25,434**	25,434
Pershing	**8,609**	8,609
Easy Boat	**9**	9
Costs for trademark registration	**1,134**	983
Total trademarks	**244,599**	244,448

Impairment test on indefinite useful life intangible assets

On December 31, 2023, the Group carried out impairment tests on these assets.

Based on the process of identification of Cash Generating Units (CGUs), the value of trademarks is allocated to the individual CGUs, as they have been identified based on the trademarks produced and marketed.

The main assumptions underlying the impairment test performed to determine value in use, which are those concerning operating cash flows, discount rate and growth rate, are reviewed below:

a. the free cash flows used to determine value in use were those derived from the management's most recent forecasts with a five-year time period;

b. the impairment test was performed considering as the value in use of the CGUs, which includes their terminal value, determined in accordance with the perpetuity criterion; and

31. INTANGIBLE ASSETS (CONTINUED)

Trademarks (Continued)

Impairment test on indefinite useful life intangible assets (Continued)

c. the main criteria used to determine the value in use are summarized in the following table, and are the same for all the CGUs:

	31/12/2023	31/12/2022
Interest rate for riskless assets	**4.24%**	3.00%
Discount rate pre-tax — WACC	**12.68%**	11.82%
Perpetuity growth rate (g-rate)	**2.00%**	2.00%

d. the Group's management adopted a discount rate in a configuration pre-tax effects that reflects current market valuations of the cost of money and the specific risk associated with each CGU. In the calculation of the terminal value, the Group uses a long-term growth rate of 2.0% after considering publicly available data and market perspective.

The impairment test results did not indicate any need to write down the intangible and tangible assets for the Group's CGUs. The Group also carried out a second-level test, considering and verifying goodwill impairment at that level. The impairment test carried out did not show any need for write-downs.

The Group also conducted sensitivity analyzes of the parameters applied in the base version of the test, increasing or decreasing the WACC discount rate and/or the g-rate.

On the basis of the analyzes done, the management of the Group has not identified that a reasonable possible change in the key parameters that could cause the carrying amount of the CGUs to exceed the recoverable amount as at the end of 2023 and 2022.

Other Intangible Assets

(in thousands Euro)	31/12/2023	31/12/2022
Concessions	**11,420**	1,519
Intellectual property rights	**11,164**	8,151
Software	**555**	1,038
Total other intangible assets	**23,140**	10,709

31. INTANGIBLE ASSETS (CONTINUED)

Other Intangible Assets (Continued)

This item includes:

— "Concessions" refers chiefly to (i) for a net book value of €9,695 thousand, the costs incurred to acquire an area of approximately 17,000 sq.m. of the Ravenna shipyard pursuant to a public land-use concession, used as a dry dock and a quay with docks and launching structure. The concession expires on December 31, 2025 and the Group, in August 2023, requested a new concession for the same area, with an increase of the quay for the construction of piers and partial filling of the dry dock lasting for 40 years, which is in the process of being released; (ii) the costs incurred to acquire docking rights until 2053 in a marina located in Cattolica within the framework of the Detailed Public Initiative Plan for Port Facilities in the Municipality of Cattolica, for a net book value of €608 thousand; (iii) the docking right in the marina Porto Mirabello, in the Gulf of La Spezia, the net value of the investment is €599 thousand; the right will remain valid until 2067;

— "Intellectual property rights" with a net book value of €11,164 thousand include the costs of the projects carried out by the Group, which extended to the main business areas, in view of constant improvement and complete integration of the various Group companies operating in Italy and abroad, as part of the reorganization of the Group initiated in previous years. This item also includes the design work to develop naval platforms for the construction of the CRN models. The Group conducted research and development on innovative solutions for each model to be applied to all units built. In particular, the projects being developed include: the creation of special gates, built on land before the steel boat structure arrives in the shipyard; standardization of the plant processes; study of the installation of plastic pipes to optimize footprint; development of an engine room optimized for the passage of pipes and conduits; and the study and development of light-weight furnishings, with support from the Engineering Department.

— the residual value of the item "Other intangible assets" (€555 thousand) referred to the net value of licenses for new IT applications and the net value of patents.

32. OTHER NON-CURRENT ASSETS

A breakdown of this item is as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Equity investments designated at fair value through income statement	**5**	120
Investment in a joint venture	**0**	12
Deposits	**1,620**	1,655
Commissions advances	**2,703**	1,102
Other assets	**1,748**	1,766
Incidental borrowing costs	**0**	378
Total other non-current assets	**6,077**	5,031

32. OTHER NON-CURRENT ASSETS (CONTINUED)

a) Equity investments

The balances mainly include equity investment in industry consortia. During the financial year ended at December 31, 2023 the equity investment in Nouveau Port Golf Juan which owns certain commercial premises currently occupied by a restaurant was written down as the state concession will expire at the end of June 2024.

b) Commissions advances

The balances mainly refer to advances on commissions paid on the basis of interim receipts from customers for boats that will be delivered after the following year.

c) Other assets

The item "Other assets" chiefly refer to prepaid expenses due after year-end.

33. DEFERRED TAX ASSETS

In detail, movements for the year ended December 31, 2023 are as follows:

(in thousands Euro)	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortization for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2022 and January 1, 2023	**13,773**	**2,653**	**633**	**10,484**	**1,114**	**57,683**	**904**	**87,243**
Credited/(charged) to:								
profit or loss	**4,831**	**1,656**	**(19)**	**655**	**(208)**	**10.868**	**(51)**	**17,835**
other reserves	**—**	**—**	**—**	**—**	**—**	**(27,173)**	**—**	**(27,173)**
At December 31, 2023	**18,604**	**4,309**	**614**	**11,139**	**906**	**41,378**	**955**	**77,905**

33. DEFERRED TAX ASSETS (CONTINUED)

(in thousands Euro)	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Other	Total
At December 31, 2022 and January 1, 2023	**1,315**	**60,659**	**5,420**	**3,450**	**70,850**
Charged/(credited) to:					
profit or loss	**—**	**—**	**(129)**	**327**	**198**
other comprehensive income	**—**	**—**	**—**	**39**	**39**
Exchange differences	**—**	**—**	**—**	**(100)**	**(100)**
At December 31, 2023	**1,315**	**60,659**	**5,292**	**3,715**	**70,981**

In detail**, movements** for the year ended December 31, 2022 are as follows:

(in thousands Euro)	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortization for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2021 and January 1, 2022	10,054	2,663	1,218	9,525	1,256	61,698	500	86,914
Credited/(charged) to:								
Profit or loss	3,719	(10)	(585)	959	(142)	(4,015)	(2,831)	(2,906)
Acquisition of subsidiaries	—	—	—	—	—	—	71	71
Other reserves	—	—	—	—	—	—	3,164	3,164
At December 31, 2022	13,773	2,653	633	10,484	1,114	57,683	904	87,242

33. DEFERRED TAX ASSETS (CONTINUED)

(in thousands Euro)	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Other	Total
At December 31, 2021 and January 1, 2022	1,315	60,659	5,549	1,731	69,254
Charged/(credited) to:					
Profit or loss	—	—	(129)	1,115	986
Other comprehensive income	—	—	—	214	214
Acquisition of subsidiaries	—	—	—	55	55
Exchange differences	—	—	—	335	335
At December 31, 2022	1,315	60,659	5,420	3,450	70,845

For the purpose of their presentation in financial statements, some tax assets and liabilities have been set off each other in the statement of financial position. Below is an analysis of Group's deferred tax assets:

(in thousands Euro)	**31/12/2023**	31/12/2022
Deferred tax assets	**6,926**	16,397
Deferred tax liabilities	**—**	—
Total deferred tax assets	**6,926**	16,397

No deferred tax assets were recognized with regard to the following items:

(in thousands Euro)	**31/12/2023**	31/12/2022
Tax losses and interest expense	**—**	9,632

33. DEFERRED TAX ASSETS (CONTINUED)

The Company has tax assets from tax losses and surplus of financial interest expense (in Italy surplus of financial interest expenses is deductible only within the limits of 30% of gross operating income) arising from €41,378 thousand and €67,315 thousand as at December 31, 2023 and 2022 that are available without any time limit for offsetting against future taxable profits of the entities included in Group tax consolidation scheme in the limit of 80% of the income (the Italian tax regulations permits to deduce in future periods tax losses and surplus of financial deduct expense that were not deducted in the past). Deferred tax assets were recognized, consistently with IAS 12 requirements, only to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

No deferred tax assets arising from tax losses and not deducted interest expense carried forward ("**DTAs**") have not been recognized as at December 31, 2023.

At each reporting date, the Group reassesses its DTAs, (both recognized and unrecognized) and it recognizes previously unrecognized DTAs to the extent that it is probable that sufficient taxable profit will be available to enable the asset to be recovered, based on the actual profits before tax and based on the expected continuous improvements in future prospects and future forecast profits.

The payment of dividends by the Company to its shareholders did not entail related tax effects.

NOTES TO THE MAIN LIABILITIES AND EQUITY ITEMS

CURRENT LIABILITIES

34. MINORITY SHAREHOLDERS' LOAN AND BANK AND OTHER BORROWINGS

	31/12/2023			31/12/2022		
	Effective interest rate	**Maturity**	**Amount *(in thousands Euro)***	Effective interest rate	Maturity	Amount *(in thousands Euro)*
Due to banks — secured	**Euribor* +1.6**	**2024**	**155**	Euribor* +1.6	2023	150
Due to banks — unsecured	**1.0–3.5**	**2024**	**2,425**	1.0–3.5	2023	3,878
Incidental borrowing costs			**—**			—
Due to banks net of incidental borrowing costs			**2,580**			4,025
Lease liabilities	**1.7–6.6**	**2055**	**8,674**	1.7–4.7	2023	8,799
Minority Shareholders' Loan			**1,000**			1,000
Others			**—**			1,676
Total short-term financial payables			**12,253**			15,500

	31/12/2023			31/12/2022		
	Effective interest rate	**Maturity**	**Amount *(in thousands Euro)***	Effective interest rate	Maturity	Amount *(in thousands Euro)*
Due to banks — secured	**Eurobir* +1.6**	**2024**	**1,466**	Eurobir* +1.6	2024	1,606
Due to banks — unsecured	**1.0–3.5**	**2024**	**687**	1.0–3.5	2024	1,181
Incidental borrowing costs			**—**			—
Due to banks net of incidental borrowing costs			**2,153**			2,786
Lease liabilities	**1.7–6.6**	**2055**	**17,370**	1.7–4.7	2031	19,359
Liabilities arising on Business Combinations			**2,093**			1,912
Total medium-/long-term financial payables			**21,616**			24,056
Total bank and other borrowings			**33,870**			39,556

(*) If Euribor is lower than zero, Euribor should be deemed equal to zero

34. MINORITY SHAREHOLDERS' LOAN AND BANK AND OTHER BORROWINGS (CONTINUED)

The Minority Shareholders' Loan refers to the loan of the company Fratelli Canalicchio S.p.A. granted by the minority shareholders, as provided by the share purchase agreement.

On August 2, 2019, the Company and its subsidiary formerly CRN S.p.A., now merged into Ferretti S.p.A., as borrowers, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Barclays Bank Ireland PLC, BNP Paribas, Milan Branch (also acting as agent — the "**Agent Bank**"), BPER Banca S.p.A., Crédit Agricole Italia S.p.A., MPS Capital Services Banca per le Imprese S.p.A. and UBI Banca S.p.A., as lenders, entered into a medium-to-long-term loan agreement for a maximum total amount of €170 million, divided into three lines of credit as follows:

(a) an amortizing medium-to-long term line of credit with a total maximum amount of €70 million for the Company, to be repaid according to an amortization schedule that calls for six half-yearly payments, starting on December 31, 2021, with maturity on August 2, 2024, to be used to finance, inter alia, industrial investments per its business plan, and substitute tax on the various lines of credit pursuant to the Loan Agreement (defined the "**Term Loan Facility**");

(b) a revolving medium-to-long term line of credit with a total maximum amount of €40 million for the Company, to be repaid on the final maturity date (i.e., August 2, 2024) (with an annual clean-down period, with a threshold of €1,000,000 for a minimum of three consecutive business days, it being understood that no fewer than three months may elapse between one clean-down period and another), to be used to finance its ordinary business activity (defined the "**Revolving Credit Facility**");

(c) a revolving medium-to-long term line of credit with a total maximum amount of €60 million for the Company, to be repaid on the final maturity date (i.e., August 2, 2024), and to be used to finance the ordinary activity relating to commercial contracts for a maximum amount of 90% of the value of the said commercial contracts (defined the "**Revolving Pre-Finance Facility**").

The Loan Agreement is subject to a financial covenant relating to the compliance with certain significant thresholds relating to the leverage ratio of total net debt (as defined in the Loan Agreement) to EBITDA (as defined in the Loan Agreement), to be calculated at the consolidated level on a half-yearly basis (June 30 and December 31, of each year on a 12-month basis).

In addition, the Loan Agreement provides for a commitment by Ferretti S.p.A., and the relevant subsidiaries to keep at 1.5x or higher the ratio of the gross order book to the amount to be repaid under the Revolving Pre-Finance Facility (a line of credit providing advances against the contracts). The parameter will be observed twice a year (December 31, and June 30). If this parameter is breached, draw-downs on the Revolving Pre-Finance Facility must be repaid to restore fulfilment of the parameter. Any repayments do not result in the cancelation of the facility for the part repaid.

As at December 31, 2023 and December 31, 2022, all covenants had been fulfilled.

Finally, the Loan Agreement includes several mandatory early repayment clauses in certain circumstances.

The interest rate applicable to the Loan is equal to the sum of the EURIBOR and the applicable spread, according to the level of the leverage ratio.

34. MINORITY SHAREHOLDERS' LOAN AND BANK AND OTHER BORROWINGS (CONTINUED)

This Loan is not in use and the amortizing medium-to-long term line of credit was prepaid in December 2022 for the remaining value of €47 million.

Ferretti S.p.A. is "Guarantor" under the Loan Agreement, meaning that, inter alia, it guarantees, jointly and severally, to the Lenders prompt, full compliance by each borrower of all the related payment obligations for the borrower under the Loan Agreement and other financial documents. Please refer to section "Guarantees provided to third parties".

The item "Liabilities arising on Business Combinations" of Bank and other borrowings refers for € 2,093 thousand to the value of the put and call options for the acquisition of the non-controlling interest of Fratelli Canalicchio S.p.A. and Il Massello s.r.l., both exercisable from September 2027 to September 2028.

With regard to the analysis of bank and other borrowings based on maturity, please refer to Note 6 "Financial risk management".

All borrowings are denominated in Euro.

35. TRADE AND OTHER PAYABLES

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

(in thousands Euro)	**31/12/2023**	31/12/2022
Trade payables	**393,915**	289,653
Other payables	**50,606**	48,717
Total trade and other payables	**444,521**	338,370

	31/12/2023	31/12/2022
Trade and other payables — current	**443,585**	337,364
Trade and other payables — non-current	**936**	1,006
Total trade and other payables	**444,521**	338,370

35. TRADE AND OTHER PAYABLES (CONTINUED)

a. Trade payables

A breakdown of this item is as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Accounts payable to suppliers	**393,915**	289,653
Total trade payables	**393,915**	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.

For an analysis of future flows of trade payables, based on their maturity, please refer to Note 6 "Financial risk management".

b. Other payables

(in thousands Euro)	**31/12/2023**	31/12/2022
Payables due to pension and social security institutions	**13,188**	12,504
Amounts payable to employees	**21,425**	23,411
Amounts payable to directors	**3,164**	2,849
Other tax payable	**3,857**	3,344
Miscellaneous payables	**4,542**	3,464
Accrued expenses	**1,362**	1,426
Deferred income	**2,131**	714
Government authorization fees	**163**	229
Deferred income — non current	**773**	776
Total other payables	**50,606**	48,717

The item "Payables due to pension and social security institutions" reflects the amounts owed to these institutions as at December 31, 2023 by Group companies and their employees for the December payroll and for accrued and deferred remuneration.

The item "Amounts payable to employees" refers to the December 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 December 31, 2023.

35. TRADE AND OTHER PAYABLES (CONTINUED)

b. Other payables (Continued)

The item "Other tax payable" chiefly refers to taxes withheld accrued that will be paid in January 2024.

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", totalling €163 thousand at December 31, 2022, relates mainly to prepayments of public grants received by the Group of €133 thousand authorized in favor of the former Riva S.p.A., now merged in the Company and €30 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.

36. CONTRACT LIABILITIES

"Contract liabilities" include amounts paid by customers for orders not yet fulfilled, based on the sales conditions normally applied. More specifically, this item represents both the part of advances exceeding production already completed and the part of advances received and for which the order has not progressed as at the reporting date.

37. INCOME TAX PAYABLE

The item "Income tax payable" as at December 31, 2023 refers to income taxes accrued that will be paid in the following year.

NON-CURRENT LIABILITIES

38. BANK AND OTHER BORROWINGS

For a description of this item, reference should be made to Note 34 above.

39. PROVISIONS

The table below shows the changes that occurred in "Provisions" for the year ended December 31, 2023 and the year ended December 31, 2022:

(in thousands Euro)	Provision for product warranties	Provisions for miscellaneous risks	Total provisions
Balance at January 1, 2023	**26,300**	**29,693**	**55,995**
Additions	**25,071**	**26,043**	**51,114**
Utilisations during the period	**(17,440)**	**(14,324)**	**(31,764)**
Total at December 31, 2023	**33,931**	**41,412**	**75,344**

(in thousands Euro)	Provision for product warranties	Provisions for miscellaneous risks	Total provisions
Balance at January 1, 2022	18,867	21,572	40,438
Additions	26,097	16,302	42,399
Utilizations during the year	(18,663)	(8,181)	(26,843)
Total at December 31, 2022	26,300	29,693	55,995

39. PROVISIONS (CONTINUED)

a. Provision for product warranties

The "Provision for product warranties" reflects the best possible estimate based on available information of the warranty obligations that may be incurred after the reporting date for products sold before that date.

The amount added annually to this provision, for all Group companies, is based on past experience and future expectations and takes into account new-product launches and the impact of a warranty period of 24 months, even though virtually all warranty claims are received within the first 12 months after a product is sold. A portion of the provision for product warranties is classified as non-current.

(in thousands Euro)	**31/12/2023**	31/12/2022
Current portion	**21,396**	13,251
Non-current portion	**12,535**	13,049
Total provision for product warranties	**33,931**	26,300

b. Provisions for miscellaneous risks

The item "Provisions for miscellaneous risks" can be broken down as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Legal proceedings and tax and employment law litigation	**6,410**	9,171
Dealer incentives	**13,069**	10,007
Provisions for completion of boats	**4,362**	2,813
Provisions for other risks	**17,572**	7,702
Total provisions for miscellaneous risks	**41,413**	29,693

Provisions for "Legal proceedings and tax and employment law litigation" refer, as far as the legal part is concerned, to potential liabilities arising from the Group's core activity regarding current litigation involving actions for liability due to breach of contract in general and/or contractual liability arising from flaws in the product sold, and other actions concerning claims for compensation for damages by third parties.

39. PROVISIONS (CONTINUED)

The Group was involved mainly in two tax litigation proceedings for which during 2023 the Company has applied for a facilitated settlement to close the litigation and released the correspondent provision, created only for part of the value of the two litigations, that were approximately €5 million.

The provisions in item "Dealer incentives" were established to cover the costs that the Company could incur under a system that awards bonuses to dealers who reach predetermined customer service targets.

The "Provisions for other risks" were established to cover liabilities that are likely to arise as a result of identified issues that Group companies could face in the normal course of business.

As at December 31, 2023, the Group accrued a provision of Euro 6,000 thousand to support the Group's supply chain.

40. NON-CURRENT EMPLOYEE BENEFITS

The breakdown of this item as at December 31, 2023 and December 31, 2022 are as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Provision for employee benefits	**6,579**	6,783
Provision for leaving indemnity	**865**	863
Total non-current employee benefits	**7,444**	7,646

a. Employee benefits

Under IAS 19, modified by IFRS 2, employee benefits provided in accordance with Italian laws that govern the payment of employee severance indemnities should be treated as post-employment benefits provided under a defined-benefit plan and, consequently, should be valued in accordance with the Projected Unit Credit Method. However, in view of the new provisions introduced by the 2007 Budget Law (Law No. 296 of December 27, 2006), the entities authorized to provide a technical analysis of this issue (Abi, Assirevi and the National Board of Actuaries) concluded that the severance benefits that vest from January 1, 2007 on (or on the date that the option for employees who opted to pay into supplemental pension funds starts) and are invested in supplemental pension funds or deposited in the Treasury Fund maintained by the INPS should be treated as being part of a defined-contribution plan and, as such, are no longer subject to actuarial valuation.

The 2015 Stability Law, which allows employees, on request, to receive in their payslips the accrued portion of severance pay from March 1, 2015 until June 30, 2018 (if they have at least 6 months in service) has no effect on the valuations, as the provision for accrued severance pay is not kept by the Group companies.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

a. Employee benefits (Continued)

The process of determining the Group's obligations toward its employees, which was carried out by Mr. Tommaso Viola ("**Mr. Viola**"), being an Italian independent actuary and a member of the Italian "Ordine Nazionale degli Attuari", with the same procedure followed at December 31, 2022, involved the following steps:

— projection of vested severance indemnity benefits on the valuation date and of the benefits that will vest until the uncertain date when the employment relationship is terminated or payment of an advance on vested severance indemnity benefits;

— discounting at the valuation date of the expected cash flows that the Group will allocate to its employees in the future;

— in each valuation year, for each employee, the calculation of the annual severance pay increase was made net of the 17% substitute tax (on the annual revaluation amount of severance pay), as provided for in the 2015 Stability Law.

The following table provides the movements in the item "Provision for employee benefits" as at December 31, 2023 and December 31, 2022:

(in thousands Euro)	**31/12/2023**	31/12/2022
Present value of the initial obligation	**6,783**	6,609
Acquisition of subsidiaries	**0**	725
Interest cost	**99**	40
Service cost	**230**	21
Actuarial gains	**(159)**	(215)
Use for indemnities paid and advances	**(376)**	(397)
Present value of the final obligation	**6,579**	6,783

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

a. Employee benefits (Continued)

At December 31, 2023, the following assumptions were made:

Demographic Assumptions

— Probability of death of active employees (grouped by age and gender) obtained by reducing by 30% the death probabilities for the Italian population in 2022 (source: ISTAT);

— yearly probability of termination of employment for various reasons (resignation, dismissal), based on the experience for the population in the last five years and applied to all employees aged 65 or younger, equal to 3%;

— yearly probability of requests for payment of advances on vested severance indemnity benefits, based on the experience for the population in recent four years and applied to all employees with seniority of one year or more, of 1%;

— the frequency of employment termination due to resignation by employees achieving the right to receive an old-age or seniority-based pension was also conservatively assumed to be 100%. The requirements for obtaining an old-age or seniority-based pension were assumed to be the same as those set forth in the current regulations of the Italian Social Security Administration (INPS). At present, no employees have requested early retirement.

Financial Assumptions

— Annual inflation rate: 3.0% for the entire valuation period;

— annual revaluation rate of severance indemnity benefits: fixed at 1.5% for the entire valuation period plus 75% of the inflation rate;

— technical discounting rate applied to value defined-benefit plan obligations and the current service cost relating to December 31, 2023: 3.1%;

— technical discounting rate for the valuation of financial charges for the period January 1, 2023 to December 31, 2023, equal to the discounting rates for valuations of the defined-benefit obligations at December 31, 2022 (interest cost): 3.3%;

— technical discounting rate at December 31, 2023, based on the yield of the iBoxx Euro 10+ AA Allostock Corporate Bond Index: 3.1709%.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

a. Employee benefits (Continued)

Financial Assumptions (Continued)

In 2023, an actuarial loss amounting to €159 thousand (before tax), gross of fiscal effect, was recognized under the "Other equity reserves" item.

The amounts recognized in the income statement are summarized below:

(in thousand Euro)	**31/12/2023**
Interest cost	**102**
Service cost	**231**
Total	**333**

b. Provision for leaving indemnity

As required by the new supplemental company agreement signed in July 2012 by the Company and the unions representing its employees, each year the Group sets aside a provision for seniority bonuses. These bonuses are payable to employees who, starting on September 1, 2012, have completed or will complete more than 12 years of service.

On a transitional basis, a different loyalty bonus will be paid on termination of the contracts to the employees at some sites who previously received a different bonus and had already accrued more than 12 years' service. The amount previously accruing for all workers will remain unchanged.

As was the case for the Provision for employee severance indemnities, the Group's liability toward its employees was determined by Mr. Viola.

The actuarial valuation model is based on technical assumptions, which include the demographic and financial assumptions used to generate the computation parameters. An overview of the assumptions adopted is provided below.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

b. Provision for leaving indemnity (Continued)

At December 31, 2023, the following assumptions were made:

Demographic Assumptions

— Probability of death of active employees (grouped by age and gender) obtained by reducing by 30% the death probabilities for the Italian population in 2022 (source: ISTAT);

— probability of termination of employment for various reasons (resignation, dismissal), equal to 3% annually for all employees aged 65 or younger;

— the frequency of employment termination due to resignation by employees achieving the right to receive an old-age or seniority-based pension was also assumed to be 100%. The requirements for obtaining an old-age or seniority-based pension were assumed to be the same as those set forth in the current regulations of the Italian Social Security Administration (INPS). In this regard, it should be borne in mind that no employees have requested early retirement at the present moment.

Financial Assumptions

— Technical discounting rate applied to value defined-benefit obligations and the current service cost relating to December 31, 2023: 3.1%;

— technical discounting rate for the valuation of financial charges for the period January 1, 2023;

— December 31, 2023, equal to the discounting rates for valuations of the defined-benefit obligations at December 31, 2022 (interest cost): 3.3%;

— technical discounting rate at December 31, 2023, based on the yield of the iBoxx Euro 10+ AA Allostock Corporate Bond Index: 3.1709%.

The actuarial valuation performed in accordance with the method explained above shows that the provision had a value of €405 thousand at December 31, 2023, including the respective contributions.

The provision for indemnities payable upon termination of employment, which had a balance of €460 thousand at December 31, 2023, is attributable to Zago S.p.A.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

b. Provision for leaving indemnity (Continued)

Financial Assumptions (Continued)

The table below provides an analysis of the sensitivity of the parameters applied in the actuarial valuation to an increase or decrease in the technical discounting rate for measuring the value of the final obligation in relation to future employee benefits.

	Increase/ (decrease) of the interest rate of %	**Increase/ (decrease) of Provision for employee benefits Euro thousand**
December 31, 2023	**0.25**	**134**
	(0.25)	**(139)**

	Increase/ (decrease) of the interest rate of %	Increase/ (decrease) of Provision for employee benefits Euro thousand
December 31, 2022	0.25	144
	(0.25)	(132)

SHARE CAPITAL AND RESERVES

As at December 31, 2023 the share capital and reserves were unchanged in respect to the amount as at December 31, 2022, except for the profit for the year ended December 31, 2023.

Equity amounted to €839,680 thousand as at December 31, 2023 (€778,391 as at December 31, 2022), as detailed below together with the main components of "Share capital and reserves

41. SHARE CAPITAL

(in thousands Euro)	**31/12/2023**	31/12/2022
Issued and fully paid	**338,483**	338,483

The share capital, fully subscribed and paid up, is formed of 338,483,654 ordinary shares without par value.

42. RESERVES

The share premium reserve amounted to €425,041 thousand as at June 30, 2023.

The legal reserve, set up pursuant to applicable laws, amounts to €10,907 thousand

The translation Reserves, amounting to €5,533 thousand at December 31, 2023, reflects the foreign exchange differences that arise from the conversion of the equity opening balances and income statement of the US and UK subsidiaries of the Company, which are translated into Euro at the U.S. dollar and Great Britain Pound exchange rate in force at December 31, 2023 and at the average exchange rate for the period, respectively. During the year, the reserve changed negatively by €2,437 thousand, as reported in the consolidated comprehensive income statement.

The item "Other reserves", at €58,876 thousand at December 31, 2023, mainly includes:

— the overall effect of the income/(loss) on defined-benefit plans: the reserve amounting to €702 thousand at December 31, 2023 was set up in accordance with IAS 19 — Employee Benefits; during the period the amount of the reserve changed by €125 thousand, net of the tax effect, as reported in the consolidated Comprehensive income statement;

— the remaining part is mainly referred to accumulated earnings/(losses)

42. RESERVES (CONTINUED)

Dividends

(in thousands Euro)	**31/12/2023**	31/12/2022
Dividends	**19,903**	6,707

The General Shareholders' Meeting convened on May 18, 2023, authorized a dividend payout for €19,903 thousand, equal to €5.88 cents per share, made on June 05, 2023.

The General Shareholders' Meeting convened on May 25, 2022, authorized a dividend payout for €6,707 thousand, equal to €1.98 cents per share, made on June 30, 2022.

On March 14, 2024, the board of directors of the Company proposed dividend of €32,833 thousand (equal to €0.097 per share), which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

43. NON-CONTROLLING INTERESTS

Non-controlling interests are non material and represented by:

— 25% of Sea Lion S.r.l.'s shares;

— 20% of Ram S.p.A.'s shares;

— 15% of Il Massello S.r.l.'s shares.

44. 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 year, as indicated in the table below, and coincides with the earnings per share diluted due to the absence of partially dilutive instruments.

	31/12/2023	31/12/2022
Profit attributable to shareholders of the company (in thousands Euro)	**83,048**	60,274
Weighted average number of shares during the year	**338,482,654**	316,778,344
Earnings per share attributable to shareholders of the company: basic and diluted (in Euro)	**0.25**	0.19

45. BUSINESS COMBINATIONS

2023

No business combination was made in the fiscal year ended December 31, 2023.

2022

On July 29, 2022, the Group acquired a 100% interest in MA.RI.NA. s.r.l. through a cash payment of €468 thousand.

MA.RI.NA. s.r.l. is a company specialized in the sale of spare parts for Riva boats.

(in thousands Euro)	Fair value recognized at acquisition date
Cash and cash equivalents	99
Trade and other receivables	170
Other current assets	411
Property, plant and equipment	96
Trademark	132
Current liabilities	(352)
Non-current employee benefits	(82)
Other non-current liabilities	(6)
Total net assets at fair value	468
Payment made	468

Below is an analysis of the cash flows relating to the acquisition of, MA.RI.NA. s.r.l.:

Payment of the consideration	(468)
Cash available at acquisition date	99
Cash outflows for the investment	(369)

From the date of acquisition, MA.RI.NA. s.r.l. contributed €162 thousand of revenue and €0.3 thousand to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2022, the Group's revenue from continuing operations would have been €1,030,286 thousand and the profit before tax from continuing operations would have been €69,366 thousand.

The allocation made as at December 31, 2022 is considered as definitive as at December 31, 2023.

45. BUSINESS COMBINATIONS (CONTINUED)

2022 (Continued)

On September 19, 2022, the Group acquired a 60% interest in Fratelli Canalicchio S.p.A. through a cash payment of € 100 thousand. 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. Details and input considered to estimate the fair value of these liabilities are disclosed in Note 6.

(in thousands Euro)	Fair value recognized at acquisition date
Cash and cash equivalents	567
Trade and other receivables	4,256
Other current assets	2,678
Property, plant and equipment	2,468
Other non-current assets	908
Deferred tax	21
Current liabilities	(6,038)
Non-current employee benefits	(530)
Other	(3,393)
Total net assets at fair value	937
Non-controlling interests	—
Goodwill	2,699
Payment made	3,200
Liability arising on business combination (Note 6)	436
Total	3,636

Below is an analysis of the cash flows relating to the acquisition of Fratelli Canalicchio S.p.A.:

Payment of the consideration	(3,200)
Cash available at acquisition date	567
Cash outflows for the investment	(2,633)

45. BUSINESS COMBINATIONS (CONTINUED)

2022 (Continued)

From the date of acquisition, Fratelli Canalicchio S.p.A. contributed €976 thousand of revenue and €11 thousand to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2022, the Group's revenue from continuing operations would have been €1,036,770 thousand and the profit before tax from continuing operations would have been €68,952 thousand.

The goodwill of €2,606 thousand comprises the fair value of expected synergies arising from acquisition and it's not expected to be deductible for income tax purposes.

The allocation made as at December 2022 is considered as definitive as at December 31, 2023.

On September 29, 2022, the Group acquired a 85% interest in Il Massello s.r.l. through a cash payment of €6,375 thousand. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets. The terms of put and call options over these non-controlling interests, mean that they do not 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 not been acquired. Thus, the Group recognized both non-controlling interests and these liabilities for shareholders under the options. Details and input considered to estimate the fair value of these liabilities are disclosed in Note 6.

45. BUSINESS COMBINATIONS (CONTINUED)

2022 (Continued)

(in thousands Euro)	Fair value recognized at acquisition date
Cash and cash equivalents	263
Trade and other receivables	2,199
Other current assets	2,005
Property, plant and equipment	798
Other non-current assets	96
Current liabilities	(3,117)
Non-current employee benefits	(138)
Other non-current liabilities	—
Total net assets at fair value	2,107
Non-controlling interests (15% net assets)	(316)
Goodwill	4,584
Payment made	6,375
Liability arising on business combination (Note 6)	1,476

Below is an analysis of the cash flows relating to the acquisition of Il Massello s.r.l.:

Cash available at acquisition date	263
Payment of the consideration	(6,375)
Cash outflows for the investment	(6,112)

From the date of acquisition, Il Massello s.r.l. contributed €127 thousand of revenue and €(204) thousand to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2022, the Group's revenue from continuing operations would have been €1,031,136 thousand and the profit before tax from continuing operations would have been €69,862 thousand.

The goodwill of €4,584 thousand comprises the fair value of expected synergies arising from acquisition and it's not expected to be deductible for income tax purposes.

The allocation made as at December 2022 is considered as definitive as at December 31, 2023.

46. CASH FLOWS

Group's main non-monetary transactions

For the years ended December 31, 2023 and 2022, the Group had non-cash additions to rights-of-use assets and lease liabilities of €8,320 thousand and €6,355 thousand, respectively.

Changes in liabilities arising from financing activities

Bank and other borrowings *(excluding lease liabilities)* *(in thousands Euro)*	**2023**	2022
At the beginning of the year	**11,400**	57,682
Changes in financing activities:		
Acquisition of a subsidiary	**0**	7,926
New borrowings	**1,000**	2,723
Repayment	**(6,029)**	(61,355)
Other	**1,454**	4,421
Total at the end of the year	**7,825**	11,400

Lease liabilities *(in thousands Euro)*	**2023**	2022
At the beginning of the year	**28,158**	30,801
Changes in financing activities:		
New lease	**8,320**	6,355
Interest expenses	**375**	153
Lease payment	**(10,809)**	(9,151)
Total at the end of the year	**26,044**	28,158

Total cash outflows for leasing

Total cash outflows for leasing included in the consolidated cash flow statements are as follows:

(in thousands Euro)	**31/12/2023**	31/12/2022
Operating activities	**5,199**	5,192
Financing activities	**10,809**	9,151

47. RELATED PARTY TRANSACTIONS

Transactions with related parties, as defined by IAS 24, concern arrangements, not always formalized with the conclusion of standardized contracts, relating primarily to the supply of services, including advisory. These transactions form part of normal business operations and, in the Company's judgment, are in general settled under arm's length conditions.

Although the Company considers that transactions with related parties have been carried out in general under arm's length conditions, there is no guarantee that, if they had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or carried out the transactions, under the same conditions and with the same procedures adopted by the Group.

The breakdown of the Group's balances with related parties at December 31, 2023 and December 31, 2022 is set out below:

(in thousands Euro)	Trade and other receivables	Shareholders' debt	Trade and other payables
Fellow subsidiaries:			
Weichai Power Co., Ltd	**484**		**(645)**
Shandong Weichai Import & Export Co., Ltd	**3,150**		
FIH	**0**		
Other related companies:			
HPE S.r.l.	**—**		**(100)**
WM S.A.M. (former Wally S.A.M.)	**467**		
Ferrari S.p.A.			**(37)**
Studio Fontana & Zanardi			**(17)**
Still S.p.A.			**(113)**
Other related parties	**28**	**1,000**	**(170)**
Total related parties at December 31, 2023	**4,130**	**1,000**	**(1,082)**

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(in thousands Euro)	Trade and other receivables	Shareholders' debt	Trade and other payables
Fellow subsidiaries:			
Weichai Power Co., Ltd	484		(645)
Shandong Weichai Import & Export Co., Ltd	3,150		
FIH	891		
Other related companies:			
HPE S.r.l.	—		(50)
WM S.A.M. (former Wally S.A.M.)	360		
Ferrari S.p.A.			(535)
Poem S.r.l.			(8)
Other related parties	28	1,000	(139)
Total related parties at December 31, 2022	4,913	1,000	(1,376)

The balance of trade and other payables to Weichai Power Co., Ltd amounting to €645 thousand at December 31, 2023 refers wholly to the agreements on the right to sponsor the "Riva" brand on the Ferrari single-seater helmet during the FIA Formula One championship.

The balance of trade and other receivables from Shandong Weichai Import & Export Co., Ltd amounting to €3.2 million at December 31, 2023 refers wholly to the sale of a yacht.

The balance of trade and other payables to HPE Srl amounting to €100 thousand at December 31, 2023 refers wholly to the last two instalments in 2023, based on the agreement entered into on January 1, 2017 and relating to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company's products.

The balance of trade and other payables to Ferrari S.p.A. amounting to €37 thousand at December 31, 2023 refers primarily to sponsoring the "Riva" brand on the Ferrari helmets and the race cars.

The balance of trade and other payables to other related parties amounting to €170 thousand at December 31, 2023 mostly refers to the costs incurred by the Company for legal services amounting to €27 thousand and other services provided by related parties under arm's length conditions.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

A breakdown of the Group's transactions with related parties for the years ended December 31, 2023 and December 31, 2022 is set out below:

(in thousands Euro)	**Net revenue**	**Other revenue**	**Costs for the use of raw materials, services, rentals and leases**
Fellow subsidiaries:			
Hydraulics Drive Technology		**—**	**(54)**
FIH		**2,880**	
HPE S.r.l.			**(200)**
WM S.A.M. (ex Wally S.A.M.)			**(450)**
Ferrari S.p.A.			**(1,030)**
Studio Zanardi & Fontana			**(17)**
Still S.p.A.			**(145)**
Other related parties	**43**	**10**	**(1,187)**
Total related parties at December 31, 2023	**43**	**2,890**	**(3,083)**

(in thousands Euro)	Net revenue	Other revenue	Costs for the use of raw materials, services, rentals and leases
Hydraulics Drive Technology			(23)
FIH		891	
Company's Directors	1,945		
HPE S.r.l.			(200)
WM S.A.M. (former Wally S.A.M.)			(550)
Ferrari S.p.A.			(1,530)
PEH S.r.l.			(3)
Poem S.r.l.			(60)
Other related parties		10	(1,114)
Total related parties at December 31, 2022	1,945	901	(3,480)

The costs with regard to Hydraulics Drive Technology amounting to €54 thousand at December 31, 2023 refer to the costs incurred by the Company for technical consulting services.

47. RELATED PARTY TRANSACTIONS (CONTINUED)

The revenue with regard to FIH amounting to €2,880 thousand as at December 31, 2023 entirely refers to certain costs and expenses incurred by Ferretti S.p.A. for services carried out by several providers that shall be reimbursed by FIH.

The costs with regard to WM S.A.M. amounting to €450 thousand for 2023 relate primarily to commission for the sale of some boats.

The costs with regard to HPE S.r.l. amounting to €200 thousand for 2023 refer primarily to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company's products.

The costs with regard to Ferrari S.p.A. amounting to €1,031 thousand for 2023 relate to sponsoring the "Riva" brand on the Ferrari helmets and race cars.

The costs to other related parties amounting to €1,187 thousand at December 31, 2023 mostly refer to the costs incurred by the Company for legal services and other consulting services, tied to the development of new boat and the Wally trademark, provided by related parties under arm's length conditions.

In addition, it is reported that during the period the Company incurred costs amounting to €408 thousand, which relate to engineering costs for the development of the Ancona shipyard that have been considered to be accessory costs to the plant construction and hence are shown in this item.

In application of IFRS 16, costs paid to three companies considered related parties, relating to the rent for offices and production facilities, have not been considered.

Compensation of key management personnel of the Group

(in thousands Euro)	**31/12/2023**	31/12/2022
Fees	**4,447**	5,988
Wages and salaries	**4,529**	8,916
Social security contributions	**1,094**	1,037
Employee severance indemnities and other allocations	**188**	—
Total compensation paid to key management personnel	**10,258**	15,941

48. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS

The remuneration paid to Ferretti S.p.A.'s Directors is provided below (in thousands Euro):

(in thousands Euro)	**31/12/2023**	31/12/2022
Fees	**4,823**	7,658
Social security contributions	**35**	35
Total fees and compensation	**4,858**	7,693

Fees are broken down as follows (in thousand Euro):

2023

(in thousands Euro) Name and surname	Post held	Fees and compensation for the post held	Social security contributions	Total
Tan Xuguang*	Chairman of the Board of Directors	—	—	—
Alberto Galassi**	Director and Chief Executive Officer	4,447	—	4,447
Piero Ferrari	Vice Chairman of the Board of Directors	63	—	63
Xu Xinyu	Director	64	24	88
Li Xinghao	Director	52	—	52
Hua Fengmao	Director	52	—	52
Jiang Lan	Director	35	—	35
Stefano Domenicali	Director	58	11	69
Patrick Sun	Director	52	—	52
Total		**4,823**	**35**	**4,858**

48. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS (CONTINUED)

2022

(in thousands Euro)

Name and surname	Post held	Fees and compensation for the post held	Social security contributions	Total
Tan Xuguang*	Chairman of the Board of Directors	—	—	—
Alberto Galassi**	Director and Chief Executive Officer	7,364	—	7,364
Piero Ferrari	Vice Chairman of the Board of Directors	53	—	53
Xu Xinyu	Director	64	35	99
Li Xinghao	Director	43	—	43
Hua Fengmao	Director	43	—	43
Stefano Domenicali	Director	48	—	48
Patrick Sun	Director	43	—	43
Total		7,658	35	7,693

* In the year ended December 31, 2022 and 2021, the Chairman Tan Xuguang waived the fees and compensation to which he is entitled for their role.

** Alberto Galassi is an Executive Director and the Chief Executive Officer of the Company.

The remuneration paid to Ferretti S.p.A.'s Statutory Auditors and members of the Supervisory Body in the year ended December 31, 2023 are shown in the table below (in thousand Euro):

(in thousands Euro)

Post held	Fees and compensation for the post held	Social security contributions	Total
Board of Statutory Auditors	**119**	**5**	**124**
Supervisory Body	**83**	**—**	**83**
Total	**202**	**5**	**207**

48. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS (CONTINUED)

The remuneration paid to Ferretti S.p.A.'s Statutory Auditors and members of the Supervisory Body for the year ended December 31, 2022 are shown in the table below (in thousand Euro):

(in thousands Euro) **Post held**	Fees and compensation for the post held	Social security contributions	Total
Board of Statutory Auditors	95	3	98
Supervisory Body	72	3	75
Total	167	6	173

The fees, including all related expenses paid to the independent auditors in relation to the auditing of the financial statements for the years ended December 31, 2023 and 2022 are shown below (in thousands Euro):

2023

(in thousands Euro) **Name**	**Nature of the fees and compensation**	**Fees and compensation**
EY S.p.A.	Fees for the auditing of accounts	**465**
EY S.p.A.	Fees for other services	**642**
EY Advisory S.p.A.	Fees for other services	**312**
Studio Legale Tributario	Fees for other services	**46**
Total		**1,465**

48. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS (CONTINUED)

2022

(in thousands Euro)

Name	**Nature of the fees and compensation**	Fees and compensation
EY S.p.A.	Fees for the auditing of accounts	258
EY S.p.A.	Fees for other services	698
EY Advisory S.p.A.	Fees for other services	167
Ernst & Young	Fees for other services	938
Studio Legale Tributario	Fees for other services	40
Total		2,101

49. CONTINGENT LIABILITIES

The Group's management believes there are no significant risk tied to the Group's core business that might give rise to liabilities not reflected in the financial statements.

50. MORTGAGES ON PROPERTIES

As at December 31, 2023 and 2022, the Group's secured bank loans were secured by mortgages on properties with carrying amount of €111,7 million and €98,1 million, respectively.

51. COMMITMENTS

As at December 31, 2023 no commitment was reported (December 31, 2022: Nil).

52. GUARANTEES PROVIDED TO/RECEIVED FROM THIRD PARTIES

For purposes of comprehensive disclosure, the following paragraphs provide a detail the guarantees provided and the commitments undertaken by the Group as at December 31, 2023.

The following types of guarantees were issued to secure payables and other obligations:

Ferretti S.p.A.:

— a surety policy issued by Atradius for the benefit of the Marche Revenue Agency in the amount of €2,274 thousand and for the benefit of the Emilia Romagna Revenue Agency in the amounts of €28 thousand and €77 thousand, respectively, in order to avoid the administrative block against the 2013 VAT refund;

— a surety policy for a total amount of €21 million issued by Allianz Trade (Euler Hermes) for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT credit surplus for 2022;

— a surety policy for a total amount of €3,482 thousand issued by Liberty Mutual Insurance Europe SE for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT credit rebate for 2021;

— a surety policy for a total amount of €3,018 thousand issued by Liberty Mutual Insurance Europe SE for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT rebate for 2020;

— a surety policy for a total amount of €1,471 thousand issued by Liberty Mutual Insurance Europe SE for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT credit rebate for 2019;

— a surety policy of €3,222 thousand received from Liberty Mutual Insurance Europe SE for the benefit of the Ancona Revenue Agency as a guarantee for offsetting the VAT credit for 2019;

— a surety policy for a total amount of €752 thousand issued by Elba Assicurazioni for the benefit of the Emilia Romagna Revenue Agency in connection with the VAT offsetting for 2019;

— an insurance policy for €25 thousand issued by Vittoria Assicurazioni for the benefit of the Sarnico municipal administration in connection with urban development projects;

— an insurance policy issued by Reale Mutua Assicurazioni for the Iseo, Endine and Moro Lake Authority for concession charges of €53 thousand;

— a surety policy for a total amount of €851 thousand issued by Elba Assicurazioni as a guarantee for contractual obligations associated with the supply of several patrol boats to the Carabinieri Corps;

— a surety policy for a total amount of €22 thousand issued by Liberty Mutual Insurance Europe SE as a guarantee for contractual obligations associated with the supply of several patrol boats to the Carabinieri Corps;

52. GUARANTEES PROVIDED TO/RECEIVED FROM THIRD PARTIES (CONTINUED)

Ferretti S.p.A.: (Continued)

— a surety policy for a total amount of €91 thousand, issued by Coface, as a guarantee for the offsetting landscaping works on public green space on Via San Bartolomeo in La Spezia;

— guarantees totalling €1.2 million issued by various banks in favor of certain suppliers, following negotiated supply conditions;

— guarantees totalling €168.3 million issued by various banks in favor of customers as a guarantee of the advances paid for the construction of several boats;

— a bank guarantee issued in relation to the process awarding the Wally brand;

— a surety policy of €30 thousand received from Unipol Assicurazioni in favor of the Ancona Customs Agency for excise incentives on diesel used in engine tests;

— a surety policy of €40 thousand received from Axa Assicurazioni in favor of the Ancona Port Authority for the granting of use of public land;

— a surety policy of €103 thousand Euro, received from Liberty Mutual Assicurazioni for the benefit of the Italian Customs and Monopolies Agency of Ancona — seafront for a global guarantee (tax relief measures);

— a surety policy of €77 thousand Euro, received from Coface in favor of the central-northern Adriatic Sea Port Authority to guarantee compliance with the obligations undertaken following the sub-entry into the Rosetti state maritime concession for 16,070 square meters;

— a surety policy of €558 thousand Euro, received from Liberty Mutual Assicurazioni for the benefit of the Mondolfo Municipality to guarantee compliance with the obligations undertaken in relation to industrial development projects;

— a surety policy of €306 thousand Euro, received from Sace in favor of the Eastern Ligurian Sea Port Authority to guarantee compliance with the obligations undertaken following the concession n. 103 dated 14/02/22, as required by the Navigation Code.

52. GUARANTEES PROVIDED TO/RECEIVED FROM THIRD PARTIES (CONTINUED)

Zago S.p.A.:

— sureties of €3,740 thousand issued by Coface for the benefit of a customer in connection with advances received or as guarantee on furnishing and fixture.

— two insurance policies for €81 thousand in total issued by Coface for the benefit of the Scorzè municipal administration in connection with urban development projects.

Ram S.p.A.:

— a surety policy of €45 thousand received from Liberty Specialty Markets Assicurazioni for the benefit of the Bergamo Customs Agency for the temporary import of boats.

In addition, in order to grant the loan extended to the Parent Company, the pool of banks requested the following security interests:

— a first-degree deed of mortgage on the properties owned by Ferretti S.p.A.;

— deed of special lien pursuant to Article 46 of the Consolidated Banking Act on the bridge cranes and other cranes owned by Ferretti S.p.A.;

— deed of pledge on four current accounts (the minimum balance required for these accounts is €2 thousand).

In addition, with regard to the Revolving Pre-Finance Facility only, each disbursement is contingent on the signing of a deed of assignment of receivables as security, under which the receivables from the commercial agreement in respect of which the financing was applied for are assigned to the lending institutions as security.

53. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In late January 2024, the Company signed an agreement for the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, increasing the entire new production area in Ravenna to approximately 100,000 square meters to produce the made-to-measure, composite and sailboat segments of the Ferretti Yachts and Wally brands. This latest acquisition is equivalent to an investment of approximately €14 million already settled in 2023, and further increases the Group's production capacity by 10%.

In January 2024, the Group presented Riva El-Iseo, a fusion of evergreen elegance with latest-generation technology and a focus on sustainability at the Düsseldorf boat show. After the presentation of the prototype in September 2022 at the Monaco Yacht Show, followed by successful completion of a cycle of complex technical and reliability tests, the official version of the first Riva model created for the E-Luxury segment is now available for sale.

On March 1, 2024, the Company announced its withdrawal from the reclamation and industrial conversion of the site of the former Belleli Yard in Taranto's port area. The Group remains committed to the strategy of verticalization of key production processes such as the internalization of part of the production of fiberglass hulls and superstructures, to which the Taranto area had been designated, thanks to other opportunities such as the recently purchased area in Ravenna to expand the shipyard and other areas near the Group's shipyards.

54. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements, Management Discussion and Analysis and Directors' Report were approved and authorized for issue by the Board on March 14, 2024.

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DICEMBER 31, 2023 PURSUANT TO ART. 154-BIS, PARAGRAPH 5, OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED

1) The undersigned Alberto Galassi as Chief Executive Officer and Marco Zammarchi as the Executive responsible for the corporate financial documents for Ferretti S.p.A., certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree n.58 dated February 24, 1998:

   a) the appropriateness of the financial statements with regard to the nature of the business and

   b) the effective application of administrative and accounting procedures in preparing the consolidated financial statements as at December 31, 2023.

2) In this respect it is noted that no significant matters arose.

3) It is also certified that:

   a) The consolidated financial statements:

      i) were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;

      ii) correspond to the entries in the books and accounting records;

      iii) were prepared in accordance with Article 154-ter of the aforesaid Legislative Decree 58/98 and subsequent amendments and integrations and they provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

   b) The directors' management discussion and analysis provides a reliable analysis of the significant events taking place in the year 2023, together with an outlook and future plan.

This statement is also made pursuant to and for the purposes of Art. 154-bis, paragraph 2, of Legislative Decree 58 of February 24, 1998.

Milan, March 14, 2024

Alberto Galassi
Chief Executive Officer

Marco Zammarchi
Executive responsible for the corporate financial documents

Definitions

"Annual General Meeting" or "AGM"	the annual general meeting of the Company to be held on Monday, April 22, 2024 and any adjournment thereof
"AMAS"	North America, Central America and South America
"APAC"	Asia-Pacific
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee" or "Controls, Risks and Related Parties Committee"	audit committee of the Company, which is also referred to as Controls, Risks, and Related Parties Committee pursuant to Italian law
"Board" or "Board of Directors"	the board of Directors
"Board of Statutory Auditors"	the board of statutory auditors of the Company
"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
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Chairman"	the Chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China and for the purposes of this annual report 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
"Civil Code"	the Royal Decree No. 262 of 16 March 1942, as amended from time to time
"CLFI" or "Consolidated Law of Financial Intermediation"	Legislative Decree No. 58 of 24 February 1998, as amended from time to time
"Code of Ethics"	the set of defined, recognised and agreed values that are established by the code of ethics of the Company to govern the conduct of directors, employees and all those who work with the business of the Company
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company", "our Company", "the Company", "Ferretti" or "Issuer"	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.MI)
"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
"Consolidated Financial Statements"	the financial statements of the Group audited by the auditor for the financial year ended December 31, 2023
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, with respect to our Company, refers to any or all of SHIG, Weichai Group, Weichai Holding (HK) and FIH
"Corporate Governance Committee"	the corporate governance committee for listed companies, promoted by Borsa Italiana, ABI, ANIA, Assogestioni, Assonime, and Confindustria
"Corporate Governance Report"	the report on corporate governance and structures, as required to be prepared and published pursuant to article 123-*bis*, CLFI
"Director(s)"	the director(s) of the Company
"Dual Listing"	the listing of the Shares on the Hong Kong Stock Exchange and Euronext Milan
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"ESG"	Environmental, Social and Governance
"ESG Committee"	environmental, social and governance committee of the Company
"Euro", "EUR" 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
"First Trading Day"	June 27, 2023, the date on which trading in Shares began on Euronext Milan.
"FIH"	Ferretti International Holding S.p.A., a joint-stock company (società per azioni) incorporated and organized under the laws of Italy and one of our Controlling Shareholders
"FSD"	Ferretti Security Division business, a division of the Company that designs, develops and manufactures coastal patrol vessels

"Group", "Ferretti Group", "we" or "us"	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 People's Republic of China
"Hong Kong Listing"	the public offering of the Shares on the Main Board of the Hong Kong Stock Exchange as defined and described in the Hong Kong Prospectus
"Hong Kong Prospectus"	the prospectus of the Company dated March 22, 2022 in relation to the Hong Kong Listing
"Hong Kong Stock Exchange" or "HKEX"	The Hong Kong Stock Exchange Limited
"IARMS"	the internal controls and risk management system of the Company
"IAS"	International Accounting Standards, as issued by the International Accounting Standards Board
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Italian Corporate Governance Code" or "Corporate Governance Code"	Italian corporate governance code enacted by the Corporate Governance Committee (Comitato di Corporate Governance) on January 2020
"Italian Listing"	the listing of the Shares on the Euronext Milan managed and organized by Borsa Italiana
"Italian Prospectus"	the prospectus of the Company approved by CONSOB on June 21, 2023 in relation to the Italian Listing
"Issuer's Regulations"	the implementing regulations of the CLFI regarding the duties and obligations of issuers that were adopted by CONSOB under its Resolution No. 11971 of 14 May 1999, as amended from time to time
"Listing Date"	March 31, 2022, the date on which the Shares were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Management Incentive Plan"	a management incentive plan approved on December 21, 2021, setting out incentives for the Group's senior management and other employees
"MAR" or "Market Abuse Regulation"	Regulation (EU) No 596/2014, as amended from time to time
"MEA"	Middle East and Africa
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Nomination Committee"	nomination committee of the Company
"Remuneration Committee"	remuneration committee of the Company
"Remuneration Policy"	Section I of the Remuneration Report, which sets forth clearly and in a comprehensible manner (a) the Company's and the Group's policy on the remuneration of members of the Board, the ESRs, and, subject always to the terms of article 2402 of the Civil Code, the members of the Board of Statutory Auditors; and (b) the bodies involved, and the procedures used, in preparing, approving and revising that policy, and its term
"Remuneration Report"	the report on remuneration policy, and compensation paid, prepared pursuant to article 123-*ter*, CLFI, article 84-*quater* of the Issuers' Regulations, in accordance with Schedule 7-*bis* to those regulations, which is available, as the law requires, from the Company's registered office and its website at *www.ferrettigroup.com*, in the section *Corporate Governance*
"Reporting Period"	the year ended December 31, 2023
"RPT Procedure"	the procedure that governs transactions with related parties that are effected by the Company, or through subsidiaries, in accordance with the terms of the CONSOB Related Parties Rules, as approved on a preliminary basis by a meeting of the Board in 18 May 2023 and subsequently approved on 19 February 2024, following favourable review by the independent Directors
"RPT Rules"	the regulations on transactions with related parties 17221 of 12 March 2010, as amended from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong SASAC"	Stated-owned Assets Supervision and Administration Commission of Shandong Province
"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 Shareholders' meeting of the Company
"Shareholder Engagement Policy"	the policy for managing engagement with Shareholders and other material stakeholders, as approved by the Board on 18 May 2023
"Share Option scheme"	the share option scheme adopted by the Company on May 25, 2022
"SHIG"	Shandong Heavy Industry Group Co., Ltd.*, a company with limited liability incorporated under the laws of the PRC and one of our Controlling Shareholders
"SMEs"	small and medium-sized enterprises whose shares are listed, pursuant to article 1(1)(w-*quater*)(1) of the CLFI, and article 2-*ter* of the Issuers' Regulations
"Strategic Committee"	strategic committee of the Company
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisory Board"	the supervisory board established by the Company pursuant to Legislative Decree 231/2001
"Tax Booklet"	a tax booklet published on the website of the Company, which provides the Italian tax framework relating to the ownership of the Shares
"Weichai Group"	Weichai Holding Group Co., Ltd.*, a company with limited liability incorporated under the laws of the PRC and one of our Controlling Shareholders
"Weichai Holding (HK)"	Weichai Holding Group Hongkong Investment Co., Limited, a company incorporated under the laws of Hong Kong and one of our Controlling Shareholders
"USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"%"	per cent
"2024 Remuneration Policy"	the Remuneration Policy for the 2024 financial year, as approved by a meeting of the Board on14 March 2024, at the proposal of the Remuneration Committee, and subject to approval from the Shareholders' Meeting called to resolve upon the financial statements of the Company as at and for the year ended 31 December 2023

The English names of PRC nationals, enterprises, departments, facilities, certificates, regulations, titles and the like marked with "" are translations of their Chinese names and are included in this annual report for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name will prevail.*

FERRETTI S.p.A.

SEPARATE FINANCIAL STATEMENTS 2023

Ferretti S.p.A.

Financial statements as of December 31, 2023

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated anuary 27, 2010 and article 10 of EU Regulation n. 537/2014 (Translation from the original Italian text)

To the Shareholders of
Ferretti S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ferretti S.p.A. (the Company), which comprise the statement of financial position as of December 31,2023, and the income statement, the comprehensive income statement, the statement of changes in equity and the statement of cash flows 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 of 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 and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

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 regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

We identified the following key audit matters:

Key Audit Matters	Audit Responses
Recognition of revenues for the construction of boats	
For the year ended December 31, 2023, the company reports significant amount of revenue for the construction of boats, whose obligations are fulfilled over time. These net revenues are recognized on a percentage of completion basis. The processes and methodologies for measuring such revenue are based on complex calculation algorithms and assumptions that for their nature require judgement on regards the estimate of costs planned at the budgeting stage, relating to contracts. More specifically, application of the cost-to-cost method requires the prior estimate of costs throughout the life of individual projects and their updating at each reporting date. Because of the mentioned complexity that characterizes this measurement, we identified this area as a key audit matter. Relevant disclosures are included in note 3 and note 6 to the financial statements.	Our audit procedures in response to the key audit matter concerned, among others: • the understanding and evaluation of the methodologies used by management; • the test of the process for the determination of the percentage of completion basis; • the understanding and evaluation of the estimation methodology used by the management through inquiries with the management; • the assessment of the reasonableness of the criteria used by the management for the determination of cost-to-cost method applied; • the assessment of the reasonableness of the significant assumption related to estimated costs to complete the individual projects; • the verification of the arithmetic correctness of the calculations performed by the management. Lastly, we have reviewed the disclosure provided in the notes to the financial statement regarding this key audit matter.
Recoverability of intangible asset with an indefinite useful life	
As of December 31, 2023, the company reports intangible assets of Euro 244 million, mostly for trademarks that have an indefinite useful life (Euro 221.8 million). These intangible assets have been allocated to company's Cash Generating Units ("CGUs"), corresponding to individual company's trademarks. The processes and methodologies for assessing and determining the recoverable amount of each CGU, in terms of value in use, are based on assumptions sometimes complex, that due to their nature require judgement, particularly with reference to the forecasted future cash flows of each CGU, the	Our audit procedures in response to the key audit matter concerned, among others: • assessment of the impairment process of intangible assets; • testing the CGUs identification process and the allocation of assets and liabilities to the CGUs; • an examination of the forecasted future cash flows for each CGU as well as the verification of the consistency of future cash flows related to each CGU with the business plans 2023–2027 and budget 2024 approved by the Company's board of directors respectively on March 8, 2023 and February 19, 2024;

determination of the normalized cash flows used for the terminal value estimate and the determination of long-term growth and discount rates applied to the forecasted future cash flows.

Because of the judgment required and the complexity of assumptions used to estimate the recoverable amount of the trademarks, we identified this area as a key audit matter.

Relevant disclosures are included in note 3 and note 31 to the financial statements.

- assessment of quality of forecasts taking into consideration the historical accuracy of the previous forecast;
- assessment of reasonableness of the long-term growth rates and discount rates.

Our procedures were performed with the support of our experts in valuation techniques, who performed an independent recalculation of the recoverable amount of the CGUs and sensitivity analysis of the key assumptions that could have a significant effect on the estimate of the recoverable value.

Lastly, we have reviewed the disclosure provided in the notes to the financial statement regarding this key audit matter.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided 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.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the financial reporting process.

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 International Standards on Auditing (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 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 International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we 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;

- we have 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 consider this matter in forming 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;
- we have 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, identified at an appropriate level as required by ISA Italia, regarding, 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 provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have 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 have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Ferretti S.p.A., in the general meeting held on May 25, 2023, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2023 to December 31, 2031.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Ferretti S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as of December 31, 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as of December 31, 2023 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Ferretti S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Ferretti S.p.A. as of December 31, 2023, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Ferretti S.p.A. as of 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 included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Ferretti S.p.A. as of December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Ferretti S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Bologna, March 14, 2024

EY S.p.A.
Signed by: Gianluca Focaccia, Auditor

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

Income Statement

(in thousand Euro)	*Note*	**December 31, 2023**	December 31, 2022
Revenue		**1,123,483**	967,753
Commissions and other costs related to revenue		**(64,452)**	(36,055)
NET REVENUE	6	**1,059,030**	931,698
Change in inventories of work-in-process, semi-finished and finished goods	7	**106,797**	35,302
Cost capitalised	8	**30,559**	30,979
Other income	9	**19,678**	14,071
Raw materials and consumables used	10	**(593,191)**	(489,030)
Contractors costs	11	**(208,199)**	(162,922)
Costs for trade shows, events and advertising	12	**(21,115)**	(17,984)
Other service costs	13	**(95,484)**	(93,225)
Rentals and leases	14	**(11,754)**	(9,662)
Personnel costs	15	**(109,559)**	(112,902)
Other operating expenses	16	**(7,600)**	(7,081)
Provisions and impairment	17	**(36,404)**	(35,524)
Depreciation and amortisation	18	**(54,927)**	(46,721)
Share of loss of a joint venture and other equity investments	19	**(121)**	(44)
Financial income	20	**21,120**	11,268
Financial expenses	21	**(3,209)**	(4,288)
Foreign exchange gains and losses	22	**9,639**	13,212
PROFIT BEFORE TAX		**105,262**	57,146
Income tax	23	**(18,907)**	(4,752)
PROFIT FOR THE YEAR		**86,355**	52,395

Comprehensive Income Statement

(in thousand Euro)	*Note*	**December 31, 2023**	December 31, 2022
PROFIT FOR THE YEAR		**86,355**	52,395
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Profit on defined benefits plan	42	**(33)**	727
Income tax effect	42	**8**	(174)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(25)**	552
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**86,329**	52,947

Statement of Financial Position

(in thousand Euro)	*Note*	**December 31, 2023**	December 31, 2022
CURRENT ASSETS			
Cash and cash equivalents	24	**290,057**	293,322
Trade and other receivables	25	**266,794**	225,541
Contract assets	26	**189,493**	136,660
Inventories	27	**301,927**	176,590
Advances on inventories	27	**36,906**	38,430
Other current assets	28	**46,956**	116,752
Income tax recoverable	25	**1,419**	1,488
		1,133,553	988,783
NON-CURRENT ASSETS			
Investments in subsidiaries	29	**18,025**	17,575
Property, plant and equipment	30	**340,365**	268,279
Intangible assets	31	**244,043**	231,577
Other non-current assets	32	**47,718**	41,890
Deferred tax assets	33	**7,396**	17,299
		657,546	576,621
TOTAL ASSETS		**1,791,099**	1,565,404
CURRENT LIABILITIES			
Due to immediate holding company		**—**	—
Bank and other borrowings	34	**4,290**	5,866
Provisions	35	**63,938**	39,794
Trade and other payables	36	**599,273**	483,514
Contract liabilities	37	**188,541**	169,196
Income tax payable	38	**3,652**	1,537
		859,694	699,907

Statement of Financial Position

(in thousand Euro)	*Note*	**December 31, 2023**	December 31, 2022
NON-CURRENT LIABILITIES			
Due to immediate holding company		**—**	—
Bank and other borrowings	39	**13,616**	13,073
Provisions	35	**12,535**	13,049
Non-current employee benefits	40	**5,637**	6,045
Trade and other payables	36	**844**	984
		32,632	33,150
TOTAL LIABILITIES		**892,325**	733,057
SHARE CAPITAL AND RESERVES			
Share capital	41	**338,483**	338,483
Reserves	42	**560,291**	493,864
TOTAL EQUITY		**898,774**	832,347
TOTAL LIABILITIES AND EQUITY		**1,791,099**	1,565,404

Cash Flow Statement

(in thousand Euro)	**December 31, 2023**	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**105,262**	57,146
Depreciation and amortisation	**54,927**	46,721
Provisions	**23,223**	14,480
Financial income	**(21,120)**	(22,702)
Financial expenses	**3,329**	4,288
Share of loss of a joint venture	**0**	44
Impairment of trade receivables, net	**(97)**	(2,589)
Provision against inventories, net	**3,892**	(37)
Decrease/(increase) in inventories	**(127,705)**	(57,858)
Change in contract assets and contract liabilities	**(33,489)**	49,438
Decrease/(increase) in trade and other receivables	**(41,087)**	2,718
Increase/(decrease) in trade and other payables	**103,885**	90,524
Change in other operating liabilities and assets	**363**	(3,332)
Income tax paid	**(4,763)**	(2,309)
Cash flows from operating activities (A)	**66,621**	176,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	**(125,776)**	(73,451)
Disposal of property, plant and equipment and intangible assets	**1,317**	1,351
Change in investments and loans to subsidiaries	**0**	(76,135)
Interest received	**21,120**	10,888
Cash flows used in investing activities (B)	**(103,340)**	(137,347)

Cash Flow Statement

(in thousand Euro)	December 31, 2023	December 31, 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**0**	234,753
Dividends paid	**(19,903)**	(6,707)
New bank and other borrowings		0
Repayment of bank and other borrowings	**0**	(85,670)
Merger of subsidiaries	**56,686**	0
Interest paid	**(3,329)**	(2,463)
Cash flows from/(used in) financing activities (C)	**33,454**	139,913
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS (D=A+B+C)	**(3,265)**	179,099
Cash and cash equivalents at beginning of year (E)	**293,322**	114,223
CASH AND CASH EQUIVALENTS AT END OF YEAR (F=D+E)	**290,057**	293,322
Cash and cash equivalents as stated in the statements of financial position	**290,057**	293,322

Statement of Changes in Equity

(in thousands Euro)	Share capital	Share premium*	Legal reserve*	Other reserves*	Total equity
At January 1, 2022	250,735	281,293	7,110	23,649	562,787
Profit for the year	—	—	—	52,395	52,395
Other comprehensive income for the year:					
Actuarial gain on defined benefits plan, net of tax	—	—	—	552	552
Total comprehensive income for the year	—	—	—	52,947	52,947
Transfer to the legal reserve	—	—	1,177	(1,177)	0
Dividends	—	—	—	(6,707)	(6,707)
Issue of share capital (Notes 41–42)	87,748	143,748	—	—	231,496
Transaction costs (Note 42)	—	—	—	(8,176)	(8,176)
At December 31, 2022	338,483	425,041	8,287	60,536	832,347
Profit for the year	**—**	**—**	**—**	**86,355**	**86,355**
Other comprehensive income for the year:					
Actuarial gain on defined benefits plan, net of tax	**—**	**—**	**—**	**(25)**	**(25)**
Total comprehensive income for the year	**—**	**—**	**—**	**86,329**	**86,329**
Transfer to the legal reserve	**—**	**—**	**2,620**	**(2,620)**	**0**
Dividends	**—**	**—**	**—**	**(19,903)**	**(19,903)**
At December 31, 2023	**338,483**	**425,041**	**10,907**	**124,343**	**898,774**

* These reserve accounts comprise the reserves of €560,290 thousand (2022: €493,864 thousand) in the statement of financial position.

1. CORPORATE INFORMATION

Ferretti S.p.A (the "**Company**") is a public company limited by shares 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 (collectively referred to as the "**Group**") are engaged in the design, construction and marketing of yachts and recreational boats.

2. BASIS OF PREPARATION

This Financial Statements have been prepared in accordance with the IAS and IFRS issued or revised by the IASB and approved by the European Union (the "**EU**"). The acronym "IAS/IFRS" also refers to all of the interpretations published by the International Financial Reporting Interpretations Committee ("**IFRIC**"), formerly known as the Standing Interpretations Committee ("**SIC**").

At the date of presentation of this Financial Statements, there were no differences between the IFRSs endorsed by the European Union and applicable to the Group and those issued by the IASB.

The financial statements have been prepared on the basis that the Company can operate as a going concern since its management has verified that there are no uncertainties with regard to this. They include the Statement of Financial Position, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of Changes in Equity and Notes of Ferretti S.p.A.

For the purposes of clarity and to make this document more readily understandable, all the amounts in the Financial Statements — Income Statement, Comprehensive Income Statement, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Equity, the accompanying Notes and the Annexes — are stated in thousands of Euro.

Climate change: impacts on financial reporting, accounts and financial statement disclosures.

While preparing the annual financial statements, taking into account the priorities endorsed by ESMA in October and in light of the findings of The Global Risks Report 2023 prepared by the World Economic Forum, where it is shown that climate change-related risks are those with a higher degree of severity, the Group's management has expressed the clear intention to provide for the predisposition of a formal process, defining methodologies, roles and responsibilities for the identification and assessment of risks and opportunities related to climate change, including the relative impacts on financial disclosures, accounts and financial statements.

Therefore, based on the results of this assessment, no significant influence was noted on the estimates and assessments in the preparation of the annual financial statements.

Conscious of the strategic importance of a responsible and sustainable business, the Group decided a while ago to communicate information on environmental, social and governance factors to its stakeholders, with a particular focus on the production process and product design based on market expectations. In this regard, the Group acknowledges the fundamental role of a stable and long-term collaboration with all stakeholders, in which a core element is a shared commitment to an increasingly sustainable business.

3. ACCOUNTING POLICIES

The following accounting standards have been consistently applied by the Company and are in line with those adopted in the previous year.

Recognition of revenue from contracts assets

The Company generates revenue by selling goods and providing services within its core business. Revenue is stated net of value-added tax, discounts and allowances.

In accordance with IFRS 15, the Company recognises revenue after identifying the contracts with its customers and the related performance obligations to be fulfilled, determining the consideration to which it believes it is entitled in exchange for the sale of the goods or the provision of the services, and assessing the manner of fulfilment of the obligations concerned (at a point in time or over time).

In accordance with IFRS 15, the Company only recognises revenue when the following requirements have been met:

— the parties to the contract have approved the contract and undertaken to perform their respective obligations;

— the rights of each of the parties in respect of the goods or services to be transferred may be identified;

— the terms of payment for the goods or services to be transferred may be identified;

— the contract has commercial substance;

— it is probable that the consideration for the goods sold or services transferred will be received.

IFRS 15 requires that revenue from contracts with customers be presented separately from other sources of revenue, unless a disclosure is provided that enables them to be separated from other revenue recognised through other comprehensive income or profit or loss. The Company has elected to recognise revenue from contracts with customers through profit or loss in a single line, with the details disclosed in the notes.

IFRS 15 defines revenues as "income arising in the course of an entity's ordinary activities" but excludes certain contracts with customers (such as lease contracts) from its scope of application.

IFRS 15 requires that entities assess all relevant facts and circumstances when they apply all steps of the model to contracts with customers. The Standard also specifies the accounting treatment for the incremental costs of obtaining a contract and costs related directly to the fulfilment of a contract. The Standard also requires that ample disclosure be provided.

3. ACCOUNTING POLICIES (CONTINUED)

Recognition of revenue from contracts assets (Continued)

Contract work revenues represent performance obligations satisfied over time. In particular, revenues are recognised on a percentage of completion basis and are defined by IFRS 15 as contracts specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenues are recognised based on the revenue amounts accrued consistent with the stage of completion of the contract activity at the reporting date that represents the portion of control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services rewards transferred to the customer. Otherwise, revenues are recognised only to the extent of the contract costs incurred that are likely to be recovered.

The stage of completion of the contract activity is determined in accordance with the cost-to-cost method, which is based on the proportion between the contract costs incurred for work performed up to the reference date and the total estimated contract costs. Costs incurred under these contracts are recognised in the year in which they are incurred.

Assets for contract work in process are presented based on the right to the consideration accrued in relation to performance net of related liabilities, namely invoices issued as work progresses and any expected losses. This analysis is carried out contract by contract. If the differential is positive the imbalance is classified under assets in the item "Contract assets"; if, on the other hand, this differential is negative, the imbalance is classified under liabilities, in the item "Contract liabilities".

Revenues from the sale of used boats, sale of merchandising, spare parts and the provision of services are performance obligations satisfied at a point in time and revenues are recognised when the control of the asset or service is transferred to the client. The moment the control of the asset or service transfer coincides with the transfer of ownership or possession of the goods to the buyer and so generally with despatch or completion of the service.

Commissions and other costs related to revenue

Commissions, that represents the costs incurred by the Company for the intermediation activities carried out by the dealers and brokers are accounted, are accounted netting the revenues.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

3. ACCOUNTING POLICIES (CONTINUED)

Government Grants (Continued)

Where the Company receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Company receives government loans granted with no or at a below-market rate of interest for the Construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Interest Income and Expense

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Income Taxes

Income Taxes comprise current tax expenses and deferred tax expenses.

The liability for current taxes is calculated using the rates in force or effectively in force on the date of the financial statements.

Deferred taxes are the taxes that the Company expects to pay or recover from temporary differences between the reported values of assets and liabilities and the tax values assigned to these assets and liabilities for the purpose of determining the taxable income. They are recognised in accordance with the balance sheet liability method. As a rule, deferred-tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that the Company believes that it will probably generate sufficient taxable income in the future to utilize deductible temporary differences. Likewise, deferred-tax assets that arise from a tax loss carryforward are recognized when it is probable that the Company will generate sufficient taxable income to allow their utilization.

Deferred tax liabilities are recognized on taxable temporary differences arising from investments in subsidiaries, affiliated companies and joint ventures, except in those cases where the Company is able to control the offsetting of the temporary differences and it is probable that they will not be offset in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on the date of the financial statements and written down when it is no longer probable that the Company will generate sufficient taxable income to allow the full or partial recovery of these assets.

3. ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Deferred taxes are calculated using the tax rate that the Company expects to be in force when the corresponding asset is realized or the liability is satisfied, based on the tax rates (and the tax regulation) set forth in statutes in force or substantially in force on the date of the financial statements. Deferred taxes are recognised directly in earnings, except for those related to items that are recognized directly in equity, in which case the related deferred taxes are also recognized in equity.

The Italian company Zago S.p.A. has opted for group taxation pursuant to Articles 117 et seq. of TUIR Consolidated Law on Income Tax (Law No. 917 of 22 December 1986).

The Italian government has implemented Pillar Two regulations effective January 1, 2024 (as provided by Legislative Decree No. 209 of December 28, 2023, hereinafter "**Italian Decree on Pillar Two**"). According to the Italian Decree on Pillar Two, Ferretti S.p.A. qualifies as a Partially-Owned Parent Entity ("**POPE**" or "**Partially-Owned Parent Entity**") because more than 20 percent of its profit rights are held by entities outside the group perimeter.

Shandong Heavy Industry, located in China, appears to be the parent company ("**Ultimate Parent Entity**" or "**UPE**") that fully consolidates (i.e., line-by-line) its subsidiaries, including Ferretti S.p.A. Considering that Pillar Two regulations are not yet effective as of the reporting date, there are no current tax liabilities for the year ending December 31, 2023.

In light of the Group's structure above, the preliminary calculation of the "Transitional CbCR Safe harbor" ("**TSH**") tests has been carried out by UPE and is still being finalized.

Indeed, taking into account the complexity of the legislation in question and the uncertainty in its application, the quantitative impact cannot be reasonably estimated at present. The Group expects to complete the assessment in the first half of 2024.

The Group has applied the temporary mandatory exemption required by the amendment to IAS 12.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, bank checking accounts, deposits redeemable upon demand and other highly liquid, short-term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

Trade and other receivables and contract assets

Trade receivables are sums due from customers in respect of the sale of products and services.

Trade receivables are recognised at their face value, less a write-down capable to recognise an estimate of doubtful account losses, following a simplified approach to calculate expected losses. Such losses are taken to the Income Statement where there is objective evidence that the receivables have become impaired.

3. ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables and contract assets (Continued)

With reference to impairment, the IAS 39 model based on the losses incurred was replaced by the ECL (Expected Credit Loss) model, in accordance with IFRS 9, and applied to trade and other receivables.

Provision for expected credit losses on trade receivables and contract assets.

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 24 and Note 25 to the financial statements, respectively.

Inventories

Inventories of raw materials, auxiliary materials, supplies, semi-finished goods and work in process are valued at the lower of purchase or production cost, determined by the average weighted cost method, and the corresponding market or estimated realisable value, which takes into account both any additional future production costs and direct costs to sell.

The cost of inventories also includes incidental expenses and the pro-rata share of direct and indirect production costs that can be reasonably attributed to inventories.

Obsolete and slow-moving inventories are written down to reflect their potential utilization or sale by recognizing a special provision in the financial statements. If in a subsequent fiscal year the reasons for the write-down cease to apply, the original value is reinstated.

Financial Instruments: recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. ACCOUNTING POLICIES (CONTINUED)

Financial Assets

- ***Initial recognition and measurement***

At the time of initial recognition, financial assets are classified, depending on circumstances, based on the following measurement methods, namely amortised cost, fair value through other comprehensive income ("**OCI**") and fair value recognised in the income statement.

The classification of financial instruments at the time of initial recognition depends on the characteristics of the financial asset contractual cash flows and on the business model used by the Company for its operations. Except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus the transaction costs, in the case of a financial asset not at fair value recognised in the income statement. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the price of the transaction determined according to IFRS 15.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it must generate cash flows that depend only on the principal and interest on the amount of the principal to be repaid (so-called "**solely payments of principal and interest (SPPI)**"). This measurement is indicated as an SPPI test and is carried out at instrument level. The Company's business model for managing financial assets refers to the way in which it manages its financial assets in order to generate cash flows. The business model decides whether the cash flows will derive from the collection of contractual cash flows, the sale of financial assets or both. The purchase or sale of a financial asset requiring its delivery within a period of time generally set by regulation or market practices (so-called regular way trade) is recognised on the deal date, namely the date on which the Company undertook to buy or sell the asset.

- ***Subsequent measurement***

For the purpose of subsequent measurement, financial assets are classified in four categories:

(1) financial assets at amortised cost (debt instruments);

(2) financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments);

(3) financial assets at fair value through other comprehensive income without recycling of cumulative gains and losses upon derecognition (equity instruments);

3. ACCOUNTING POLICIES (CONTINUED)

Financial Assets (Continued)

• ***Subsequent measurement (Continued)***

(4) financial assets at fair value through profit or loss.

(1) Financial assets at amortised cost (debt instruments) represent the category of greatest significance for the Company. The Company measures a financial asset at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or becomes impaired.

The Company reports an expected credit loss for all the financial instruments represented by debt instruments not held at fair value recognised in the income statement. The ECLs are based on the difference between the contractual cash flows due under the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The expected losses are recognised in two stages. Regarding credit exposure for which there has been no significant increase in the credit risk since initial recognition, credit losses resulting from the estimate of possible default events in the next 12 months (12-month ECL) must be recognised. For credit exposure for which there has been a significant increase in credit risk since initial recognition, the expected losses relating to the residual period of the exposure, regardless of the moment when the default event is expected to occur ("**Lifetime ECL**"), must be recognised in full.

(2) Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments): for assets from debt instruments measured at fair value through OCI, interest income, changes in exchange rate differences and impairment losses, together with the reversals, are recognised in the income statement and are calculated in the same way of financial assets measured at amortised cost. The remaining changes in fair value are recognised in OCI. Upon derecognition, the cumulative change in fair value recognised in OCI is reclassified to profit or loss. The Company's debt instrument assets measured at fair value recognised in OCI include investments in listed debt instruments included in other non-current financial assets.

3. ACCOUNTING POLICIES (CONTINUED)

Financial Assets (Continued)

- ***Subsequent measurement (Continued)***

(3) financial assets at fair value through other comprehensive income without recycling of cumulative gains and losses upon derecognition (equity instruments): upon the initial recognition, the Company may irrevocably elect to classify its investments as equity instruments recognised at fair value through OCI when they meet the definition of equity instruments under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined for each individual instrument. Gains and losses realised on those financial assets are never reversed through the income statement. Dividends are recognised as other income in the income statement when the right to payment has been approved, except when the Company benefits from that income as the recovery of part of the cost of the financial asset, in which case such gains are recognised in OCI. Equity instruments recognised at fair value through OCI are not subject to an impairment test. The Company has chosen to irrevocably classify its unlisted equity investments in this category.

(4) financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value and net changes in fair value are recognised in the statement of profit/(loss) for the year. This category includes derivative instruments and listed equity investments that the Company has not irrevocably chose to classify at fair value recognised in OCI. Dividends on listed equity investments are recognized as other income in the statement of profit/(loss) for the year when the right to payment has been approved.

The embedded derivative contained in a hybrid non-derivative contract, financial liability or main non-financial contract is separated from the main contract and accounted for as a separate derivative. Main non-financial contract, is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and associated risks are not closely related to those of the main contract; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. The embedded derivatives are measured at fair value, with changes in fair value recognised in profit or loss. A restatement only occurs if there is a change in the terms of the contract that significantly alters the otherwise expected cash flows. Significantly the otherwise expected cash flows or a reclassification of a financial asset to a category other than fair value through profit or loss.

For trade receivables and contract assets, the Company applies a simplified approach when calculating the expected losses. The Company does not, therefore, monitor changes in credit risk, but fully recognises the loss expected at each reporting date.

3. ACCOUNTING POLICIES (CONTINUED)

Financial Assets (Continued)

- ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

- ***Initial recognition and measurement***

Upon initial recognition, financial liabilities are classified among financial liabilities at fair value through profit or loss, and loans and borrowings.

All financial liabilities are initially recognised at fair value, in addition to directly attributable transaction costs, in the cases of loans, financing and payables.

- ***Subsequent measurement***

The valuation of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value with changes recognised through profit or loss include liabilities held for trading and financial liabilities at fair value with changes recognised through profit or loss.

3. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

- ***Subsequent measurement (Continued)***

  (b) *Loans and borrowings*

  This is the category of greatest significance for the Company. Loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income Statement when the liability is extinguished, as well as through the amortisation process. Amortised cost is calculated by including the discount or premium, as well as costs and fees, which are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among net interest expense in profit or (loss). This category generally includes interest-bearing loans and borrowings.

- ***Derecognition***

  A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or discharged. Where one existing financial liability is replaced by another attributable to the same borrower with substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is accounted for by derecognising the original liability and recognising a new liability, with any differences between carrying amounts recognised in the Income Statement.

Property, Plant, Machinery and Equipment

Buildings and land are recognised at their purchase, production or conveyance cost, including any incidental charges, decommissioning costs and direct costs needed to make an asset ready for use. With the exception of land, these assets are depreciated on a straight-line basis, in equal annual instalments in accordance with standard depreciation rates based on the residual useful lives of the assets.

Buildings under construction for use in manufacturing, as administrative facilities or for purposes that are yet to be determined are recognized at cost, net of write-downs for impairment losses. As for all assets, the depreciation of these assets begins when they are ready for use.

Plant, machinery and equipment are recognized at cost, net of accumulated depreciation and any write-downs for impairment losses. Cost includes decommissioning costs, asset removal costs and the costs incurred for the restoration of the site where the non-current asset is located, if they meet the requirements of IAS 37.

3. ACCOUNTING POLICIES (CONTINUED)

Property, Plant, Machinery and Equipment (Continued)

Depreciation is taken on a straight-line basis on the cost of the assets, net of any residual value, based on the assets' estimated useful lives, by applying the following rates:

Buildings	
Buildings	3.0%–6.0%
Prefabricated structures	10%
Leasehold improvements	the shorter of the lease term and the estimated useful lives of the assets
Plant, machinery and equipment	
Manufacturing plants and automated machines	11.5%–15.0%
Manufacturing and distribution equipment	25.0%
Models and moulds	
Models and moulds	20%–33%
Other property, plant and equipment	
Office furniture and machines	12.0%
Electronic machines	40.0%
Vehicles	25.0%

The capitalised costs of leasehold improvements are allocated to the classes of assets to which they belong and are depreciated over the residual duration of the lease or the residual useful life of the type of asset to which the improvement is attributable, whichever is shorter.

When the individual components of a complex item of property, plant and equipment have different useful lives, they are recognized separately and depreciated according to their duration (component approach).

In accordance with this principle, the value of land is separate from that of buildings erected on it and only the buildings are depreciated.

Gains or losses on the sale or disposal of assets — which are calculated as the difference between the sales proceeds and the net carrying value of the asset — are recognised in the Income Statement for the year.

Ordinary maintenance costs are charged in full in the Income Statement. Maintenance costs that increase the value of an asset are allocated to the related asset and amortised over the remaining useful life of the asset, if they satisfy the definition of asset.

The recoverability of their value is tested in accordance with the criteria provided for by IAS 36. These criteria are explained in the paragraph entitled "Impairment of Assets".

3. ACCOUNTING POLICIES (CONTINUED)

IFRS 16 — Leases

The Company has leases for a series of activities mainly related to the lease of property, plant, machinery, motor vehicles and other equipment. The Company applied a single recognition and measurement approach for all the leases where the Company was a lessee, except for short-term leases (duration less than 12 months) and low-value leases (comprehensive value of the agreement less than €5,000).

Rights-of-use assets

The Company recognises the rights-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Rights-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of the rights-of-use assets comprises the amount of the initial measurement of the lease liability recognised, any initial direct costs incurred, any lease payments made at or before the commencement date, less any lease incentives received. Unless the Company has the reasonable certainty to obtain ownership of the underlying asset by the end of the lease term, rights-of-use assets are depreciated on a straight-line-basis over the shorter period of the end of the estimated useful life or the end of the lease term. The rights-of-use assets are subjected to impairment.

Lease liabilities

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments comprise fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. The lease payments also comprise the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are recognised as costs in the period in which the event takes place or the condition that generated the payment.

The Company uses the average interest rate on borrowings to measure the present value of the payments due for the lease. After commencement date, the carrying amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect the lease payments made. Moreover, the carrying amount of the lease liability is remeasured to reflect any lease modifications, or to reflect revised in-substance fixed lease payments.

Significant judgement for determining the lease term for contracts with an option to extend the lease

The Company determines the lease term as the period of a lease covered by contract, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option.

Options to extend the lease of vehicles and housing, for employee use, have not been included when determining the lease term, since the Company has a leasing policy for motor vehicles for a period of no more than four years and so will exercise no right of renewal.

3. ACCOUNTING POLICIES (CONTINUED)

Intangible Assets Generated Internally — Research and Development Costs

Research costs are charged to the Income Statement in the period in which they are incurred.

Intangible assets generated internally, mainly in connection with the development of models and moulds and intellectual property, are recognized as assets only if the following conditions are satisfied:

- the asset is identifiable (e.g., software or new processes);
- it is likely that the asset will generate future economic benefits;
- the costs incurred to develop the asset can be measured reliably; and
- there is a technical and financial capacity to complete the asset and render it available for use or sale.

These intangible assets are amortized on a straight-line basis over the length of their useful lives from three to five years.

When assets generated internally may not be recognised in the financial statements, development costs are charged to the Income Statement in the period they are incurred.

Other Intangible Assets

Consistent with the provisions of IAS 38 -Intangible Assets, other intangibles, whether purchased or produced internally, are recognised as assets when it is likely that their use will generate future economic benefits and their cost can be measured reliably.

These assets are valued at their purchase or production cost. When they have a finite useful life, they are amortized on a straight-line basis over their estimated useful lives. Intangible assets with an indefinite useful life are not amortized. They are tested for impairment annually (or more often if there is an indication that an asset may have suffered an impairment loss) to identify any decreases in value.

Trademarks with indefinite useful life are not amortized on a regular basis.

Other intangible assets are initially recognised at their acquisition cost and are amortised on a straight-line basis over their useful lives, which is estimated at five years. However, the cost of application and management software licenses is amortised over three years.

3. ACCOUNTING POLICIES (CONTINUED)

Other Intangible Assets (Continued)

Brands, trade names and other intangible assets with finite useful lives are amortized over their estimated useful lives. The classification of a brand or trade name as an asset of finite or indefinite useful life is generally based on the following criteria:

— the brand or trade name's overall positioning in its market expressed in terms of volume of activity, international presence and reputation;

— its expected long term profitability;

— its degree of exposure to changes in the economic environment;

— any major event within its business segment liable to compromise its future development;

— its age.

In addition, from business and legal perspective, these trademarks have no terms or can be indefinably renewed and therefore, will always belong to the Company. Having considered these criteria, in the period the Company classified its trademark as assets of indefinite useful life.

Impairment of Assets

At least at each reporting date, the Company reviews the carrying values of its property, plant and equipment and of its intangible assets to determine if there are any indications that the value of these assets has been impaired. If such indications exist, the recoverable value of the affected assets is estimated in order to determine the amount of the write-down that may be required. When the recoverable value of an individual asset cannot be estimated, the Company estimates the recoverable value of the cash-generating unit to which the individual asset has been allocated.

Intangible assets with an indefinite useful life (trademarks) are tested annually for impairment, whether there are indications that their value has been impaired or not.

The recoverable amount is the greater of an asset's fair value, net of the cost to sell, or its value in use. In determining the value in use, future estimated cash flows are discounted to their present value using an after-tax rate that reflects current market valuation of the value of money and of the specific risks that affect the asset in question.

If the recoverable value of an asset or of a cash-generating unit is estimated to be lower than its carrying amount, the latter is reduced to the asset's lower recoverable value. The corresponding write-down is immediately recognized within the Income Statement.

When the reasons that justified a write-down cease to apply, the carrying amount of the affected asset or cash-generating unit is raised to the new estimated realizable value, but not beyond the net carrying value that the asset would have had, had it not been written down. The reversal is recognized in the Income Statement.

3. ACCOUNTING POLICIES (CONTINUED)

Equity investments

Associated companies

Associated companies are companies over which the Company exercises a significant influence, but not control. As a rule, an equity interest corresponding to an interest equal to 20% to 50% of the voting rights indicates a significant influence.

Subsidiaries

A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Post-employment Employee Benefits

Payments due under defined-contribution plans are charged to the Income Statement in the period during which they are due.

In the case of defined-benefit plans (which include the employee severance benefit plans of the Company), the cost of benefits provided is determined in accordance with the projected unit credit method by making actuarial valuations at the end of each year. The new standard re-organises the information disclosures which must be provided in relation to benefits granted to employees and introduces the obligation to book actuarial gains and losses in the comprehensive income statement, thereby eliminating the possibility of adopting the corridor method. Actuarial gains and losses booked in the comprehensive income statement are not subsequently booked within the Income Statement. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

3. ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised for losses or liabilities the existence of which is certain or probable, but the amount or date of occurrence of which cannot be determined at year-end. Provisions reflect the management's best estimates on the basis of the information available to them.

Provisions for risks and charges are recognized in the financial statements for statutory or contingent obligations (contractual or of a different nature) that arise from a past event and it is likely that the Company will be required to fulfil that obligation. These provisions are established based on management's best estimate of the costs needed to fulfil the obligations on the reporting date. They are discounted, when the discounting effect is material.

Use of estimates and assumptions

The preparation of financial statements and the accompanying notes in accordance with the IFRS requires management to formulate estimates and assumptions that have an impact on the revenue, costs, assets and liabilities listed on the Statement of Financial Position and on disclosures about contingent assets and liabilities at the reporting date, including climate changes as described above. The estimates are based on evaluations and prior experience, as well as on assumptions made from time by time assessed based on the specific circumstances. Actual results may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately on the Income Statement. Set out below are the main balance sheet items affected by the use of accounting estimates and the circumstances involving an element of judgement by management.

Impairment of non-financial assets

An impairment loss occurs when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The carrying amount of non-current assets is assessed periodically whenever circumstances or events require a more frequent assessment. Goodwill and trademarks are assessed at least annually; these recoverability assessments are carried out in accordance with the criteria specified in IAS 36 and described in more detail in Note 31. The recoverable value of a non-current asset is based on estimates and assumptions used to determine expected future cash flows and the discounting rate applied.

Deferred taxes

Deferred tax assets were recognized, consistently with IAS 12 requirements, only to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Company has certain deferred tax assets from tax losses and not deducted interest expenses carryforward ("**DTAs**") that, in accordance with the accounting principle, have not been recognized during the Relevant Periods. The Company reassesses at each reporting date, its DTAs, both recognised and unrecognised and it recognises a previously unrecognised DTAs to the extent that it becomes probable that sufficient taxable profit will be available to enable the asset to be recovered, based on the actual profits before tax reported in each of the years/period comprising the Relevant Periods and based on the expected continuous improvements in future trading conditions and future forecasted profits. The additional DTAs that became recognizable in the Relevant Period.

3. ACCOUNTING POLICIES (CONTINUED)

Use of estimates and assumptions (Continued)

Provisions

Provisions are based on evaluations and estimates based on historic experience and assumptions that from time to time are considered reasonable and realistic based on the specific circumstances. For further details, reference should be made to Note 35.

Revenue from contracts with customers for contract assets

With reference to revenue from contracts with customers for contract assets, the risk in question regards the incorrect estimate of costs planned at the budgeting stage, relating to contracts valued based on IFRS 15, and hence incorrect revenue recognition. More specifically, application of the cost-to-cost method requires the prior estimate of costs throughout the life of individual projects and their updating at each reporting date, using at times complex assumptions, which by their very nature imply directors making judgements. Such assumptions may be influenced by multiple factors such as, for example, the time period over several years when other projects are being developed, the high level of technology, innovation and customisation of the projects, the presence of variants and price revisions and boat performance guarantees, including an estimate of contractual risks, where applicable. These facts and circumstances make it a complex task to estimate project completion costs and, as a result, to estimate the value of contract work in process at the reporting date.

Changes in accounting policies and disclosure

The Company has adopted the following revised IFRSs for the first time for the current year's financial statements.

Several amendments apply for the first time in 2023, but do not have an impact on the separate financial statements of the Company:

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.

3. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosure (Continued)

IFRS 17 Insurance Contracts (Continued)

The amendments had no impact on the Separate's separate 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 Separate's separate 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 Judgements provide guidance and examples to help entities apply materiality judgements 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 Separate's separate 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 Separate's separate financial statements.

International Tax Reform — Pillar Two Model Rules — Amendments to IAS 12

Following the publication in the Official Journal of Commission Regulation (EU) 2023/2468 of November 8, 2023, the following amendments to accounting standard IAS 12 apply:

a. the temporary mandatory exception to the recognition of deferred tax assets and liabilities related to the application of the provisions of Pillar Two; and

b. the disclosure requirement with reference to the estimation of the Group's exposure, if any, to Pillar Two taxes, starting with the 2023 annual financial statements.

3. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosure (Continued)

Standards issued but not yet effective

The following new standards and amendments were issued by the IASB.

We will comply with the relevant guidance no later than their respective effective dates:

- In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1), which affects the requirements in IAS 1 for the presentation of liabilities, including clarifying one of the criteria for classifying a liability as non-current. In October 2022, the IASB issued an amendment to further clarify that covenants of loan arrangements, which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier adoption permitted. We do not expect a material impact on our Financial Statements or disclosures upon adoption of the amendment.

- In September 2022, the IASB issued a narrow-scope amendment to IFRS 16 — Leases, which adds to the requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. We are currently evaluating the impact of adoption.

- In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, addressing the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements. The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. We are currently evaluating the impact of adoption.

- In August 2023, the IASB issued amendments to IAS 21 — The Effects of Changes in Foreign Exchange Rates that will require companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier adoption permitted. We are currently evaluating the impact of adoption.

4. ACCOUNTING STATEMENTS

The Income Statement is presented in a layout that shows a breakdown of costs by nature.

As required by the revised version of IAS 1, the financial statements include a Comprehensive Income Statement, which reflects certain gains and losses previously recognised directly in equity reserves (e.g., gains or losses from actuarial results arising from the valuation of employee benefits).

The Statement of Financial Position is presented in a format that provides a breakdown between current and non-current assets and liabilities. An asset or a liability is classified as current when it meets one of the following requirements:

(a) there is an expectation that it will be realized/settled or will be sold or used during the Company's regular operating cycle;

(b) it is owned primarily for trading purposes; or

(c) the Company expects to sell it/settle it within 12 months of the closing date of the financial statements.

If all of these three conditions cannot be met, an asset or liability is classified as non-current.

The Cash Flow Statement was prepared in accordance with the indirect method, which requires that the profit before taxes be adjusted to eliminate the impact of non-cash transactions, deferrals or provisioning of previous or future operational collections and payments and revenues or costs related to cash flows stemming from investing or financing activities. Income and expenses from long-term financing transactions, and dividends paid are included among financing activities.

The Statement of Changes in Equity shows how the components of the Company's equity changed in the course of the year.

5. FINANCIAL RISK MANAGEMENT

The following qualitative information, which is being offered to provide a better understanding of the impact of financial instruments on the Company's Statement of Financial Position, Income Statement and Cash Flow Statement, is also designed to explain more clearly the Company's exposure to the different types of risks associated with financial instruments and the corresponding management policies, as required by IFRS 7.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below lists the assets and liabilities by category of measurement.

Financial assets

	December 31, 2023	December 31, 2022
Derivatives not designated as hedging instruments		—
Derivatives designated as hedging instruments	—	—
Financial assets at fair value through profit or loss:	—	—
Life insurance with "Bipiemme Vita S.p.A.",	—	—
Life insurance with "CNP Vita Assicurazione S.p.A."	—	4,900
Equity instruments designated at fair value through OCI	—	38,008
Debt instruments at fair value through OCI	—	—
Total financial assets at fair value	**—**	42,908
Debt instruments at amortised cost:		
Trade receivables	**229,772**	189,319
Financial assets included in other receivables	**46,956**	73,844
Other current assets	**1,499**	2,456
Other non-current assets	**43,723**	39,449
Total financial assets*	**321,950**	347,976

* Financial assets, other than cash and short-term deposits.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial assets (Continued)

During the year ended December 31, 2023, the Company has signed time deposit accounts agreements with primary banks, in order to benefit of increasing interest rates, with maturities ranging from one month to six months as follows:

Fixed Interest Period	Bank	Currency	Amount	Rate %	Expire Date
Three months	China Construction Bank (Europe) S.A.	Euro	30.000	4,08%	19/01/2024
One month	Barclays Bank Ireland PLC	Euro	12.000	3,76%	22/01/2024
One month	Unicredit SpA	Euro	10.000	3,85%	22/01/2024
One month	Credit Agricole CIB Sa	Euro	30.000	4,03%	26/01/2024
One month	Unicredit SpA	Euro	10.000	3,85%	29/01/2024
Three months	Credit Agricole CIB Sa	Euro	20.000	3,98%	28/02/2024
Three months	BNL S.p.A.-BNP P Group	Euro	30.000	3,98%	04/03/2024
Interests			464		
"Time deposit accounts " under "Other Current Assets""			142.464		

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions; the currency of the cash and cash equivalents were mainly denominated in Euro. As at December 31, 2023, there were not in place any time deposits accounts with a maturity of more than three months that should classified as current financial assets as happened as at December 31, 2022.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities

	December 31, 2023	December 31, 2022
Interest-bearing loans and borrowings		
Bank and other borrowings	**—**	—
Lease liabilities	**17,667**	17,102
Other	**239**	1,837
Total Interest-bearing loans and borrowings	**17,906**	18,939
Other financial liabilities		
Derivatives not designated as hedging instruments	**—**	—
Derivatives designated as hedging instruments	**—**	—
Financial liabilities at fair value through profit or loss	**—**	—
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings	**—**	—
Trade and other payables	**424,896**	368,744
Total other financial liabilities	**442,802**	387,683

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement

The carrying amounts and fair values of Company's financial instruments, other than those whose carrying amounts are a reasonable approximation of the fair value, are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial Assets				
Life insurance with *"Bipiemme Vita S.p.A."*	**—**	**—**	4,900	4,900
Life insurance with *"CNP Vita Assicurazioni S.p.A."*	**—**	**—**	38,008	38,008
Other non-current assets	**43,723**	**43,723**	39,449	39,449
Total Financial Assets	**43,723**	**43,723**	82,357	82,357
Bank and other borrowings	**—**	**—**	—	—
Lease liabilities	**17,667**	**17,667**	17,102	17,102
Other	**239**	**239**	1,837	1,837
Total Financial Liabilities	**17,906**	**17,906**	18,939	18,939

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, other current assets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets and liabilities are included in the amount for which an instrument could be exchanged in a current transaction between consenting parties other than a forced or liquidation sale.

The fair values of the non-current part of bank and other borrowings have been calculated by discounting expected future cash flows using the rates currently available for instruments with similar terms, credit risk and maturities.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement (Continued)

IFRS 7 requires that the financial instruments recognized at fair value on the Statement of Financial Position of the Company be classified based on a hierarchical ranking that reflects the reliability of the inputs used to measure fair value. The following levels are used:

— Level 1 — prices quoted in an active market for the assets or liabilities that are being measured;

— Level 2 — inputs other than the quoted prices of Level 1 but which are directly (prices) or indirectly (derived from prices) observable in the market;

— Level 3 — inputs that are not based on observable market data.

The table below lists liabilities for which fair values are disclosed:

	31/12/2023				31/12/2022			
Financial statement line item	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial Other current assets							42,908	42,908
Other non-current assets		**43,723**		**43,723**		39,449		39,449
Banks and other borrowings				**—**		—		—
Lease liabilities		**17,667**		**17,667**		17,102		17,102
Other liabilities		**239**		**239**		1,837		1,837

Liquidity Risk

The liquidity risk is the risk that an entity may find it difficult to perform obligations arising from financial and trade liabilities in accordance with stipulated terms and due dates.

The Company continuously monitors the cash flow through the planning of the expected cash flows and the necessary financing sources on a weekly basis, over a monthly horizon, taking also into account the seasonality of the Company's business.

In most of the transactions, the sales policies adopted by the Company continue to call for payment of any contractually owed balances when the boat is delivered and the collection of security deposits and advances in accordance with contractually established schedules, particularly in accordance with the size of the boat.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

The table below, which provides a quantitative analysis of the liquidity risk, shows a breakdown of future financial flows based on the financial liabilities outstanding at December 31, 2023 and at the end of the previous fiscal year, with a breakdown of the Company's financial payables by contractually stipulated due dates:

		Future financial flows					
	Balance at December 31, 2023	**0 to 3 months**	**4 to 9 months**	**10 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total financial flows**
Bank and other borrowings (excluding lease liabilities)	**(239)**	**(239)**	**0**	**0**	**0**	**0**	**(239)**
Lease Liabilities	**(17,667)**	**(1,270)**	**(2,497)**	**(1,223)**	**(10,140)**	**(5,373)**	**(20,502)**
Trade and other payables	**(424,896)**	**(380,913)**	**(42,481)**	**(1,503)**	**0**	**0**	**(424,896)**
Total	**(442,802)**	**(382,421)**	**(44,977)**	**(2,726)**	**(10,140)**	**(5,373)**	**(445,637)**

		Future financial flows					
	Balance at December 31, 2022	0 to 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	Total financial flows
Bank and other borrowings (excluding lease liabilities)	0	0	0	0	0	0	0
Other	(1,837)	(1,837)	0	0	0	0	(1,837)
Lease Liabilities	(17,102)	(1,229)	(2,423)	(1,189)	(10,701)	(4,283)	(19,825)
Trade and other payables	(368,744)	(254,209)	(46,698)	(67,837)	0	0	(368,744)
Total	(387,683)	(257,275)	(49,121)	(69,026)	(10,701)	(4,283)	(390,406)

The tables above analyse the maximum risk entailed by the financial liabilities (including trade payables). All flows shown are nominal undiscounted future flows, determined based on the remaining contractual due dates with regard both to principal and interest.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market and Interest Rate Risk

This is the risk that the fair value and future financial flows of a financial instrument may fluctuate due to changes in market prices. The market risk includes the following subcategories:

— Currency risk (the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates);

— Interest rate risk (the risk that the value of financial instruments may fluctuate due to changes in market interest rates);

— Price risk (the risk that the value of financial instruments may fluctuate due to changes in market prices).

The risk more specifically related to the Company's business is the risk of fluctuations in exchange rates. This risk relates to the possibility of changes in Euro amount corresponding to the net foreign currency exposure for invoices issued, outstanding orders and, marginally, invoices payable and cash balances in foreign currency accounts.

The Company is primarily exposed to the exchange rate risk in relation to the US Dollar as a result of the sales made in US Dollar.

To mitigate such risk, in 2021 the Company used cash flow hedging financial instruments through simple derivatives, such as currency forwards in place for expected future cash flows. During 2023 no cash flow hedging was done in view of the exchange rate trend. In any case, as of December 31, 2023 and 2022, there were no currency forwards in place.

The interest risk is the risk that the value of future financial flows could fluctuate due to changes in market interest rates. In 2019, Ferretti S.p.A. and the subsidiary CRN S.p.A. signed a loan agreement with a pool of financing banks for a maximum total amount of €170 million with a five-year term. The interest rate applicable to the Loan is equal to the sum of the relevant spread (290 basis points per annum for the Term Loan Facility and the Revolving Pre-Finance Facility and 300 basis points per annum for the Revolving Credit Facility) and Euribor. The spread may also decline according to the level of the leverage ratio.

The following is a sensitivity analysis determined on the basis of the exposure as at the reporting dates December 31, 2023 and December 31, 2022 of the Company's financial debt (assuming that Euribor is above zero, considering the zero-floor condition generally applied to the Company's main borrowings).

(in thousand Euro)

Change in 6M Euribor		**At December 31, 2023**		At December 31, 2022	
(+)	(-)	**(+)**	**(-)**	(+)	(-)
+50 BP	-50 BP	**89**	**-89**	87	-87
+100 BP	-100 BP	**179**	**-179**	174	-174
+200 BP	-200 BP	**358**	**-358**	347	-347
+300 BP	-300 BP	**537**	**-537**	521	-521

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk

The credit risk is the risk of contingent losses due to the inability of counterparties to fulfil commercial or financial obligations. This risk can arise when a counterparty defaults for technical/commercial reasons (disputes about the nature/quality of a product, interpretation of contract clauses, etc.) or when one party causes the other party to incur a loss by failing to comply with an obligation.

In light of the type of customers targeted by the Company's products and services and the commercial policies it has adopted — which envisage, in most of transactions, that the balance of the contract amount, net of advances collected, is paid before or concurrently with the delivery of the boat — the Company believes that its credit risk is modest. The payment of advances, which are instrumental to supporting the building of boats and vessels, is associated with both the defined contractual due dates and the achievement of production milestones.

At the procedural level, in the limited number of cases in which the sales policies mentioned above are not applicable, the Company's receivables and the accrued advances to be paid are monitored periodically to verify compliance with contractual payment terms.

The table below reports residual amounts — i.e., already net of any write-downs — which even if expired at the reporting date (December 31, 2023) are considered fully recoverable:

			Past due			
	Balance at December 31, 2023	**Not due**	**30 days**	**30-60**	**60-90**	**Beyond**
Cash and cash equivalents	**290,057**	**290,057**	—	—	—	—
Trade receivables *	**229,772**	**5,074**	**28,779**	**36,833**	**35,512**	**123,574**
Other current assets	**46,956**	**46,956**	—	—	—	—
Financial assets included in other receivables	**1,499**	**1,499**	—	—	—	—
Financial assets included in other non-current assets	**43,723**	**43,723**	—	—	—	—
Total at December 31, 2023	**612,007**	**387,309**	**28,779**	**36,833**	**35,512**	**123,574**

(*) Net of the allowance for doubtful accounts of €2,904 thousand.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

For the sake of a more effective analysis, the table below shows the data for the previous year:

	Balance at December 31, 2022	Not due	Past due 30 days	Past due 30-60	Past due 60-90	Past due Beyond
Cash and cash equivalents	293,322	293,322	—	—	—	—
Trade receivables *	189,319	15,572	3,736	22,445	20,946	126,620
Other current assets	116,752	116,752	—	—	—	—
Financial assets included in other receivables	2,456	2,456	—	—	—	—
Financial assets included in other non-current assets	39,449	39,449	—	—	—	—
Total at December 31, 2022	641,298	467,551	3,736	22,445	20,946	126,620

(*) Net of the allowance for doubtful accounts of €3,001 thousand.

The change in the allowance for doubtful accounts for the year ended December 31, 2023 is shown in Note 25.

The table below reports the amount of trade receivables — i.e., gross of any write-downs — which even if expired at the reporting date (December 31, 2023) are considered fully recoverable:

	Balance at December 31, 2023	**Not due**	**Past due 30 days**	**Past due 30-60**	**Past due 60-90**	**Past due Beyond**
%	**1%**	**0%**	**0%**	**0%**	**0%**	**2%**
Trade receivables	**232,676**	**5,082**	**28,779**	**36,838**	**35,533**	**126,444**
Provision for doubtful accounts	**2,904**	**8**	**—**	**6**	**21**	**2,870**
Total at December 31, 2023	**229,772**	**5,074**	**28,779**	**36,833**	**35,512**	**123,574**

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

For the sake of a more effective analysis, the table below shows the data for the previous year:

	Balance at December 31, 2022	Not due	Past due 30 days	30-60	60-90	Beyond
%	2%	0%	1%	2%	10%	2%
Trade receivables	192,320	15,572	3,739	22,455	21,076	129,478
Provision for doubtful accounts	3,001	—	3	9	131	2,858
Total at December 31, 2022	189,319	15,572	3,736	22,445	20,946	126,620

CAPITAL MANAGEMENT

The goals of managing the Company's capital are safeguarding continuing operation and improving financial performance, as indicated by profit before tax, financial charges (Notes 19–22), depreciation and amortisation (Note 18), of €132,759 thousand for the year ended December 31, 2023 (2022: €83,719 thousand), in addition to maintenance of sound capital ratios in support of its business and maximising value for shareholders.

The Company manages its financial structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets.

The Company is not subject to externally imposed capital requirements.

No changes were made to capital management objectives, policies or processes during the current or previous years.

NOTES TO THE MAIN COMPONENTS OF THE INCOME STATEMENT

The following notes provide a review of the individual components of the Income Statement for the fiscal year ended December 31, 2023, compared with those in the Income Statement for the fiscal year ended December 31, 2022.

6. NET REVENUE

The following table provides the breakdown of the item Net Revenue for the year ended December 31, 2023, compared with the same item for the year ended December 31, 2022:

	31/12/2023	31/12/2022
Total revenue from contracts with customers	**1,123,483**	967,753
Commissions and other costs related to revenue	**(64,452)**	(36,055)
Total net revenue	**1,059,030**	931,698

The table below shows the breakdown of Net Revenue by production type[1]:

	31/12/2023	31/12/2022
Composite yachts	**472,314**	384,752
Made-to-measure yachts	**430,240**	425,322
Super yachts	**117,593**	95,443
Other businesses	**27,163**	16,928
Total net revenue without pre-owned	**1,047,310**	922,445
Pre-Owned	**11,720**	9,254
Total net revenue	**1,059,030**	931,698

[1] The Ferretti Yacht 1000 model has been reclassified in the Made-to-measure yachts differently from the previous year's financial statements where it was classified as Composite Yacht The geographical breakdown, differently from the previous year's financial statements refers to the dealer's area of exclusivity or by the customer's nationality

6. NET REVENUE (CONTINUED)

Revenue arising from other businesses is broken down below.

	31/12/2023	31/12/2022
FSD	**3,696**	2,945
Provision of services and sales of replacement parts, merchandise and other goods	**8,787**	7,484
Wally sailboats	**14,680**	6,500
Total other businesses	**27,163**	16,928

On the basis of IFRS 15, the Company identified the revenue streams, including the main ones:

— Sale of yachts to order;

— Sale of used boats.

Regarding the sale of yachts to order (sale of composite yachts, made-to-measure yachts and super yachts), the Company considers that the only performance obligation contained in the sales contracts is the building of the vessel, with no significant accessory services or further activities. The performance obligation is satisfied over time of construction of boats.

The payment terms are agreed with the customers on a case by case basis to match cash requirements for the production. Advance payments are agreed with each customer on the basis of the time needed to construct the boats and are paid before the completion of the construction. These contracts do not include obligations for returns, refunds and other similar obligations, however the vessels are covered by a warranty which is included in a range between 12 and 24 months.

Commissions and other costs related to revenue referred primarily to the costs incurred by the Company for the intermediation activities carried out by the dealers and brokers.

"Provision of services and sales of replacement parts, merchandise and other goods" partly refer to the refit activity that the Company carried out, and partly regard the sale of replacement parts and other assistance services rendered in Italy and worldwide on boats previously sold. In addition, in 2023 as well the Company continued to sell Riva brand luxury accessories, as part of the Riva Brand Experience project.

6. NET REVENUE (CONTINUED)

The breakdown of Net Revenue by geographical area[2] was as follows:

	31/12/2023	31/12/2022
Europe	**460,116**	452,199
Mea	**212,316**	87,248
Apac	**95,998**	69,314
America	**278,880**	313,684
Total Net Revenue without Pre-owned	**1,047,310**	922,445
Pre-Owned	**11,720**	9,254
Total Net Revenue	**1,059,030**	931,698

In accordance with IFRS 15, Net Revenue are show below with a breakdown into obligations fulfilled at a point in time and those that are fulfilled over time.

	31/12/2023	31/12/2022
At a point in time	**39,785**	28,782
Over time	**1,019,246**	902,917
Total net revenue	**1,059,030**	931,698

The table below shows the amount of revenue from recognised contract liabilities which had been included among contract liabilities at the beginning of the year:

	31/12/2023	31/12/2022
Revenue from contract liabilities	**148,355**	116,623

[2] The geographical breakdown, differently from the previous year's financial statements refers to the dealer's area of exclusivity or by the customer's nationality

6. NET REVENUE (CONTINUED)

The following table shows the amount of transaction price for existing contracts outstanding at December 31, 2023 which will be converted into revenue from contracts with customers within one year or after one year.

	31/12/2023	31/12/2022
Within one year	**563,651**	469,063
After one year	**292,258**	279,350
	855,909	748,413

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sale of new boats, of which the performance obligation is to be satisfied within 2 years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained, that is included in contract liability.

7. CHANGE IN INVENTORIES OF WORK-IN-PROCESS, SEMI-FINISHED AND FINISHED GOODS

The change in inventories of work-in-process, semi-finished and finished goods refers to inventories of boats not covered by orders.

8. COST CAPITALISED

This item, amounting to €30,559 thousand, consists mainly of costs incurred for labour, materials and manufacturing overhead and miscellaneous costs and expenses that were capitalised under the item "Models and moulds". These costs were incurred primarily for the internal production of models and moulds used to build fiberglass-reinforced plastic forms which constitute the hull and other structural elements of the boats classified in this item as per industry practice.

9. OTHER INCOME

	31/12/2023	31/12/2022
Intragroup rebilling of miscellaneous costs	**3,700**	2,028
Discounts from suppliers	**3,108**	2,540
Cost over-accruals	**2,881**	2,612
Damage settlements	**2,002**	182
Rebilling of miscellaneous costs to customers and dealers	**1,080**	844
Rental income	**237**	201
Rebilling of centralized services	**213**	245
Gains on sales of assets	**69**	42
Other	**6,390**	5,376
Total other income	**19,678**	14,071

The item "Intracompany rebilling of miscellaneous costs" includes various kinds of specific rebillings to subsidiaries and holding company, for costs incurred on their behalf. These are primarily refers to certain costs and expenses incurred by Ferretti S.p.A. for services carried out by several providers that shall be reimbursed by Ferretti International Holding S.p.A And personnel costs for Ferretti S.p.A. employees seconded to other Group companies, chargebacks for utilities and other costs.

The item "Discounts from suppliers" regards the discounts received from suppliers which co-operate with the Company, in accordance with the sales agreements entered into in the reporting 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 proceeds of insurance payouts — relating in particular to losses that occurred and/or for which claims were filed in respect of boats under construction and/or property, plant and equipment-that were settled in the financial year or to be settled in the following months of the year as per the company insurance policies. This item also includes commercial and settlement agreements entered into by the Company during the year, and the reimbursements received by way of compensation from suppliers with whom disputes had arisen.

The item "Rebilling of centralized services" refers to the rebilling to subsidiaries of costs related to centralized services incurred for their benefit such as information technology, tax and accounting services.

The item "Other" includes approximately €2,692 thousand for invoices to suppliers due to non-compliance of materials received, 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.

10. RAW MATERIALS AND CONSUMABLES USED

This item primarily reflects purchases of raw and ancillary materials used in production and the change for the year in the corresponding inventories.

11. 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 the boats.

12. COSTS FOR TRADE SHOWS, EVENTS AND ADVERTISING

The main components of this item are advertising and promotional expenses and expenses incurred to attend industry trade shows. This item also includes costs of communication and image consulting.

13. OTHER SERVICE COSTS

	31/12/2023	31/12/2022
Transportation and customs clearing costs	**21,497**	17,508
Technical consulting	**13,611**	14,456
Tax, legal and administrative consulting services	**8,958**	9,518
Utilities	**6,760**	7,440
Entertainment expenses	**6,266**	4,310
Travel and per diem expenses	**5,129**	3,317
Fees paid to members of corporate governance bodies	**5,060**	7,725
Maintenance	**4,756**	4,229
Insurance	**4,533**	4,258
Recruiting and training costs	**2,949**	2,623
Costs of centralized services	**302**	188
Other	**15,664**	17,655
Total other service costs	**95,484**	93,225

The item "Technical consulting" amounting to €13,611 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.

13. OTHER SERVICE COSTS (CONTINUED)

The item "Tax, legal and administrative consulting services" mainly included €3,244 thousand for legal advice and notaries' fees and €2,257 thousand relating to administrative consulting, including accounts auditing, and tax assistance. Moreover, €459 thousand referred to IT consulting.

In the fiscal year ended December 31, 2023, "Fees paid to members of corporate governance bodies" included €4,858 thousand for fixed and variable compensation, benefits and remuneration paid to Directors, including the Management Incentive Plan, as well as €119 thousand in fees paid to Statutory Auditors and €83 thousand for the Supervisory Body.

With regard to the Note "Fees paid to Directors, Statutory Auditors, members of the Supervisory Body and Independent Auditors" see the schedule relating to the fees received by the Company's corporate bodies.

The item "Recruiting and training costs" mainly refers to the costs incurred by the Company for the company canteen and meal vouchers (as provided for contractually), as well as remuneration for project workers and the costs of training. This item also includes personnel costs relating to employees at Ferretti S.p.A. seconded from other Group Companies.

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

14. RENTALS AND LEASES

The Company recognised the right-of-use assets and the lease liabilities, excluding short-term leases and leases related to low-value assets.

The right-of-use assets of most lease contracts were recognised based on the carrying amount, discounted using the incremental borrowing rate. For some lease contracts, the right-of-use assets were recognised based to the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease previously recognised.

Lease liabilities were recognised at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of first time application.

	31/12/2023	31/12/2022
Short-term rentals and leases	**1,843**	1,368
Rentals and leases for low-value assets	**2,267**	2,091
Royalties	**7,644**	6,203
Total rentals and leases	**11,754**	9,662

15. PERSONNEL COSTS

	31/12/2023	31/12/2022
Wages and salaries	77,441	81,425
Social security contributions	27,132	26,302
Non-current employee benefits and other provisions	4,987	5,174
Total personnel costs	109,559	112,902

The five highest-paid employees during the years ended December 31, 2023 and 2022 include a director, whose details are given in Note 45, and four employees, who are not directors and whose personnel costs are as follows:

	31/12/2023	31/12/2022
Wages and salaries	6,583	11,326
Social security contributions	514	375
Non-current employee benefits and other provisions	70	99
Total personnel costs	7,167	11,800

The number of highest-paid non-director employees whose remuneration fell into the following ranges was as follows (for the year 2022 including the special cash bonus paid under the Management Incentive Plan):

	31/12/2023	31/12/2022
HK$2,500,001 – HK$3,000,000	—	—
HK$3,500,001 – HK$4,000,000	—	—
HK$5,500,001 – HK$15,500,000	4	4
Total number of employees	4	4

16. OTHER OPERATING EXPENSES

	31/12/2023	31/12/2022
Cost under-accruals	**2,381**	1,148
Taxes and fees other than income taxes	**1,260**	1,126
Charity initiatives	**1,161**	357
Memberships in trade associations	**692**	657
Settlement agreements	**638**	539
Advertising and promotional material	**590**	582
Re-billable costs	**305**	508
Losses on asset sales	**37**	98
Reward vouchers and other benefits for employees	**28**	1,134
Sundry operating costs	**507**	929
Total other operating expenses	**7,600**	7,081

"Cost under-accruals" referred mainly to the higher costs incurred during the financial year in excess of the provisions recognised in the financial year ended December 31, 2021 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.

"Charity initiatives" referred mainly to a donation of the proceeds from auction of its special-edition Riva Anniversario yacht to support UNICEF's work keeping children safe in El Salvador.

The item "Settlement agreements" related to several private agreements entered into in the course of the year ended December 31, 2023.

"Sundry operating costs" includes mainly charitable contributions, gifts, fines, stamp duties, etc.

17. PROVISIONS AND IMPAIRMENT

This item is shown net of utilisations and releases to income made during the year.

	31/12/2023	31/12/2022
Allocations to the provision for product warranties	**25,071**	26,097
Provision for miscellaneous risks, net	**6,329**	6,009
Allocations to the provision for doubtful accounts	**5,005**	3,417
Total provisions and impairment	**36,404**	35,524

18. DEPRECIATION AND AMORTISATION

	31/12/2023	31/12/2022
Depreciation of property, plant and machinery	**45,249**	38,522
Depreciation of rights-of-use assets	**3,711**	3,376
Amortisation of intangible assets	**5,967**	4,823
Total depreciation and amortisation	**54,927**	46,721

Reference should be made to the tables on property, plant, equipment and intangible assets for additional details.

19. SHARE OF LOSS OF A JOINT VENTURE AND OTHER EQUITY INVESTMENTS

The item "Share of loss of a joint venture" amounted to €0 thousand for the year ended December 31, 2023 due to the dissolution of the company at the beginning of January 2023.

20. FINANCIAL INCOME

	31/12/2023	31/12/2022
Income from receivables entered in fixed assets	**9,789**	6,621
Dividends distributed by subsidiaries	**2,523**	2,220
Interest income from banks	**6,231**	635
Interest and other financial income	**2,577**	1,792
Total financial income	**21,120**	11,268

"Income from receivables entered in fixed assets" refers to interest accrued on loans granted to subsidiaries.

"Dividends distributed by subsidiaries" refers to the dividends that the Shareholders' Meeting of Zago S.p.A. authorised to be distributed to Ferretti S.p.A. and payment was received on 4 August 2023.

"Interest and other financial income" mainly includes interest accrued on current account balances and interest accrued on cash pooling current account management.

21. FINANCIAL EXPENSES

	31/12/2023	31/12/2022
Interests on banks and other loans	**1,168**	2,960
Interest on lease liabilities	**177**	111
Interest on provision for severance benefits and pensions	**86**	38
Interest paid to subsidiaries	**0**	1
Other financial expenses	**1,777**	1,178
Total financial expenses	**3,209**	4,288

22. FOREIGN EXCHANGE GAINS/(LOSSES)

At December 31, 2023, the Company does not have exchange rate risk hedging contracts in force; as a result, creditor and debtor balances denominated in foreign currency are subject to changes on the basis of the exchange rates in force at December 31, 2023.

23. INCOME TAX

Taxes showed tax expense of €18,907 thousand for the year ended December 31, 2023, due to both current and deferred taxes, as illustrated period:

	31/12/2023	31/12/2022
Corporate income tax (IRES)	**(4,887)**	(324)
Regional tax (IRAP)	**(5,166)**	(2,614)
Total current taxes	**(10,053)**	(2,938)
Recognition of R&D receivable	**1,033**	1,161
Prior-year taxes	**24**	139
Deferred taxes	**(9,911)**	(3,114)
Total income tax	**(18,907)**	(4,752)

23. INCOME TAX (CONTINUED)

The IRES (Imposta sul reddito delle società) taxable base was positive, and therefore, within the framework of national tax consolidation, a provision was made for this tax based on the 24% rate currently in force in Italy. The increase is attributable to the higher taxable income for the year, although reduced due to the use of tax losses and deductible interest expenses carried forward.

The IRAP (imposta regionale sulle attività produttive) taxable base was positive, and therefore a provision was made for this tax based on the IRAP fixed rate in force in the regions in which the value of production is calculated.

The following table provides a reconciliation between the nominal and effective tax rate of the Company for 2023 and 2022:

	31/12/2023	31/12/2022
Theoretical taxable base*	**105,262**	57,146
IRES 24%	**(25,263)**	(13,715)
IRAP 3.90%	**(4,105)**	(2,229)
Total theoretical tax	**(29,368)**	(15,944)
Credit used for ACE (Allowance for Corporate Equity) of the year	**2,720**	2,570
Recognition of R&D receivable	**1,033**	1,161
Utilisation of tax losses	**10,868**	7,873
Undeductible costs	**(3,707)**	(1,621)
Other differences	**(453)**	1,209
Effective tax recognised in the income statement	**(18,907)**	(4,752)

(*) Figure referred to the profit before tax.

The Italian government has implemented Pillar Two regulations effective January 1, 2024 (as provided by Legislative Decree No. 209 of December 28, 2023, hereinafter "**Italian Decree on Pillar Two**"). According to the Italian Decree on Pillar Two, Ferretti S.p.A. qualifies as a Partially-Owned Parent Entity ("**POPE**" or "**Partially-Owned Parent Entity**") because more than 20 percent of its profit rights are held by entities outside the group perimeter.

Shandong Heavy Industry, located in China, appears to be the parent company ("**Ultimate Parent Entity**" or "**UPE**") that fully consolidates (i.e., line-by-line) its subsidiaries, including Ferretti S.p.A. Considering that Pillar Two regulations are not yet effective as of the reporting date, there are no current tax liabilities for the year ending December 31, 2023.

In light of the Group's structure above, the preliminary calculation of the "Transitional CbCR Safe harbor" ("**TSH**") tests has been carried out by UPE and is still being finalized.

23. INCOME TAX (CONTINUED)

Indeed, taking into account the complexity of the legislation in question and the uncertainty in its application, the quantitative impact cannot be reasonably estimated at present. The Group expects to complete the assessment in the first half of 2024.

The Group has applied the temporary mandatory exemption required by the amendment to IAS 12.

NOTES TO THE MAIN ASSET ITEMS

The following Notes provide a breakdown of the individual components of the Statement of Financial Position for the fiscal year ended December 31, 2023 compared with December 31, 2022.

CURRENT ASSETS

24. CASH AND CASH EQUIVALENTS

	31/12/2023	31/12/2022
Bank and postal accounts	**147,579**	105,182
Time deposit	**142,464**	188,127
Cash and securities on hand	**14**	13
Total cash and cash equivalents	**290,057**	293,322

The items listed above can be converted readily into cash and are not exposed to a significant risk that their value may change. There are no obligations or restrictions on use. Amounts collected and held in escrow accounts are classified as current assets, under the line item "Other current assets".

The carrying amount of "Cash and cash equivalents" is deemed to be aligned with their fair value at the reporting date.

During the year ended December 31, 2023, the Company has signed time deposit accounts agreements with five primary banks, in order to benefit of increasing interest rates, with maturities ranging from one month to six months.

The time deposits accounts with a maturity of more than three months are classified as current financial assets (see Note 28), if any.

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions.

A detailed analysis of the changes that occurred in this item is provided in the Cash Flow Statement.

25. TRADE AND OTHER RECEIVABLES

	31/12/2023	31/12/2022
Trade receivables	**229,772**	189,319
Other receivables	**37,022**	36,222
Total trade and other receivables	**266,794**	225,541

	31/12/2023	31/12/2022
Accounts receivable from customers	**20,914**	11,697
Receivables from Group Companies	**211,762**	179,732
Receivables from Controlling Company	**0**	891
Total gross trade receivables	**232,676**	192,320
(Less) Provision for doubtful accounts	**(2,904)**	(3,001)
Total trade receivables	**229,772**	189,319

"Accounts receivable from customers" at December 31, 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. These are considered to be receivable within 12 months. Payment terms are agreed with customers on a case by case basis.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables from Group companies

	31/12/2023	31/12/2022
Zago S.p.A.	**185**	1,211
Sea Lion Srl	**183**	—
Ram Srl	**352**	196
Ferretti Tech Srl	**3**	3
Fratelli Canalicchio S.p.A.	**3**	122
Il Massello Srl	**51**	2
Ma.Ri.Na. Srl	**—**	1
Ferretti Group of America Holding Company Inc	**11**	11
Ferretti Group of America LLC	**176,196**	155,085
Allied Marine Inc	**1,072**	1,072
Ferretti Group Asia Pacific Ltd	**33,471**	21,849
Ferretti Asia Pacific Zhuhai Ltd	**3**	3
Ferretti Group UK Ltd	**123**	102
Ferretti Group (Monaco) SaM	**78**	51
Ferretti Gulf Marine-Sole Proprietorship Llc	**29**	24
Ferretti Group Singapore Pte. Ltd	**2**	0
Total trade receivables from Group companies	**211,762**	179,732

"Receivables from Group companies" derive from services and supplies delivered to subsidiaries based on market values. Receivables from Ferretti Group of America LLC and Ferretti Group Asia Pacific Ltd relate primarily to the sale of boats for sale in the American and Asian territories.

Receivables from Controlling Company

The balance of Receivables from Controlling Company amounting to €891 thousand at December 31, 2023 referred wholly rebillable costs to Ferretti International Holding S.p.A..

Provision for doubtful accounts

The provision for doubtful accounts, calculated by the Company in compliance with IFRS 9, changed as follows in the two years of reference:

	31/12/2023	31/12/2022
At beginning of year	**3,001**	5,590
Impairment losses, net	**460**	3,417
Amount written off as uncollectible	**(557)**	(6,006)
At end of year	**2,904**	3,001

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision for doubtful accounts (Continued)

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 ageing 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.

For an analysis of the ageing of trade receivables by the due date and net of the provision for doubtful accounts, refer to Note 5, Management of financial risks.

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

Other receivables

	31/12/2023	31/12/2022
Other tax receivables	**11,048**	21,876
Accruals, deferrals and other receivables	**25,974**	14,347
Total other receivables	**37,022**	36,222

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

	31/12/2023	31/12/2022
Receivables owed by social security institutions	**339**	213
Other receivables from Group companies	**514**	433
Commissions advances	**4,520**	4,890
Advances, prepayments and sundry receivables from suppliers	**16,253**	3,480
Others	**294**	300
Accruals and deferrals	**4,054**	5,031
Total accruals, deferrals and other receivables	**25,974**	14,347

"Receivables owed by social security institutions" at December 31, 2023 refer mainly to receivables from the Italian workman's compensation agency (INAIL) of €159 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 €2 thousand.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables (Continued)

The item "Other receivables from Group companies" refers for €514 thousand to the receivable from the subsidiary Zago S.p.A., which accrued a tax gain for IRES purposes that the Company used, as part of the National Tax Consolidation, to offset tax losses of other companies.

The balance relating to "Advances, prepayments and sundry receivables from suppliers" as at December 31, 2023 mainly refers for €14.25 million to the advance payment for the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, bringing the entire new production area in Ravenna to approximately 100,000 square meters to produce the Made-to-measure, Composite and sail segments of the Ferretti Yachts and Wally brands. This latest acquisition is equivalent a further increases the Group's production capacity by 10%. In the second half of January, Ferretti SpA executed the sale agreement. The balance also includes about €777 thousand of advances already paid for the main industry trade shows to be held in the first months of 2023, such as those in Dusseldorf and Miami and several insurance indemnities requested during the current year, which will be paid in the following months, in addition to advances paid to suppliers for services that have not yet been completed or work progress payments for goods not yet delivered.

As at December 31, 2023 the impairment loss provision for the other receivable was assessed to be minimal.

Income tax recoverable

As at December 31, 2023 Income tax recoverable includes mainly tax credits recognized under Italian incentive laws ("**Industria 4.0**" and "**Credito d'imposta Ricerca e Sviluppo e Design e Ideazione estetica 2022**") for €1,296 thousand.

26. CONTRACT ASSETS

"Contract assets" consist of the amount payable by customers arising from contracts completed at the end of this accounting period, stated net of contract liabilities.

"Contract assets" are measured over time since they meet all the requirements set out in IFRS 15 and are recognised using the input method according to the percentage completed.

The following table provides the breakdown arising from "Contract assets" at December 31, 2023, compared to those at December 31, 2022.

	31/12/2023	31/12/2022
Gross value of contract assets	**623,076**	531,632
Advances collected	**(433,582)**	(394,972)
Total contract assets	**189,493**	136,660

27. INVENTORIES

	31/12/2023			31/12/2022
	Gross value	**Allowance for write-downs**	Net amount	Net amount
Raw materials and components inventory	**67,156**	**(8,245)**	58,911	52,130
Work in progress and semi-finished goods	**107,170**	**—**	107,170	88,146
New boats	**117,566**	**0**	117,566	29,793
Used boats	**23,276**	**(4,995)**	18,281	6,521
Total inventories	**315,167**	**(13,240)**	301,927	176,590

The item "Raw materials and components inventory" is adjusted by an allowance for write-downs of €8,245 thousand at December 31, 2023 that reflects an estimate of slow-moving and/or potentially obsolete inventory items.

The item "Work in progress and semi-finished goods" includes boats not covered by orders at the end of the year.

The item "New boats" refers to boats not covered by orders, whose production had been completed at the closing date of the reporting period.

The carrying amount of the used boats was adjusted by means of an allowance for write-downs of €4,995 thousand, in order to bring the purchase cost down to its estimated realisable value.

The expected time for inventories to be recovered is as follows:

	31/12/2023	31/12/2022
Within one year	**280,917**	176,132
Beyond one year	**21,010**	458
Total inventories	**301,927**	176,590

Advances on inventories

The item "Advances on inventories" refers to the advances that the Company pays to its suppliers for purchases of raw materials.

28. OTHER CURRENT ASSETS

The item "Other current assets" is broken down as follows:

	31/12/2023	31/12/2022
Time deposit and other financial investments	**—**	83,267
Incidental borrowing costs	**385**	641
Other current assets	**0**	1,432
Other current assets from Group companies	**46,571**	31,412
Total other current assets	**46,956**	116,752

At the end of the financial year 2022, the Company subscribed some time deposit accounts agreements with four primary banks for a total of €40 million, in order to benefit of increasing interest rates, with maturity of more than three months to six months. The deposits in place as at December 31, 2023 have a maturity of less than three months and are included in "cash and cash equivalents" (see Note 5 and 28 for further details).

The residual part of "other financial investments" as at December 31, 2022 mainly refers to two financial investments in the form of life insurance policies reimbursed during 2023 detailed as follows:

— Life insurance with "CNP Vita Assicurazioni S.p.A.", for a premium of €38 million;

— Life insurance with "Bipiemme Vita S.p.A.", for a premium of €5 million and annual coupon.

The "Incidentals borrowing costs" refer for €385 thousands to the committed "Revolving Credit Facility" and "Revolving Pre-Finance Facility, not in use on December 31, 2023 but available until August 2024 (Note 34).

28. OTHER CURRENT ASSETS (CONTINUED)

The item "Other current assets from Group companies" is broken down as follows:

	31/12/2023	31/12/2022
Financial receivables		
Ferretti Group of America LLC	**1,768**	1,012
Ferretti Group of America Holding Company Inc	**22,860**	19,350
Zago S.p.A.	**229**	133
Ram S.p.A.	**213**	209
Fratelli Canalicchio S.p.A.	**229**	5
Il Massello Srl	**177**	6
Allied Marine Inc.	**4,887**	4,259
Ferretti Group (Monaco) Sam	**101**	89
Ferretti Group UK Ltd	**19**	16
Ferretti Group Asia Pacific Ltd	**235**	178
	30,716	25,257
Receivables for treasury accounts		
Zago S.p.A.	**5,228**	3,052
Fratelli Canalicchio S.p.A.	**7,470**	1,663
Il Massello Srl	**3,158**	1,440
	15,855	6,155
Total	**46,571**	31,412

"Financial receivables" derive from the invoicing of interest income accrued on loans granted to subsidiaries as non-current receivables and interest income accrued on cash pooling account balances.

NON-CURRENT ASSETS

29. INVESTMENTS IN SUBSIDIARIES

Equity investments in subsidiaries at December 31, 2023 were broken down as follows:

	31/12/2023	31/12/2022
Zago S.p.A.	**9,417**	9,417
Sea Lion Srl	**3,428**	3,428
Ram S.p.A.	**2,269**	2,269
Ferretti Tech Srl	**30**	30
Fratelli Canalicchio S.p.A.	**100**	100
Ferretti Group of America Ltd	**4**	4
Ferretti Group Asia Pacific Ltd	**10**	10
Ferretti Group Asia Pacific Zhuhai Ltd	**120**	120
Ferretti Group (Monaco) S.a.M.	**1,100**	1,100
Ferretti Group UK Ltd	**2**	2
Ferretti Gulf Marine-Sole Proprietorship Llc	**1,546**	1,096
Total equity investments	**18,025**	17,575

On 20 February 2023, the Company made a non-refundable payment with no right of restitution amounting to €450 thousand to Ferretti Gulf Marine-Sole Proprietorship Llc..

30. PROPERTY, PLANT AND EQUIPMENT

Movements in this item in the year ended December 31, 2023 were as follows:

At December 31, 2023, the net carrying amounts of land and buildings, plant, machinery and equipment, other assets included rights-of-use assets amounting to Euro 5,661 thousand, Euro 14 thousand and Euro 1,564 thousand, respectively.

	Land and buildings	Plant, machinery and equipment	Other equipment and vehicles	Models and moulds	Total
At January 1, 2023					
Cost	202,786	45,649	39,336	307,306	595,077
Accumulated depreciation	(47,911)	(30,675)	(20,488)	(227,723)	(326,798)
Net carrying amount	154,875	14,973	18,848	79,583	268,279
At January 1, 2023, net of accumulated depreciation	154,875	14,973	18,848	79,583	268,279
Additions — owned assets	72,696	8,785	5.928	28,305	115,714
Additions — right-of-use assets	4,849	176	774	0	5,799
Disposals	(22)	(679)	0	(616)	(1,317)
Disposals — right-of-use assets	0	0	0	0	0
Depreciation — owned assets	(9,453)	(3,313)	(3,341)	(29,141)	(45,249)
Depreciation — right-of-use assets	(2,550)	(190)	(972)	0	(3,711)
Reclassification	464	(868)	1,488	(234)	850
At December 31, 2023, net of accumulated depreciation	220,859	18,884	22,725	77,897	340,365
At December 31, 2023					
Cost	295,548	64,746	49,557	335,885	745,736
Accumulated depreciation	(74,690)	(45,862)	(26,832)	(257,988)	(405,371)
Net carrying amount	220,859	18,884	22,725	77,897	340,365

At December 31, 2023, the net carrying amounts of land and buildings, plant, machinery and equipment, other assets included rights-of-use assets amounting to Euro 7,960 thousand, Euro 0 thousand and Euro 1,366 thousand, respectively.

30. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in this item in the year ended December 31, 2022 were as follows:

	Land and buildings	Plant, machinery and equipment	Other equipment and vehicles	Models and moulds	Total
At January 1, 2022					
Cost	169,909	42,447	31,143	276,116	519,615
Accumulated depreciation	(40,824)	(28,601)	(16,857)	(201,501)	(287,783)
Net carrying amount	129,085	13,846	14,286	74,615	231,832
At January 1, 2022, net of accumulated depreciation	129,085	13,846	14,286	74,615	231,832
Additions — owned assets	32,376	5,252	4,681	32,081	74,390
Additions — right-of-use assets	2,546	118	1,698	0	4,362
Disposals	(1,298)	(16)	(5)	(31)	(1,351)
Disposals — right-of-use assets	0	0	0	0	0
Depreciation — owned assets	(5,755)	(2,645)	(2,750)	(27,371)	(38,522)
Depreciation — right-of-use assets	(2,323)	(157)	(896)	0	(3,376)
Reclassification	245	(1,423)	1,834	289	945
At December 31, 2022, net of accumulated depreciation	154,875	14,974	18,848	79,583	268,279
At December 31, 2022					
Cost	202,786	45,649	39,336	307,306	595,077
Accumulated depreciation	(47,911)	(30,675)	(20,488)	(227,723)	(326,798)
Net carrying amount	154,875	14,973	18,848	79,583	268,279

At December 31, 2022, the net carrying amounts of land and buildings, plant, machinery and equipment, other assets included rights-of-use assets amounting to Euro 5,661 thousand, Euro 14 thousand and Euro 1,564 thousand, respectively.

31. INTANGIBLE ASSETS

Movements in this item in the year ended December 31, 2023 were as follows:

	Trademarks	Other intangible assets	Total
Cost	**221,655**	**55,883**	**277,538**
Accumulated depreciation	**0**	**(45,961)**	**(45,961)**
Net carrying amount	**221,655**	**9,922**	**231,577**
Balance at 31 December 2022	**221,655**	**9,922**	**231,577**
Additions	**154**	**18,832**	**18,986**
Amortisation	**0**	**(5,705)**	**(5,705)**
Impairment	**0**	**(262)**	**(262)**
Reclassification	**0**	**(554)**	**(554)**
Balance at 31 December 2023	**221,809**	**22,233**	**244,043**
Cost	**221,809**	**74,161**	**295,970**
Accumulated depreciation	**0**	**(51,928)**	**(51,928)**
Net carrying amount	**221,809**	**22,233**	**244,043**

31. INTANGIBLE ASSETS (CONTINUED)

Movements in this item in the year ended December 31, 2022 were as follows:

	Trademarks	Other intangible assets	Total
Cost	221,358	53,581	274,939
Accumulated depreciation	0	(41,138)	(41,138)
Net carrying amount	221,358	12,443	233,801
Balance at 31 December 2021	221,358	12,443	233,801
Additions	307	3,236	3,544
Amortisation	0	(4,823)	(4,823)
Reclassification	(10)	(935)	(945)
Balance at 31 December 2022	221,655	9,922	231,577
Cost	221,655	55,883	277,538
Accumulated depreciation	0	(45,961)	(45,961)
Net carrying amount	221,655	9,922	231,577

Trademarks — Indefinite useful life

A breakdown of the value of "Trademarks" at December 31, 2023 is as follows:

	31/12/2023	31/12/2022
Ferretti Yachts	**95,318**	95,318
CRN	**46,544**	46,544
Custom Line	**36,718**	36,718
Riva	**30,716**	30,716
Wally	**2,929**	2,929
Pershing	**8,609**	8,609
Easy Boat	**9**	9
Mochi	**2**	2
Costs for trademark protection and acquisition	**965**	811
Total trademarks	**221,809**	221,655

31. INTANGIBLE ASSETS (CONTINUED)

Other intangible assets — Definite useful life

	31/12/2023	31/12/2022
Concessions	**11,412**	1,508
Intellectual property rights	**10,403**	7,437
Software	**418**	977
Total Other intangible assets	**22,233**	9,922

- "Concessions" refers chiefly to (i) for a net book value of €9,695 thousand, the costs incurred to acquire an area of approximately 17,000 sq.m. of the Ravenna shipyard pursuant to a public land-use concession, used as a dry dock and a quay with docks and launching structure. The concession expires on December 31, 2025 and the Group, in August 2023, requested a new concession for the same area, with an increase of the quay for the construction of piers and partial filling of the dry dock lasting for 40 years, which is in the process of being released; (ii) the costs incurred to acquire docking rights until 2053 in a marina located in Cattolica within the framework of the Detailed Public Initiative Plan for Port Facilities in the Municipality of Cattolica, for a net book value of €608 thousand; (iii) the docking right in the marina Porto Mirabello, in the Gulf of La Spezia, the net value of the investment is €599 thousand; the right will remain valid until 2067;

- "Intellectual property rights" with a net book value of €11,164 thousand include the costs of the projects carried out by the Group, which extended to the main business areas, in view of constant improvement and complete integration of the various Group companies operating in Italy and abroad, as part of the reorganization of the Group initiated in previous years. This item also includes the design work to develop naval platforms for the construction of the CRN models. The Group conducted research and development on innovative solutions for each model to be applied to all units built. In particular, the projects being developed include: the creation of special gates, built on land before the steel boat structure arrives in the shipyard: standardization of the plant processes; study of the installation of plastic pipes to optimize footprint; development of an engine room optimized for the passage of pipes and conduits; and the study and development of light-weight furnishings, with support from the Engineering Department.

- the residual value of the item "Other intangible assets" (€418 thousand) referred to the net value of licenses for new IT applications and the net value of patents.

31. INTANGIBLE ASSETS (CONTINUED)

Other intangible assets — Definite useful life (Continued)

Impairment test on indefinite useful life intangible assets

On December 31, 2023, the Company carried out impairment tests on these assets.

Based on the process of identification of Cash Generating Units (CGUs), the value of trademarks is allocated to the individual CGUs, as they have been identified based on the trademarks produced and marketed.

The main assumptions underlying the impairment test performed to determine value in use, which are those concerning operating cash flows, discount rate and growth rate, are reviewed below:

A) the free cash flows used to determine the value in use were those derived from the management's most recent forecasts with a five year time period;

B) the impairment test was performed considering as the value in use of the CGUs, which includes their terminal value, determined in accordance with the perpetuity criterion; and

C) the main criteria used to determine the value in use are summarised in the following table, and are the same for all the CGUs:

	31/12/2023	31/12/2022
Interest rate for riskless assets	**4.24%**	3.00%
Discount rate pre-tax — WACC	**12.68%**	11.82%
Perpetuity growth rate (g-rate)	**2.00%**	2.00%

D) the Company's management adopted a discount rate in a configuration gross of tax effects that reflects current market valuations of the cost of money and the specific risk associated with each CGU. In the calculation of the terminal value, the Company uses a 2% long-term growth rate (g-rate), after having taken into account the data available and market forecasts.

The impairment test results did not indicate any need to write down the intangible and tangible assets for the Company's CGUs.

On the basis of the analyses conducted, the Company's management did not identify a reasonable possible change in key parameters that could result in the carrying amount of the CGUs exceeding its recoverable amount at the end of 2023 and 2022.

The Company will continue to monitor the performance of the individual CGUs carefully in order to verify that actual performance coincides with forecasts.

32. OTHER NON-CURRENT ASSETS

	31/12/2023	31/12/2022
Equity investments designated at fair value through income statement	**2**	117
Investment in a joint venture	**0**	12
Deposits	**573**	582
Commissions advances	**2,703**	1,102
Other assets	**44,440**	39,700
Incidental borrowing costs	**0**	378
Total other non-current assets	**47,718**	41,890

The item "Equity investments designated at fair value through income statement" includes the equity investment in industry consortia. During the financial year ended at December 31, 2023 the equity investment in Nouveau Port Golf Juan which owns certain commercial premises currently occupied by a restaurant was written down as the state concession will expire at the end of June 2024.

The item "Commissions advanced" refers to advances on commissions paid on the basis of interim receipts from customers for boats that will be delivered after the following year.

The value of "Other assets" mainly refers to long-term deferrals and other receivables and loans granted to subsidiaries to finance and support operations as described in detail here below:

	31/12/2023	31/12/2022
Sea Lion Srl	**21,619**	21,413
Zago S.p.A.	**6,375**	6,375
Il Massello Srl	**4,650**	0
Ferretti Group of America LLC	**5,442**	5,638
Ferretti Group (Monaco) S.a.M.	**799**	799
Ferretti Group UK Ltd	**165**	165
Ferretti Group Asia Pacific Ltd	**1,000**	1,000
Total	**40,050**	35,390

On December 21, 2023, the Company issued a loan to Il Massello Srl for €4,650 thousand to cover an expansion plan which involves the construction of a new production site for the subsidiary

These loans are granted with tacit renewal terms and it is the intention of the Company's management to obtain gradual repayment in relation to the cash flows produced by the subsidiaries. These loans accrue interest at Euribor-linked market rates.

33. DEFERRED TAX ASSETS

In detail, movements for the year ended December 31, 2023 are as follows:

	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortisation for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2022 and 1 January 2023	13,746	2,608	605	10,340	1,115	57,152	811	86,376
Credited/(charged) to:								
Profit and loss	4,831	1,656	(19)	799	(208)	(16,552)	(70)	(9,563)
Other comprehensive income	0	0	0	0	0	0	(27)	(27)
Other reserves	0	0	0	0	0	0	0	0
At December 31, 2023	18,578	4,264	585	11,139	907	40,599	714	76,786

	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Other	Total
At December 31, 2022 and 1 January 2023	1,315	60,659	5,420	1,682	69,077
Charged/(credited) to:					
Profit and loss	0	0	(129)	295	166
Other comprehensive income				146	146
At December 31, 2023	1,315	60,659	5,292	2,124	69,390

33. DEFERRED TAX ASSETS (CONTINUED)

In detail, movements for the year ended December 31, 2022 are as follows:

	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortisation for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2021 and 1 January 2022	10,027	2,618	1,190	9,367	1,257	61,167	529	86,155
Credited/(charged) to:								
Profit and loss	3,719	(10)	(585)	973	(142)	(4,015)	(2,854)	(2,915)
Other comprehensive income	0	0	0	0	0	0	(27)	(27)
Other reserves	0	0	0	0	0	0	3,163	3,163
At December 31, 2022	13,746	2,608	605	10,340	1,115	57,152	811	86,376

	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Other	Total
At December 31, 2021 and 1 January 2022	1,315	60,659	5,549	1,209	68,732
Charged/(credited) to:					
Profit and loss	0	0	(129)	327	199
Other comprehensive income	0	0	0	146	146
At December 31, 2022	1,315	60,659	5,420	1,682	69,077

33. DEFERRED TAX ASSETS (CONTINUED)

For the purpose of their presentation in financial statements, the Company's tax assets and liabilities have been set off each other in the Statement of Financial Position. Below is an analysis of deferred tax assets:

	31/12/2023	31/12/2022
Deferred tax assets	**7,396**	17,299
Deferred tax liabilities		—
Total Deferred tax assets	**7,396**	17,299

No deferred tax assets were recognised with regard to the following items:

	31/12/2023	31/12/2022
Tax losses and interest expense	**—**	9,632

The Company has tax assets from tax losses and surplus of financial interest expense (in Italy surplus of financial interest expenses is deductible only within the limits of 30% of gross operating income) arising from €41,378 thousand and €67,315 thousand as at December 31, 2023 and 2022 that are available without any time limit for offsetting against future taxable profits of the entities included in Group tax consolidation scheme in the limit of 80% of the income (the Italian tax regulations permits to deduce in future periods tax losses and surplus of financial deduct expense that were not deducted in the past). Deferred tax assets were recognized, consistently with IAS 12 requirements, only to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

No deferred tax assets arising from tax losses and not deducted interest expense carried forward ("**DTAs**") have not been recognized as at December 31, 2023.

At each reporting date, the Group reassesses its DTAs, (both recognized and unrecognized) and it recognizes previously unrecognized DTAs to the extent that it is probable that sufficient taxable profit will be available to enable the asset to be recovered, based on the actual profits before tax and based on the expected continuous improvements in future prospects and future forecast profits.

The payment of dividends by the Company to its shareholders did not entail related tax effects.

NOTES TO THE MAIN LIABILITIES AND EQUITY ITEMS CURRENT LIABILITIES

34. BANK AND OTHER BORROWINGS

	31/12/2023			31/12/2022		
	Effective interest rate	**Maturity**	**Amount**	Effective interest rate	Maturity	Amount
Due to banks — unsecured			**239**		2023	161
Due to banks net of incidental borrowing costs			**239**			161
Others		**2022**	**0**		2023	1,676
Lease liabilities	**2.0–6.6**	**2022**	**4,051**	2.0–4.7	2023	4,029
Total short-term			**4,290**			5,866

	31/12/2023			31/12/2022		
	Effective interest rate	**Maturity**	**Amount**	Effective interest rate	Maturity	Amount
Lease liabilities	**2.0–6.6**	**2055**	**13,616**	2.0–4.7	2031	13,073
Total medium/long-term			**13,616**			13,073
Total Bank and other borrowing			**27,232**			18,939

On 2 August 2019, the Company and former CRN S.p.A., now merged into Ferretti S.p.A., as borrowers, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Barclays Bank Ireland PLC, BNP Paribas, Milan Branch (also acting as agent — the "**Agent Bank**"), BPER Banca S.p.A., Crédit Agricole Italia S.p.A., MPS Capital Services Banca per le Imprese S.p.A. and UBI Banca S.p.A., as lenders, entered into a medium-to-long-term loan agreement for a maximum total amount of €170 million, divided into three lines of credit as follows:

(a) an amortizing medium-to-long term line of credit with a total maximum amount of €70 million for the Company, to be repaid according to an amortisation schedule that calls for six half-yearly payments, starting on December 31, 2022, with maturity on 2 August 2024, to be used to finance, inter alia, industrial investments per its business plan, and substitute tax on the various lines of credit pursuant to the Loan Agreement (defined the "**Term Loan Facility**");

(b) a revolving medium-to-long term line of credit with a total maximum amount of €40 million for the Company, to be repaid on the final maturity date (i.e., 2 August 2024) (with an annual clean-down period, with a threshold of €1,000,000 for a minimum of three consecutive business days, it being understood that no fewer than three months may elapse between one clean-down period and another), to be used to finance its ordinary business activity (defined the "**Revolving Credit Facility**");

34. BANK AND OTHER BORROWINGS (CONTINUED)

(c) a revolving medium-to-long term line of credit with a total maximum amount of €60 million for the Company, to be repaid on the final maturity date (i.e., 2 August 2024), and to be used to finance the ordinary activity relating to commercial contracts for a maximum amount of 90% of the value of the said commercial contracts (defined the "**Revolving Pre-Finance Facility**").

The Loan Agreement is subject to a financial covenant relating to the compliance with certain significant thresholds relating to the leverage ratio of total net debt (as defined in the Loan Agreement) to EBITDA (as defined in the Loan Agreement), to be calculated at the consolidated level on a half-yearly basis (30 June and 31 December of each year on a 12-month basis).

In addition, the Loan Agreement provides for a commitment by Ferretti S.p.A., and the relevant subsidiaries to keep at 1.5x or higher the ratio of the gross order book to the amount to be repaid under the Revolving Pre-Finance Facility (a line of credit providing advances against the contracts). The parameter will be observed twice a year (31 December and 30 June). If this parameter is breached, draw-downs on the Revolving Pre-Finance Facility must be repaid to restore fulfilment of the parameter. Any repayments do not result in the cancellation of the facility for the part repaid.

At December 31, 2023 and December 31, 2022, all covenants had been fulfilled.

Finally, the Loan Agreement includes several mandatory early repayment clauses in certain circumstances.

The interest rate applicable to the Loan is equal to the sum of the EURIBOR and the applicable spread, according to the level of the leverage ratio.

This Loan is not in use and the amortizing medium-to-long term line of credit was prepaid in December 2022 for the remaining value of €47 million.

With regard to the analysis of bank and other borrowings based on maturity, please refer to Note 5 "Financial risk management".

All borrowings are denominated in Euro.

35. PROVISIONS

The table below shows the changes that occurred in "Provisions" during the years ended December 31, 2023 and December 31, 2022:

	Provision for product warranties	**Provisions for miscellaneous risks**	**Total**
Balance at January 1, 2023	**26,201**	**26,641**	**52,842**
Additions	**25,071**	**36,252**	**61,323**
Utilisations during the year	**(17,440)**	**(20,252)**	**(37,692)**
Balance at December 31, 2023	**33,831**	**42,642**	**76,473**

	Provision for product warranties	Provisions for miscellaneous risks	Total
Balance at January 1, 2022	18,767	19,019	37,786
Additions	26,097	14,488	40,585
Utilisations during the year	(18,663)	(6,865)	(25,529)
Balance at December 31, 2022	26,201	26,641	52,842

The "Provision for product warranties" reflects the best possible estimate based on available information of the warranty obligations that may be incurred after the reporting date for products sold before that date.

The amount added annually to this provision is based on past experience and future expectations and takes into account new-product launches and the impact of a warranty period of 24 months, even though virtually all warranty claims are received within the first 12 months after a product is sold. A portion of the provision for product warranties is classified as non-current.

	31/12/2023	31/12/2022
Current portion	**21,296**	13,152
Non-current portion	**12,535**	13,049
Total Provision for product warranties	**33.831**	26,201

35. PROVISIONS (CONTINUED)

Provisions for miscellaneous risks

The item "Provisions for miscellaneous risks" can be broken down as follows:

	31/12/2023	31/12/2022
Legal proceedings and tax and employment law litigation	**5,994**	8,663
Dealer incentives	**12,114**	8,944
Provisions for completion of boats	**4,362**	2,813
Provisions for other risks	**20,171**	6,222
Total provisions for miscellaneous risks	**42,642**	26,461

Provisions for miscellaneous risks are classified under current liabilities.

Provisions for "Legal proceedings and tax and employment law litigation" refer, as far as the legal part is concerned, to potential liabilities arising from the Company's core activity regarding current litigation involving actions for liability due to breach of contract in general and/or contractual liability arising from flaws in the product sold, and other actions concerning claims for compensation for damages by third parties.

The Company was involved mainly in two tax litigation proceedings for which during 2023 the Company has applied for a facilitated settlement to close the litigation and released the correspondent provision, created only for part of the value of the two litigations, that were approximately €5 million.

The provisions in item "Dealer incentives" were established to cover the costs that the Company could incur under a system that awards bonuses to dealers who reach predetermined customer service targets.

The "Provisions for other risks" were established to cover liabilities that are likely to arise as a result of identified issues that Company could face in the normal course of business. As at December 31, 2023, the Company accrued a provision of Euro 6,000 thousand to support the Group's supply chain.

36. TRADE AND OTHER PAYABLES

	31/12/2023	31/12/2022
Trade payables	**370,065**	265,765
Trade payables to Group companies	**50,343**	99,607
Trade payables	**420,407**	365,372
Other payables	**179,709**	119,125
Total trade and other payables	**600,117**	484,497

36. TRADE AND OTHER PAYABLES (CONTINUED)

	31/12/2023	31/12/2022
Trade and other payables — current	**599,273**	483,514
Trade and other payables — non-current	**844**	984
Total trade and other payables	**600,117**	484,497

Trade payables

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

For an analysis of the ageing of trade payables, based on their maturity, please refer to Note 5 "Financial risk management".

Trade payables to Group companies

"Trade payables to Group companies due within one year" were as follows:

	31/12/2023	31/12/2022
Zago S.p.A.	**4,797**	5,200
Sea Lion S.r.l.	**4,134**	1,046
Ram S.p.A.	**53**	20
Fratelli Canalicchio S.p.A.	**2,014**	1,992
Il Massello S.r.l.	**2,446**	2,131
Ma.Ri.Na. S.r.l.	**—**	2
Ferretti Group of America LLC	**18,983**	76,349
Allied Marine Inc	**9,474**	9,474
Ferretti Group Asia Pacific Ltd	**8,064**	3,314
Ferretti Group UK Ltd	**53**	53
Ferretti Group (Monaco) S.a.M.	**120**	0
Ferretti Gulf Marine — Sole Proprietorship Llc	**205**	26
Total Trade payables to Group companies	**50,343**	99,607

"Trade payables to Group companies" refer to ordinary buying and selling/supply transactions settled at arm's length.

36. TRADE AND OTHER PAYABLES (CONTINUED)

Other payables

	31/12/2023	31/12/2022
Payables due to pension and social security institutions	**12,110**	11,589
Amounts payable to employees	**18,439**	20,395
Amounts payable to directors	**3,043**	2,694
Other tax payable	**5,724**	2,959
Miscellaneous payables	**4,618**	3,372
Accrued expenses	**1,304**	1,423
Deferred income	**133,627**	75,709
Government authorisation fees — non current	**163**	229
Deferred income — non current	**681**	755
Total other payables	**179,710**	119,125

The item "Payables due to pension and social security institutions" reflects the amounts owed to these institutions at December 31, 2023 by the Company and its employees for the December payroll and for accrued and deferred remuneration.

"Amounts payable to employees" refers to the December 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 December 31, 2023.

The item "Other tax payable" chiefly refers to taxes withheld accrued that will be paid in January 2024.

The item "Accrued expenses" consists mainly of insurance premiums and other transactions recognised on an accrual basis.

The item "Deferred income" mainly includes the sale value of boats amounting to approximately €116 million to the subsidiary Ferretti Group of America LLC and to approximately €17 million to the subsidiary Ferretti Group Asia Pacific Ltd invoiced during the year, in relation to which, at the end of the 2023 financial year, the criteria set out in the reference accounting standards for the recognition of revenue were not met.

The item "Government authorisation fees — non current", totalling €163 thousand at December 31, 2023, relates mainly to prepayments of public grants received by the Company of €133 thousand authorised in favour of the former Riva S.p.A., now merged in Ferretti, and €30 thousand authorised in favour of the former subsidiary CRN S.p.A., now also merged in Ferretti. Said deferred income was classified under "Non-current liabilities" for the portion due after the following year. These grants will be recognised in the Income Statement along with the amortisation periods of the corresponding assets once the underlying Framework Agreements expire.

36. TRADE AND OTHER PAYABLES (CONTINUED)

Other payables (Continued)

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

37. CONTRACT LIABILITIES

"Contract liabilities" include amounts paid by customers for orders not yet fulfilled, based on the sales conditions normally applied. More specifically, this item represents both the part of advances exceeding production already completed and the part of advances received and for which the order has not progressed as at the reporting date.

38. INCOME TAX PAYABLE

The item "Income tax payable" at December 31, 2023 refers to income taxes accrued that will be paid in the following year.

NON-CURRENT LIABILITIES

39. BANK AND OTHER BORROWINGS

For a description of this item, reference should be made to Note 34.

40. NON-CURRENT EMPLOYEE BENEFITS

The breakdown of this item at December 31, 2023 is as follows:

	31/12/2023	31/12/2022
Provision for employee benefits	**5,232**	5,620
Provision for leaving indemnity	**405**	425
Total non-current employee benefits	**5,637**	6,045

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

a) Employee benefits

Under IAS 19, employee benefits provided in accordance with Italian laws that govern the payment of employee severance indemnities should be treated as post-employment benefits provided under a defined-benefit plan and, consequently, should be valued in accordance with the Projected Unit Credit Method. However, in view of the new provisions introduced by the 2007 Budget Law (Law No. 296 of 27 December 2006), the entities authorised to provide a technical analysis of this issue (Abi, Assirevi and the National Board of Actuaries) concluded that the severance benefits that vest from 1 January 2007 on (or on the date that the option for employees who opted to pay into supplemental pension funds starts) and are invested in supplemental pension funds or deposited in the Treasury Fund maintained by the INPS should be treated as being part of a defined-contribution plan and, as such, are no longer subject to actuarial valuation.

The 2015 Stability Law, which allows employees, on request, to receive in their payslips the accrued portion of severance pay from 1 March 2015 until 30 June 2018 (if they have at least 6 months in service) has no effect on the valuations, as the provision for accrued severance pay is not kept by the Company.

The process of determining the Company's obligations toward its employees, which was carried out by Mr. Tommaso Viola ("**Mr. Viola**"), being an Italian independent actuary and a member of the Italian "Ordine Nazionale degli Attuari", with the same procedure followed at December 31, 2022, involved the following steps:

- projection of vested severance indemnity benefits on the valuation date and of the benefits that will vest until the uncertain date when the employment relationship is terminated or payment of an advance on vested severance indemnity benefits;

- discounting at the valuation date of the expected cash flows that the Company will allocate to its employees in the future;

- in each valuation year, for each employee, the calculation of the annual severance pay increase was made net of the 17% substitute tax (on the annual revaluation amount of severance pay), as provided for in the 2015 Stability Law.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

a) Employee benefits (Continued)

The following table provides the movements in the item "Provision for employee benefits" at December 31, 2023 and December 31, 2022:

	31/12/2023	31/12/2022
Present value of the initial obligation	**5,620**	6,141
Interest cost	**84**	37
Actuarial gains	**39**	(218)
Use for indemnities paid and advances	**(511)**	(340)
Present value of the final obligation	**5,232**	5,620

At December 31, 2023, the following assumptions were made:

Demographic Assumptions

1. Probability of death of active employees (grouped by age and gender) obtained by reducing by 30% the death probabilities for the Italian population in 2022 (source: ISTAT);

2. yearly probability of termination of employment for various reasons (resignation, dismissal), based on the experience for the population in the last five years and applied to all employees aged 65 or younger, equal to 3%;

3. yearly probability of requests for payment of advances on vested severance indemnity benefits, based on the experience for the population in recent four years and applied to all employees with seniority of one year or more, of 1%;

4. the frequency of employment termination due to resignation by employees achieving the right to receive an old-age or seniority-based pension was also conservatively assumed to be 100%. The requirements for obtaining an old-age or seniority-based pension were assumed to be the same as those set forth in the current regulations of the Italian Social Security Administration (INPS). At present, no employees have requested early retirement.

Financial Assumptions

— Annual inflation rate: 3.0% for the entire valuation period;

— annual revaluation rate of severance indemnity benefits: fixed at 1.5% for the entire valuation period plus 75% of the inflation rate;

— technical discounting rate applied to value defined-benefit plan obligations and the current service cost relating to December 31, 2023: 3.1%;

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

a) Employee benefits (Continued)

Financial Assumptions (Continued)

— technical discounting rate for the valuation of financial charges for the period January 1, 2023, December 31, 2023, equal to the discounting rates for valuations of the defined-benefit obligations at December 31, 2022 (interest cost): 3.3%;

— technical discounting rate at December 31, 2023, based on the yield of the iBoxx Euro 10+ AA Allostock Corporate Bond Index: 3.1709%.

In 2023, an actuarial loss amounting to €39 thousand (before tax) was recognised under the "Other reserves" item.

The amounts recognised in the Income Statement are summarised below:

(in thousand Euro)	**31/12/2023**
Interest cost	**86**
Total	**86**

b) Provision for leaving indemnity

As required by the new supplemental company agreement signed in July 2012 by the Company and the unions representing its employees, each year the Company sets aside a provision for seniority bonuses. These bonuses are payable to employees who, starting on 1 September 2012, have completed or will complete more than 12 years of service.

On a transitional basis, a different loyalty bonus will be paid on termination of the contracts to the employees at some sites who previously received a different bonus and had already accrued more than 12 years' service. The amount previously accruing for all workers will remain unchanged.

As was the case for the Provision for employee severance indemnities, the Company's liability toward its employees was determined by Mr. Viola.

The actuarial valuation model is based on technical assumptions, which include the demographic and financial assumptions used to generate the computation parameters. An overview of the assumptions adopted is provided below.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

b) Provision for leaving indemnity (Continued)

At December 31, 2023, the following assumptions were made:

Demographic Assumptions

— Probability of death of active employees (grouped by age and gender) obtained by reducing by 30% the death probabilities for the Italian population in 2022 (source: ISTAT);

— probability of termination of employment for various reasons (resignation, dismissal), equal to 3% annually for all employees aged 65 or younger;

— the frequency of employment termination due to resignation by employees achieving the right to receive an old-age or seniority-based pension was also assumed to be 100%. The requirements for obtaining an old-age or seniority-based pension were assumed to be the same as those set forth in the current regulations of the Italian Social Security Administration (INPS). In this regard, it should be borne in mind that no employees have requested early retirement at the present moment.

Financial Assumptions

— Technical discounting rate applied to value defined-benefit obligations and the current service cost relating to December 31, 2023: 3.1%;

— technical discounting rate for the valuation of financial charges for the period January 1, 2023, December 31, 2023, equal to the discounting rates for valuations of the defined-benefit obligations at December 31, 2022 (interest cost): 3.3%;

— technical discounting rate at December 31, 2023, based on the yield of the iBoxx Euro 10+ AA Allostock Corporate Bond Index: 3.1709%.

The actuarial valuation performed in accordance with the method explained above shows that the provision had a value of €405 thousand at December 31, 2023, including the respective contributions.

40. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

b) Provision for leaving indemnity (Continued)

Financial Assumptions (Continued)

The table below provides an analysis of the sensitivity of the parameters applied in the actuarial valuation to an increase or decrease in the technical discounting rate for measuring financial charges in relation to future employee benefits and profit before tax.

	Increase/ (decrease) of the interest rate of %	Increase/ (decrease) of Provision for employee benefits Euro thousand
December 31, 2023	**0.25** **(0.25)**	**98** **(101)**
December 31, 2022	0.25 (0.25)	116 (104)

SHARE CAPITAL AND RESERVES

Equity amounted to €898,774 thousand at December 31, 2023, as detailed below together with the main components of "Share capital and reserves".

41. SHARE CAPITAL

	31/12/2023	31/12/2022
Issued and fully paid	**338,483**	338,483

The share capital, fully subscribed and paid up, is formed of 338,483,654 ordinary shares without par value.

42. RESERVES

The share premium reserve amounted to €425,041 thousand as at December 31, 2023.

The "Legal reserve", set up pursuant to the Italian Civil Code, amounts to €10,907 thousand. In the fiscal year ended December 31, 2023 the reserve increased for €2,619,736.78 due to the approval by the Annual General Meeting of the Shareholders held on May 18, 2023 of the allocation of 5% of the net income of the Company, for the year ended December 31, 2022, as per Article 2430 of the Civil Code.

42. RESERVES (CONTINUED)

The item "Other reserves", at December 31, 2023, mainly includes:

— The reserve for the overall profit/(loss) effect on defined-benefit plans amounting to €415 thousand at December 31, 2023 was set up in accordance with IAS 19 — Employee Benefits; during the year the amount of the reserve negatively changed by €25 thousand, net of the tax effect, as reported in the Comprehensive Income Statement.

The remaining part is mainly referred to accumulated earnings/(losses).

Dividends

	31/12/2023	31/12/2022
Dividends	**19,903**	6,707

The General Shareholders' Meeting convened on May 18, 2023, authorized a dividend payout for €19,903 thousand, equal to €5.88 cents per share, made on June 05, 2023.

The General Shareholders' Meeting convened on May 25, 2022, authorized a dividend payout for €6,707 thousand, equal to €1.98 cents per share, made on June 30, 2022.

On March 14, 2024, the board of directors of the Company proposed dividend of €32,833 thousand (equal to €0.097 per share), which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

43. CASH FLOWS

Company's main non-monetary transactions

During the year ended December 31, 2023, the Company had non-cash additions to rights-of-use assets and lease liabilities of €5,799thousand (2022: €6,355 thousand).

Changes in liabilities arising from financing activities

Bank and other borrowings *(excluding lease liabilities)*	**31/12/2023**	31/12/2022
At the beginning of the year	**0**	58,730
Changes in financing activities:		
New borrowings		—
Repayment	**0**	58,730
Total at the end of the year	**—**	0

43. CASH FLOWS (CONTINUED)

Changes in liabilities arising from financing activities (Continued)

Lease liabilities	31/12/2023	31/12/2022
At the beginning of the year	**17,102**	18,012
New leases	**5,799**	4,362
Interest expenses	**177**	111
Repayment	**(5,411)**	(5,383)
Total at the end of the year	**17,667**	17,102

Total cash outflows for leasing

Total cash outflows for leasing included in the cash flow statements are as follows:

	31/12/2023	31/12/2022
Operating activities	**4,110**	3,459
Financing activities	**5,411**	5,383

44. RELATED PARTY TRANSACTIONS

Transactions with Related Parties, as defined by IAS 24, concern arrangements, not always formalised with the conclusion of standardised contracts, relating primarily to the supply of services, including advisory. These transactions form part of normal business operations and, in the Company's judgement, are in general settled under arm's length conditions.

Although the Company considers that transactions with Related Parties have been carried out in general under arm's length conditions, there is no guarantee that, if they had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or carried out the transactions, under the same conditions and with the same procedures adopted by the Company.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The breakdown of the Company's balances with related parties at December 31, 2023 and December 31, 2022 is set out below:

	Trade and other receivables	Other current assets	Other non-current assets	Trade and other payables
Fellow subsidiaries:				
Weichai Holding Group Company Co, Ltd	0	—	—	0
Weichai Power Co Ltd	484	—	—	(645)
Shandong Weichai Import & Export Co. Ltd	3,150	—	—	0
Ferretti International Holding S.p.A.	0	—	—	0
Subsidiaries:				
Zago S.p.A.	185	5,457	6,375	(4,797)
Sea Lion Srl	183	—	21,619	(4,134)
Ram S.p.A.	352	213	—	(53)
Ferretti Tech Srl	3	—	—	—
Fratelli Canalicchio S.p.A.	3	7,698	—	(2,014)
Il Massello Srl	51	3,335	4,650	(2,446)
Ma.Ri.Na. Srl	0	—	—	0
Ferretti Group of America Holding Company Inc	11	22,860	—	—
BY Winddown Inc.	0	—	—	—
Ferretti Group of America LLC	176,196	1,768	5,442	(18,983)
Allied Marine Inc	1,072	4,887	—	(9,474)
Ferretti Group Asia Pacific Ltd	33,471	235	1,000	(8,064)
Ferretti Asia Pacific Zhuhai Ltd	3	—	—	—
Ferretti Group UK Ltd	123	19	165	(53)
Ferretti Group (Monaco) SaM	78	101	799	(120)
Ferretti Gulf Marine-sole Propriertorship Llc.	29	—	—	(205)
Ferretti Group Singapore Pte. Ltd	2	—	—	—
Other related parties:				
Unicredit Leasing S.p.A.	0	—	—	0
HPE S.r.l.	0	—	—	(100)
WM S.A.M. (former Wally S.A.M.)	467	—	—	0
Ferrari S.p.A.	0	—	—	(37)
Studio Fontana & Zanardi	0	—	—	(17)
Still S.p.A.		—	—	(113)
Other related parties	28	—	—	(170)
Total related parties at December 31, 2023	215,891	46,571	40,050	(51,425)

44. RELATED PARTY TRANSACTIONS (CONTINUED)

	Trade and other receivables	Other current assets	Other non-current assets	Trade and other payables
Fellow subsidiaries:				
Weichai Power Co Ltd	484	—	—	(645)
Shandong Weichai Import & Export Co. Ltd	3,150	—	—	0
Ferretti International Holding S.p.A.	891	—	—	0
Subsidiaries:				
Zago S.p.A.	1,211	3,185	6,375	(5,200)
Sea Lion Srl	0	—	21,413	(1,046)
Ram S.p.A.	196	209	—	(20)
Ferretti Tech Srl	3	—	—	—
Fratelli Canalicchio S.p.A.	122	1,669	—	(1,992)
Il Massello Srl	2	1,445	—	(2,131)
Ma.Ri.Na. Srl	1	—	—	(2)
Ferretti Group of America Holding Company Inc	11	19,350	—	—
BY Winddown Inc.	0	—	—	—
Ferretti Group of America LLC	155,085	1,012	5,638	(76,349)
Allied Marine Inc	1,072	4,259	—	(9,474)
Ferretti Group Asia Pacific Ltd	21,849	178	1,000	(3,314)
Ferretti Asia Pacific Zhuhai Ltd	3	—	—	—
Ferretti Group UK Ltd	102	16	165	(53)
Ferretti Group (Monaco) S.a.M.	51	89	799	—
Ferretti Gulf Marine-sole Propriertorship Llc.	24	—	—	(26)
Other related parties:				
HPE Srl	0	—	—	(50)
WM S.A.M. (former Wally S.A.M.)	360	—	—	0
Ferrari S.p.A.	0	—	—	(535)
Poem Srl	—	—	—	(8)
Other related parties	28	—	—	(139)
Total related parties at December 31, 2022	184,645	31,412	35,390	(100,983)

The balance of trade and other payables to Weichai Power Co., Ltd amounting to €645 thousand at December 31, 2023 refers wholly to the agreements on the right to sponsor the "Riva" brand on the Ferrari single-seater helmet during the FIA Formula One championship.

The balance of trade and other receivables from Shandong Weichai Import & Export Co., Ltd amounting to €3.2 million at December 31, 2023 refers wholly to the sale of a yacht.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The balance of trade and other payables to HPE Srl amounting to €100 thousand at December 31, 2023 refers wholly to the last two instalments in 2023, based on the agreement entered into on January 1, 2017 and relating to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company’s products.

The balance of trade and other payables to Ferrari S.p.A. amounting to €37 thousand at December 31, 2023 refers primarily to sponsoring the “Riva” brand on the Ferrari helmets and the race cars.

The balance of trade and other payables to other related parties amounting to €170 thousand at December 31, 2023 mostly refers to the costs incurred by the Company for legal services amounting to €27 thousand and other services provided by related parties under arm’s length conditions.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

A breakdown of the Company's transactions with related parties for the year ended December 31, 2023 and December 31, 2022 is set out below:

	Net Revenue	Other Revenues and Income	Costs for the use of raw materials, services, rentals and leases	Financial income (expense)
Fellow subsidiaries:				
Hydraulics Drive Technology	—	—	(54)	0
Ferretti International Holding S.p.A. (soc. controllante diretta)	—	2,880	—	—
Other related parties:				
HPE S.r.l. (soc. terza)	0	—	(200)	—
WM S.A.M. (former Wally S.A.M.)	—	—	(450)	—
Ferrari S.p.A. (soc. terza)	0	—	(1,030)	—
Studio Zanardi & Fontana	—	—	(17)	—
Still S.p.A.	—	—	(145)	—
Other related parties	43	10	(1,187)	—
Subsidiaries:				
Zago S.p.A.	0	268	(27,541)	3,343
Sea Lion S.r.l.	—	150	(3,088)	206
Michelini S.r.l.	—	—	—	—
RAM Srl	90	45	(154)	4
Fratelli Canalicchio S.p.A.	—	68	(4,763)	270
Il Massello Srl	—	58	(6,822)	171
BY Winddown Inc	—	—	—	4,237
Allied Marine Inc	—	0	0	628
Ferretti Group of America LLC	114,150	340	(12,112)	755
Ferretti Group of America Holding Company Inc	—	—	—	3,510
Ferretti Group Asia Pacific Limited	2,762	100	(2,368)	56
Ferretti Group (Monaco) SAM	0	—	(803)	12
Ferretti Group UK Limited	—	0	0	2
Ferretti Asia Pacific Zhuhai	—	—	0	—
Ferretti Gulf Marine-sole Propriertorship Llc.	—	5	(302)	—
Total related parties at December 31, 2023	117,045	3.923	(61,036)	13,195

44. RELATED PARTY TRANSACTIONS (CONTINUED)

	Net Revenue	Other Revenues and Income	Costs for the use of raw materials, services, rentals and leases	Financial income (expense)
Fellow subsidiaries:				
Hydraulics Drive Technology	—	—	(23)	0
Ferretti International Holding S.p.A.	—	891	—	—
Other related parties:				
Company's Directors	1,945	—	—	—
HPE Srl	0	—	(200)	—
WM S.A.M. (former Wally S.A.M.)	—	—	(550)	—
Ferrari S.p.A.	0	—	(1,530)	—
PEH Srl	0	—	(3)	—
Poem Srl	—	—	(60)	—
Other related parties	—	10	(1,114)	—
Subsidiaries:				
Zago S.p.A.	1	387	(27,322)	169
Sea Lion S.r.l.	—	—	(2,594)	209
RAM S.p.A.	26	140	(21)	13
Fratelli Canalicchio S.p.A.	—	0	(1,769)	5
Il Massello Srl	—	—	(1,476)	6
Ma.Ri.Na. Srl	1	—	(4)	—
BY Winddown Inc	—	—	—	2,917
Allied Marine Inc	—	0	0	424
Ferretti Group of America LLC	139,435	536	(19,096)	520
Ferretti Group of America Holding Company Inc	—	—	—	2,419
Ferretti Group Asia Pacific Limited	16,051	355	(1,738)	27
Ferretti Group (Monaco) S.a.M.	0	—	(785)	13
Ferretti Group UK Limited	—	0	0	2
Ferretti Asia Pacific Zhuhai Limited	—	—	0	—
Ferretti Gulf Marine-sole Proprietorship Llc.	—	—	(188)	—
Total related parties at December 31, 2022	157,459	2,319	(58,473)	6,723

The costs with regard to Hydraulics Drive Technology amounting to €54 thousand at December 31, 2023 refer to the costs incurred by the Company for technical consulting services.

The revenue with regard to Ferretti International Holding S.p.A. amounting to €3,770 thousand as at December 31, 2023 entirely refers to certain costs and expenses incurred by Ferretti S.p.A. for services carried out by several providers that shall be reimbursed by Ferretti International Holding S.p.A..

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The costs with regard to WM S.A.M. amounting to €450 thousand for 2023 relate primarily to commission for the sale of some boats.

The costs with regard to HPE S.r.l. amounting to €200 thousand for 2023 refer primarily to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company's products.

The costs with regard to Ferrari S.p.A. amounting to €1,031 thousand for 2023 relate to sponsoring the "Riva" brand on the Ferrari helmets and race cars.

The costs to other related parties amounting to €1,187 thousand at December 31, 2023 mostly refer to the costs incurred by the Company for legal services and other consulting services, tied to the development of new boat and the Wally trademark, provided by related parties under arm's length conditions.

In addition, it is reported that during the period the Company incurred costs amounting to €408 thousand, which relate to engineering costs for the development of the Ancona shipyard that have been considered to be accessory costs to the plant construction and hence are shown in this item.

Compensation of key management personnel of the Company

	31/12/2023	31/12/2022
Fees	**4,447**	5,988
Wages and salaries	**4,529**	8,916
Social security contributions	**1,094**	1,037
Employee severance indemnities and other allocations	**188**	—
Total compensation paid to key management personnel	**10,258**	15,941

45. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS

The remuneration paid to the Company's Directors is provided below (in thousand Euro):

	31/12/2023	31/12/022
Fees	**4,823**	7,658
Social security contributions	**35**	35
Total fees and compensation	**4,858**	7,693

45. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS (CONTINUED)

The detail is as follow:

2023

Name and surname	Post held	Fees and compensation for the post held	Social security contributions	Total
Tan Xuguang *	Chairman of the Board of Directors	—	—	—
Alberto Galassi **	Director and Chief Executive Officer	**4,447**	—	**4.447**
Piero Ferrari	Vice Chairman of the Board of Directors	**63**	—	**63**
Xu Xinyu	Director	**64**	**24**	**88**
Li Xinghao	Director	**52**	—	**52**
Hua Fengmao	Director	**52**	—	**52**
Jiang Lan	Director	**35**	—	**35**
Stefano Domenicali	Director	**58**	**11**	**69**
Patrick Sun	Director	**52**	—	**62**
		4,823	**35**	**4,858**

2022

Name and surname	Post held	Fees and compensation for the post held	Social security contributions	Total
Tan Xuguang *	Chairman of the Board of Directors	—	—	—
Alberto Galassi **	Director and Chief Executive Officer	7,364	—	7,364
Piero Ferrari	Vice Chairman of the Board of Directors	53	—	53
Xu Xinyu	Director	64	35	99
Li Xinghao	Director	43	—	43
Hua Fengmao	Director	43	—	43
Stefano Domenicali	Director	48	—	48
Patrick Sun	Director	43	—	43
		7,658	35	7,693

* In the years ended December 31, 2022 and 2021, Chairman Tan Xuguang waived the fees and compensation to which he is entitled for his role.

** Alberto Galassi is an Executive Director and the Chief Executive Officer of the Company.

45. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS (CONTINUED)

The remuneration paid to Ferretti S.p.A.'s Statutory Auditors and members of the Supervisory Body for the years ended December 31, 2023 and 2022 are shown in the table below (in thousand Euro):

2023

Post held	Fees and compensation for the post held	Social security contributions	Total
Board of Statutory Auditors	**119**	**5**	**124**
Supervisory Body	**83**	**—**	**83**
Total	**202**	**5**	**207**

2022

Post held	Fees and compensation for the post held	Social security contributions	Total
Board of Statutory Auditors	95	3	98
Supervisory Body	72	3	75
Total	167	6	173

45. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY AND INDEPENDENT AUDITORS (CONTINUED)

The fees, including all related expenses paid to the independent auditors in relation to the auditing of the Financial Statements for the years ended December 31, 2023 and 2022 are shown below (in thousand Euro):

2023

Company	Post held	Fees and compensation for the post held
EY S.p.A.	Fees for the auditing of accounts	**465**
EY S.p.A.	Fees for other services	**642**
EY Advisory S.p.A.	Fees for other services	**312**
Studio Legale Tributario	Fees for other services	**46**
Total		**1,465**

2022

Company	Post held	Fees and compensation for the post held
EY S.p.A.	Fees for the auditing of accounts	258
EY S.p.A.	Fees for other services	698
EY Advisory S.p.A.	Fees for other services	167
Ernst & Young	Fees for other services	938
Studio Legale Tributario	Fees for other services	40
Total		2,101

46. CONTINGENT LIABILITIES

The Company's management believes there are no significant risk tied to the Company's core business that might give rise to liabilities not reflected in the financial statements.

47. MORTGAGES ON PROPERTIES

As at December 31, 2023, the Company's bank loans were secured by mortgages on properties of € 111.7 million (December 31, 2022: €94,224 thousand).

48. COMMITMENTS

As at December 31, 2023 no commitments was reported (December 31, 2022: Nil).

49. GUARANTEES PROVIDED TO THIRD PARTIES

For purposes of comprehensive disclosure, the following paragraphs provide a detail the guarantees provided and the commitments undertaken by the Company at December 31, 2023.

The following types of guarantees were issued to secure payables and other obligations:

- a surety policy issued by Atradius for the benefit of the Marche Revenue Agency in the amount of €2,274 thousand and for the benefit of the Emilia Romagna Revenue Agency in the amounts of €28 thousand and €77 thousand, respectively, in order to avoid the administrative block against the 2013 VAT refund;

- a surety policy for a total amount of €21 million issued by Allianz Trade (Euler Hermes) for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT credit surplus for 2022;

- a surety policy for a total amount of €3,482 thousand issued by Liberty Mutual Insurance Europe SE for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT credit rebate for 2021;

- a surety policy for a total amount of €3,018 thousand issued by Liberty Mutual Insurance Europe SE for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT rebate for 2020;

- a surety policy for a total amount of €1,471 thousand issued by Liberty Mutual Insurance Europe SE for the benefit of the Emilia Romagna Revenue Agency in connection with the Group VAT credit rebate for 2019;

- a surety policy of €3,222 thousand received from Liberty Mutual Insurance Europe SE for the benefit of the Ancona Revenue Agency as a guarantee for offsetting the VAT credit for 2019;

- a surety policy for a total amount of €752 thousand issued by Elba Assicurazioni for the benefit of the Emilia Romagna Revenue Agency in connection with the VAT offsetting for 2019;

- an insurance policy for €25 thousand issued by Vittoria Assicurazioni for the benefit of the Sarnico municipal administration in connection with urban development projects;

- an insurance policy issued by Reale Mutua Assicurazioni for the Iseo, Endine and Moro Lake Authority for concession charges of €53 thousand;

- a surety policy for a total amount of €851 thousand issued by Elba Assicurazioni as a guarantee for contractual obligations associated with the supply of several patrol boats to the Carabinieri Corps;

- a surety policy for a total amount of €22 thousand issued by Liberty Mutual Insurance Europe SE as a guarantee for contractual obligations associated with the supply of several patrol boats to the Carabinieri Corps;

- a surety policy for a total amount of €91 thousand, issued by Coface, as a guarantee for the offsetting landscaping works on public green space on Via San Bartolomeo in La Spezia;

49. GUARANTEES PROVIDED TO THIRD PARTIES (CONTINUED)

- guarantees totalling €1.2 million issued by various banks in favor of certain suppliers, following negotiated supply conditions;
- guarantees totalling €168.3 million issued by various banks in favor of customers as a guarantee of the advances paid for the construction of several boats;
- a bank guarantee issued in relation to the process awarding the Wally brand;
- a surety policy of €30 thousand received from Unipol Assicurazioni in favor of the Ancona Customs Agency for excise incentives on diesel used in engine tests;
- a surety policy of €40 thousand received from Axa Assicurazioni in favor of the Ancona Port Authority for the granting of use of public land;
- a surety policy of €103 thousand Euro, received from Liberty Mutual Assicurazioni for the benefit of the Italian Customs and Monopolies Agency of Ancona — seafront for a global guarantee (tax relief measures);
- a surety policy of €77 thousand Euro, received from Coface in favor of the central-northern Adriatic Sea Port Authority to guarantee compliance with the obligations undertaken following the sub-entry into the Rosetti state maritime concession for 16,070 square meters;
- a surety policy of €558 thousand Euro, received from Liberty Mutual Assicurazioni for the benefit of the Mondolfo Municipality to guarantee compliance with the obligations undertaken in relation to industrial development projects;
- a surety policy of €306 thousand Euro, received from Sace in favor of the Eastern Ligurian Sea Port Authority to guarantee compliance with the obligations undertaken following the concession n. 103 dated 14/02/22, as required by the Navigation Code.

In addition, in order to grant the loan extended to the Parent Company, the pool of banks requested the following security interests:

- a first-degree deed of mortgage on the properties owned by Ferretti S.p.A.;
- deed of special lien pursuant to Article 46 of the Consolidated Banking Act on the bridge cranes and other cranes owned by Ferretti S.p.A.;
- deed of pledge on four current accounts (the minimum balance required for these accounts is €2 thousand).

In addition, with regard to the Revolving Pre-Finance Facility only, each disbursement is contingent on the signing of a deed of assignment of receivables as security, under which the receivables from the commercial agreement in respect of which the financing was applied for are assigned to the lending institutions as security.

50. SIGNIFICANT EVENTS AFTER DECEMBER 31, 2023

In the second half of January 2024, the Company signed an agreement for the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, bringing the entire new production area in Ravenna to approximately 100,000 square meters to produce the Made-to-measure, Composite and Sail segments of the Ferretti Yachts and Wally brands.

This latest acquisition is equivalent to an investment of approximately €14 million already paid in 2023, accounted for in "other receivable" item, and further increases the Group's production capacity by 10%.

In January 2024, at the Düsseldorf boat show, the Group presented Riva El-Iseo, a fusion of evergreen elegance with latest-generation technology and a focus on sustainability. After the presentation of the prototype in September 2022 at the Monaco Yacht Show, followed by successful completion of a cycle of complex technical and reliability tests, the official version of the first Riva model created for the E-Luxury segment is now ready for sale.

On March 1st Ferretti Group announced its withdrawal from the reclamation and industrial conversion of the site of the former Belleli Yard in Taranto's port area. The Group remains committed to the strategy of verticalization of key production processes such as the internalization of part of the production of fiberglass hulls and superstructures, to which the Taranto area had been designated, thanks to other opportunities such as the recently purchased area in Ravenna to expand the shipyard and other areas near the Group's shipyards.

51. APPROVAL OF THE FINANCIAL STATEMENTS

Dear Shareholders,

We invite you to approve the Financial Statements and the Management Discussion and Analysis and Directors' Report accompanying it.

With reference to the net profit of Ferretti S.p.A. for the year ended December 31, 2023 of €86,354,642.99, we propose the following destination:

— €4,317,732.15 to legal reserve, as per Article 2.430 of the Italian Civil Code;

— €32,832,817.44 as final dividend of €0.097 per Share;

— €49,204,093.40 to the reserve of retained earnings.

The Company's Board of Directors approved these Financial Statements and authorized their publication on March 14, 2023.

On behalf of the Board of Directors
Alberto Galassi
Chief Executive Officer

ATTACHMENTS

These attachments contain information in addition to the disclosures provided in Notes to the Financial Statements, of which they are an integral part.

This information is contained in the following attachments:

I Statement of Changes in Financial Fixed Assets

II List of equity investments in subsidiaries (Article 2427 No. 5 of the Italian Civil Code)

ATTACHMENT I

STATEMENT OF CHANGES IN FINANCIAL FIXED ASSETS

(in thousand Euro)

	Opening balance				Movements for the year			Closing balance			
	Historical cost	Write-up	Write-down	Balance at 31/12/2022	Increase	Decrease	Write-down and reversals of write-down	Historical cost	Write-up	Write-down	Balance at 31/12/2023
Equity investments											
Subsidiaries	695,033	20,782	(698,240)	17,575	450	0	—	695,483	20,782	(698,240)	18,025
Affiliated companies	0	0	0	0	—	—	—	0	0	0	0
Joint ventures	55	—	(43)	12	0	—	(12)	55	0	(55)	0
Other companies	222	0	(106)	117	1	—	(115)	223	0	(221)	2
Total equity investments	695,311	20,782	(698,389)	17,704	450	0	(127)	695,761	20,782	(698,516)	18,027
Receivables											
From subsidiaries	145,490	0	(110,099)	35,390	4,856	(195)	—	150,151	0	(110,099)	40,051
From other	5,994	0	0	5,994	2,106	(435)	—	7,665	0	0	7,665
Incidental borrowing costs	37	—	—	378	—	(378)	—	0	0	0	0
Total receivables	151,862	0	(110,099)	41,762	6,962	(1,008)	0	157,816	0	(110,099)	47,716

ATTACHMENT II

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES (ARTICLE 2427 NO. 5 OF THE ITALIAN CIVIL CODE)

				Equity		Income for the year		% ownership	
Name	Registered office	Share capital (in local currency)	Investments in subsidiaries (in thousand Euro)	Total amount	Pro-quota amount	Total amount	Pro-quota amount	Direct	Indirect
Subsidiaries									
* *Italian companies*									
— Zago S.p.A.	Scorzè (Venice)	EUR 120,000	9,417	1,562	1,562	1,395	1,395	100%	
— Sea Lion Srl	Forlì (Forlì— Cesena)	EUR 10,000	3,428	1,286	964	921	691	75%	
— Ram S.p.A.	Sarnico (Bergamo)	EUR 520,000	2,269	344	275	(240)	(192)	80%	
— Ferretti Tech Srl	Cattolica (Rimini)	EUR 10,000	30	14	14	(7)	(7)	100%	
— Fratelli Canalicchio S.p.A.	Narni (Terni)	EUR 500,000	100	669	402	(195)	(117)	60%	
— Il Massello Srl***	Sant'Ippolito (Pesaro— Urbino)	EUR 30,000		1,740	1,479	(79)	(67)		85%
— Parola Srl****	Sant'Ippolito (Pesaro— Urbino)	EUR 10,000		111	94	8	7		85%
— Smart wood Srl****	Sant'Ippolito (Pesaro— Urbino)	EUR 10,000		112	95	6	5		85%
* *Foreign companies*									
— Allied Marine Inc.	Fort Lauderdale (USA)	USD10	4	15,823	15,823	2,819	2,819	100%	
— Ferretti Group of America Holding Company Inc.	Miami (USA)	USD10	—	(107,455)	(107,455)	127	127	100%	
— Ferretti Group of America Llc*****	Miami (USA)	USD100		(93,265)	(93,265)	2,492	2,492		100%
— BY Winddown Inc*****	Miami (USA)	USD10		(119,122)	(119,122)	(4,691)	(4,691)		100%
— Ferretti Group Asia Pacific Ltd	Hong Kong	HK$100,000	10	(17,661)	(17,661)	1,234	1,234	100%	
— Ferretti Group Singapore Pte. Ltd****	Singapore	EUR 1	1	(2)	(2)	(3)	(3)		100%
— Ferretti Asia Pacific Zhuhai Ltd	Hengqin (Zhuhai)	RMB1,000,000	120	84	84	(10)	(10)	100%	
— Ferretti Group (Monaco) S.a.M.	Monaco (France)	EUR 150,000	1.100	35	35	95	95	100%	
— Ferretti Group UK Ltd	United Kingdom (UK)	GBP 1	2	(273)	(273)	(38)	(38)	100%	
— Ferretti Gulf Marine — Sole Proprietorship Llc.	Arab Emirates	AED 300,000	1,546	1,084	1,084	(377)	(377)	100%	

(*) Controlled through Zago S.p.A.
(**) Controlled through Il Massello Srl
(***) Controlled through Ferretti Group Asia Pacific Ltd
(****)Controlled through Ferretti Group of America Holding Company

Relating to US companies are denominated in USD.

REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 153
OF THE ITALIAN CONSOLIDATED LAW ON FINANCE (TUF) AND
ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

To the shareholders of the company **Ferretti S.p.A**.

During the financial year ended 31 December 2023, the Board has carried out its activities in accordance with the Law, the Code of Conduct for the Board of Statutory Auditors of listed companies issued by the Association of Chartered Accountants, the Consob provisions on corporate controls, as well as the provisions contained in Article 19 of Legislative Decree No. 39 of 27 January 2010.

It should be noted that, pursuant to Legislative Decree No. 39 of 27 January 2010, the auditing of the annual financial statements and consolidated financial statements is entrusted to of Ernest & Young S.p.a.

1. Board of Statutory Auditors Appointment and Activities

The Board of Statutory Auditors in office during the reference period and as of the date of this Report was appointed by the resolution of the Shareholders' Meeting on 13 June 2023, and will remain in office until the date of the Meeting convened to approve the financial statements for the year ending 31 December 2025, in the persons of Mr. Luigi Capitani, Chairman, Ms. Giuseppina Manzo, Standing Auditor, and Mr. Luca Nicodemi, Standing Auditor.

As the Company was listed on Euronext Milan subsequent to the appointment of the Board of Statutory Auditors, this appointment did not take place through the slate voting mechanism, which was included in the Articles of Association on 18 June 2023 with effect from the Trading Commencement Date.

2. Supervisory Activities on Compliance with the Law and the Articles of Association

The Board of Statutory Auditors, since its appointment, has carried out the activities entrusted to it through 9 meetings and has also participated through one or more of its members in all the meetings to which it was summoned and entitled to attend.

The Board has also monitored the Company's compliance with the disclosure requirements required by law concerning regulated, privileged information or information requested by supervisory authorities, all in accordance with the outlines and contents provided for by Consob.

3. Supervisory Activities on Adherence to the Principles of Proper Governance

The Board of Statutory Auditors has periodically obtained from the Directors, including through attendance at the Shareholders' Meeting and Board of Directors' meetings, information on the activities carried out and on the most significant economic, financial and asset transactions resolved and implemented during the year,

carried out by the Company and Group companies, pursuant to Article 150 of the TUF, paragraph 1.
Based on the available information, the Board of Statutory Auditors can reasonably assure that the said transactions are in accordance with the Law and the Articles of Association and are not manifestly imprudent, risky, in conflict with the resolutions of the Shareholders' Meeting, nor in potential conflict of interest or such as to compromise the integrity of the company's assets.

Among the significant events of the financial year that the Board of Statutory Auditors deems appropriate to highlight due to their relevance, the following are recalled:

- The first Capital Markets Day organized by the Group was held in Milan, where medium-term guidance was provided;
- An agreement was reached with Rosetti Marino S.p.A. to acquire the 70,000-square-meter San Vitale Shipyard in Ravenna in order to increase the Group's production capacity by about 20%;
- On 27 June 2023, Ferretti S.p.a.'s shares were also listed on Euronext Milan, a market operated by Borsa Italiana S.p.A. thus completing the first dual listing between Euronext Milan and the Hong Kong Stock Exchange.

4. Supervisory Activities on the Adequacy of the Organizational Structure

The Board of Statutory Auditors has acquired knowledge and monitored, within its competence, the adequacy and functioning of the company's organizational structure, compliance with the principles of proper governance, and the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of the TUF, through the acquisition of information from the heads of the relevant corporate functions and through meetings held with the Independent Auditing Company as part of the mutual exchange of relevant data and information. It also monitored the organizational and procedural activities carried out pursuant to Legislative Decree No. 231/001.

5. Supervisory Activities on the Adequacy of the Internal Control System

The Board of Statutory Auditors has monitored the adequacy of the internal control and risk management systems through discussion with the control functions. Based on the activities carried out and the information acquired, the Board of Statutory Auditors believes that there are no critical elements that would affect the structure of the internal control system.

6. Supervisory Activities on the Adequacy of Administrative Accounting System and Activities relating to the Statutory Audit of Accounts

Pursuant to Article 19 of Legislative Decree No. 39/2010 and (EU) Regulation No. 537/2014, the Board of Statutory Auditors is also identified as the Internal Control and Audit Committee and has been responsible for supervising the statutory audit of the annual and consolidated accounts.
Pursuant to Article 150, paragraph 3 of the TUF, the Board of Statutory Auditors also met with the Auditing

Company EY S.p.a. for the purpose of mutual exchange of information. At these meetings, the Auditing Firm did not point out any acts or facts deemed reprehensible or irregularities that required specific reports under Article 155, paragraph 2 of the TUF.

The draft of the consolidated financial statements, the consolidated non-financial statement, and the financial statements for the year 2023, together with the Management Report prepared by the Directors and the certification of the Financial Reporting Officer, were brought to the Board of Directors for approval at its meeting on 14 March 2024, and were simultaneously made available to the Board of Statutory Auditors. On the same date, 14 March 2024, pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 156 of the TUF, the Auditing Company issued the audit report on the Company's annual and consolidated financial statements for the year ended 31 December 2023, from which no findings emerged.

The Auditing Company submitted to the Board of Auditors the additional report provided for by Article 11 of EU Regulation 537/2014, from which no significant deficiencies in the internal control and risk management system related to the financial reporting process and/or in the accounting system emerge, also including the declaration referred to in Article 6 of EU Regulation 537/2014 from which no situations emerge that would compromise its independence.

During FY 2023, after the listing on Euronext Milan, the Auditing Company EY S.p.a. received the following assignments, in addition to the audit:

- Financial Due Diligence;
- Fiscal Due Diligence;
- Custom and Global Trade Due Diligence;
- HR Due Diligence;
- Specialist support on the new obligations for preparing the Annual Financial Report in the xHTML – iXBRL format as required by the ESEF regulations;
- Gap assessment between current Group reporting and the new reporting requirements introduced by CSRD;
- Limited review of the Non-Financial Statement prepared pursuant to Legislative Decree No. 254/2016 of Ferretti S.p.A. and its subsidiaries for the year 2023;
- High-level support assessment of business processes in compliance with Law 262/2005;
- R&D tax credit assessment for the companies Ferretti S.p.a. and F.lli Canalicchio S.p.a..

7. Supervisory Activities on the Non-Financial Statement and Diversity Information

Pursuant to the provisions of Article 3, paragraph 7 of Legislative Decree No. 254/2016, Article 149 of the TUF, the Board of Statutory Auditors monitored compliance with the provisions set forth in the same decree with regard to the preparation of the Consolidated Non-Financial Statement (CNFS), prepared by the Company with reference to the companies belonging to the Group and its subsidiaries.

The Board of Statutory Auditors then monitored the adequacy of the procedures, processes, and structures that oversee the production, reporting, measurement, and representation of results and non-financial information, as well as the adequacy of the organizational, administrative, and reporting and control system set up by the Company for a correct and complete representation in the CNFS of the company's activities, its results, and its impacts concerning non-financial issues referred to in Article 3, paragraph 1, of Legislative Decree No. 254/2016.

The CNFS has been prepared in accordance with the “GRI Sustainability Reporting Standards” published by the Global Sustainability Standards Board (GSSB), which are a universally accepted model for reporting an organization's economic, environmental and social performance. In addition, following the listing process ended in 2022, reference was made to the ESG Reporting Guide policies (Main Board Listing Rules, Appendix C2) of the Hong Kong Stock Exchange.

The appointed independent auditing company EY S.p.a. issued its Report on the Consolidated Non-Financial Statement pursuant to Article 3, paragraph 10, Legislative Decree No. 254/2016 and Article 5 of Consob Regulation No. 20267 concluding that no elements have come to its attention that would suggest the Group's CNFS is not prepared, in all material respects, in accordance with Articles 3 and 4 of Legislative Decree No. 254/2016 and the GRI Standards.

From the supervisory activities carried out by the Board of Statutory Auditors, no facts have emerged that warrant reporting in this document.

8. Supervisory Activities on the Actual Implementation of the Corporate Governance Rules

In the exercise of its functions, the Board of Statutory Auditors, as prescribed by Article 2403 of the Italian Civil Code and by Article 149 of the TUF, monitored the methods of implementation of the corporate governance rules set forth in the Corporate Governance Code promoted by Borsa Italiana S.p.a. to which Ferretti S.p.a. declares it adheres. More specifically, in its Corporate Governance Report, Ferretti S.p.a. accounts for the recommendations for which it did not consider partial or full compliance necessary, in accordance with the “comply or explain” principle underlying the Corporate Governance Code.

It should also be noted that, being listed on Stock Exchange of Hong Kong, Ferretti S.p.a. is subject to the relevant Corporate Governance Code and Appendix C1 to the Listing Rules.

9. Supervisory Activities on Relations with Subsidiaries and Parent Companies

In FY 2023, the Board of Statutory Auditors monitored the instructions issued by the Company to its subsidiaries, considering their type and size, and has nothing to report in that regard.

10. Supervisory Activities on Related Party Transactions

The Board of Statutory Auditors monitored the compliance of Related Parties procedures with current regulations and their proper application. From the information received from directors and interviews with representatives of the Independent Auditing Company, the Board found no atypical or unusual transactions entered into with group companies, related parties, or third parties during financial year 2023 or after the end of the financial year.

11. Omissions and Significant Reprehensible Facts and Initiatives Taken

During FY 2023, the Board of Statutory Auditors received no complaints under Article 2408 of the Italian Civil Code, nor did it receive complaints from third parties.

12. Opinions Rendered

During the financial year 2023, upon the outcome of the relevant selection procedure, the Board of Statutory Auditors prepared its reasoned proposal to the Shareholders' Meeting on 18 May 2023 for the appointment of the Statutory Auditors for the nine-year period 2023-2031.

13. Self-Assessment

On 4 July 2023, the Board of Statutory Auditors fulfilled the initial self-assessment regarding its composition, independence and size, having regard to the Board of Statutory Auditors' Rules of Conduct recommended by the Association of Chartered Accountants (Standard Q.1.7, updated in December 2023, regarding the Board's self-assessment and periodic internal assessment process regarding the recurrence and permanence of the suitability requirements of its members and the correctness and effectiveness of its own functioning and to the Corporate Governance Code).

The self-assessment process took into account the subjective profiles of the individual members and the body as a whole, such as quantitative and qualitative composition, independence, honorability, professionalism, diversity, time availability, and remuneration, and was concluded with a positive outcome, resulting in compliance with the requirements set forth by current regulations.

14. Proposals on the Annual Budget and its Approval and Matters under the Jurisdiction of the Board of Statutory Auditors

Taking into account the findings of the activities carried out by the Board of Statutory Auditors contained in the audit report on the financial statements, the Board of Statutory Auditors recommends that the shareholders approve the financial statements for the year ended 31 December 2023, as drafted by the directors.

Parma, 27 March 2024

For the Board of Statutory Auditors
Luigi Capitani - Chairman

STATEMENT ON THE FINANCIAL STATEMENTS AS AT DICEMBER 31, 2023 PURSUANT TO ART. 154-BIS, PARAGRAPH 5, OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED

1) The undersigned Alberto Galassi as Chief Executive Officer and Marco Zammarchi as the Executive responsible for the corporate financial documents for Ferretti S.p.A., certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree n.58 dated February 24, 1998:

   a) the appropriateness of the financial statements with regard to the nature of the business and

   b) the effective application of administrative and accounting procedures in preparing the financial statements as at December 31, 2023.

2) In this respect it is noted that no significant matters arose.

3) It is also certified that:

   a) The financial statements:

      i) were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;

      ii) correspond to the entries in the books and accounting records;

      iii) were prepared in accordance with Article 154-ter of the aforesaid Legislative Decree 58/98 and subsequent amendments and integrations and they provide a true and fair view of the financial position and results of operations of the issuer.

   b) The directors' management discussion and analysis provides a reliable analysis of the significant events taking place in the year 2023, together with an outlook and future plan.

This statement is also made pursuant to and for the purposes of Art. 154-bis, paragraph 2, of Legislative Decree 58 of February 24, 1998.

Milan, March 14, 2024

Alberto Galassi
Chief Executive Officer

Marco Zammarchi
Executive responsible for the corporate financial documents