FERRETTIGROUP

Ferretti S.p.A.

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

Stock Code : 9638

WALLY FERRETTIYACHTS PERSHING itama Riva CRN CUSTOM LINE

2022
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTOR
Mr. Alberto Galassi *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS
Mr. Tan Xuguang (譚旭光) *(Chairman)*
Mr. Piero Ferrari *(Vice Chairman)*
Mr. Xu Xinyu (徐新玉)
Mr. Li Xinghao (李星昊)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Hua Fengmao (華風茂)
Mr. Stefano Domenicali
Mr. Patrick Sun (辛定華)

AUDIT COMMITTEE
Mr. Patrick Sun (辛定華) *(Chairman)*
Mr. Hua Fengmao (華風茂)
Mr. Li Xinghao (李星昊)
Mr. Stefano Domenicali

REMUNERATION COMMITTEE
Mr. Stefano Domenicali *(Chairman)*
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Mr. Hua Fengmao (華風茂)
Mr. Patrick Sun (辛定華)

NOMINATION COMMITTEE
Mr. Tan Xuguang *(Chairman)*
Mr. Alberto Galassi
Mr. Hua Fengmao (華風茂)
Mr. Stefano Domenicali
Mr. Patrick Sun (辛定華)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE
Mr. Tan Xuguang *(Chairman)*
Mr. Alberto Galassi
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Mr. Hua Fengmao (華風茂)

BOARD OF STATUTORY AUDITORS
Mr. Luigi Capitani *(Chairman)*
Mr. Luigi Fontana
Ms. Giulia De Martino
Ms. Veronica Tibiletti
Mr. Fausto Zanon

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

AUTHORISED REPRESENTATIVES
Mr. Alberto Galassi
Ms. Wong Hoi Ting

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STOCK CODE

9638

FINANCIAL SUMMARY

RESULTS

(in thousands Euro)	Six months ended June 30, 2022 (unaudited)	2021 (unaudited)	Percentage increase/ decrease
Net revenue	**534,948**	457,248	17.0%
Profit before tax	**29,151**	24,015	21.4%
Income tax	**724**	(597)	(221.3)%
Profit for the period attributable to owners of the Company	**29,608**	23,419	26.4%

ASSETS AND LIABILITIES

(in thousands Euro)	As at June 30, 2022 (unaudited)	As at December 31, 2021 (audited)	Percentage increase/ decrease
Total Assets	**1,363,984**	1,046,076	30.4%
Total Liabilities	**(615,704)**	(548,010)	12.4%

KEY FINANCIAL RATIOS

	As at June 30, 2022 (unaudited)	As at December 31, 2021 (audited)	Percentage increase/ decrease
Profitability Ratios			
Ratios on equity	**9.6%**	7.8%	22.8%
Ratios on total assets	**4.9%**	3.7%	32.8%
Liquidity Ratios			
Current ratio	**1.4**	1.1	29.0%
Quick ratio	**1.1**	0.8	46.8%
Capital Adequacy Ratio			
Gearing ratio	**9.9%**	17.8%	(44.2)%

1 REVIEW OF OPERATING CONDITIONS

Thanks to the continuous growth of the global yacht market and the Listing on the Hong Kong Stock Exchange in March 2022, the Relevant Period has been a demonstration of Ferretti Group's unique positioning as global leader in the luxury yacht arena.

During the Relevant Period, the Group recorded a strong increase in the order intake, reaching approximately €642 million from approximately €494 million and representing a 30% increase in the same period of 2021 and net revenue reaching approximately €535 million and representing a 17% increase as compared to the six months ended June 30, 2021.

As far as the Group's profitability is concerned, adjusted EBITDA amounted to approximately €69 million, increasing 30% in comparison with the figure reported for the six months ended June 30, 2021 (€53 million). The increase was also significant in percentage terms, with an adjusted EBITDA Margin reaching 13.5% or 110 basis points higher than that of the six months ended June 30, 2021. Finally, net profit increased by 28% compared to the previous year to a value of approximately €30 million.

For the second half of 2022, we expect a sustained growth backed up by a consistent order backlog of approximately €1.2 billion.

1.1 Yacht Manufacturing Business

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

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

As a remark, the strategy of moving towards larger and more customizable yachts is paying off, with a growing total revenue from made-to-measure yachts:

- Net revenue from the sales of composite yachts were substantially in line in the two periods, which amounted to approximately €234 million for the six months ended June 30, 2022 and €236 million for the six months ended June 30, 2021.

- Net revenue from the sales of made-to-measure yachts increased by approximately 58.7% from approximately €127 million for the six months ended June 30, 2021 to approximately €201 million for the six months ended June 30, 2022.

- Net revenue from the sales of super yachts increased by approximately 25.2% from approximately €39 million for the six months ended June 30, 2021 to approximately €49 million for the six months ended June 30, 2022.

1.2 Ancillary Businesses

Our ancillary businesses provide synergies with our yacht manufacturing business with an all-encapsulating portfolio, comprising: (i) yacht brokerage, chartering and management services; (ii) after-sales and refitting services; (iii) brand extension activities (including exclusive lounges all over the world); and (iv) manufacturing and installation of wooden furnishings for nautical interiors. With these businesses, we have created a comprehensive yachting ecosystem centred around the ownership of luxury yachts, encompassing the sales of yachts and the provision of our portfolio of ancillary services to offer a one-stop solution to yachts purchasers. This ecosystem enables us to enhance customer satisfaction and loyalty, provides us with real-time information flow about market trends and customer preferences, and allows us a direct role in all phases of the yachting "customer journey".

In 2019, Ferretti Group leased a shipyard in Fort Lauderdale, which became fully operational in 2020. Despite the shipyard was only partially operational during the COVID-19 pandemic, providing only emergency activities and an extremely limited range of services, its results for 2021 (being the first year of full-operation) have been very satisfactory. The refitting activities, while still representing a small part of Ferretti Group's business, have been growing thanks to intense promotional and public relations activities and once the limitations imposed by the local government due to the pandemic were removed, the shipyard is expected to achieve excellent results, with a continuous crescendo of commissioned works and incoming yachts.

In addition to all these complementary services, Ferretti Group proudly encounters within "ancillary businesses" revenue streams in its security vessel division Ferretti Security Division ("**FSD**"). By leveraging its accumulated know-how and resources and by exploiting already existing product platforms, Ferretti Group is well-positioned to seize the growing opportunities in the patrolling & security market. As a result of Ferretti Group's continuous efforts in expanding and complementing its offering with compelling services and high-marginality revenue streams, net revenue from FSD and ancillary businesses reached €51 million during the Relevant Period, representing approximately 10% of Ferretti Group's net revenue.

1.3 Ferretti Group ESG Commitment

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

Thanks to its innovative drive, Ferretti Group was the very first to introduce a pioneering Hybrid Propulsion solution to the market in 2008, and it continues to innovate in this field. During 2021, Ferretti Group launched a collaboration with Rolls-Royce Power Systems to jointly develop hybrid solutions to be installed on future yachts. In addition, Ferretti Group is currently developing smaller yachts with full electric propulsion systems.

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

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

Ferretti Group's ESG commitment is not limited to its outstanding product offering, but also targets its shipyards, all gradually adjusting to the ISO 14001-2015 environmental certification, introducing innovative solutions such as trigeneration systems and solar panels to reduce both energy consumption and emissions.

Ferretti Group firmly believes in the importance of ESG moving forward and aims to become an ESG leader in the global yacht market. As a remark, Ferretti Group has been the first in the yacht industry to publish a sustainability report in 2019 and, in 2021, also established the ESG Committee, which is responsible for helping the Board to devise ESG policies and strategies and reviewing and assessing its sustainability performance.

2 OUTLOOK AND PROSPECTS

Looking ahead, Ferretti Group, being a leading player in the global yacht industry and undisputed leader in the inboard composite and made-to-measure yachts, is well positioned to benefit from a growing market with a size of €20.8 billion in 2021 and forecasted to reach €26.8 billion by 2025. The COVID-19 pandemic has to a certain extent changed the "traditional" customer perception and significantly increased the market desire for yachts, further stimulating industry growth with a trend which is expected to become a "new normal" due to the structural and long-lasting changes in spending behaviors. Specifically, in pursuit of a lifestyle with a combination of business and leisure, luxury yachts, which ensure privacy and security, have become one of the best means and places for Very-High Net Worth Individuals ("**VHNWIs**") and Ultra-High Net Worth Individuals ("**UHNWIs**").

In addition, the emerging APAC market, which is still at its initial stage of development with significant unmet demand, is expected to grow at a much faster pace than EMEA and AMAS, fueled by the considerable increases in:

a) the number of potential end customers (i.e., VHNWIs and UHNWIs) featuring an unprecedented growth momentum between 2020 and 2025, with a CAGR of 10.8% and 11.6%, respectively; and

b) the penetration of luxury yachting among the potential end customers driven by the increasing awareness and acceptance of yachting culture in APAC and a series of favorable policies supporting the yacht industry promulgated in major countries (especially in the PRC), stimulating yacht ownership, and encouraging foreign enterprises to engage in yacht servicing, chartering, and manufacturing in the region.

Moving forward, we aspire to be the world's most influential luxury yachting group through innovation, sustainability, and economic achievements. To continue exploiting the growth dynamics of the global luxury yacht industry, increasing our price positioning, and strengthening our overall business resilience, we will focus on:

- The consolidation of our market leadership position in composite and made-to-measure yachts segments introducing new compelling models especially over 80 feet, proactively anticipating evolving market trends and customer expectations, while also increasing our presence in outboard and sailing segments, leveraging Wally brand heritage.

- The development of new super yacht flagship models under our iconic Riva, Wally, Pershing, and Custom Line brands to cover the market demand for higher-footage branded yachts, by leveraging the extensive know-how and experience accumulated with CRN and the recent successes of Pershing 140 and Riva 50 Metri.

- The vertical integration of strategic and high value-adding activities to ensure the uncompromised excellence in the luxurious design, performance, quality, and reliability of our yachts and to support our future growth and product portfolio expansion.

- The enhancement of our unique portfolio of ancillary services expanding and strengthening our presence in the most promising ancillary service verticals such as brokerage and refitting services.

- The reduction of our carbon footprint through the usage of renewable energy across our shipyards and investments in research and development to identify innovative, light, and environmental-friendly materials, and promoting alternative hybrid and electric propulsion systems for our yachts.

- The continuous enhancement of our operations and production to increase shipyards' efficiency and boost Ferretti Group's profit margin.

- The never-ending control on our supply chain leveraging contracts to ensure the uncompromised quality and yet minimize the risk of cost increases driven by rising inflation.

3 APPRECIATION

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

Mr. Tan Xuguang
Chairman and non-executive Director

Hong Kong, August 4, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Each of its brands is associated with exclusivity and differs in style and technical performance characteristics with distinctive features and precise identities. This iconic and complementary brand portfolio allows the Group to comprehensively cover the high-end luxury segments of its addressable market and targeted client profiles. Its multi-brand business model relies on independent teams dedicated to each brand that carry out product development, and formulate and manage sales and communication strategies to unlock the commercial potential of each brand, thus nurturing their unique identity. Meanwhile, the Group can benefit from enhanced operational efficiency from the centralized functions at the Group level, such as procurement and engineering.

Over the years, the Group has cultivated a premium and loyal clientele of highly sophisticated VHNWIs and UHNWIs, empowered by its effective sales model. The Group has established a sales presence in more than 70 countries and regions in EMEA, AMAS and APAC, enabling it to reach customers globally.

The Group owns and operates six shipyards, and a production plant for interior fittings and customized furnishings, all located at the heart of the world-famous Italian nautical districts. This strategic choice allows it to continuously enhance its production process, while ensuring an uncompromised focus on product quality and technical performance by leveraging the proximity of our network of suppliers and contractors. The Group designs and manufactures luxury interior fittings and customized furnishings for its yachts on a vertically integrated basis, as part of its ongoing efforts to meet the demands for high-end customization and to further increase its competitiveness.

The comprehensive yachting ecosystem that the Group created, which encompasses luxury yachts and ancillary services, enables it to enhance customer satisfaction and loyalty. Its ancillary businesses provide synergies with its yacht manufacturing business with an all-encapsulating portfolio, comprising: (i) yacht brokerage, chartering and management services; (ii) after-sales and refitting services; (iii) brand extension activities, such as lifestyle merchandise collection; and (iv) manufacturing and installation of wooden furnishings for nautical interiors. In certain instances, the Group also offers trade-in opportunities to its customers as a complementary service and a lever to facilitate the sales of new yachts. In addition, the Group has tapped into the global coastal patrol and rescue vessel industry with the launch of FSD, the security vessel business division. By leveraging its accumulated know-how and resources and by exploiting already existing product platforms, the Group is well-positioned to seize the growing opportunities in this flourishing market.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PLAN

Looking ahead, the Group is well positioned to benefit from a growing market with a size of €20.8 billion in 2021 and forecasted to reach €26.8 billion by 2025.

The Group continues to see repeating and new customers in pursuit of privacy, safety and freedom. The Group witnessed the growing trend in the past few years since the outbreak of the COVID-19 pandemic. COVID-19 has to a certain extent, changed the "traditional" customer perception and significantly increased the market desire for yachts, further stimulating industry growth with a trend which is expected to become a "new normal".

The effect of all this is visible in the strong order intake, with an increase of 30% in the Relevant Period compared to the six months ended June 30, 2021. Furthermore, when comparing the Relevant Period with the year 2021, new orders already reached 66% of 2021, leading to an even stronger order backlog for the Relevant Period of more than €1.2 billion Euro representing a growth of approximately 20% compared to December 2021, and a growth of approximately 49% compared to the order backlog for the six months ended June 30, 2021. All these lead to a very positive outlook for the upcoming months and support the future plans of the Group.

As stated in the Prospectus, the Group's future plans are based on four strategic pillars:

— The Group will continue to expand its product portfolio in composite and made-to-measure segments with a focus on yachts above 80 feet, increasing the size and customization of its products.

— The Group will fill the gap between its largest made-to-measure yacht and its full custom, by developing branded alloy super yachts that will leverage on CRN's experience and its iconic brands.

— The Group will vertically integrate part of its value chain, by internalizing a portion of glass-reinforced plastic and carbon-fiber hull production and the construction of Wally sail and by acquiring four to five key suppliers.

— Finally, the Group will increase its offering of ancillary services, such as crew management, chartering, brokerage and refitting, by acquiring a leading brokerage house and one or more refitting facilities in the Mediterranean.

FINANCIAL REVIEW

Net Revenue

The Group's overall net revenue increased by approximately 17.0% from approximately €457.2 million for the six months ended June 30, 2021 to approximately €534.9 million for the Relevant Period. The following table summarises the net revenue for each of the business lines by application during the periods indicated:

	Six months ended June 30,			
	2022 (Unaudited)		2021 (Unaudited)	
(In thousands Euro, except percentages)	**Net Revenue**	**% of Total Net Revenue**	Net Revenue	% of Total Net Revenue
Composite yachts	**233,710**	**43.7%**	236,399	51.7%
Made-to-measure yachts	**201,286**	**37.6%**	126,868	27.7%
Super yachts	**48,928**	**9.1%**	39,065	8.5%
Other businesses [(1)]	**51,024**	**9.5%**	54,917	12.0%
Total	**534,948**	**100%**	457,248	100%

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

(i) Sales of Composite Yachts

The Group's revenue from the sales of composite yachts are substantially in line in the two periods and are approximately €236 million for the six months ended June 30, 2021 and €234 million for the Relevant Period.

(ii) Sales of Made-to-Measure Yachts

The Group's revenue from the sales of made-to-measure yachts increased by approximately 58.7% from approximately €127 million for the six months ended June 30, 2021 to approximately €201 million for the Relevant Period. The increase in revenue was mainly due to an increase in order intake mainly driven by the same factors mentioned above. Specifically, the Group's order intake for made-to-measure yachts increased from €167 million for the six months ended June 30, 2021 to €247 million for the Reporting Period.

(iii) Sales of Super Yachts

The Group's revenue from the sales of super yachts increased by approximately 25.2% from approximately €39 million for the six months ended June 30, 2021 to approximately €49 million for the Relevant Period. The increase in revenue was mainly due to an increase in order intake amounting to €105 million for the six months ended June 30, 2022.

(iv) Other Businesses

The Group's revenue generated from other businesses decreased by approximately 7.1% from approximately €55 million for the six months ended June 30, 2021 to approximately €51 million for the Relevant Period mainly due to the decrease in sales of pre-owned yachts that are to be considered a marketing tool targeting selected customers rather than an effective and strategic business line.

Raw Materials and Consumables Used

The Group's raw materials and consumables used increased by approximately 23.1% from approximately €211.9 million for the six months ended June 30, 2021 to approximately €260.8 million for the Relevant Period. Such increase was mainly due to an increase in production activities driven by an increase in order intake.

For the Reporting Period, among the Group's raw materials and consumables used, it incurred COVID-19 extra-costs of €98 thousand and €33 thousand for other extra-costs.

Contractors Costs

The Group's contractors costs increased by approximately 23.9% from approximately €62.3 million for the six months ended June 30, 2021 to approximately €77.3 million for the Relevant Period. Such increase was mainly attributable to an increase in production activities driven by an increase in order intake.

Costs for Trade Shows, Events and Advertising

The Group's costs for trade shows, events and advertising increased by approximately 164.7% from approximately €3.6 million for the six months ended June 30, 2021 to approximately €9.5 million for the Relevant Period mainly due to the cancellation or the Group's non-attendance at major boat shows for the six months ended June 30, 2021 as a result of the outbreak of COVID-19 pandemic. As the Group resumed its attendance of these shows and events during the Relevant Period, its costs increased.

For the Reporting Period, among the Group's costs for trade shows, events and advertising, it incurred an extra-costs of €1.4 million.

Other Service Costs

The Group's service costs increased by approximately 48.9% from approximately €41.0 million for the six months ended June 30, 2021 to approximately €61.1 million for the Relevant Period due to (i) an increase in the cost incurred for the Listing and other related expenses for €8.2 million; (ii) an increase in service costs for production volumes, comprising insurance, transportation, cleaning and security; and (iii) an increase in utilities costs.

For the Reporting Period, among the Group's other service costs, it incurred costs related to the Listing and Management Incentive Plan of €8.2 million, COVID-19 extra-costs of €1.2 million, and other non-recurring costs of €68 thousand.

MANAGEMENT DISCUSSION AND ANALYSIS

Rentals and Leases

The Group's rentals and leases increased by €0.7 million, or 23.0%, from €3.0 million for the six months ended June 30, 2021 to €3.7 million for the Reporting Period, primarily due to (i) an increase in royalties mainly attributable to the increase in new yachts delivered; and (ii) an increase in expenses relating to short-term leases, which was generally in line with the growth of the Group's business.

For the Reporting Period, among the Group rentals and leases, it incurred extra costs related to the rental of room facilities in preparation for the Listing, which amounted to €6 thousand.

Personnel Costs

The Group's personnel costs increased by €15 million, or 27.7%, from €54.3 million for the six months ended June 30, 2021 to €69.3 million for the Reporting Period, primarily due to (i) the Management Incentive Plan approved on April 28, 2022 by the Board of Directors of the Company; (ii) an increase in the average headcount to support the growth of the Group's business.

For the Reporting Period, it incurred costs related to the Management Incentive Plan of €12.3 million, and COVID-19 extra-costs of €1 thousand.

Other Operating Expenses

The Group's other operating expenses increased from approximately €3.1 million for the six months ended June 30, 2021 to approximately €5.6 million for the Relevant Period mainly due to the increase of the production volumes.

Income tax expenses

The Group recorded income tax benefit of €724 thousand for the Relevant Period and the tax expenses of €597 thousand for the six months period ended June 30, 2021. The tax expenses decreased by approximately 221.3% mainly due to the deferred tax positive effect on some accrued costs.

Net profit

The Group's profit for the period increased by approximately 27.6% from approximately €23.4 million for the six months ended June 30, 2021 to approximately €29.9 million for the Relevant Period mainly due to the reasons discussed above.

NON-IFRS MEASURE

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

The Company defines (i) EBITDA as profit after tax plus financial expenses (including the result of foreign exchange conversion), depreciation and amortization, and income tax expense, and less financial income and income tax benefit; (ii) adjusted EBITDA as EBITDA adjusted by adding back certain special items (including bank charges and guarantees, listing expenses, Management Incentive Plan, personnel related extra costs, litigations, COVID-19 extra costs, and other minor non-recurring events); and (iii) net revenue without pre-owned as net revenue excluding revenue generated from the trading of pre-owned yachts.

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

(In thousands Euro, except percentages)	**June 30, 2022 (unaudited)**	June 30, 2021 (unaudited)
Net revenue without pre-owned	**510,619**	426,924
Revenues pre-owned	**24,328**	30,324
Net revenue	**534,948**	457,248
Operating costs	**(465,910)**	(404,198)
Adjusted EBITDA	**69,037**	53,050
Special items	**(23,099)**	(2,121)
EBITDA	**45,939**	50,929
Depreciations and amortization	**(25,518)**	(24,443)
Financial income, financial expenses	**8,730**	(2,471)
Profit before tax (PBT)	**29,151**	24,015
Income tax	**724**	(597)
Profit after tax (PAT)	**29,875**	23,418
Adjusted EBITDA/Net revenue without pre-owned	**13.5%**	12.4%

MANAGEMENT DISCUSSION AND ANALYSIS

Certain expenses incurred for the Relevant Period were listing-related. The Group's adjusted EBITDA (including listing expenses, Management Incentive Plan, litigations, COVID-19 extra costs, and other minor non-recurring events) for the Relevant Period amounted to approximately €69 million, increased by approximately 30.1% for the six months ended June 30, 2021 which amounted to approximately €53 million, demonstrating the increase in profitability of our operating performance.

The adjusted EBITDA/net revenue without pre-owned margin increased from 12.4% for the six months ended June 30, 2021 to 13.5% for the Reporting Period.

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

(in thousands Euro)	**June 30, 2022 (unaudited)**	June 30, 2021 (unaudited)
Bank charges and guarantees		752
Listing expenses and related costs	**4,534**	—
Management Incentive Plan	**17,178**	—
COVID-19 extra-costs	**1,320**	1,144
Litigations	**—**	91
Other minor non-recurring events	**68**	134
Total	**23,099**	2,121

The Group launched 112 new yachts for the six months ended June 30, 2022, 8 units more than that of six months ended June 30, 2021. The growth was driven mainly by the Made-to-Measure yachts, that was up 23%, and the Super Yachts that doubled.

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

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

As at June 30, 2022, the Group had cash and cash equivalents of approximately €441 million (as at December 31, 2021: approximately €173 million).

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

Capital Structure

A. Borrowing

The total bank borrowing of the Group as at June 30, 2022 was approximately €74.1 million (as at December 31, 2021: €88.5 million) which was originally denominated in Euro, so it did not have any foreign exchange impact on its financial statements during the Relevant Period. The bank borrowing was interest-bearing, secured and unsecured. During the Relevant Period, the Group did not experience any difficulties in utilising its banking facilities with its lenders.

B. Gearing Ratio

As at June 30, 2022, the Group's gearing ratio was approximately 9.9% (as at December 31, 2021: 17.8%), calculated as the total indebtedness divided by total equity as at the end of the Relevant Period multiplied by 100%. The decrease was mainly due to the increase in share capital related to the Listing. The Group's gearing ratio demonstrated that the financial position of the Group was healthy as the debt level of the Group was very low as at the end of the Relevant Period.

Treasury Policies

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

Pledge of Assets

As at December 31, 2021, the Group's bank borrowings were secured by certain of the Group's buildings, which amounted to €85.4 million. As at June 30, 2022, the Group did not pledge any further assets in comparison with December 31, 2021.

Contingent Liabilities

As at June 30, 2022 and 2021, the Group did not have any material contingent liabilities.

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

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

Foreign Currency Exposure

Majority of the Group's generating activities and borrowings were denominated in Euro. The Group is exposed to foreign currency risk arising from fluctuations in exchange rates between Euro against USD. The Group uses foreign currency forward contracts to hedge its exposure to foreign currency risks in connection with forecast transactions and firm commitments. As at December 31, 2021 and June 30, 2022, there were no currency forwards in place.

Human Resources

As at June 30, 2022, the Group had approximately 1,670 full-time employees, of which 1,607 were based in the EMEA and 63 were based in AMAS and APAC. The total cost of staff for the six months ended June 30, 2022 was €69.3 million as compared to €54.3 million as at June 30, 2021. The increase was mainly attributable to the Management Incentive Plan costs and the increase in work force.

INTERIM DIVIDEND

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

EVENTS AFTER THE RELEVANT PERIOD

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

GOING CONCERN

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Board strives to uphold the principles of corporate governance set out in the CG Code contained in Appendix 14 to the Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuing professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

Since the Listing Date to June 30, 2022, the Company complied with the code provisions as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to 30 June, 2022.

REVIEW BY AUDIT COMMITTEE

We have established the Audit Committee on December 21, 2021 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

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

The interim results of the Group for the Relevant Period are unaudited and have not been reviewed by the external auditor of the Company. The Audit Committee has reviewed with the management of the Company the unaudited financial statements, the interim results announcement and the interim report of the Company for the Relevant Period and agreed with the accounting treatments adopted by the Company, and was of the opinion that the preparation of the financial statements of the Company for the Relevant Period complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

CORPORATE GOVERNANCE AND OTHER INFORMATION

RETIREMENT OF ERNST & YOUNG AS ONE OF JOINT AUDITORS

Reference is made to the Prospectus, which stated that Ernst & Young ("**EY HK**") and EY S.p.A. ("**EY Italy**") would jointly audit the Company's consolidated financial statements for the year ended December 31, 2021 and that the Company intends for EY Italy to act as the Company's sole auditor for its consolidated financial statements for the year ending December 31, 2022 and thereafter.

EY HK has informed the Board on May 25, 2022 that it will retire as one of the joint auditors of the Company (the "**Joint Auditor(s)**") upon the expiration of its current term of office at the annual general meeting of the Company held on May 25, 2022 (the "**AGM**").

Following the retirement of EY HK at the conclusion of the AGM, EY Italy, being the other Joint Auditor, will remain as the sole auditor of the Company until the approval of the financial statements for the financial year ending December 31, 2022.

EY HK provided its written confirmation to the Board and the Audit Committee that there are no matters connected with its retirement that it considers should be brought to the attention of the Shareholders. The Board and the Audit Committee also confirmed that, to the best of their knowledge and understanding, there are no matters in respect of the retirement of EY HK that need to be brought to the attention of the Shareholders.

CHANGE IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of Directors' information since the date of the 2021 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Alberto Galassi, the executive Director and the Chief Executive Officer of the Company was appointed as a non-executive director of Palermo F.C., an Italian soccer team with effect on July 1, 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(A) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As far as the Company is aware, as at June 30, 2022, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares(2)	Approximate Percentage of Shareholding
Mr. Piero Ferrari	Interest in a controlled corporation(1)	27,926,766 (L)	8.251%

Notes:

(1) F Investments S.A. directly holds 27,926,766 Shares. F Investments S.A. is 50% owned by Mr. Piero Ferrari and 50% owned by Ms. Renjie Wang. Mr. Piero Ferrari and Ms. Renjie Wang are deemed to be interested in the Shares held by F Investments S.A. for the purpose of Part XV of the SFO.

(2) The letter "L" denotes a long position in the Shares.

Save as disclosed above, none of the Directors and the chief executive of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at June 30, 2022.

(B) Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares

So far as the Directors are aware, as at June 30, 2022, the following persons have an interest or a short position in the Shares and the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares(1)	Approximate Percentage of Shareholding
SHIG	Interest in a controlled corporation(2)	215,769,229 (L)	63.746%
Weichai Group	Interest in a controlled corporation(2)	215,769,229(L)	63.746%
Weichai Holding (HK)	Interest in a controlled corporation(2)	215,769,229(L)	63.746%
FIH	Beneficial owner	215,769,229(L)	63.746%
Mr. Piero Ferrari	Interest in a controlled corporation(3)	27,926,766(L)	8.251%
Ms. Renjie Wang	Interest in a controlled corporation(3)	27,926,766(L)	8.251%
F Investments S.A.	Beneficial Owner	27,926,766(L)	8.251%

Notes:

(1) The letter "L" denotes a long position in the Shares.

(2) FIH directly holds 215,769,229 Shares. FIH is wholly owned by Weichai Holding (HK). Weichai Holding (HK) is wholly owned by Weichai Group, which is a wholly-owned subsidiary of SHIG. SHIG is owned by State-owned Assets Supervision & Administration Commission of Shandong Province ("**Shandong SASAC**"), Shandong Guohui Investment Co., Ltd. (a company wholly owned by Shandong SASAC) and the Shandong Provincial Council for Social Security Fund as to 70%, 20% and 10%, respectively. Each of Weichai Holding (HK), Weichai Group and SHIG is deemed to be interested in the Shares directly held by FIH for the purpose of Part XV of the SFO. From its incorporation in June 2009 to July 2016, SHIG was wholly owned by Shandong SASAC. In July 2016, Shandong SASAC transferred 30% share capital of SHIG to the Shandong Provincial Council for Social Security Fund at nil consideration. In May 2018, the Shandong Provincial Council for Social Security Fund transferred 20% share capital of SHIG to Shandong Guohui Investment Co., Ltd. at nil consideration.

(3) F Investments directly holds 27,926,766 Shares. F Investments is 50% owned by Mr. Piero Ferrari and 50% owned by Ms. Renjie Wang. Mr. Ferrari and Ms. Renjie Wang are deemed to be interested in the Shares held by F Investments for the purpose of Part XV of the SFO.

Save as disclosed herein, the Directors are not aware of any person who, as at June 30, 2022, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on May 25, 2022 for the purpose of attracting and retaining the best quality personnel for the development of the Group's businesses, to provide additional incentives to the Eligible Person(s) (as defined below) and to promote the long term financial success of the Group by aligning the interests of holders of the share options to Shareholders.

Share options may potentially be granted to "Eligible Person(s)", which include (a) any Director, chief executive or substantial shareholder of the Company or any of their respective associates; and (b) any employee (whether full time or part-time) of the Group or its affiliates.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 33,848,265 shares, representing approximately 10% of the Company's issued share capital as at May 25, 2022, the date of the shareholders' meeting approving the Share Option Scheme and the date of these Interim Financial Statements. The maximum number of shares issued and to be issued upon the exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the shares in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of: (a) the nominal value of each share on the date of grant of the relevant option (the "**Grant Date**"); (b) the closing price of each share as stated in the Stock Exchange's daily quotation sheet on the Grant Date; and (c) the average of the closing prices of the share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Grant Date.

No options were granted, exercised or cancelled or lapsed under the Share Option Scheme during the Relevant Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUFFICIENCY OF PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, upon the Listing and up to June 30, 2022, the Company maintained the amount of public float as required under the Listing Rules.

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

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

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Main Board on the Listing Date. The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering and the exercise of over-allotment option of approximately HKD1,862.94 million. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus. As at June 30, 2022, none of the net proceeds from the Global Offering had been utilized.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended

(in thousands Euro)	*Notes*	**June 30, 2022 (unaudited)**	June 30, 2021 (unaudited)
Revenue		**555,641**	474,035
Commissions and other costs related to revenue		**(20,694)**	(16,787)
NET REVENUE	4	**534,948**	457,248
Change in inventories of work-in-process, semi-finished and finished goods	5	**2,826**	(28,744)
Cost capitalised	5	**14,625**	13,315
Other income	6	**7,716**	5,961
Raw materials and consumables used		**(260,839)**	(211,893)
Contractors costs	7	**(77,272)**	(62,345)
Costs for trade shows, events and advertising		**(9,493)**	(3,586)
Other service costs	8	**(61,053)**	(41,005)
Rentals and leases		**(3,733)**	(3,035)
Personnel costs	9	**(69,301)**	(54,250)
Other operating expenses	10	**(5,626)**	(3,112)
Provisions and impairment		**(26,859)**	(17,624)
Depreciation and amortisation		**(25,518)**	(24,443)
Share of loss of a joint venture		**(18)**	0
Financial income	11	**5**	216
Financial expenses	11	**(2,356)**	(3,512)
Foreign exchange gains	11	**11,100**	825
PROFIT BEFORE TAX		**29,151**	24,015
Income tax	12	**724**	(597)
PROFIT FOR THE PERIOD		**29,875**	23,418
Attributable to:			
Shareholders of the Company		**29,608**	23,419
Non-controlling interests		**266**	(1)
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (€)		**0.09**	0.09

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended

(in thousands Euro)	*Notes*	**June 30, 2022 (unaudited)**	June 30, 2021 (unaudited)
PROFIT FOR THE PERIOD		**29,875**	23,418
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Profit on defined benefits plan		**725**	70
Income tax effect		**(174)**	(17)
		551	53
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Gains/(losses) from the translation of foreign operations		**3,175**	(1,855)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**3,726**	(1,802)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**33,601**	21,616
Attributable to:			
Shareholders of the Company		**33,334**	21,617
Non-controlling interests		**266**	(1)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

(in thousands Euro)	*Notes*	**June 30, 2022 (unaudited)**	December 31, 2021 (audited)
CURRENT ASSETS			
Cash and cash equivalents	13	**441,434**	173,010
Trade and other receivables	14	**53,032**	41,689
Contract assets	15	**89,075**	111,794
Inventories	16	**142,520**	144,387
Advances on inventories	16	**30,283**	24,606
Other current assets	17	**5,625**	8,731
Income tax recoverable		**428**	980
		762,397	505,199
NON-CURRENT ASSETS			
Property, plant and equipment	18	**274,186**	259,854
Intangible assets	19	**257,431**	258,174
Other non-current assets	20	**45,862**	5,189
Deferred tax assets	21	**24,109**	17,660
		601,587	540,877
TOTAL ASSETS		**1,363,984**	1,046,076
CURRENT LIABILITIES			
Accounts payable to shareholders		**—**	—
Bank and other borrowings	22	**30,440**	31,157
Provisions	23	**46,903**	31,056
Trade and other payables	24	**313,885**	278,809
Contract liabilities	25	**161,497**	131,664
Income tax payable		**1,217**	754
		553,942	473,440
NON-CURRENT LIABILITIES			
Bank and other borrowings		**43,680**	57,326
Provisions	23	**11,408**	9,383
Non-current employee benefits	26	**6,369**	7,506
Trade and other payables	24	**305**	355
		61,762	74,570

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

(in thousands Euro)	*Notes*	**June 30, 2022 (unaudited)**	December 31, 2021 (audited)
TOTAL LIABILITIES		**615,704**	548,010
SHARE CAPITAL AND RESERVES			
Share capital	27	**338,483**	250,735
Reserves	27	**409,743**	247,543
Equity attributable to shareholders of the Company		**748,226**	498,278
Non-controlling interests	27	**55**	(212)
TOTAL EQUITY		**748,280**	498,066
TOTAL LIABILITIES AND EQUITY		**1,363,984**	1,046,076

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at

(in thousands Euro)	Share capital	Share premium	Legal reserve	Translation reserve	Other reserves	Equity attributable to the shareholders of the company	Non-controlling interests	Total equity
At January 1, 2021 (audited)	250,735	281,293	5,819	3,583	(78,055)	463,375	(50)	463,325
Profit for the period								
Other comprehensive loss for the period:	—	—	—	—	23,419	23,419	(1)	23,418
Profit on defined benefits plan, net of tax	—	—	—	—	53	53	—	53
Exchange differences on translation of foreign operations	—	—	—	(1,855)	—	(1,855)	—	(1,855)
Total comprehensive income for the period	—	—	—	(1,855)	23,472	21,617	(1)	21,616
Transfer to the legal reserve	—	—	1,291	—	(1,291)	—	—	—
Dividends	—	—	—	—	(3,510)	(3,510)	—	(3,510)
At June 30, 2021 (unaudited)	250,735	281,293	7,110	1,728	(59,384)	481,482	(51)	481,431

(in thousands Euro)	Share capital	Share premium*	Legal reserve*	Translation reserve*	Other reserves*	Equity attributable to the shareholders of the company	Non-controlling interests	Total equity
At January 1, 2022 (audited)	**250,735**	**281,293**	**7,110**	**4,329**	**(45,189)**	**498,278**	**(212)**	**498,066**
Profit for the period	**—**	**—**	**—**	**—**	**29,608**	**29,608**	**266**	**29,875**
Other comprehensive income for the period:								
Profit on defined benefits plan, net of tax	**—**	**—**	**—**	**—**	**551**	**551**	**—**	**551**
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**3,175**	**—**	**3,175**	**—**	**3,175**
Total comprehensive income for the period	**—**	**—**	**—**	**3,175**	**30,160**	**33,334**	**266**	**33,601**
Share capital increase, net	**87,748**	**143,748**	**—**	**—**	**(8,175)**	**223,321**	**—**	**223,321**
Transfer to the legal reserve	**—**	**—**	**1,177**	**—**	**(1,177)**	**—**	**—**	**—**
Dividends	**—**	**—**	**—**	**—**	**(6,707)**	**(6,707)**	**—**	**(6,707)**
At June 30, 2022 (unaudited)	**338,483**	**425,041**	**8,287**	**7,504**	**(31,089)**	**748,226**	**55**	**748,280**

* These reserve accounts comprise the consolidated reserves of €409,743 thousand (January 1, 2022: €247,543 thousand) in the consolidated statements of financial position.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended

(in thousands Euro)	**June 30, 2022 (unaudited)**	June 30, 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	**29,151**	24,015
Depreciation and amortisation	**25,518**	24,443
Loss/(gain) on disposal of property, plant and equipment	**5**	21
Provisions	**16,735**	3,304
Financial income	**(5)**	(216)
Financial expenses	**2,294**	3,507
Share of loss of joint venture	**0**	0
Impairment of trade receivables, net	**500**	95
Provision against inventories, net	**27**	(1,924)
	74,225	53,245
(Increase)/Decrease in inventories	**(3,837)**	31,630
Change in contract assets and contract liabilities	**52,552**	108,714
(Increase)/Decrease in trade and other receivables	**(11,842)**	3,128
Increase/(Decrease) in trade and other payables	**35,026**	(4,299)
Change in other operating liabilities and assets	**(579)**	(553)
	145,543	191,864
Income tax paid	**(1,328)**	0
Cash flows from operating activities (A)	**144,215**	191,864
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment and intangible assets	**(36,710)**	(22,931)
Proceeds from disposal of property, plant and equipment and intangible assets	**709**	69
Acquisition of subsidiaries *(note 45)*	**0**	(719)
Other financial investments	**(42,987)**	0
Interest received	**5**	216
	(78,983)	(23,365)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended

(in thousands Euro)	**June 30, 2022 (unaudited)**	June 30, 2021 (unaudited)
Cash flows used in investing activities (B)	**(78,983)**	(23,365)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	**223,320**	0
Dividends paid	**(6,707)**	(3,510)
New bank and other borrowings	**0**	56,456
Repayment of bank and other borrowings	**(14,364)**	(89,340)
Interest paid	**(2,232)**	(3,507)
Cash flows from/(used in) financing activities (C)	**200,017**	(39,901)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D=A+B+C)	**265,248**	128,598
Cash and cash equivalents at beginning of year (E)	**173,010**	32,830
Effect of foreign exchange rate changes, net (F)	**3,175**	(1,855)
CASH AND CASH EQUIVALENTS AT END OF YEAR (G=D+E+F)	**441,434**	159,573
Cash and cash equivalents as stated in the consolidated statement of financial position	**441,434**	159,573

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Ferretti S.p.A. and its subsidiaries (collectively, the Group) for the six months ended June 30, 2022 were authorised for issue in accordance with a resolution of the directors on August 04, 2022.

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

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

As at the end of June 2022, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation registration and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zago S.p.A.	Italy February 16, 2004	€120,000	100	—	Naval furniture production
Sea Lion S.r.l.	Italy March 27, 2018	€10,000	75	—	Wally trademark holding
Allied Marine Inc.	United States of America September 21, 1993	USD10	100	—	Brokerage, yacht chartering and yacht management
Ferretti Group of America Holding Inc.	United States of America October 26, 1998	USD10	100	—	Investment holding
BY Winddown Inc.	United States of America May 28, 1992	USD10	—	100	Dormant

1. CORPORATE INFORMATION (CONTINUED)

Name	Place and date of incorporation registration and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ferretti Group of America Llc.	United States of America August 18, 2008	USD100	—	100	Selling of serial vessels
Ferretti Group Asia Pacific Ltd.	Hong Kong September 25, 2012	HK$100,000	100	—	Commercialization of Group's products in Asia
Ferretti Group (Monaco) S.a.M.	Monaco April 1, 1980	€150,000	99.4	—	Brokerage and yacht selling
Ferretti Group UK Limited	United Kingdom March 23, 2017	£1	100	—	Commercialization of Bespoke boats
Ferretti Asia Pacific Zhuhai Ltd.	People's Republic of China August 20, 2013	RMB1,000,000	100	—	Dormant
Ram S.r.l.	Italy December 4, 1959	€520,000	80	—	Reparation, restyling and maintenance of boats
Ferretti Tech S.r.l.	Italy May 18, 2021	€10,000	100	—	Production, restructuring and assembly of boat components
Ferretti Gulf Marine Limited	United Arab Emirates November 17, 2021	AED300,000	100	—	Production, restructuring and assembly of boat components

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

2.1. Basis of Preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021.

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

2.2. Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group:

— Amendment to IFRS 3 — Business Combinations — References to the Conceptual Framework

— Amendments to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use

— Amendments to IAS 37 — Onerous Contracts — Costs of Fulfilling a Contract

— IFRS 1 — First-time Adoption of International Financial Reporting Standards — Subsidiary as a First-time Adopter

— IFRS 9 — Financial Instruments — Fees in the "10 per Cent" Test for Derecognition of Financial Liabilities

— Annual Improvements to IFRSs 2018–2020 — Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

3. FINANCIAL RISK MANAGEMENT

The following qualitative information, which is being offered to provide a better understanding of the impact of financial instruments on the Group's statement of financial position, income statement and cash flow statement, is also designed to explain more clearly the Group's exposure to the different types of risks associated with financial instruments and the corresponding management policies, as required by IFRS 7.

Fair Value Measurement Hierarchy

IFRS 7 requires that the financial instruments recognised at fair value on the consolidated statement of financial position be classified based on a hierarchical ranking that reflects the reliability of the inputs used to measure fair value. The following levels are used:

— Level 1 — prices quoted in an active market for the assets or liabilities that are being measured;

— Level 2 — inputs other than the quoted prices of Level 1 but which are directly (prices) or indirectly (derived from prices) observable in the market;

— Level 3 — inputs that are not based on observable market data.

The table below lists liabilities for which fair values are disclosed:

Financial statement line item	June 30, 2022 (unaudited) Level 1	Level 2	Level 3	Total	December 31, 2021 (audited) Level 1	Level 2	Level 3	Total
Bank and other borrowings non-current		**43,680**		**43,680**	—	57,326	—	57,326

The table below lists the assets and liabilities by category of measurement:

Financial statement line item	June 30, 2022 (unaudited) Fair value	Amortised cost	Total	December 31, 2021 (audited) Fair value	Amortised cost	Total
Cash and cash equivalents		**441,434**	**441,434**		173,010	173,010
Financial assets included in trade and other receivables		**20,817**	**20,817**		12,035	12,035
Other current assets		**5,625**	**5,625**		8,731	8,731
Financial assets included in other non-current assets	**42,837**	**1,838**	**44,675**	—	1,759	1,759
Total financial assets	**42,837**	**469,714**	**512,551**	—	195,535	195,535

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement Hierarchy (Continued)

Financial statement line item	June 30, 2022 (unaudited) Amortised cost	June 30, 2022 (unaudited) Total	December 31, 2021 (audited) Amortised cost	December 31, 2021 (audited) Total
Bank and other borrowings	**74,120**	**74,120**	88,483	88,483
Financial liabilities included in trade and other payables	**269,833**	**269,833**	242,155	242,155
Total financial liabilities	**343,953**	**343,953**	330,638	330,638

Liquidity Risk

The liquidity risk is the risk that an entity may find it difficult to perform obligations arising from financial and trade liabilities in accordance with stipulated terms and due dates.

The Group continuously monitors the cash flow through the planning of the expected cash flows and the necessary financing sources on a weekly basis, over a monthly horizon, taking also into account the seasonality of the Group's business.

In most of the transactions, the sales policies adopted by the Group continue to call for payment of any contractually owed balances when the boat is delivered and the collection of security deposits and advances in accordance with contractually established schedules, particularly in accordance with the size of the boat.

The table below, which provides a quantitative analysis of the liquidity risk, shows a breakdown of future financial flows based on the financial liabilities outstanding at June 30, 2022 and at the end of the previous fiscal year, with a breakdown of the Group's financial payables by contractually stipulated due dates:

		Future financial flows					
	Balance at June 30, 2022 (unaudited)	Less than 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	Total financial flows
Bank and other borrowings (excluding lease liabilities)	(46,210)	(794)	(11,561)	(11,482)	(24,102)	0	(47,939)
Lease Liabilities	(27,910)	(1,997)	(3,989)	(1,989)	(17,738)	(3,342)	(29,055)
Trade and other payables	(269,833)	(206,890)	(61,609)	(1,334)	0	0	(269,833)
Total	(343,953)	(209,681)	(77,159)	(14,804)	(41,840)	(3,342)	(346,827)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

		Future financial flows					
	Balance at December 31, 2021 (audited)	Less than 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	Total financial flows
Bank and other borrowings (excluding lease liabilities)	(57,682)	(1,411)	(11,548)	(11,473)	(35,605)	—	(60,037)
Lease Liabilities	(30,801)	(2,087)	(4,169)	(2,079)	(18,936)	(4,745)	(32,016)
Trade and other payables	(242,155)	(189,335)	(51,112)	(1,709)	—	—	(242,155)
Total	(330,638)	(192,832)	(66,829)	(15,261)	(54,541)	(4,745)	(334,208)

The tables above analyse the maximum risk entailed by the financial liabilities (including trade payables). All flows shown are nominal undiscounted future flows, determined based on the remaining contractual due dates with regard both to principal and interest.

Market and Interest Rate Risk

This is the risk that the fair value and future financial flows of a financial instrument may fluctuate due to changes in market prices. The market risk includes the following subcategories:

— Currency risk (the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates);

— Interest rate risk (the risk that the value of financial instruments may fluctuate due to changes in market interest rates);

— Price risk (the risk that the value of financial instruments may fluctuate due to changes in market prices).

The risk more specifically related to the Group's business is the risk of fluctuations in exchange rates.

This risk relates to the possibility of changes in the Euro amount corresponding to the net foreign currency exposure for invoices issued, outstanding orders and, marginally, invoices payable and cash balances in foreign currency accounts.

The Group is primarily exposed to the exchange rate risk in relation to the US Dollar as a result of the sales made by the subsidiary Ferretti Group of America Llc.

To mitigate such risk, in the 2021 the Company used cash flow hedging financial instruments through simple derivatives, such as currency forwards in place for expected future cash flows. In any case, as of December 31, 2021, there were no currency forwards in place and in the period the Company didn't arrange any cash flow hedging financial instruments.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market and Interest Rate Risk (Continued)

The interest risk is the risk that the value of future financial flows could fluctuate due to changes in market interest rates. In 2019, Ferretti S.p.A. and the subsidiary CRN S.p.A. signed a loan agreement with a pool of financing banks for a maximum total amount of €170 million with a five-year term. The interest rate applicable to the Loan is equal to the sum of the relevant spread (290 basis points per annum for the Term Loan Facility and the Revolving Pre-Finance Facility and 300 basis points per annum for the Revolving Credit Facility) and Euribor. The spread may also decline according to the level of the leverage ratio.

Credit Risk

The credit risk is the risk of potential losses due to the inability of counterparties to fulfil commercial or financial obligations. This risk can arise when a counterparty defaults for technical/commercial reasons (disputes about the nature/quality of a product, interpretation of contract clauses, etc.) or when one party causes the other party to incur a loss by failing to comply with an obligation.

In light of the type of customers targeted by the Group's products and services and the commercial policies it has adopted — which envisage, in most of transactions, that the balance of the contract amount, net of advances collected, is paid before or concurrently with the delivery of the boat — the Group believes that its credit risk is not material. The payment of advances is associated with both the defined contractual due dates and the achievement of production milestones.

At the procedural level, in the limited number of cases in which the sales policies mentioned above are not applicable, the Group's receivables and the accrued advances to be paid are monitored periodically to verify compliance with contractual payment terms.

The table below reports residual amounts — i.e., already net of any write-downs — which even if expired at the reporting date (June 30, 2022) are considered fully recoverable:

	Balance at June 30, 2022 (unaudited)	Not due	30 days	Past due 30–60	60–90	Beyond
Cash and cash equivalents	441,434	441,434	—	—	—	—
Trade receivables*	8,277	1,212	1,374	1,610	258	3,823
Other current assets	5,625	5,625	—	—	—	—
Financial assets included in other receivables	12,540	12,540	—	—	—	—
Financial assets included in other non-current assets	1,838	1,838	—	—	—	—
Total	455,336	462,649	1,374	1,610	258	3,823

(*) Net of the allowance for doubtful accounts of €3,336 thousand.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

The table below reports the amount of trade receivables — i.e., gross of any write-downs — which even if expired at the reporting date (December 31,2021) are considered fully recoverable:

	Balance at December 31, 2021 (audited)	Not due	30 days	Past due 30–60	60–90	Beyond
Cash and cash equivalents	173,010	173,010	—	—	—	—
Trade receivables *	9,124	2,367	2,045	395	229	4,088
Other current assets	8,731	8,731	—	—	—	—
Financial assets included in other receivables	2,911	2,911	—	—	—	—
Financial assets included in other non-current assets	1,759	1,759	—	—	—	—
Total	195,535	188,778	2,045	395	229	4,088

(*) Net of the allowance for doubtful accounts of €5,745 thousand.

Capital Management

The goals of managing the Group's capital are safeguarding continuing operation and improving financial performance, in addition to maintenance of sound capital ratios in support of its business and maximising value for shareholders.

The Group manages its financial structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

No changes were made to capital management objectives, policies or processes during the current or previous years.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides the breakdown of the item Net Revenue for the six months period ended June 30, 2022, compared with the same item for the same period ended June 30, 2021:

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Total Revenue from contracts with customers	**555,641**	474,035
Commissions and other costs related to revenue	**(20,694)**	(16,787)
Total Net Revenue	**534,948**	457,248

The table below shows the breakdown of Net Revenue by production type:

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Composite yachts	**233,710**	236,399
Made-To-Measure yachts	**201,286**	126,868
Super Yachts	**48,928**	39,065
Other businesses	**51,024**	54,917
Total Net Revenue	**534,948**	457,248

Net Revenue arising from other businesses is broken down below.

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Boat brokerage	**6,691**	7,426
Sales and provision of carpentry products and services	**7,562**	7,091
FSD	**459**	6,082
Used boats	**24,328**	30,324
Provision of services and sales of replacement parts, merchandise and other goods	**7,861**	3,993
Wally Sailboats	**4,124**	0
Total Other businesses	**51,024**	54,917

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

In accordance with IFRS 15, the Group identified the revenue streams, including the main ones:

— Sale of yachts to order;

— Sale of used boats.

Regarding the sale of yachts to order (sale of composite yachts, made-to-measure yachts and super yachts), the Group considers that the only performance obligation contained in the sales contracts is the building of the vessel, with no significant accessory services or further activities.

This performance obligation is satisfied over time of construction of boats. The payment terms are agreed with the customers on a case by case basis to match cash requirements for the production. Advance payments are agreed with each customer on the basis of the time needed to construct the boats and are paid before the completion of the construction. These contracts do not include obligations for returns, refunds and other similar obligations, however the vessels are covered by a warranty which is included in a range between 18 and 24 months.

Commissions and other costs related to revenue mainly represents the costs incurred by the Group for the intermediation activities carried out by the dealers and brokers.

"Boat brokerage" refer to the activity related to yacht brokerage and yacht charters performed by the U.S. subsidiary Allied Marine.

"Sales and provision of carpentry products and services" relate entirely to subsidiary Zago S.p.A., concerning assembly works and wooden furnishings for yachts of over 100 feet produced by third-party sites and cruise ships.

"Provision of services and sales of replacement parts, merchandise and other goods" partly refer to the refit activity that the Group carried out, and partly regard the sale of replacement parts and other assistance services rendered in Italy and worldwide on boats previously sold. In addition, in 2022 as well the Group continued to sell Riva brand luxury accessories, as part of the Riva Brand Experience project.

The breakdown of Net Revenue by geographical area was as follows:

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
EMEA	**225,641**	154,211
APAC	**38,063**	29,035
AMAS	**171,293**	180,021
Global*	**48,928**	39,065
Other businesses	**51,024**	54,917
Total Net Revenue	**534,948**	457,248

* The item "Global" refers to net revenue from super-yachts not attributed to a single geographical area, inasmuch as, for example, the client's country of residence differs from that of registration of the vessel.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

In accordance with IFRS 15, Net Revenue are show below with a breakdown into obligations fulfilled at a point in time and those that are fulfilled over time.

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
At a point in time	50,421	45,029
Over time	484,526	412,219
Total Net Revenue	534,948	457,248

The table below shows the amount of revenue from recognised contract liabilities which had been included among contract liabilities at the beginning of the period:

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Revenue from contract liabilities	101,912	43,859

The following table shows the amount of contracts outstanding at June 30, 2022 which will be converted into revenue from contracts with customers within one year or after one year.

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Within one year	514,414	361,765
After one year	174,181	71,328
	688,594	433,093

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sale of new boats, of which the performance obligation is to be satisfied within 2 years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. CHANGE IN INVENTORIES OF WORK-IN-PROCESS, SEMI-FINISHED AND FINISHED GOODS/COST CAPITALISED

The change in inventories of work-in-process, semi-finished and finished goods refers to inventories of boats not covered by orders.

The cost capitalised consists mainly of costs incurred for labour, materials and manufacturing overhead that were capitalised under the item "Models and moulds". These costs were incurred primarily for the internal production of models and moulds used to build fiberglass-reinforced plastic forms which constitute the hull and other structural elements of the boats classified in this item as per industry practice.

6. OTHER INCOME

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Cost over-accruals	**1,076**	683
Damage settlements	**1,291**	690
Gain on sales of assets	**10**	5
Discounts from suppliers	**956**	1,595
Rental income	**430**	456
Rebilling of miscellaneous costs to customers and dealers	**245**	162
Others	**3,708**	2,370
Total Other income	**7,716**	5,961

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

The item "Damage settlements" refers primarily to the estimated proceeds of insurance payouts related in particular to damages occurred to the Company's shipyard in Cattolica (Rimini) on January 11, 2022, due to the fire that destroyed one boat. The corresponding actual claim amount is in progress.

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

The item "Other" includes, approximately €799 thousand for invoices to suppliers due to non-compliance of materials received, proceeds from sundry activities not directly connected with shipbuilding such as: income from promotional, marketing and co-branding agreements entered into with other internationally-renowned firms.

7. RAW MATERIALS AND CONSUMABLES USED / CONTRACTORS COSTS

This item "Raw materials and consumables used" primarily reflects purchases of raw and ancillary materials used in production and the change for the six months period in the corresponding inventories.

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

8. OTHER SERVICE COSTS

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Transportation, insurance and customs clearing costs	**9,689**	7,912
Technical consulting	**7,163**	5,957
Tax, legal and administrative consulting services	**6,231**	3,359
Fees to members of corporate governance bodies	**3,167**	1,685
Management Incentive Plan	**3,213**	—
Utilities	**4,450**	2,158
Insurance	**3,128**	2,222
Maintenance	**2,227**	1,520
Entertainment expenses	**1,957**	577
Travel and per diem expenses	**1,690**	785
Recruiting and training costs	**1,340**	1,335
Other	**16,798**	13,494
Total other service costs	**61,053**	41,005

9. PERSONNEL COSTS

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Wages and salaries	**52,588**	38,306
Social security contributions	**14,467**	13,588
Non-current employee benefits and other provisions	**2,246**	2,357
Total personnel costs	**69,301**	54,250

10. OTHER OPERATING EXPENSES

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Cost under-accruals	2,493	794
Re-billable costs	781	172
Taxes and fees other than income taxes	743	678
Memberships in trade associations	323	248
Settlement agreements	228	810
Advertising and promotional material	147	126
Loss on asset sales	6	27
Loss on receivables	0	86
Sundry operating costs	905	173
Total other operating expenses	**5,626**	3,112

"Cost under-accruals" referred mainly to the higher costs incurred during the six months period in excess of the provisions recognised in the financial year ended December 31, 2021 for supplies pertaining to the previous years.

The item "Settlement agreements" related to several private agreements entered into in the course of the period.

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

"Sundry operating costs" includes mainly charitable contributions, gifts, fines, stamp duties, etc.

11. FINANCIAL INCOME AND EXPENSES

Financial income

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Interest income from banks	**4**	214
Interest and other financial income	**1**	2
Total financial income	**5**	216

Financial expenses

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Interest on bank and other loans	**(1,594)**	(2,615)
Interest on lease liabilities	**(61)**	(90)
Interest on provision for severance benefits and pensions	**(28)**	(5)
Other financial expenses	**(673)**	(802)
Total financial expenses	**(2,356)**	(3,512)

Foreign exchange gains

At June 30, 2022, the Group does not have exchange rate risk hedging contracts in force; as a result, creditor and debtor balances denominated in foreign currency are subject to changes on the basis of the exchange rates in force at June 30, 2022.

The gains realised in the first half of 2022 are mainly related for €11.4 million to the conversion into Euro at a favourable exchange rate of the listing proceeds collected in HKD.

12. INCOME TAX

As shown in the table that follows, the "Income tax" amount for the six months period ended June 30, 2022 is a tax benefit for €724 thousand and for the six months period ended June 30,2021 was tax expenses of €597 thousand, as detailed below:

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Corporate income tax (IRES)	**(41)**	—
Regional tax (IRAP)	**(1,356)**	(1,558)
Federal taxes	**(1,781)**	(1,408)
	(3,178)	(2,966)
Prior-year taxes	**—**	159
Deferred taxes	**3,902**	2,210
Total income tax	**724**	(597)

Within the framework of national tax consolidation, the Group has nil taxable income for IRES (Imposta sul reddito delle società) purposes due to the use of tax losses and deductible interest expenses carried forward, except for one subsidiary that is not included in the tax consolidation.

The IRAP (Imposta regionale sulle attività produttive) taxable base of several companies was positive, and therefore a provision was made for this tax based on the rate in force in the regions in which the value of production is calculated.

For companies based in the United States, federal and state taxes of €1,781 thousand are due, up as a result of the greater taxable income during the year.

NOTES TO THE MAIN ASSET ITEMS

The following Notes provide a breakdown of the individual components of the consolidated statement of financial position for the six months period ended June 30, 2022 compared with December 31,2021.

CURRENT ASSETS

13. CASH AND CASH EQUIVALENTS

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Bank and postal accounts	**441,406**	172,957
Cash and securities on hand	**28**	53
Total cash and cash equivalents	**441,434**	173,010

The items listed above can be converted readily into cash and are not exposed to a significant risk that their value may change. There are no obligations or restrictions on use. Amounts collected and held in escrow accounts are classified as current assets, under the line item "Other current assets".

The carrying amount of "Cash and cash equivalents" is deemed to be aligned with their fair value at the reporting date.

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions.

The currency of the cash and cash equivalents were mainly denominated in Euro.

A detailed analysis of the changes that occurred in this item is provided in the cash flow statement.

14. TRADE AND OTHER RECEIVABLES

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade receivables	**8,277**	9,124
Other receivables	**44,755**	32,565
Total trade and other receivables	**53,032**	41,689

Trade receivables

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Accounts receivable from customers	**11,612**	14,869
(Less) Provision for doubtful accounts	**(3,336)**	(5,745)
Total trade receivables	**8,277**	9,124

"Accounts receivable from customers" of the Group relate primarily to sales and services other than sale of new boats, for which the balance is generally received before delivery based on the contractual terms and conditions in force. Therefore, they refer to paid after-sales services, sales of material and spare parts, merchandising and provision of joinery works. These are considered to be receivable within 12 months. Payment terms are agreed with customers on a case by case basis.

For an analysis of the ageing of trade receivables as at the end of each of the periods, based on the due date and net of loss allowance, please refer to Note 3 "Financial risk management".

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

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
At beginning of year	**5,744**	6,589
Impairment losses, net	**500**	746
Utilisations during the period	**(2,908)**	(1,590)
At end of period	**3,336**	5,745

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables (Continued)

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

For an analysis of the ageing of trade receivables by the due date and net of the provision for doubtful accounts, refer to Note 3, Management of financial risks.

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

Other receivables

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Other tax receivables	**16,061**	16,825
Accruals, deferrals and other receivables	**28,694**	15,740
Total other receivables	**44,755**	32,565

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

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Receivables owed by social security institutions	**273**	396
Advances, prepayments and sundry receivables from suppliers	**21,195**	8,287
Others	**204**	291
Accruals and deferrals	**7,023**	6,766
Total accruals, deferrals and other receivables	**28,694**	15,740

As at the end of each of the periods, the loss allowance of other receivables was assessed to be minimal.

15. CONTRACT ASSETS

"Contract assets" consist of the amount payable by customers arising from contracts completed at the end of this accounting period, stated net of contract liabilities.

"Contract assets" are measured over time since they meet all the requirements set out in IFRS 15 and are recognised using the input method according to the percentage completed.

The following table provides the breakdown arising from "Contract assets" at June 30, 2022, compared to those at December 31,2021.

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Gross value of contract assets	**546,205**	514,077
Advances collected	**(457,130)**	(402,283)
Total contract assets	**89,075**	111,794

16. INVENTORIES/ADVANCES ON INVENTORIES

Inventories

	June 30, 2022 (unaudited)			December 31, 2021 (audited)		
	Gross value	**Allowance for write-downs**	**Net amount**	Gross value	Allowance for write-downs	Net amount
Raw materials and components inventory	**50,711**	**(7,662)**	**43,049**	52,534	(6,928)	45,606
Work in progress and semi-finished goods	**73,939**	**0**	**73,939**	62,919	0	62,919
New boats	**14,132**	**(230)**	**13,902**	20,931	(330)	20,601
Used boats	**14,765**	**(3,135)**	**11,630**	19,003	(3,742)	15,261
Total inventories	**153,547**	**(11,027)**	**142,520**	155,387	(11,000)	144,387

The "Raw materials and components inventory" is adjusted by an allowance for write-downs of €7,662 thousand at June 30, 2022 (€6,928 thousand at December 31,2021) that reflects an estimate of slow-moving and/or potentially obsolete inventory items.

The item "Work in progress and semi-finished goods" includes boats not covered by orders at the end of the period.

The item "New boats", refers to boats not covered by orders, whose production had been completed at the closing date of the reporting period. The carrying amount of finished boats not covered by orders was adjusted by means of an allowance for write-downs of €230 thousand in order to bring it down to the lower of the cost or estimated realisable value.

16. INVENTORIES/ADVANCES ON INVENTORIES (CONTINUED)

Inventories (Continued)

The carrying amount of the used boats was adjusted by means of an allowance for write-downs of €3,135 thousand, in order to bring it down to its estimated realisable value.

The expected time for inventories to be recovered is as follows:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Within one year	**137,674**	139,470
Beyond one year	**4,847**	4,917
Total inventories	**142,520**	144,387

Advances on inventories

The item "Advances on inventories" refers to the advances that the Group pays to its suppliers for purchases of raw materials.

17. OTHER CURRENT ASSETS

The item "Other current assets" totalled €2,308 thousand at June 30, 2022 and regards the value of escrow accounts received by the subsidiary Allied Marine Inc. for its brokerage service. These funds, which are provided by customers upon the signing of an order, are held in escrow until the boat is delivered to the corresponding customer.

The amount of €2,508 thousand refers to a receivable claimed by the Company from Perini Navi S.p.A., purchased from a financial institution (Banca Ifis S.p.A.). This receivable amounts to around one-third of the nominal value of the receivable. This receivable was purchased in relation to the project to acquire Perini Navi S.p.A. and will be collected from the bankruptcy receiver, according to bankruptcy procedures.

NON-CURRENT ASSETS

18. PROPERTY, PLANT AND EQUIPMENT

Movements in this item for the six months period ended June 30, 2022 were as follows:

	Land and buildings	Plant, machinery and equipment	Other property, plant and equipment	Models and moulds	Total
At January 1,2022 (audited)					
Cost	221,210	59,620	40,537	276,068	597,435
Accumulated depreciation	(67,560)	(44,210)	(24,042)	(201,769)	(337,581)
Net carrying amount	153,650	15,410	16,495	74,299	259,854
At January 1,2022, net of accumulated depreciation (audited)	153,650	15,410	16,495	74,299	259,853
Additions — owned assets	17,637	2,550	1,206	13,850	35,243
Additions — right-of-use assets	985	—	309	—	1.294
Disposals	—	(16)	—	—	(16)
Depreciation — owned assets	(3,347)	(1,485)	(1,663)	(13,115)	(19,609)
Depreciation — right-of-use assets	(3,022)	(111)	(426)	—	(3,559)
Reclassification	(810)	(69)	876	3	(0)
Exchange realignment	445	14	395	126	980
At June 30, 2022, net of accumulated depreciation (unaudited)	165,539	16,293	17,191	75,163	274,186
At June 30, 2022 (unaudited)					
Cost	239,468	62,098	43,323	290,047	634,936
Accumulated depreciation	(73,928)	(45,805)	(26,132)	(214,884)	(360,749)
Net carrying amount	165,539	16,293	17,191	75,163	274,186

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at June 30, 2022, the net carrying amounts of land and buildings, plant, machinery and equipment, and the equipment and vehicles included right-of-use assets amounting to €15,958 thousand, €387 thousand, and €593 thousand, respectively.

Movements in this item for the year ended December 31, 2021 were as follows:

	Land and buildings	Plant, machinery and equipment	Other property, plant and equipment	Models and moulds	Total
At January 1, 2021 (audited)					
Cost	190,298	53,200	37,982	255,476	536,956
Accumulated depreciation	(56,064)	(41,962)	(20,908)	(186,371)	(305,305)
Net carrying amount	134,234	11,238	17,074	69,105	231,651
At January 1, 2021, net of accumulated depreciation (audited)	134,234	11,238	17,074	69,105	231,651
Additions — owned assets	26,769	6,141	2,851	30,650	66,411
Additions — right-of-use assets	1,896	537	223	—	2,656
Acquisition of subsidiaries	2,271	43	7	—	2,321
Disposals	(464)	(15)	(237)	(1,255)	(1,971)
Depreciation — owned assets	(6,148)	(2,411)	(2,575)	(23,911)	(35,045)
Depreciation — right-of-use assets	(5,475)	(274)	(878)	—	(6,627)
Reclassification	(131)	93	11	27	—
Exchange realignment	698	58	19	(317)	458
At December 31, 2021, net of accumulated depreciation (audited)	153,650	15,410	16,495	74,299	259,854
At December 31, 2021 (audited)					
Cost	221,210	59,620	40,537	276,068	597,435
Accumulated depreciation	(67,560)	(44,210)	(24,042)	(201,769)	(337,581)
Net carrying amount	153,650	15,410	16,495	74,299	259,854

As at December 31, 2021, the net carrying amounts of land and buildings, plant, machinery and equipment, and other equipment and vehicles included right-of-use assets amounting to €18,069 thousand, €498 thousand, and €484 thousand, respectively.

19. INTANGIBLE ASSETS

Movements in this item for the six months period ended June 30, 2022 were as follows:

	Goodwill	Trademarks	Other intangible assets	Total
At January 1, 2022 (audited)				
Cost	1,631	243,980	53,701	299,312
Accumulated amortisation	—		(41,138)	(41,138)
Net carrying amount	1,631	243,980	12,563	258,174
At January 1, 2022, net of accumulated amortization (audited)	1,631	243,980	12,563	258,174
Additions		114	1,615	1,730
Disposals				—
Amortisation			(2,349)	(2,349)
Exchange realignment		2	(125)	(123)
At June 30, 2022, net of accumulated amortization (unaudited)	1,631	244,096	11,704	257,431
At June 30, 2022 (unaudited)				
Cost	1,631	244,096	55,191	300,919
Accumulated amortisation		—	(43,487)	(43,487)
Net carrying amount	1,631	244,096	11,704	257,431

19. INTANGIBLE ASSETS (CONTINUED)

Movements in this item for the year ended December 31, 2021 were as follows:

	Goodwill	Trademarks	Other intangible assets	Total
At January 1, 2021 (audited)				
Cost	1,631	243,840	51,169	296,640
Accumulated amortization		—	(34,291)	(34,291)
Net carrying amount	1,631	243,840	16,878	262,349
At January 1, 2021, net of accumulated amortization (audited)	1,631	243,840	16,878	262,349
Additions		138	3,204	3,342
Disposals			(693)	(693)
Amortisation			(6,847)	(6,847)
Exchange realignment		2	21	23
At December 31, 2021, net of accumulated amortization (audited)	1,631	243,980	12,563	258,174
At December 31, 2021 (audited)				
Cost	1,631	243,980	53,701	299,312
Accumulated amortisation	—		(41,138)	(41,138)
Net carrying amount	1,631	243,980	12,563	258,174

Goodwill — indefinite useful life

Goodwill is related to the investment in the subsidiary Zago S.p.A. and the subsidiary Ferretti Group (Monaco) S.a.M., as shown in the table below.

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Zago S.p.A.	**332**	332
Ferretti Group (Monaco) S.a.M.	**1,299**	1,299
Total goodwill	**1,631**	1,631

19. INTANGIBLE ASSETS (CONTINUED)

Trademarks — indefinite useful life

A breakdown of the value of "Trademarks" at June 30, 2022 is as follows:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Ferretti Yachts	**95,318**	95,318
Crn	**46,528**	46,528
Custom Line	**36,718**	36,718
Riva	**30,716**	30,716
Wally	**25,434**	25,434
Pershing	**8,609**	8,609
Easea Boat	**9**	9
Costs for trademark protection	**764**	647
Total trademarks	**244,096**	243,980

Other intangible assets — definite useful life

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Concessions	**1,549**	1,507
Intellectual property rights	**8,813**	9,595
Software	**1,342**	1,461
Total other intangible assets	**11,704**	12,563

19. INTANGIBLE ASSETS (CONTINUED)

Other intangible assets — definite useful life (Continued)

This item includes:

— "Concessions" with a net book value of €1,549 thousand and referring chiefly to the costs incurred to acquire docking rights in a marina located in Cattolica within the framework of the Detailed Public Initiative Plan for Port Facilities in the Municipality of Cattolica. The docking rights will be valid until 2053. Besides the docking right in the marina Porto Mirabello, in the Gulf of La Spezia, the net value of the investment is €620 thousand; the right will remain valid until 2067.

— "Intellectual property rights" with a net book value of €8,813 thousand include the costs of the projects carried out by the Group, which extended to the main business areas, in view of constant improvement and complete integration of the various Group companies operating in Italy and abroad, as part of the reorganisation of the Group initiated in previous years. This item also includes the design work to develop naval platforms for the construction of the CRN models. The Group conducted research and development on innovative solutions for each model to be applied to all units built. In particular, the projects being developed include: the creation of special gates, built on land before the steel boat structure arrives in the shipyard; standardisation of the plant processes; study of the installation of plastic pipes to optimise footprint; development of an engine room optimised for the passage of pipes and conduits; and the study and development of light-weight furnishings, with support from the Engineering Department.

— the residual value of the item "Other intangible assets" (€1,342 thousand) referred to the net value of licences for new IT applications and the net value of patents.

Impairment testing of intangible assets with indefinite use life

As required by IAS 36, "Impairment of Assets," intangible assets with indefinite useful lives are not amortized, but they are tested for impairment at least once per year.

IAS 36 also requires an entity to assess at each reporting date whether there are indications of impairment for any other assets recognized in the statement of financial position.

As of June 30, 2022, the Group did not identify any impairment indicators and therefore non impairment test has been done.

As described in the 2021 Annual Report, based on the process of identification of cash generating units ("**CGUs**"), the value of trademarks and goodwill is allocated to the individual trademark CGUs, as they have been identified based on the trademarks produced and marketed.

19. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets with indefinite use life (Continued)

The main assumptions underlying the impairment test performed to determine value in use, which are those concerning operating cash flows, discount rate and growth rate, are reviewed below:

(i) the free cash flows used to determine value in use were those derived from the management's most recent forecasts with a five-year time period;

(ii) the impairment test was performed considering as the value in use of the CGUs, which includes their terminal value, determined in accordance with the perpetuity criterion; and

(iii) the main criteria used to determine the value in use are summarised in the following table, and are the same for all the CGUs:

	December 31, 2021 %	December 31, 2020 %
Interest rate for riskless assets	**0.74**	1.12
Discount rate pre-tax — WACC	**8.37**	7.24
Perpetuity growth rate (g-rate)	**2.00**	2.00

(iv) The Group's management adopted a discount rate in a configuration pre tax effects that reflects current market valuations of the cost of money and the specific risk associated with each CGU. In the calculation of the terminal value, the Group uses long-term growth rates of 2.0% for the years ended December 31, 2021 and 2020, after considering publicly available data and market perspective.

Based on the impairment test results, there was no impairment of intangible assets with indefinite useful life as at the end of each of the years ended 2021 and 2020.

The Group conducted sensitivity analyses of the parameters applied in the base version of the impairment test by increasing or decreasing the discount rate and/or the perpetual growth rate, and the intangible assets with indefinite useful life were considered recoverable as at the end of each of the years ended 2021 and 2020.

20. OTHER NON-CURRENT ASSETS

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Financial investments	**42,837**	0
Equity investments designated at fair value through income statement	**342**	325
Investment in a joint venture	**13**	31
Other assets and deposits	**2,670**	4,833
Total other non-current assets	**45,862**	5,189

Financial investments

The item "Financial investments" refers to two investments that the Company made in order to benefit of some interests from the available cash. The total notional amount of investment is equal to €42,900 thousand and the fair value and the end of June 30, 2022 is equal to €42,837 thousand. Since these investments are either held in form of redeemable instruments they were measured at fair value through profit and loss (FVPL) and the loss of €62.5 thousand for the six months period ended June 30, 2022 has been included in "other financial expenses".

Equity investments

The balances mainly include equity investment in Nouveau Port Golf Juan which represents the right to use certain commercial premises currently occupied by a restaurant.

Other assets and deposits

The item "Other assets and deposits" chiefly refer to advances on commissions paid on the basis of interim receipts from customers for boats that will be delivered after the following year, prepaid expenses due after year-end and to security deposits.

21. DEFERRED TAX

In detail, movements for the six months period ended June 30, 2022 are as follows:

	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortisation for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2021 and January 1, 2022 (audited)	10,054	2,663	1,218	9,525	1,256	61,698	500	86,914
Credited/(charged) to:								
profit or loss	4,147	(32)	(579)	135	(86)	(279)	335	3,642
other reserves						2,722		2,722
At June 30, 2022 (unaudited)	14,201	2,631	639	9,660	1,170	64,141	835	93,277

	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Others	Total
At December 31, 2021 and January 1, 2022 (audited)	1,315	60,659	5,549	1,731	69,254
Charged/(credited) to:					
profit or loss			(64)	(196)	(261)
other comprehensive income				174	174
other reserves					
At June 30, 2022 (unaudited)	1,315	60,659	5,485	1,709	69,168

21. DEFERRED TAX (CONTINUED)

In detail, movements for the year ended December 31, 2021 are as follows:

	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortisation for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2020 and January 1, 2021 (audited)	11,422	2,859	1,565	8,310	1,407	62,128	374	88,065
Credited/(charged) to:								
profit or loss	(1,368)	(196)	(347)	1,215	(151)	(560)	126	(1,281)
other reserves	—	—	—	—	—	130	—	130
At December 31, 2021 (audited)	10,054	2,663	1,218	9,525	1,256	61,698	500	86,914

	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Other	Total
At December 31, 2020 and January 1, 2021 (audited)	1,324	61,045	5,701	1,646	69,716
Charged/(credited) to:					
profit or loss	(9)	(386)	(152)	(270)	(817)
other comprehensive income	—	—	—	39	39
Acquisition of a subsidiary	—	—	—	288	288
Exchange differences	—	—	—	28	28
At December 31, 2021 (audited)	1,315	60,659	5,549	1,731	69,254

21. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset each other in the statement of financial position. Below is an analysis of the deferred tax assets of the Group for financial reporting purposes:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Deferred tax assets	**24,109**	17,660
Deferred tax liabilities	**—**	—
Total deferred tax assets	**24,109**	17,660

The payment of dividends by the Company to its shareholders did not entail related tax effects.

NOTES TO THE MAIN LIABILITIES AND EQUITY ITEMS

CURRENT LIABILITIES

22. BANK AND OTHER BORROWINGS

	June 30, 2022 (unaudited)			December 31, 2021 (audited)		
	Effective interest rate	**Maturity**	**Amount**	Effective interest rate	Maturity	Amount
Due to banks — secured	**Euribor +1.5–2.7**	**2022**	**23,063**	Euribor +1.5–2.9	2022	23,047
Due to banks — unsecured	**1.8–9.2**	**2022**	**753**	1.8–9.2	2022	1,354
Incidental borrowing costs			**(1,047)**			(1,275)
Due to banks net of incidental borrowing costs			**22,768**			23,126
Lease liabilities	**1.7–4.7**	**2022**	**7,671**	1.7–4.7	2022	8,031
Total short-term			**30,440**			31,157

22. BANK AND OTHER BORROWINGS (CONTINUED)

	June 30, 2022 (unaudited)			December 31, 2021 (audited)		
	Effective interest rate	**Maturity**	**Amount**	Effective interest rate	Maturity	Amount
Due to banks — secured	**Euribor +1.5–2.7**	**2024**	**24,245**	Euribor +1.5–2.9	2024	35,792
Incidental borrowing costs			**(774)**			(1,236)
Due to banks net of incidental borrowing costs			**23,471**			34,556
Lease liabilities	**1.7–4.7**	**2031**	**20,209**	1.7–4.7	2031	22,770
Total medium-/long-term			**43,680**			57,326
Total bank and other borrowings			**74,120**			88,483

Note: As part of its normal business, the Group entered into trade payable factoring arrangements with some specific suppliers and transferred certain trade payables to certain banks. The factors pay the amounts due by the Group to those specific suppliers (within the payment due date), and the Group can pay the factors at a later date. It is a financing arrangement between the Group and the factors to have the possibility to extend the Group's payment due dates of suppliers.

On August 2, 2019, the Company and its subsidiary CRN S.p.A., as borrowers, and Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Barclays Bank Ireland PLC, BNP Paribas, Milan Branch (also acting as agent, the "**Agent Bank**"), BPER Banca S.p.A., Crédit Agricole Italia S.p.A., MPS Capital Services Banca per le Imprese S.p.A. and UBI Banca S.p.A., as lenders, entered into a medium-to-long-term loan agreement ("**Loan Agreement**") for a maximum total amount of €170,000,000, divided into three lines of credit as follows:

(a) a revolving medium-to-long term line of credit with a total maximum amount of €70,000,000 for the Company and its subsidiary CRN S.p.A., to be repaid according to an amortisation schedule that calls for six half-yearly payments, starting on December 31, 2021, with maturity on August 2, 2024, to be used to finance, inter alia, industrial investments per its business plan, and substitute tax on the various lines of credit pursuant to the Loan Agreement (defined the "**Term Loan Facility**");

(b) a revolving medium-to-long term line of credit with a total maximum amount of €40,000,000 for the Company, to be repaid on the final maturity date (i.e., August 2, 2024) (with an annual clean-down period, with a threshold of €1,000,000 for a minimum of three consecutive business days, it being understood that no fewer than three months may elapse between one clean-down period and another), to be used to finance its ordinary business activity (defined the "**Revolving Credit Facility**");

22. BANK AND OTHER BORROWINGS (CONTINUED)

(c) a revolving medium-to-long term line of credit with a total maximum amount of €60,000,000 for the Company and its subsidiary CRN S.p.A., to be repaid on the final maturity date (i.e. August 2, 2024), and to be used to finance the ordinary activity relating to commercial contracts for a maximum amount of 90% of the value of the said commercial contracts (defined the "**Revolving Pre-Finance Facility**").

The Loan Agreement is subject to a financial covenant relating to the compliance with certain significant thresholds relating to the leverage ratio of total net debt (as defined in the Loan Agreement) to EBITDA (as defined in the Loan Agreement), to be calculated at the consolidated level on a half-yearly basis (June 30 and December 31 of each year on a 12-month basis).

In addition, the Loan Agreement provides for a commitment by Ferretti S.p.A., and the relevant subsidiaries to keep at 1.5x or higher the ratio of the gross order book to the amount to be repaid under the Revolving Pre-Finance Facility (a line of credit providing advances against the contracts). The parameter will be observed twice a year (December 31 and June 30). If this parameter is breached, draw-downs on the Revolving Pre-Finance Facility must be repaid to restore fulfilment of the parameter. Any repayments do not result in the cancellation of the facility for the part repaid.

At June 30, 2022 and December 31, 2021, all covenants had been fulfilled.

Finally, the Loan Agreement includes several mandatory early repayment clauses in certain circumstances.

The interest rate applicable to the Loan is equal to the sum of the EURIBOR and the applicable spread, according to the level of the leverage ratio.

22. BANK AND OTHER BORROWINGS (CONTINUED)

As of April 2021, spreads were reduced to 275 basis points per annum for the Term Loan Facility and Revolving Pre-Finance Facility and to 285 basis points per annum for the Revolving Credit Facility. With effect from September 2021, owing to the further improvement in the leverage ratio calculated at June 30, 2021, the spreads applicable to current draw-downs have fallen further to the contractual lows of 260 basis points per annum in the cases of the Term Loan Facility and Revolving Pre-Finance Facility and of 270 basis points per annum in the case of the Revolving Credit Facility.

Ferretti S.p.A. is "Guarantor" under the Loan Agreement, meaning that, inter alia, it guarantees, jointly and severally, to the Lenders prompt, full compliance by each borrower of all the related payment obligations for the borrower under the Loan Agreement and other financial documents.

With regard to the analysis of bank and other borrowings based on maturity, please refer to Note 3 "Financial risk management".

All borrowings are denominated in Euro.

23. PROVISIONS

The table below shows the changes that occurred in "Provisions" during the year ended December 31, 2021 and the six months ended June 30, 2022:

	Provision for product warranties	Provisions for miscellaneous risks	Total provisions
Balance at January 1, 2022 (audited)	**18,867**	**21,572**	**40,439**
Additions	**18,332**	**14,215**	**32,547**
Utilisations during the period	**(12,543)**	**(2,132)**	**(14,674)**
Total at June 30, 2022 (unaudited)	**24,655**	**33,655**	**58,311**
Balance at January 1, 2021 (audited)	15,258	29,432	44,690
Additions	18,767	7,346	26,113
Utilisations during the year	(15,158)	(15,206)	(30,364)
Total at December 31, 2021 (audited)	18,867	21,572	40,439

23. PROVISIONS (CONTINUED)

Provision for product warranties

Provision for product warranties reflects the best possible estimate based on available information of the warranty obligations that may be incurred after the end of each of the periods for products sold before those dates.

The amount added annually to this provision, for all Group companies, is based on past experience and future expectations and takes into account new-product launches and the impact of a warranty period of 24 months, even though virtually all warranty claims are received within the first 12 months after a product is sold. A portion of the provision for product warranties is classified as non-current.

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Current portion	**13,247**	9,484
Non-current portion	**11,408**	9,383
Total provision for product warranties	**24,655**	18,867

Provision for miscellaneous risks

The item "Provisions for miscellaneous risks" can be broken down as follows:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Legal proceedings and tax and employment law litigation	**9,274**	6,359
Dealer incentives	**10,864**	8,392
Provisions for completion of boats	**3,988**	1,512
Provisions for other risks	**9,530**	5,309
Total provisions for miscellaneous risks	**33,655**	21,572

Provisions for "Legal proceedings and tax and employment law litigation" refer, as far as the legal part is concerned, to potential liabilities arising from the Group's core activity regarding current litigation involving actions for liability due to breach of contract in general and/or contractual liability arising from flaws in the product sold, and other actions concerning claims for compensation for damages by third parties.

The provisions in item "Dealer incentives" were established to cover the costs that the Company could incur under a system that awards bonuses to dealers who reach predetermined customer service targets.

The "Provisions for other risks" were established to cover liabilities that are likely to arise as a result of other legal actions and proceedings that Group companies could face in the normal course of business.

24. TRADE AND OTHER PAYABLES

A breakdown of this item is as follows:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade payables	**266,222**	238,687
Other payables	**47,968**	40,477
Total trade and other payables	**314,190**	279,164

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Trade and other payables — current	**313,885**	278,809
Trade and other payables — non-current	**305**	355
Total trade and other payables	**314,190**	279,164

Trade payables

A breakdown of this item is as follows:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Account payables to suppliers	**266,222**	238,687
Total trade payables	**266,222**	238,687

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

For an analysis of the ageing of trade payables, based on their maturity, please refer to Note 3 "Financial risk management".

24. TRADE AND OTHER PAYABLES (CONTINUED)

Other payables

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Payables due to pension and social security institutions	**10,458**	11,781
Amounts payable to employees	**15,382**	17,824
Amounts payable to directors	**1,621**	1,255
Amounts payable for Management Incentive plan	**10,709**	0
Other tax payable	**4,588**	5,190
Miscellaneous payables	**3,611**	3,468
Accrued expenses	**1,123**	432
Deferred income	**171**	172
Government authorisation fees	**305**	355
Total other payables	**47,968**	40,477

Amounts payable for Management Incentive Plan refers to the bonus related to IPO.

25. CONTRACT LIABILITIES

"Contract liabilities" include amounts paid by customers for orders not yet fulfilled, based on the sales conditions normally applied. More specifically, this item represents both the part of advances exceeding production already completed and the part of advances received and for which the order has not progressed as at the reporting date. The increase compared to the previous year was due to the intake of new orders, including for boats not yet in production to be built in the second six months of 2022 and/or 2023, as well as to higher prepayment percentages than in the previous year.

26. NON-CURRENT EMPLOYEE BENEFITS

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Provision for employee benefits	**5,528**	6,609
Provision for leaving indemnity	**841**	897
Total non-current employee benefits	**6,369**	7,506

26. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Employee severance indemnities

Under IAS 19, employee benefits provided in accordance with Italian laws that govern the payment of employee severance indemnities should be treated as post-employment benefits provided under a defined-benefit plan and, consequently, should be valued in accordance with the Projected Unit Credit Method. However, in view of the new provisions introduced by the 2007 Budget Law (Law No. 296 of December 27, 2006), the entities authorised to provide a technical analysis of this issue (Abi, Assirevi and the National Board of Actuaries) concluded that the severance benefits that vest from January 1, 2007 on (or on the date that the option for employees who opted to pay into supplemental pension funds starts) and are invested in supplemental pension funds or deposited in the Treasury Fund maintained by the INPS should be treated as being part of a defined-contribution plan and, as such, are no longer subject to actuarial valuation. This system applies to companies with more than 50 employees (therefore, for the Italian companies, Ferretti S.p.A., Zago S.p.A. and Ram Srl).

The 2015 Stability Law, which allows employees, on request, to receive in their payslips the accrued portion of severance pay from March 1, 2015 until June 30, 2018 (if they have at least 6 months in service) has no effect on the valuations, as the provision for accrued severance pay is not kept by the Group companies.

The process of determining the Group's obligations toward its employees, which was carried out by an independent actuary with the same procedure throughout the periods, involved the following steps:

- projection of vested severance indemnity benefits on the valuation date and of the benefits that will vest until the uncertain date when the employment relationship is terminated or payment of an advance on vested severance indemnity benefits;

- discounting at the valuation date of the expected cash flows that the Group will allocate to its employees in the future; and

- in each valuation year, for each employee, the calculation of the annual severance pay increase was made net of the 17% substitute tax (on the annual revaluation amount of severance pay), as provided for in the 2015 Stability Law.

26. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Employee severance indemnities (Continued)

The following table provides the movements in the item "Provision for employee benefits" at June 30, 2022 and December 31, 2021:

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Present value of the initial obligation	6,609	6,849
Acquisition of a subsidiary	0	284
Interest cost	28	10
Actuarial gains	(644)	(110)
Use for indemnities paid and advances	(464)	(424)
Present value of the final obligation	5,528	6,609

At June 30, 2022, the following assumptions were made:

Demographic Assumptions

— Probability of death of active employees (grouped by age and gender) obtained by reducing by 30% the death probabilities for the Italian population in 2020 (source: ISTAT);

— yearly probability of termination of employment for various reasons (resignation, dismissal), based on the experience for the population in the last five years and applied to all employees aged 65 or younger, equal to 4%;

— yearly probability of requests for payment of advances on vested severance indemnity benefits, based on the experience for the population in recent four years and applied to all employees with seniority of one year or more, of 1%;

— the frequency of employment termination due to resignation by employees achieving the right to receive an old-age or seniority-based pension was also conservatively assumed to be 100%. The requirements for obtaining an old-age or seniority-based pension were assumed to be the same as those set forth in the current regulations of the Italian Social Security Administration (INPS). At present, no employees have requested early retirement.

26. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Employee severance indemnities (Continued)

Financial Assumptions

— Annual inflation rate: 2.00% for the entire valuation period;

— annual revaluation rate of severance indemnity benefits: fixed at 1.5% for the entire valuation period plus 75% of the inflation rate;

— technical discounting rate applied to value defined-benefit plan obligations and the current service cost relating to June 30, 2022: 2.6%;

— technical discounting rate for the valuation of financial charges for the period January 1, 2022 — June 30, 2022, equal to the discounting rates for valuations of the defined-benefit obligations at June 30, 2021 (interest cost): 0.8%;

— technical discounting rate at May 31, 2022 (last available), based on the yield of the iBoxx Euro 10+ AA Allostock Corporate Bond Index: 2.5848%.

In the six months ended June 30, 2022, an actuarial gain amounting to €725 thousand (before tax) was recognised under the "Other reserves" item.

The amounts recognised in the income statement are summarised below:

	June 30, 2022 (unaudited)
Interest cost	28
Total	**28**

26. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Provision for leaving indemnity

As required by the new supplemental company agreement signed in July 2012 by the Company and the unions representing its employees, each year the Group sets aside a provision for seniority bonuses. These bonuses are payable to employees who, starting on September 1,2012, have completed or will complete more than 12 years of service.

On a transitional basis, a different loyalty bonus will be paid on termination of the contracts to the employees at some sites who previously received a different bonus and had already accrued more than 12 years' service. The amount previously accruing for all workers will remain unchanged.

As was the case for the Provision for employee severance indemnities, the Group's liability toward its employees was determined by an independent actuary.

The actuarial valuation model is based on technical assumptions, which include the demographic and financial assumptions used to generate the computation parameters. An overview of the assumptions adopted is provided below.

At June 30, 2022, the following assumptions were made:

Demographic Assumptions

— Probability of death of active employees (grouped by age and gender) obtained by reducing by 30% the death probabilities for the Italian population in 2020 (source: ISTAT);

— probability of termination of employment for various reasons (resignation, dismissal), equal to 4% annually for all employees aged 65 or younger;

— the frequency of employment termination due to resignation by employees achieving the right to receive an old-age or seniority-based pension was also conservatively assumed to be 100% for the periods. The requirements for obtaining an old-age or seniority-based pension were assumed to be the same as those set forth in the current regulations of the Italian Social Security Administration (INPS). At present, no employees have requested early retirement.

26. NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Provision for leaving indemnity (Continued)

Financial Assumptions

— Technical discounting rate applied to value defined-benefit obligations and the current service cost relating to June 30, 2022: 2.6%;

— technical discounting rate for the valuation of financial charges for the period January 1, 2022 — June 30, 2022, equal to the discounting rates for valuations of the defined-benefit obligations at June 30, 2021 (interest cost): 0.8%;

— technical discounting rate at May 31, 2022 (last available), based on the yield of the iBoxx Euro 10+ AA Allostock Corporate Bond Index: 2.5848%.

The actuarial valuation performed in accordance with the method explained above shows that the provision had a value of €413 thousand at June 30, 2022, including the respective contributions.

The provision for indemnities payable upon termination of employment, which had a balance of €428 thousand at June 30, 2022, is attributable to Zago S.p.A.

The table below provides an analysis of the sensitivity of the parameters applied in the actuarial valuation to an increase or decrease in the technical discounting rate for measuring financial charges in relation to future employee benefits and profit before tax.

	Increase/ (decrease) of the interest rate of%	Increase/ (decrease) of profit before tax
June 30, 2022 (unaudited)		
Euro	**25**	**109**
Euro	**(25)**	**(113)**
December 31, 2021 (audited)		
Euro	25	130
Euro	(25)	(134)

27. SHARE CAPITAL AND RESERVES

Equity amounted to €748,280 thousand at June 30, 2022, as detailed below together with the main components of "Share capital and reserves".

The share capital increased from €250,735 thousand as at the end of December 2021 to €338,483 thousand as at the six months period ended June 30, 2022 due to the issue of n°83,580,000 shares of the company on March 31, 2022 in relation to the listing of the company on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**") and the issue of n°4,167,700 shares on April 27, 2022 due to the partial exercise of the Over-allotment Option by the Sole Global Coordinator on behalf of the International Underwriters on April 22, 2022. The total number of the shares of the company issued and fully paid at the six months period ended June 30, 2022 is equal to n°338,482,654 for a value of €338,482,654.00.

The new shares were issued by the Company at HK$22.88 per Share, being the Offer Price per Share under the Global Offering. The proceed of the listing were in total €231 million with stock issue costs for €8 million, net of fiscal effects.

Share Capital

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Issued and fully paid	**338,483**	250,735

The share capital, fully subscribed and paid up, is formed of 338,483,654 ordinary shares without par value.

27. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves

The share premium reserve increased from € 281,293 thousand as at the end of December 2021 to €425,041 thousand as at the six months period ended June 30, 2022 due to the listing process described above, for the amount not allocated to share capital.

The legal reserve, set up pursuant to applicable laws, amounts to €8,287 thousand. In the six months period ended June 30, 2022 the reserve increased for €1,176,672.60 due to the approval by the Annual General Meeting of the Shareholders held on May 25, 2022 of the allocation of 5% of the net income of the Company, for the year ended December 31, 2021, as per Article 2430 of the Civil Code.

The translation reserves, amounting to €7,504 thousand at June 30, 2022, reflects the foreign exchange differences that arise from the conversion of the equity opening balances and income statement of the US And UK subsidiaries of the Company, which are translated into Euro at the U.S. dollar exchange rate in force at June 30, 2022 and at the average exchange rate for the period, respectively. During the period, the reserve changed by €3,175 thousand, as reported in the consolidated comprehensive income statement.

The item "Other reserves", at €(31,089) thousand at June 30, 2022, mainly includes:

— the Stock issue cost reserve amounting to €(8,175) thousand at June 30, 2022 net of the tax effect

— the overall effect of the income/(loss) on defined-benefit plans: the reserve amounting to €452 thousand at June 30, 2022 was set up in accordance with IAS 19 — Employee Benefits; during the year the amount of the reserve changed by €551 thousand, net of the tax effect, as reported in the consolidated comprehensive income statement;

— the remaining part is mainly referred to accumulated earnings/(losses).

28. DIVIDENDS

During the six months period ended June 30, 2022, the Company distributed dividends of Euro 6,707,160, as approved at the General Meeting held on May 25, 2022 that resolved to allocate a portion of profit for the year ended December 31, 2021 to dividends (€1.98 cents per ordinary share).

The shareholders' meeting of the Company held on May 11, 2021 resolved to allocate a portion of profit for the year ended December 31, 2020 to dividends (€1.40 cents per ordinary share).

29. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Profit attributable to shareholders of the company (in thousand Euro)	**29,608**	23,419
Number of ordinary shares	**338,482,654**	250,734,954
Earnings per share attributable to shareholders of the company: basic and diluted (in Euro)	**0.09**	0.09

30. RELATED PARTY TRANSACTIONS

Transactions with related parties, as defined by IAS 24, concern arrangements, not always formalised with the conclusion of standardised contracts, relating primarily to the supply of services, including advisory.

These transactions form part of normal business operations and, in the Company's judgement, are in general settled under arm's length conditions.

Although the Company considers that transactions with related parties have been carried out in general under arm's length conditions, there is no guarantee that, if they had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or carried out the transactions, under the same conditions and with the same procedures adopted by the Group.

The breakdown of the Group's balances with related parties is set out below:

	Trade and other receivables	**Trade and other payables**
Fellow subsidiaries:		
Weichai Power Co., Ltd	**484**	**(645)**
Shandong Weichai Import & Export Co., Ltd	**3,150**	**—**
Other related companies:		
HPE S.r.l.	**—**	**(50)**
Wally S.A.M.	**281**	**—**
Ferrari S.p.A.	**—**	**(72)**
Other related parties	**28**	**(419)**
Total related parties at June 30, 2022 (unaudited)	**3,943**	**(1,186)**

	Trade and other receivables	Trade and other payables
Fellow subsidiaries:		
Weichai Power Co., Ltd	484	(645)
Shandong Weichai Import & Export Co., Ltd	3,150	—
Other related companies:		
HPE S.r.l.	—	(50)
Wally S.A.M.	297	(25)
Ferrari S.p.A.	—	(5)
PEH S.r.l.	—	(21)
CoEnergetica S.a.s.	—	(15)
Other related parties	33	(216)
Total related parties at December 31, 2021 (audited)	3,964	(977)

30. RELATED PARTY TRANSACTIONS (CONTINUED)

The balance of trade and other payables to Weichai Power Co., Ltd amounting to €645 thousand as at June 30, 2022 refers wholly to the agreements on the right to sponsor the "Riva" brand on the Ferrari single-seater helmet during the FIA Formula One championship.

The balance of trade and other receivables from Shandong Weichai Import & Export Co., Ltd amounting to €3.2 million as at June 30, 2022 refers wholly to the sale of a FSD vessel, whose collection is expected by year end.

The balance of trade and other receivables from Wally S.A.M. amounting to €281 thousand as at June 30, 2022 refers wholly to a commission advance.

The balance of trade and other payables to HPE S.r.l. amounting to €50 thousand at June 30, 2022 refers wholly to the second quarter instalment in 2022, based on the agreement entered into on January 1, 2017 and relating to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company's products.

The balance of trade and other payables to Ferrari S.p.A. amounting to €78 thousand at June 30, 2022 refers wholly to the purchase of merchandising by the Company.

The balance of trade and other payables to other related parties amounting to €418 thousand at June 30, 2022 mostly refers to the costs incurred by the Company for legal services amounting to €163 thousand, technical consulting amounting to €207 thousand and other services provided by related parties under arm's length conditions.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

A breakdown of the Group's transactions with related parties for the years ended December 31, 2021 and June 30, 2022 is set out below:

	Net revenue	**Costs for the use of raw materials, services, rentals and leases**
HPE S.r.l.	**—**	**(100)**
Wally S.A.M.	**—**	**(465)**
Ferrari S.p.A.	**—**	**(568)**
Other related parties	**763**	**(457)**
Total related parties at June 30, 2022 (unaudited)	**763**	**(1,590)**

	Net revenue	Costs for the use of raw materials, services, rentals and leases
Weichai Power Co., Ltd	—	(129)
HPE S.r.l.	—	(200)
Wally S.A.M.	4	(241)
Ferrari S.p.A.	—	(5)
PEH S.r.l.	—	(164)
CoEnergetica S.a.s.	—	(15)
Other related parties	—	(997)
Total related parties at December 31, 2021 (audited)	4	(1,751)

The costs with regard to Wally S.A.M. amounting to €465 thousand for the six months period ended June 30, 2022 relate primarily to the boat commissions.

The costs with regard to HPE S.r.l. amounting to €100 thousand for the six months period ended at June 30, 2022 refer primarily to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company's products.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

The costs with regard to Ferrari S.p.A. amounting to €568 thousand for the six months period ended at June 30, 2022 relate primarily to the advertising agreement and purchase of merchandising by the Company.

The revenue to other related parties amounting to €763 thousand at June 30, 2022 refer to the sale of a boat.

The costs to other related parties amounting to €433 thousand at June 30, 2022 mostly refer to the costs incurred by the Company for legal services and other consulting services tied to the development of the FSD division and Wally trademark development, provided by related parties under arm's length conditions.

31. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY

The remuneration paid to Ferretti S.p.A.'s Directors is provided below (in thousands Euro):

	June 30, 2022 (unaudited)	June 30, 2021 (unaudited)
Fees	**2,814**	1,199
Social security contributions	**16**	36
Total fees and compensation	**2,830**	1,235

31. FEES PAID TO DIRECTORS, STATUTORY AUDITORS, MEMBERS OF THE SUPERVISORY BODY (CONTINUED)

Fees are broken down as follows (in thousands Euro):

June 30, 2022 (unaudited)

Name and surname	Post held	Fees and compensation for the post held	Social security contributions	Total
Tan Xuguang *	Chairman of the Board of Directors	—		—
Alberto Galassi **	Director and Chief Executive Officer	2,673		2,673
Piero Ferrari	Vice Chairman of the Board of Directors	26		26
Xu Xinyu	Director	29	16	45
Stefano Domenicali	Director	29		29
Patrick Sun	Director	29		29
Li Xinghao	Director	29		29
Total		2,814	16	2,830

* In the six months period ended June 30, 2022, the Chairman Tan Xuguang waived the fees and compensation to which he is entitled for his role.

** Alberto Galassi is an Executive Director and the Chief Executive Officer of the Company.

June 30, 2021 (unaudited)

Name and surname	Post held	Fees and compensation for the post held	Social security contributions	Total
Tan Xuguang *	Chairman of the Board of Directors	—		—
Alberto Galassi **	Director and Chief Executive Officer	1,073		1,073
Piero Ferrari	Vice Chairman of the Board of Directors	26		26
Xu Xinyu	Director	29	36	65
Lalonde Daniel	Director	22		22
Li Xinghao	Director	22		22
Li Shaofeng	Director	20		20
Wu Wuogang	Director	9		
Total		1,199	36	1,235

* In the six months period ended June 30, 2021, the Chairman Tan Xuguang waived the fees and compensation to which he is entitled for his role.

** Alberto Galassi is an Executive Director and the Chief Executive Officer of the Company.

32. COMMITMENTS

As at June 30, 2022 no commitment was reported (December 31, 2021: Nil).

33. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events subsequent to the end of the periods.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2022.

DEFINITIONS

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Company"	Ferretti S.p.A., a company incorporated under the laws of Italy as a joint-stock company with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 9638)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, with respect to the Company, refers to any or all of SHIG, Weichai Group, Weichai Holding (HK) and FIH
"Corporate Governance Code(s)" or "CG Code(s)"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"COVID-19"	the Coronavirus Disease 2019
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive director(s) of the Company
"Euro", "EUR" or "€"	the lawful currency of the member states of the European Union participating in the third stage of the European Union's Economic and Monetary Union
"F Investments"	F Investments S.A., a joint-stock company incorporated and organized under the laws of Luxembourg and one of the Shareholders, which is controlled by Mr. Piero Ferrari, the Vice Chairman and non-executive Director
"FIH"	Ferretti International Holding S.p.A., a joint-stock company (società per azioni) incorporated and organized under the laws of Italy and one of the Controlling Shareholders
"FSD"	Ferretti Security Division business, a division of the Company that designs, develops and manufactures coastal patrol vessels
"Global Offering"	the public offering of the Shares as defined and described in the Prospectus
"Group" or "Ferretti Group"	the Company and its subsidiaries
"HKD" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board

"Listing Date"	March 31, 2022, the date on which the Shares are listed and dealings in the Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Management Incentive Plan"	a management incentive plan approved on December 21, 2021, setting out incentives for the Group's senior management and other employees
"Prospectus"	the prospectus of the Company dated March 22, 2022 in relation to the Global Offering and the Listing
"Reporting Period" or "Relevant Period"	the six months ended June 30, 2022
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SHIG"	Shandong Heavy Industry Group Co., Ltd.*, a company with limited liability incorporated under the laws of the PRC and one of the Controlling Shareholders
"Shandong SASAC"	State-owned Assets Supervision & Administration Commission of Shandong Province
"Share(s)"	ordinary share(s) with no minimal value in the share capital of the Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on May 25, 2022
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"UHNWIs" or "ultra-high net worth individuals"	persons who have a net worth with investable and liquid assets in excess of 50 million U.S. dollars
"US"	the United States of America
"USD" or "US dollar(s)"	United States dollars, the lawful currency of the United States

DEFINITIONS

"VHNWI" or "very-high-net-worth individual"	persons who have a net worth with investable and liquid assets of five million to 50 million U.S. dollars
"Weichai Group"	Weichai Holding Group Co., Ltd.*, a company with limited liability incorporated under the laws of the PRC and one of the Controlling Shareholders
"Weichai Holding (HK)"	Weichai Holding Group Hongkong Investment Co., Limited, a company incorporated under the laws of Hong Kong and one of the Controlling Shareholders
"%"	per cent

The English names of PRC nationals, enterprises, departments, facilities, certificates, regulations, titles and the like marked with "" are translations of their Chinese names and are included in this interim report for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name will prevail.*