FERRETTIGROUP

2024 Interim Report

FERRETTI S.P.A. (incorporated under the laws of Italy as a joint-stock company with limited liability)
HKEX code: 9638 | Euronext code: YACHT.MI

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Contents

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. Tan Xuguang (譚旭光) *(Chairman)*
Mr. Piero Ferrari *(Honorary Chairman)*
Ms. Jiang Lan (Lansi) (蔣嵐)
Mr. Zhang Quan (張泉)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Stefano Domenicali
Mr. Patrick Sun (辛定華)
Ms. Zhu Yi (朱奕)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Mr. Patrick Sun (辛定華)
Ms. Zhu Yi (朱奕)

NOMINATION COMMITTEE

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Mr. Alberto Galassi
Mr. Stefano Domenicali
Mr. Patrick Sun (辛定華)
Ms. Zhu Yi (朱奕)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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Mr. Alberto Galassi
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Ms. Jiang Lan (Lansi) (蔣嵐)
Mr. Zhang Quan (張泉)
Ms. Zhu Yi (朱奕)

STRATEGIC COMMITTEE

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Mr. Alberto Galassi
Mr. Piero Ferrari
Mr. Xu Xinyu (徐新玉)
Mr. Zhang Quan (張泉)
Mr. Patrick Sun (辛定華)

BOARD OF STATUTORY AUDITORS

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

JOINT COMPANY SECRETARIES

Mr. Hao Qinggui (郝慶貴)
Ms. Wong Hoi Ting *(ACG, HKACG)*

SECRETARY OF THE BOARD

Mr. Hao Qinggui (郝慶貴)

AUTHORIZED REPRESENTATIVES

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Ms. Wong Hoi Ting

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HKEX: 9638

RESULTS

(in thousands Euro)	Six months ended June 30, 2024 (unaudited)	2023 (unaudited)	Percentage increase/ decrease
Net revenue	**646,416**	580,841	11.3%
Profit before tax	**63,835**	55,512	15.0%
Income tax	**(19,788)**	(14,658)	35.0%
Profit for the period	**44,047**	40,855	7.8%

ASSETS AND LIABILITIES

(in thousands Euro)	As at June 30, 2024 (unaudited)	As at December 31, 2023 (audited)	Percentage increase/ decrease
Total Assets	**1,644,167**	1,602,248	2.6%
Total Liabilities	**(792,573)**	(762,569)	3.9%

KEY FINANCIAL RATIOS

	As at June 30, 2024 (unaudited)	As at December 31, 2023 (audited)	Percentage increase/ decrease
Profitability Ratios			
Ratio on equity	**10.6%**	10.3%	2.8%
Ratio on total assets	**5.4%**	5.5%	(2.2)%
Liquidity Ratios			
Current ratio	**1.3**	1.3	(4.9)%
Quick ratio	**0.7**	0.8	(15.6)%
Capital Adequacy Ratio			
Gearing ratio	**4.4%**	4.0%	(9.2)%

1 REVIEW OF OPERATING CONDITIONS

During the first half of 2024, the Group recorded an increase in net revenue of new yachts, reaching approximately €611.0 million and representing a 7.7% increase as compared to the six months ended June 30, 2023.

As far as the Group's profitability is concerned, adjusted EBITDA amounted to approximately €96.7 million, increasing 15.9% in comparison with the figure reported for the six months ended June 30, 2023 (€83.4 million). The increase was also significant in terms of percentage, with an adjusted EBITDA margin reaching 15.8% or 110 basis points higher than that of the six months ended June 30, 2023. Finally, net profit increased by 7.6% compared to the previous year to a value of approximately €44.0 million.

For the second half of 2024, we expect a continuous growth backed up by a consistent order backlog of approximately €1.5 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 across all segments:

- Net revenue of new yachts from sales of composite yachts increased by approximately 9.9% from approximately €241.6 million for the six months ended June 30, 2023 to approximately €265.5 million for the six months ended June 30, 2024.

- Net revenue of new yachts from sales of made-to-measure yachts increased by approximately 2.9% from approximately €226.2 million for the six months ended June 30, 2023 to approximately €232.7 million for the six months ended June 30, 2024.

- Net revenue of new yachts from the sales of super yachts increased by approximately 27.3% from approximately €64.8 million for the six months ended June 30, 2023 to approximately €82.5 million for the six months ended June 30, 2024.

1.2 Other Businesses

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

For the first half of 2024, the Group's net revenue from other businesses reached approximately €30.4 million, representing a year-on-year decline of approximately 12.6%.

1.3 ESG Commitment of the Group

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

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

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

In addition, with a view to reducing the environmental impact of its products, the Group is constantly seeking innovative solutions, which involve the use of eco-friendly and lighter materials. Moreover, the Group's ESG commitment is not limited to its outstanding product offering, but also targets its shipyards. All shipyards are adjusted to the ISO 14001:2015 environmental certification, introducing innovative solutions (such as trigeneration systems) and increasingly proficient solar panels to reduce both energy consumption and emissions.

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

2 OUTLOOK AND PROSPECTS

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

- To enhance and expand its offering and product mix in anticipation of evolving market trends and customer expectations, with the aim of consolidating its market leadership position in both the composite yachts and made-to-measure yachts segments, focusing on the segments with the highest growth and margin potential.

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

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

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

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

3 APPRECIATION

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

Mr. Tan Xuguang
Chairman and non-executive Director

Hong Kong, August 29, 2024

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

Owing to excellent market reaction to the models launched in previous years, for the Relevant Period, the Group recorded a net revenue of €646.4 million, representing a 11.3% increase from €580.8 million for the six months ended June 30, 2023 and, the Group's adjusted EBITDA was €96.7 million, with an increase of about 15.9% from the six months ended June 30, 2023, which was €83.4 million. Adjusted EBITDA margin was equal to 15.8%, up 110 basis points when compared to 14.7% in the six months ended June 30, 2023. The net profit increased by about 7.6% from €40.9 million for the six months ended June 30, 2023 to €44.0 million for the Relevant Period.

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

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

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

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

SIGNIFICANT EVENTS IN THE FIRST HALF YEAR OF 2024

In the first quarter of 2024, the Group announced the launch of the second model of Ferretti Yachts INFYNITO range, the INFYNITO 80.

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

The Group attended the main boat shows worldwide: boot Düsseldorf in January 2024, Miami International Boat Show in February 2024, Dubai International Boat Show in February and March 2024, Palm Beach International Boat Show in March 2024 and Venice Boat Show in May and June 2024.

On April 22, 2024, the Shareholders' Meeting of Ferretti S.p.A was convened and approved:

- the individual financial statements of Ferretti S.p.A. for the year ended December 31, 2023, and reviewed the consolidated financial statements of Ferretti Group for the year ended December 31, 2023;
- to distribute a dividend;
- the remuneration policy for the financial year 2024, with a binding vote, casting a favorable advisory vote for the report on compensation paid in the financial year 2023; and
- the integration of the Board of Directors through the appointment, pursuant to Article 2386 of the Italian Civil Code, of Mr. Zhang Quan and Ms. Zhu Yi as Directors.

On June 4, 2024, the new Ravenna shipyard's slipway made its official debut with its first ever launch of the fourth unit of the Ferretti Yachts INFYNITO 90.

At the Venice Boat Show 2024, Ferretti Group and Flexjet announced a contractual partnership which will provide ultra-high net worth customers shared by both partners with combined, exclusive solutions.

New partnership between Riva and Bang & Olufsen was announced.

Riva and design studio Officina Italiana Design announced the renewal of their exclusive collaboration contract for five more years.

On June 26, 2024, a dividend equal to €32,832,817.44 (€0.097 per share) was paid to Shareholders.

FINANCIAL REVIEW

Order backlog

The order backlog reached €1,495.8 million as of June 30, 2024, representing an increase of approximately 6.0% when compared to June 30, 2023 (€1,410.5 million) due to the orders collected over last year.

The table below shows the breakdown of order backlog by production type[1]:

	Order backlog by segment				
(in millions Euro, except for percentages)	**H1 2024 (unaudited)**	**% of total order backlog**	H1 2023 (unaudited)	% of total order backlog	**Change[2] H1 2024 vs H1 2023**
Composite yachts	**350.1**	**23.4%**	365.1	25.9%	**-4.1%**
Made-to-measure yachts	**568.0**	**38.0%**	546.2	38.7%	**+4.0%**
Super yachts	**521.9**	**34.9%**	442.3	31.4%	**+18.0%**
Other businesses[3]	**55.8**	**3.7%**	56.9	4.0%	**-1.9%**
Total	**1,495.8**	**100.0%**	1,410.5	100.0%	**+6.0%**

(i) Composite Yachts

The Group's order backlog from composite yachts reached €350.1 million as of June 30, 2024, equal to approximately 23.4% of the total backlog (compared to €365.1 million, equal to approximately 25.9% of the total backlog as of June 30, 2023).

(ii) Made-to-Measure Yachts

The Group's order backlog from made-to-measure yachts reached €568.0 million as of June 30, 2024, equal to approximately 38.0% of the total backlog (from €546.2 million, equal to approximately 38.7% of the total backlog as of June 30, 2023).

(iii) Super Yachts

The Group's order backlog from super yachts reached €521.9 million as of June 30, 2024, equal to approximately 34.9% of the total backlog (from €442.3 million, equal to approximately 31.4% of the total backlog as of June 30, 2023).

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

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

3 Including FSD and Wally sailboats

(iv) Other Businesses

The Group's order backlog from other businesses reached €55.8 million as of June 30, 2024, equal to approximately 3.7% of the total backlog (from €56.9 million, equal to approximately 4.0% of the total backlog as of June 30, 2023).

Net Revenue

The Group's net revenue increased by approximately 11.3% from approximately €580.8 million for the six months ended June 30, 2023 to approximately €646.4 million for the six months ended June 30, 2024 due to the order backlog built in 2023 and early 2024.

The following table shows the breakdown of net revenue of new yachts sales by segment[4]:

	Six months ended June 30,			
	2024 (Unaudited)		2023 (Unaudited)	
(in thousands Euro, except for percentages)	**Net Revenue**	**% of Total Net Revenue of New Yachts**	Net Revenue	% of Total Net Revenue of New Yachts
Composite yachts	**265,513**	**43.5%**	241,591	42.6%
Made-to-measure yachts	**232,679**	**38.1%**	226,182	39.9%
Super yachts	**82,496**	**13.5%**	64,847	11.4%
Other businesses[5]	**30,352**	**5.0%**	34,802	6.1%
Total Net Revenue of New Yachts	**611,041**	**100%**	567,422	100%
Pre-Owned	**35,376**		13,419	
Total	**646,416**		580,841	

(i) Composite Yachts

The Group's revenue from the sales of composite yachts increased by approximately 9.9% from approximately €241.6 million for the six months ended June 30, 2023 to approximately €265.5 million for the Relevant Period.

(ii) Made-to-Measure Yachts

The Group's revenue from the sales of made-to-measure yachts increased by approximately 2.9% from approximately €226.2 million for the six months ended June 30, 2023 to approximately €232.7 million for the Relevant Period.

4 See note 1
5 Mainly comprising revenue from ancillary businesses, FSD and Wally sailboats.

(iii) Super Yachts

The Group's revenue from the sales of super yachts increased by approximately 27.3% from approximately €64.8 million for the six months ended June 30, 2023 to approximately €82.5 million for the Relevant Period.

(iv) Other Businesses

The Group's revenue generated from other businesses decreased by approximately 12.6% from approximately €34.8 million for the six months ended June 30, 2023 and approximately €30.4 million for the Relevant Period.

Change in inventories of work-in-process, semi-finished and finished goods

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

The item decreased by approximately 13.8% from approximately €65.8 million for the six months ended June 30, 2023 to approximately €56.7 million for the Relevant Period, having the Group already reached adequate inventories levels to support sales.

Raw Materials and Consumables Used

The Group's raw materials and consumables used increased by approximately 5.5% from approximately €316.1 million for the six months ended June 30, 2023 to approximately €333.3 million for the Relevant Period, primarily due to the increase in production volumes.

Contractors Costs

The Group's contractors costs increased by approximately 28.1% from approximately €102.8 million for the six months ended June 30, 2023 to approximately €131.7 million for the Relevant Period. Such increase was mainly attributable to the increase in production activities catering for the acceleration of the order intake.

Cost for Trade Shows, Events and Advertising

The Group's costs for trade shows, events and advertising decreased by approximately 16.2% from approximately €12.1 million for the six months ended June 30, 2023 to approximately €10.2 million for the Relevant Period, mainly due to a different timing that will be realigned at the year end.

Other Service Costs

The Group's other service costs are substantially stable, with €59.3 million for the Relevant Period (€58.9 million for the six months ended June 30, 2023).

Rentals and Leases

The Group's rentals and leases increased by €1.2 million, or approximately 26.4%, from €4.5 million for the six months ended June 30, 2023 to €5.7 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.

Personnel Costs

The Group's personnel costs increased by €9.3 million, or approximately 14.3%, from €65.1 million for the six months ended June 30, 2023 to €74.4 million for the Reporting Period, primarily due to the increase in the average headcount to support the growth of the Group's business.

Other Operating Expenses

The Group's other operating expenses increased from approximately €3.0 million for the six months ended June 30, 2023 to approximately €5.9 million for the Relevant Period, mainly due to the increase of settlement agreements and re-billable costs.

Provisions and impairment

The total provisions and impairment decreased to approximately €12.1 million from €24.8 million for the six months ended June 30, 2023 to €12.8 million for the six months ended June 30, 2024, primarily due to the achievement of an adequate amount of provisions in relation to the number of boats under warranty and the risks associated with the Group's activities.

Income Tax Expenses

The Group recorded income tax expenses of €19.8 million for the Relevant Period in comparison with €14.7 million for the six months ended June 30, 2023. The tax expenses increased mainly due to (i) an increase in current tax as attributable to the significant increase in the Group's profit before tax; and (ii) the absence in deferred tax assets recognized in respect of prior tax losses.

Net Profit

The Group's profit for the period increased by approximately 7.6% from approximately €40.9 million for the six months ended June 30, 2023 to approximately €44.0 million for the Relevant Period mainly due to the increase in volumes and the increase in margin.

NON-IFRS MEASURES

To supplement the Group's consolidated income statements which are presented in accordance with IFRS, EBITDA, adjusted EBITDA, adjusted EBITDA/net revenue 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 but excluding exchange rate gains/(losses) related to financial transactions), depreciation and amortization, and income tax expense, and less financial income and income tax benefit; (ii) adjusted EBITDA as EBITDA adjusted by adding back certain special items (including listing expenses and related costs, Management Incentive Plan, and other minor non-recurring events); and (iii) net revenue without pre-owned as net revenue excluding revenue generated from the trading of pre-owned yachts.

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

	Six months ended June 30,	
(in thousands Euro)	**2024 (unaudited)**	2023 (unaudited)
Net revenue	**646,416**	580,841
Revenue pre-owned	**(35,376)**	(13,419)
Net revenue without pre-owned	**611,040**	567,422
Operating costs	**(514,325)**	(484,005)
Adjusted EBITDA	**96,716**	83,418
Special items	**(117)**	(802)
Operating exchange gains and share of loss of a joint venture	**398**	836
EBITDA	**96,997**	83,451
Depreciations and amortization	**(34.322)**	(30,128)
Financial income, financial expenses, financial exchange gains	**1,160**	2,189
Profit before tax (PBT)	**63.835**	55,512
Income tax	**(19,788)**	(14,658)
Profit after tax (PAT)	**44,047**	40,855
Adjusted EBITDA/Net revenue without pre-owned	**15.8%**	14.7%

The table below sets forth a reconciliation of the non-IFRS measures to the nearest measures prepared in accordance with IFRS for the years indicated:

	Six months ended June 30,	
	2024	2023
(in thousands Euro)	**(unaudited)**	(unaudited)
Profit for the period	**44,047**	40,855
Income tax expense	**19,788**	(14,658)
Foreign financial exchange gains	**131**	131
Financial expenses	**1,855**	1,957
Financial income	**(3,146)**	(4,277)
Depreciation and amortization	**34,322**	30,128
EBITDA	**96,997**	83,451
Special items related to EBITDA	**117**	802
Foreign operating exchange losses	**(398)**	(836)
Adjusted EBITDA	**96,716**	83,418
Adjusted EBITDA/Net revenue without pre-owned	**15.8%**	14.7%

The Group's adjusted EBITDA (excluding other minor non-recurring events) for the Relevant Period amounted to approximately €96.7 million, increased by approximately 15.9% for the six months ended June 30, 2023 which amounted to approximately €83.4 million, demonstrating the increase in profitability of our operating performance.

The adjusted EBITDA/net revenue without pre-owned margin increased from 14.7% for the six months ended June 30, 2023 to 15.8% for the Reporting Period.

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

	Six months ended June 30,	
	2024	2023
(in thousands Euro)	**(unaudited)**	(unaudited)
Listing expenses and related costs	**—**	—
Management Incentive Plan	**—**	—
Other minor non-recurring events	**117**	802
Total	**117**	802

Certain Balance Sheet Items

Inventories

The Group's inventories increased by €57.2 million, or 16.9%, from €337.7 million as of December 31, 2023 to €394.9 million as of June 30, 2024, primarily due to an increase in production volumes of yachts to answer to the growing demand.

Trade and other receivables

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Accounts receivable from customers	**29,488**	25,923
(Less) Provision for doubtful accounts	**(4,064)**	(3,496)
Trade receivables	**25,424**	22,427
Other receivables	**37,570**	47,843
Total trade and other receivables	**62,994**	70,271

The Group's trade and other receivables decreased by €7.3 million, or 10.4%, from €70.3 million as of December 31, 2023 to €63.0 million as of June 30, 2024, primarily due to (i) an increase in trade receivables related to other businesses; and (ii) a decrease in other receivables of €10.3 million mainly attributable to lower advances, prepayments and sundry receivables from suppliers as compared with that as at December 31, 2023, which included €14.3 million related to the advance payment for the acquisition of a site for the additional 30,000 square meters adjacent to the San Vitale Shipyard, that was executed in January 2024, as mentioned above.

Contract Assets

The Group's contract assets represent amounts of the contract works completed in excess of payment by customers under sales contracts for new yachts as of the end of each of the relevant period.

The Group's contract assets decreased by €26.4 million, or 15.9%, from €166.8 million as of December 31, 2023 to €140.4 million as of June 30, 2024, primarily due to an increase of advances from customers.

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Total Contract Assets	**140,372**	166,846

Trade and other payables

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

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Trade payables	**413,732**	393,915
Other payables	**49,169**	50,606
Total trade and other payables	**462,901**	444,521

The Group's current trade and other payables increased by €18.5 million, or 4.2%, from €443.6 million as of December 31, 2023 to €462.1 million as of June 30, 2024, primarily due to an increase in trade payables of €19.8 million, which was mainly attributable to an increase in the Group's procurement in line with the growth of the Group business.

Contract liabilities

The table below sets forth a breakdown of the Group's contract liabilities as of the dates indicated:

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Total contract liabilities	**194,465**	195,091

The Group's contract liabilities represent amounts paid by its customers under sales contracts for new yachts that have not been fully executed. Such liabilities comprise advances received in excess of the contract works completed or in respect of works not yet commenced, as of the end of each of the relevant period.

The Group's contract liabilities was in line with the balance as at December 31, 2023 (€194.5 million for the Relevant period in comparison with €195.1 million as of December 31, 2023).

OTHER FINANCIAL INFORMATION

Liquidity and Financial Resources

During the Relevant Period, the Group generated cash flow from operating activities for €58.6 million.

As at June 30, 2024, the Group had cash and cash equivalents and other current assets of approximately €274 million (as at December 31, 2023: approximately €314 million).

Taking into account the cash flow generated from operations and the net proceeds from the Hong Kong 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 Expenditure

Investments in tangible and intangible fixed assets as of June 30, 2024 were €90.5 million, excluding right-of-use assets, of which approximately €14.1 million for maintenance for operations and existing product portfolio and approximately €76.4 million for business expansion, mostly for the commissioning of the Ravenna shipyard.

Net Financial Position

The net financial position of the Group as at June 30, 2024 was €237.0 million of net cash (as at December 31, 2023: €281.1 million).

Net Working Capital

The net working capital as at June 30, 2024 was negative for €30.7 million, substantially similar with a negative €29.7 million as at December 31, 2023.

Capital Structure

A. Borrowing

The total bank and other borrowings of the Group as at June 30, 2024 was approximately €37.5 million (as at December 31, 2023: €33.9 million) which was originally denominated in Euro, so it did not have any foreign exchange impact on its financial statements during the Relevant Period. The bank borrowing was interest-bearing, secured and unsecured. During the Relevant Period, the Group did not experience any difficulties in utilizing its banking facilities with its lenders.

B. Gearing Ratio

As at June 30, 2024, the Group's gearing ratio was approximately 4.4% (as at December 31, 2023: 4.0%), calculated as the total indebtedness divided by total equity as at the end of the Relevant Period multiplied by 100%. The increase was mainly due to indebtedness in relation to additional right of use assets.

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.

Pledge of Assets

As at December 31, 2023, the Group's bank borrowings were secured by certain of the Group's buildings, which amounted to €115.6 million. As at June 30, 2024, the Group did not pledge any further assets in comparison with December 31, 2023. In consideration of the termination of the pool loan from August 2, 2024, the amount of the pledge of assets will be reduced to €5.5 million within the year end (see Note 30).

Contingent Liabilities

As at June 30, 2024 and 2023, the Group did not have any material contingent liabilities.

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

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

Risk factors

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

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

For further details, please refer to the annual report of the Company for the year ended December 31, 2023.

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 June 30, 2024 and December 31, 2023, there were no currency forwards in place.

Human Resources

As at June 30, 2024, the Group had 2,090 full-time employees, of which 2,012 were based in Europe and MEA, 66 were based in the U.S. and 12 were based in APAC. The total cost of staff for the six months ended June 30, 2024 was approximately €74.4 million as compared to approximately €65.1 million as at June 30, 2023. The increase was mainly attributable to the increase in the average headcount to support the growth of the Group's business.

INTERIM DIVIDEND

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

EVENTS AFTER THE RELEVANT PERIOD

With a Memorandum of Understanding signed by Ferretti Group, Emilia Romagna Regional Administration, Bologna University, Cassa dei Risparmi Foundation and Forlì Municipality the new Master's Degree Course in Marine Engineering, based in Forlì, gets under way in academic year 2024–25. The aim of the course is to enrich university offering with new degree programmes that meet the need set out by the industry in general and the yacht building sector in particular on the Adriatic coast where the Group has five production sites.

As at June 30, 2024, the Company has in place a medium-to-long-term loan agreement for a maximum total amount of €170 million signed in August 2019 with Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Barclays Bank Ireland PLC, BNP Paribas, Milan Branch, 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, that was not in use.

This medium-to-long-term loan agreement expired on August 2, 2024 and the Management has worked to replace it by negotiating a new revolving facility and on July 26, 2024. The Company had signed a loan agreement with a pool of banks including Banco BPM S.p.A., BPER Banca S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. to support the Company in its growth path by financing, if necessary, the working capital.

The new revolving line is for a total amount of €160 million and a duration of 5 years from the date of signature of the loan agreement. No guarantee has been provided on the Group's real estate or other assets.

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

OUTLOOK

The global luxury yacht industry has continued to grow solidly throughout 2022 and 2023. Once again, the global luxury yacht industry has proven to be resilient despite geopolitical uncertainty, underscoring its stability and strength. In this context, the Group has continued to deliver outstanding performance, consistently gaining market share and reinforcing its strategic position not only in high-value segments but also in new emerging and high-growth segments. To continue building on the expected growth trends of the global luxury yacht industry, enhancing its value proposition and strengthening its overall resilience, the Group's future plans are based on the following strategic pillars:

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

— To keep on investing in innovation, technologies, and products with the aim of providing a more environmentally responsible yachting experience through the skillful use of more sustainable materials and processes aimed at reducing the environmental impact of the products.

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

- To broaden both its yacht brokerage, chartering and management services and its after-sales and refitting services, extending its brand extension and licensing activities and further expand into the security and patrolling market.

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

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE ("CSRD")

The Company is carrying out the CSRD analyses and for this purpose is still in progress the examination of double materiality, significant risks and opportunities.

CORPORATE GOVERNANCE

The Board strives to uphold the principles of corporate governance set out in the CG Code contained in Appendix C1 to the Hong Kong Listing Rules, the Italian Consolidated Financial Act and the Italian Corporate Governance Code to which the Company has adhered after the Dual Listing, and adopted various measures to enhance the internal control system, the Directors' continuing professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its Shareholders. The Board will continue to conduct reviews and improve the quality of corporate governance practices with reference to local and international standards.

The Company has complied with the code provisions as set out in Appendix C1 to the Hong Kong Listing Rules during the Relevant Period.

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 C3 to the Hong Kong 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 during the Relevant Period.

REVIEW BY AUDIT COMMITTEE

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

The Audit Committee has four members, Mr. Patrick Sun, Mr. Stefano Domenicali, Ms. Jiang Lan (Lansi) and Ms. Zhu Yi, with Mr. Sun currently serving as the chairman. Mr. Sun has the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules.

The Audit Committee has reviewed with the management of the Company the unaudited interim condensed consolidated financial statements and the interim 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 Hong Kong Listing Rules and also with the Italian regulatory applicable provisions and adequate disclosures have been made.

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

CHANGES IN DIRECTORS' INFORMATION

Mr. Tan Xuguang ceased to be the chairman and the secretary of the Party Committee of SHIG in July 2024, the chairman of Weichai Group, the chairman of China National Heavy Duty Truck Group Co., Ltd.* and the chairman of Weichai Power Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2338) and the Shenzhen Stock Exchange (stock code: 000338), in August 2024.

Save as disclosed above, since the publication of the Company's annual report for the financial year ended December 31, 2023, there was no other change in any of the information required to be disclosed in pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

ESTABLISHMENT OF STRATEGIC COMMITTEE

The Company has established the Strategic Committee on February 19, 2024 with written terms of reference in compliance with the CG Code. The Strategic Committee consists of one independent non-executive Director, three non-executive Directors and two executive Directors, namely Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Alberto Galassi, Mr. Piero Ferrari, Mr. Zhang Quan and Mr. Patrick Sun, with Mr. Tan Xuguang (a non-executive Director) currently serving as the chairman. The Strategic Committee works with the other Board Committees to support the Board of Directors on the creation of value over the long term for the benefit of shareholders, taking into consideration also the interests of the Company's other stakeholders. Without prejudice to the powers delegated to the Chief Executive Officer, the Strategic Committee, whose function is merely advisory, is tasked with, inter alia: (a) conducting studies and making recommendations regarding the Company's long-term strategic development plan; (b) conducting studies and making recommendations regarding major investment and financing proposals that are subject to approval by the Board of Directors; (c) conducting studies and making recommendations regarding major equity operations, and plans for managing assets that are subject to approval by the Board of Directors; and (d) examining and monitoring implementation of the above matters. In discharging its duties, the Strategic Committee may access such information and business functions as may be necessary for it to do so. It may also engage external advisors, upon terms agreed by the Board of Directors. No meetings were held by the Strategic Committee during the Reporting Period.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As far as the Company is aware, as at June 30, 2024, the interests and/or short positions of the Directors and chief executives 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 Hong Kong 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, to be notified to the Company and the Hong Kong Stock Exchange; and 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]	15,441,768 (L)	4.56% (L)

Notes:

(1) KHEOPE SA directly holds 15,441,768 Shares. KHEOPE SA is wholly-owned by Mr. Piero Ferrari. Mr. Piero Ferrari is deemed to be interested in the Shares held by KHEOPE SA for the purpose of Part XV of the SFO.

(2) The letter "L" denotes a long position or voting rights connected to the Shares.

Save as disclosed above, as at June 30, 2024, none of the Directors and the chief executives 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 defined in Part XV of SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register stated herein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

So far as the Directors are aware, as at June 30, 2024, the following persons have an interest in the Shares and the underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 5% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at meetings of the Company or which were required to be entered in the register kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares(1)	Approximate Percentage of Shareholding
SHIG	Interest in a controlled corporation(2)	127,070,120 (L)	37.54% (L)
Weichai Group	Interest in a controlled corporation(2)	127,070,120 (L)	37.54% (L)
Weichai Holding (HK)	Interest in a controlled corporation(2)	127,070,120 (L)	37.54% (L)
FIH	Beneficial owner(2)	127,070,120 (L)	37.54% (L)
Flipnation Limited	Beneficial owner(3)	37,482,200 (L)	11.07% (L)
Valea Foundation	Interest in a controlled corporation(3)	37,482,200 (L)	11.07% (L)
Komarek Karel	Interest in a controlled corporation(3)	37,482,200 (L)	11.07% (L)

Notes:

(1) (L) — Long Position.

(2) FIH directly holds 127,070,120 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 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) Flipnation Limited holds 37,482,200 Shares. Flipnation Limited is wholly owned by Valea Group AG, which is in turn wholly owned by Valea Foundation. Komarek Karel is the founder/sole beneficiary of the Valea Foundation, which is a foundation under Liechtenstein law and no individual owns shares.

Save as disclosed herein, the Directors are not aware of any person who, as at June 30, 2024, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 5% 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 or which were required to be entered in the register kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

According to the information disclosed publicly and as far as the Directors are aware, upon the Hong Kong Listing and up to June 30, 2024, the Company maintained the amount of public float as required under the Hong Kong Listing Rules.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

USE OF NET PROCEEDS FROM THE HONG KONG LISTING

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Hong Kong Global Offering and the exercise of over-allotment option of approximately HKD1,862.94 million in the context of the Hong Kong Listing. There has been no change in the intended use of net proceeds as previously disclosed in the Hong Kong Prospectus. As at June 30, 2024, the Group has been gradually utilizing the net proceeds from the Hong Kong Global Offering according to the manner and proportions disclosed in the Hong Kong Prospectus. For details, please refer to the table below:

	Net amount available upon Hong Kong Listing *(HKD million)*	Net amount utilized as of June 30, 2024 *(HKD million)**	Unutilized net amount as of June 30, 2024 *(HKD million)*	Expected timeline of the utilization of the unutilized net amounts
Expansion of the Group's product portfolio and further boosting our end-to-end operational excellence	1,266.7	1,581,3	(314.4)	March 31, 2025
– Consolidating the Group's leadership positioning in the luxury yacht industry and increasing the Group's market share and coverage	428.5	807.1	(378.6)	—
– Development of new flagship models of super yachts under Riva, Wally, Pershing, and Custom Line brands	465.8	225.2	240.6	—
– Vertical integration of strategic and high value-adding production activities to ensure the uncompromised excellence in the luxurious design, performance, quality and reliability of the Group's yachts	372.6	549.0	(176.4)	—
Enhancing the Group's unique portfolio of ancillary services and expanding the Group's offering in the most promising verticals such as yacht brokerage, chartering and management services and aftersales and refitting services	447.1	—	447.1	March 31, 2024
– Growing the Group's yacht brokerage, chartering and management services	130.4	—	130.4	—
– Expanding the Group's after-sales and refitting service offering and market presence	316.7	—	316.7	—
Further development of the Group's brand extension activities and other general corporate matters	149.0	8.0	141.0	N/A
Total	1,862.9	1,589.3	273.47	—

* using EUR/HKD exchange rate as at June 30, 2024

The unutilized net proceeds of the Hong Kong Global Offering have been deposited into interest-bearing accounts with licensed banks and financial institutions shall be utilized according to the plans described in the Hong Kong Prospectus.

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Building a better working world

REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (TRANSLATION FROM THE ORIGINAL ITALIAN TEXT)

To the Shareholders of
Ferretti S.p.A.

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the comprehensive income statement, the cash flow statement and the statement of changes in equity and the related explanatory notes of Ferretti S.p.A. and its subsidiaries (the "**Ferretti Group**") as of June 30, 2024. The Directors of Ferretti S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Ferretti Group at June 30, 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 29, 2024

EY S.p.A.
Signed by: Gianluca Focaccia, Statutory Auditor

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

Interim Condensed Consolidated Income Statement

For the six-month period ended June 30, 2024

(in thousands Euro)	*Notes*	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
Revenue		**678,471**	613,346
Commissions and other costs related to revenue		**(32,055)**	(32,505)
NET REVENUE	4	**646,416**	580,841
Change in inventories of work-in-process, semi-finished and finished goods	5	**56,736**	65,828
Cost capitalized	6	**16,633**	14,832
Other income	7	**9,968**	8,335
Raw materials and consumables used	8	**(333,302)**	(316,071)
Contractors costs	9	**(131,746)**	(102,808)
Costs for trade shows, events and advertising	10	**(10,157)**	(12,120)
Other service costs	11	**(59,293)**	(58,856)
Rentals and leases	12	**(5,665)**	(4,482)
Personnel costs	13	**(74,377)**	(65,088)
Other operating expenses	14	**(5,862)**	(2,953)
Provisions and impairment	15	**(12,752)**	(24,844)
Depreciation and amortization	16	**(34,322)**	(30,128)
Financial income	17	**3,146**	4,277
Financial expenses	18	**(1,855)**	(1,957)
Foreign exchange losses	19	**267**	705
PROFIT BEFORE TAX		**63,835**	55,512
Income tax	20	**(19,788)**	(14,658)
PROFIT FOR THE YEAR		**44,047**	40,855
Attributable to:			
Shareholders of the Company		**43,859**	40,448
Non-controlling interests		**188**	407
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (€)	40	**0.13**	0.12

Interim Condensed Consolidated Comprehensive Income Statement

For the six-month period ended June 30, 2024

(in thousands Euro)	*Notes*	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
PROFIT FOR THE PERIOD		**44,047**	40,855
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Profit on defined benefits plan	38	**617**	104
Income tax effect	38	**(148)**	(25)
		469	79
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gains from the translation of foreign operations	38	**232**	(2,012)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**700**	(1,933)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**44,747**	38,922
Attributable to:			
Shareholders of the Company		**44,559**	38,515
Non-controlling interests		**188**	407

Interim Condensed Consolidated Statement of Financial Position

As at June 30, 2024

(in thousands Euro)	Notes	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
CURRENT ASSETS			
Cash and cash equivalents	21	**273,657**	314,109
Trade and other receivables	22	**62,994**	70,271
Contract assets	23	**140,372**	166,846
Inventories	24	**394,947**	337,732
Advances on inventories	24	**38,797**	37,266
Other current assets	25	**906**	820
Income tax recoverable		**1,896**	3,203
		913,569	930,247
NON-CURRENT ASSETS			
Property, plant and equipment	26	**444,709**	382,346
Intangible assets	27	**280,168**	276,652
Other non-current assets	28	**5,721**	6,077
Deferred tax assets	29	**—**	6,926
		730,598	672,002
TOTAL ASSETS		**1,644,167**	1,602,248

Interim Condensed Consolidated Statement of Financial Position

As at June 30, 2024

(in thousands Euro)	Notes	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
CURRENT LIABILITIES			
Minority Shareholders	30	**517**	1,000
Bank and other borrowings	30	**13,413**	11,253
Provisions	35	**63,435**	62,809
Trade and other payables	31	**462,119**	443,585
Contract liabilities	32	**194,465**	195,091
Income tax payable	33	**13,117**	6,299
		747,066	720,037
NON-CURRENT LIABILITIES			
Bank and other borrowings	34	**23,608**	21,616
Provisions	35	**8,693**	12,535
Non-current employee benefits	36	**6,909**	7,444
Trade and other payables	31	**782**	936
Deferred tax liabilities	29	**5,515**	—
		45,508	42,532
TOTAL LIABILITIES		**792,573**	762,569
SHARE CAPITAL AND RESERVES			
Share capital	37	**338,483**	338,483
Reserves	38	**512,084**	500,357
Equity attributable to shareholders of the Company		**850,567**	838,840
Non-controlling interests	39	**1,027**	840
TOTAL EQUITY		**851,594**	839,680
TOTAL LIABILITIES AND EQUITY		**1,644,167**	1,602,248

Interim Condensed Consolidated Cash Flow Statement

For the six-month period ended June 30, 2024

(in thousands Euro)	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	**63,835**	55,512
Depreciation and amortization	**34,322**	30,128
Loss/(gain) on disposal of property, plant and equipment	**(117)**	(62)
Provisions	**(3,751)**	21,301
Financial income	**(3,146)**	(4,277)
Financial expenses	**1,855**	1,957
Provision/(reversal of provision) against inventories, net	**3,104**	6,244
Decrease/(increase) in inventories	**(61,851)**	(72,252)
Change in contract assets and contract liabilities	**25,847**	(33,184)
Decrease/(increase) in trade and other receivables	**(8,869)**	4,133
Increase/(decrease) in trade and other payables	**3,621**	45,036
Change in other operating liabilities and assets	**3,765**	7,540
Income tax paid	**0**	0
Cash flows from operating activities (A)	**58,615**	62,076
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment and intangible assets	**(61,925)**	(83,609)
Proceeds from disposal of property, plant and equipment and intangible assets	**213**	367
Change in other financial investments	**(85)**	42,384
Interest from banks and other financial income	**3,146**	4,228
Cash flows used in investing activities (B)	**(58,651)**	(36,629)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	**0**	0
Dividends paid	**(32,833)**	(19,903)
New bank and other borrowings	**782**	200
Repayment of bank and other borrowings	**(6,594)**	(9,874)
Interest paid	**(1,855)**	(1,957)
Cash flows from/(used in) financing activities (C)	**(40,499)**	(31,533)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D=A+B+C)	**(40,535)**	(6,087)
Cash and cash equivalents at beginning of period (E)	**314,109**	317,759
Effect of foreign exchange rate changes, net (F)	**83**	(2,012)
CASH AND CASH EQUIVALENTS AT END OF PERIOD (G=D+E+F)	**273,657**	309,660
Cash and cash equivalents as stated in the consolidated statement of financial position	**273,657**	309,660

Interim Condensed Consolidated Statement of Changes in Equity

For the six-month period ended June 30, 2024

(in thousands Euro)	Share capital (Note 37)	Share premium* (Note 38)	Legal reserve* (Note 38)	Translation reserve* (Note 38)	Other reserves* (Note 38)	Equity attributable to the shareholders of the company	Non-controlling interests (Note 39)	Total equity
At January 1, 2023 (audited)	338,483	425,041	8,287	7,970	(1,775)	778,007	384	778,391
Profit for the period	—	—	—	—	40,448	40,448	407	40,855
Other comprehensive income for the period:								
Profit on defined benefits plan, net of tax	—	—	—	—	79	79	—	79
Exchange differences on translation of foreign operations	—	—	—	(2,012)	—	(2,012)	—	(2,012)
Total comprehensive income for the period	—	—	—	(2,012)	40,527	38,515	407	38,922
Transfer to the legal reserve	—	—	2,620	—	(2,620)	0	0	0
Dividends	—	—	—	—	(19,903)	(19,903)	0	(19,903)
At June 30, 2023 (unaudited)	338,483	425,041	10,907	5,958	16,230	796,619	792	797,410

* These reserve accounts comprise the consolidated reserves of €458,136 thousand (2022: €409,743 thousand) in the consolidated statements of financial position.

(in thousands Euro)	Share capital (Note 37)	Share premium* (Note 38)	Legal reserve* (Note 38)	Translation reserve* (Note 38)	Other reserves* (Note 38)	Equity attributable to the shareholders of the company	Non-controlling interests (Note 39)	Total equity
At January 1, 2024 (audited)	**338,483**	**425,041**	**10,907**	**5,533**	**58,876**	**838,840**	**840**	**839,680**
Profit for the period	**—**	**—**	**—**	**—**	**43,859**	**43,859**	**188**	**44,047**
Other comprehensive income for the period:								
Profit on defined benefits plan, net of tax	**—**	**—**	**—**	**—**	**469**	**469**	**—**	**469**
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**232**	**—**	**232**	**—**	**232**
Total comprehensive income for the period	**—**	**—**	**—**	**232**	**44,328**	**45,559**	**188**	**45,747**
Transfer to the legal reserve	**—**	**—**	**4,318**	**—**	**(4,318)**	**0**	**0**	**0**
Dividends	**—**	**—**	**—**	**—**	**(32,833)**	**(32,833)**	**0**	**(32,833)**
At June 30, 2024 (unaudited)	**338,483**	**425,041**	**15,225**	**5,765**	**66,054**	**850,566**	**1,027**	**851,594**

* These reserve accounts comprise the consolidated reserves of €512,084 thousand (2023: €458,136 thousand) in the consolidated statements of financial position.

1. CORPORATE INFORMATION

These unaudited interim condensed consolidated financial statements of Ferretti S.p.A. and its subsidiaries (collectively, the "**Group**") for the six-month period ended June 30, 2024 were authorized for issue in accordance with a resolution of the directors on August 29, 2024.

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

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

The table below shows the names, registered offices and interests in capital held directly and indirectly by the Company in subsidiaries at June 30, 2024.

Subsidiaries

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

Name	Principal country of operation	Registered office	Currency	Share capital (in units)	% controlling interest	
					Direct	Indirect
Zago S.p.A.	Italy	Scorzé (Venice)	Euro	120	100%	
Il Massello S.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	30		85%
Smart Wood S.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	10		85%
Parola S.r.l.	Italy	Sant'Ippolito (Pesaro-Urbino)	Euro	10		85%
Sea Lion S.r.l.	Italy	Forlì (Forlì-Cesena)	Euro	10	75%	
Ram S.p.A.	Italy	Sarnico (Bergamo)	Euro	520	80%	
Ferretti Tech S.r.l.	Italy	Cattolica (Rimini)	Euro	10	100%	
Allied Marine Inc.	USA	Fort Lauderdale (USA)	US Dollar	10	100%	
Fratelli Canalicchio S.p.A.	Italy	Narni (Terni)	Euro	500	60%*	

1. CORPORATE INFORMATION (CONTINUED)

Subsidiaries (Continued)

Name	Principal country of operation	Registered office	Currency	Share capital (in units)	% controlling interest	
					Direct	Indirect
Ferretti Group of America Holding Company Inc.	USA	Delaware (USA)	US Dollar	10	100%	
BY Winddown Inc.	USA	Miami (USA)	US Dollar	10		100%
Ferretti Group of America Llc.	USA	Fort Lauderdale	US Dollar	100		100%
Ferretti Group Asia Pacific Ltd.	China	Hong Kong (China)	Hong Kong Dollar	100	100%	
Ferretti Group Singapore	Singapore	Singapore	Euro	1		100%
Ferretti Asia Pacific Zhuhai Ltd.**	China	Hengqin (Zhuhai)	Renminbi	1,000,000	100%	
Ferretti Group (Monaco) S.a.M.	Monaco	Principality of Monaco	Euro	150	99.4%***	
Ferretti Group UK Limited	United Kingdom	United Kingdom	Pound sterling	1	100%	
Ferretti Gulf Marine-Sole Proprietorship Llc.	Arab Emirates	Arab Emirates	Emirati Dirham	300	100%	

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

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

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

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

2.1. Basis of Preparation

These unaudited interim condensed consolidated financial statements as at June 30, 2024, have been prepared in condensed form in conformity with the international accounting standard applicable to the preparation of interim financial statements (IAS 34). The unaudited interim condensed consolidated financial statements at June 30, 2024, do not contain all of the information required for the annual consolidated financial statements and should therefore be read together with the consolidated financial statements at December 31, 2023.

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

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

Comments on the significant changes in the main items of the income statement and balance sheet are included in the Management Discussion and Analysis section, to which reference is made.

2.2. Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024. 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 2024, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

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

2.2. Changes in Accounting Policies (Continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

— What is meant by a right to defer settlement

— That a right to defer must exist at the end of the reporting period

— That classification is unaffected by the likelihood that an entity will exercise its deferral right

— That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

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

2.2. Changes in Accounting Policies (Continued)

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

While preparing the annual consolidated financial statements as at December 31, 2023, taking into account the priorities endorsed by ESMA in October and in light of the findings of The Global Risks Report 2023 prepared by the World Economic Forum, where it is shown that climate change-related risks are those with a higher degree of severity, the Group's management has expressed the clear intention to provide for the predisposition of a formal process, defining methodologies, roles and responsibilities for the identification and assessment of risks and opportunities related to climate change, including the relative impacts on financial disclosures, accounts and financial statements.

Although the analyses of this assessment are still ongoing, no significant influence was noted on the estimates and assessments in the preparation of the annual consolidated financial statements as at December 31, 2023 and interim condensed consolidated financial statements as at June 30, 2024.

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

Segment Report

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

3. FINANCIAL RISK MANAGEMENT

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

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

Financial assets

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Total financial assets at fair value	—	—
Debt instruments at amortized cost:		
Trade receivables	25,424	22,427
Financial assets included in other receivables	3,547	1,261
Other current assets	906	820
Other non-current assets	2,206	2,028
Total financial assets*	32,083	26,537

* Financial assets, other than cash and short-term deposits

Starting from the year 2022, the Company began to sign time deposit accounts agreements with primary banks, in order to benefit of increasing interest rates, with maturities ranging from one week to six months.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial assets (Continued)

The details of contracts in place on June 30, 2024 follows:

Fixed Interest Period	Bank	Currency	Amount	Rate%	Expire Date
One week	Credit Agricole CIB Sa	Eur	30,000	3.72%	01/07/2024
One week	Credit Agricole CIB Sa	Eur	20,000	3.72%	02/07/2024
One month	BNL S.p.A. — BNP P Group	Eur	30,000	3.65%	08/07/2024
One month	China Construction Bank (Europe) S.A.	Eur	30,000	3.85%	22/07/2024
Interest			145		
"Time deposit accounts" under "Cash and Cash Equivalents"			110,145		

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions; the currency of the cash and cash equivalents were mainly denominated in Euro. As at June 30, 2024, there were not in place any time deposits accounts with a maturity of more than three months that should classified as current financial assets.

The details of contracts in place on December 31, 2023 were as follow:

Fixed Interest Period	Bank	Currency	Amount	Rate %	Expire Date
Three months	China Construction Bank (Europe) S.A.	Eur	30,000	4.08%	19/01/2024
One month	Barclays Bank Ireland PLC	Eur	12,000	3.76%	22/01/2024
One month	Unicredit SpA	Eur	10,000	3.85%	22/01/2024
One month	Credit Agricole CIB Sa	Eur	30,000	4.03%	26/01/2024
One month	Unicredit SpA	Eur	10,000	3.85%	29/01/2024
Three months	Credit Agricole CIB Sa	Eur	20,000	3.98%	28/02/2024
Three months	BNL S.p.A.-BNP P Group	Eur	30,000	3.98%	04/03/2024
Interest			464		
"Time deposit accounts" under "Cash and Cash Equivalents"			142,464		

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liabilities

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Interest-bearing loans and borrowings		
Bank and other borrowings	**4,750**	4,733
Lease liabilities	**30,082**	26,044
Minority Shareholders	**517**	1,000
Total Interest-bearing loans and borrowings	**35,349**	31,776
Other financial liabilities		
Derivatives not designated as hedging instruments		
Financial liabilities at fair value through profit or loss		
Liability arising on business combination	**2,190**	2,093
Total financial instruments at fair value	**2,190**	2,093
Other financial liabilities at amortized cost, other than interest-bearing loans and borrowings		
Trade and other payables	**416,839**	398,517
Total other financial liabilities	**454,378**	432,387

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement

The carrying amounts and fair values of Group's financial instruments, other than those whose carrying amounts are a reasonable approximation of the fair value, are as follows:

	June 30, 2024 (unaudited)		December 31, 2023 (audited)	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Bank and other borrowings	**4,750**	**4,750**	4,733	4,733
Lease liabilities	**30,082**	**30,082**	26,044	26,044
Minority Shareholders	**517**	**517**	1,000	1,000
Liability arising on business combination	**2,190**	**2,190**	2,093	2,093
Total	**37,539**	**37,539**	33,870	33,870

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, other current assets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets and liabilities are included in the amount for which an instrument could be exchanged in a current transaction between consenting parties other than a forced or liquidation sale.

The fair values of the non-current part of bank and other borrowings have been calculated by discounting expected future cash flows using the rates currently available for instruments with similar terms, credit risk and maturities.

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

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement (Continued)

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

Financial statement line item	June 30, 2024 (unaudited) Level 1	Level 2	Level 3	Total	December 31, 2023 (audited) Level 1	Level 2	Level 3	Total
Bank and other borrowings		**4,750**		**4,750**		4,732		4,732
Lease liabilities		**30,082**		**30,082**		26,044		26,044
Minority Shareholders		**517**		**517**		1,000		1,000
Liability arising on business combination			**2,190**	**2,190**			2,093	2,093

The Bank and other borrowings non-current under Level 3 for € 2,190 thousand refer to the value of the put and call options for the acquisition of the non-controlling interest of Fratelli Canalicchio S.p.A. and Il Massello Srl both exercisable from September 2027 to September 2028.

	Liability arising on business combination — Level 3
At December 31, 2022 and January 1, 2023 (audited)	—
Liability arising on business combination for Fratelli Canalicchio S.p.A.	436
Liability arising on business combination for Il Massello	1,476
Unrealized fair value changes recognized in profit or loss	181
At December 31, 2023 (audited)	2,093
Change in Net Present Value	97
At June 30, 2024 (unaudited)	**2,190**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Value Measurement (Continued)

The financial debt has been calculated on the basis of the agreements with non-controlling interests that links the price of exercise of this put/call option to the financial performance of the subsidiaries and the Net Present Value has been discounted using the rate of 9.5%. The increase from December 31, 2023 to June 30, 2024 is due to the shortening of the period of exercise of the options.

The following table presents *a sensitivity analysis* of the Bank and other borrowings non-current — Level 3, keeping all other variables constant.

Change % interest rate	At June 30, 2024 (unaudited) Bank and other borrowings non-current — Level 3 (in thousand Euro)
-0.50%	**(35)**
0.50%	**35**

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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

The table below, which provides a quantitative analysis of the liquidity risk, shows a breakdown of future financial flows based on the financial liabilities outstanding at June 30, 2024 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, 2024 (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)	**(4,750)**	**(2,531)**	**(331)**	**(165)**	**(998)**	**(1,275)**	**(5,299)**
Minority Shareholders' Loan	**(517)**	**—**	**—**	**(517)**	**—**	**—**	**(517)**
Others	**0**	**—**	**—**	**—**	**—**	**—**	**0**
Liability arising on business combination	**(2,190)**	**—**	**—**	**—**	**(2,190)**	**—**	**(2,190)**
Lease Liabilities	**(30,082)**	**(3,090)**	**(6,057)**	**(2,963)**	**(17,115)**	**(5,115)**	**(34,339)**
Trade and other payables	**(416,839)**	**(372,910)**	**(42,396)**	**(1,533)**	**—**	**—**	**(416,839)**
Total	**(454,378)**	**(378,530)**	**(48,783)**	**(5,178)**	**(20,303)**	**(6,390)**	**(459,185)**

		Future financial flows					
	Balance at December 31, 2023 (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)	(4,732)	(2,208)	(372)	(186)	(1,294)	(1,289)	(5,349)
Minority Shareholders' Loan.	(1,000)	—	—	(1,000)	—	—	(1,000)
Other	0	—	—	—	—	—	0
Liability arising on business combination	(2,093)	—	—	—	(2,093)	—	(2,093)
Lease liabilities	(26,044)	(2,554)	(5,008)	(2,450)	(13,658)	(6,125)	(29,795)
Trade and other payables	(398,517)	(351,362)	(45,652)	(1,503)	—	—	(398,517)
Total	(432,386)	(356,125)	(51,032)	(5,139)	(17,045)	(7,414)	(436,754)

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market and Interest Rate Risk

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

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

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

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

The risk more specifically related to the Group's business is the risk of fluctuations in exchange rates. This risk relates to the possibility of changes in the Euro amount corresponding to the net foreign currency exposure for invoices issued, outstanding orders and, marginally, invoices payable and cash balances in foreign currency accounts.

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

During 2023 and first half 2024 no cash flow hedging was done in view of the exchange rate trend. In any case, as of June 30, 2024 and December 31, 2023, there were no currency forwards in place.

The following table presents a sensitivity analysis, at the end of each of the financial years, of the Group's profit before tax and equity (excluding losses carried forward) to a reasonably possible change in the exchange rate with the US dollar, keeping all other variables constant.

	At June 30, 2024		At December 31, 2023	
Change % EUR/USD exchange rate	**+/- Profit before tax**	**+/- Equity**	+/- Profit before tax	+/- Equity
		(in thousand Euro)		
-5%	**3,412**	**15,142**	1,421	14,481
+5%	**(3,087)**	**(13,700)**	(1,285)	(13,101)

The interest risk is the risk that the value of future financial flows could fluctuate due to changes in market interest rates.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market and Interest Rate Risk (Continued)

The following is a sensitivity analysis determined on the basis of the exposure as at the reporting dates June 30, 2024 and December 31, 2023 of the Group's financial debt (assuming that Euribor is above zero, considering the zero-floor condition generally applied to the group's main borrowings).

(in thousands Euro)

Change in 6M Euribor		**At June 30, 2024**		At December 31, 2023	
(+)	(-)	**(+)**	**(-)**	(+)	(-)
+50 BP	-50 BP	**155**	**(155)**	154	(54)
+100 BP	-100 BP	**310**	**(310)**	307	(307)
+200 BP	-200 BP	**620**	**(620)**	614	(614)
+300 BP	-300 BP	**929**	**(929)**	921	(921)

Credit Risk

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

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

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (Continued)

The table below reports residual amounts — i.e., already net of any write-downs — which even if expired at the reporting date (June 30, 2024) are considered fully recoverable:

	Balance at June 30, 2024 (unaudited)	**Not due**		**Past due**		
			30 days	**30–60 days**	**60–90 days**	**Beyond**
Cash and cash equivalents	**273,657**	**273,657**				
Trade receivables*	**25,424**	**8,733**	**2,167**	**3,301**	**2,122**	**9,101**
Other current assets	**906**	**906**				
Financial assets included in other receivables	**3,547**	**3,547**				
Financial assets included in other non-current assets	**2,206**	**2,206**				
Total at June 30, 2024	**305,740**	**289,049**	**2,167**	**3,301**	**2,122**	**9,101**

(*) Net of the allowance for doubtful accounts of €4,064 thousand.

	Balance at December 31, 2023 (audited)	Not due		Past due		
			30 days	30–60 days	60–90 days	Beyond
Cash and cash equivalents	314,109	314,109				
Trade receivables*	22,427	5,528	1,669	3,191	4,453	7,586
Other current assets	820	820				
Financial assets included in other receivables	1,261	1,261				
Financial assets included in other non-current assets	2,028	2,028				
Total at December 31, 2023	340,646	323,746	1,669	3,191	4,453	7,586

(*) Net of the allowance for doubtful accounts of €3,496 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 (June 30, 2024) are considered fully recoverable:

	Balance at June 30, 2024 (unaudited)	**Not due**	**30 days**	**Past due 30–60**	**60–90**	**Beyond**
%	**14%**	**0%**	**1%**	**3%**	**9%**	**29%**
Trade receivables	**29,488**	**8,733**	**2,181**	**3,396**	**2,333**	**12,844**
Provision for doubtful accounts	**4,064**	**0**	**14**	**96**	**211**	**3,743**
Total at June 30, 2024	**25,424**	**8,733**	**2,167**	**3,301**	**2,122**	**9,101**

	Balance at December 31, 2023 (audited)	Not due	30 days	Past due 30–60	60–90	Beyond
%	13%	0%	0%	0%	0%	31%
Trade receivables	25,923	5,535	1,669	3,197	4,474	11,047
Provision for doubtful accounts	3,496	8	0	6	21	3,461
Total at December 31, 2023	22,427	5,528	1,669	3,191	4,453	7,586

Capital Management

The goals of managing the Group's capital are safeguarding continuing operation and improving financial performance, as indicated by profit before tax, financial charges (Notes 17–19), depreciation and amortization (Note 16), of €96,598 thousand for the six-month period ended June 30, 2024 (December 31, 2023: €162,657 thousand), in addition to maintenance of sound capital ratios in support of its business and maximizing value for shareholders.

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

The Group is not subject to externally imposed capital requirements.

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

NOTES TO THE MAIN COMPONENTS OF THE INCOME STATEMENT

The following notes provide a review of the individual components of the income statement for the six-month period ended June 30, 2024, compared with correspondent period of prior year.

4. NET REVENUE

The following table provides the breakdown of the item net revenue for the six-month period ended June 30, 2024, compared with the correspondent period of prior year:

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Total Revenue from contracts with customers	**678,471**	613,346
Commissions and other costs related to revenue	**(32,055)**	(32,505)
Total Net Revenue	**646,416**	580,841

The table below shows the breakdown of net revenue by production type[7]:

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Composite yachts	**265,513**	241,591
Made-to-measure yachts	**232,679**	226,182
Super yachts	**82,496**	64,847
Other businesses	**30,352**	34,802
Total Net Revenue without Pre-owned	**611,041**	567,422
Pre-Owned	**35,376**	13,419
Total Net Revenue	**646,416**	580,841

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

4. NET REVENUE (CONTINUED)

Revenue arising from other businesses is broken down below.

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Boat brokerage	**5,230**	5,363
Sales and provision of carpentry products and services	**9,138**	9,445
FSD	**2,014**	1,446
Provision of services and sales of replacement parts, merchandise and other goods	**5,893**	8,845
Wally sailboats	**8,078**	9,703
Total Other businesses	**30,352**	34,802

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

— Sale of yachts to order;

— Sale of used boats.

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

This performance obligation is satisfied over time of construction of boats. The payment terms are agreed with the customers on a case by case basis to match cash requirements for the production. Advance payments are agreed with each customer on the basis of the time needed to construct the boats and are paid before the completion of the construction. These contracts do not include obligations for returns, refunds and other similar obligations, however the vessels are covered by a warranty which is included in a range between 12 and 24 months.

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

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

The item "Sales and provision of carpentry products and services" relates 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.

4. NET REVENUE (CONTINUED)

The item "Provision of services and sales of replacement parts, merchandise and other goods" partly refers to the refit activity that the Group carried out, and partly refers to the sales of replacement parts and other assistance services rendered in Italy and worldwide on boats previously sold. In addition, in the first half of 2024 as well the Group continued to sell Riva brand luxury accessories, as part of the Riva Brand Experience project.

The breakdown of net revenue by geographical area[8] was as follows:

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Europe	**313,008**	265,488
MEA	**112,768**	88,541
APAC	**23,932**	57,501
America	**161,333**	155,892
Total Net Revenue without Pre-owned	**611,041**	567,422
Pre-Owned	**35,376**	13,419
Total Net Revenue	**646,416**	580,841

In accordance with IFRS 15, net revenue is shown below with a breakdown into obligations fulfilled at a point in time and those that are fulfilled over time.

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
At a point in time	**53,986**	34,457
Over time	**592,430**	546,384
Total net Revenue	**646,416**	580,841

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

4. NET REVENUE (CONTINUED)

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

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Revenue from contract liabilities	**140,349**	124,916

The following table shows the amount of transaction price for existing contracts outstanding at June 30, 2024 which will be converted into revenue from contracts with customers within one year or after one year.

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Within one year	**504,815**	552,745
After one year	**280,916**	257,654
	785,731	810,399

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

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

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Change in inventories of work-in-process, semi-finished and finished goods	**56,736**	65,828

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

6. COST CAPITALIZED

This item, amounting to €16,636 thousand, consists mainly of costs incurred for labor, materials and manufacturing overhead that were capitalized under the item "Models and molds". These costs were incurred primarily for the internal production of models and molds 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.

7. OTHER INCOME

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Discounts from suppliers	**3,039**	2,720
Cost over-accruals	**2,848**	1,285
Damage settlements	**1,615**	1,204
Rebilling of miscellaneous costs to customers and dealers	**587**	624
Rental income	**440**	419
Gains on sales of assets	**121**	100
Other	**1,317**	1,984
Total Other Income	**9,968**	8,335

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

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

The item "Damage settlements" refers primarily to the insurance income related to damages occurred to a boat for €800 thousand and for €516 thousand to final settlement of damages occurred to a Company's shipyard for bad weather damage due to rain and hail.

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

8. RAW MATERIALS AND CONSUMABLES USED

This item primarily reflects purchases of raw and ancillary materials and the change for the six-month period ended June 30, 2024 in the corresponding inventories.

9. CONTRACTORS COSTS

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

10. COSTS FOR TRADE SHOWS, EVENTS AND ADVERTISING

The main components of this item are advertising and promotional expenses and expenses incurred to attend industry trade shows. This item also includes costs of communication and image consulting.

11. OTHER SERVICE COSTS

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Transportation and customs clearing costs	**14,010**	12,529
Technical consulting	**7,474**	7,327
Utilities	**4,624**	4,740
Tax, legal and administrative consulting services	**4,460**	6,163
Insurance	**3,579**	3,074
Entertainment expenses	**3,032**	2,499
Fees paid to members of corporate governance bodies	**2,959**	2,851
Maintenance	**2,904**	2,103
Travel and per diem expenses	**2,554**	2,719
Recruiting and training costs	**1,693**	1,631
Other	**12,004**	13,220
Total other service costs	**59,293**	58,856

The item "Technical consulting" amounting to €7,474 thousand refers to consultancy on production issues and services rendered by engineering firms and designers with regard to the design of boats and new models of vessels, interiors and other studies and research bearing on the shipbuilding process. It also includes the costs of certifications or services from other entities of a technical nature.

11. OTHER SERVICE COSTS (CONTINUED)

The item "Tax, legal and administrative consulting services" mainly included €1,364 thousand for legal advice and notaries' fees and €1,619 thousand relating to administrative consulting, including accounts auditing, and tax assistance. Moreover, €273 thousand referred to IT consulting.

In the six-month period ended June 30, 2024, "Fees paid to members of corporate governance bodies" included €2,806 thousand for fixed and variable remuneration paid to Directors, as well as €111 thousand in fees paid to Statutory Auditors and €42 thousand for the Supervisory Body.

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

The item "Other" consists mainly of costs incurred for services of various types, such as outsourced services for approximately €4.7 million, services related to brokerage activities for €3.0 million, security services for €628 thousands, janitorial services for €2.0 million, industrial reclamation and discharges for €1.0 million.

12. RENTALS AND LEASES

The Group recognized the right-of-use assets and the lease liabilities, excluding short-term leases and leases related to low-value assets. The right-of-use assets of most lease contracts were recognized based on the carrying amount, discounted using the incremental borrowing rate. For some lease contracts, the right-of-use assets were recognized based to the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease previously recognized. Lease liabilities were recognized at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of first time application.

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Short-term rentals and leases	**1,726**	1,213
Rentals and leases for low-value assets	**1,587**	992
Royalties	**2,352**	2,276
Total rentals and leases	**5,665**	4,482

13. PERSONNEL COSTS

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Wages and salaries	**53,733**	46,733
Social security contributions	**17,395**	15,463
Non-current employee benefits and other provisions	**3,249**	2,891
Total personnel costs	**74,377**	65,088

14. OTHER OPERATING EXPENSES

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Settlement agreements	**1,790**	73
Memberships in trade associations	**936**	362
Re-billable costs	**932**	234
Taxes and fees other than income taxes	**926**	750
Cost under-accruals	**646**	1,045
Advertising and promotional material	**241**	187
Charity	**64**	5
Losses on asset sales	**4**	37
Sundry operating costs	**324**	259
Total other operating expenses	**5,862**	2,953

The item "Settlement agreements" related to several private agreements entered into in the course of the six-month period ended June 30, 2024.

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

The item "Cost under-accruals" referred mainly to the higher costs incurred during the financial year in excess of the provisions recognized in the financial year ended December 31, 2023 for supplies pertaining to the previous years.

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

15. PROVISIONS AND IMPAIRMENT

This item is shown net of utilizations and releases to income made during the six-month period ended June 30, 2024 and 2023.

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Allocations to the provision for product warranties	**12,737**	20,421
Provision for miscellaneous risks, net	**(236)**	4,423
Allocations to the provision for doubtful accounts	**250**	0
Total provisions and impairment	**12,752**	24,844

16. DEPRECIATION AND AMORTIZATION

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Depreciation of property, plant and machinery	**26,886**	23,253
Depreciation of rights-of-use assets	**4,899**	4,319
Amortisation of intangible assets	**2,537**	2,556
Total depreciation and amortisation	**34,322**	30,128

Reference should be made to the tables on property, plant, equipment and intangible assets for additional details.

17. FINANCIAL INCOME

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Interest income from banks	**2,895**	2,542
Interest and other financial income	**251**	1,734
Total financial income	**3,146**	4,277

18. FINANCIAL EXPENSES

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Interests on banks and other loans	**(688)**	(657)
Interest on lease liabilities	**(231)**	(134)
Interest on provision for severance benefits and pensions	**(102)**	(54)
Other financial expenses	**(834)**	(1,113)
Total financial expenses	**(1,855)**	(1,957)

19. FOREIGN EXCHANGE GAINS/(LOSSES)

As at June 30, 2024, 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, 2024.

20. INCOME TAX

As shown in the table that follows, the "Income tax" amount for the six-month period ended June 30, 2024 was a tax expenses of €19,788 thousand, as detailed below:

(in thousands Euro)	**30/06/2024 (unaudited)**	30/06/2023 (unaudited)
Corporate income tax (IRES)	**(3,938)**	(2,614)
Regional tax (IRAP)	**(2,707)**	(2,982)
Federal taxes	**(749)**	(1,595)
Total current taxes	**(7,394)**	(7,192)
Prior-year taxes	**(5)**	(76)
Deferred taxes	**(12,389)**	(7,390)
Total income tax	**(19,788)**	(14,658)

The IRES (Imposta sul reddito delle società) taxable base of Ferretti S.p.A. and the subsidiary Zago S.p.A. was positive, and therefore, within the framework of national tax consolidation, a provision was made for this tax based on the 24% rate currently in force in Italy. The increase is attributable to the higher taxable income for the period.

Also the IRAP (Imposta regionale sulle attività produttive) taxable base of Ferretti S.p.A. and the subsidiary Zago S.p.A. 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 €749 thousand are due, as a result of the taxable income during the period.

The amount of the deferred taxes is mainly attributable to the use of losses carryforward for the amount of €13,091 thousand (Note 29).

NOTES TO THE MAIN ASSET ITEMS

The following Notes provide a breakdown of the individual components of the consolidated statement of financial position as of June 30, 2024 compared with correspondent amount as of December 31, 2023.

CURRENT ASSETS

21. CASH AND CASH EQUIVALENTS

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Bank and postal accounts	**163,496**	171,627
Time deposit	**110,145**	142,464
Cash and securities on hand	**16**	18
Total cash and cash equivalents	**273,657**	314,109

The items listed above can be converted readily into cash and are not exposed to a significant risk that their value may change. There are no obligations or restrictions on use except for time deposits accounts which do not bear interests at the agreed rate, if not maintained until the maturity date. Amounts collected and held in escrow accounts are classified as current assets, under the line item "Other current assets".

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

During the year ended December 31, 2023, the Company has signed time deposit accounts agreements with five primary banks, in order to benefit of increasing interest rates, with maturities ranging from one month to six months.

The time deposits accounts with a maturity of more than three months are classified as current financial assets (see Note 25), if any.

The credit risk related to liquid assets is very limited because the counterparties are major national and international banking institutions and the currency of the cash and cash equivalents were mainly denominated in Euro (for details see Note 3).

On June 26, 2024 a dividend equal to €32,832,817.44 (€0.097 per share) was paid to shareholders.

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

22. TRADE AND OTHER RECEIVABLES

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Trade receivables	**25,424**	22,427
Other receivables	**37,570**	47,843
Total trade and other receivables	**62,994**	70,271

Trade receivables

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Accounts receivable from customers	**29,488**	25,923
(Less) Provision for doubtful accounts	**(4,064)**	(3,496)
Total trade receivables	**25,424**	22,427

The item "Accounts receivable from customers" as at June 30, 2024 relates primarily to sales and services other than boat sales, for which the balance is generally received before delivery based on the contractual terms and conditions in force. Therefore, they refer to paid after-sales services, sales of material and spare parts, merchandising and provision of joinery works. These are considered to be receivable within 12 months.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables (Continued)

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

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
At beginning of period	**3,496**	3,216
Impairment losses, net	**569**	881
Amount written off as uncollectible	**(1)**	(602)
At end of period	**4,064**	3,496

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

For the ageing analysis of trade receivables by the due date and net of the provision for doubtful accounts, refer to Note 3 "Financial Risks Management".

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

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Other tax receivables	**12,275**	16,760
Accruals, deferrals and other receivables	**25,295**	31,083
Total other receivables	**37,570**	47,843

The item "Other tax receivables" mainly refers to value-added tax.

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables (Continued)

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

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Receivables owed by social security institutions	**503**	376
Commissions advances	**7,641**	5,177
Advances, prepayments and sundry receivables from suppliers	**9,831**	20,741
Others	**52**	8
Accruals and deferrals	**7,269**	4,782
Total accruals, deferrals and other receivables	**25,295**	31,083

The item "Receivables owed by social security institutions" as at June 30, 2024 refers mainly to receivables from the Italian workman's compensation agency (INAIL) of €165 thousand, for advances and payments to employees, as well as, for the residual amount, advances against the Redundancy Fund paid to employees on behalf of the Italian social security administration (INPS), still to be refunded for €2 thousand.

The balance relating to "Advances, prepayments and sundry receivables from suppliers" as at June 30, 2024 mainly refers for about €2,449 thousand of advances already paid for the main industry trade shows to be held in the next months of 2024, in addition to advances paid to suppliers for services that have not yet been completed or work progress payments for goods not yet delivered. The item as at December 31, 2023 included €14.25 million related to the advance payment for the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, that was executed in January 2024.

Income tax recoverable

As at June 30, 2024 Income tax recoverable includes mainly tax credits recognized under Italian incentive laws ("**Industria 4.0**") for €542 thousand and advances for IRAP for €763 thousand paid in excess of the amount due at end of Reporting Period by some Group subsidiaries.

23. CONTRACT ASSETS

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

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

The following table provides the breakdown arising from "Contract assets" at June 30, 2024, compared to those at December 31, 2023.

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Gross value of contract assets	**702,480**	636,577
Advances collected	**(562,108)**	(469,731)
Total contract assets	**140,372**	166,846

24. INVENTORIES

(in thousands Euro)	**30/06/2024 (unaudited) Gross value**	**Allowance for write-downs**	**Net amount**	31/12/2023 (audited) Gross value	Allowance for write-downs	Net amount
Raw materials and components inventory	**63,156**	**(8,759)**	**54,396**	74,216	(8,740)	65,475
Work in progress and semi-finished goods	**162,985**		**162,985**	113,162		113,162
New boats	**128,670**	**0**	**128,670**	121,877	0	121,877
Used boats	**64,101**	**(15,206)**	**48,896**	49,339	(12,121)	37,219
Total inventories	**418,912**	**(23,965)**	**394,947**	358,593	(20,861)	337,732

The item "Raw materials and components inventory" is adjusted by an allowance for write-downs of €8,759 thousand as at June 30, 2024 (€8,740 thousand at December 31, 2023) that reflects an estimate of slow-moving and/or potentially obsolete inventory items.

24. INVENTORIES (CONTINUED)

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

The item "New boats", refers to boats not covered by orders, whose production had been completed at the closing date of the financial year.

The carrying amount of the used boats was adjusted by means of an allowance for write-downs of €15,206 thousand, in order to bring the purchase cost down to its estimated realizable value.

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

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Within one year	**355,661**	315,785
Beyond one year	**39,286**	21,947
Total inventories	**394,947**	337,732

Advances on inventories

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

25. OTHER CURRENT ASSETS

The item "Other current assets" was €906 thousand as at June 30, 2024 detailed as follow:

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Escrow accounts	**852**	433
Incidental borrowing costs	**54**	385
Other	**0**	3
Total Other Current Assets	**906**	820

The escrow accounts for €852 thousand as at June 30, 2024 refers to the deposits received by the subsidiary Allied Marine Inc. for its brokerage service (€433 thousand at December 31, 2023). 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 "Incidentals borrowing costs" refer for €54 thousands to the committed "Revolving Credit Facility" and "Revolving Pre-Finance Facility, not in use on June 30, 2024 but available until August 2024 (Note 30).

NON-CURRENT ASSETS

26. PROPERTY, PLANT AND EQUIPMENT

Movements in this item in the six-month period ended June 30, 2024 compared with the same correspondent period for 2023 of prior year were as follows:

(in thousands Euro)	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
At January 1, 2024 and January 1, 2023 (audited)		
Cost	**819,517**	689,527
Accumulated depreciation	**(437,170)**	(386,131)
Net carrying amount	**382,348**	303,394
At January 1, 2024 and January 1, 2023, net of accumulated depreciation (audited)	**382,348**	303,394
Additions — owned assets	**84,446**	82,294
Additions — right of use assets	**9,481**	4,572
Disposals	**(213)**	(367)
Depreciation — owned assets	**(25,893)**	(23,253)
Depreciation — right of use assets	**(4,899)**	(4,319)
Impairment	**(993)**	0
Exchange realignment	**434**	(112)
At June 30, 2024 (unaudited) and June 30, 2023 (unaudited), net of accumulated depreciation	**443,710**	362,209
Cost	**912,538**	767,439
Accumulated depreciation	**(467,829)**	(405,231)
Net carrying amount	**444,709**	362,209

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at June 30, 2024, the net carrying amounts of land and buildings, plant, machinery and equipment, and other equipment and vehicles included right-of-use assets amounting to €19,895 thousand, €677 thousand and €1,621 thousand, respectively.

As at June 30, 2023, the net carrying amounts of land and buildings, plant, machinery and equipment, and other equipment and vehicles included right-of-use assets amounting to €16,414 thousand, €218 thousand and €1,663 thousand, respectively.

As at June 30, 2024, the Group did not identify any impairment indicator for property, plant and equipment.

As at June 30, 2024, no commitment was reported (Note 45).

27. INTANGIBLE ASSETS

Movements in this item in the six-month period ended June 30, 2024 compared with the same correspondent period for 2023 of prior year were as follows:

(in thousands Euro)	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
At January 1, 2024 and January 1, 2023 (audited)		
Cost	**328,834**	310,195
Accumulated depreciation	**(52,182)**	(46,125)
Net carrying amount	**276,652**	264,070
Net carrying amount		
At January 1, 2024 and January 1, 2023,		
net of accumulated amortization (audited)	**276,652**	264,07
Additions	**6,046**	2,189
Disposals	**0**	0
Amortization	**(2,537)**	(2,556)
Exchange realignment	**6**	(1)
At June 30, 2024 (unaudited) and June 30, 2023 (unaudited), net of accumulated amortization	**280,168**	263,701
Cost	**334,886**	312,383
Accumulated amortization	**(54,719)**	(48,681)
Net carrying amount	**280,168**	263,701

27. INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill is related to the investment in the subsidiary Zago S.p.A., the subsidiary Ferretti Group (Monaco) S.a.M. and the subsidiaries Il Massello S.r.l. and Fratelli Canalicchio S.p.A. acquired in 2022, as shown in the table below:

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Zago S.p.A.	**332**	332
Ferretti Group (Monaco) S.a.M.	**1,299**	1,299
Fratelli Canalicchio S.p.A.	**2,699**	2,699
Il Massello S.r.l.	**4,584**	4,584
Total goodwill	**8,914**	8,914

Trademarks

A breakdown of the value of "Trademarks" as at June 30, 2024 is as follows:

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Ferretti Yachts	**95,318**	95,318
Crn	**46,528**	46,528
Custom Line	**36,718**	36,718
Riva	**30,848**	30,848
Wally	**25,434**	25,434
Pershing	**8,609**	8,609
Easy Boat	**9**	9
Costs for trademark protection	**1,323**	1,134
Total trademarks	**244,788**	244,599

27. INTANGIBLE ASSETS (CONTINUED)

Trademarks (Continued)

Impairment test on indefinite useful life intangible assets

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, 2024, in consideration of the order intake, the revenue and the adjusted EBITDA recorded by the Group in the six-month period ended June 30, 2024, the updated calculation of Discount rate — WACC and the results of the impairment test performed at December 31, 2023 (including sensitivities), the Group did not identify any impairment indicator and therefore no impairment test has been performed.

Other Intangible Assets

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Concessions	**14,796**	11,420
Intellectual property rights	**11,154**	11,164
Software	**516**	555
Total other intangible assets	**26,466**	23,140

This item includes:

— "Concessions" refers chiefly to (i) for a net book value of €13,276 thousand, the costs incurred to acquire an area related to the Ravenna shipyard pursuant to a public land-use concession, used as a dry dock and a quay with docks and launching structure. The concession expires on December 31, 2025 and the Group, in August 2023, requested a new concession for the same area, with an increase of the quay for the construction of piers and partial filling of the dry dock. After the acquisition of an additional 30,000 square meters adjacent to the San Vitale Shipyard, the request has been renewed in July 2024 for a period of 50 years and for an additional area; (ii) the costs incurred to acquire docking rights until 2053 in a marina located in Cattolica within the framework of the Detailed Public Initiative Plan for Port Facilities in the Municipality of Cattolica, for a net book value of €597 thousand; (iii) the docking right in the marina Porto Mirabello, in the Gulf of La Spezia, the net value of the investment is €593 thousand; the right will remain valid until 2067;

27. INTANGIBLE ASSETS (CONTINUED)

Other Intangible Assets (Continued)

— "Intellectual property rights" with a net book value of €11,154 thousand include the costs of the projects carried out by the Group, which extended to the main business areas, in view of constant improvement and complete integration of the various Group companies operating in Italy and abroad, as part of the reorganization of the Group initiated in previous years. This item also includes the design work to develop naval platforms for the construction of the CRN models. The Group conducted research and development on innovative solutions for each model to be applied to all units built. In particular, the projects being developed include: the creation of special gates, built on land before the steel boat structure arrives in the shipyard; standardization of the plant processes; study of the installation of plastic pipes to optimize footprint; development of an engine room optimized for the passage of pipes and conduits; and the study and development of light-weight furnishings, with support from the Engineering Department.

— the residual value of the item "Other intangible assets" (€516 thousand) referred to the net value of licenses for new IT applications and the net value of patents.

28. OTHER NON-CURRENT ASSETS

A breakdown of this item is as follows:

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Equity investments designated at fair value through income statement	**5**	5
Deposits	**1,787**	1,620
Commissions advances	**2,493**	2,703
Other assets	**1,436**	1,748
Total other non-current assets	**5,721**	6,077

a) Equity investments

The balances mainly include equity investment in industry consortia. During the financial year ended at December 31, 2023 the equity investment in Nouveau Port Golf Juan which owns certain commercial premises currently occupied by a restaurant was written down as the state concession expired at the end of June 2024.

b) Commissions advances

The balances mainly refer to advances on commissions paid on the basis of interim receipts from customers for boats that will be delivered after the following year.

c) Other assets

The item "Other assets" mainly refers to prepaid expenses due after period-end.

29. DEFERRED TAX ASSETS/LIABILITIES

The movements of deferred tax assets for the six-month period ended June 30, 2024 are as follows:

(in thousands Euro)	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortization for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2023 and January 1, 2024 (audited)	18,604	4,309	614	11,139	906	41,378	955	77,905
Credited/(charged) to:								
profit or loss	(1,936)	2,156	60	(57)	(14)	—	(398)	(189)
Used	—	—	—	—	—	(13,091)	—	(13,091)
other reserves	—	—	—	—	—	—	—	—
At June 30, 2024 (unaudited)	16,669	6,465	674	11,082	892	28,287	555	64,623

The movements of deferred tax liabilities for the six-month period ended June 30, 2024 are as follows:

(in thousands Euro)	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Others	Total
At December 31, 2023 and January 1, 2024 (audited)	1,315	60,659	5,292	3,715	70,981
Charged/(credited) to:					
profit or loss	—	—	(64)	(828)	(892)
other comprehensive income	—	—	—	49	49
At June 30, 2024 (unaudited)	1,315	60,659	5,228	2,936	70,138

29. DEFERRED TAX ASSETS (CONTINUED)

The movements for the year ended December 31, 2023 are as follows:

(in thousands Euro)	Provisions	Inventory write-downs	Provision for doubtful accounts	Differences in depreciation and amortization for reporting rather than tax purposes	Goodwill relevant for income tax purposes	Tax losses	Other sundry differences	Total
At December 31, 2022 and January 1, 2023	13,773	2,653	633	10,484	1,114	57,683	904	87,243
Credited/(charged) to:								
profit or loss	4,831	1,656	(19)	655	(208)	10.868	51	17,835
other reserves	—	—	—	—	—	(27,173)	—	(27,173)
At December 31, 2023	18,604	4,309	614	11,139	906	41,378	955	77,905

(in thousands Euro)	Depreciation of land and other assets valued at less than 516/k	Trademarks	Leases	Other	Total
At December 31, 2022 and January 1, 2023	1,315	60,659	5,420	3,450	70,850
Charged/(credited) to:					
profit or loss	—	—	(129)	327	198
other comprehensive income	—	—	—	39	39
Exchange differences	—	—	—	(100)	(100)
At December 31, 2023	1,315	60,659	5,292	3,715	70,981

29. DEFERRED TAX ASSETS (CONTINUED)

For the purpose of their presentation in financial statements, some tax assets and liabilities have been set off each other in the statement of financial position. Below is an analysis of Group's deferred tax assets:

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Deferred tax assets	**64,623**	(70,138)
Deferred tax liabilities	**77,905**	(70,981)
Total deferred tax assets/(liabilities)	**(5,515)**	6,926

At each reporting date, the Group reassesses its DTAs (both recognized and unrecognized), and it recognizes previously unrecognized DTAs to the extent that it is probable that sufficient taxable profit will be available to enable the asset to be recovered, based on the actual profits before tax and based on the expected continuous improvements in future prospects and future forecast profits.

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

NOTES TO THE MAIN LIABILITIES AND EQUITY ITEMS

CURRENT LIABILITIES

30. MINORITY SHAREHOLDERS' LOAN AND BANK AND OTHER BORROWINGS

	June 30, 2024 (unaudited)			December 31, 2023 (audited)		
	Effective Interest rate	Maturity	Amount	Effective Interest rate	Maturity	Amount
Due to banks — secured	Euribor* +1.6	2025	199	Euribor* +1.6	2024	155
Due to banks — unsecured	Euribor* +1.0–3.5	2025	2,658	Euribor* +1.0–3.5	2024	2,435
Due to banks net of incidental borrowing costs			2,857			2,580
Lease liabilities	1.7–4.7	2025	10,556	1.7–4.7	2024	8,674
Minority Shareholders' Loan		2025	517		2024	1,000
Total short-term financial payables			13,931			12,253

	June 30, 2024 (unaudited)			December 31, 2023 (audited)		
	Effective Interest rate	Maturity	Amount	Effective Interest rate	Maturity	Amount
Due to banks — secured	Euribor* +1.6	2030	1,511	Euribor* +1.6	2030	1,466
Due to banks — unsecured	Euribor* +1.0–3.5	2025	377	Euribor* +1.0–3.5	2025	687
Incidental borrowing costs			0			0
Due to banks net of incidental borrowing costs			1,888			2,153
Lease liabilities	1.7–6.6	2031	19,530	1.7–6.6	2055	17,370
Liabilities arising on Business Combination			2,190			2,093
Total non-current financial payables			23,609			21,616
Total bank and other borrowings			37,539			33,870

(*) If Euribor is lower than zero, Euribor should be deemed equal to zero.

The Minority Shareholders' Loan refers to the loan of the company Fratelli Canalicchio S.p.A. granted by the minority shareholders, that during the first six month of the period ended as at June 30, 2024 has been partially reimbursed for €500 thousand.

The bank debt refers to several revolving facilities and term loan facilities related to the subsidiaries Il Massello Srl and its controlled companies, Fratelli Canalicchio S.p.A. and Ram S.p.A. and its controlled company.

30. MINORITY SHAREHOLDERS' LOAN AND BANK AND OTHER BORROWINGS (CONTINUED)

As at June 30, 2024, the Company has in place a medium-to-long-term loan agreement for a maximum total amount of €170 million signed in August 2019 with Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Barclays Bank Ireland PLC, BNP Paribas, Milan Branch, 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, that was not in use.

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

The Loan Agreement was 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). At June 30, 2024 and December 31, 2023 all covenants had been fulfilled.

This medium-to-long-term loan agreement expired on August 2, 2024 and the Management has worked to replace it by negotiating a new revolving facility and on July 26, 2024 the Company has signed a loan agreement with a pool of banks including Banco BPM S.p.A., BPER Banca S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. to support the Company in its growth path by financing, if necessary, the working capital.

The new revolving line is for a total amount of €160 million and a duration of 5 years from the date of signature of the Loan Agreement. No guarantee has been provided on the Group's real estate or other assets.

The item "Liabilities arising on Business Combinations" of Bank and other borrowings refers for € 2,190 thousand to the value of the put and call options for the acquisition of the non-controlling interest of Fratelli Canalicchio S.p.A. and Il Massello Srl, both exercisable from September 2027 to September 2028.

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

All borrowings are denominated in Euro.

31. TRADE AND OTHER PAYABLES

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

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Trade payables	**413,732**	393,915
Other payables	**49,169**	50,606
Total trade and other payables	**462,901**	444,521

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Trade and other payables — current	**462,119**	443,585
Trade and other payables — non-current	**782**	936
Total trade and other payables	**462,901**	444,521

a. Trade payables

A breakdown of this item is as follows:

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Accounts payable to suppliers	**413,732**	393,915
Total trade payables	**413,732**	393,915

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

For the ageing analysis of future flows of trade payables, based on their maturity, please refer to Note 3 "Financial Risk Management".

31. TRADE AND OTHER PAYABLES (CONTINUED)

b. Other payables

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Payables due to pension and social security institutions	**12,811**	13,188
Amounts payable to employees	**22,952**	21,425
Amounts payable to directors	**1,431**	3,164
Other tax payable	**5,016**	3,857
Miscellaneous payables	**3,059**	4,542
Accrued expenses	**614**	1,362
Deferred income	**2,504**	2,131
Government authorization fees	**120**	163
Deferred income — non current	**662**	773
Total other payables	**49,169**	50,606

The item "Payables due to pension and social security institutions" reflects the amounts owed to these institutions as at June 30, 2024 by Group companies and their employees for the June payroll and for accrued and deferred remuneration.

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

The item "Amounts payable to directors" refers to remuneration which has accrued but was not yet paid as of June 30, 2024.

The item "Other tax payable" chiefly refers to taxes withheld accrued that will be paid in July 2024.

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

The item "Government authorization fees non-current", totaling €120 thousand as at June 30, 2024, relates mainly to prepayments of public grants received by the Group of €95 thousand authorized in favor of the former Riva S.p.A., now merged in the Company and €26 thousand authorized in favor of the former subsidiary CRN S.p.A., now also merged in the Company. Said deferred income was classified under "Non-current liabilities" for the portion due after the following year. These grants will be recognized in the income statement along with the amortization periods of the corresponding assets once the underlying framework agreements expire.

32. 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.

33. INCOME TAX PAYABLE

The item "Income tax payable" as at June 30, 2024 refers to income taxes accrued.

NON-CURRENT LIABILITIES

34. BANK AND OTHER BORROWINGS

For a description of this item, reference should be made to Note 30 above.

35. PROVISIONS

The table below shows the changes that occurred in "Provisions" during the six-month period ended June 30, 2024 and the year ended December 31, 2023:

(in thousands Euro)	**Provision for product warranties**	**Provisions for miscellaneous risks**	**Total provisions**
Balance at January 1, 2024	**33,931**	**41,412**	**75,344**
Additions	**12,737**	**9,889**	**22,626**
Utilizations during the period	**(13,109)**	**(12,733)**	**(25,842)**
Total at June 30, 2024	**33,559**	**38,568**	**72,128**

(in thousands Euro)	Provision for product warranties	Provisions for miscellaneous risks	Total provisions
Balance at January 1, 2023	26,300	29,693	55,995
Additions	25,071	26,043	51,114
Utilizations during the period	(17,440)	(14,324)	(31,764)
Total at December 31, 2023	33,931	41,412	75,344

35. PROVISIONS (CONTINUED)

a. Provision for product warranties

The "Provision for product warranties" reflects the best possible estimate based on available information of the warranty obligations that may be incurred after the reporting date for products sold before that date.

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

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Current portion	**24,866**	21,396
Non-current portion	**8,693**	12,535
Total provision for product warranties	**33,559**	33,931

b. Provisions for miscellaneous risks

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

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Legal proceedings and tax and employment law litigation	**5,706**	6,410
Dealer incentives	**15,318**	13,069
Provisions for completion of boats	**3,361**	4,362
Provisions for other risks	**14,184**	17,572
Total provisions for miscellaneous risks	**38,568**	41,412

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.

35. PROVISIONS (CONTINUED)

b. Provisions for miscellaneous risks (Continued)

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

The "Provisions for other risks" were established to cover liabilities that are likely to arise as a result of identified issues that Group companies could face in the normal course of business and the decrease is mainly to due to used boats that the Group estimate to trade-in in the following months.

36. NON-CURRENT EMPLOYEE BENEFITS

The breakdown of this item as at June 30, 2024 and December 31, 2023 are as follows:

(in thousands Euro)	**30/06/2024 (unaudited)**	31/12/2023 (audited)
Provision for employee benefits	**6,054**	6,579
Provision for leaving indemnity	**855**	865
Total non-current employee benefits	**6,909**	7,444

Employee benefits

The process of determining the Group's obligations toward its employees, which was carried out by Mr. Tommaso Viola ("**Mr. Viola**"), being an Italian independent actuary and a member of the Italian "Ordine Nazionale degli Attuari", with the same procedure and assumptions followed for the calculation as at December 31, 2023.

Provision for leaving indemnity

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

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

As was the case for the Provision for employee severance indemnities, the Group's liability toward its employees was determined by Mr. Viola, with the same procedure and assumptions followed for the calculation as at December 31, 2023.

SHARE CAPITAL AND RESERVES

As at June 30, 2024 the share capital and reserves were unchanged in respect to the amount as at December 31, 2023, except for the profit of the six-month period ended June 30, 2024.

Equity amounted to €851,594 thousand at June 30, 2024 (€839,680 thousand as at December 31, 2023), as detailed below together with the main components of "Share capital and reserves".

37. SHARE CAPITAL

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Issued and fully paid	**338,483**	338,483

The share capital, fully subscribed and paid up, is formed of 338,482,654 ordinary shares without par value.

38. RESERVES

The share premium reserve amounted to €425,041 thousand as at June 30, 2024. The legal reserve, set up pursuant to applicable laws, amounts to €15,225 thousand.

The translation Reserves, amounting to €5,616 thousand as at June 30, 2024, reflects the foreign exchange differences that arise from the conversion of the equity opening balances and income statement of the US and UK subsidiaries of the Company, which are translated into Euro at the U.S. dollar and Great Britain Pound exchange rate in force as at June 30, 2024 and at the average exchange rate for the period, respectively. During the period, the reserve changed by €83 thousand, as reported in the consolidated comprehensive income statement.

The item "Other reserves", amounting to €66,202 thousand as at June 30, 2024, mainly includes:

— the overall effect of the income/(loss) on defined-benefit plans: the reserve amounting to €1,319 thousand as at June 30, 2024 was set up in accordance with IAS 19 -Employee Benefits; during the period the amount of the reserve changed by €702 thousand, net of the tax effect, as reported in the consolidated Comprehensive income statement;

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

38. RESERVES (CONTINUED)

Dividends

(in thousands Euro)	**June 30, 2024 (unaudited)**	December 31, 2023 (audited)
Dividends	**32,833**	19,903

The General Shareholders' Meeting convened on April 22, 2024, authorized a dividend payout for €32,833 thousand (equal to €0.097 per share). The dividend has been paid to market participants in Europe on June 26, 2024 at 10:00 and to market participants in Hong Kong on the next business day.

The General Shareholders' Meeting convened on May 18, 2023, authorized a dividend payout for €19,903 thousand (equal to €5.88 cents per share), made on June 5, 2023.

39. NON-CONTROLLING INTERESTS

Non-controlling interests are not material and represented by:

— 25% of Sea Lion S.r.l.'s shares;

— 20% of Ram S.p.A.'s shares;

— 15% of Il Massello S.r.l.'s shares and its related subsidiaries.

40. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

BASIC AND DILUTED

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

	June 30, 2024 (unaudited)	June 30, 2023 (unaudited)
Profit attributable to shareholders of the company *(in thousand Euro)*	**43,859**	40,448
Weighted average number of shares during the period	**338,482,654**	338,482,654
Earnings per share attributable to shareholders of the company: basic and diluted *(in Euro)*	**0.13**	0.12

41. BUSINESS COMBINATIONS

No business combination was made in the six-month period ended June 30, 2024 and in the fiscal year ended December 31, 2023.

42. CASH FLOWS

Group's main non-monetary transactions

During the six-month period ended June 30, 2024 and the year ended December 31, 2023, the Group had non-cash additions to rights-of-use assets and lease liabilities of €9,481 thousand and €8,320 thousand, respectively.

Changes in liabilities arising from financing activities

Bank and other borrowings *(excluding lease liabilities)* *(in thousands Euro)*	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
At the beginning of the period	**7,825**	11,400
Changes in financing activities:		
Acquisition of a subsidiary	**—**	—
New borrowings	**782**	200
Repayment	**(1,037)**	(4,789)
Other	**(113)**	1,381
Total at the end of the period	**7,458**	8,191

Lease liabilities *(in thousands Euro)*	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
At the beginning of the period	**26,044**	28,158
Changes in financing activities:		
New lease	**9,481**	4,572
Interest expenses	**231**	134
Lease payment	**(5,674)**	(5,329)
Total at the end of the period	**30,082**	27,535

42. CASH FLOWS (CONTINUED)

Total cash outflows for leasing

Total cash outflows for leasing included in the consolidated cash flow statements are as follows:

(in thousands Euro)	**June 30, 2024 (unaudited)**	June 30, 2023 (unaudited)
Operating activities	**3,313**	2,205
Financing activities	**5,674**	5,329

43. RELATED PARTY TRANSACTIONS

Transactions with related parties, as defined by IAS 24, concern arrangements, not always formalized with the conclusion of standardized contracts, relating primarily to the supply of services, including advisory. These transactions form part of normal business operations and, in the Company's judgment, are in general settled under arm's length conditions.

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

The breakdown of the Group's balances with related parties as at June 30, 2024 and December 31, 2023 is set out below:

(in thousands Euro)	**Trade and other receivables**	**Shareholders' debt**	**Trade and other payables**
Fellow subsidiaries:			
Weichai Power Co Ltd	**484**		**(645)**
Shandong Weichai Import & Export Co., Ltd	**1,350**		**0**
Societè Int. Moteurs Baudouin	**0**		**(57)**
Other related companies:			
HPE S.r.l.	**0**		**(100)**
WN S.A.M.	**668**		**(96)**
Ferrari S.p.A.	**0**		**(117)**
Still S.p.A.	**0**		**(167)**
Other related parties	**28**	**(517)**	**(528)**
Total related parties balances as at June 30, 2024 (unaudited)	**2,530**	**(517)**	**(1,710)**

43. RELATED PARTY TRANSACTIONS (CONTINUED)

(in thousands Euro)	Trade and other receivables	Shareholders' debt	Trade and other payables
Fellow subsidiaries:			
Weichai Power Co., Ltd	484		(645)
Shandong Weichai Import & Export Co., Ltd	3,150		
Other related companies:			
HPE S.r.l.	—		(100)
WM S.A.M. (former Wally S.A.M.)	467		
Ferrari S.p.A.			(37)
Studio Fontana & Zanardi			(17)
Still S.p.A.			(113)
Other related parties	28	1,000	(170)
Total related parties at December 31, 2023	4,130	1,000	(1,082)

The balance of trade and other payables to Weichai Power Co., Ltd amounting to €645 thousand as at June 30, 2024 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 €1.4 million as at June 30, 2024 refers wholly to the sale of a yacht.

The balance of trade and other payables to HPE Srl amounting to €100 thousand as at June 30, 2024 refers wholly to the first and the second installment in 2024, 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 €117 thousand as at June 30, 2024 refers primarily to sponsoring the "Riva" brand on the Ferrari helmets and the race cars.

The balance of trade and other payables to other related parties amounting to €528 thousand as at June 30, 2024 mostly refers to the costs incurred by the Company for legal services amounting to €63 thousand and other services provided by related parties under arm's length conditions.

43. RELATED PARTY TRANSACTIONS (CONTINUED)

A breakdown of the Group's transactions with related parties for the period of six-month period ended June 30, 2024 and the correspondent period of prior year is set out below:

(in thousands Euro)	**Net revenue**	**Other revenue**	**Costs for the use of raw materials, services, rentals and leases**
Fellow subsidiaries:			
Societè Int. Moteurs Baudouin			**(57)**
Company's Directors	**6,850**		
Other related companies:			
HPE S.r.l.			**(100)**
WN S.A.M.			**(83)**
Ferrari S.p.A.			**(614)**
Still S.p.A.			**(147)**
Other related parties			**(627)**
Total related parties transactions as at June 30, 2024 (unaudited)	**6,850**		**(1,721)**

(in thousands Euro)	Net revenue	Other revenue	Costs for the use of raw materials, services, rentals and leases
Fellow subsidiaries:			
Hydraulics Drive Technology			(54)
Ferretti International Holding S.p.A.		2,844	—
Other related companies:			
HPE S.r.l.			(100)
Ferrari S.p.A.			(1,035)
Other related parties	41		(586)
Total related parties transactions as at June 30, 2023 (unaudited)	41	2,844	(1,774)

43. RELATED PARTY TRANSACTIONS (CONTINUED)

The costs with regard to Societè Int. Moteurs Baudouin amounting to €57 thousand as at June 30, 2024 refer to the costs incurred by the Company for genset and engines.

Revenues from Company's Directors amounting to €6.9 million as at June 30, 2024 refer wholly to the sale of one pleasure craft, through a contract entered into with a leasing company, the lessee of which is a Director of the Company.

The costs with regard to HPE S.r.l. amounting to €100 thousand for the first half 2024 refer primarily to the supply of services such as design, simulation, calculation, development, implementation and launch on the market of new concepts and style for the Company's products.

The costs with regard to Ferrari S.p.A. amounting to €614 thousand for the first half 2024 relate to sponsoring the "Riva" brand on the Ferrari helmets and race cars.

The costs to other related parties amounting to €627 thousand as at June 30, 2024 mostly refer to the costs incurred by the Company for legal services and other consulting services, tied to the development of new boat and the Wally trademark, provided by related parties under arm's length conditions.

In addition, it is reported that during the period the Company incurred costs amounting to €340 thousand, which mainly relate to engineering costs for the development of the Ancona shipyard that have been considered to be accessory costs to the plant construction and hence are shown in this item.

In application of IFRS 16, costs paid to three companies considered related parties, relating to the rent for offices and production facilities, have not been considered.

44. CONTINGENT LIABILITIES

The Group's management believes there are no significant risk tied to the Group's core business that might give rise to liabilities not reflected in the financial statements.

45. COMMITMENTS

As at June 30, 2024 no commitment was reported (December 31, 2023: Nil).

46. SIGNIFICANT EVENTS AFTER JUNE 30, 2024

With a Memorandum of Understanding signed by Ferretti Group, Emilia Romagna Regional Administration, Bologna University, Cassa dei Risparmi Foundation and Forlì Municipality the new Master's Degree Course in Marine Engineering, based in Forlì, gets under way in academic year 2024–25. The aim of the course is to enrich university offering with new degree programmes that meet the need set out by the industry in general and the yacht building sector in particular on the Adriatic coast where the Group has five production sites.

As at June 30, 2024, the Company has in place a medium-to-long-term loan agreement for a maximum total amount of €170 million signed in August 2019 with Banca Nazionale del Lavoro S.p.A., Banco BPM S.p.A., Barclays Bank Ireland PLC, BNP Paribas, Milan Branch, 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, that was not in use.

This medium-to-long-term loan agreement expired on August 2, 2024 and the Management has worked to replace it by negotiating a new revolving facility and on July 26, 2024 the Company has signed a loan agreement with a pool of banks including Banco BPM S.p.A., BPER Banca S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. to support the Company in its growth path by financing, if necessary, the working capital.

The new revolving line is for a total amount of €160 million and a duration of 5 years from the date of signature of the Loan Agreement. No guarantee has been provided on the Group's real estate or other assets.

There was no other event that had a significant impact on the Group's operation, financial and trading prospects since the end of the Reporting Period, and up to the date of these unaudited interim condensed consolidated financial statements which the Board is aware of.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorized for issue in accordance with a resolution of the Board of Directors on August 29, 2024.

STATEMENT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2024 PURSUANT TO ART. 154-BIS, PARAGRAPH 5, OF LEGISLATIVE DECREE NO. 58/98 AS AMENDED AND SUPPLEMENTED

1) The undersigned Alberto Galassi as Chief Executive Officer and Marco Zammarchi as the Executive responsible for the corporate financial documents for Ferretti S.p.A., certify, in accordance with Article 154-bis, paragraphs 3 and 4 of Legislative Decree n.58 dated February 24, 1998:

    a) the appropriateness of the financial statements with regard to the nature of the business and

    b) the effective application of administrative and accounting procedures in preparing the interim condensed consolidated financial statements as at June 30, 2024.

2) In this respect it is noted that no significant matters arose.

3) It is also certified that:

    a) The interim condensed consolidated financial statements:

        i) were prepared in accordance with International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;

        ii) correspond to the entries in the books and accounting records;

        iii) were prepared in accordance with Article 154-ter of the aforesaid Legislative Decree 58/98 and subsequent amendments and integrations and they provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

    b) The directors' management discussion and analysis provides a reliable analysis of the significant events taking place in the first half year of the year 2024, together with an outlook and future plan.

This statement is also made pursuant to and for the purposes of Art. 154-bis, paragraph 2, of Legislative Decree 58 of February 24, 1998.

Milan, August 29, 2024

Chief Executive Officer
Alberto Galassi

Executive responsible for the corporate financial documents
Marco Zammarchi

Definitions

"APAC"	Asia-Pacific
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	audit committee of the Company, which is also referred to as Controls, Risks, and Related Parties Committee pursuant to Italian law
"Board" or "Board of Directors"	the board of Directors
"Borsa Italiana"	Borsa Italiana S.p.A., a joint-stock company (società per azioni) incorporated under the laws of Italy, with registered office at Piazza degli Affari 6, Milan, Italy, which is, inter alia, the market operator of Euronext Milan
"By-laws"	the by-laws of the Company as amended, supplemented or restated from time to time
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Company"	Ferretti S.p.A., a company incorporated under the laws of Italy as a joint-stock company with limited liability, the shares of which are dually listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 9638) and the Euronext Milan (EXM: YACHT)
"CONSOB"	Italian authority for the supervision of financial markets *(Commissione Nazionale per le Società e la Borsa)*, with its registered office in Rome, at Via Giovanni Battista Martini 3, Italy
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules and, with respect to the Company, refers to any or all of SHIG, Weichai Group, Weichai Holding (HK) and FIH
"Director(s)"	the director(s) of our Company
"Dual Listing"	the listing of the Shares on the Hong Kong Stock Exchange and Euronext Milan
"ESG"	environmental, social and governance
"Euro", "EUR" or "€"	the lawful currency of the member states of the European Union participating in the third stage of the European Union's Economic and Monetary Union
"Euronext Milan"	the Euronext Milan, organized and managed by Borsa Italiana

Definitions

"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
"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
"Hong Kong Global Offering"	the public offering of the Shares as defined and described in the Hong Kong Prospectus
"Hong Kong Listing"	the listing of the Shares on the Main Board
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, modified or supplemented from time to time
"Hong Kong Prospectus"	the prospectus of the Company dated March 22, 2022 in relation to the Hong Kong Global Offering and the Hong Kong Listing
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Italian Consolidated Financial Act"	Italian Legislative Decree no. 58 of February 24, 1998 as subsequently amended and supplemented
"Italian Corporate Governance Code"	Italian corporate governance code enacted by the Corporate Governance Committee (Comitato di Corporate Governance) on January 2020
"Main Board"	the Main Board of the Hong Kong Stock Exchange
"MEA"	Middle East and Africa
"Reporting Period" or "Relevant Period"	the six months ended June 30, 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong SASAC"	State-owned Assets Supervision & Administration Commission of Shandong Province
"Share(s)"	ordinary share(s) with no nominal value in the share capital of our Company

"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Meeting"	the annual general meeting of the Company
"SHIG"	Shandong Heavy Industry Group Co., Ltd.*, a company with limited liability incorporated under the laws of the PRC and one of our Controlling Shareholders
"Strategic Committee"	the strategic committee of the Company
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules, unless the context otherwise requires
"substantial shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"U.S."	the United States of America
"USD" or "US dollar(s)"	United States dollars, the lawful currency of the United States
"Weichai Group"	Weichai Holding Group Co., Ltd.*, a company with limited liability incorporated under the laws of the PRC and one of our Controlling Shareholders
"Weichai Holding (HK)"	Weichai Holding Group Hongkong Investment Co., Limited, a company incorporated under the laws of Hong Kong and one of our Controlling Shareholders
"%"	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.*