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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

The net revenue of the Group for the six months ended June 30, 2024 was approximately €646.4 million, representing an increase of approximately 11.3% as compared with that of approximately €580.8 million for the corresponding period in 2023.

The profit for the period of the Group for the six months ended June 30, 2024 was approximately €44.0 million, representing an increase of approximately 7.6% as compared with that of approximately €40.9 million for the corresponding period in 2023.

The profit attributable to Shareholders for the six months ended June 30, 2024 increased by approximately 8.4% as compared with that for the corresponding period in 2023.

The adjusted EBITDA (excluding other minor non-recurring events) for the six months ended June 30, 2024 amounted to approximately €96.7 million, representing an increase of approximately 15.9% as compared with that of approximately €83.4 million for the corresponding period in 2023.

BUSINESS HIGHLIGHTS

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.

The Board hereby announces the interim unaudited condensed consolidated financial results of the Group for the Relevant Period together with the unaudited comparative figures for the corresponding period in 2023 as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

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

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

<i>(in thousands Euro)</i>	For the six months ended	
	June 30, 2024	June 30, 2023
	(unaudited)	(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	617	104
Income tax effect	(148)	(25)
	469	79
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Gains/(losses) from the translation of foreign operations	232	(2,012)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	700	(1,933)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44,747	38,922
Attributable to:		
<i>Shareholders of the Company</i>	44,559	38,515
<i>Non-controlling interests</i>	188	407

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands Euro)</i>	<i>Notes</i>	As at June 30, 2024 (unaudited)	As at December 31, 2023 (audited)
CURRENT ASSETS			
Cash and cash equivalents		273,657	314,109
Trade and other receivables	11	62,994	70,271
Contract assets		140,372	166,846
Inventories		394,947	337,732
Advances on inventories		38,797	37,266
Other current assets		906	820
Income tax recoverable		1,896	3,203
		913,569	930,247
NON-CURRENT ASSETS			
Property, plant and equipment		444,709	382,346
Intangible assets		280,168	276,652
Other non-current assets		5,721	6,077
Deferred tax assets		—	6,926
		730,598	672,002
TOTAL ASSETS		<u>1,644,167</u>	<u>1,602,248</u>
CURRENT LIABILITIES			
Minority Shareholders		517	1,000
Bank and other borrowings		13,413	11,253
Provisions		63,435	62,809
Trade and other payables	12	462,119	443,585
Contract liabilities		194,465	195,091
Income tax payable		13,117	6,299
		747,066	720,037

<i>(in thousands Euro)</i>	As at June 30, 2024 (unaudited)	As at December 31, 2023 (audited)
NON-CURRENT LIABILITIES		
Bank and other borrowings	23,608	21,616
Provisions	8,693	12,535
Non-current employee benefits	6,909	7,444
Trade and other payables	782	936
Deferred tax liabilities	5,515	—
	45,508	42,532
TOTAL LIABILITIES	792,573	762,569
SHARE CAPITAL AND RESERVES		
Share capital	338,483	338,483
Reserves	512,084	500,357
Equity attributable to shareholders of the Company	850,567	838,840
Non-controlling interests	1,027	840
TOTAL EQUITY	851,594	839,680
TOTAL LIABILITIES AND EQUITY	<u>1,644,167</u>	<u>1,602,248</u>

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousands Euro)</i>	For the six months ended	
	June 30, 2024	June 30, 2023
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax	63,835	55,512
Depreciation and amortization	34,322	30,128
Loss 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
	58,615	62,076
Cash flows from operating activities (A)		
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
	(58,651)	(36,629)
Cash flows used in investing activities (B)		

<i>(in thousands Euro)</i>	For the six months ended	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited)
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)
	<hr/>	<hr/>
Cash flows 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 the beginning of period (E)	314,109	317,759
Effect of foreign exchange rate changes, net (F)	83	(2,012)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (G=D+E+F)	<u>273,657</u>	<u>309,660</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	<u>273,657</u>	<u>309,660</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 as 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	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%*	
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 By-laws.

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 standards 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 Group's 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 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.

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.

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.

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. OTHER INCOME

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	June 30, 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	<u>9,968</u>	<u>8,335</u>

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.

4. 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.

5. 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.

6. OTHER SERVICE COSTS

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	June 30, 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	<u>59,293</u>	<u>58,856</u>

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.

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 security services, janitorial services, etc.

7. PERSONNEL COSTS

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	June 30, 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	<u>74,377</u>	<u>65,088</u>

8. OTHER OPERATING EXPENSES

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

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 item “Sundry operating costs” includes mainly gifts, fines, stamp duties, etc.

9. FINANCIAL INCOME

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

10. FINANCIAL EXPENSES

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	June 30, 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	<u>(1,855)</u>	<u>(1,957)</u>

11. TRADE AND OTHER RECEIVABLES

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Trade receivables	25,424	22,427
Other receivables	37,570	47,843
Total trade and other receivables	<u>62,994</u>	<u>70,271</u>

Trade receivables

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

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.

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

	June 30, 2024 (unaudited)	December 31, 2023 (audited)
<i>(in thousands Euro)</i>		
At beginning of year	3,496	3,216
Impairment losses, net	569	881
Amount written off as uncollectible	(1)	(602)
At end of period	<u>4,064</u>	<u>3,496</u>

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.

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. The ageing analysis is presented on the basis of the collection due date of the relevant invoices and categorized into time-bands based on analysis used by the management to monitor the Group’s cash flow.

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

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

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

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

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

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	December 31, 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	<u>25,295</u>	<u>31,083</u>

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.

Income tax recoverable

As at June 30, 2024, income tax recoverable includes mainly tax credits recognized under Italian incentive laws for €542 thousand and advances for IRAP for €763 thousand paid in excess of the amount due at year end by some Group subsidiaries.

12. 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>	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	<u>462,901</u>	<u>444,521</u>

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Trade and other payables — current	462,119	443,585
Trade and other payables — non-current	782	936
Total trade and other payables	<u>462,901</u>	<u>444,521</u>

a. Trade payables

A breakdown of this item is as follows:

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	December 31, 2023 (audited)
Accounts payable to suppliers	413,732	393,915
Total trade payables	<u>413,732</u>	<u>393,915</u>

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.

The table below shows a breakdown of future financial flows of the trade payables outstanding at June 30, 2024. The ageing analysis is presented on the basis of the payment terms of the purchasing invoices and categorized into time-bands based on analysis used by the management to monitor the cash flow forecast.

	Future financial flows						Total 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	
Trade and other payables	<u>(413,732)</u>	<u>(369,803)</u>	<u>(42,396)</u>	<u>(1,533)</u>	—	—	<u>(413,732)</u>
Total	<u>(413,732)</u>	<u>(369,803)</u>	<u>(42,396)</u>	<u>(1,533)</u>	—	—	<u>(413,732)</u>

b. Other payables

<i>(in thousands Euro)</i>	June 30, 2024 (unaudited)	December 31, 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 authorisation fees	120	163
Deferred income — non current	662	773
Total other payables	<u>49,169</u>	<u>50,606</u>

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.

13. 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 period, 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, 2003 (unaudited)
Profit attributable to shareholders of the company <i>(in thousand Euro)</i>	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 <i>(in Euro)</i>	<u>0.13</u>	<u>0.12</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

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) thanks to the orders collected over last year.

The table below shows the breakdown of order backlog by production type¹:

<i>(in millions Euro, except for percentages)</i>	Order backlog by segment				Change² H1 2024 vs H1 2023
	H1 2024 (unaudited)	% of total order backlog	H1 2023 (unaudited)	% of total order backlog	
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	<u>1,495.8</u>	<u>100.0%</u>	<u>1,410.5</u>	<u>100.0%</u>	<u>+6.0%</u>

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

(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).

(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 thanks to the order backlog built in 2023 and early 2024.

The following table shows the breakdown of net revenue of new yachts sales by segment⁴:

	Six months ended June 30, 2024		2023	
	(Unaudited)		(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.

(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.

⁴ See footnote 1

⁵ Mainly comprising revenue from ancillary businesses, FSD and Wally sailboats

(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 to approximately €30.4 million for the Relevant Period.

Revenues by Geographical Region

The **Europe** region reached approximately €313.0 million for the Relevant Period representing approximately 51.2% of the total net revenue of new yachts (as at June 30, 2023: approximately €265.5 million representing approximately 46.8% of the total net revenue of new yachts).

The **MEA** region reached approximately €112.8 million for the Relevant Period representing approximately 18.5% of the total net revenue of new yachts (as at June 30, 2023: approximately €88.5 million representing approximately 15.6% of total net revenue of new yachts).

The **APAC** region reached approximately €23.9 million for the Relevant Period representing approximately 3.9% of total net revenue of new yachts (as at June 30, 2023: approximately €57.5 million representing approximately 10.1% of total net revenue of new yachts).

The **America** region reached approximately €161.3 million for the Relevant Period representing approximately 26.4% of total net revenue of new yachts (as at June 30, 2023: approximately €155.9 million representing approximately 27.5% of total net revenue of new yachts).

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.

Costs 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.

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 announcement. 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 Group 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 (excluding 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:

<i>(in thousands Euro)</i>	Six months ended June 30,	
	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:

<i>(in thousands Euro)</i>	Six months ended June 30,	
	2024	2023
	(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 (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 the Group's 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.

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 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 Expenditure

Investments in tangible and intangible fixed assets as at 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 addition 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.

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 or acquisition of material capital assets

During the Relevant Period, the Group did not make any material disposal of subsidiaries and associates. 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.

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 OF 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.

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**”) and relevant Italian provisions 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 results announcement 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 statements, which were prepared in Italian and translated into English herein for the convenience of international readers, were reviewed by EY S.p.A., the Company's independent auditor, in accordance with the criteria for a review recommended by applicable law.

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.

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 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 this interim results.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the designated website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) under "Listed Company Information" and the website of the Company (www.ferrettigroup.com) under "Investor Relations". The interim report of the Company for the six months ended June 30, 2024 will be sent to Shareholders and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

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

"APAC"	Asia-Pacific
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"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 Hong Kong 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)
“Director(s)”	the director(s) of the Company
“Dual Listing”	the dual listing of the Shares of the Hong Kong Stock Exchange and Euronext Milan
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“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
“Euronext Milan”	the Euronext Milan, organized and managed by Borsa Italiana
“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”	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
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“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
“Management Incentive Plan”	a management incentive plan approved on December 21, 2021, setting out incentives for the Group’s senior management and other employees
“MEA”	Middle East and Africa
“PRC”	the People’s Republic of China and for the purposes of this document 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
“Reporting Period” or “Relevant Period”	the six months ended June 30, 2024
“Share(s)”	ordinary share(s) with no nominal value in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Meeting”	the annual general meeting of the Company
“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
“U.S.”	the United States of America
“USD” or “U.S. dollar(s)”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, August 29, 2024

As at the date of this announcement, the Board comprises Mr. Alberto Galassi and Mr. Xu Xinyu as executive Directors; Mr. Tan Xuguang, Mr. Piero Ferrari, Ms. Jiang Lan (Lansi) and Mr. Zhang Quan as non-executive Directors; and Mr. Stefano Domenicali, Mr. Patrick Sun and Ms. Zhu Yi as independent non-executive Directors.