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# **F E R R E T T I G R O U P**

**Ferretti S.p.A.**

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

**(Stock Code: 09638)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022**

### **HIGHLIGHTS**

The net revenue of the Group for the year ended December 31, 2022 was approximately €1,030.1 million, representing an increase of approximately 14.7% as compared with that of approximately €898.4 million for the corresponding period in 2021.

The profit of the Group for the year ended December 31, 2022 was approximately €60.5 million, representing an increase of approximately 62.0% as compared with that of approximately €37.4 million for the corresponding period in 2021.

The adjusted EBITDA (including listing expenses, Management Incentive Plan, litigations and other minor non-recurring events) for the year ended December 31, 2022 amounted to approximately €140.0 million, representing an increase of approximately 36.5% as compared with that of approximately €102.6 million for the corresponding period in 2021.

The profit attributable to Shareholders of the Company for the year ended December 31, 2022 amounted to approximately €60.3 million, representing an increase of approximately 60.5% as compared with that of approximately €37.5 million for the corresponding period in 2021.

The Board proposed a final dividend payout for approximately €19,903 thousand (equal to €5.88 cents per Share) for the year ended December 31, 2022, which is subject to the approval of the Shareholders at the forthcoming annual general meeting.

The Board hereby announces the audited consolidated financial results of the Group for the Relevant Period together with the audited comparative figures for the corresponding period in 2021 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>(in thousands Euro)</i>	<i>Notes</i>	<b>For the year ended December 31, 2022</b>	December 31, 2021
Revenue		<b>1,072,449</b>	927,477
Commissions and other costs related to revenue	3	<b>(42,350)</b>	(29,056)
<b>NET REVENUE</b>		<b>1,030,099</b>	898,421
Change in inventories of work-in-process, semi-finished and finished goods		<b>35,181</b>	(32,650)
Cost capitalised		<b>31,982</b>	28,063
Other income		<b>16,002</b>	14,034
Raw materials and consumables used		<b>(514,468)</b>	(424,277)
Contractors costs		<b>(166,051)</b>	(138,027)
Costs for trade shows, events and advertising		<b>(19,963)</b>	(12,485)
Other service costs		<b>(117,680)</b>	(95,196)
Rentals and leases		<b>(8,931)</b>	(6,913)
Personnel costs		<b>(128,810)</b>	(112,417)
Other operating expenses		<b>(9,052)</b>	(7,062)
Provisions and impairment		<b>(33,115)</b>	(15,099)
Depreciation and amortisation		<b>(53,089)</b>	(48,519)
Share of loss of a joint venture		<b>(44)</b>	(24)
Financial income		<b>2,328</b>	224
Financial expenses		<b>(4,452)</b>	(5,940)
Foreign exchange gain/(losses)		<b>9,448</b>	(1,459)
<b>PROFIT BEFORE TAX</b>		<b>69,385</b>	40,674
Income tax	4	<b>(8,839)</b>	(3,291)
<b>PROFIT FOR THE YEAR</b>		<b>60,546</b>	37,383
Attributable to:			
<i>Shareholders of the Company</i>		<b>60,274</b>	37,545
<i>Non-controlling interests</i>		<b>271</b>	(162)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	<b>8</b>		
<b>Basic and diluted (€)</b>		<b>0.19</b>	0.15

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands Euro)</i>	<i>Notes</i>	<b>For the year ended December 31, 2022</b>	December 31, 2021
<b>PROFIT FOR THE YEAR</b>		<b>60,546</b>	37,383
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</b>			
Actuarial gain on defined benefits plan		<b>891</b>	161
Income tax effect		<u>(214)</u>	<u>(39)</u>
		<b>676</b>	122
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Gains from the translation of foreign operations		<u>3,641</u>	<u>746</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>4,317</b></u>	<u>868</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>64,862</b>	38,251
<b>Attributable to:</b>			
<i>Shareholders of the Company</i>		<b>64,588</b>	38,413
<i>Non-controlling interests</i>		<u><b>274</b></u>	<u>(162)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands Euro)</i>	<i>Notes</i>	<b>As at December 31, 2022</b>	As at December 31, 2021
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		<b>317,759</b>	173,010
Trade and other receivables	5	<b>59,432</b>	41,689
Contract assets		<b>115,372</b>	111,794
Inventories		<b>198,120</b>	144,387
Advances on inventories		<b>39,156</b>	24,606
Other current assets		<b>86,732</b>	8,731
Income tax recoverable		<b>2,091</b>	980
		<b>818,663</b>	505,199
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>303,394</b>	259,854
Intangible assets		<b>264,070</b>	258,174
Other non-current assets		<b>5,031</b>	5,189
Deferred tax assets		<b>16,397</b>	17,660
		<b>588,893</b>	540,877
<b>TOTAL ASSETS</b>		<b>1,407,556</b>	1,046,076
<b>CURRENT LIABILITIES</b>			
Minority Shareholders' loan		<b>1,000</b>	—
Bank and other borrowings		<b>14,500</b>	31,157
Provisions		<b>42,946</b>	31,056
Trade and other payables	6	<b>337,364</b>	278,809
Contract liabilities		<b>185,914</b>	131,664
Income tax payable		<b>1,683</b>	754
		<b>583,408</b>	473,440

<i>(in thousands Euro)</i>	<i>Notes</i>	As at <b>December 31,</b> <b>2022</b>	As at December 31, 2021
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings		<b>24,056</b>	57,326
Provisions		<b>13,049</b>	9,383
Non-current employee benefits		<b>7,646</b>	7,506
Trade and other payables		<b>1,006</b>	355
		<b>45,757</b>	74,570
<b>TOTAL LIABILITIES</b>		<b>629,165</b>	548,010
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		<b>338,483</b>	250,735
Reserves		<b>439,525</b>	247,543
Equity attributable to shareholders of the Company		<b>778,007</b>	498,278
Non-controlling interests		<b>384</b>	(212)
<b>TOTAL EQUITY</b>		<b>778,391</b>	498,066
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>1,407,556</u></b>	<b><u>1,046,076</u></b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands Euro)</i>	For the year ended	
	December 31, 2022	December 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit before tax	69,385	40,674
Depreciation and amortisation	53,089	48,519
(Gain)/loss on disposal of property, plant and equipment	(100)	391
Provisions	15,696	(4,540)
Financial income	(13,761)	(224)
Financial expenses	4,452	5,940
Share of loss of joint venture	44	24
Impairment of trade receivables, net	558	746
Provision/(reversal of provision) against inventories, net	678	(528)
(Increase)/decrease in inventories	(64,167)	23,615
Change in contract assets and contract liabilities	50,672	140,200
(Increase)/decrease in trade and other receivables	(18,060)	19,745
Increase/(decrease) in trade and other payables	52,370	(848)
Change in other operating liabilities and assets	(612)	(2,087)
Income tax paid	(4,546)	—
<b>Cash flows from operating activities (A)</b>	<b>145,697</b>	<b>271,627</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment and intangible assets	(81,453)	(76,314)
Proceeds from disposal of property, plant and equipment and intangible assets	1,330	2,665
Acquisition of subsidiaries	(9,153)	(719)
Other financial investments	(75,278)	—
Interest received	1,923	224
<b>Cash flows used in investing activities (B)</b>	<b>(162,632)</b>	<b>(74,144)</b>

<i>(in thousands Euro)</i>	<b>For the year ended</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	<b>234,753</b>	—
Dividends paid	<b>(6,707)</b>	(3,510)
New bank and other borrowings	<b>2,723</b>	57,673
Repayment of bank and other borrowings	<b>(70,143)</b>	(106,249)
Interest paid	<b>(2,582)</b>	(5,964)
	<hr/>	<hr/>
<b>Cash flows from/(used in) financing activities (C)</b>	<b>158,044</b>	(58,050)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D=A+B+C)</b>		
	<b>141,109</b>	139,433
Cash and cash equivalents at the beginning of year (E)	<b>173,010</b>	32,830
Effect of foreign exchange rate changes, net (F)	<b>3,641</b>	747
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR (G=D+E+F)</b>	<b>317,759</b>	173,010
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents as stated in the consolidated statement of financial position	<b>317,759</b>	173,010
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# NOTES TO THE RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

## 1. CORPORATE INFORMATION

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

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

## 2. BASIS OF PREPARATION

The financial information presented herein are based on the Consolidated Financial Statements for the year ended December 31, 2022 of the Group.

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

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

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

The consolidated financial statements have been presented in Euro and prepared on the basis of the accounts for the year ended December 31, 2022 (January 1 to December 31), of the companies within the consolidation perimeter, as approved by the Board.

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



### 3. NET REVENUE

The following table provides the breakdown of the item net revenue for 2022, compared with the same item for 2021:

	31/12/2022	31/12/2021
<b>Total revenue from contracts with customers</b>	<b>1,072,449</b>	927,477
<i>Commissions and other costs related to revenue</i>	<u>(42,350)</u>	<u>(29,056)</u>
<b>Total net revenue</b>	<b><u>1,030,099</u></b>	<b><u>898,421</u></b>

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

	31/12/2022	31/12/2021
Composite yachts	<b>439,309</b>	464,291
Made-to-measure yachts	<b>405,810</b>	249,734
Super yachts	<b>95,441</b>	84,561
Other businesses	<u>89,539</u>	<u>99,835</u>
<b>Total net revenue</b>	<b><u>1,030,099</u></b>	<b><u>898,421</u></b>

Revenue arising from other businesses is broken down below.

	31/12/2022	31/12/2021
Boat brokerage	<b>14,312</b>	13,237
Sales and provision of carpentry products and services	<b>16,909</b>	15,259
FSD	<b>2,945</b>	10,676
Used boats	<b>33,980</b>	46,998
Provision of services and sales of replacement parts, merchandise and other goods	<b>14,894</b>	9,677
Wally sailboats	<u>6,500</u>	<u>3,988</u>
<b>Total other businesses</b>	<b><u>89,539</u></b>	<b><u>99,835</u></b>

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 ancillary 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 represent the costs incurred by the Group for the intermediation activities carried out by the dealers and brokers.

“Boat brokerage” refers to the activity related to yacht brokerage and yacht charters performed by the U.S. subsidiary Allied Marine.

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

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

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

	<b>31/12/2022</b>	31/12/2021
EMEA	<b>376,756</b>	376,021
APAC	<b>95,876</b>	49,280
AMAS	<b>372,487</b>	288,724
Global*	<b>95,441</b>	84,561
Other businesses	<b>89,539</b>	99,835
<b>Total net revenue</b>	<b><u>1,030,099</u></b>	<b><u>898,421</u></b>

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

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

	<b>31/12/2022</b>	31/12/2021
At a point in time	<b>75,133</b>	87,850
Over time	<b>954,966</b>	810,571
<b>Total net revenue</b>	<b><u>1,030,099</u></b>	<b><u>898,421</u></b>

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

	<b>31/12/2022</b>	31/12/2021
Revenue from contract liabilities	<b><u>126,282</u></b>	<b><u>54,023</u></b>

The following table shows the amount of transaction price for existing contracts outstanding at December 31, 2022 which will be converted into revenue from contracts with customers within one year or after one year.

	<b>31/12/2022</b>	31/12/2021
Within one year	<b>471,924</b>	411,338
After one year	<b><u>277,985</u></b>	<u>99,595</u>
	<b><u>749,908</u></b>	<b><u>510,933</u></b>

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

During the Relevant Period, revenue to Russian and Ukraine purchasers accounted for less than 3% of our total revenue for the same period. Therefore, Russian and Ukraine sales are deemed immaterial to our business, results of operations and financial condition as a whole. Furthermore, in the event of a customer default, we are able to freely resell the yacht to another customer.

#### 4. INCOME TAX

As shown in the table that follows, the “Income tax” amount for the year ended December 31, 2022 was tax expenses of €8,839 thousand, as detailed below:

	31/12/2022	31/12/2021
Corporate income tax (IRES)	(837)	0
Regional tax (IRAP)	(2,891)	(2,009)
Federal taxes and other foreign taxes	(2,516)	(1,566)
	<hr/>	<hr/>
Total current taxes	(6,244)	(3,575)
Prior-year taxes	1,296	748
Deferred taxes	(3,891)	(464)
	<hr/>	<hr/>
<b>Total income tax</b>	<b>(8,839)</b>	<b>(3,291)</b>
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The IRES (Imposta sul reddito delle società) taxable base of several companies was positive, and therefore, within the framework of national tax consolidation, a provision was made for this tax based on the 24% rate currently in force in Italy. The increase is attributable to the higher taxable income for the year, although reduced due to the use of tax losses and deductible interest expenses carried forward.

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

For companies based in the United States, federal and state taxes of €2,510 thousand are due, up as a result of the greater taxable income during the period.

The following table provides a reconciliation between the nominal and effective tax rate of the Group for the fiscal year ended December 31, 2022 and 2021:

	31/12/2022	31/12/2021
Theoretical taxable base*	69,385	40,674
IRES 24%	(16,650)	(9,762)
IRAP 3.90%	(2,706)	(1,586)
	<hr/>	<hr/>
<b>Total theoretical tax</b>	<b>(19,356)</b>	<b>(11,348)</b>
	<hr/>	<hr/>
Credit used for ACE (Allowance for Corporate Equity) of the year	2,570	1,715
Utilisation of tax losses	7,873	6,250
Other differences	76	92
	<hr/>	<hr/>
<b>Effective tax recognised in the income statement</b>	<b>(8,839)</b>	<b>(3,291)</b>
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(\*) Figure referred to the profit before tax.

## 5. TRADE AND OTHER RECEIVABLES

	31/12/2022	31/12/2021
Trade receivables	17,011	9,124
Other receivables	42,421	32,565
	<u>          </u>	<u>          </u>
<b>Total trade and other receivables</b>	<b><u>59,432</u></b>	<b><u>41,689</u></b>

### Trade receivables

	31/12/2022	31/12/2021
Accounts receivable from customers	20,227	14,869
(Less) Provision for doubtful accounts	(3,216)	(5,745)
	<u>          </u>	<u>          </u>
<b>Total trade receivables</b>	<b><u>17,011</u></b>	<b><u>9,124</u></b>

“Accounts receivable from customers” at December 31, 2022 relate primarily to sales and services other than boat sales, for which the balance is generally received before delivery based on the contractual terms and conditions in force. Therefore, they refer to paid after-sales services, sales of material and spare parts, merchandising and provision of joinery works. These are considered to be receivable within 12 months.

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

	31/12/2022	31/12/2021
<b>At beginning of year</b>	<b>5,745</b>	6,589
Impairment losses, net	558	746
Amount written off as uncollectible	(3,089)	(1,590)
	<u>          </u>	<u>          </u>
<b>At end of year</b>	<b><u>3,216</u></b>	<b><u>5,745</u></b>

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

The table below reports the ageing of trade receivables, already net of any write-downs, which even if expired at the reporting date (December 31, 2022) are considered fully recoverable:

	Balance at		Past due			
	December 31, 2022	Not due	30 days	30-60	60-90	Beyond
Trade receivables*	<u>17,011</u>	<u>6,975</u>	<u>2,305</u>	<u>1,363</u>	<u>1,456</u>	<u>4,912</u>

(\*) Net of the allowance for doubtful accounts of €3,216 thousand.

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

	31/12/2022	31/12/2021
Other tax receivables	27,206	16,825
Accruals, deferrals and other receivables	<u>15,215</u>	<u>15,740</u>
<b>Total other receivables</b>	<b><u>42,421</u></b>	<b><u>32,565</u></b>

Other tax receivables refers to value-added tax.

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

	31/12/2022	31/12/2021
Receivables owed by social security institutions	223	396
Commissions advances	4,890	4,844
Advances, prepayments and sundry receivables from suppliers	3,876	3,443
Others	305	291
Accruals and deferrals	<u>5,922</u>	<u>6,766</u>
<b>Total accruals, deferrals and other receivables</b>	<b><u>15,215</u></b>	<b><u>15,740</u></b>

## 6. TRADE AND OTHER PAYABLES

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

<i>(in thousands Euro)</i>	As of December 31,	
	2022	2021
Trade payables	289,653	238,687
Other payables	48,717	40,477
<b>Total</b>	<b>338,370</b>	<b>279,164</b>

### a. Trade payables

A breakdown of this item is as follows:

	31/12/2022	31/12/2021
Accounts payable to suppliers	289,653	238,687
<b>Total trade payables</b>	<b>289,653</b>	<b>238,687</b>

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

The table below reports an analysis of the future financial flows of the trade payables outstanding at December 31, 2022:

	Balance at December 31, 2022	Future financial flows					Total financial flows
		Less than 3 months	4 to 9 months	10 to 12 months	1 to 5 years	More than 5 years	
Trade and other payables	(293,150)	(245,786)	(45,758)	(1,606)	—	—	(293,150)

### b. Other payables

	31/12/2022	31/12/2021
Payables due to pension and social security institutions	12,504	11,781
Amounts payable to employees	23,411	17,824
Amounts payable to directors	2,849	1,255
Other tax payable	3,344	5,190
Miscellaneous payables	3,464	3,468
Accrued expenses	1,426	432
Deferred income	714	172
Government authorisation fees — non current	229	355
Deferred income — non current	776	0
<b>Total other payables</b>	<b>48,717</b>	<b>40,477</b>

## 7. DIVIDENDS

	<b>31/12/2022</b>	31/12/2021
Dividends	<b><u>6,707</u></b>	<u>3,510</u>

The General Shareholders' Meeting convened on May 25, 2022, authorised a final dividend payout for approximately €6,707 thousand as final dividend for the year ended December 31, 2021, equal to €1.98 cents per Share, made on June 30, 2022.

The General Shareholders' Meeting convened on May 11, 2021, authorised a final dividend payout for approximately €3,510 thousand, equal to €1.40 cents per Share, made on June 14, 2021.

On March 8, 2023, the Board proposed a final dividend payout for approximately €19,903 thousand (equal to €5.88 cents per Share) for the year ended December 31, 2022, which is subject to the approval of the Shareholders at the forthcoming annual general meeting.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY BASIC AND DILUTED

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

	<b>31/12/2022</b>	31/12/2021
Profit attributable to Shareholders of the Company (in thousand Euro)	<b>60,274</b>	37,545
Weighted average number of shares during the year	<b><u>316,778,344</u></b>	<u>250,734,954</u>
<b>Earnings per share attributable to Shareholders of the Company: basic and diluted (in Euro)</b>	<b><u>0.19</u></b>	<u>0.15</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

Owing to excellent market reaction to the models launched in previous years and with our recovery from the short-term adverse impact of the COVID-19 pandemic, for the Reporting Period, the Company recorded a net revenue of €1,030.1 million, representing a 14.7% increase from €898.4 million for the year ended December 31, 2021. The Group delivered 207 new vessels during the Reporting Period, compared to 194 new vessels for the year ended December 31, 2021. Meanwhile, its net profit increased by 62.0% from €37.4 million for the year ended December 31, 2021 to €60.5 million for the Reporting Period. The Group has also achieved strong order intake of €1,162 million for the Reporting Period and order backlog of €1,296 million as of December 31, 2022 (as compared to order intake of €971.5 million for the year ended December 31, 2021 and order backlog of €1,015.8 million as of December 31, 2021).

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

<i>(in thousands Euro)</i>	<b>As of December 31,</b>	
	<b>2022</b>	2021
Composite yachts	<b>386,656</b>	365,953
Made-to-measure yachts	<b>469,599</b>	298,968
Super yachts	<b>384,580</b>	293,140
Other businesses	<b>54,795</b>	57,780
Total	<b><u>1,295,629</u></b>	<u>1,015,841</u>

### ***Segmental Information***

#### ***Yacht Manufacturing Business***

The Group upheld an innovation-driven approach to maintain its market-leading position in its core business, placing great emphasis on research and development. Leveraging the substantial investments in research and development, the Group has been continuously renewing and broadening its product portfolio with technological and design innovation, allowing it to stay abreast of the rapidly evolving preferences and expectations of its clientele. Thanks to this continuous commitment, the Group lowered the average age of its models from approximately 5 years in 2016 to approximately 4 years in 2022.

The launch of new models (24 models between 2020 and 2022) for composite and made-to-measure yachts, covering approximately 50% of current product portfolio, together with a growing interest in super yachts (6 units delivered between 2020 and 2022) allowed the Group to attract new customers while also continuing to nurture the interest of the Group's loyal clients.

As a remark, during the Reporting Period, the performance of yacht manufacturing business hit another record high, delivering 207 new vessels-13 vessels more than that in 2021-with significant results across business lines:

- Net revenue from composite yachts reached €439.3 million, representing a year-on-year decline of 5.4% and approximately 42.6% of the Group's net revenue, and an overall order intake of €484.9 million, as a result of the strategy to expand the Group's offering in the made-to measure and larger alloy super yacht segments.
- Net revenue from made-to-measure yachts reached €405.8 million, representing a year-on-year growth of 62.5% and approximately 39.4% of the Group's net revenue (up from approximately 27.8% in 2021), and an overall order intake of €473.0 million.
- Net revenue from super yachts reached €95.4 million, representing a year-on-year growth of 12.9% and approximately 9.3% of the Group's net revenue, and an overall order intake of €204.6 million, thanks to (i) the success of two flagship super yachts models under Riva and Pershing brands launched in 2019 and the recently presented Custom Line flagship alloy model; and (ii) organic growth of CRN brand.

### ***Ancillary Businesses***

The Group's ancillary businesses provide synergies 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 Ferretti Security Division; and (vi) trading of pre-owned yachts, offering trade-in opportunities to our customers as a lever to facilitate the sales of new yachts. With such businesses, the Group is 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 it with real-time information about market trends and customer preferences.

For the financial year ended December 31, 2022, net revenue from ancillary businesses reached €89.5 million, representing a year-on-year decline of 10.3%, mainly due to a decrease in revenue of pre-owned yachts.

## OUTLOOK AND PROSPECTS

Looking back at the recent past, despite the short-term adverse impact of the COVID-19 lockdown restrictions in 2020 and the conflict between Russia and Ukraine that started in early 2022, the Group has delivered outstanding financial performance proving its resilience, and we expect this tailwind to keep on positively affecting our business.

Indeed, looking forward, the Group, being a leading player in the global yacht industry and undisputed leader in the inboard composite and made-to-measure yachts, is ideally positioned to benefit from a growing market with a size of approximately €24 billion in 2022 and forecasted to reach more than €29 billion by 2025.

In particular, the number of potential end customers (i.e., VHNWIs and UHNWIs) is expected to feature a strong growth momentum between 2022 and 2025, with a compound annual growth rate of 7.7% and 7.8%, respectively; and the penetration of luxury yachting among the potential end customers is still below 1% which unveils an enormous growth potential.

Going forward, leveraging our unique and effective business model, strong heritage of iconic brands, unparalleled focus on product excellence and innovation, tailored approach for cultivating an exclusive community of luxury customers and its distinctive sales model, we will focus on:

- adjusting and enhancing our product offering and product mix ahead of evolving market trends and customer expectations, with the aim to consolidate our market leadership position in both composite and made-to-measure segments, focusing on the segments with the highest growth potential and marginality.
- expanding our made-to-measure portfolio into larger alloy yachts building on our iconic brands such as Riva, Wally, Pershing, and Custom Line, with the aim of catering the largest number of potential customers across their entire luxury yachting “journey”, while maintaining the distinctive exclusivity and fulfilling the requirements for greater customization. In so doing, we would also be able to cover the market demand for higher-footage branded yachts, leveraging the know-how and experience gained with CRN and the recent successes of Pershing 140 and Riva 50 Metri.

- vertically integrating strategic and high value-adding activities to ensure the uncompromised excellence in the luxurious design, performance, quality, and reliability of our yachts and to support our future growth and product portfolio expansion.
- enhancing the comprehensiveness of our value proposition and overall business profitability and resilience, expanding and strengthening our presence in the most promising ancillary service verticals such as yacht brokerage services, refitting services, brand extension activities and Ferretti Security Division.

## **FINANCIAL REVIEW**

### **Net Revenue**

The Group's net revenue increased by approximately 14.7% from approximately €898.4 million for the year ended December 31, 2021 to approximately €1,030.1 million for the Relevant Period.

The increase in the Group's net revenue was due to (i) a decrease of €25.0 million in sales of composite yachts; (ii) an increase of €156.1 million in sales of made-to-measure yachts; (iii) an increase of €10.9 million generated in sales of super yachts; and (iv) a decrease of €10.3 million in revenue from other businesses. We delivered 207 new vessels during the Reporting Period, compared to 194 new vessels for the year ended December 31, 2021.

#### **(i) *Sales of Composite Yachts***

Net revenue from composite yachts reached €439.3 million, representing a year-on-year decline of 5.4% and approximately 42.6% of the Group's net revenue, and an overall order intake of €484.9 million, as a result of the strategy to expand the Group's offering in the made-to measure and larger alloy super yacht segments.

#### **(ii) *Sales of Made-to-Measure Yachts***

The Group's revenue generated from sales of made-to-measure yachts increased by 62.5% from €249.7 million for the year ended December 31, 2021 to €405.8 million for the Reporting Period, primarily due to an increase in order intake. Specifically, the Group's order intake for made-to-measure yachts increased from €289.3 million for the year ended December 31, 2021 to €473.0 million for the Reporting Period.

### ***(iii) Sales of Super Yachts***

The Group's revenue generated from sales of super yachts increased by 12.9% from €84.6 million for the year ended December 31, 2021 to €95.4 million for the Reporting Period, primarily due to an increase in order intake, thanks to (i) the success of two flagship super yachts models under Riva and Pershing brands launched in 2019 and the recently presented Custom Line flagship alloy model; and (ii) organic growth of CRN brand. Specifically, the Group's order intake for super yachts increased from €104.1 million for the year ended December 31, 2021 to €204.6 million for the Reporting Period.

### ***(iv) Other Businesses***

The Group's revenue generated from other businesses decreased by approximately 10.3% from approximately €99.8 million for the year ended December 31, 2021 to approximately €89.5 million for the Relevant Period mainly due to a decrease in revenue of pre-owned yachts.

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

The Group's change in inventories of work-in-process, semi-finished and finished goods increased by €67.8 million, or (207.8)%, from €(32.7) million for the year ended December 31, 2021 to €35.2 million for the Reporting Period, primarily due to the necessity to rebuild a minimum level of finished goods.

### **Cost Capitalized**

The Group's cost capitalized increased by €3.9 million, or 14.0%, from €28.1 million for the year ended December 31, 2021 to €32.0 million for the Reporting Period, primarily because the value of new models launched in 2021 was lower.

### **Other Income**

The Group's other income remained relatively stable at €14.0 million for the year ended December 31, 2021 and €16.0 million for the Reporting Period.

### **Raw Materials and Consumables Used**

The Group's raw materials and consumables used increased by €90.2 million, or 21.3%, from €424.3 million for the year ended December 31, 2021 to €514.5 million for the Reporting Period, primarily due to the increase in following the growth in order intake.

## **Rentals and Leases**

The Group's rentals and leases increased by €2.0 million, or 29.2%, from €6.9 million for the year ended December 31, 2021 to €8.9 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 €16.4 million, or 14.6%, from €112.4 million for the year ended December 31, 2021 to €128.8 million for the Reporting Period, primarily due to (i) the Management Incentive Plan cash bonus for €12.3 million; and (ii) an increase in the average headcount to support the growth of the Group's business.

## **Contractors Costs**

The Group's contractor costs increased by €28.0 million, or 20.3%, from €138.0 million for the year ended December 31, 2021 to €166.1 million for the Reporting Period, primarily due to the increase in production activities to properly answer to the acceleration of the order intake.

## **Costs for Trade Shows, Events and Advertising**

The Group's costs for trade shows, events and advertising increased by €7.5 million, or 59.9%, from €12.5 million for the year ended December 31, 2021 to €20.0 million for the Reporting Period, primarily due to renormalization process after the COVID-19 pandemic when many of these activities were cancelled.

## **Other Service Costs**

The Group's other service costs increased by €22.5 million, or 23.6%, from €95.2 million for the year ended December 31, 2021 to €117.7 million for the Reporting Period, mainly due to an increase in service costs for production volumes, comprising transportation, insurance, technical consulting, cleaning and security; and an increase in utilities costs. Fees paid to members of corporate governance bodies include €4.8 million for the payment of Management Incentive Plan.

## **Other Operating Expenses**

The Group's other operating expenses increased by €2.0 million, or 28.2%, from €7.1 million for the year ended December 31, 2021 to €9.1 million for the Reporting Period, mainly due to the increase of the production volumes.

## **Provisions and Impairment**

The Group's provisions and impairment increased by €18.0 million, or 119.3%, from €15.1 million for the year ended December 31, 2021 to €33.1 million for the Reporting Period, primarily due to (i) an increase in provision for product warranties and other risks provisions, which was generally in line with the increase in new yachts delivered; and (ii) the absence of the release of provision for €5.0 million for certain legal disputes, that partially offset the costs for the year ended December 31, 2021.

## **Depreciation and Amortization**

The Group's depreciation and amortization increased by €4.6 million, or 9.4%, from €48.5 million for the year ended December 31, 2021 to €53.1 million for the Reporting Period, which was driven by the increases in the Group's property, plant and equipment as well as intangible assets, reflecting the significant investments made to renew and extend the Group's product portfolio and upgrade the Group's production facilities.

## **Foreign Exchange Gains/(Losses)**

The Group's foreign exchange gains/(losses) increased by €10.9 million from €(1.5) million of foreign exchange losses for the year ended December 31, 2021 to €9.4 million of foreign exchange gains for the Reporting Period, primarily due to the gains related to financial transactions, among which mainly the change of the proceeds of the listing process from HK dollars to Euro of €11.4 million.

## **Income Tax**

The Group recorded income tax expense of €8.8 million for the Reporting Period, compared to income tax expense of €3.3 million for the year ended December 31, 2021, primarily due to (i) an increase in current tax as attributable to the significant increase in the Group's profit before tax; and (ii) a decrease in deferred tax assets recognized in respect of prior tax losses.

## **Profit for the Year**

As a result of the foregoing, the Group's profit for the year increased by €23.2 million, or by 62%, from €37.4 million for the year ended December 31, 2021 to €60.5 million for the Reporting Period. The Group's net profit margin, which represents profit for the year as a percentage of net revenue, increased from 4.1% for the year ended December 31, 2021 to 5.9% for the Reporting Period.



## Non-IFRS Measure

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

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

<i>(in thousands Euro)</i>	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Net revenue	<b>1,030,099</b>	898,421
Revenue pre-owned	<b>(33,980)</b>	(46,998)
<b>Net revenue without pre-owned</b>	<b><u>996,119</u></b>	<b><u>851,422</u></b>
Operating costs	<b>(856,130)</b>	(795,853)
<b>Adjusted EBITDA</b>	<b>139,989</b>	102,569
<b>Special items</b>	<b>(24,796)</b>	(6,177)
Operating exchange gains/(losses) and Share of loss of a joint venture	<b>(1,989)</b>	(1,483)

<i>(in thousands Euro)</i>	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>EBITDA</b>	<b>113,204</b>	94,909
Depreciations and amortisation	<b>(53,089)</b>	(48,519)
Financial income, financial expenses, financial exchange gains/(losses)	<b>9,269</b>	(5,716)
<b>Profit before tax (PBT)</b>	<b>69,385</b>	40,674
Income tax	<b>(8,839)</b>	(3,291)
<b>Profit after tax (PAT)</b>	<b>60,546</b>	37,383
<b>Adjusted EBITDA/Net revenue without pre-owned</b>	<b>14.1%</b>	12.0%

Adjusted EBITDA for the Reporting Period amounted to €140.0 million, with an increase of 36.5% as compared to €102.6 million for the year ended December 31, 2021. The adjusted EBITDA/net revenue without pre-owned margin increased from 12.0% for the year ended December 31, 2021 to 14.1% for the Reporting Period.

The increase in the Group's adjusted EBITDA/net revenue without pre-owned margin of approximately 200 basis points in 2022 was driven by industrial reasons, commercial aspects and strategic positioning, most of which are structural, hence expected to remain in the long-term.

The industrial reasons are not limited to economies of scale in purchasing and in the organization of production processes, but above all to a more and more efficient fixed costs absorption; which was attributable to the remarkable efforts made in 2018 and 2019 in strengthening industrial overhead and selling, general and administration expenses, which remained broadly stable as percentage of net revenue without pre-owned during the Reporting Period (7.4% and 8.6% respectively) as compared to 2021.

Commercial aspects refer to lower discounts on new sales granted to the Group's dealers and customers given higher pricing power, resulting from the strength of the Group's brands and the long wait lists.

Last but not least, and for many aspects the most important factor which led to the Group's increased profitability was due to its strategic positioning because (i) every time when the Group introduces a new model into the market to replace an existing model, the profitability of the new model is always improving as a result of the continuously growing industrial know-how; and (ii) the Group has been constantly increasing its presence in the most profitable segment of the market, such as the made-to-measure yachts. Due to these levers, the Group is quite confident that profitability will regularly continue to grow.

## **OTHER FINANCIAL INFORMATION**

### **Liquidity and Financial Resources**

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

As at December 31, 2022, the Group had cash and cash equivalents of approximately €318.0 million (as at December 31, 2021: approximately €173.0 million) which was mainly denominated in Euro.

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

### **Capital Structure**

#### **A. *Borrowing***

The total bank borrowing of the Group as at December 31, 2022 was approximately €38.6 million (as at December 31, 2021: €88.5 million) which was originally denominated in Euro, so it did not have any foreign exchange impact on its financial statements during the Relevant Period. The bank borrowing was interest-bearing, secured and unsecured. During the Relevant Period, the Group did not experience any difficulties in utilising its banking facilities with its lenders.

Below is a table showing the bank borrowing structure and maturity profile of the Group:

	<b>As at December 31, 2022</b>	As at December 31, 2021
Secured	<b>1,755</b>	58,839
Unsecured	<b>36,801</b>	29,644
<b>Total</b>	<b><u>38,556</u></b>	<b><u>88,483</u></b>
Maturity profile of bank borrowing		
On demand or within one year	<b>14,500</b>	31,157
After one year	<b>24,056</b>	57,326
<b>Total</b>	<b><u>38,556</u></b>	<b><u>88,483</u></b>

#### ***B. Gearing Ratio***

As at December 31, 2022, the Group's gearing ratio was approximately 5.1% (as at December 31, 2021: 17.8%), calculated as the total indebtedness divided by total equity as at the end of the Relevant Period multiplied by 100%. The decrease was mainly due to the increase in share capital related to the Listing and the decrease in total indebtedness. The Group's gearing ratio demonstrated that the financial position of the Group was healthy as the debt level of the Group was very low as at the end of the Relevant Period.

## **Treasury Policies**

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

## **Pledge of Assets**

As at December 31, 2022, the Group's bank borrowings were secured by certain of the Group's buildings, with the carrying amount of €98.1 million (2021: €85.5 million).

## **Contingent Liabilities**

As at December 31, 2022 and 2021, the Group did not have any material contingent liabilities.

## **Significant investments, material acquisitions and disposals, future plans for significant investment of acquisition of material capital assets**

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

## **Foreign Exchange Exposure**

The Group's revenue generating activities and borrowings were denominated in Euro, which is the functional and presentation currency of the Group. The Board considered that the Group was exposed to exchange rate risks in relation to the U.S. dollar. The Group could use foreign currency forward contracts to hedge its exposure to foreign currency risks in connection with forecast transactions and firm commitments. As at December 31, 2022 and 2021, there were no currency forwards in place.

## **Employees and Remuneration Policy**

As at December 31, 2022, the Group had 1,835 employees (as at December 31, 2021: 1,617). Apart from salary remuneration, our employees benefit from the accruals of social security contributions to the National Institute of Social Security in Italy, and to the private funds if provided by the collective bargaining agreement. In addition, the Company granted discretionary bonuses to qualified employees, based on its operating results and individual performance.

Continuous growth and skills development for all employees are essential pillars of the Group's strategy. During the Reporting Period, a total of 19,636 training hours were provided.

### **Going Concern**

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

### **FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has recommended the payment of a final dividend of €19,902,780.06 (€0.0588 per Share) (the "**Proposed Final Dividend**") (2021: €0.0198 per Share) for the Reporting Period. The Proposed Final Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company. The Proposed Final Dividend shall be made (i) in Euro to the Shareholders recorded in the section of the Shareholders' register kept by the Company at its registered office in Italy; and (ii) in Hong Kong dollars recorded in the section of the Shareholders' register kept in Hong Kong by the Hong Kong share registrar of the Company, net of Italian withholding tax, where applicable. The current rate of Italian withholding tax applied to applicable dividend payments is 26%. Further details on the Italian withholding tax are included in the Tax Booklet, which is available on the Company's website at [www.ferrettigroup.com](http://www.ferrettigroup.com).

Further announcement(s) containing information in relation to the (i) dates of closure of register of members of the Company in respect of Shareholders' entitlement to attend the annual general meeting and to receive the Proposed Final Dividend and (ii) expected payment date of the Proposed Final Dividend will be published by the Company in due course.

## **SHARE OPTION SCHEME**

On May 25, 2022, the Company adopted the Share Option Scheme. Under the Share Option Scheme, the Board may, at their absolute discretion, at any time within a period of ten years commencing from May 25, 2022 offer to grant to any eligible persons, including Director, chief executive of the Company or substantial Shareholder or any of their respective associates, any employee (whether full time or part-time) of the Group or its affiliates, options to subscribe for Shares. Details of the Share Option Scheme are set out in the circular of the Company dated April 29, 2022.

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

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information disclosed publicly and as far as the Directors are aware, upon the Listing and up to December 31, 2022, the Company maintained the amount of public float as required under the Listing Rules.

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

Save for the issue of 4,167,700 Shares pursuant to the over-allotment option granted by the Company to the sole global coordinator for the Global Offering, since the Listing Date and up to December 31, 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## USE OF NET PROCEEDS FROM THE LISTING

The Group received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering and the exercise of over-allotment option of approximately HKD1,862.9 million. There has been no change in the intended use of net proceeds as previously disclosed in the Prospectus.

Since the Listing Date and up to December 31, 2022, the Group has been gradually utilizing the net proceeds from the Global Offering according to the manner and proportions disclosed in the Prospectus. For details, please refer to the table below:

	Net amount available upon Listing (HKD million)	Net amount utilized as of December 31, 2022 (HKD million)*	Unutilized net amount as of December 31, 2022 (HKD million)	Expected timeline of the utilization of the unutilized net amounts
<b>Expansion of the Group's product portfolio and further boosting our end-to-end operational excellence</b>	<b>1,266.7</b>	<b>258.5</b>	<b>1,008.3</b>	<b>March 31, 2025</b>
— Consolidating the Group's leadership positioning in the luxury yacht industry and increasing the Group's market share and coverage	428.5	133.1	295.4	—
— Development of new flagship models of super yachts under Riva, Wally, Pershing, and Custom Line brands	465.8	8.4	457.4	—
— 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	117.0	255.5	—



	Net amount available upon Listing (HKD million)	Net amount utilized as of December 31, 2022 (HKD million)*	Unutilized net amount as of December 31, 2022 (HKD million)	Expected timeline of the utilization of the unutilized net amounts
<b>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 after-sales and refitting services</b>	<b>447.1</b>	—	<b>447.1</b>	<b>March 31, 2024</b>
— 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	—
<b>Further development of the Group's brand extension activities and other general corporate matters</b>	<b>149.0</b>	—	<b>149.0</b>	<b>N/A</b>
<b>Total</b>	<b>1,862.9</b>	<b>258.5</b>	<b>1,604.4</b>	<b>—</b>

\* using EURO/HKD exchange rate at December 31, 2022

## **CORPORATE GOVERNANCE**

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

Since the Listing Date to December 31, 2022, save for code provision C.2.7 of the CG Code, the Company complied with all applicable code provisions as set out in Part 2 of Appendix 14 to the Listing Rules. Under code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The chairman of the Company has delegated the secretary to the Board to gather any concern and/or questions that the independent non-executive Directors might have and to report to him so that the chairman will arrange a meeting with the independent non-executive Directors as and when appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

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

## **REVIEW BY AUDIT COMMITTEE**

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

The Audit Committee has reviewed with the management of the Company the audited financial statements for the Relevant Period and agreed with the accounting treatments adopted by the Company, and was of the opinion that the preparation of the financial statements of the Company for the Relevant Period complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

This annual results announcement is based on the Group's audited consolidated financial statements for the year ended December 31, 2022 as agreed with the auditor of the Company.

## **RETIREMENT OF ERNST & YOUNG AS ONE OF THE JOINT AUDITORS**

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

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

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

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

## **EVENTS AFTER THE RELEVANT PERIOD**

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

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND REPORT**

This annual results announcement is published on the designated website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company ([www.ferrettigroup.com](http://www.ferrettigroup.com)) under "Investor Relations". The annual report of the Company for the Relevant Period will be sent to Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AMAS"	North America, Central America and South America
"APAC"	Asia-Pacific
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code set out in Appendix 14 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 listed on the Main Board (Stock code: 9638)
"COVID-19"	the Coronavirus Disease 2019
"Director(s)"	the director(s) of the Company
"EMEA"	Europe, Middle East and Africa

“Euro” 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
“FSD”	Ferretti Security Division business, a division of the Company that designs, develops and manufactures coastal patrol vessels
“Global Offering”	the public offering of the Shares as defined and described in the Prospectus
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards, as issued by the International Accounting Standards Board
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	March 31, 2022, the date on which the Shares are listed and dealings in the Shares first commence on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“Management Incentive Plan”	a management incentive plan approved on December 21, 2021, setting out incentives for the Group’s senior management and other employees
“PRC”	the People’s Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan

“Prospectus”	the prospectus of the Company dated March 22, 2022 in relation to the Global Offering and the Listing
“Reporting Period” or “Relevant Period”	the year ended December 31, 2022
“Share Option Scheme”	the share option scheme adopted by the Company on May 25, 2022
“Share(s)”	ordinary share(s) with no nominal value in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tax Booklet”	a tax booklet published on the website of the Company, which provides the Italian tax framework relating to the ownership of the Shares
“UHNWIs”	persons who have a net worth with investable and liquid assets in excess of 50 million U.S. dollars

“U.S. dollar(s)”	United States dollars, the lawful currency of the United States of America
“VHNWIs”	persons who have a net worth with investable and liquid assets of five million to 50 million U.S. dollars
“%”	per cent

By Order of the Board  
**Ferretti S.p.A.**  
**Mr. Alberto Galassi**  
*Executive Director and Chief Executive Officer*

Hong Kong, March 8, 2023

*As at the date of this announcement, the Board comprises Mr. Alberto Galassi as executive Director; Mr. Tan Xuguang, Mr. Piero Ferrari, Mr. Xu Xinyu and Mr. Li Xinghao as non-executive Directors; and Mr. Hua Fengmao, Mr. Stefano Domenicali and Mr. Patrick Sun as independent non-executive Directors.*