HALF-YEARLY FINANCIAL REPORT

AS AT 30 JUNE 2023

SANLORENZO

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SANLORENZO GROUP

CORPORATE DATA

SANLORENZO S.P.A.
Share capital as at 30 June 2023: €34,876,081, fully paid-in[1]
Tax code and registration number at the Chamber of Commerce 00142240464
VAT 01109160117
Registered office in via Armezzone 3, 19031 Ameglia (SP)
www.sanlorenzoyacht.com

CORPORATE BODIES

BOARD OF DIRECTORS[2]	Massimo Perotti	Chairman and Chief Executive Officer
	Carla Demaria	Executive Director
	Ferruccio Rossi	Executive Director
	Paolo Olivieri	Director and Deputy Chair
	Cecilia Maria Perotti	Director
	Silvia Merlo	Director
	Licia Mattioli	Independent Director and Lead Independent Director
	Leonardo Luca Etro	Independent Director
	Francesca Culasso	Independent Director
	Marco Francesco Mazzù	Independent Director
CONTROL, RISKS AND SUSTAINABILITY COMMITTEE	Leonardo Luca Etro	Chair
	Silvia Merlo	
	Francesca Culasso	
REMUNERATION COMMITTEE[3]	Leonardo Luca Etro	Chair
	Silvia Merlo	
	Francesca Culasso	
NOMINATION COMMITTEE[4]	Licia Mattioli	Chair
	Paolo Olivieri	
	Marco Francesco Mazzù	

[1] On 21 April 2020, the Extraordinary Shareholders' Meeting approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 September 2029, through the issue of a maximum of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan, approved by the Ordinary Shareholders' Meeting on the same occasion. As at 30 June 2023, this capital increase had been partially subscribed for a total of no. 376,081 shares.

[2] Appointed by the Ordinary Shareholders' Meeting on 28 April 2022; it will remain in office until the date of the Shareholders' Meeting called to approve the separate financial statements as at 31 December 2024. Following the resolution of the Ordinary Shareholders' Meeting held on 27 April 2023, the number of members of the Board of Directors was reduced from twelve to ten, confirming the current Directors and therefore not proceeding with the replacement of Marco Viti, who resigned in 2022, and Pietro Gussalli Beretta, who resigned as at 27 April 2023.

[3] The composition was changed on 17 April 2023 with immediate effect.

[4] The composition was changed on 17 April 2023 with effect as of 27 April 2023.

RELATED PARTY TRANSACTIONS COMMITTEE[5]	Licia Mattioli	Chair
	Leonardo Luca Etro	
	Francesca Culasso	
BOARD OF STATUTORY AUDITORS[6]	Enrico Fossa	Chair and Statutory Auditor
	Andrea Caretti	Standing Statutory Auditor
	Margherita Spaini	Standing Statutory Auditor
	Luca Trabattoni	Alternate Statutory Auditor
	Maria Cristina Ramenzoni	Alternate Statutory Auditor
AUDITING FIRM[7]	BDO Italia S.p.A.	
MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS	Attilio Bruzzese	

[5] The composition was changed on 17 April 2023 with immediate effect.

[6] Appointed by the Ordinary Shareholders' Meeting on 28 April 2022; it will remain in office until the date of the Shareholders' Meeting called to approve the separate financial statements as at 31 December 2024.

[7] Appointed by the Ordinary Shareholders' Meeting on 23 November 2019 for nine financial years from 2019 to 2027.

GROUP STRUCTURE

COMPANY ORGANISATION CHART AS AT 30 JUNE 2023

*Previously named Marine Yachting Monaco S.A.M.

COMPOSITION OF THE GROUP AS AT 30 JUNE 2023

Company name	Registered office
Sanlorenzo S.p.A. - Parent Company	Ameglia (SP) – Italy
Subsidiaries	
Bluegame S.r.l.	Ameglia (SP) – Italy
Equinoxe S.r.l.[8]	Turin (TO) – Italy
Sanlorenzo Arbatax S.r.l.	Ameglia (SP) – Italy
PN Sviluppo S.r.l.	Viareggio (LU) – Italy
Duerre S.r.l.	Vicopisano (PI) – Italy
I.C.Y. S.r.l.	Adro (BS) – Italy
Polo Nautico Viareggio S.r.l.	Viareggio (LU) – Italy
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain
Sanlorenzo Monaco S.A.M.[9]	Monte-Carlo – Principality of Monaco
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA
Fortune Yacht LLC	Fort Lauderdale (FL) – USA
Associated companies	
Sea Energy S.r.l.[10]	Viareggio (LU) – Italy
Carpensalda Yacht Division S.r.l.	Pisa (PI) – Italy
Sa.La. S.r.l.	Viareggio (LU) – Italy

[8] On 12 April 2023, the deed of merger by incorporation of Equinoxe Yachts International S.r.l. into Equinoxe S.r.l. was drawn up, the actual effects of which begin on 27 April 2023.

[9] Previously named Marine Yachting Monaco S.A.M.

[10] On 23 March 2023, Sanlorenzo S.p.A. acquired a 49.0% stake in Sea Energy S.r.l.

For more details, please refer to the "Significant events occurring during the period" section.

GROUP ACTIVITIES

The Group is a global operator leader in the luxury nautical industry, specialised in the design, production and sale of custom-made motor yachts, superyachts and sport utility yachts, which are fitted out and customised according to the needs and desires of exclusive customers.
Group activities are divided into three business units:

- the Yacht Division – dedicated to the design, manufacturing and marketing of composite yachts between 24 and 38 metres long, under the Sanlorenzo brand;
- the Superyacht Division – dedicated to the design, manufacturing and marketing of superyachts in aluminium and steel between 40 and 73 metres long, under the Sanlorenzo brand;
- the Bluegame Division – dedicated to the design, manufacturing and marketing of composite sport utility yachts between 13 and 23 metres long, under the Bluegame brand.

The sale of yachts is carried out both directly (through Sanlorenzo, other Group companies or intermediaries) and through brand representatives, each of which operates in one or more assigned regional zones.
The Group also offers an exclusive range of services dedicated only to Sanlorenzo and Bluegame customers, including training at the Sanlorenzo Academy for crew members of Sanlorenzo yachts, as well as maintenance, restyling and refitting of Sanlorenzo yachts, in addition to charter services offered through the newly acquired company Equinoxe S.r.l.

THE PRODUCT RANGES

Yacht Division

SL Line

The SL Line is the historic Sanlorenzo range and includes flybridge, planing and on-board motor yacht models with living quarters on two and a half decks for layouts with master cabin on the main deck and on two decks with master cabin on the lower deck. Starting in 2018, thanks to an idea from designer Chris Bangle, Sanlorenzo introduced the asymmetrical configuration, revolutionising the canonical layout of a yacht in favour of additional interior space and direct contact with the sea.
The SL Line includes six models with lengths ranging from 24 to 38 metres.

SD Line

The SD Line, introduced in 2007, perfectly complements the historic SL Line. Inspired by the transatlantic liners of the 1930s, includes shuttle-type yacht models, with semi-displacement hull that does not rise up above the surface of the water while sailing, which allow great autonomy to reach even the most distant destinations. With the launch of the new SD118 presented at the Cannes Yachting Festival in 2021, Sanlorenzo has introduced also in the semi-displacement models the asymmetric configuration, previously proposed on the SL Line.
The SD Line includes four models with lengths ranging from 28 to 38 metres, including the SD90 model launched in 2022 and the "S" version that will be launched in 2023, characterised by significant environmental sustainability criteria.

SX Line

The SX Line, introduced in 2017, covers a new and transversal market segment which expands the offering of composite yachts. The SX Line includes crossover type yacht models, a type that combines elements of the flybridge segment with typical features of the Explorer Line, and is characterised by semi-planing speeds (around twenty-two knots), in between that of the SL and SD Lines.
The SX Line includes three models with lengths ranging from 24 to 34 metres.

SP Line

The SP Line, introduced in 2022 with the first SP110 model, sees Sanlorenzo's entry into the sport coupé segment with a highly innovative offer enabling the achievement of high performance, and in particular speeds of up to 40 knots, with the use of low environmental impact technologies.

Superyacht Division

Alloy Line

This is the Superyacht Division's historic product line, introduced in 2007 with the delivery of the first 40Alloy model. It currently includes a model of 44 meters in length with hull and superstructure entirely in aluminium, characterised by a modern design with fast displacement hull and cutting-edge technology.

Steel Line

The Steel Line, introduced by Sanlorenzo in 2010, represents the classic line of Superyacht Division and includes yacht models with length from 50 to 73 metres, displacement hull made of steel – a extremely rigid and robust material – and aluminium superstructure laid out over 5/6 decks.

Explorer Line

The Explorer Line, which Sanlorenzo introduced in 2015, includes yachts with steel displacement hull and aluminium superstructure and length of 47 metres. It is characterised by features inspired by the big exploration boats, the large living spaces on-board and high performance in terms of autonomy and sea-keeping.

X-Space Line

The X-Space Line will include two models, the first of which will be the 44-metre X-Space, which will have its world premiere at the Monaco Yacht Show in September 2023.
The 44 X-Space, the entry-level of the new metal range, will feature large volumes, ample space on board, flexibility and high autonomy.

Bluegame Division

BG Line

The BG Line, introduced in 2018 with the model BG42 conceived as tender or chase boat, includes “walk-around” boats, with a cockpit and steering gear located centrally in a raised position, surrounded by a walkway protected by a high bulwark. Over time, the range has been progressively expanded until the launch in 2021 of the 72-foot model, which combines features of open and flybridge boats.
The BG Line includes three models with lengths ranging from 13 to 22 metres.

BGX Line

The BGX Line was introduced in 2019 to combine the typical elements of the BG Line with the crossover concept, already developed by Sanlorenzo in a larger dimension with the SX Line and with highly innovative space distribution and a high performance hull designed by naval architect Lou Codega.
The BGX Line includes two models with lengths ranging from 19 to 21 metres.

BGM Line

The BGM Line will include three models, the first of which will be the BGM75 (23 metres long), which will have its world premiere at the Cannes Yachting Festival in September 2023.
The BGM75 went into production in 2022 and will mark the Company's entry into the luxury multihull segment.

SERVICES

The Group offers an exclusive range of dedicated high-end services to only Sanlorenzo and Bluegame clients, such as a monobrand charter programme (Sanlorenzo Charter Fleet), maintenance, restyling and refitting services (Sanlorenzo Timeless) and crew training at the Sanlorenzo Academy.

Sanlorenzo Charter Fleet

Just over six months after the acquisition of Equinoxe S.r.l., one of the most important charter operators, the Sanlorenzo Chartet Fleet ("SLCF") already includes six yachts. The programme offers exclusive benefits for both charterers and owners, including:

- guaranteeing a yacht and crew meeting the highest standards;
- possibility of replacing the yacht if the chosen vessel is unavailable;
- comprehensive consulting service covering legal, administrative and management aspects;
- offering the Sanlorenzo experience worldwide, with SLCF expanding into the Americas, APAC and the Middle East;
- consulting and guaranteeing a process aligned with the standards set by the Mediterranean Yacht Broker Association (MYBA);
- tailor-made insurance policy;
- third year of additional warranty on the new yacht if the customer signs a three-year agreement with SLCF and makes the yacht available for at least 6 weeks per year (4 during the high season).

Sanlorenzo Timeless

Sanlorenzo Timeless is the range of services dedicated to preserve the value and the "timeless" character of Sanlorenzo yachts, adapting them to contemporary styles and tastes and modernising the equipment on board. In particular, the services offered to shipowners are as follows:

- Refit – replace or upgrade on-board instrumentation and equipment through the use of the latest technology, improving safety and functionality;
- Restyle – renew the design of yachts through targeted interventions on furnishings, replacement of materials and upholstery and design from scratch of spaces and structures, with attention to the search for solutions with low environmental impact;
- Lifetime Care – constant care and maintenance (ordinary and extraordinary) of the yacht through rigorous checks, services, tests, coupons and certifications.

THE PRODUCTION SITES

Shipyards

Production activities are carried out primarily at four sites within about 50 kilometres radius, within the nautical district sandwiched between the Apuan Alps and the Tyrrhenian Sea, between the northern Tuscan coast and the Ligurian eastside coast:

- Ameglia (SP), on the banks of the river Magra, dedicated to the outfitting of Sanlorenzo composite yachts of less than 100 feet in length (Yacht Division) and Bluegame yachts;
- La Spezia, dedicated to the outfitting of metal superyachts (Superyacht Division);
- Massa, dedicated to the production of semi-finished products in composite materials for outfitting in the Ameglia and Viareggio plants (Yacht Division) and to the development of new models;
- Viareggio (LU), dedicated to the outfitting of Sanlorenzo composite yachts longer than 100 feet (Yacht Division) and some models of metal superyachts (Superyacht Division).


1 La Spezia
2 Ameglia
3 Massa
4 Viareggio

Other production sites

In 2022, Sanlorenzo S.p.A. acquired, inter alia: (i) an industrial building in the Canale dei Navicelli area of Pisa, intended for the Superyacht Division, (ii) an industrial building and a yard intended for garaging activities in the area of the Darsena di Viareggio and (iii) an industrial building adjacent to the Sanlorenzo shipyards within the Polo Nautico complex in Viareggio, while Bluegame acquired a majority stake in the company I.C.Y. S.r.l., its historical partner operating in Cologne (BS).
In July 2023, the Court of Lanusei (NU) formally assigned by transfer decree the ownership of an industrial building located in Tortolì (NU) of about 16,000 square metres to the subsidiary Sanlorenzo Arbatax S.r.l.

STRATEGY AND BUSINESS MODEL

Sanlorenzo is the only player in the luxury yachting sector to compete in a number of segments with a single brand, with a high-end positioning representing one of the main distinguishing factors of the Company.
The business model involves building a limited number of yachts per year, increasing volumes by launching new lines and models without inflating existing ones, taking care of every detail in the spirit of haute couture.
The uniqueness of the product, the constant innovation of the yacht design, in keeping with the Sanlorenzo tradition, the loyalty of customers, the collaborations with world-renowned designers, the communication and strong liaison with art and culture have given to the Group a strong foothold in the luxury yachting industry, where the Sanlorenzo brand is recognised as the epitome of excellence and exclusivity.
Sanlorenzo is positioned in a specific ecosystem where the most refined and sophisticated craftsman skills have been handed down for generations. Supply chain relationships are long-standing, and include thousands of artisan businesses, mostly located in the Upper Tyrrhenian Sea nautical district, which work directly at the Group's shipyards on a daily basis.
At the same time, Sanlorenzo personnel focus on the phases with higher value added, linked to direct interaction with the customer and aimed at defining new innovative and sustainable products, brand enhancement and quality control, while maintaining a high degree of production flexibility.

“Made to measure”

Maison Sanlorenzo is characterised by a rigorously tailor-made approach. Sanlorenzo's customer journey begins with full customer involvement in the initial stages of yacht design, establishing a close personal relationship with each owner. The high degree of customisation of the interior and exterior fittings and technological equipment, not just of yachts longer than 40 metres, but also those between 24 and 40 metres, is a distinctive trait of Sanlorenzo in the global luxury yachting landscape. This characteristic is based on the Company’s philosophy of guaranteeing its customers with a “made to measure” yacht, also in the smaller models.
The consequent strong prevalence of sales to end customers compared with stock sales to brand representatives means that the Group has greater visibility and planning of expected revenues, based on contractual forecasts and expected production progress for each order, benefits for working capital linked to a more favourable collection profile and a considerably more limited risk profile.

“Connoisseur” customers

The “tailor-made” approach and the quality of the product have allowed the Company to attract over the years an exclusive and sophisticated clientele composed mainly of the category of connoisseurs, achieving over time a high degree of loyalty of Sanlorenzo owners.
Customers belong to the social class of the Ultra High Net Worth Individuals (UHNWIs), characterised by rates of yachting penetration among the lowest in the luxury segment and therefore, strong unexpressed demand potential. This factor, combined with the expansion of demand resulting from the steady increase in the number

and wealth of UHNWIs, especially in North America and APAC, represents an ample opportunity for growth, aided by the emotional nature of buying a yacht. The expansion of clientele is also accompanied by a significant increase in the propensity to purchase, driven by a renewed search for quality of life in freedom and safety, all needs that a yacht can satisfy. The new connectivity technologies furthermore allow work to be carried out on board and extend the time the owner can spend on board, thus increasing the attractiveness to younger clientele. This trend will continue in 2023, confirming the proven resilience of the luxury segment in the face of the macroeconomic environment.

Production excellence and flexibility

The Group's yachts are created with attention to every detail, in order to maximise quality and comfort for the customer.
The high quality of the features is also guaranteed by long-standing relationships with highly-skilled local handcraft employed in the production process. The Group relies on a network of thousands of specialist contractors, part of an ecosystem of artisan businesses with a long history, largely located on the coast of the Tyrrhenian Sea between La Spezia and Viareggio, a genuine district of nautical excellence.
Thanks to this business structure, unique in the nautical sector, the Group can offer the flexible execution needed to keep the "made to measure, hand-made, well-made" promise for every one of its yachts. The marked outsourcing of the production process, which translates into a wide flexibility of production costs, has allowed the Group a strong resilience even during unfavourable economic times.
In 2022, the Group undertook a key production chain verticalisation strategy, through partnerships and minority investments in strategic suppliers aimed at guaranteeing the supply of strategic materials and processes, increasing production capacity, increasing the agility and flexibility of production processes, maintaining strict quality control and extending the Sanlorenzo Group's standards of responsibility and sustainability to the supply chain. Investments in key suppliers such as Duerre S.r.l., an artisanal manufacturer of top-quality furniture, Carpensalda Yacht Division S.r.l., active in metal carpentry, its subsidiary Sa.La. S.r.l., active in the moulding of metal sheets and Sea Energy S.r.l., active in the design, production and installation of marine electrical and electronic equipment, and the acquisition of 60% of I.C.Y. S.r.l., a long-standing partner of Bluegame, are part of this program for strengthening the strategic supply chains.
For more details, please refer to the "Significant events occurring during the period" section of this report on operations.

Design and sustainable technological innovation of yachts

The strength of the product is the result of the Group's ability to create yachts that stand out for their iconic and timeless design and that represent the result of the customer-focused customisation process.
Its yacht range is also extensive and diversified in terms of the size and materials used, as well as the characteristics of the various lines, in order to meet the needs of highly sophisticated customers. Thanks to constant investments in research and development, the fleet presents a high degree of innovation which, combined with an iconic and timeless nautical design, makes every yacht produced by the Group immediately recognisable at sea.
In 2022, the Group launched the SP110, the first model in the new Smart Performance range, and the SD90 for the Yacht Division, and expanded the BG Line with the BG54.
The robust plan to expand the product ranges includes the launch in 2023 of two new lines characterised by new functionalities and transversal to different market segments and strongly inspired by sustainability criteria:

- the X-Space Line for the Superyacht Division, with the 44-metre-long model, entry-level of the metal range, characterised by large volumes, ample space on board, flexibility and high autonomy;
- the BGM Line for the Bluegame Division, with which the Group enters the multihull segment with a luxury proposal with extremely low consumption.

While launching new product lines, in 2023 the Group will expand the existing ranges, starting with the presentation of the new SX100 model in Sanlorenzo's acclaimed crossover line.

Sustainability is at the heart of the development of the new models as part of an ambitious programme that sees, for the first time in the nautical sector, the application of technologies focused on the marine use of hydrogen fuel cells, which will permit the progressive reduction of the environmental impact until achieving neutrality, the true answer to demand for sustainability in the yachting sector.
Thanks to the exclusive agreement signed in 2021 with Siemens Energy, the yacht segment above 40 metres in length will initially see the integration of fuel cells powered by hydrogen obtained from methanol through an on-board power generation reformer on a Superyacht 50Steel scheduled for delivery in 2024.
This will be followed in 2030 by the delivery of the first Sanlorenzo superyacht of between 50 and 60 metres in length in which, by virtue of the highly significant exclusive agreement signed in August 2022 with Rolls-Royce Solutions GmbH – Global Marine (MTU), propulsion through methanol-fuelled primary engines will be added to the generation of electricity on board via fuel cells.
This will be green methanol, produced with electricity from renewable sources and with CO_2 captured from the atmosphere; the amount of CO_2 released into the air in the combustion process is equivalent to the amount removed from the environment for the production of the methanol, enabling carbon neutral power generation.
In the segment of yachts under 24 metres in length, Bluegame will be engaged in the design and construction of the first chase boat with exclusively hydrogen propulsion and use of foils to reach 50 knots of speed and a range of 180 miles with zero emissions, alongside American Magic, the challenger in the 2024 edition of the America's Cup.
Building on its experience in this extremely complex project, which is currently the most advanced example of sustainable technology on board a boat, Bluegame is developing the BGM65HH (hydrogen-hybrid) model, scheduled for launch in 2026. It will be powered by hydrogen fuel cells combined in a pilot project with Volvo Penta's new hybrid engines and will allow for long cruises in zero-emission mode.

Collaborations with world-renowned designers and architects

Sanlorenzo works closely with world-renowned designers and architects on both creating the external features of the yachts and on designing the layout and furnishing of the exteriors and the interiors.
To create the external features of the yachts, the Group relies on a single design firm, currently the Zuccon International Project practice, to ensure uniformity and maintain its own distinctive features.
For the layout and fitting of the exteriors and interiors, for more than ten years the Group has maintained strong partnerships with world-renowned architects and designers: these participate in the creation of the first model of each line and make their expertise and professionalism available to owners in building their yachts. These partnerships have involved, among others, Piero Lissoni, Rodolfo Dordoni, Patricia Urquiola, Antonio Citterio and Patricia Viel, John Pawson and Christian Liagre.
The high level of the design and innovation of the yachts that characterise the Group's activities has been widely recognised by sector operators, owners and the specialised press which, over the years, have awarded the Group's products many awards and recognitions.

Communication with a new language and strong liaison with art and culture

The Group has adopted an experiential communication and marketing strategy, focused on manufacturing exclusivity, high quality, design and elegance of the yachts, combined with the exclusivity of the relationship with the customer, the central focus of a totally personalised and engaging experience.
Among the most important recent initiatives developed in a partnership with Piero Lissoni, we should mention the launch of the Almanac – publications created specifically by various artists on the themes that are the hallmark of Sanlorenzo, which are gifted at the end of each year to owners of Sanlorenzo yachts – and the Log Books of presentation of the Group, the update of the stands at the main global boat shows, and the organisation of the "Elite Days" events, with the participation of customers coming from all over the world.
Initiatives in the world of art and design involving Sanlorenzo include the exclusive agreement for the nautical world with Art Basel on a global level, which sees the participation of Sanlorenzo in the contemporary art events

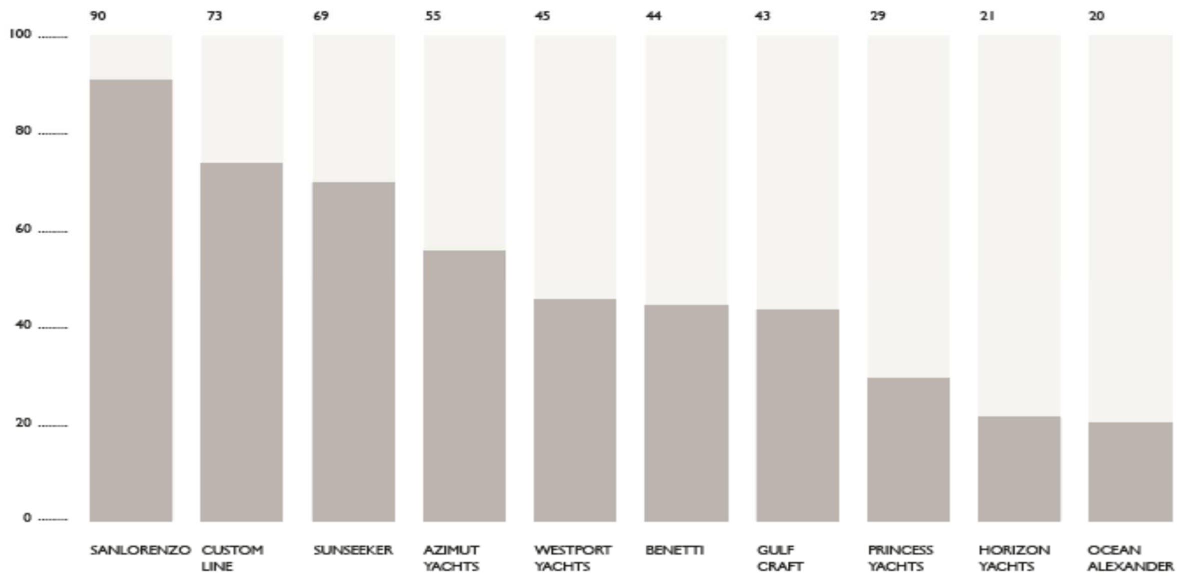
organised every year in Basel, Miami, Hong Kong and Paris; the multi-year collaboration with the Peggy Guggenheim Collection in Venice as Institutional Patron and participation as a main sponsor of the Italian Pavilion in the 59th International Art Exhibition of the Venice Biennale. In addition to these initiatives are the partnership with the LericiPea Golfo dei Poeti Award and the staging of exhibitions by Sanlorenzo at major events such as Milan Design Week.

In particular, in April 2023, Sanlorenzo took part in the Milan Design Week FuoriSalone with the project "LA MACCHINA IMPOSSIBILE" (THE IMPOSSIBLE MACHINE) by Piero Lissoni, an installation that combines art with Sanlorenzo's incessant search for technologically innovative solutions to reduce the environmental impact of yachting: specifically, the large propellers of the machine are powered by green methanol fuel cells. These technologies will find their first real application on a 50Steel superyacht, to be launched in 2024, which will feature on-board services powered by the exclusive fuel cell system developed with Siemens Energy. Indeed, this cutting-edge project represents the first concrete step in the generation of carbon-neutral power from new-generation fuels for the entire sector, making Sanlorenzo a true pioneer on the path towards sustainable yachting.

COMPETITIVE POSITIONING OF THE BRAND

Sanlorenzo is the leading brand at the world level in terms of number of yachts between 30 and 40 metres delivered between 2009 and 2019[11], with a market share of 18%, according to the most recent update available for the brand from The Superyacht Times[12].

Top ten superyacht brands 30/39.99 m by deliveries since 2009



In the annual ranking of the Global Order Book prepared by the magazine Boat International, Sanlorenzo was confirmed as the first monobrand yacht builder in the world for the production of yachts and superyachts over 24 metres and the second yacht builder in the world, with 128 yachts under construction in 2022 equivalent to 4,577 metres in length.[13]

[11] Data updated to the beginning of October 2019. Source: The Superyacht Times, November 2019.

[12] Calculated on the basis of the 90 yachts delivered by Sanlorenzo with respect to a total of 489 in the sector. Source: The Superyacht Times, November 2019.

[13] Source: Global Order Book 2023, Boat International, December 2022.

Top builders by total length of construction

2023 RANK	COMPANY	TOTAL LENGTH (M)	NUMBER OF PROJECTS	AVERAGE LENGTH (M)	NUMBER OF PROJECTS 2022	2022 RANK
1	Azimut - Benetti	5,991	168	35.7	128	1
2	Sanlorenzo	4,577	128	35.8	117	2
3	Ocean Alexander	2,382	73	32.6	47	3
4	Feadship*	1,672	N/A	N/A	N/A	4
5	Princess Yachts	1,588	63	25.2	N/A	N/A
6	Sunseeker	1,443	53	27.2	N/A	N/A
7	Lürssen*	1,233	11	112.1	9	5
8	The Italian Sea Group	1,149	21	54.7	12	8
9	Damen Yachting	1,022	15	68.1	13	7
10	Overmarine	1,017	25	40.7	24	6
11	Horizon	825	29	28.4	24	9
12	Palumbo	768	18	42.7	12	15
13	Baglietto	749	16	46.8	14	10
14	Viking Yachts*	681	26	26.2	22	13
15	Heesen Yachts	634	11	57.6	11	11

(*) data only partially shared by the site.


SANLORENZO

REPORT ON OPERATIONS

INTRODUCTION

This Report on operations must be read together with the consolidated financial statements and the associated notes to the condensed consolidated half-yearly financial statements as at 30 June 2023, integral parts of this Half-Yearly Financial Report.

MAIN ALTERNATIVE PERFORMANCE INDICATORS

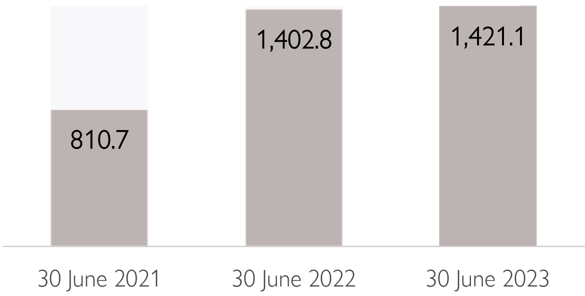
In order to allow a better evaluation of its operating performance, Sanlorenzo Group uses some alternative performance indicators.
The indicators represented are not identified as accounting measures by the IFRS and, therefore, must not be considered alternative measures to those provided by the financial statements for assessing the Group's economic performance and the relevant financial position. The Group believes that the financial information reported below is an important additional parameter for evaluating its performance, allowing its economic and financial performance to be monitored in more detail. Since these financial data do not constitute measures that can be determined through the reference accounting standards for the preparation of the consolidated financial statements, the method applied for the associated calculation may not be consistent with the one adopted by other groups and, therefore these data may not be comparable with those presented by said groups.
These alternative performance indicators, calculated in compliance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob in its communication no. 92543 of 3 December 2015, refer solely to the performance of the period forming the object of this financial report and the periods being compared and not to the Group's expected performance.
The following table shows the definitions of the APIs relevant to the Group and the relative items in the financial statements adopted.

BACKLOG	It is calculated as the sum of the value of the orders and sales contracts signed with customers or brand representatives relating to yachts for delivery or delivered in the current financial year or for delivery in subsequent financial years. For each period, the value of the orders and contracts included in the backlog refers to the relative share of the residual value from 1 January of the year in question until the delivery date. The backlog related to the revenues acquired during the year is conventionally cleared on 31 December.
NET REVENUES NEW YACHTS	They are calculated as the algebraic sum of revenues from contracts with customers relating to the sale of new yachts (accounted for over time with the "cost-to-cost" method) and pre-owned yachts, net of selling expenses related to commissions and trade-in costs of pre-owned boats.
EBITDA	It is the Operating result (EBIT) before amortisation/depreciation.
EBITDA MARGIN	Indicates the ratio of EBITDA to Net Revenues New Yachts;
ADJUSTED EBITDA	It is the Operating result (EBIT) before amortisation/depreciation adjusted for non-recurring items.
ADJUSTED EBITDA MARGIN	It is the ratio of Adjusted EBITDA to Net Revenues New Yachts.
NET FIXED CAPITAL	It is calculated as the sum of goodwill, intangible assets, property, plant and equipment and net deferred tax assets, net of the corresponding non-current provisions.

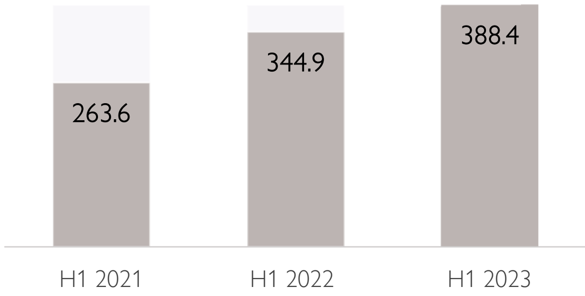
NET WORKING CAPITAL	It is calculated as the sum of trade receivables, contract assets, inventories and other current assets, net of trade payables, contract liabilities, provisions for current risks and charges and other current liabilities.
NET TRADE WORKING CAPITAL	It is calculated as the sum of trade receivables, contract assets and inventories, net of trade payables and contract liabilities.
NET INVESTED CAPITAL	It is calculated as the sum of net fixed capital and net working capital.
INVESTMENTS	They refer to increases in property, plant and equipment and intangible assets, net of the carrying amount of related disposals.
NET FINANCIAL POSITION	It is calculated on the basis of guidelines issued by ESMA and reported in ESMA document 32-382-1138 of 4 March 2021 (Consob Warning Notice no. 5/21 for Consob Communication DEM/6064293, 28 July 2006), as the sum of liquidity (including cash equivalents and other current financial assets), net of current and non-current financial liabilities, including the fair value of hedging derivatives. If positive, it indicates a net cash position.

FINANCIAL HIGHLIGHTS[14]

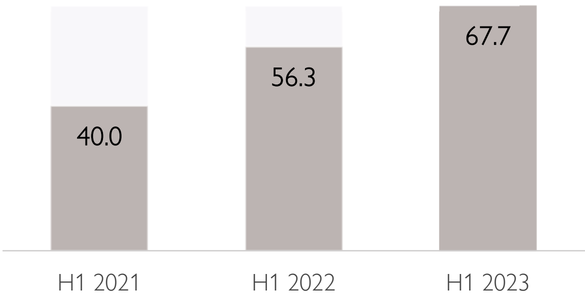
Gross backlog / (€m)



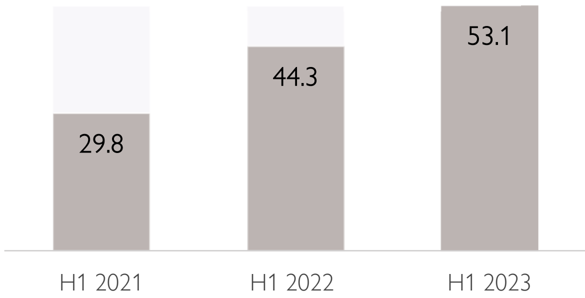
Net Revenues New Yachts / (€m)



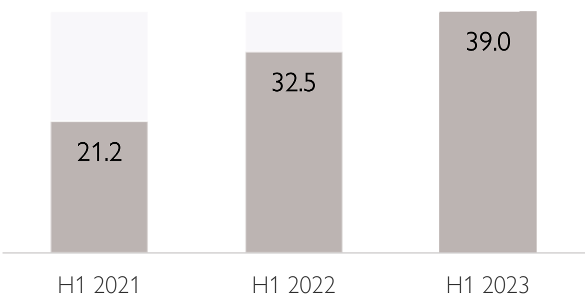
EBITDA / (€m)



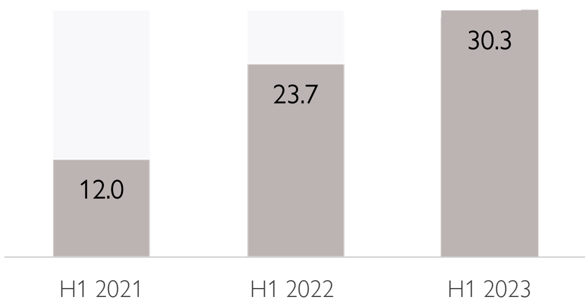
EBIT / (€m)



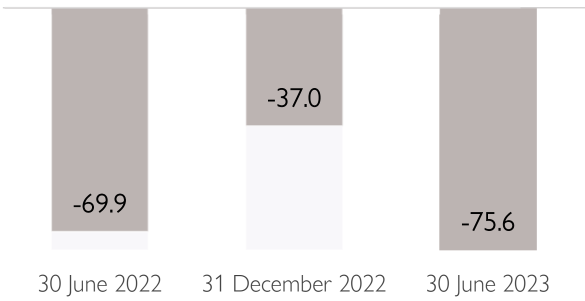
Group net profit / (€m)



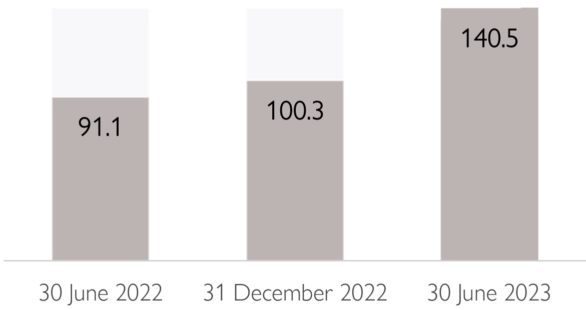
Investments / (€m)



Net working capital / (€m)



Net financial position / (€m)



[14] For a description of the methods of calculating the indicators presented, please refer to the following paragraph "Main alternative performance indicators".

BACKLOG PERFORMANCE

(€'000)	30 June		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Gross backlog	**1,421,081**	**1,402,774**	**18,307**	**+1.3%**
of which current year	745,978	671,272	74,706	+11.1%
of which subsequent years	675,103	731,502	(56,399)	-7.7%
Net Revenues New Yachts for the period	388,431	344,866	43,565	+12.6%
Net backlog	**1,032,650**	**1,057,908**	**(25,258)**	**-2.4%**
of which current year	357,547	326,406	31,141	+9.5%
of which subsequent years	675,103	731,502	(56,399)	-7.7%

The gross backlog as at 30 June 2023 amounted to €1,421,081 thousand, compared to €1,402,774 thousand as at 30 June 2022, showing a ratio of 1.32 times revenues in the last 12 months, which is higher than the average of 1.20 times recorded in the last 4 years over the same period. The increase compared to first half of 2022 was €18,307 thousand.

The visibility of revenues expected in 2023, with a backlog of €745,978 thousand, and in subsequent years, with a total backlog of €675,103 thousand, continues to be significant, favoured by the overall extension of delivery dates, planned until 2026 for the Yacht Division and 2027 for the Superyacht Division. For Bluegame, deliveries go up to 2025, an extremely high level for companies operating in this market segment.

(€'000)	Backlog			Change (order intake)		
	1 January[15]	31 March	30 June	Q1	Q2	Total H1
Backlog 2023	**1,069,619**	**1,239,731**	**1,421,081**	**170,112**	**181,350**	**351,462**
of which current year	617,394	696,478	745,978	79,084	49,500	128,584
of which subsequent years	452,225	543,253	675,103	91,028	131,850	222,878
Backlog 2022	**915,632**	**1,178,029**	**1,402,774**	**262,397**	**224,745**	**487,142**
of which current year	544,060	628,110	671,272	84,050	43,162	127,212
of which subsequent years	371,572	549,919	731,502	178,347	181,583	359,930

Order intake for the first half of 2023 amounted to €351,462 thousand, of which €170,112 thousand in the first quarter and €181,350 thousand in the second quarter, a natural normalisation compared to the value of €487,142 thousand in the first half of 2022, partly due to (i) a return to the historical growth trend, (ii) longer waiting times for yacht delivery, given the growing order backlog, and (iii) a slowdown in demand from the Americas, due to the uncertain macroeconomic scenario and high interest rates, to which US customers are typically more sensitive.

[15] Opening the reference year with the net backlog at 31 December of the previous year.

CONSOLIDATED ECONOMIC RESULTS

RECLASSIFIED INCOME STATEMENT

(€'000)	Six months ended 30 June				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
Net Revenues New Yachts	**388,431**	**100.0%**	**344,866**	**100.0%**	**43,565**	**+12.6%**
Revenues from maintenance and other services	6,259	1.6%	5,405	1.6%	854	+15.8%
Other income	4,984	1.3%	2,628	0.8%	2,356	+89.6%
Operating costs	(331,831)	(85.4)%	(296,289)	(85.9)%	(35,542)	+12.0%
Adjusted EBITDA	**67,843**	**17.5%**	**56,610**	**16.4%**	**11,233**	**+19.8%**
Non-recurring costs	(186)	(0.1)%	(350)	(0.1)%	164	-46.9%
EBITDA	**67,657**	**17.4%**	**56,260**	**16.3%**	**11,397**	**+20.3%**
Amortisation/depreciation	(14,523)	(3.7)%	(11,973)	(3.5)%	(2,550)	+21.3%
EBIT	**53,134**	**13.7%**	**44,287**	**12.8%**	**8,847**	**+20.0%**
Net financial expense	647	0.2%	(274)	-	921	n.a.
Adjustments to financial assets	358	0.1%	99	-	259	+261.6%
Pre-tax profit	**54,139**	**13.9%**	**44,112**	**12.8%**	**10,027**	**+22.7%**
Income taxes	(15,234)	(3.9)%	(11,186)	(3.3)%	(4,048)	+36.2%
Net profit	**38,905**	**10.0%**	**32,926**	**9.5%**	**5,979**	**+18.2%**
Net (profit)/loss attributable to non-controlling interests	138	-	(463)	(0.1)%	601	n.a.
Group net profit	**39,043**	**10.1%**	**32,463**	**9.4%**	**6,580**	**+20.3%**

NET REVENUES NEW YACHTS

(€'000)	Six months ended 30 June		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Revenues from the sale of boats	415,360	374,895	40,465	+10.8%
Selling expenses	(26,929)	(30,029)	3,100	-10.3%
Net Revenues New Yachts	**388,431**	**344,866**	**43,565**	**+12.6%**

Net Revenues New Yachts in the first half of 2023 were equal to €388,431 thousand, a 12.6% increase on the €344,866 thousand recorded in the same period of 2022, driven by excellent double-digit growth, in line with the 2023-2025 Business Plan.

These strong results continue to benefit from a favourable mix linked to growth in the average size of yachts in each business unit and the increase in average sale prices, as well as a positive, albeit reduced, volume effect compared to the previous period.

Net Revenues New Yachts by division

(€'000)	Six months ended 30 June				Change	
	2023	% of total	2022	% of total	2023 vs. 2022	2023 vs. 2022%
Yacht Division	239,335	61.6%	234,656	68.0%	4,679	+2.0%
Superyacht Division	105,810	27.3%	77,805	22.6%	28,005	+36.0%
Bluegame Division	43,286	11.1%	32,405	9.4%	10,881	+33.6%
Net Revenues New Yachts	**388,431**	**100.0%**	**344,866**	**100.0%**	**43,565**	**+12.6%**

The Yacht Division generated Net Revenues New Yachts of €239,335 thousand, accounting for 61.6% of the total, an increase of 2.0% compared to the first half of 2022. In percentage terms, the SD line and the new SP line recorded particularly strong growth rates.
The Superyacht Division generated Net Revenues New Yachts of €105,810 thousand, accounting for 27.3% of the total, an increase of 36.0% compared to the first half of 2022. Excellent results are driven by the Alloy line, the new X-Space and the Steel line.
The Bluegame Division generated Net Revenues New Yachts of €43,286 thousand, accounting for 11.1% of the total, an increase of 33.6% compared to the first half of 2022. These results were also achieved thanks to a favourable mix and the first full year of operation of the BG54 line, the range's best seller.

Net Revenues New Yachts by geographical area

(€'000)	Six months ended 30 June				Change	
	2023	% of total	2022	% of total	2023 vs. 2022	2023 vs. 2022%
Europe	256,697	66.1%	187,241	54.3%	69,456	+37.1%
Americas	62,956	16.2%	91,138	26.4%	(28,182)	-30.9%
APAC	42,514	10.9%	49,837	14.5%	(7,323)	-14.7%
MEA	26,264	6.8%	16,650	4.8%	9,614	+57.7%
Net Revenues New Yachts	**388,431**	**100.0%**	**344,866**	**100.0%**	**43,565**	**+12.6%**

Europe again remained the number-one market, recording Net Revenues New Yachts of €256,697 thousand (of which €51,666 thousand generated in Italy), accounting for 66.1% of the total, up 37.1% compared to the first half of 2022.
The Americas area recorded Net Revenues New Yachts of €62,956 thousand, accounting for 16.2% of the total, down by 30.9% compared to the first half of 2022. High interest rates have a significant impact on the US market, where consumers typically rely on credit.

The APAC area recorded Net Revenues New Yachts of €42,514 thousand, accounting for 10.9% of the total, down by 14.7% compared to the first half of 2022. This decrease can be attributed, at least in part, to the extraordinary transaction under way with distributor Simpson Marine.

The MEA area recorded Net Revenues New Yachts of €26,264 thousand, accounting for 6.8% of the total, marking significant growth of 57.7% compared to the first half of 2022.

OPERATING RESULTS

(€'000)	Six months ended 30 June				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
EBIT	**53,134**	**13.7%**	**44,287**	**12.8%**	**8,847**	**+20.0%**
+ Amortisation/depreciation	14,523	3.7%	11,973	3.5%	2,550	+21.3%
EBITDA	**67,657**	**17.4%**	**56,260**	**16.3%**	**11,397**	**+20.3%**
+ Non-recurring costs	186	0.1%	350	0.1%	(164)	-46.9%
Adjusted EBITDA	**67,843**	**17.5%**	**56,610**	**16.4%**	**11,233**	**+19.8%**

EBIT amounted to €53,134 thousand, an increase of 20.0% compared to the first half of 2022, accounting for 13.7% of Net Revenues New Yachts.

Amortisation/depreciation, equal to €14,523 thousand, rose by 21.3% on the first half of 2022, as a result of the coming on stream of major investments made to develop new products and to increase production capacity.

EBITDA stood at €67,657 thousand, up by 20.3% on the first half of 2022, with an incidence of 17.4% on Net Revenues New Yachts.

EBITDA adjusted for non-recurring components of €186 thousand, consisting primarily of non-monetary costs for the 2020 Stock Option Plan, was equal to €67,843 thousand, up by 19.8% on the first half of 2022, with an incidence of 17.5% on Net Revenues New Yachts, increasing by 110 basis points compared to the same period of 2022.

The steady increase in operating profitability is related to the change in product mix in favour of larger yachts in each division and the progressive and reasonable increase in average selling prices. The impact of the increase in raw material prices relating to the current inflationary scenario is more than controlled and down, as well as more than offset by the increase in sales prices. The procurement of materials and processes is managed by diversifying suppliers and favouring multi-year contracts with pre-established prices, also thanks to the optimisation of production planning resulting from the large order backlog and the verticalisation strategy in key supply chains undertaken as of 2022.

The increase in EBITDA margins was substantially translated to the operating margin level, despite the significant investments made during 2022 to support the growth strategy.

NET PROFIT

(€'000)	Six months ended 30 June				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
EBIT	**53,134**	**13.7%**	**44,287**	**12.8%**	**8,847**	**+20.0%**
Net financial income/(expense)	647	0.2%	(274)	-	921	n.a.
Adjustments to financial assets	358	0.1%	99	-	259	+261.6%
Pre-tax profit	**54,139**	**13.9%**	**44,112**	**12.8%**	**10,027**	**+22.7%**
Income taxes	(15,234)	(3.9)%	(11,186)	(3.3)%	(4,048)	+36.2%
Net profit	**38,905**	**10.0%**	**32,926**	**9.5%**	**5,979**	**+18.2%**
Net (profit)/loss attributable to non-controlling interests[16]	138	-	(463)	(0.1)%	601	n.a.
Group net profit	**39,043**	**10.1%**	**32,463**	**9.4%**	**6,580**	**+20.3%**

Net financial income amounted to €647 thousand and consisted of €1,654 thousand in income deriving from the investment of available cash and €1,007 thousand in charges mainly arising from outstanding loans. The improved result of the financial area is due on one hand to the proactive management of liquidity in a more favourable market environment than in the first half of 2022 and, on the other hand, to the virtuous management of the cost of debt, which allows the Group to benefit from better economic conditions compared to current rates.

Pre-tax profit for the period was €54,139 thousand, up by €10,027 thousand from the first half of 2022. The margin on Net Revenues New Yachts reached 13.9%, compared to 12.8% in the first half of 2022.

Income taxes, calculated as management's best estimate, were equal to €15,234 thousand, against €11,186 thousand in the first half of 2022. Income taxes for the period were equal to 28.1% of the pre-tax result, compared to 25.4% in the first half of 2022, which benefited from elements that reduced the tax base that are no longer applicable.

The Group net profit for the period was €39,043 thousand, up significantly by €6,580 thousand in the first half of 2022. The margin on Net Revenues New Yachts increased from 9.4% in the first half of 2022 to 10.1% in the same period of 2023.

[16] (Profit)/loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

BALANCE SHEET RECLASSIFIED ACCORDING TO SOURCES AND USES

(€'000)	30 June 2023	31 December 2022	30 June 2022	Change 30 June 2023 vs. 31 December 2022	Change 30 June 2023 vs. 30 June 2022
USES					
Net fixed capital	242,050	226,708	219,087	15,342	22,963
Net working capital	(75,563)	(36,964)	(69,908)	(38,599)	(5,655)
Net invested capital	**166,487**	**189,744**	**149,179**	**(23,257)**	**17,308**
SOURCES					
Equity	306,973	290,081	240,301	16,892	66,672
(Net financial position)	(140,486)	(100,337)	(91,122)	(40,149)	(49,364)
Total sources	**166,487**	**189,744**	**149,179**	**(23,257)**	**17,308**

NET FIXED CAPITAL AND INVESTMENTS

Net fixed capital

(€'000)	30 June 2023	31 December 2022	30 June 2022	Change 30 June 2023 vs. 31 December 2022	Change 30 June 2023 vs. 30 June 2022
Goodwill	15,985	10,756	8,667	5,229	7,318
Other intangible assets	52,087	51,374	46,766	713	5,321
Property, plant and equipment	168,066	158,710	145,312	9,356	22,754
Equity investments and other non-current assets	9,363	11,426	26,561	(2,063)	(17,198)
Net deferred tax assets	8,681	5,495	7,556	3,186	1,125
Non-current employee benefits	(2,193)	(1,109)	(842)	(1,084)	(1,351)
Non-current provisions for risks and charges	(9,939)	(9,944)	(14,933)	5	4,994
Net fixed capital	**242,050**	**226,708**	**219,087**	**15,342**	**22,963**

Net fixed capital as at 30 June 2023 amounted to €242,050 thousand, up by €15,342 thousand compared to the end of 2022 and €22,963 thousand compared to 30 June 2022, as a result of industrial and product development investments made during the period, the change in the scope of consolidation due to the acquisition of control of Duerre S.r.l. and the acquisition of a minority interest in Sea Energy S.r.l., the effects of which are included in "Equity investments and other non-current assets".
For further details on the investment in Sea Energy S.r.l. and in Duerre S.r.l., reference should be made to the paragraph "Significant events occurring during the period".

Investments

(€'000)	Six months ended 30 June		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Land and buildings	1,354	1,199	155	-12.9%
Industrial equipment	2,883	2,879	4	+0.1%
Plant and equipment	950	2,074	(1,124)	-54.2%
Other assets	1,764	3,660	(1,896)	-51.8%
Fixed assets in progress	1,640	3,056	(1,416)	-46.3%
Total changes in property, plant and equipment	**8,591**	**12,868**	**(4,277)**	**-33.2%**
Concessions, licences, trademarks and similar rights	828	927	(99)	-10.7%
Other fixed assets	-	-	-	-
Development costs	2,415	2,907	(492)	-16.9%
Intangible assets in progress	1,310	932	378	+40.6%
Total changes in intangible assets	**4,553**	**4,766**	**(213)**	**(4.5%)**
Total investments on a like-for-like basis	**13,144**	**17,634**	**(4,490)**	**-25.5%**
Changes in the scope of consolidation	17,118	6,022	11,096	+184.3%
Net investments in the period	**30,262**	**23,656**	**6,606**	**+27.9%**

On a like-for-like basis, investments in the first half of 2023 amounted to €13,144 thousand, a decrease of 25.5% compared to the same period of the previous year, and are more than 80% related to expansion investments in terms of i) research and development of new models and ranges and ii) the increase in production capacity to support growth. Including the effect of the inclusion of Duerre S.r.l. in the scope of consolidation, investments in the first half of 2023 amounted to €30,262 thousand.

The following table shows the breakdown of investments by destination.

(€'000)	Six months ended 30 June		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
R&D, product development and production of models and moulds	6,483	6,989	(506)	-7.2%
Increase in production capacity	4,240	7,957	(3,717)	-46.7%
Recurring industrial investments for equipment and facilities	1,375	1,507	(132)	-8.8%
Other investments	1,046	1,181	(135)	-11.4%
Total investments on a like-for-like basis	**13,144**	**17,634**	**(4,490)**	**-25.5%**
R&D, product development and production of models and moulds	-	-	-	-
Increase in production capacity	17,118	6,022	11,096	+184.3%
Recurring industrial investments for equipment and facilities	-	-	-	-
Other investments	-	-	-	-
Total changes in the scope of consolidation	**17,118**	**6,022**	**11,096**	**+184.3%**
R&D, product development and production of models and moulds	6,483	6,989	(506)	-7.2%
Increase in production capacity	21,358	13,979	7,379	+52.8%
Recurring industrial investments for equipment and facilities	1,375	1,507	(132)	-8.8%
Other investments	1,046	1,181	(135)	-11.4%
Net investments in the period	**30,262**	**23,656**	**6,606**	**+27.9%**

NET WORKING CAPITAL

(€'000)	30 June 2023	31 December 2022	30 June 2022	Change 30 June 2023 vs. 31 December 2022	30 June 2023 vs. 30 June 2022
Inventories	89,044	53,444	76,086	35,600	12,958
Trade receivables	19,536	21,784	9,297	(2,248)	10,239
Contract assets	119,118	168,635	98,501	(49,517)	20,617
Trade payables	(182,397)	(155,979)	(141,945)	(26,418)	(40,452)
Contract liabilities	(129,862)	(132,369)	(127,721)	2,507	(2,141)
Other current assets	57,687	60,388	60,771	(2,701)	(3,084)
Current provisions for risks and charges	(7,178)	(8,039)	(4,819)	861	(2,359)
Other current liabilities	(41,511)	(44,828)	(40,078)	3,317	(1,433)
Net working capital	**(75,563)**	**(36,964)**	**(69,908)**	**(38,599)**	**(5,655)**

Net working capital as at 30 June 2023 was a negative €75,563 thousand, against €(36,964) thousand as at 31 December 2022, down by €38,599 thousand. Net working capital as at 30 June 2023 was down by €5,655 thousand, compared to a negative figure of €69,908 thousand as at 30 June 2022.

(€'000)	30 June 2023	31 December 2022	30 June 2022	Change 30 June 2023 vs. 31 December 2022	30 June 2023 vs. 30 June 2022
Inventories	89,044	53,444	76,086	35,600	12,958
Trade receivables	19,536	21,784	9,297	(2,248)	10,239
Contract assets	119,118	168,635	98,501	(49,517)	20,617
Trade payables	(182,397)	(155,979)	(141,945)	(26,418)	(40,452)
Contract liabilities	(129,862)	(132,369)	(127,721)	2,507	(2,141)
Net trade working capital	**(84,561)**	**(44,485)**	**(85,782)**	**(40,076)**	**1,221**

Net trade working capital as at 30 June 2023 was equal to €(84,561) thousand, compared to €(44,485) thousand at 31 December 2022 and €85,782 thousand as at 30 June 2022.
The trend in net working capital was positively influenced by the cash generation linked to the ability to confirm the planning of deliveries and construction progress for ongoing contracts.

(€'000)	30 June 2023	31 December 2022	30 June 2022	Change 30 June 2023 vs. 31 December 2022	30 June 2023 vs. 30 June 2022
Raw materials and consumables	15,201	10,968	10,110	4,233	5,091
Work in progress and semi-finished products	55,811	34,254	50,960	21,557	4,851
Finished products	18,032	8,222	15,016	9,810	3,016
Inventories	**89,044**	**53,444**	**76,086**	**35,600**	**12,958**

Inventories as at 30 June 2023 were equal to €89,044 thousand, up by €35,600 thousand compared to 31 December 2022 and by €12,958 thousand compared to 30 June 2022.
Work in progress and semi-finished products refer to those orders whose contract with the customer has not yet been finalised at the close of the period. The increase recorded between 31 December 2022 and 30 June 2023, equal to €21,557 thousand, reflects the progressive increase in the backlog.
Inventories of finished products as at 30 June 2023 were €18,032 thousand, an increase of €9,810 thousand compared to 31 December 2022.

NET FINANCIAL POSITION

(€'000)		30 June 2023	31 December 2022	30 June 2022	Change 30 June 2023 vs. 31 December 2022	Change 30 June 2023 vs. 30 June 2022
A	Cash	222,552	146,317	182,601	76,235	39,951
B	Cash equivalents	-	-	-	-	-
C	Other current financial assets	59,332	55,459	11,480	3,873	47,852
D	**Liquidity (A + B + C)**	**281,884**	**201,776**	**194,081**	**80,108**	**87,803**
E	Current financial debt	(72,110)	(28,307)	(13,658)	(43,803)	(58,452)
F	Current portion of non-current financial debt	(21,589)	(23,873)	(29,767)	2,284	8,178
G	**Current financial indebtedness (E + F)**	**(93,699)**	**(52,180)**	**(43,425)**	**(41,519)**	**(50,274)**
H	**Net current financial indebtedness (G + D)**	**188,185**	**149,596**	**150,656**	**38,589**	**37,529**
I	Non-current financial debt	(47,699)	(49,259)	(59,534)	1,560	11,835
J	Debt instruments	-	-	-	-	-
K	Non-current trade and other payables	-	-	-	-	-
L	**Non-current financial indebtedness (I + J + K)**	**(47,699)**	**(49,259)**	**(59,534)**	**1,560**	**11,835**
M	**Total financial indebtedness (H+L)**	**140,486**	**100,337**	**91,122**	**40,149**	**49,364**

The net financial position of the Group as at 30 June 2023 shows a net cash equal to €140,486 thousand, even considering the payment of dividends of €22,587 thousand, compared to a net cash equal to €100,337 thousand at 31 December 2022 and of €91,122 thousand at 30 June 2022.

This progressive improvement is linked to an operating free cash flow of €65.8 million in the first half of 2023, mainly driven by a steady increase in the EBITDA margin and the ability to deliver and comply with planned contractual progress.

Cash and cash equivalents as at 30 June 2023 amounted to €222,552 thousand, an increase of €76,235 thousand compared to 31 December 2022, and of €39,951 thousand compared to 30 June 2022. As at 30 June 2023, the Group had also invested excess liquidity totalling €59,332 thousand and had bank credit lines to meet its liquidity needs of €149,008 thousand[17], of which €132,737 thousand remained undrawn.

Among financial liabilities, lease liabilities included pursuant IFRS 16 totalled €9,946 thousand, of which €6,788 thousand non-current and €3,158 thousand current.

[17] Not including lines of credit for reverse factoring and confirming.

Reclassified consolidated statement of cash flows

(€'000)	30 June 2023	30 June 2022	Change
EBITDA	67,657	56,260	11,397
Taxes paid	(1,761)	(9,221)	7,460
Changes in inventories	(35,600)	(7,817)	(27,783)
Change in net contract assets and liabilities	47,010	43,467	3,543
Change in trade receivables and advances to suppliers	(1,996)	7,144	(9,140)
Change in trade payables	26,418	21,820	4,598
Change in provisions and other assets and liabilities	(12,847)	12,126	(24,973)
Operating cash flow	**88,881**	**123,779**	**(34,898)**
Change in non-current assets (investments)	(13,144)	(17,634)	4,490
Business acquisitions and other changes	(9,868)	(28,645)	18,777
Free cash flow	**65,869**	**77,500**	**(11,631)**
Interest and financial charges	(1,007)	(318)	(689)
Other cash flows and changes in equity	(24,713)	(25,066)	353
Change in net financial position	**40,149**	**52,116**	**(11,967)**
Net financial position at the beginning of the period	100,337	39,006	61,331
Net financial position at the end of the period	140,486	91,122	49,364

EQUITY

(€'000)	30 June 2023	31 December 2022
Share capital	34,876	34,784
Reserves	232,309	179,593
Group profit	39,043	74,154
Group equity	**306,228**	**288,531**
Equity attributable to non-controlling interests	745	1,550
Equity	**306,973**	**290,081**

The Parent Company's share capital as at 30 June 2023 amounts to €34,876,081, fully paid-in, and is composed of 34,876,081 ordinary shares. Share capital increased by 91,992 shares compared to 31 December 2022, due to the subscription of the capital increase to service the 2020 Stock Option Plan. The share capital, again as a result of the 2020 Stock Option Plan, increased further after the end of the six-month period and, as at 31 July 2023, consisted of 34,890,963 ordinary shares.

On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo had in fact approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan. As at 30 June 2023 this capital increase has been partially subscribed for 376,081 shares (390,963 shares as at 31 July 2023).

On 2 September 2022, the Company launched the share buy-back program based on the authorisation resolution from the Ordinary Shareholders' Meeting of 28 April 2022. As at 30 June 2023, the Company held 125,117 shares, equal to 0.359% of the subscribed and paid-in share capital.

HUMAN RESOURCES

	30 June 2023		31 December 2022		Change	
	Units	% of total	Units	% of total	2023 vs. 2022	2023 vs. 2022%
Sanlorenzo S.p.A.	673	69.6%	636	83.2%	37	+5.8%
Bluegame S.r.l.	66	6.9%	56	7.3%	10	+17.9%
Polo Nautico Viareggio S.r.l.	17	1.8%	18	2.4%	(1)	-5.6%
I.C.Y. S.r.l.	40	4.1%	35	4.6%	5	+14.3%
Sanlorenzo Baleari SL	3	0.3%	2	0.3%	1	+50.0%
Sanlorenzo of the Americas LLC	12	1.2%	11	1.4%	1	+9.1%
Sanlorenzo Arbatax S.r.l.	3	0.3%	-	-	3	n.a.
Duerre S.r.l.	147	15.2%	-	-	147	n.a.
Equinoxe S.r.l.	6	0.6%	5	0.7%	1	+20.0%
Equinoxe Yachts International S.r.l.	-	-	1	0.1%	(1)	-100.0%
Group employees	**967**	**100%**	**764**	**100%**	**203**	**+26.6%**

As at 30 June 2023, the Group employed a total of 967 employees, of which 69.6% at the Parent Company, an increase of 203 individuals or 26.6% compared to 31 December 2022. The increase recorded during the period is primarily due to the acquisition of control of the company Duerre S.r.l., whose number of employees shown in the comparative figures as at 31 December 2022 was zero, as, at that date, the company was not controlled by the Group.

	30 June 2023		31 December 2022		Change	
	Units	% of total	Units	% of total	2022 vs. 2021	2022 vs. 2021%
Managers	39	4.0%	35	4.6%	4	+11.4%
White collars	701	72.5%	608	79.6%	93	+15.3%
Blue collars	227	23.5%	121	15.8%	106	+87.6%
Group employees	**967**	**100%**	**764**	**100%**	**203**	**+26.6%**

At category level, blue collar workers recorded a bigger increase during the period, with an increase of 106 staff members compared to 31 December 2022.

	30 June 2023		31 December 2022		Change	
	Units	% of total	Units	% of total	2022 vs. 2021	2022 vs. 2021%
Italy	952	98.5%	751	98.3%	201	+26.8%
Rest of Europe	3	0.3%	2	0.3%	1	+50.0%
United States	12	1.2%	11	1.4%	1	+9.1%
Group employees	**967**	**100%**	**764**	**100%**	**203**	**+26.6%**

The distribution by geographic area sees the largest number of employees employed in Italy, equal to 98.5% of the Group's total at 30 June 2023.

RESPONSIBLE DEVELOPMENT

For Sanlorenzo, sustainability implies responsible development and the constant search for a balance between the need to be economically efficient and the sense of social and environmental responsibility in the pursuit of company objectives. The Group is increasingly committed to mitigating, eventually eliminating, the negative effects of its operations, while increasing the positive effects, for the benefit of all its stakeholders.
Within this framework, the Group has identified several areas of intervention, distinguishing between fundamental and enabling pillars. In particular, the fundamental pillars represent the true basis for the Group's responsible development: responsibility towards its product, responsibility towards production processes and plants, safeguarding the supply chain and the local production cluster and the development of human resources. The elements that instead make improvements possible, definable as enabling pillars, regard sustainability governance, transparency, stakeholder engagement and external collaborations.
With the progressive integration of sustainability into the company's strategy and operations, responsible development has become a central part of the day-to-day activities of various corporate figures. At the executive level, ultimate responsibility for sustainability decisions lies with the Board of Directors, which delegates competence in this area to the Control, Risks and Sustainability Committee. At operational level, an ad hoc team was created to translate strategies into planning and management approaches.
The main areas on which the Group focuses its ESG activities are summarised below. For further details, reference should be made to the Consolidated Non-Financial Statement as at 31 December 2022 available on the Company's website (www.sanlorenzoyacht.com) in the "Responsible Development" section.

Commitment to the product

Sanlorenzo is committed to studying and adopting solutions, both technological and technical, that can reduce the impacts of its products on the environment and on the marine ecosystem. There is a constant search for innovation, increasingly oriented – through investment in research and development – towards the study of sustainable ways of building and using yachts. The Group's sustainable innovation strategy consists of three main types of initiatives.

Solutions for reducing on-board emissions

The Group's activities are focused on the development and adoption of solutions for reducing emissions generated on board, allowing not only greater safety at sea, but especially a significant reduction in greenhouse gas (GHG) and CO_2 emissions.
The introduction of innovations and technologies to reduce the environmental impact of yachts is the focus of the Group's Research and Development department, whose high degree of expertise and experience has enabled it to sign strategic agreements with the world's most important players in power generation and energy management. Joint projects focus on the marine use of hydrogen fuel cells, the real answer to the demand for sustainability in the yachting industry.
Of strategic importance is the partnership launched in 2021 with Siemens Energy, which includes, among others, a collaboration for the joint development of solutions for the integration of methanol fuel cells for the generation of electricity on board, which will be concretely applied, for the first time in the world, in a 50-metre superyacht scheduled for delivery in 2024.
This was joined in August 2022 by another very important exclusive agreement with Rolls-Royce Solutions GmbH – Global Marine (MTU), which will allow for the integration of a traditional methanol-fuelled internal combustion propulsion system with fuel cells supplied by Siemens Energy, also fuelled by methanol (via a reformer), on yachts between 40 and 75 metres in length. These solutions will initially be installed on a prototype Sanlorenzo yacht between 50 and 60 metres in length.
This will be green methanol, produced with electricity from renewable sources and with CO_2 captured from the atmosphere, makes it possible to generate carbon neutral power: the amount of CO_2 released into the air in the

combustion process is equivalent to the amount removed from the environment for the production of the methanol. Indeed, hydrogen as a propulsion system is at the heart of research and development activities, as also witnessed by the agreement signed by Bluegame with American Magic, a challenger in the 37th America's Cup to be held in Barcelona in 2024, for the design and construction of the first chase boat with exclusively hydrogen propulsion and the use of foils, according to the strict requirements of the event's protocol. On the strength of this achievement and as proof of its design capability in the use of hydrogen in propulsion, Bluegame has also reached an agreement with Volvo Penta to install a pilot hybrid IPS propulsion system, which will be combined with hydrogen fuel cells developed based on the America's Cup project. The BGM65HH (hydrogen-hybrid) model, to be launched in 2025, will incorporate this absolutely cutting-edge technology.

Introduction and continuous research into sustainable and eco-compatible materials

The Group is committed to researching and introducing sustainable and environmentally friendly materials on board its yachts, such as, for example, recycled fabrics, alternatives to animal hides, new fibreglass solutions and antifouling paints that do not cause significant disruptions to marine biological chains.
Of particular note is the new SD90 model introduced in 2022, the interior design of which has been entrusted to Patricia Urquiola, involving the extensive use of alternative and less impactful materials for the interiors, including, for example, the wainscoting finished with recycled paper factor, the bow wall of the hall made of recycled glass, as well as great attention to equipment and systems, including A+++ class appliances, the Eco air conditioning system and high-performance thermal and acoustic insulation.

Process innovations

In the vein of sustainable innovations relating to the production process, the Group is continuing with the creation of a "Sustainable Design Manual", aimed at formalising rules and criteria to be followed in the design phases and which is part of the broader project relating to eco-compatible yacht life cycle management, as well as the development of remote diagnostics and assistance devices to resolve technical problems on board between crews and Sanlorenzo technicians. An example of this is the "Sanlorenzo Smart Helmet", a portable device with management software and a helmet equipped with a camera, microphone and visors, which makes it possible to carry out an initial remote diagnosis, reduce intervention times and significantly reduce costs and communication problems between the yacht and the service.

Commitment to the production process

With regard to the shipyards and the production process, the Sanlorenzo Group has adopted an Environmental Management System (EMS) certified according to ISO 14001:2015 for all shipyard sites of the Parent Company and for Bluegame. In accordance with the requirements of ISO 14001, specific environmental programmes have been defined for each site, containing the projects and activities established for corrective and/or improvement purposes, as well as the management of direct and indirect environmental impacts.
In particular, as far as direct environmental impacts are concerned, a robust control system is in place for all activities carried out at the sites, with specific reference to raw materials used, energy and water consumption, emissions generated and fuel consumption.
With regard to energy consumption, the following initiatives should be noted:

- the installation at the Ameglia site of 1,393 photovoltaic panels, covering a total area of 2,400 square metres;
- the preparation of the photovoltaic system at the La Spezia site and the relative structural analyses to identify the load-bearing capacities of the building roofs;
- the installation and commissioning of heat pumps at the La Spezia plant, replacing the previous electric heaters, capable of providing three times the consumption efficiency. As at 31 December 2022, five heat pumps have been purchased, which will be powered by the photovoltaic panels that will be installed at the site, thus providing a zero-emission heating system for the area;

- the extension of the radiant heating system to the new area of the Massa industrial building, which was purchased by Sanlorenzo in May 2021, covering a surface area of 15,000 square metres. The plant is powered by two heat generators with a firebox capacity of 1,153 kW/each (total heat output of approximately 2.3MW).

The various installations are part of a company plan to exploit industrial building surfaces and cladding for the production of renewable energy: for the first phase of the plan, scheduled for 2022-2024, self-produced photovoltaic energy will be able to cover more than 40% of the annual consumption of some of the Group's factories.
In the area of emissions management, Sanlorenzo's constant monitoring is accompanied by the implementation of new systems to reduce and/or limit emissions generated by the yacht production process, mainly associated with styrene used in fibreglass processing and other solvents. An example of this is the fibreglass infusion technique, which allows a reduction of approximately 98% of the styrene emissions generated, thus also improving healthy working conditions.

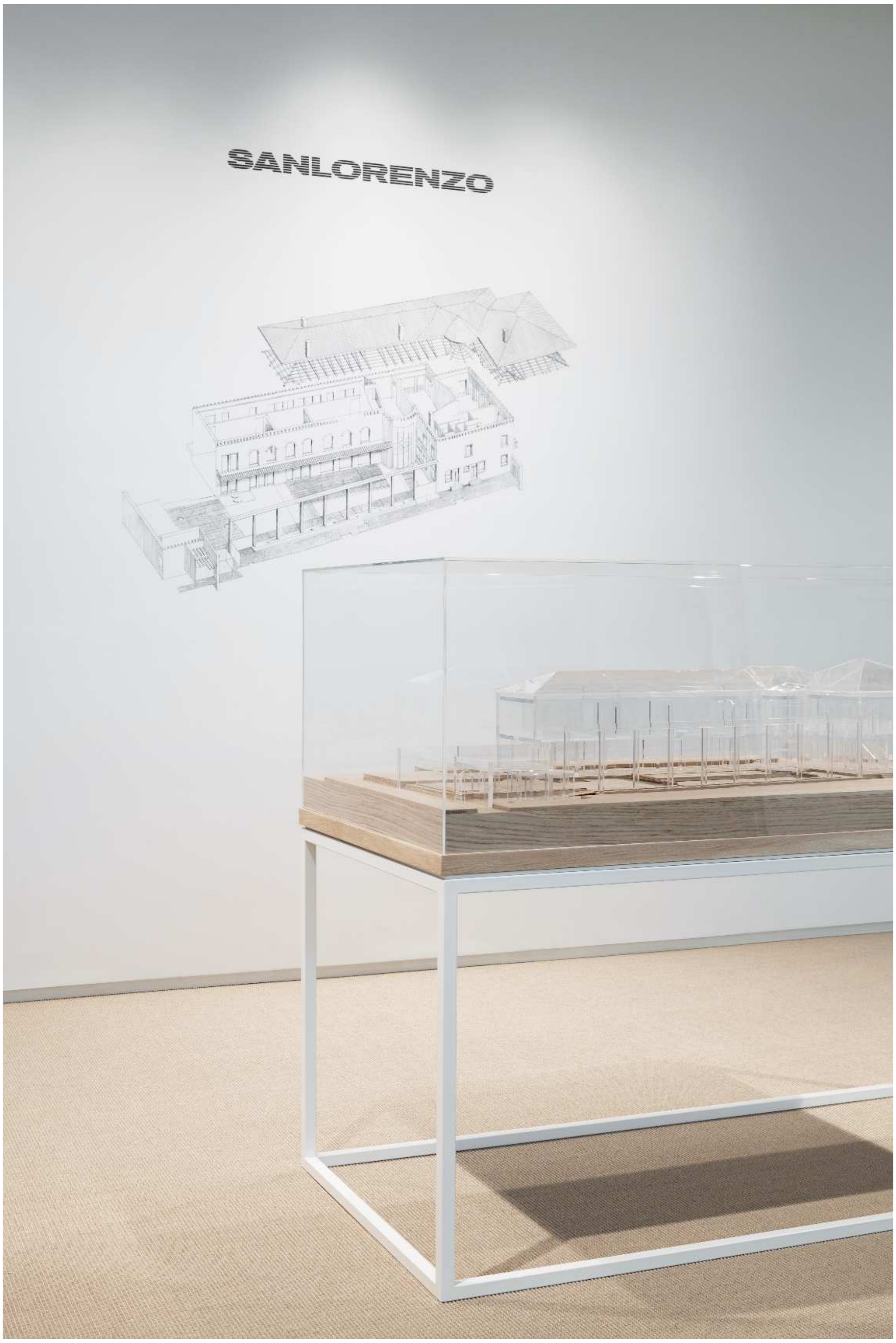
Commitment to the supply chain

To address indirect environmental impacts and issues relating to health, safety and workers' rights, the Group implemented an initial supply chain mapping exercise, which provided it with information on the management of ESG issues by more than 100 suppliers considered most critical. The Group's objective remains to be a benchmark in the industry and promote the culture of responsible and sustainable development outside the scope of the company as well, acting to raise, and possibly consolidate, awareness throughout the value chain. Precisely for this purpose, starting at the end of 2022 and as a target for 2023, Sanlorenzo has expanded the survey to an increasing number of suppliers and contractors, increasing the topics addressed and analysing in greater detail certain issues linked to ESG-critical materials and supply chains.
In addition, as of 2020, with the aim of engaging and building the loyalty of the supply chain, a supply chain agreement was initiated with two major Italian banks, with the addition of a third institution in 2022, which will make available approximately €120 million in credit lines for suppliers, allowing them to assign without recourse their invoices due from the Group at favourable interest rates. This programme, now active for more than 120 suppliers, has recently been complemented by the Dynamic Discounting project, through which suppliers can obtain the advance payment of invoices under favourable terms. Since the start of the new programme, suppliers using the platform, currently 40, have discounted more than 1,000 invoices totalling more than €17 million.

Commitment to people

In the social sphere, one of the key topics relates to compliance with regulations and best practices in the field of accident prevention in the workplace. With specific regard to the contractors operating at Sanlorenzo shipyards, the Company has adopted a Safety at Work Management System (SGSL), certified according to the UNI EN ISO 45001:2018 standard.
In order to eliminate identified hazards and minimise the likelihood of their occurrence, particular emphasis is also placed on information, education and training of personnel. A primary role is in this case played by the Sanlorenzo Academy, a project launched in 2018, focused on training specific professional figures in high demand in the nautical world, in order to ensure continuity and generational turnover for local companies and contribute to the improvement of professional standards on board yachts, in addition to internal training on professional abilities and skills as well as soft skills. As of June 2023, more than 5,000 hours of training had already been delivered, through both in-person seminars and online courses.
Likewise, the Company supports cultural and artistic events in the area, and collaborates in the redevelopment of local and urban works. The “Fondazione Sanlorenzo” is particularly important in this area. In harmony with the human values, work culture and corporate social responsibility that shape Sanlorenzo's history, Fondazione Sanlorenzo aims to improve the economic and social conditions of the community, favouring opportunities for life, study and work. The main activities include granting scholarships to young students and promoting and

supporting projects that contribute to the economic, socio-cultural and environmental development of the smaller Italian islands.

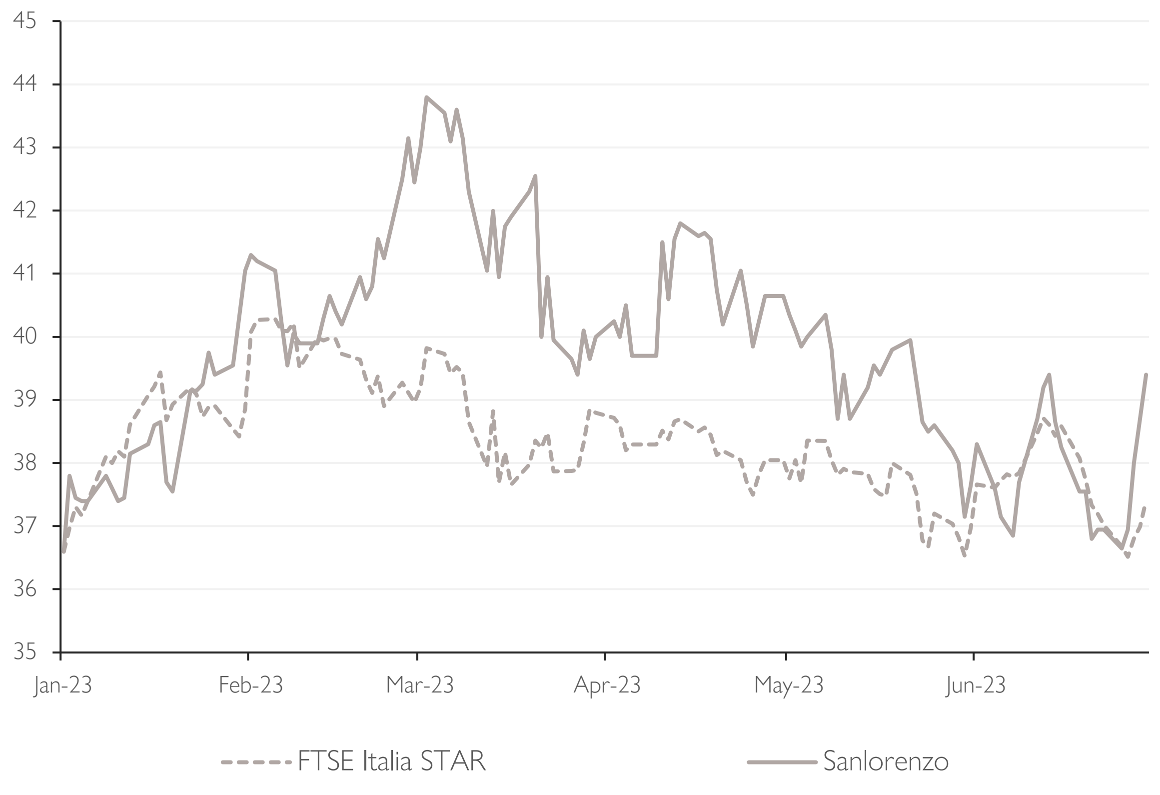


SANLORENZO ON THE STOCK EXCHANGE

Share performance

On 10 December 2019, the trading of the Company's shares on the Euronext STAR Milan organised and managed by Borsa Italiana S.p.A. began. The initial offer price was €16.00 per share.
The following table and chart show the share performance in the first half of 2023.

	Euro	Date
IPO price	16.00	10 December 2019
Minimum closing price	36.60	2 January 2023
Maximum closing price	43.80	3 March 2023
Closing price	39.40	30 June 2023
Number of shares	34,876,081	30 June 2023
Capitalisation	1,374,117,591	30 June 2023



As at 30 June 2023, the closing price of the share was €39.40 and the market capitalization was €1,374 million. Since the beginning of 2023, the Sanlorenzo share price outperformed the FTSE Italia STAR by 5,45%.

Shareholding structure

Significant equity investments in the Company’s share capital, according to the communications issued pursuant to Article 120 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance – TUF) and other information in the Company's possession, are detailed below.

Shareholder	No. of ordinary shares	% of share capital
Holding Happy Life S.r.l. (Massimo Perotti)	21,156,105	60.66%
Treasury shares	125,117	0.36%
Market	13,594,859	38.98%
Total	**34,876,081**	**100.00%**

Update: 30 June 2023

As at 27 June 2021, increased voting rights were granted to a total of 20,837,128 ordinary shares of the Company, of which 20,669,128 are owned by Holding Happy Life S.r.l., with 75.1% of total voting rights as at 30 June 2023 (including shares without increased vote).

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The Group's activities are exposed to a series of risks and uncertainties that could influence its financial position, results of operations and cash flows, which are summarised below.
For more details on the risks to which the Group is exposed, please refer to the Annual Financial Report as at 31 December 2022, as there have been no changes compared to what was described therein concerning the risks to which the Group is exposed and how they are handled by management.

Market and operating risks

The Group is exposed to risks linked to the general or specific macroeconomic scenario of the sector in which it conducts business, operational risks connected to relations with suppliers, contractors and brand representatives, uncertainties linked to extraordinary events that may trigger interruptions in the activities of production facilities and risks related to the evolution of the reference regulatory framework.

Financial risks

The Group is exposed to credit risk, deriving from commercial transactions, liquidity risk and risks related to disputes and tax assessments. Furthermore, the Group is exposed to fluctuations in interest rates on its variable rate debt instruments and fluctuations in exchange rates, primarily on sales of yachts in US dollars, and hedges such exposures with derivatives.

INTRA-GROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

The Company's Board of Directors adopted the “Procedure for Related Party Transactions”, most recently updated by resolution passed on 10 March 2022, in compliance with the “Regulation on Related Party Transactions” approved by Consob with Resolution no. 21624 of 10 December 2020.
The above procedure can be found on the Company’s website (www.sanlorenzoyacht.com), in the “Corporate Governance” section.
It should be noted that transactions with related parties, including therein intra-group transactions, do not qualify as either atypical or unusual, as they fall under the normal course of business of Group companies. Said transactions were made at arm’s length in consideration of the features of goods and services provided.
In the Notes to the condensed consolidated half-yearly financial statements, the Company provides the information required pursuant to Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance – TUF) as indicated in Consob Regulation no. 17221 of 12 March 2010.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, it should be noted that no atypical and/or unusual transactions were entered into, as defined in the Communication itself.

ADDITIONAL INFORMATION

The Company is not subject to management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code, in consideration of the fact that the presumption set forth in Article 2497-sexies of the Italian Civil Code does not apply.
On 2 September 2022, the Company launched the share buy-back program based on the authorisation resolution from the Ordinary Shareholders’ Meeting of 28 April 2022. As at 30 June 2023, the Company held 125,117 shares, equal to 0.359% of the subscribed and paid-in share capital.

SIGNIFICANT EVENTS OCCURRING DURING THE PERIOD

Acquisition of a 10% stake in Sanlorenzo of the Americas LLC

On 16 February 2023, Sanlorenzo S.p.A. and PN Sviluppo S.r.l. finalised the acquisition of the 9.9% and 0.1% stakes, respectively, in Sanlorenzo of the Americas LLC from Marco Segato. The amount of the consideration defined between the parties, consistent with the fairness opinion prepared, was €990 thousand, for the 9.9% share acquired by Sanlorenzo S.p.A., and €10 thousand, for the 0.1% share acquired by PN Sviluppo S.r.l. Upon completion of this transaction, Sanlorenzo S.p.A. holds a 99.9% stake in the capital of Sanlorenzo of the Americas LLC.

Acquisition of a stake in Sea Energy S.r.l.

On 23 March 2023 Sanlorenzo S.p.A. acquired a 49.0% stake in Sea Energy S.r.l., its strategic partner in the sector of design, production and installation of naval electrical and electronic systems, for €2,648,500. The acquisition was entirely financed by own means.
The purpose of this transaction is to increase the Group's production capacity to support growth.
The company Sea Energy S.r.l. held a 100% stake in Key S.r.l., which operated in the same economic sector. On 27 June 2023, the deed of merger by incorporation of the wholly-owned company Key S.r.l. into Sea Energy S.r.l. was drawn up and registered in the North-West Tuscany register of companies on 30 June 2023. The actual effects of the merger will begin on 29 June 2023, whereas the accounting and tax effects begin on 1 January 2023.

Memorandum of Understanding for the acquisition of Simpson Marine Group

In April, Sanlorenzo and Michael Rowland Simpson signed a non-binding Memorandum of Understanding to evaluate the investment of Sanlorenzo S.p.A. in the Simpson Marine Group and other associated companies. The Simpson Marine Group has been operating as a leading retailer and service company in the APAC territory for 40 years. The acquisition will provide the Sanlorenzo Group with a direct presence in a strategically important geographical area.

Merger by incorporation of Equinoxe Yachts International S.r.l. into Equinoxe S.r.l.

On 12 April 2023, the deed of merger by incorporation of the wholly-owned company Equinoxe Yachts International S.r.l. into Equinoxe S.r.l. was drawn up The actual effects of the merger will begin on 27 April 2023, whereas the accounting and tax effects begin on 1 January 2023.

Ordinary Shareholders' Meeting

On 27 April 2023, the Ordinary Shareholders' Meeting of Sanlorenzo S.p.A. was held on first call and issued the following main resolutions:

- approved the annual financial statements as at 31 December 2022 and the proposal for the allocation of profit which made provision, inter alia, for the distribution of a dividend of €0.66 per share, with payment as at 4 May 2023;
- approved the “First section” of the Remuneration Report, concerning the remuneration policy for the members of the administrative bodies, general managers and managers with strategic responsibilities, and expressed a favourable opinion on the “Second part” of the section;
- reduced the number of members of the Board of Directors from twelve to ten.

Acquisition of an additional 33% stake in Duerre S.r.l.

On 3 May 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 33% share of Duerre S.r.l., for a total equivalent value of €2 million, , a company with a strong heritage in the field of artisanal production of high end furniture mainly for superyachts, as well as for residential real estate, offices, hospitality, and commercial buildings, thus reaching a majority share of 66%, considering the purchase of an initial 33% stake in the share capital on 29 April 2022.

Liquidation and striking off of the company Restart S.p.A.

The company Restart S.p.A., invested in by Sanlorenzo S.p.A. through its subsidiary PN Sviluppo S.r.l., an equal joint venture set up with the Ferretti Group to participate in the auction for the acquisition of Perini Navi S.p.A., was placed in liquidation by the extraordinary shareholders' meeting on 23 December 2022. On 29 June 2023, the company was struck off from the Register of Companies of the Milan, Monza, Brianza and Lodi Chambers of Commerce following the filing of the final liquidation financial statements approved by the shareholders on 28 April 2023.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

Sanlorenzo Arbatax S.r.l. – Real estate acquisition

On 7 July 2023, the Court of Lanusei ordered the transfer to Sanlorenzo Arbatax S.r.l. of an industrial building located in Tortolì with an assignment price of €4,577 thousand. This acquisition will allow Sanlorenzo Arbatax and the Sanlorenzo Group to develop their production capacity mainly in the yacht division.

Incorporation of the company "Sanlorenzo Côte d'Azur S.A.S."

On 11 July 2023, Sanlorenzo S.p.A. consolidated its presence in the French market with the incorporation of the company "Sanlorenzo Côte d'Azur S.A.S.", wholly-owned by Sanlorenzo S.p.A.
The new company will be active in the distribution and selling of the Group's products and services in the French Riviera, a key market in the international yachting scene. The opening of the subsidiary in France confirms Sanlorenzo's distribution strategy announced in the 2023-2025 Business Plan, which calls for a direct presence in key strategic markets, with the opening of monobrand offices, to ensure a strong and close-knit relationship with Sanlorenzo's customers.

Opening of the offices of Sanlorenzo Monaco S.A.M. (formerly Marine Yachting Monaco S.A.M.)

The Monaco office began operating with the opening of "Villa Portofino"; the new offices are located close to the marina, in an exclusive environment perfectly aligned with the positioning of Maison Sanlorenzo.

BUSINESS OUTLOOK

Sanlorenzo continues to enjoy a robust performance of its traditional core markets, Europe above all, which more than compensates a slowdown in the first half of the year, as anticipated during the Q1 results presentation, of the Americas region. The backlog is at its historical high and very healthy, setting the basis for the 2023 upward guidance revision and for an overall confidence about the next few years, both around growth, margins, and cash-flow generation.
The luxury yachting industry, even in the current environment of global environment geopolitical and macroeconomic uncertainty, continues to benefit from the growth of the Ultra High Net Worth Individual (UHNWI) population, defined as those with a net worth above USD 50 million. The penetration rate of yachting within the target addressable market – the UHNWI population – fell below 3% in recent years, thus representing an even more important driver for the future market growth. According to the Credit Suisse Global Wealth Report 2022, in fact, the UHNWIs population CAGR is forecasted at 7.8% within the 2021-2026 timeframe.

The widening of the potential customer base is also combined with a variety of new factors driving the propensity to purchase, namely new lifestyles which can now meet yachting. It will therefore be important to catch these new types of demand and increase the penetration rate among UHNWIs over time. Technology evolution also supports these new pockets of demand; by way of example, new satellite connectivity systems even in the middle of the ocean, enables the rising of the "Work-from-Yacht" phenomenon, which can be read as the equivalent to the well-known "Work-from-Home". The average time that the yacht owner can spend on board is therefore extended, allowing in fact to increase the attractiveness towards younger customers, already well into working age. The analysis of the clientele evidences a reduction in the average age of the Sanlorenzo Superyacht buyers, from 56 years-old (in the 2016-2020 timeframe) to 49 (2021-2022 timeframe), a trend that, if confirmed, will create the premise for a new generation of yachtsmen to be included within our highly loyal client base.

Sanlorenzo keeps reaping the benefits of a solid competitive advantage resulting from its distinctive and fine-tuned business model: high-end positioning of the brand, exclusive vessels in the 24 to 75 meters market segment – the sweet spot of the market – rigorously made-to-measure and distributed through a highly selected number of brand representatives, always at the forefront of innovation also in terms of sustainability solutions.
Aware of its leadership position, the Group has defined its strategic roadmap to 2030, setting Green Tech at its centre, in particular researching and developing hydrogen fuel-cell systems for yachting, while keep investing in the strengthening of the supply chain and of our regional ecosystem. These are the key themes to ensure continuity, in the long term, of the virtuous dynamics experienced so far.

A responsible route

Green Tech solutions for a shift in the yachting paradigm

The combined pressure resulting from the customer requests, increasingly responsible and focused on sustainability issues, and a more restrictive regulatory framework in terms of shipping emissions, has been pushing Sanlorenzo to firmly believe that the implementation of a serious and long-term strategy on sustainability of luxury yachting is no longer an option.
Thanks to the exclusive agreement signed in 2021 with Siemens Energy, the segment of yachts above 40 metres in length will initially see the integration of hydrogen fuel cells for power generation for hotellerie functions. The first application will be on a 50Steel Superyacht scheduled for delivery in 2024.
The chosen fuel of the future for vessels above 40 metres is green methanol, produced by combining green hydrogen that stores energy from renewable sources with CO_2 captured from the atmosphere with carbon capture systems. The quantity of CO_2 released in the atmosphere in the combustion process is therefore equal to the quantity of CO_2 captured from the environment to produce methanol, allowing a circular system and completely carbon-neutral.

The segment of the yachts below 24 metres in length sees Bluegame engaged in the design and construction of the first chase boat with propulsion fed exclusively with hydrogen fuel cells and using foils, to reach 50 knots of speed up to 180 miles with zero emissions. This BGH model will debut alongside American Magic, challenger in the 37th edition of the prestigious America's Cup in 2024 co-sponsored by the New York Yacht Club.
Capitalising on the experience in this extremely complex project, today the highest possible expression of sustainable technology on board a boat, Bluegame is developing the multi-hull model BGM65HH (hydrogen-hybrid), which will enable 80 miles of zero-emission cruising.
The world of the shipping provides encouraging feedbacks on the correctness of this route, as the behemoth Maersk, which alone accounts for a 15% global market share, has been declaring since autumn 2021 significant investments in the fleet, both in terms of new build and engine refits of existing vessels, running on e-methanol.

Sustainable and profitable growth

After an above-average growth for the two years post-Covid, with growth rates over 25%, Sanlorenzo consolidates the turnover, returning to a sustainable high single-digit growth rate equally driven by the prices-mix product-volumes effect.
Focused on the constant increase in margins, the Company can rely on a unique business model closer to luxury than to boating, and a prudent investment policy that ultimately translates into a high return on investment and a consistent cash generation capacity.
As a result, Sanlorenzo today boasts an extremely solid balance sheet, which will allow to seize all the opportunities that the market will present, in line with the Group's long-term strategy.
In the last 12-18 months, Sanlorenzo has acquired stakes, majority or minority depending on the context, in key companies of its supply chain, to ensure their growth along with the business and keep them up to speed in terms of innovation, also integrating downstream with the acquisition – in the final stage of due diligence – of the major retailer in the APAC region, a key market with an undisputed long-term potential.

Guidance for 2023

In light of the soundness of the order backlog – 90% of which is sold to final clients – while constantly monitoring the evolution of the general environment, the Company has revised upward the guidance for the current year[18]. In particular, the 2023 backlog share as of 30 June 2023 covers about 89% of the average new guidance range referred to Net Revenues New Yachts for 2023.

(€ million and margin in % of Net Revenues New Yachts)	**2021**	**2022**	**2023 upward revision**	**2023 vs. 2022[19]**	*2023 previous*
	Actual	**Actual**	**Guidance**	**Change**	*Guidance*
Net Revenues New Yachts	585.9	740.7	830-850	13.4%	*810-830*
EBITDA[20]	95.5	130.2	155-160	21.0%	*150-155*
EBITDA margin[7]	16.3%	17.6%	18.6%-18.8%	+110 bps	*18.5%-18.7%*
Group net profit	51.0	74.2	86-89	17.9%	*84-86*
Investments	49.2	50.0	48-50	-	*48-50*
Incidence % on Net Revenues New Yachts	*8.4%*	*6.8%*	*5.8%*	*-100 bps*	*6.0%*
Net financial position	39.0	100.3	135-145	+40m	*118-128*

The upward guidance revision follows the continuing positive trend of the current orders, an order intake in the first half substantially in line with the Business Plan, as well as a positive sentiment on the general market evolution, and in detail on favourable commercial pipeline dynamics.

Ameglia, 3 August 2023

On behalf of the Board of Directors
Chairman and Chief Executive Officer
Mr. Massimo Perotti

[18] On a like-for-like basis and excluding potential extraordinary transactions.
[19] Calculated on the average of the guidance interval.
[20] The figures from 2019 to 2022 referred to Adjusted EBITDA, which differed from reported EBITDA by less than 0.5%.


SANLORENZO

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	*17*	168,066	158,710
Goodwill	*18*	15,985	10,756
Other intangible assets	*19*	52,087	51,374
Equity investments and other non-current assets	*21, 37, 38*	9,363	11,426
of which equity investments measured using the equity method		*6,628*	*7,241*
Net deferred tax assets	*15*	8,681	5,495
Total non-current assets		**254,182**	**237,761**
Current assets			
Inventories	*22*	89,044	53,444
Contract assets	*23*	119,118	168,635
Other financial assets, including derivatives	*27*	59,332	55,459
Trade receivables	*24*	19,536	21,784
Other current assets	*25*	57,687	60,388
Cash and cash equivalents	*26*	222,552	146,317
Total current assets		**567,269**	**506,027**
TOTAL ASSETS		**821,451**	**743,788**

(€'000)	Notes	30 June 2023	31 December 2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*28*	34,876	34,784
Share premium	*28*	82,754	81,236
Other reserves	*28*	149,555	98,357
Profit/(loss) for the period		39,043	74,154
Equity attributable to the owners of the Parent Company		**306,228**	**288,531**
Equity attributable to non-controlling interests	*28*	745	1,550
TOTAL EQUITY		**306,973**	**290,081**
Non-current liabilities			
Non-current financial liabilities	*29*	47,699	49,259
Non-current employee benefits	*32*	2,193	1,109
Non-current provisions for risks and charges	*33*	9,939	9,944
Total non-current liabilities		**59,831**	**60,312**
Current liabilities			
Current financial liabilities, including derivatives	*29*	93,699	52,180
Current provisions for risks and charges	*33*	7,178	8,039
Trade payables	*30*	182,397	155,979
Contract liabilities	*23*	129,862	132,369
Other current liabilities	*31*	34,938	31,859
Other current tax liabilities	*15*	172	3,021
Net current tax liabilities	*15*	6,401	9,948
Total current liabilities		**454,647**	**393,395**
TOTAL LIABILITIES		**514,478**	**453,707**
TOTAL EQUITY AND LIABILITIES		**821,451**	**743,788**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)	Notes	30 June 2023	30 June 2022
Revenues	*9*	421,619	380,300
Selling expenses	*9*	(26,929)	(30,029)
Net revenues		**394,690**	**350,271**
Other income	*10*	4,984	2,628
TOTAL NET REVENUE AND INCOME		**399,674**	**352,899**
Increases in internal work	*11*	1,032	933
Costs for raw materials, consumables and finished products	*11*	(135,098)	(126,613)
Outsourcing	*11*	(142,635)	(121,123)
Change in inventories of work in progress, semi-finished and finished products	*11, 22*	21,568	19,048
Other service costs	*11*	(33,566)	(28,357)
Personnel expenses	*11*	(31,657)	(27,918)
Other operating costs	*11*	(2,869)	(3,029)
Accruals to provisions for risks and charges	*11, 33*	(8,792)	(9,580)
Total operating costs		**(332,017)**	**(296,639)**
OPERATING RESULT BEFORE AMORTISATION AND DEPRECIATION		**67,657**	**56,260**
Amortisation, depreciation and impairment losses of fixed assets	*12, 17, 19*	(14,523)	(11,973)
OPERATING RESULT		**53,134**	**44,287**
Financial income	*13*	1,654	44
Financial expense	*13*	(1,007)	(318)
Net financial income/(expense)		**647**	**(274)**
Income/(expenses) from equity investments	*14*	88	139
Adjustments to financial assets	*14*	270	(40)
PRE-TAX PROFIT		**54,139**	**44,112**
Income taxes	*15*	(15,234)	(11,186)
PROFIT/(LOSS) FOR THE PERIOD		**38,905**	**32,926**
Attributable to:			
Shareholders of the Parent Company		39,043	32,463
Non-controlling interests		(138)	463

(€'000)	30 June 2023	30 June 2022
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be subsequently reclassified to net profit		
Actuarial change in accruals for employee benefits	24	(197)
Income taxes relating to actuarial changes in provisions for employee benefits	(7)	55
Total	**17**	**(142)**
Other comprehensive income which will be subsequently reclassified to net profit		
Changes in the cash flow hedge reserve	(721)	(2,783)
Income taxes related to changes in the cash flow hedge reserve	173	668
Change in the translation reserve	(3)	219
Total	**(551)**	**(1,896)**
Total other comprehensive income for the year, net of tax effect	**(534)**	**(2,038)**
COMPREHENSIVE NET PROFIT FOR THE PERIOD	**38,371**	**30,888**
Attributable to:		
Shareholders of the Parent Company	38,509	30,425
Non-controlling interests	(138)	463

(in €)	30 June 2023	30 June 2022
Profit for the year attributable to the shareholders of the Parent Company	39,042,605	32,463,291
Average number of shares for basic earnings per share	34,705,926	34,545,699
Basic earnings per share	1.12	0.94

(in €)	30 June 2023	30 June 2022
Profit for the year attributable to the shareholders of the Parent Company	39,042,605	32,463,291
Average number of shares for diluted earnings per share	34,887,334	34,797,083
Diluted earnings per share	1.12	0.93

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

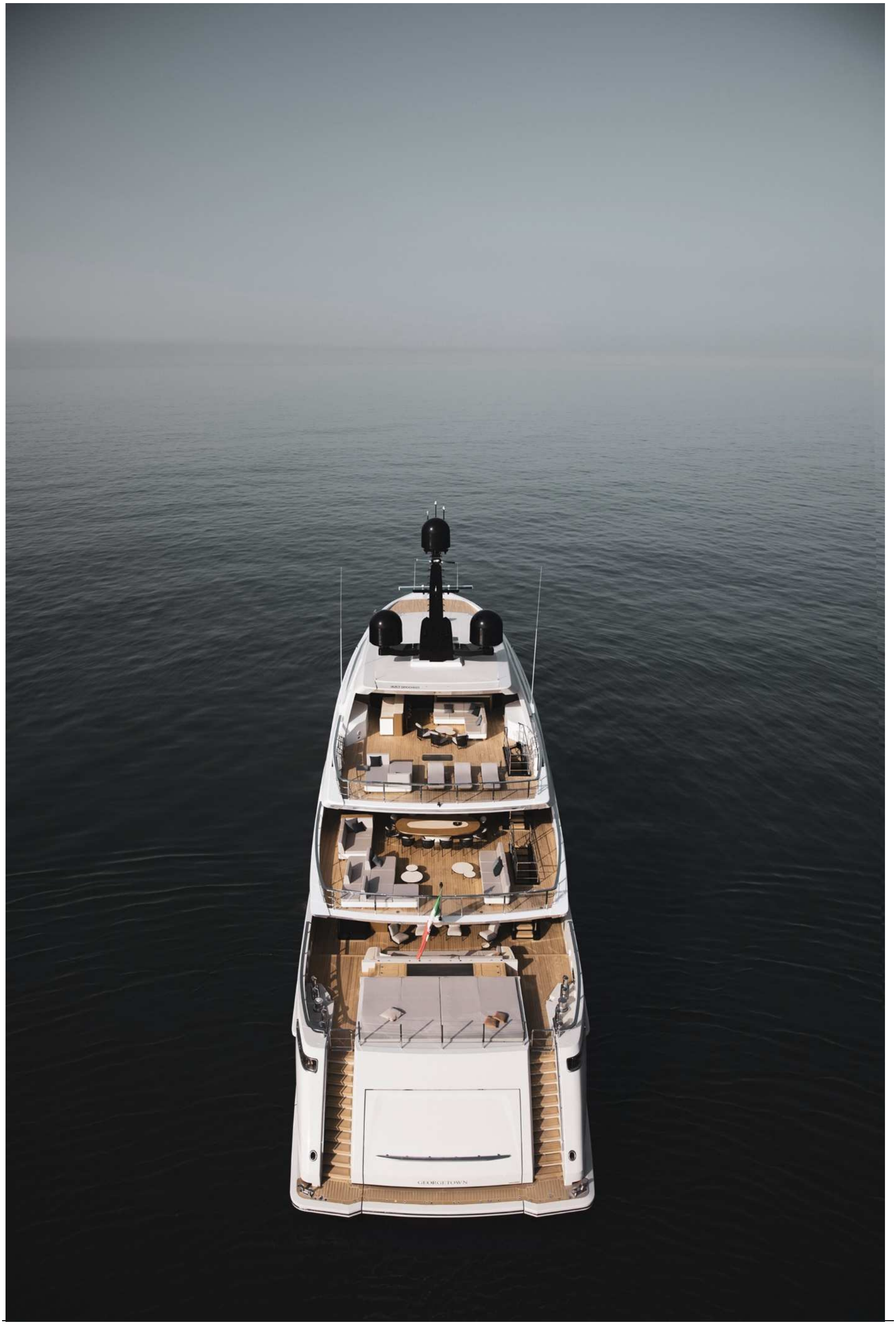
(€'000)	Share capital	Share premium	Other reserves	Profit for the period	Equity attributable to the shareholders of the Parent Company	Equity attributable to non-controlling interest	Total equity
Value as at 31 December 2021	**34,539**	**77,197**	**66,295**	**51,007**	**229,038**	**103**	**229,141**
Allocation of profit for the year	-	-	51,007	(51,007)	-	-	-
Dividends distributed	-	-	(20,322)	-	(20,322)	-	(20,322)
Stock option exercise	130	2,148	(194)	-	2,084	-	2,084
Other changes	-	-	(1,947)	-	(1,947)	457	(1,490)
Profit for the period	-	-	-	32,463	32,463	463	32,926
Other comprehensive income	-	-	(2,038)	-	(2,038)	-	(2,038)
Value as at 30 June 2022	**34,669**	**79,345**	**92,801**	**32,463**	**239,278**	**1,023**	**240,301**

(€'000)	Share capital	Share premium	Other reserves	Profit for the period	Equity attributable to the shareholders of the Parent Company	Equity attributable to non-controlling interest	Total equity
Value as at 31 December 2022	**34,784**	**81,236**	**98,357**	**74,154**	**288,531**	**1,550**	**290,081**
Allocation of profit for the year	-	-	74,154	(74,154)	-	-	-
Dividends distributed	-	-	(22,587)	-	(22,587)	-	(22,587)
Purchase of treasury shares	-	-	(70)	-	(70)	-	(70)
Stock option exercise	92	1,518	(138)	-	1,472	-	1,472
Other changes	-	-	373	-	373	(667)	(294)
Profit for the period	-	-	-	39,043	39,043	(138)	38,905
Other comprehensive income	-	-	(534)	-	(534)	-	(534)
Value as at 30 June 2023	**34,876**	**82,754**	**149,555**	**39,043**	**306,228**	**745**	**306,973**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€'000)	Notes	30 June 2023	30 June 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		38,905	32,926
Adjustments for:			
Depreciation of property, plant and equipment	*12, 17*	10,688	8,789
Amortisation of intangible assets	*12, 19*	3,835	3,184
Impairment of intangible assets	*18, 19*	-	-
Adjustments to financial assets (other equity investments)	*14*	(358)	(99)
Net financial expense/(income)	*13*	(647)	274
Gain on sale of property, plant and equipment	*17*	(34)	(181)
Impairment losses on trade receivables	*24*	-	-
Income taxes	*15*	15,234	11,186
Changes in:			
Inventories	*22*	(35,600)	(7,817)
Contract assets	*23*	49,517	18,693
Trade receivables	*24*	2,248	9,013
Other current assets	*25*	2,701	(6,434)
Trade payables	*30*	26,418	21,820
Contract liabilities	*23*	(2,507)	24,773
Other current liabilities	*31*	(19,975)	10,151
Accruals for risks and charges and employee benefits	*32, 33*	217	6,722
Cash flow generated/(absorbed) by operating activities		**90,642**	**133,000**
Income taxes paid	*15*	(1,761)	(9,221)
Net cash flow generated/(absorbed) by operating activities		**88,881**	**123,779**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Interest received	*13*	1,654	44
Proceeds from sale of property, plant and equipment	*17*	34	35
Proceeds from disposal of intangible assets	*19*	-	-
Change in other equity investments and other non-current assets	*21, 37, 38*	5,551	(18,762)
Acquisition of subsidiaries, associates or business units	*17, 19, 21*	(19,807)	(13,262)
Acquisition of property, plant and equipment	*17*	(8,591)	(12,868)
Purchase of intangible assets	*19*	(4,553)	(4,766)
Net cash flow generated/(absorbed) by investment activities		**(25,712)**	**(49,579)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial interests and expense paid	*13*	(1,007)	(318)
Proceeds from the issue of share capital	*28*	1,610	2,278
Proceeds from loans/bank advances	*29*	22,680	8,078
Repayment of loans/bank advances	*29*	(21,887)	(14,509)
Changes in other financial assets and liabilities including derivatives	*27, 29, 34*	33,193	(6,436)
New financial leases	*29*	2,555	2,241
Repayment of financial leases	*29*	(455)	(161)
Assumption of new loans	*29*	-	-
Other changes in equity	*28*	(966)	(3,722)
Share buy-back	*28*	(70)	-
Dividends paid	*28*	(22,587)	(20,322)
Net cash flow generated/(absorbed) by financing activities		**13,066**	**(32,871)**

(€'000)	Notes	30 June 2023	30 June 2022
NET CHANGE IN CASH AND CASH EQUIVALENTS		**76,235**	**41,329**
Cash and cash equivalents at the beginning of the period		146,317	141,272
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**222,552**	**182,601**



NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

BASIS OF PREPARATION

1. Reporting entity

Sanlorenzo S.p.A. (the Company) is based in Italy. Its registered office is in Via Armezzone 3, Ameglia in La Spezia. The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively the "Group").
The Group is active in the design, building and sale of yachts and pleasure boats in fibreglass, steel and aluminium together with all other materials. It also provides maintenance and charter services in general, as well as services relating to these activities.

2. Basis of preparation

These condensed consolidated half-yearly financial statements as at 30 June 2023 were drafted in compliance with the provisions of Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance) as amended, and in compliance with IAS 34 - Interim financial reporting.
They do not include all information required for complete financial statements in compliance with IFRS and must be read in conjunction with the annual consolidated financial statements of the Group as at 31 December 2022 (the "last annual financial statements") published on the website of the Company (www.sanlorenzoyacht.com, "Investors/Financial results and documents" section). Selected notes were therefore included to explain significant events and transactions to ensure an understanding of the changes in the Group's financial position and trends with respect to the last annual financial statements.
These condensed consolidated half-yearly financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC). The accounting principles and criteria adopted for the preparation of these financial statements are consistent with those used for the preparation of the last annual financial statements to which reference should be made for more details.
These condensed consolidated half-yearly financial statements were prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted accordingly to ensure they conform to the IFRS.
These condensed consolidated half-yearly financial statements include the consolidated statement of the financial position, consolidated statement of profit and loss for the period and the other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period between 1 January and 30 June 2023.
Among the options allowed by IAS 1, the Group elected to present its assets and liabilities as current or non-current and its income statement classifying costs by nature. The statement of cash flows is prepared using the indirect method.
Based on the provisions of Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties, since they are not significant in terms of understanding the financial position, profit and loss and cash flows of the company and/or the group, are not indicated by individual item but are shown in the special statement in Note 42 "Related parties".

3. Functional and presentation currency

These condensed consolidated half-yearly financial statements are presented in Euro, which is the functional currency of the Parent Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Basis of measurement

These condensed consolidated half-yearly financial statements were prepared by applying the historical cost method, with the exception of derivatives, which are measured at fair value as required by IFRS 9 – Financial Instruments and equity investments measured at equity, as well as on a going concern basis. The Directors have verified that there are no material uncertainties (as defined in IAS 1.25) in relation to the going-concern assumption.

5. Use of assumptions and estimates

In the preparation of these condensed consolidated half-yearly financial statements, the company management made assumptions and estimates, which have an effect on the application of the accounting standards and on the amounts of assets and liabilities, income and expenses in the financial statements. The actual results may differ from such estimates.
The significant judgements made by the management in the application of the Group's accounting standards and the main sources of uncertainty in the estimates are the same as those described in the last annual financial statements.
The application of such estimates and assumptions influences the amounts of assets, liabilities, costs and revenues, as well as the disclosure provided. The actual data may differ due to the uncertainty inherent in the assumptions and conditions underlying the estimates. The estimates and underlying assumptions are revised on an ongoing basis. Revised estimates are recognised prospectively.
The items most influenced by the valuations and estimates of the Directors and for which a change in the circumstances underlying the assumptions applied could have a significant impact on the interim financial statements are summarised below.

Valuations

The management decisions that have the most significant effects on the amounts recognised in the financial statements concern:

- revenue recognition: whether revenue from contracts is recognised over time or at a point in time;
- investments accounted for using the equity method: to establish whether the Group exercises significant influence over an investee company;
- consolidation: whether the Group has de facto control over an investee.

A number of the Group's accounting standards and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
In measuring the fair value of an asset or liability, the Group uses observable market data insofar as possible. Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques, as illustrated below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: input data other than Level 1 quoted prices, which are observable for the asset or liability, either directly (prices) or indirectly (price derivatives);
- Level 3: input data related to the asset or liability that is not based on observable market data is used.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year concerns:

- revenue recognition;
- valuation of defined benefit obligations: main actuarial assumptions;
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- measurement of the bad debts provision for trade receivables and contract assets; key assumptions used to determine the expected credit losses.

6. References to accounting standards applied

In preparing these condensed consolidated half-yearly financial statements, the same accounting principles and policies have been applied as those adopted in the preparation of the last annual financial statements, to which reference is made for a detailed illustration, with the exception of the following with regard to amendments and interpretations to the accounting standards applicable with effect from 1 January 2023, which however did not have any significant effects on the consolidated half-yearly financial report.

Accounting standards, amendments and interpretations applied as at 1 January 2023

Reference accounting standard	Effective date
Amendments to IAS 1 “Disclosure of accounting policies”	1 January 2023
Amendments to IAS 1 “Presentation of Financial Statements and IFRS practice statement 2”	1 January 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	1 January 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	1 January 2023
IFRS 17 “Insurance Contracts” and Amendments to IFRS 17 “Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	1 January 2023

IFRS and IFRIC accounting standards, amendments and interpretations published but not yet adopted in advance and for which assessments are currently being performed on any impacts

Reference accounting standard	Effective date
Amendments to IFRS 16 "Leases: Lease Liability in sale and leaseback"	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"	1 January 2024

On 14 December 2022, the European Commission adopted EU Directive 2022/2523 (published in the Official Journal of the European Union on 22 December 2022) on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. This Directive transposes the Pillar 2 global minimum taxation framework developed by the OECD (as set forth in the document "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two Model Rules)". Pillar Two aims to introduce common rules to ensure that in every jurisdiction where a large multinational group is established, the actual level of taxation applied is no less than 15%.
The IASB published the Exposure Draft for the amendment to IAS 12 in which it proposes the introduction of a temporary exception to the calculation of deferred taxes linked to the application of the provisions of Pillar Two. Based on the preliminary analyses carried out, at present, no significant impact is expected on the Sanlorenzo Group.

7. Operating segments

The Sanlorenzo Group comprises three operating segments: the Yacht Division, Superyacht Division and Bluegame Division. The operating segments have been identified in accordance with IFRS 8 as the components of the Group:
- that engage in business activities that generate revenues and costs;
- whose operating results are periodically reviewed at the highest operational decision-making level of the entity for the purpose of making decisions regarding the resources to be allocated to the segment and evaluating the results;
- for which separate accounting information is available.

In detail, the type of product is the primary basis for segmentation identified by the Group. In detail:
- the Yacht line refers to composite yachts of a length between 24 and 38 metres, sold under the Sanlorenzo brand;
- the Superyacht line refers to superyachts in aluminium and steel, more than 38 metres in length, sold under the Sanlorenzo brand;
- the Bluegame line refers to sports utility yachts less than 24 metres in length, sold under the Bluegame brand.

As allowed by IFRS 8, paragraph 12, the Yacht and Superyacht lines are aggregated into one single operating segment as they have similar characteristics in terms of:
- nature of the products, with differences that substantially depend on the size;
- nature of production processes;
- type or class of customers;
- distribution methods and channels;
- reference regulatory context;
- basic contractual characteristics;
- margins, with temporary differences linked to the timing of introduction of new products and / or specific marketing initiatives.

8. Seasonality

The Group's results are influenced by some seasonal phenomena typical of the yachting sector in which the Group carries on business.

The Group sells its yachts principally to end customers and brand representatives, which act as distributors, and, to a lesser extent, consigns them to stock as part of the minimum purchase commitments set forth contractually for each representative brand. Contracts for the sale of bespoke yachts to end customers are signed mainly in spring and autumn, periods in which the major boat shows in which the Group companies participate are also concentrated.

Deliveries of yachts are concentrated in the April-July period, especially in European countries, while deliveries of yachts in the APAC and Americas markets are distributed throughout the year.

The concentration of the collection of orders and deliveries in European countries in given periods of the year, against the constant flow of payments to Group suppliers and contractors, has an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which financial debt (comprised of short-term loans or contract advances) is higher as a result of the lower flow of collections. As a result, the individual interim financial and economic results may not contribute uniformly to the formation of the results achieved by the Group in the course of the year.

There were no significant effects relating to seasonal phenomena on revenue.

PERFORMANCE FOR THE PERIOD

9. Revenues and selling expenses

(€'000)	30 June 2023	30 June 2022	Change
Revenues from contracts with customers	421,619	380,300	41,319
Selling expenses	(26,929)	(30,029)	3,100
Net revenues	**394,690**	**350,271**	**44,419**

Revenues from contracts with customers

Revenues from contracts with customers, which relate to the sale of boats, new and pre-owned, and the provision of services, are shown in the above table gross and net of selling expenses related to commissions and trade-in costs of pre-owned boats.
During the period to 30 June 2023 revenues before selling expenses amounted to €421,619 thousand, an increase of €41,319 thousand compared to €380,300 thousand in the first half of 2022.
A breakdown of revenue from contracts with customers by type is as follows:

(€'000)	30 June 2023	30 June 2022	Change
Revenues from the sale of new yachts	404,922	357,937	46,985
Revenues from the sale of pre-owned boats	10,438	16,958	(6,520)
Revenues from maintenance and other services	6,259	5,405	854
Revenues from contracts with customers	**421,619**	**380,300**	**41,319**

Revenues from the sale of new yachts came to €404,922 thousand as at 30 June 2023, up by €46,985 compared to 30 June 2022.
Revenues from the sale of pre-owned boats as at 30 June 2023 amounted to €10,438 thousand, a decrease of €6,520 thousand compared to 30 June 2022 due to lower volumes of pre-owned boats taken in trade-in in previous periods.
Revenues for maintenance services, parts sales for all types of yachts and other services amounted to €6,295 thousand as at 30 June 2023, up by €854 thousand compared to 30 June 2022. These transactions, managed in specific orders received from customers, represent obligations other than the sale of yachts.
A breakdown of revenues from contracts with customers by product range is provided below:

(€'000)	30 June 2023	30 June 2022	Change
Yacht Division	263,948	263,647	301
Superyacht Division	113,292	83,640	29,652
Bluegame Division	44,379	33,013	11,366
Revenues from contracts with customers	**421,619**	**380,300**	**41,319**

The following table provides a breakdown of the revenue from contracts with customers by geographical area according to nationality of the owner customer.

(€'000)	30 June 2023	30 June 2022	Change
Italy	56,056	71,479	(15,423)
Europe (other countries)	215,310	139,443	75,867
USA	42,889	63,569	(20,680)
Americas (other countries)	35,426	35,907	(481)
APAC	44,480	52,618	(8,138)
MEA	27,458	17,284	10,174
Revenues from contracts with customers	**421,619**	**380,300**	**41,319**

Revenues are measured based on the consideration specified in the contract with the customer. In particular, the sale of new yachts complies with the requirements for the fulfilment of the performance obligation over the period of time of construction of the yacht ("over time"); therefore, the related revenues are recognised based on the progress of the orders and the progress made is measured with the cost-to-cost method.
Revenues relating to the sale of pre-owned boats, based on generally established contractual characteristics, are recognised at a given moment in time ("at a point in time").
Revenues related to maintenance, sales of spare parts and provision of services activities are managed through spot orders from the client and are recognised at a point in time basis.

Selling expenses

(€'000)	30 June 2023	30 June 2022	Change
Commissions	(16,491)	(13,071)	(3,420)
Collection and handling costs for pre-owned boats	(10,438)	(16,958)	6,520
Selling expenses	**(26,929)**	**(30,029)**	**3,100**

Yacht selling expenses include commissions and the costs of collecting, handling and selling pre-owned boats taken in trade-in.
In particular, commissions, which refer to the costs incurred by the Group for the brokerage activities performed by dealers and agents, increased in relation to the increase in revenues and the order book.
Costs for the collection and management of pre-owned boats amounted to €10,438 thousand, a decrease of €6,520 thousand compared to €16,958 thousand for the period ended 30 June 2022.

10. Other income

(€'000)	30 June 2023	30 June 2022	Change
Gains on disposals of assets	34	456	(422)
Other revenues	4,950	2,172	2,778
Other income	**4,984**	**2,628**	**2,356**

Other income in the first half of 2023 amounted to €4,984 thousand, an increase of €2,356 thousand compared to €2,628 thousand in the same period of the previous year. Other revenues, amounting to €4,950 thousand, refer for the most part to the Parent Company, and mainly include income for services and chargebacks to suppliers, insurance reimbursements and contributions deriving from tax facilitations such as the R&D credit and the bonus for investment in capital goods under Italian Laws no. 160 of 2019 and no. 178 of 2020.

11. Operating costs

(€'000)	30 June 2023	30 June 2022	Change
Increases in internal work	(1,032)	(933)	(99)
Raw materials, consumables and finished products	135,098	126,613	8,485
Outsourcing	142,635	121,123	21,512
Other service costs	33,566	28,357	5,209
Change in work in progress, semi-finished and finished products	(21,568)	(19,048)	(2,520)
Personnel expenses	31,657	27,918	3,739
Other operating costs	2,869	3,029	(160)
Accruals to provisions and impairment losses	8,792	9,580	(788)
Operating costs	**332,017**	**296,639**	**35,378**

Operating costs were equal to €332,017 thousand and €296,639 thousand in the first half of 2023 and 2022, respectively. The increase over the same period of the previous year, amounting to €35,378 thousand, is in line with the growth in revenue.
The work performed and capitalised by the Group refers to the costs of the personnel involved in the development of new boats, which are capitalised under the item development expenditure in relation to intangible assets.
Raw materials, consumables and finished products are presented net of returns, discounts, allowances and bonuses and are mainly attributable to the Parent Company.
Outsourcing chiefly related to naval carpentry services, turnkey furnishings for yachts and superyachts, electrical and plumbing work and the fitting of the boat's interior and exterior. The increases in the costs of raw materials, consumables and finished products and in the costs of external processing mainly resulted from the increase in production volumes and, to a lesser extent, from the impact of inflationary phenomena over the past 18 months.
Other service costs mostly comprise costs for consulting services, transport costs, the board of directors' and statutory auditors' fees, travel expenses and cleaning and maintenance costs, mainly incurred by Sanlorenzo and Bluegame.
The change in inventories of work in progress, semi-finished and finished products was €(21,568) thousand and €(19,048) thousand respectively as at 30 June 2023 and 30 June 2022. Work in progress refers to orders of less or more than one year duration for which the contract with the customer was not yet finalised by the end of the period.
The increase in personnel expenses of €3,739 thousand in the first half of 2023 compared to the same period of the previous year followed the growth trend in personnel due to the expansion of the Group, as shown in the following table:

	30 June 2023	30 June 2022	Change
Mangers	39	37	2
White collars	701	551	150
Blue collars	227	101	126
Total employees	**967**	**689**	**278**

The average by qualification is shown below:

	30 June 2023	30 June 2022	Change
Mangers	39	37	2
White collars	729	516	213
Blue collars	167	88	79
Total employees	**935**	**641**	**294**

A breakdown of personnel expenses is as follows:

(€'000)	30 June 2023	30 June 2022	Change
Salaries and wages	23,661	21,262	2,399
Social security contributions	6,755	5,597	1,158
Post-employment benefits	1,241	1,059	182
Total personnel expense	**31,657**	**27,918**	**3,739**

Other operating costs mostly related to advertising for €1,326 thousand and €1,350 thousand as at 30 June 2023 and 2022, respectively, and other sundry costs stood at €1,543 thousand and €1,679 thousand as at 30 June 2023 and 2022, respectively.
As at 30 June 2023 accruals to provisions and impairment losses included €7,819 thousand related to job order completion activities and €973 thousand related to accruals to provisions for risks and guarantees on vessels.

12. Amortisation, depreciation and impairment losses of fixed assets

(€'000)	30 June 2023	30 June 2022	Change
Amortisation of intangible assets	3,835	3,184	651
Depreciation of tangible assets	10,688	8,789	1,899
Amortisation, depreciation and impairment losses	**14,523**	**11,973**	**2,550**

Amortisation, depreciation and impairment losses of fixed assets amounted to €14,523 thousand and €11,973 thousand respectively as at 30 June 2023 and 2022. The increase in depreciation and amortisation, equal to €2,550 thousand, is related to the investments made during the period.
As at 30 June 2023, amortisation of intangible assets was equal to €3,835 thousand and mainly consisted of amortisation of development expenses for €3,024 thousand, amortisation of state concession of the La Spezia shipyard for €181 thousand, amortisation of the rights to use the Viareggio warehouses for €221 thousand and amortisation of software applications for €170 thousand.
As at 30 June 2023 depreciation stood at €10,688 thousand and mainly consisted of depreciation of industrial and commercial equipment (€4,145 thousand), land and buildings (€3,220 thousand) and plant and equipment (€1,067 thousand).

13. Net financial income/(expense)

(€'000)	30 June 2023	30 June 2022	Change
Financial income	1,654	44	1,610
Financial expense	(1,007)	(318)	(689)
Net financial income/(expense)	**647**	**(274)**	**921**

Net financial income amounted to €647 thousand as at 30 June 2023, marking an improvement of €921 thousand compared to 30 June 2022.
Financial income amounted to €1,654 thousand and derived mainly from the investment of available liquidity. Please refer to Note 35 "Cash management" for more information on the investments made by the Parent Company.

(€'000)	30 June 2023	30 June 2022	Change
Interest income – banks	374	10	364
Interest income on loans to associated companies	79	28	51
Income from financial investments	1,201	6	1,195
Financial income	**1,654**	**44**	**1,610**

Financial expense amounted to €1,007 thousand, the breakdown of which is shown in the table below.

(€'000)	30 June 2023	30 June 2022	Change
Interest expense – banks	(804)	(296)	(508)
Interest expense – third parties	(1)	(3)	2
Interest expense on lease liabilities	(113)	(51)	(62)
Other financial expense	(99)	(64)	(35)
Foreign exchange rate gains/(losses)	10	96	(86)
Financial expense	**(1,007)**	**(318)**	**(689)**

14. Net income from equity investments and value adjustments to financial assets

(€'000)	30 June 2023	30 June 2022	Change
Income/(expenses) from equity investments	88	139	(51)
Adjustments to financial assets	270	(40)	310
Net income from equity investments and value adjustments to financial assets	**358**	**99**	**259**

Net income from equity investments, totalling €88 thousand, includes the valuation at equity of associated companies (Carpensalda Yacht Division S.r.l. and Sea Energy S.r.l.).
For more details and information on investments in associated companies, please refer to note 38 "Associated companies" in these financial statements.
Value adjustments to financial assets include the recognition of the fair value of financial instruments held by Sanlorenzo as part of its interest and exchange rate risk management strategy.

15. Income taxes

(€'000)	30 June 2023	30 June 2022	Change
Current taxes	16,531	12,887	3,644
Taxes relative to prior years	134	258	(124)
Deferred tax assets and liabilities	(1,431)	(1,959)	528
Income taxes	**15,234**	**11,186**	**4,048**

As at 30 June 2023, income taxes stood at €15,234 thousand, up by €4,048 thousand over the previous year. This item consists of current taxes, equal to €16,531 thousand, taxes for prior years, equal to €134 thousand, and the increase in deferred tax assets and liabilities taken to the income statement, equal to €1,431 thousand.

Current tax assets and liabilities

(€'000)	30 June 2023	31 December 2022	Change
Current tax assets	11,236	17,964	(6,728)
Current tax liabilities	(17,637)	(27,912)	10,275
Net assets/(liabilities) for current taxes	**(6,401)**	**(9,948)**	**3,547**

Net current tax assets and liabilities amounted to €(6,401) thousand and €(9,948) thousand as at 30 June 2023 and 31 December 2022, respectively. They consist mainly of IRES and IRAP and the related tax advances.

Net deferred tax assets

(€'000)	30 June 2023	31 December 2022	Change
Net deferred tax assets	8,681	5,495	3,186

The balance shows the difference between deferred tax assets and deferred tax liabilities arising over the years.
Net deferred tax assets were equal to €8,681 thousand as at 30 June 2023 and €5,495 thousand as at 31 December 2022. The main temporary differences that have produced deferred tax assets regard the provisions for risks and charges.
Deferred tax assets are recognised when the management believes that they will be recovered through future taxable earnings on the basis of company plans. Deferred tax liabilities relate to temporary differences for the current year and previous years to be paid in subsequent years in line with applicable tax regulations.

16. Earnings per share

The calculation of the earnings per share in the half-years ended 30 June 2023 and 2022 is indicated in the following table and is based on the ratio between the profit attributable to the shareholders of the Parent Company and the average number of ordinary shares for each period, net of portfolio treasury shares, equal to 125,117 as at 30 June 2023 and 58,666 as at 30 June 2022.
Diluted earnings per share are substantially in line with basic earnings per share, as the dilutive effects of the 2020 Stock Option Plan were not significant as at 30 June 2023.

(in €)	30 June 2023	30 June 2022
Profit for the year attributable to the shareholders of the Parent Company	39,042,605	32,463,291
Average number of shares for basic earnings per share	34,705,926	34,545,699
Basic earnings per share	**1.12**	**0.94**
(in €)	**30 June 2023**	**30 June 2022**
Profit for the year attributable to the shareholders of the Parent Company	39,042,605	32,463,291
Average number of shares for diluted earnings per share	34,887,334	34,797,083
Diluted earnings per share	**1.12**	**0.93**

ASSETS

17. Property, plant and equipment

Property, plant and equipment amounted to €168,066 thousand and €158,710 thousand as at 30 June 2023 and 31 December 2022, respectively.

(€'000)	Land and buildings	Industrial equipment	Plant and equipment	Other assets	Fixed assets in progress	Total
Historical cost	134,000	86,691	23,482	25,508	1,381	271,062
Accumulated depreciation and impairment losses	(38,396)	(52,442)	(9,119)	(12,395)	-	(112,352)
Net carrying amount as at 31 December 2022	**95,604**	**34,249**	**14,363**	**13,113**	**1,381**	**158,710**
Changes:						
Additions	1,354	2,883	950	1,764	1,640	8,591
Disposals	(1)	(10)	(2)	(28)	-	(41)
Change in the scope of consolidation	7,810	251	2,324	1,374	20	11,779
Reclassifications	231	332	(228)	43	(332)	46
Depreciation	(3,220)	(4,145)	(1,067)	(2,256)	-	(10,688)
Utilisation of accrued depreciation	-	7	-	22	-	29
Fund reclassifications	(378)	(81)	(297)	396	-	(360)
Historical cost	143,394	90,147	26,526	28,661	2,709	291,437
Accumulated depreciation and impairment losses	(41,994)	(56,661)	(10,483)	(14,233)	-	(123,371)
Net carrying amount as at 30 June 2023	**101,400**	**33,486**	**16,043**	**14,428**	**2,709**	**168,066**

As at 30 June 2023, property, plant and equipment included:

- Land and buildings equal to €101,400 thousand: these mostly refer to the Parent Company's buildings located at the production facilities in Ameglia (SP), Massa (MS), Viareggio (LU) and La Spezia.
- Industrial equipment for €33,486 thousand: these mostly refer to technical equipment, mostly owned by the Parent Company, for scaffolding, handling and fibreglass moulding extraction.
- Plants and machinery equal to €16,043 thousand: they are mainly owned by the Parent Company and for the most part they relate to fire-fighting, suction, hydraulic and electrical systems.
- Other assets amounting to €14,428 thousand, mainly consisting of motor vehicles and internal vehicles, electronic machines and furniture and fixtures.
- Assets under development equal to €2,709 thousand: these mainly refer to the Parent Company and minimally to Bluegame and mainly include costs for the purchase and renovation of new production areas.

As at 30 June 2023, tangible assets increased by €8,591 thousand and refer to assets under development for €1,640 thousand, industrial equipment for €2,883 thousand, buildings for €1,354 thousand, other assets for €1,764 thousand and plants for €950 thousand.

As at 30 June 2023, decreases were equal to €41 thousand, net of accrued depreciation equal to €22 thousand and mainly concerned industrial equipment of Bluegame.

Depreciation and amortisation as at 30 June 2023 was €10,688 thousand, €1,899 thousand higher compared to 30 June 2022, mostly as a result of the investments made during the period and previous years.

The line "Change in scope of consolidation" in the table shows the increase in property, plant and equipment resulting from the acquisition of control of Duerre S.r.l. for €11,779 thousand.

18. Goodwill

Goodwill is recognised in the consolidated financial statements at the date of acquisition of the control of a business pursuant to IFRS 3 and is the aggregate of the consideration transferred to acquire a business or a business unit and the algebraic sum of the fair values, assigned at the acquisition date, to the identifiable assets and liabilities acquired that composed such business or business unit.
As it has an indefinite useful life, goodwill is not amortised but is tested for impairment at least once a year unless some indications of impairment based on external and internal sources of information identified by the Group makes it necessary to test it for impairment also during preparation of the interim reports (in this regard, see note 20 "Impairment test"). After its initial recognition, goodwill is valued at cost net of accumulated impairment.

(€'000)	**30 June 2023**	**31 December 2022**	**Change**
Goodwill	15,985	10,756	5,229

As at 30 June 2023, goodwill amounted to €15,985 thousand, an increase of €5,229 thousand compared to 31 December 2022, due to the acquisition of control of Duerre S.r.l. For further details on this acquisition, see note 37 "Subsidiaries".

19. Other intangible assets

Other intangible assets, which include assets with a definite and infinite useful life, stood at €52,087 thousand as at 30 June 2023 and €51,374 thousand as at 31 December 2022.

(€'000)	Concessions, licences, trademarks and similar rights	Other fixed assets	Costs of development	Assets under development	Total
Historical cost	29,403	2,671	55,247	3,879	91,200
Accumulated amortisation and impairment losses	(9,165)	(2,653)	(28,008)	-	(39,826)
Net carrying amount as at 31 December 2022	**20,238**	**18**	**27,239**	**3,879**	**51,374**
Changes:					
Additions	828	-	2,415	1,310	4,553
Disposals	-	-	(13)	-	(13)
Change in the scope of consolidation	82	28	-	-	110
Reclassifications	(11)	-	1,600	(1,600)	(11)
Amortisation	(800)	(11)	(3,024)	-	(3,835)
Utilisation of accrued amortisation	-	-	1	-	1
Fund reclassifications	(92)	-	-	-	(92)
Historical cost	30,302	2,699	59,249	3,589	95,839
Accumulated amortisation and impairment losses	(10,057)	(2,664)	(31,031)	-	(43,752)
Net carrying amount as at 30 June 2023	**20,245**	**35**	**28,218**	**3,589**	**52,087**

As at 30 June 2023, other intangible assets include:

- concessions, licences, trademarks and similar rights, equal to €20,245 thousand, mostly related to the Parent Company. More specifically, the item consists of the concession acquired together with the former Cantieri San Marco business unit in 2018 for €2,709 thousand, the trademark of the Parent Company, Bluegame and Equinoxe for €4,092 thousand, two mooring rights acquired by the Parent Company until 2067 located in the "Porto Mirabello" port facility in La Spezia for €1,664 thousand, net, the right of use for the Viareggio buildings acquired with the demerger of Polo Nautico Viareggio S.r.l. in previous years for €7,413 thousand, software for €782 thousand and sundry rights for €3,585 thousand.

- Other fixed assets equal to €35 thousand.
- Development costs, equal to €28,218 thousand: comprising costs to design and develop new boats incurred by the Parent Company and Bluegame.
- Intangible assets in progress equal to €3,589 thousand, mostly consisting of development costs for the design and study of new boat models.

The line "Change in scope of consolidation" in the table shows the increase in intangible assets resulting from the acquisition of control of Duerre S.r.l. for €110 thousand.

Recoverability of development costs

As at 30 June 2023 and 31 December 2022, intangible assets include projects to develop new boats and innovative fibreglass, steel and aluminium solutions for medium to large boats in the amount of €28,218 thousand and €27,239 thousand, respectively.
Planning and design costs are amortised at 12.5% and have an estimated useful life of 8 years.
Projects normally take between one to three years to develop (roughly 18 months for fibreglass boats) and the group usually recognises the related costs over this period. The design stage ends with the building of the prototype and the model is definitive for sale on the market (new boat design). However, the Group may incur design costs after this if it decides to improve the boat, restyle it or if the customer requests customisation (Boat Design in Production). Designs obviously have to reflect market trends and consider competitors' strategies. Due to difficulties in identifying the right moment for a new product to go to market, the Group defines its specific strategy in this respect each year.
Based on the business plan, which considers sales forecasts, company management deems that the development costs recognised as at 30 June 2023 is recoverable.

20. Impairment test

As required by IAS 36, paragraph 12, as at the date of the condensed interim financial statements, the Group assessed, on the basis of information from external and internal sources, whether there were indications of impairment of assets. For this analysis, reference was also made to the results for the first half of 2023, which are consistent and in line with the assumptions and data used to prepare the approved plans for verifying the recoverability of net invested capital, carried out at the time of the approval of the Annual Financial Report as at 31 December 2022, where there was a significant positive difference (headroom) between the recoverable amount and the carrying amount.
Therefore, there were no indicators of impairment such as to require an impairment test to be performed at 30 June 2023 on the value of goodwill, brands and other tangible and intangible assets allocated to the identified cash generating unit.
In addition, the directors, with a view to continuously monitoring the recoverability of its net invested capital, carried out some simulations to assess the possible effects of the change in the parameters used in the valuations performed as at 31 December 2022 (e.g., an increase in interest rates and the consequent effect on the WACC). On the basis of these simulations, no elements emerged that would lead to a revision of the impairment test performed at the end of the previous year.

21. Equity investments and other non-current assets

(€'000)	**30 June 2023**	**31 December 2022**	**Change**
Investments in associated companies measured at equity	6,628	7,241	(613)
Equity investments in other companies	35	35	-
Financing to associates	2,700	4,150	(1,450)
Equity investments and other non-current assets	**9,363**	**11,426**	**(2,063)**

Details of changes in equity investments and other non-current assets in the first half of 2023 are provided in the table below:

(€'000)	Equity investments in associates	Equity investments in other companies	Financing to associates	Total
Value as at 1 January 2023	**7,241**	**35**	**4,150**	**11,426**
Changes:				
Investments	2,649	-	-	2,649
Valuation with the equity method	88	-	-	88
Change in the scope of consolidation	(3,350)	-	(1,450)	(4,800)
Value as at 30 June 2023	**6,628**	**35**	**2,700**	**9,363**

Investments in associates valued using the equity method amounted to €6,628 thousand and €7,241 thousand as at 30 June 2023 and 31 December 2022, respectively. The increase for investments in the amount of €2,649 thousand relates to the acquisition of 49% of Sea Energy S.r.l.

The item Valuation with the equity method refers to the pro-rata net result for the year of the companies valued using the equity method for a total of €88 thousand relating to the results achieved by Carpensalda Yacht Division S.r.l., Sa.La. S.r.l. and Sea Energy S.r.l.

The item Change in the scope of consolidation, negative at €3,350 thousand, mainly refers to the reclassification from associate to subsidiary of the shareholding held by Sanlorenzo S.p.A. in the company Duerre S.r.l., following the acquisition of additional shares for a percentage equal to 33%.

Investments in other companies amounted to €35 thousand and related to investments that are fairly negligible in companies and consortia.

Loans to associated companies amounted to €2,700 thousand.

22. Inventories

(€'000)	30 June 2023	31 December 2022	Change
Raw materials and consumables	15,776	11,418	4,358
Work in progress and semi-finished products	55,811	34,254	21,557
Finished products	18,032	8,222	9,810
Allowance for inventory write-down	(575)	(450)	(125)
Inventories	**89,044**	**53,444**	**35,600**

Inventories amounted to €89,044 thousand, an increase of €35,600 thousand compared to 31 December 2022 due to the increase in volumes and, to a lesser extent, the seasonality of the sector.

Inventories of raw materials and consumables include the materials necessary to build the boats.

Work in progress and semi-finished products relate to the boat construction contracts that have not been finalised with the customer before the end of the reporting period.

The finished products comprise traded-in boats, which are recognised at cost when the group receives them and the value of which is adjusted at the end of each year to the presumed realisable value through the recognition of the relative allowance for write-downs.

During the valuation process of pre-owned boats, the Group relies on various elements such as the analysis of the specific characteristics of the pre-owned boats, the valuations carried out at the time of their purchase including age, current market trend, the uniqueness of each boat and of each trade negotiation, as well as the sales already concluded in the subsequent period. The project "Experienced Yachts", designed to diversify and qualify the pre-owned boats of the Group compared with the competition, provides for each boat that is part of the programme

to be valued, managed and reconditioned by the Group's personnel in order to guarantee the efficacy of the boats' machinery and instruments.
The allowance for inventory write-down, including finished products and raw materials, recorded an increase of €125 thousand, linked to the adjustment of the value of raw materials to the estimated realisable value.

(€'000)	Balance
Allowance for inventory write-down as at 31 December 2022	**450**
Allocations	125
Utilisations	-
Allowance for inventory write-down as at 30 June 2023	**575**

23. Contract assets and liabilities

Contract assets refer to ongoing contracts measured using the cost-to-cost method as the contract terms have already been finalised with the customer. They are recognised as assets net of the related contract liabilities when, based on a case-by-base analysis, the gross value of the work performed at the reporting date is higher than the progress payments received from the customers. Conversely, if the progress payments are greater than the related contract assets, the difference is recognised as a contract liability.

Net contract assets are as follows:

(€'000)	30 June 2023	31 December 2022	Change
Contract assets (gross)	561,752	637,152	(75,400)
Advances received from customers	(442,634)	(468,517)	25,883
Contract assets (net)	**119,118**	**168,635**	**(49,517)**

Unsatisfied or partially unsatisfied performance obligations refer to all the boats (both with original expected duration within 1 year and more) and are expected to be recognised in accordance with production timing related to yacht (between 7 and 16 months on average) and superyacht (between 24 and 46 months on average).
Net contract liabilities are as follows:

(€'000)	30 June 2023	31 December 2022	Change
Payables for work to be carried out	14,092	9,536	4,556
Total advances received from customers	558,404	591,350	(32,946)
Advances deducted from contract assets	(442,634)	(468,517)	25,883
Contract liabilities (net)	**129,862**	**132,369**	**(2,507)**

The item had a net balance of €129,862 thousand and €132,369 thousand as at 30 June 2023 and 31 December 2022, respectively. The negative change of €2,507 thousand related mainly to the decrease in advances received from customers.

24. Trade receivables

(€'000)	30 June 2023	31 December 2022	Change
Receivables from customers	20,533	22,504	(1,971)
Loss allowance	(997)	(720)	(277)
Trade receivables	**19,536**	**21,784**	**(2,248)**

Trade receivables amounted to €19,536 thousand and €21,784 thousand as at 30 June 2023 and 31 December 2022, respectively, marking a reduction of €2,248 thousand.
Trade receivables are presented net of the bad debts provision allocated over the years to provide for credit-impaired receivables that are still recognised pending the completion of the related court-approved creditors' settlement procedure or out-of-court recovery proceedings. It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.
Changes in the loss allowance in the first half of 2023 are as follows:

(€'000)	Balance
Loss allowance as at 31 December 2022	**720**
Uses/releases	(46)
Allocations	-
Increases due to change in the scope of consolidation	323
Loss allowance as at 30 June 2023	**997**

A breakdown of trade receivables by geographical area is as follows:

(€'000)	30 June 2023	31 December 2022	Change
Italy	8,680	3,831	4,849
Europe (other countries)	8,652	10,487	(1,835)
Americas	1,066	1,747	(681)
APAC	1,133	445	688
MEA	5	5,274	(5,269)
Trade receivables	**19,536**	**21,784**	**(2,248)**

A breakdown of receivables from customers is as follows:

(€'000) 30 June 2023	Not expired	Overdue for (dd)		
		0-365	366-730	>730
Receivables from customers	19,301	12	287	281
Loss allowance	(417)	(12)	(287)	(281)
Receivables for customers to be invoiced	652	-	-	-
Trade receivables	**19,536**	**-**	**-**	**-**

25. Other current assets

(€'000)	30 June 2023	31 December 2022	Change
Advances to suppliers	30,342	25,750	4,592
Other receivables	7,968	6,756	1,212
Other tax assets	5,048	12,714	(7,666)
Costs to obtain the contracts	8,645	7,318	1,327
Accrued income and prepaid expenses	5,684	7,850	(2,166)
Other receivables and other current assets	**57,687**	**60,388**	**(2,701)**

Other current assets amounted to €57,687 thousand and €60,388 thousand as at 30 June 2023 and 31 December 2022, respectively. All receivables in this category are considered collectible and therefore no impairment has been made on them.
In particular, costs for the acquisition of contracts relating to sales commissions increased by €1,327 thousand during the period.

26. Cash and cash equivalents

(€'000)	30 June 2023	31 December 2022	Change
Bank and postal current accounts	222,481	146,233	76,248
Cash on hand	71	84	(13)
Cash and cash equivalents	**222,552**	**146,317**	**76,235**

Cash and cash equivalents amounted to €222,552 thousand and €146,317 thousand as at 30 June 2023 and 31 December 2022, respectively. For further information on the change in cash and cash equivalents, reference should be made to the cash flow statement.

27. Other financial assets, including derivatives

(€'000)	30 June 2023	31 December 2022	Change
Derivatives	3,071	4,407	(1,336)
Other financial instruments	56,261	51,052	5,209
Other financial assets	**59,332**	**55,459**	**3,873**

Derivatives amounted to €3,071 thousand and €4,407 thousand as at 30 June 2023 and 31 December 2022 respectively. They include currency hedges (EUR/USD) and interest rate hedges with a positive fair value (Mark to Market Value) at the end of the reporting period. The Group uses derivatives to hedge against the risk of fluctuations in the US dollar for its sales in that currency and the risks that interest rates on its floating-rate loans and borrowings may increase. For further details please refer to notes 34 to 36 "Financial instruments - Fair value and risk management" in these financial statements.
Other financial instruments include listed bonds of investment-grade issuers with a market value of €51,361 thousand and a guaranteed-capital life insurance contract for €4,900 thousand, used by the Company to invest excess cash. For further details, please refer to note 35 "Cash management" in these financial statements.

EQUITY AND LIABILITIES

28. Share capital and reserves

Group equity

The next table provides a breakdown of the Group's equity.

(€'000)	Share capital	Share premium	Other reserves	Profit for the period	Group equity	Equity attributable to non-controlling interests	Total equity
Value as at 31 December 2022	**34,784**	**81,236**	**98,357**	**74,154**	**288,531**	**1,550**	**290,081**
Allocation of profit for the year	-	-	74,154	(74,154)	-	-	-
Dividends distributed	-	-	(22,587)	-	(22,587)	-	(22,587)
Purchase of treasury shares	-	-	(70)	-	(70)	-	(70)
Stock option exercise	92	1,518	(138)	-	1,472	-	1,472
Other changes	-	-	373	-	373	(667)	(294)
Profit for the period	-	-	-	39,043	39,043	(138)	38,905
Other comprehensive income	-	-	(534)	-	(534)	-	(534)
Value as at 30 June 2023	**34,876**	**82,754**	**149,555**	**39,043**	**306,228**	**745**	**306,973**

The following table shows details of Other reserves.

(€'000)	Legal reserve	Extraordinary reserve	Consolidation reserve	Stock option reserve	Treasury shares reserve	Cash flow hedge reserve	Reserve FTA/OCI	Other reserves	Profit from previous years	Total
Value as at 31 December 2022	**6,878**	**88,523**	**(1,797)**	**572**	**(2,950)**	**2,307**	**(183)**	**(105)**	**5,112**	**98,357**
Allocation of profit for the year	79	63,276	-	-	-	-	-	10,799	-	74,154
Dividends distributed	-	(22,587)	-	-	-	-	-	-	-	(22,587)
Purchase of treasury shares	-	-	-	-	(70)	-	-	-	-	(70)
Stock option exercise	-	-	-	(138)	-	-	-	-	-	(138)
Other changes	-	-	10,835	166	-	391	(36)	(10,585)	(398)	373
Other comprehensive income	-	-	-	-	-	(548)	17	(3)	-	(534)
Value as at 30 June 2023	**6,957**	**129,212**	**9,038**	**600**	**(3,020)**	**2,150**	**(202)**	**106**	**4,714**	**149,555**

Share capital and share premium

Ordinary shares

As at 30 June 2023, the share capital, fully paid-in and subscribed, amounted to €34,876 thousand and comprised 34,876,081 shares with no nominal value.
Share capital increased by 91,992 shares compared to 31 December 2022, due to the subscription of the capital increase to service the 2020 Stock Option Plan. The share capital, again as a result of the 2020 Stock Option Plan, increased further after the end of the six-month period and, as at 31 July 2023, consisted of 34,890,963 ordinary shares.
On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo had in fact approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a

maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan. As at 30 June 2023 this capital increase has been partially subscribed for 376,081 shares (390,963 shares as at 31 July 2023).

On 2 September 2022, the Company launched the share buy-back program based on the authorisation resolution from the Ordinary Shareholders' Meeting of 28 April 2022. As at 30 June 2023, the Company held 125,117 shares, equal to 0.359% of the subscribed and paid-in share capital.

Share premium

The share premium amounted to €82,754 thousand resulting from the capital increase carried out by the shareholders in the periods 2011 and 2013, its partial use in the year 2014 for a bonus issue, by the Parent Company, the decrease of €19,539 thousand due to the impact of the reverse merger with WindCo, the capital increase linked to the IPO transaction completed in 2019, equal to €65,160 thousand net of placement commissions and the increase in the period of €1,518 thousand for the exercise of the options relating to the Stock Option Plan.

Other reserves

(€'000)	30 June 2023	31 December 2022	Change
Legal reserve	6,957	6,878	79
Extraordinary reserve	129,212	88,523	40,689
Consolidation reserve	9,038	(1,797)	10,835
Stock option reserve	600	572	28
Reserve for treasury shares in portfolio	(3,020)	(2,950)	(70)
Cash flow hedge reserve	2,150	2,307	(157)
Reserve FTA/OCI	(202)	(183)	(19)
Reserve from offsetting of exchange differences/CTA	(50)	(261)	211
Post-merger reserve	49	49	-
Merger surplus	107	107	-
Profit from previous years	4,714	5,112	(398)
Other reserves	**149,555**	**98,357**	**51,198**

The item comprises:

- Legal reserve, which includes the allocation carried out by the Parent Company of €6,957 thousand according to the provisions of the Italian Civil Code.
- Extraordinary reserve relating to the Parent Company of €129,212 thousand and €88,523 thousand as at 30 June 2023 and 31 December 2022, respectively. The increase is due to the allocation of 2022 profit, net of dividends distributed to shareholders;
- Consolidation reserve, which includes the difference between the carrying amount of the group's equity investments and its share of the investees' equity. It had a positive balance of €9,038 thousand and a negative balance of €1,797 thousand as at 30 June 2023 and 31 December 2022, respectively;
- the Stock option reserve, recognised for a positive value of €600 thousand, expresses the value of the option, recognised on a straight-line basis over the period between the grant date and the vesting date. The aforementioned reserve refers to the 2020 Stock Option Plan reserved for executive directors and key employees of Sanlorenzo and its subsidiaries. For further details, please refer to note 41 "Share-based payments" in these financial statements;
- negative reserve for treasury shares in the portfolio of €(3,020) thousand relating to the purchase of 125,117 treasury shares carried out starting in 2020;
- Cash flow hedge reserve, relating to the Parent Company, was a positive €2,150 thousand as at 30 June 2023 and €2,307 thousand as at 31 December 2022;

- the FTA/OCI reserve, which was affected by the transition of the financial statements to IFRS, in the amount of €(202) thousand as at 30 June 2023 and €(183) as at 31 December 2022;
- the reserve from elimination of exchange differences for €(50) thousand and €261 thousand as at 30 June 2023 and 31 December 2022, respectively. The reserve was established in 2019 to reflect the exchange differences relating to the conversion into euro of the financial statements of Sanlorenzo of the Americas and exchange differences arising from intra-group eliminations;
- the post-merger reserve of the Parent Company with capital contributions from the shareholders for €49 thousand;
- the merger surplus of €107 thousand as at both 30 June 2023 and 31 December 2022 relates to the Parent Company and was formed following the merger by incorporation with Eureka Imbarcazioni S.r.l. carried out in 2012 and the merger by incorporation with PN VSY S.r.l. carried out in 2022;
- Profit from previous years of €4,714 thousand as at 30 June 2023 and €5,112 thousand as at 31 December 2022.

Equity attributable to non-controlling interests

The change in non-controlling interests is mainly due to the result for the period and the inclusion of Duerre S.r.l. within the scope of consolidation. The item stood at €(745) thousand as at 30 June 2023 and €(1,550) thousand as at 31 December 2022.

Dividends

The Sanlorenzo Ordinary Shareholders' Meeting of 27 April 2023 approved, inter alia, the distribution of a dividend of €0.66 per share, with payment as at 4 May 2023. In the first half of 2023, dividends were paid in the total amount of €22,587 thousand.

29. Financial liabilities

(€'000)	30 June 2023	31 December 2022	Change
Bank loans and borrowings (beyond 12 months)	40,911	43,860	(2,949)
Other loans and borrowings – IFRS 16 (beyond 12 months)	6,788	5,399	1,389
Non-current financial liabilities	**47,699**	**49,259**	**(1,560)**
Short-term loans and borrowings (within 12 months)	89,737	48,315	41,422
of which bank loans	*18,431*	*26,958*	*(8,527)*
of which bank advances	*16,245*	*4,000*	*12,245*
of which other financial liabilities	*55,061*	*17,357*	*37,704*
Other short-term loans and borrowings – IFRS 16	3,158	2,448	710
Hedging derivative liabilities	804	1,417	(613)
Current financial liabilities	**93,699**	**52,180**	**41,519**
Financial liabilities	**141,398**	**101,439**	**39,959**

The breakdown of financial debt by maturity date is shown in the table below:

(€'000)	30 June 2023	31 December 2022	Change
Within 1 year	93,699	52,180	41,519
From 1 to 5 years	42,186	46,032	(3,846)
Over 5 years	5,513	3,227	2,286
Total	**141,398**	**101,439**	**39,959**

A breakdown of the changes in financial liabilities is provided below:

(€'000)	
Financial liabilities as at 31 December 2022	**101,439**
Changes in fair value of derivatives	(613)
New loan proceeds/bank advances	22,680
Loan repayments/bank advances	(21,887)
Changes in other short-term financial liabilities	37,704
New lease finance (IFRS 16)	2,555
Repayment of lease finance (IFRS 16)	(455)
Other changes	(25)
Financial liabilities as at 30 June 2023	**141,398**

The breakdown of the Group's net financial position (financial debt) as at 30 June 2023 compared to as at 31 December 2022 is reported below. For details, see the Report on Operations.

	(€'000)	30 June 2023	31 December 2022
A	Cash	222,552	146,317
B	Cash equivalents	-	-
C	Other current financial assets	59,332	55,459
D	**Liquidity (A + B + C)**	**281,884**	**201,776**
E	Current financial debt	(72,110)	(28,307)
F	Current portion of non-current financial debt	(21,589)	(23,873)
G	**Current financial indebtedness (E + F)**	**(93,699)**	**(52,180)**
H	**Net current financial indebtedness (G + D)**	**188,185**	**149,596**
I	Non-current financial debt	(47,699)	(49,259)
J	Debt instruments	-	-
K	Non-current trade and other payables	-	-
L	**Non-current financial indebtedness (I + J + K)**	**(47,699)**	**(49,259)**
M	**Total financial indebtedness (H+L)**	**140,486**	**100,337**

As in previous years, the Group was required to comply with some financial parameters (covenants) on loans to be calculated, on an annual basis, in the consolidated financial statements of Sanlorenzo S.p.A. As at 31 December 2022 these parameters were complied with.

30. Trade payables

(€'000)	30 June 2023	31 December 2022	Change
Payables to suppliers	178,529	147,271	31,258
Payables to associated companies	3,868	8,336	(4,468)
Payables to holding company	-	372	(372)
Trade payables	**182,397**	**155,979**	**26,418**

A breakdown of payables to suppliers between current and non-current is provided in the following table:

(€'000)	30 June 2023	31 December 2022	Change
Payables to suppliers	178,529	147,271	31,258
of which current	*178,529*	*147,271*	31,258

A breakdown of trade payables by geographical segment is as follows:

(€'000)	30 June 2023	31 December 2022	Change
Italy	163,930	139,717	24,213
Europe (other countries)	11,937	5,518	6,419
Americas	1,694	1,293	401
APAC	447	635	(188)
MEA	521	108	413
Payables to suppliers	**178,529**	**147,271**	**31,258**

31. Other current liabilities

(€'000)	30 June 2023	31 December 2022	Change
Social security contributions	(290)	2,461	(2,751)
Other liabilities	18,510	12,624	5,886
Accrued expenses and deferred income	16,718	16,774	(56)
Other current liabilities	**34,938**	**31,859**	**3,079**

Social security contributions refer to the position as at 30 June 2023 and primarily include exposures to INPS, INAIL and Previndai (Italian social security institutions) for contributions due on wages and salaries, with a position receivable of €290 thousand as at 30 June 2023 and a position payable of €2,461 thousand as at 31 December 2022.
Other payables amounted to €18,510 thousand and €12,624 thousand as at 30 June 2023 and 31 December 2022, respectively. The most significant item relates to the Parent Company and consists of payables to personnel.
Accrued expenses and deferred income amounted to €16,718 thousand. Deferred income mainly refers to suspended revenues relating to margins on sales of boats and commissions due, which accrue according to the progress of work on the construction of boats.

32. Employee benefits

Post-employment benefits are recognised by the Group's Italian companies, in line with reference national legislation. They include benefits accrued by employees at the reporting date, net of advances received or sums transferred to the Italian pension funds Previndai, Gomma Plastica, Cometa or other pension funds or the INPS treasury fund.
Post-employment benefits amounted to €2,193 thousand as at 30 June 2023. In the first half of 2023, adjustments were made in terms of discounting.

33. Provisions for risks and charges

Provisions for risks and charges

(€'000)	Provision for disputes	Provision for warranties	Provision for exchange rates fluctuations	Provision for risks relating to pre-owned boats	Contract completion provision	Total
Amount as at 31 December 2022	**7,218**	**5,907**	**168**	**948**	**3,742**	**17,983**
Allocations	30	294	-	472	-	796
Utilisations	(920)	-	-	(742)	-	(1,662)
Amount as at 30 June 2023	**6,328**	**6,201**	**168**	**678**	**3,742**	**17,117**

The provision for risks and charges includes the following items:

- Provision for disputes: this provision was set up to cover risks linked to litigation or potential civil and tax liabilities, primarily abroad. The amount of the provision as at 31 December 2022 of €7,218 thousand and the allocation made in the period of €30 thousand refer to the amount allocated as a precautionary measure by the Group. The utilisation of the provision in the period, amounting to €920 thousand, related to the final determination of the 2022 tax liability of Sanlorenzo of the Americas LLC.
- Provision for warranty risks: item quantified based on the best estimate to date of the possible costs that will be incurred for repairs under warranty on yachts already sold at the end of the period and for which revenues have therefore been booked; The provision for warranty risks covers the new yachts of the Parent Company and the subsidiary Bluegame S.r.l. The item stood at €6,201 thousand as at 30 June 2023 and €5,907 thousand as at 31 December 2022. The warranty period is two years for new yachts and one year for pre-owned boats.
- Provision for exchange rate fluctuations: the balance amounts to €168 thousand.
- Provisions for risks on pre-owned boats: as at 30 June 2023, it amounted to €678 thousand net of utilisations and accruals made during the period, and refers to the commitment to retrieving pre-owned boats on new yachts.
- Contract completion provision: this amounted to €3,742 thousand.

A breakdown of the provision for warranties between its current and non-current portions is as follows:

(€'000)	30 June 2023	31 December 2022	Change
Provision for warranties	6,201	5,907	294
of which current	*4,707*	*4,407*	*300*
of which non-current	*1,494*	*1,500*	*(6)*
Provision for warranties	**6,201**	**5,907**	**294**

The main proceedings and inspections involving the Parent Company and some Group companies are described below.

Administrative, in-court and arbitration proceedings

Administrative, in-court and arbitration proceedings in which Sanlorenzo Group is involved

At the approval date of these consolidated financial statements, the Group is involved in legal proceedings as part of its normal business activities. They could lead to fines or compensation for damage having to be paid.
As far as the Group is aware, these legal proceedings are normal given the Group's operations and size and the risks inherent in its business. Specifically, at the approval date of these consolidated financial statements, neither the holding company Sanlorenzo S.p.A nor the other Group's companies are involved in legal proceedings that could have a significant adverse effect. However, it cannot be excluded that their outcome could negatively affect the Group's financial position, financial performance and cash flows in the future.
Assisted by its legal advisors, the Group has not set up a specific provision for the possible liabilities that could arise from the proceedings in its consolidated financial statements as it deems that a negative outcome is possible or remote.
However, the Group cannot exclude that it may be required to disburse amounts in the future should the outcome of the proceedings not be in its favour.
Except as indicated below, as at the date of approval of these consolidated financial statements, there are no pending legal or arbitration disputes that may have, or have had in the recent past, significant repercussions on the financial situation or profitability of the Group.
At the date of drafting of the consolidated financial statements, in relation to the arbitration proceedings brought against the Company, the latter had already booked a liability of €895 thousand in the previous consolidated financial statements corresponding to the risk considered likely in respect of said proceedings, based on the estimates of its UK legal advisors.

Arbitration proceedings

At the date of approval of these consolidated financial statements, the Parent Company and the Maltese company Contra Limited ("Contra") are part of an arbitration case in London. Contra, purchaser of an SD110 yacht, complained of the Company's breach of its obligations under the sale and purchase agreement, requesting that the agreement be terminated and that the Company be ordered to repay the price paid and pay compensation for the damages allegedly incurred, amounting to approximately €10,000,000. In relation to this dispute, the Company recorded a liability of €895 thousand in the consolidated financial statements corresponding to the risk assessed as probable on the basis of the estimates made by its English lawyers.

Tax proceedings

As already extensively described in the Financial Reports relating to previous periods, the Parent Company reached an agreement with the tax authority regional directorate of Liguria, for the settlement of tax disputes relating to the tax periods from 2013 to 2016, benefiting from the favourable provisions set forth in the 2023 Budget Law (Law 197/2022).
Pursuant to the above-mentioned agreement, during the first half of 2023 the Parent Company paid the amount due, definitively closing the outstanding claims with the tax authorities for the above-mentioned years.
The Parent Company recently filed two appeals before the Court of First Instance of La Spezia against two notices of adjustment and settlement of mortgage and cadastral taxes issued by the tax authority provincial directorate of La Spezia and referring to real estate purchases concluded at the end of 2020. In relation to these notices, which contested the value attributed to real estate for the purpose of settling mortgage and cadastral taxes, higher taxes of €277 thousand were settled in addition to penalties and interest according to the legal rate. The Parent Company also recently received a notice of adjustment and settlement of registration tax issued by the tax authority provincial directorate of La Spezia referring to the purchase of a business unit in 2021 for the settlement of higher registration tax by €110 thousand. Through its legal advisors, the Parent Company entered into contact with the Office that issued the deed in order to initiate joint discussions.

Administrative proceedings

At the date of approval of these consolidated financial statements, the Group is not involved in significant administrative proceedings.

To the date of these consolidated financial statements, the Parent Company is a party to other legal proceedings involving immaterial amounts but for which it could be found liable and, hence, required to pay settlements and possible legal costs.

FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

34. Derivatives

The Group uses derivatives to hedge against the risk of fluctuations in exchange and interest rates. As at 30 June 2023, the Group had the following derivatives in its portfolio:

- forward agreements relating to sales of US dollars against euros for a notional total of €68,933 thousand taken out by the Parent Company and Bluegame S.r.l. and designated as hedges of the amounts received in US dollars by the subsidiary Sanlorenzo of the Americas LLC;
- interest rate swaps and interest rate caps for a notional total of €31,649 thousand taken out by the Group and designated as instruments hedging interest rates on floating rate medium/long-term loans.

As the derivatives used by the Group are based on observable market data, their valuation takes place at fair value level 2. The following table shows the fair value of financial instruments at the end of each period.

(€'000)	30 June 2023	31 December 2022	Change
Derivative assets			
Currency hedges	2,135	2,518	(383)
Interest rate hedges	936	1,889	(953)
Total assets	**3,071**	**4,407**	**(1,336)**
Derivative liabilities			
Interest rate hedges	(804)	(1,417)	613
Total liabilities	**(804)**	**(1,417)**	**613**

At the end of each period, the Group determines whether there have been any transfers between the different "levels" of the fair value hierarchy by re-assessing their classification (if the inputs used to measure the fair value of an asset or liability are classified in the different levels of the fair value hierarchy, the entire valuation is placed in the same level of the hierarchy as the lowest level input that is significant to the entire valuation).
In this regard, it should be noted that there were no transfers between the "levels" of the fair value hierarchy in the first half of 2023.

35. Cash management

In view of the strong cash generation at the operational level and the resulting significant cash held, the Group implemented a cash management and investment strategy.
Specifically, as at 30 June 2023, Sanlorenzo had the following financial instruments in its portfolio:

- a time deposit of €16,000 thousand, included in current assets and measured at fair value level 1;
- unrestricted time deposits of €86,938 thousand, included in cash and cash equivalents and measured at fair value level 1;
- listed bonds and certificates of investment-grade issuers with a market value of €35,350 thousand, measured at fair value level 1;
- a guaranteed-capital life insurance contract for €4,900 thousand, measured at fair value level 3.

Given the characteristics of these financial instruments and the management purposes pursued, their fair value is recognised in profit/(loss) for the year (FVTPL).

(€'000)	30 June 2023	31 December 2022	Change
Restricted time deposits	16,000	16,000	-
Unrestricted time deposits	86,938	102,813	(15,875)
Listed bonds and certificates	35,350	30,082	5,268
Insurance policies	4,900	4,900	-
Investment funds	-	59	(59)
Total cash invested	**143,188**	**153,854**	**(10,666)**

36. Financial Risk Management

Credit risk

Credit risk represents the Group's exposure to potential losses that may arise from a counterparty's failure to meet its obligations.
It is noted that, given the type of products sold by the Group, no specific credit risk is identified; this assessment is supported by the strict rule, contractually formalised, that requires payments to be executed on or before the delivery of the yacht and the related transfer of ownership. The yacht sale contracts also provide for the Company's right to withdraw from the contract in the event of non-payment of any sum due within the established terms, with the consequent withholding by the Company of any amount collected, refunding to the defaulting party the amounts paid by the latter with the proceeds from the resale of the yacht to a new purchaser, net of expenses, interest and an amount for loss of earnings.
Regarding the residual services related to the sale of spare parts or the provision of assistance services not covered by the warranty, which are, however, negligible to the Group business, the Group has a prevention and monitoring system, using external sources and internal systems that allow preventive controls on customers' reliability and solvency. Provisions are also made for doubtful or non-performing positions pending the conclusion of the related legal proceedings or out-of-court recovery attempts. The Group believes that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables. For further details, please refer to the note "Trade receivables" in these financial statements.

Liquidity risk

Liquidity risk is represented by the possibility that a Group company or the Group may find itself in the position of not being able to meet its payment commitments, whether foreseen or unforeseen, due to a lack of financial resources, thus jeopardizing day-to-day operations or the financial position of the individual or the Group.
Liquidity risk may arise from any difficulty in obtaining timely funding to support operating activities and may manifest itself in the inability to obtain the necessary resources on economic terms.
Cash flows, funding requirements and liquidity are under the control of the Parent Company, with the aim of ensuring effective management of financial resources.
The Group has dealt with liquidity risk by reinvesting cash flows from operations, in addition to obtaining substantial lines of credit with a number of banks, the total amount of which is deemed more than sufficient to meet its financial requirements, also taking into account the effects of the seasonal nature of the sector on cash flows. The concentration of the collection of orders and deliveries in specific periods of the year, against the constant flow of payments to Group suppliers and contractors, has in fact, an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which short-term financial debt may be higher as a result of the lower flow of collections. The Group therefore performs careful financial planning in order to reduce liquidity risk and has acquired significant bank credit facilities, whose use is planned on the basis of financial requirements.
As at 30 June 2023, the Group has bank credit lines to meet liquidity needs of €149,008 thousand[21], up by €18,797 thousand compared to 31 December 2022, of which €132,737 thousand not used, in addition to €222,446

[21] Not including lines of credit for reverse factoring and confirming.

thousand of cash and against a total gross debt of €141,398 thousand (including lease liabilities and the fair value of derivatives).
In view of its significant cash position, the Group has also implemented a prudent, diversified cash management strategy, favouring capital-protected or guaranteed products and financial instruments with counterparties of primary standing.

Exposure to interest rate fluctuation

The Group is exposed to changes in interest rates on its medium-long term floating rate debt instruments, entirely referring to the Euro zone. The management of interest rate risk is consistent with established practice over time aimed at reducing the risk of volatility in interest rates and achieving an optimal mix between variable and fixed rates in the structure of loans, thereby mediating fluctuations in market interest rates in order to pursue, at the same time, the objective of minimising financial expense.
The Group manages the risk of interest rate fluctuations through the use of derivative hedging instruments, such as interest rate swaps or interest rate caps with financial counterparties of primary standing.
As at 30 June 2023, the Group has 8 interest rate swaps and 1 interest rate cap in place for a total notional amount of €31,649 thousand, against bank debt at floating rates of €44,474 thousand.

Exposure to exchange rate fluctuations

The geographical distribution of Group commercial activities entails exposure to transaction and translation exchange rate risk.
Transaction risk arises from primarily commercial transactions carried out by individual companies in currencies other than their functional currency, as a result of fluctuations in exchange rates between the time at which the relationship originates and the time at which the transaction is completed (collection/payment).
In terms of revenues, the Euro is the most commonly used invoicing currency for the sale of yachts. The residual cases of sales of yachts in other currencies exclusively concern contracts signed by the subsidiary Sanlorenzo of the Americas denominated in US dollars.
The Group manages the risks of changes in foreign exchange rates on US dollar sales through its foreign currency sales pricing policy and through the use of derivative financial instruments. In particular, when setting the sale price in foreign currency, the Group, starting from its own margin objectives in Euro, usually applies the exchange rate in force on the date of stipulation of the contract and start of construction of the yacht, increased by the financial component (cost of carry) connected with the expected timing of receipts from the sale. On these maturities, the Group carries out hedging operations through derivative instruments, typically forwards or other types of forward sale with financial counterparties of primary standing, implementing a policy of hedging only transactional exchange rate risk, thus deriving from existing commercial transactions and future contractual commitments. As at 30 June 2023, Sanlorenzo had forward contracts for the sale of US dollars relating to collections to be received for a total notional amount of €68,933 thousand.
As far as costs are concerned, as production is carried out in Italy with Italian suppliers and contractors, costs in currencies other than the Euro are residual and sporadic, and therefore no hedging operations are carried out.
The translation risk concerns the conversion into Euro of the assets and liabilities of Sanlorenzo of the Americas, which is the only subsidiary with a functional currency other than the Euro, for the preparation of the consolidated financial statements. This exposure, which is monitored at the end of each accounting period, is limited, also in view of the fact that assets are offset by liabilities in the same currency. Therefore, at this stage, it has been decided not to adopt specific hedging policies for this exposure.

GROUP STRUCTURE

37. Subsidiaries

These condensed consolidated half-yearly financial statements were prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted accordingly to ensure they conform to the IFRS.
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidation criteria adopted in the preparation of the condensed consolidated half-yearly financial statements are the same as those adopted in the last annual financial statements.
These condensed consolidated half-yearly financial statements include Sanlorenzo S.p.A. (Parent Company), nine companies directly controlled by Sanlorenzo S.p.A. and two indirectly controlled companies. The following table provides information, as at 30 June 2023, concerning the name, registered office, currency, share capital and percentage of ownership held directly and indirectly by the Parent Company.

Company name	Registered office	Currency	Share capital (currency unit)	Percentage of ownership	
				Direct	Indirect
Bluegame S.r.l.	Ameglia (SP) – Italy	Euro	100,000	100.0%	-
I.C.Y. S.r.l.	Adro (BS) – Italy	Euro	100,000	-	60.0%
Equinoxe S.r.l.	Turin (TO) – Italy	Euro	184,536	100.0%	-
Sanlorenzo Arbatax S.r.l.	Ameglia (SP) – Italy	Euro	10,000	100.0%	-
PN Sviluppo S.r.l.	Viareggio (LU) – Italy	Euro	40,000	100.0%	-
Duerre S.r.l.	Vicopisano (PI) – Italy	Euro	1,000,000	66.0%	-
Polo Nautico Viareggio S.r.l.	Viareggio (LU) – Italy	Euro	667,400	52.49%	-
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain	Euro	500,000	100.0%	-
Sanlorenzo Monaco S.A.M.	Monte-Carlo – Principality of Monaco	Euro	150,000	99.7%	-
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	USD	2,000,000	99.9%	0.1%
Fortune Yacht LLC	Fort Lauderdale (FL) – USA	USD	1,000	-	100%

Acquisition of Duerre S.r.l.

On 3 May 2023, Sanlorenzo S.p.A. completed the acquisition of a further 33.0% shareholding in the company Duerre S.r.l., for consideration of €2,000 thousand, obtaining control over it with a total share of 66.0%. Please refer to the "Significant events occurring during the period" section for further information.
Pursuant to IFRS 3, this transaction qualifies as a business combination occurring in stages (i.e. step acquisition) and, therefore, the shareholding previously held in Duerre S.r.l. is revalued at fair value at the date on which control is acquired, and any resulting gain or loss is recognised in the income statement.
For the purposes of this Condensed Half-Yearly Financial Report, the purchase price allocation was made to the assets and liabilities of the acquired entity, which is to be considered provisional and subject to change and refinement, and may be subject to change in the twelve months following the acquisition date.
Based on the provisional valuation of the company's assets, no gain or loss emerged from the fair value valuation of the shareholding previously held, while goodwill in the amount of €5,229 thousand was generated against a net value of the assets acquired of €231 thousand.

38. Associated companies

Investments in associated companies, as provided for in IAS 28, are those in which the Group exercises significant influence; these investments are initially recognised at acquisition cost and are subsequently measured using the equity method, i.e. by increasing or decreasing the cost on the basis of post-acquisition changes in the Group's share of the associate's net assets.
Any goodwill pertaining to the associate is included in the carrying amount of the investment and is not subject to amortisation or impairment testing.
Following the application of the equity method, if there are indications that the investment has suffered an impairment loss, the Group determines the amount of the impairment as the difference between the recoverable amount and the carrying amount of the investment.
At 30 June 2023, the Parent Company holds the following equity investments in associated companies, which are reported in the financial statements drawn up according to the equity method:

Company name	Registered office	Currency	Share capital (currency unit)	Percentage of ownership	
				Direct	Indirect
Sea Energy S.r.l.	Viareggio (LU) – Italy	Euro	25,000	49.00%	-
Carpensalda Yacht Division S.r.l.	Pisa (PI) – Italy	Euro	8,000,000	48.00%	-
Sagomatura Lamiere S.r.l. (through Carpensalda Yacht Division S.r.l.)	Viareggio (LU) – Italy	Euro	50,000	-	48.00%

ADDITIONAL INFORMATION

39. Commitments

The most significant contractual commitments entered into with third parties as at 30 June 2023 amount to €489 thousand and refer to sureties related to government concessions and other guarantees issued to public administrations.

40. Contingent liabilities

Legal proceedings are ongoing for events related to the group's normal business activities. They include a tax dispute and some civil proceedings mostly with customers.
The Company's directors do not believe that any of these proceedings involve a risk of a significant cash outlay or may give rise to significant liabilities in excess of the allocations already made. They will evaluate any negative developments that cannot currently be foreseen or calculated, which may arise as a result of internal analyses or the ongoing judicial investigations and may then make a provision.
For further details, reference should be made to note 33 "Provisions for risks and charges" of these financial statements.

41. Share-based payments

On 21 April 2020, the Shareholders' Meeting of Sanlorenzo S.p.A. approved the "2020 Stock Option Plan" reserved to the executive directors, general managers, managers with strategic responsibilities and employees with a permanent employment contract and qualification as at least an office worker of Sanlorenzo S.p.A. and its directly or indirectly controlled subsidiaries.
The 2020 Stock Option Plan provides for the free assignment to each of the beneficiaries of options that grant the right to subscribe ordinary shares of Sanlorenzo S.p.A. to be issued in execution of the share capital increase planned to service the plan, at a ratio of 1 share for each 1 option, at a price set at €16.00 per share. The vesting period of the options is four years, in compliance with the minimum average vesting period of two years provided for by the regulations.
Performance goals are determined by one or more of the following parameters: (i) Consolidated EBITDA as at 31 December of the relevant year; (ii) Consolidated Net Financial Position as at 31 December of the relevant year; and (iii) personal objectives established due to the beneficiary's role and function.
The maximum total number of ordinary shares of Sanlorenzo S.p.A., which can be assigned to the beneficiaries for the implementation of the plan, is equal to 884,615 ordinary shares, i.e. all the shares that can be issued in execution of the capital increase. As at 30 June 2023, a total of 508,534 options have been granted and not exercised.

42. Related parties

Business and financial relationships with related parties are governed under market conditions, taking into account the characteristics of the goods and services provided.
Transactions with related parties deemed relevant pursuant to the "Procedure on related-party transactions" adopted by the Group, available on the Company's website (www.sanlorenzoyacht.com) under the "Corporate Governance" section, are described below.
Business transactions and balances with consolidated companies were eliminated on consolidation and, therefore, are not commented upon.
In the first half of 2023, transactions with related parties in place regard primarily commercial and financial transactions carried out under market conditions, as listed below.

Holding Happy Life S.r.l.

On 13 September 2021, the Sanlorenzo Board of Directors, subject to the positive opinion of the Related-Party Transactions Committee on 30 July 2021, approved the sale to Holding Happy Life S.r.l. of the prototype of the superyacht 50Steel equipped with a system of fuel cells powered by hydrogen obtained from methanol for the generation of electricity on board. The contract of sale of this superyacht was signed on 12 July 2022.

Fondazione Sanlorenzo

Transactions with the Fondazione Sanlorenzo, established by the Perotti family on 19 April 2021, are related to the non-exclusive and free use license of the brand "Sanlorenzo" for the purpose of carrying out the foundation's institutional activities and to the initial contribution of €50,000 paid in June 2021, following the resolution of the Board of Directors of Sanlorenzo of 4 May 2021. During 2022, the company paid an additional €50,000.

Cesare Perotti

Son of the Chairman and Chief Executive Officer Massimo Perotti and brother of the director Cecilia Maria Perotti, Cesare Perotti was hired by the subsidiary Bluegame S.r.l. with an apprenticeship contract, transaction examined by the Board of Directors on 9 November 2020.

Ferruccio Rossi

Financial transactions with Executive Director Ferruccio Rossi regard a loan granted by Sanlorenzo on 9 July 2018. In February 2021, the Related-Party Transactions Committee and the Board of Directors approved the new terms. In April 2023, the loan was repaid in full.

Antonio Santella

Financial transactions with the senior executive Antonio Santella regard a loan granted by Sanlorenzo on 20 July 2018. In February 2021, the Related-Party Transactions Committee and the Board of Directors approved the new terms.

The tables below provide details on transactions with related parties as at 30 June 2023 impacting the income statement as well as the balance sheet.

(€'000)	Net revenues and income	Raw materials, consumables and finished products	Outsourcing	Other service costs	Personnel expenses	Net financial income/(expense)
Holding Happy Life S.r.l.	8,678	-	-	(60)	-	-
Fondazione Sanlorenzo	-	-	-	-	-	-
Ferruccio Rossi	-	-	-	-	-	-
Antonio Santella	-	-	-	-	(199)	-
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	(1,952)	(1,535)	-
Total related parties	**8,678**	**-**	**-**	**(2,012)**	**(1,734)**	**-**
Total consolidated financial statements	**399,674**	**(135,098)**	**(142,635)**	**(33,566)**	**(31,657)**	**647**
Incidence %	2.2%	-	-	6.0%	5.5%	-

(€'000)	Property, plant and equipment	Other intangible assets	Other current assets	Contract assets	Trade receivables	Contract liabilities	Trade payables	Other current liabilities
Holding Happy Life S.r.l.	-	-	-	6,696	-	-	-	-
Fondazione Sanlorenzo	-	-	-	-	-	-	-	-
Ferruccio Rossi	-	-	-	-	-	-	-	-
Antonio Santella	-	-	50	-	-	-	-	105
Directors, statutory auditors and managers with strategic responsibilities	-	-	-	-	-	-	-	992
Total related parties	**-**	**-**	**50**	**6,696**	**-**	**-**	**-**	**1,097**
Total consolidated financial statements	**168,066**	**52,087**	**57,687**	**119,118**	**19,536**	**129,862**	**182,397**	**34,938**
Incidence %	-	-	0.1%	5.6%	-	-	-	3.1%

In addition, the following relationships, which are excluded from the previous statements, as relating to transactions under standard conditions, similar to those normally applied to non-related parties for equivalent transactions, or based on regulated tariffs:

- Confindustria Nautica: industry association to which Sanlorenzo adheres and in which the Chair Massimo Perotti and the managing director Carla Demaria are members of the board;
- Sybass: an industry association to which Sanlorenzo belongs and in which chairman Massimo Perotti is a director;
- I Saloni Nautici S.r.l.: company that organises the Genoa Boat Show and of which the managing director Carla Demaria is director.

Remuneration paid by the Group

The remuneration paid by the Group to the members of the Board of Directors, the members of the Board of Statutory Auditors and the Managers with strategic responsibilities during the six months ended 30 June 2023 is detailed below.

(€'000)	30 June 2023
Emoluments	1,878
Remuneration for participation in committees	22
Total remuneration paid to the Board of Directors	**1,900**

(€'000)	30 June 2023
Total remuneration paid to the Board of Statutory Auditors (excluding statutory increases)	52
Total remuneration paid to the Board of Statutory Auditors	**52**

(€'000)	30 June 2023
Total remuneration paid to the Managers with strategic responsibilities	**1,535**
of which gross annual salary	673
of which bonus	460
of which fair value of stock options	16

43. Management and coordination activities

Besides the holding of a controlling interest pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), Holding Happy Life S.r.l does not exercise management and coordination activities over Sanlorenzo pursuant to Articles 2497 et seq. of the Italian Civil Code.

Ameglia, 3 August 2023

On behalf of the Board of Directors
Chairman and Chief Executive Officer
Mr. Massimo Perotti


SANLORENZO

CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned, Massimo Perotti, in his capacity as the Chair of the Board of Directors and Chief Executive Officer and Attilio Bruzzese, in his capacity as the Manager charged with preparing the company's financial reports of Sanlorenzo S.p.A., confirm, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in terms of the characteristics of the Company and
   - the actual application of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements for the first half of 2023.
2. From the application of the administrative and accounting procedures for the preparation of the condensed consolidated half-yearly financial statements as at 30 June 2023, no significant facts need to be reported.
3. It is hereby also stated that:

3.1 The condensed consolidated half-yearly financial statements:

a) have been prepared in compliance with the international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;

b) correspond to the accounting books and records;

c) provide a true and fair representation of the equity, economic and financial situation of the issuer and the whole of the companies included in the scope of consolidation;

3.2 The interim report on operations includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of information on material transactions with related parties.

Ameglia, 3 August 2023

Mr. Massimo Perotti Chairman of the Board of Directors and Chief Executive Officer	Attilio Bruzzese Manager charged with preparing the company's financial reports

INDEPENDENT AUDITORS' REPORT ON THE LIMITED AUDIT OF THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2023

Sanlorenzo S.p.A.

Review report on the condensed interim consolidated financial statement as at June, 30th 2023

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

Tel: +39 010.59.56.471
www.bdo.it

Via Roma, 5/1
16121 Genova

Review report on the condensed interim consolidated financial statements

To the Shareholders of
Sanlorenzo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Sanlorenzo S.p.A. as at June, 30th 2023, comprising the statement of financial position, profit and loss account and the statement of comprehensive income, the cash flow statement and statement of changes in equity and related notes, as at and for the six months ended 30th June 2023. The Directors of Sanlorenzo S.p.A. are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express our conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with review standard recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July, 31st 1997. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Sanlorenzo Group as of 30th June 2023, has not been prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union.

Genoa, August 4th, 2023

BDO Italia S.p.A

Paolo Maloberti
Socio

BDO Italia S.p.A. – Sede Legale: Viale Abruzzi, 94 – 20131 Milano – Capitale Sociale Euro 1.000.000 i.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
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Sanlorenzo S.p.A.
Headquarters
Cantieri Navali di Ameglia
Via Armezzone, 3
19031 Ameglia (Sp), Italy
t +39 0187 6181

Executive Offices
Cantieri Navali di La Spezia
Viale San Bartolomeo, 362
19126 La Spezia (Sp), Italy
t +39 0187 545700

Cantieri Navali di Viareggio
Via Luigi Salvatori, 58
55049 Viareggio (Lu), Italy
t +39 0584 38071

www.sanlorenzoyacht.com
investor.relations@sanlorenzoyacht.com