

THE ITALIAN SEA GROUP

PRESS RELEASE

THE ITALIAN SEA GROUP:

- **THE BOARD OF DIRECTORS APPROVES FIRST-HALF 2021 RESULTS**
- **VARIATION OF THE FINANCIAL CALENDAR**

Doubling of net sales and strong EBITDA increase (+110%)

FY 2021 guidance confirmed, with placement on the higher side of the indicated value range

Main results of the first half of 2021 compared to first half of 2020:

- **Net sales:** 80.9 million Euros compared to 40.6 million Euros (+99.5%).
- **EBITDA:** 10.3 million Euros compared to 4.9 million euros (+110%) with a margin on sales equal to 12.7% (vs 12% in 1H20).
- **EBIT:** 7.9 million Euros compared to 2.9 million Euros (+175%), with a margin on sales equal to 9.7% (vs 7% in 1H20).
- **Net Profit:** 4.6 million Euros compared to 1 million Euros.
- **Investments:** 10.4 million Euros as of June 30th 2021.
- **Net Financial Position:** positive for 22.3 million Euros as of June 30th, 2021 compared to a negative net financial debt of 8.3 million Euros at the end of 2020.
- The **total value of active contracts** related to *yachts* that are yet to be delivered to clients net of the sales already recorded in the income statement (**Net Backlog**) as of June 30th, 2021 (Shipbuilding and Refit) **is equal to 452.5 million Euros**.
- As of June 30th 2021, there are **+10 new contracts** compared to June 30th 2020.
- Currently, there are 19 yachts and mega yachts under construction.

The Board of Directors has deliberated to release – on a voluntary basis – additional quarterly periodic information reflective of the development of the business.

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Marina di Carrara, September 15th 2021. The Italian Sea Group S.p.A. (“**TISG**” or the “**Company**”), global operator in the luxury yachting industry, listed on Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A., announces that the Board of Directors, during today’s meeting, has approved the Half Year Financial Report as of June 30th 2021, prepared in accordance with the IFRS international accounting principles.

Giovanni Costantino, The Italian Sea Group Founder & CEO: *“We close the first six months of 2021 with healthy financial results, with a doubling of net sales and a 110% increase in EBITDA, delivering what we have indicated to the financial community during the IPO phase and demonstrating our ability to grow in a steady and sustainable way even during the most challenging times. All of this has been possible thanks to a high-end market position, as shown by the focus on yachts up to 100 meters in length, at the same time leveraging on collaboration agreements with prestigious luxury brands, such as Automobili Lamborghini and Giorgio Armani. In the light of the half-year results, we believe we will be able to not only fully reach the economic and financial objectives we have set for the entire 2021 Financial Year, with net sales amounting to 160-170 million Euros and an Adjusted EBITDA of 25-26 million of Euros, but also to place ourselves in the higher part of this value range”.*

ANALYSIS OF THE COMPANY’S ECONOMIC AND FINANCIAL MANAGEMENT

During the first half of 2021 TISG has posted **Net Sales equal to 80.9 million Euros**, a 99.5% increase compared to the approximately 40.6 million Euros registered in the same time period during 2020.

The increase in Sales, compared to June 30th 2020, is mainly due to the signing of new contracts, in particular 4 construction and sale contracts of yachts with a length between 40 and 100 meters and 5 contracts for 20-meter motor-yachts under the Tecnomar for Lamborghini brand.

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In detail, the Operating Revenues as of June 30th 2021 are equal to 79.0 million Euros, of which 69.4 Euros are attributable to the *Shipbuilding* division and 9.7 million Euros to the NCA *Refit* division.

The **total value of active contracts** related to *yachts* that are yet to be delivered to clients, net of the sales already registered in the income statement (**Net Backlog**), as of June 30th, 2021 (Shipbuilding and Refit) **is equal to 452.5 million Euros**. In particular, during the first six months of 2021 the Company has signed 4 new contracts related to one sailing catamaran, among the biggest in the world, and a 66 mt with the Admiral brand, and two Tecnomar for Lamborghini 63 motor yachts. Furthermore, during the first half of 2021 the Company completed the construction of two yachts: one Tecnomar EVO 120 and an Admiral mega-yacht with 46 meters LOA.

The total value of the order book – that is the gross value of the contracts related to new *yachts* not yet delivered to clients – (Order Book) as of June 30th 2021 is equal to approximately 629 million Euros.

EBITDA is equal to **10.3 million Euros**, increasing by +110% compared to 4.9 million Euros as of June 30th 2020, with a **margin on sales of 12.7%** compared to the 12% in the first half of 2020. The improvement in operating margins reflects several strategic interventions which have been implemented in the reference time period:

- Increase in product marginality through a luxury positioning in the market, in particular through the signing of *commercial* partnerships with other brands operating in the luxury industry;
- Increase in operating costs efficiency, with strategic investments to improve the shipyard's production capacity;

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- Investments in human capital aimed at developing internal know-how specialized in the more valuable phases of the supply chain.

EBIT has been equal to **7.9 million Euros**, more than doubled compared with the first half of 2020, when it amounted to 2.9 million Euros, with a **margin on sales increasing by 2.7 percentage points (9.7% compared to 7% as of June 30th 2020)**. **Net profit** reaches 4.6 million Euros, a significant increase compared to 1 million Euros in the first half of 2020.

During the first semester of 2021 TISG has carried out **Investments** amounting to 10.4 million Euros, mainly dedicated to the improvement of production capacity as planned in the TISG 4.0 project.

Net Financial Position (“NFP”) is positive for 22.3 million Euros as of June 30th 2021, compared to negative net financial debt of 8.3 million Euros at the end of 2020, thanks to the contribution provided by operational management (for 6.5 million Euros), counter-balanced by significant investments (for 13.8 million Euros) and from payment of dividends (for 6.2 million Euros); NFP also benefits from the proceeds generated by the capital increase related to the IPO process for 44.5 million Euros.

Significant events as of June 30th, 2021

Hereinafter are provided the main events that occurred during the first semester of 2021:

- On **February 15th, 2021** the Company inaugurated the production spaces entirely dedicated to the Tecnomar for Lamborghini 63 line. These spaces have been outfitted to recreate the exclusive and personalized atmosphere where clients will be able to finalize the *outfittings* of the motor-yachts. The first

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delivery of a Tecnomar for Lamborghini 63 yacht has occurred at the end of July 2021.

- **June 8th, 2021** marked the beginning of trading of TISG ordinary shares on Mercato Telematico Azionario, organized and managed by Borsa Italiana S.p.A.
- **On June 14th, 2021** the company has announced the beginning of the executive planning phase of a sailing catamaran among the biggest in the world. The new Admiral yacht will have a length of 46.5 mt, the exceptional width of 17.3 mt and an impressive mast of 50 mt; this avant-garde project will reach the highest innovative standards, confirming its exceptional nature.
- During the month of **June 2021**, the homologation procedure, by the Court of Massa, of the debt restructuring agreement proposed by CELI S.r.l. pursuant to art. 182-bis of Italian Bankruptcy Law has been positively concluded. Therefore, the settlement agreements described in the Prospectus will not be subject to modification and no further sums will be due, either from TISG or from CELI S.r.l., with respect to those agreed in such agreements.

Outlook

The yachting sector, especially regarding the segment of yachts over 50 meters, has demonstrated even in the first semester of 2021 to be extremely positive, despite the fact that the global economy is still influenced by uncertainties related to the evolution of the COVID-19 pandemic and by the overall increase in raw material costs.

For what concerns the Shipbuilding division, the sale negotiations for new yachts are experiencing an acceleration throughout 2021, both for new Admiral vessels and Tecnomar motor yachts. In particular, 2021 highlights a sensible increase in order of the new Tecnomar for Lamborghini 63 line.

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Regarding the NCA Refit division, to be considered extremely complementary to the activities of the Shipbuilding division, the strategy consists of improving production capacity through the TISG 4.0 project. Such development project of the structures dedicated to the two divisions will indeed allow to host a higher number of yachts of increasing size, both for refitting activities and new construction projects, and will allow to start the business of yacht transformation, which consists in the substantial conversion of the hull type or a modification of vessel size.

TISG confirms that it will continue working to respect commitments and objectives, while maintaining all the necessary measures to respond in an immediate and flexible manner to any unexpected circumstances should they occur, thanks to a careful and efficient management of its economic and financial structure.

Other Deliberations of the Board of Directors

Variation in the financial calendar

In compliance with art. 2.6.2., comma 1, lett. B) – Title 2.6 – Part 2 – of the Regulation of Markets Organized and Managed by Borsa Italiana S.p.A., following the decision of the Board of Directors of the Company to release – on a voluntary basis – additional quarterly periodic information reflective of the development of the business, the Company announces hereby the variation of the financial calendar for the Financial Year 2021, along with the specifics related to the informative elements.

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November 15th, 2021	Board of Directors for the approval of the press release containing a quarterly reporting with selected information reflective of the development of the business related to the third quarter of 2021(*) (Production Value; EBITDA; Backlog; Net Financial Position).
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(*) Information not subject to revision, not even limited

Structure and content

The additional periodic information subject to disclosure to the market will concern the following information:

- Production value;
- EBITDA;
- Backlog;
- Net Financial Position.

The aforementioned data will not be subject to audit, not even limited. The disclosed information will be compared with the information related to the previous year relative to the same time period for the economic data, and with those as of December 31st of the previous year for balance sheet data.

Means of communication

The additional periodic information will be disclosed following the end of the meeting through the circulation of a press release which will examine the aforementioned financial data.

Timing of disclosure and communication of quarterly information

The quarterly information will undergo the approval of the Board of Directors during meetings which will be held within 45 days from the end of the 1st and 3rd quarters of each year and will be disclosed at the end of the meeting through the aforementioned means.

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The conference call for the presentation of the financial data to the financial community will occur following the meeting for the approval from the Board of Directors.

Possible variations related to the aforementioned terms will be disclosed to the market in a timely fashion.

Furthermore, in today's meeting, the Board of Directors has appointed – after consulting the Control and Risk Committee – Mr. Francesco Perrotta as *internal auditor* of the Company in place of Mr. Filippo Mattoli.

Declaration ex art. 154-bis, second comma, T.U.F.

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

The press release is available in the “Investor” section of the website <https://theitalianseagroup.com/investor/press-releases/>.

Webcast Conference Call

The financial results related to the first half of 2021 will be presented on Wednesday, September 15th at 6PM CEST during a Conference Call hosted by the Company's Top Management.

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The conference can be attended in webcast through the following url:

<https://us06web.zoom.us/j/89647361589?pwd=ZGNSRmdSTW8rVFRnajRWb2tWZ2tYUT09>

In alternative, it will be possible to take part to the call through the following numbers:

<i>Italy</i>	<i>United Kingdom</i>	<i>United States</i>
+39 069 480 6488	+44 330 088 5830	+1 301 715 8592 (Washington DC)
+39 020 066 7245	+44 131 460 1196	+1 312 626 6799 (Chicago)
+39 021 241 28 823	+44 203 481 5237	+1 646 558 8656 (New York)
	+44 203 481 5240	+1 253 215 8782 (Tacoma)
	+44 203 901 7895	+1 346 248 7799 (Houston)
	+44 208 080 6591	+1 720 707 2699 (Denver)
	+44 208 080 6592	

The presentation will be available at the beginning of the call on the website <https://theitalianseagroup.com/investor/> in the section “Investor/Financial Documents”.

The Half-Year financial report as of June 30th 2021 will be made available to the public, at the Company’s Headquarters, at Borsa Italiana S.p.A. as well as on the website <https://theitalianseagroup.com/investor/> in accordance with law.

Find attached the prospects of the Consolidated Statement of Financial Position, the Income Statement and Cash Flow Statement.

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The Italian Sea Group

The Italian Sea Group is a global operator in the luxury yachting industry, active in the reconstruction and refit of motor yachts and sailing yachts up to 100 meters. The company, led by the Apulian entrepreneur Giovanni Costantino, is active in the market with its brands Admiral, renowned for its exquisite and elegant yachts, and Tecnomar, recognized for the sportsmanship, avant-garde design, and high-performance of its yachts; the company also has a business unit which handles repairing and refit services with a focus on yachts and mega yachts with a length exceeding 60 meters.

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

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ATTACHMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousands of Euros	30/06/2021	31/12/2020	Var	Var %
ASSETS				
LONG TERM ASSETS				
Brands	3.554	3.554	0	0%
Other intangible assets	1.045	823	222	27%
Land and buildings	19.938	19.942	-4	0%
Plants, machinery, equipment and other investments in progress	31.565	22.847	8.718	38%
Other tangible assets	1.677	1.648	29	2%
Right of Use	9.552	9.106	446	5%
Participations	43	43	0	0%
Other non current assets	4.586	2.504	2.082	83%
Total long term assets	71.960	60.467	11.493	19%
CURRENT ASSETS				
Cash and cash equivalents	62.422	17.943	44.479	248%
Trade receivables	2.998	14.616	-11.618	-79%
Other receivables	1.912	1.297	615	47%
Contract work in progress assets*	56.074	22.549	33.525	149%
Inventory	163	2759	-2596	-94%
Other current assets	5.174	3.321	1.853	56%
Total current assets	128.743	62.485	66.258	106%
TOTAL ASSETS	200.703	122.952	77.751	63%
LIABILITIES AND NET EQUITY				
NET EQUITY				
Social capital	26.500	21.750	4.750	22%
Share premium accounts	45.431	12.000	33.431	279%
Other retained earnings and carried-forwards	4.565	235	4.330	1843%
Profit (Loss)	4.649	6.235	-1.586	-25%
Total Net Equity	81.145	40.220	40.925	102%
LONG TERM LIABILITIES				
Provisions for risks and cargoes	2.953	2.639	314	12%
Deferred tax liabilities	2.770	1.840	930	51%
Provisions for employee benefits	790	817	-27	-3%
Long term financial liabilities	28.928	18.415	10.513	57%
Other long term liabilities	1.384	1.404	-20	-1%
Total long term liabilities	36.825	25.115	11.710	47%
CURRENT LIABILITIES				
Trade debts	42.136	34.240	7.896	23%
Other debts	3.642	4.710	-1.068	-23%
Short term financial liabilities	7.835	3.370	4.465	132%
Contract work in progress liabilities*	15.115	8.845	6.270	71%
Other current liabilities	14.005	6.452	7.553	117%
Total Current Liabilities	82.733	57.617	25.116	44%
TOTAL LIABILITIES AND NET EQUITY	200.703	122.952	77.751	63%

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RECLASSIFIED INCOME STATEMENT

Thousands of euros	30/06/2021	30/06/2020	Var	Var %
Operating revenues	79.044	39.340	39.704	101%
Other revenues and income	2.211	1.875	336	18%
Provvigioni	-278	-625	347	-56%
Total revenues	80.977	40.590	40.387	99%
Raw material costs	-17.607	-6.612	-10.995	166%
Outsourcing costs	-34.652	-14.423	-20.229	140%
Services and technical consultancies	-2.446	-2.508	62	-2%
Other service costs	-4.422	-3.768	-654	17%
Staff costs	-10.503	-7.798	-2.705	35%
Other operating costs	-1.098	-591	-507	86%
EBITDA	10.250	4.889	5.361	110%
<i>Margin on total revenues</i>	<i>12,70%</i>	<i>12,00%</i>	<i>0,70%</i>	<i>6%</i>
Amortization, depreciation and capital losses	-2.396	-2.032	-364	18%
EBIT	7.854	2.857	4.997	175%
<i>Margin on total revenues</i>	<i>9,70%</i>	<i>7,00%</i>	<i>2,70%</i>	<i>39%</i>
Net financial expenses	-1.535	-877	-658	75%
Extraordinary gains and losses	-295	-11	-284	2582%
EBT	6.024	1.969	4.055	206%
Operating taxes	-1.375	-975	-400	41%
Net income	4.649	994	3.655	368%
<i>Percentage on total revenues</i>	<i>5,70%</i>	<i>2,40%</i>	<i>3,30%</i>	<i>138%</i>

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FINANCIAL STATEMENT

Thousands of Euros	30/06/2021	30/06/2020
INCOME MANAGEMENT ACTIVITIES		
Profit for the year before taxes	6.024	1.969
Net interest	1.567	911
Provisions for charges and risks	491	605
provision for severance pay	414	357
Adjustments for:		
Amortisation, depreciation and write-downs of fixed assets	2.376	1.747
Capital gains(losses)	-36	-34
Other provisions and write-downs (revaluations)	180	0
Changes in assets and liabilities:		
Receivables from customers	11.438	-5.301
Inventories and contract works in progress	-24.659	5.576
Other operating assets	-1.580	226
Payables to suppliers	6.402	-6.174
Other operating payables	6.468	1.858
Severance pay	-441	-333
Provisions for charges and risks	753	-5
Taxes	-1.375	-975
Interests paid	-1.534	-879
Cash flow from income management activities	6.488	-452
INVESTMENT ACTIVITIES		
Purchase of tangible assets	-10.034	-3.910
Disposal of tangible assets	36	34
Purchase of intangible assets	-398	0
Receivable from CELI	-3.412	0
Others	-58	-52
Cash flow from investment activities	-13.866	-3.928
FINANCING ACTIVITIES		
Capital payment	4.750	0
Share premium payment	41.799	0
Initiation of M/L term loans	17.000	2.608
Repayment of M/L term loans	-2.029	-1.253
Repayment of loans to others	-957	1.486
Net change in other sources of short-term financing	-426	-695
Payment of capital increase charges	-2.027	0
Dividend payment	-6.253	0
Cash flow from financing activities	51.857	2.145
TOTAL CASH FLOW FOR THE PERIOD	44.479	-2.235
OPENING CASH AND CASH EQUIVALENTS	17.943	5.755
FINAL CASH AND CASH EQUIVALENTS	62.422	3.519