ANNUAL FINANCIAL REPORT

2023

SANLORENZO

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SECTION ONE

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letter to shareholders

Dear Shareholders,

I am immensely proud to present the 2023 results which confirm the essence of our entity, an icon of Made in Italy that embodies the "Made-to-measure hand-crafted beauty" of the highest quality, combining it with advanced and sustainable engineering capabilities together with technological expertise. A rare gem, reflected into the quality of the reported figures and the year's performance, highlighting growth across all key indicators – in the P&L, balance sheet, as well as in terms of constant ability to generate cash flow to support future investments and capital remuneration.

Reliability, commitment, determination, and transparency – always on track towards our goals – are the values that have always guided the Sanlorenzo Group, in a clear strategy centered around high-end positioning of our brand, which goes beyond product excellence but is an essential element of all our actions to keep this positioning.

In this perspective, we recently completed the acquisition of Simpson Marine, adding another pillar to our direct network – now spanning from the Americas to the Far East – it will enable a cross-border offering of a wide range of strategic and profitable services such as chartering, refitting, superyacht brokerage, and yacht concierge. The widespread structure in Southeast Asia will be highly synergic for the international service development strategy. For instance, in chartering, complementing the recently acquired Equinoxe, extend the offer on an intercontinental basis, allowing a broader range of customers, potential future owners, to live the "Sanlorenzo Customer Experience" in different areas of the world.

The Group's financial robustness, with more than €140 million in net cash as of 31 December 2023, provides us with plenty of optionality to evaluate, always maintaining a financially disciplined approach, the M&A opportunities deemed fitting to our business model: upstream, as in the case of the acquisitions of suppliers Duerre and Sea Energy realized during 2023, or horizontally, to enter new high-end market niches not in overlap with Sanlorenzo's offering. For example, in the luxury sailing yacht market, tech synergies in sustainable product development, based on the use of hydrogen and green methanol, are crystal clear.

These different growth directions are therefore consistent with the guidelines of our 2023-2025 Business Plan and our "Road to 2030" towards carbon neutrality, pioneering the development of the most advanced technological solutions to reduce the environmental impact of the Group's activities.

The choice of green methanol and hydrogen for powering Sanlorenzo yachts responds to this vision: they do not represent a transitional solution, but the co-development, in a close collaboration with major players in the fields of mobility and sustainable energy, of the most solutions for the ultimate revolution of the yachting industry.

In particular, after the significant 2023 progress, 2024 will be a fundamental year for achieving two important milestones in our path to technological and sustainable innovation:

- the launch of the Superyacht 50Steel, with the first installation of the Fuel Cell system powered hydrogen reformed directly on board from green methanol – for the power generation to supply hotellerie services. This system results from the exclusive agreement with Siemens Energy, and it was certified last September by Lloyd's Register. The next step will be in 2028, when we will launch a Superyacht that, even when cruising at maximum speed, will be powered by a combination of Fuel Cells and internal combustion engines primarily fueled by green methanol.
- the BGH tender, powered exclusively by green hydrogen with zero emissions, which in October will bring the maximum expression of innovation into the heart of the America's Cup, serving as a support "chase boat" for both the New York Yacht Club American Magic team and the French Orient Express team. Following this, for Bluegame, within the next 3 years, we will launch the BGM65HH (hydrogen-hybrid), which will be powered by the hydrogen Fuel Cells used for the America's Cup tender, combined in a pilot project with Volvo Penta's new hybrid engines, allowing for zero emissions cruising for 80 miles.

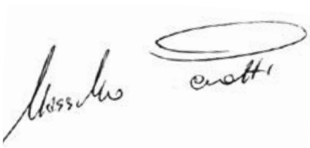
The great attention we devote to transitioning towards greater environmental sustainability goes hand in hand with our social responsibility with our people, our communities, and our territories at the center. This is the vision underlying our new "Supplementary Employment Agreement", signed last October, which introduces various measures such as smart working and parenthood support, increasing flexibility and work-life balance in line with the needs of the Sanlorenzo People.

Always consistent with the Group's values, from this year onwards, Sanlorenzo's social commitment expands into another territory, in line with our DNA of creator and promoter of the finest Italian cultural offering: thus, Sanlorenzo Arts Venice was born as the cultural research center of the Group and founding member of the Venice Foundation. Sanlorenzo Arts Venice is a hybrid space dedicated to culture and art, embodying the values of sustainability, innovation, and design that distinguish our Group, and aims to contribute to a global cultural movement that fosters positive change for a more sustainable future.

I would like to share with you the deep sense of pride and enthusiasm with which the entire Sanlorenzo team faces the challenges and responsibility of representing the highest values of Made in Italy worldwide, leading the transformation of an industry that is currently the epitome of its international success.

Finally, I would like to thank You, Shareholders, for your continuous trust in the vision that constantly inspires Sanlorenzo's growth. Your support is essential for our success and drives us to keep going on our journey, every day, with renewed passion.

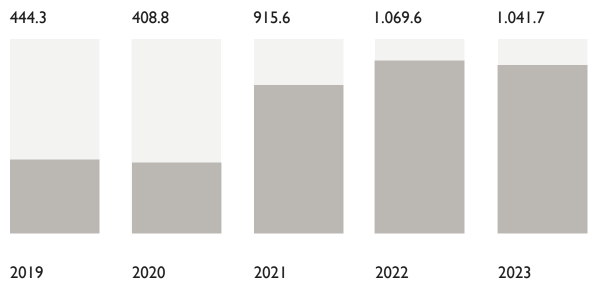
Mr. Massimo Perotti
Chairman and Chief Executive Officer



financial highlights[1]

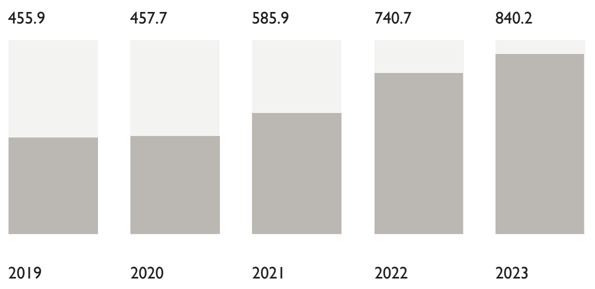
NET BACKLOG

(in € million)



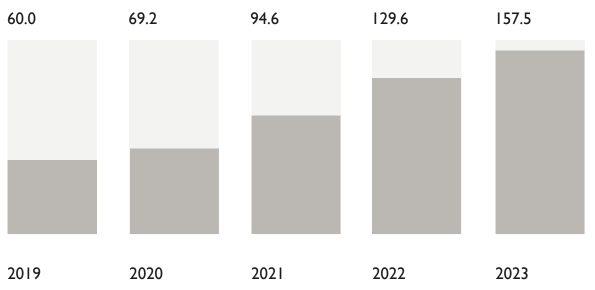
NET REVENUES NEW YACHTS

(in € million)



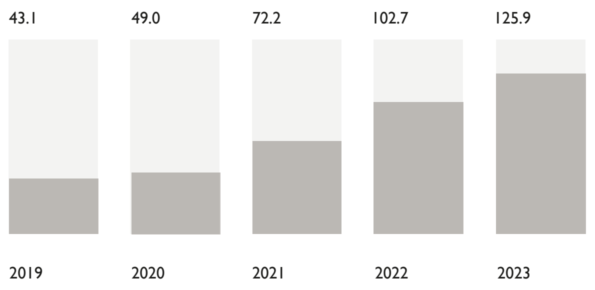
EBITDA

(in € million)



EBIT

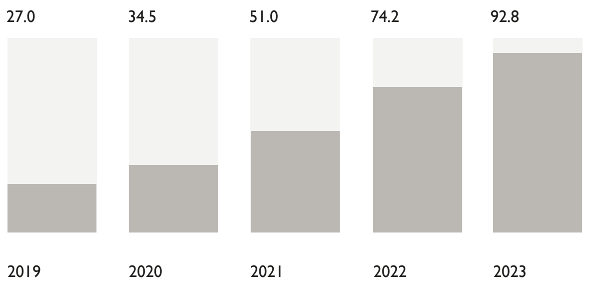
(in € million)



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

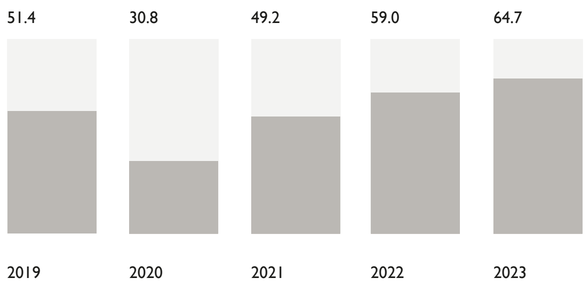
GROUP NET PROFIT

(in € million)



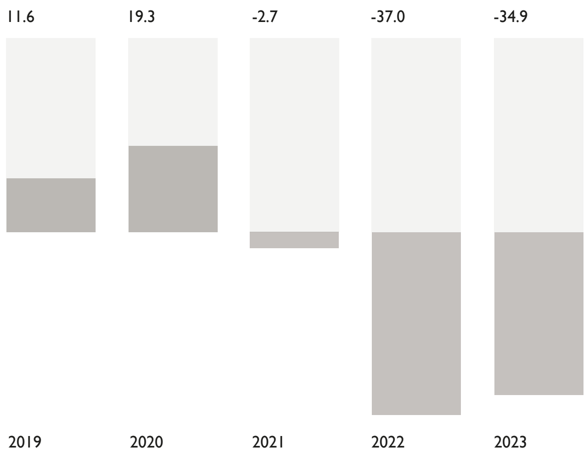
INVESTMENTS

(in € million)



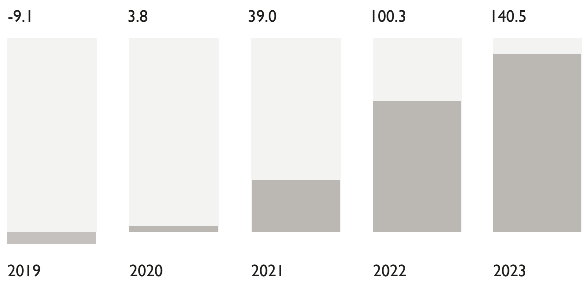
NET WORKING CAPITAL

(in € million)



NET FINANCIAL POSITION

(in € million)



corporate bodies

Board of Directors[2]	Massimo Perotti	Chairman and Chief Executive Officer
	Carla Demaria	Executive Director
	Ferruccio Rossi	Executive Director
	Paolo Olivieri	Director and Deputy Chair
	Cecilia Maria Perotti	Director
	Silvia Merlo	Director
	Licia Mattioli	Independent Director and Lead Independent Director
	Leonardo Luca Etro	Independent Director
	Francesca Culasso	Independent Director
	Marco Francesco Mazzù	Independent Director
Control, Risk and Sustainability Committee	Leonardo Luca Etro	Chair
	Silvia Merlo	
	Francesca Culasso	
Remuneration Committee[3]	Leonardo Luca Etro	Chair
	Silvia Merlo	
	Francesca Culasso	
Nomination Committee[4]	Licia Mattioli	Chair
	Paolo Olivieri	
	Marco Francesco Mazzù	
Related-Party Transactions Committee[5]	Licia Mattioli	Chair
	Leonardo Luca Etro	
	Francesca Culasso	
Board of Statutory Auditors[6]	Enrico Fossa	Chair and Statutory Auditor
	Andrea Caretti	Standing Statutory Auditor
	Margherita Spaini	Standing Statutory Auditor
	Luca Trabattoni	Standing Statutory Auditor
	Maria Cristina Ramenzoni	Standing Statutory Auditor
Auditing Firm[7]	BDO Italia S.p.A.	
Manager charged with preparing the company's financial reports	Attilio Bruzzese	

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

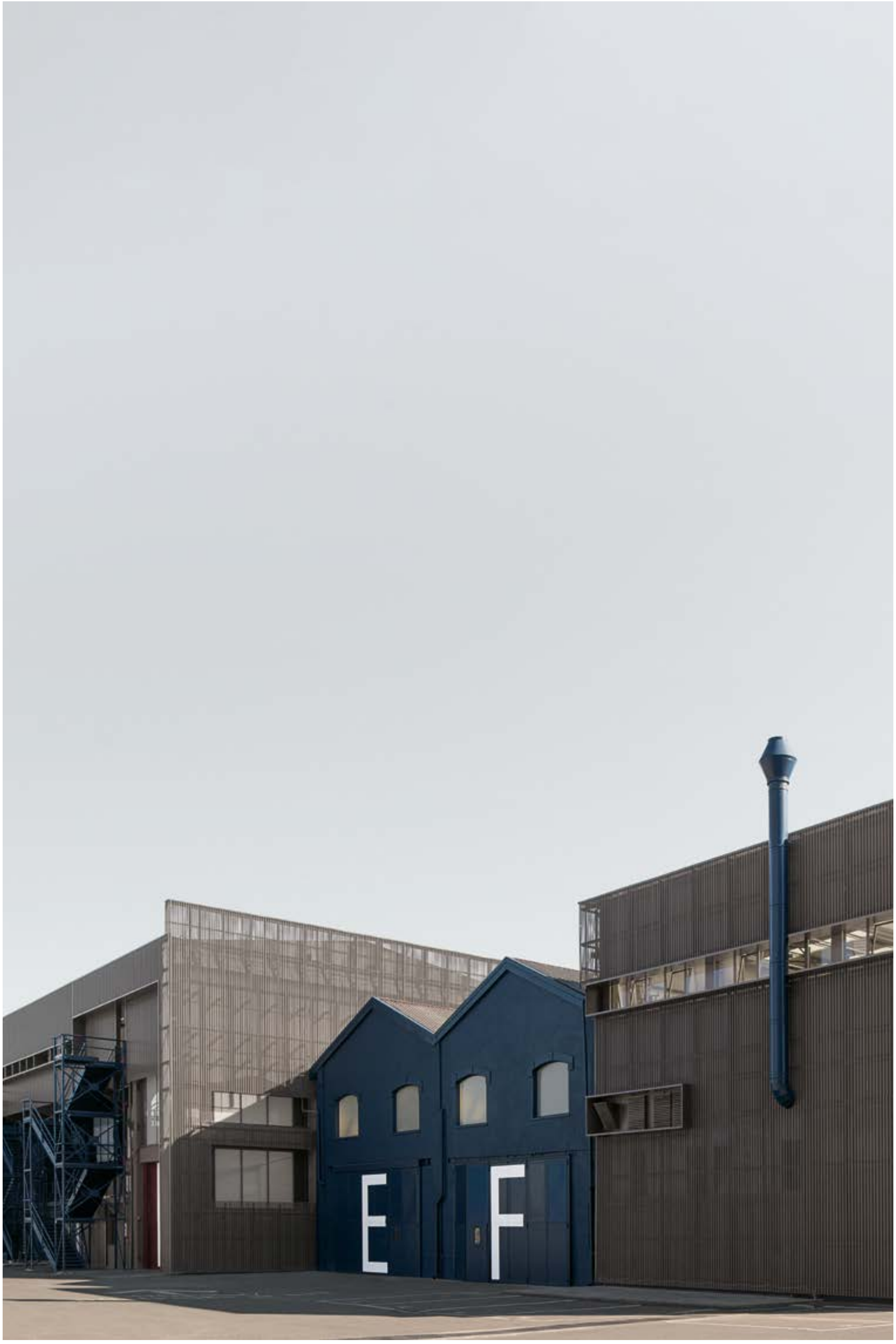
[3] *The composition was changed on 17 April 2023 with immediate effect.*

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

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

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

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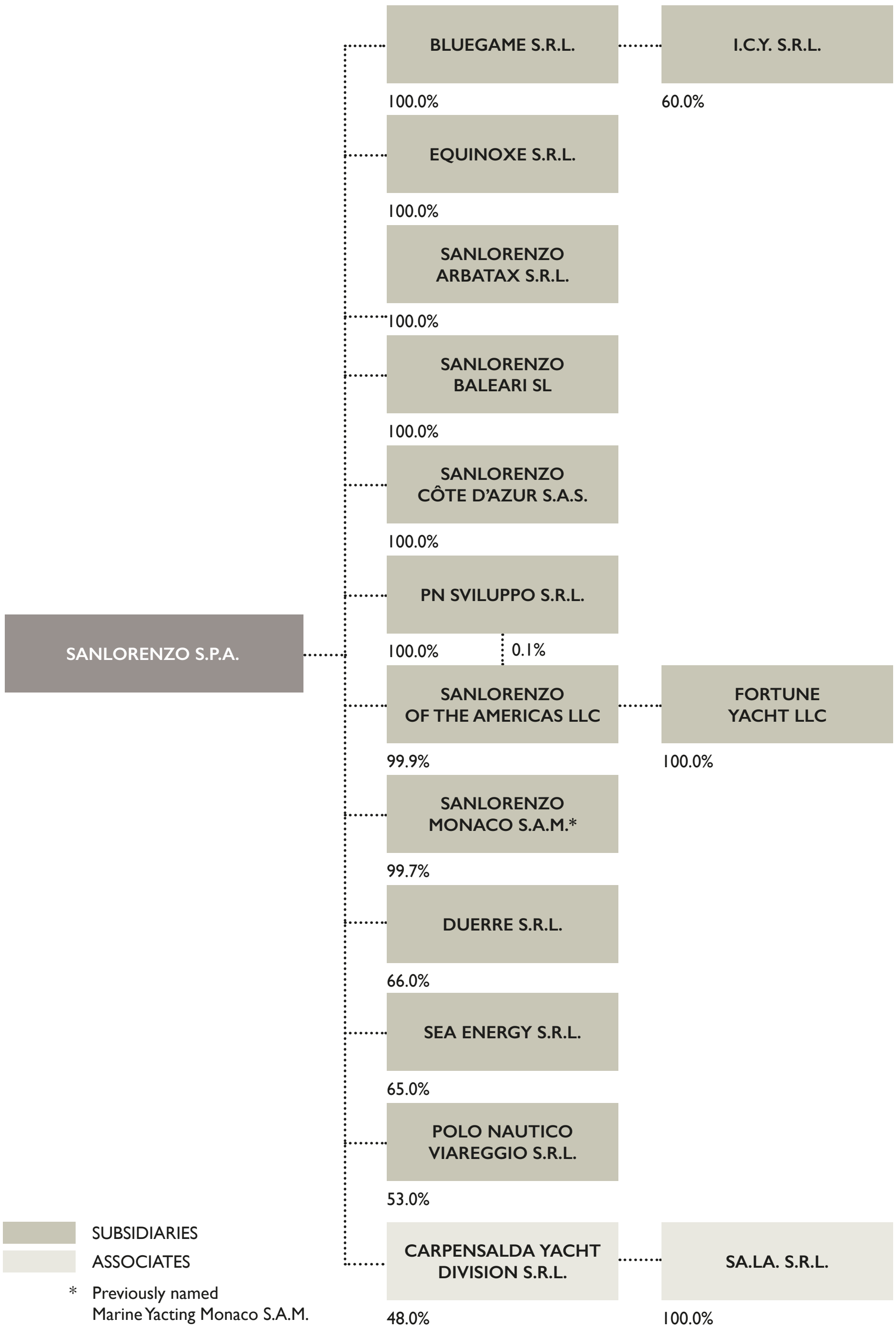
group structure

COMPANY ORGANISATION CHART AS AT 31 DECEMBER 2023



COMPOSITION OF THE GROUP AS AT 31 DECEMBER 2023

Company name	Registered office
Sanlorenzo S.p.A. – Parent Company	Ameglia (SP) – Italy
Subsidiaries	
Bluegame S.r.l.	Ameglia (SP) – Italy
Equinoxe S.r.l.	Turin (TO) – Italy
Sanlorenzo Arbatax S.r.l.	Tortolì (NU) – Italy
PN Sviluppo S.r.l.	Viareggio (LU) – Italy
Duerre S.r.l.	Vicopisano (PI) – Italy
Sea Energy S.r.l.[8]	Viareggio (LU) – Italy
I.C.Y. S.r.l.	Adro (BS) – Italy
Polo Nautico Viareggio S.r.l.[9]	Viareggio (LU) – Italy
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain
Sanlorenzo Côte d'Azur S.A.S.[10]	Cannes – France
Sanlorenzo Monaco S.A.M.[11]	Monte-Carlo – Principality of Monaco
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA
Fortune Yacht LLC	Fort Lauderdale (FL) – USA
Associates	
Carpensalda Yacht Division S.r.l.	Pisa (PI) – Italy
Sa.La. S.r.l.	Viareggio (LU) – Italy

8 *On 7 December 2023, Sanlorenzo S.p.A. acquired a further 16% stake in the share capital of Sea Energy S.r.l. Following completion of this transaction, Sanlorenzo S.p.A. holds a 65% stake in the above company's capital. For further details, please refer to the paragraph "Significant events during the year".*

9 *On 3 July 2023 Sanlorenzo S.p.A. acquired a 0.51% stake in the share capital of Polo Nautico Viareggio S.r.l. from VSS S.r.l., increasing its controlling interest from 52.49% to 53.0%. For further details, please refer to the section "Significant events during the year".*

10 *On 11 July 2023, Sanlorenzo S.p.A. consolidated its presence in the French market with the incorporation of the company "Sanlorenzo Côte d'Azur S.A.S.", wholly-owned by Sanlorenzo S.p.A. For further details, please refer to the paragraph "Significant events during the year".*

11 *Formerly Marine Yachting Monaco S.A.M.*

the main stages in the history of Sanlorenzo

1958-1972: the foundation

The history of Sanlorenzo began in **1958**, when Gianfranco Cecchi and Giuliano Pecchia started the construction of pleasure boats on the banks of the river in Limite sull'Arno, a village near Florence and one of the most important Italian naval centres since the 18th century. The name, the result of a coincidence, recalls the homonymous saint to whom the square where the two shipwrights went for the formalisation of the documents is dedicated.
With the reduction in the flow of the Arno River in the fifties and the beginning of the growth in size of yachts, the shipwrights moved to Viareggio, where in **1960** the company "Cantiere San Lorenzo di Cecchi Gianfranco e C. s.n.c." was established.

1972-2004: the creation of the myth

In **1972**, Giovanni Jannetti took over the company and opened a new shipyard in Viareggio. Under his guidance, the Sanlorenzo brand became synonymous with absolute excellence in terms of refinement, attention to detail and recognisable external lines.
In **1985**, the SL57 model was presented, the shipyard's first fiberglass yacht.
The following years saw the introduction of larger models in composite, until **1995**, when, with the launch of the first 30-meter SL100, Sanlorenzo entered the superyacht segment.
In **1999**, Sanlorenzo moved to Ameglia (La Spezia), inside the Montemarcello-Magra-Vara Regional Natural Park. The Shipyard is certified UNI EN ISO 14001, to guarantee the maximum respect of the environment during the production process.

2005-2018: the new phase of development

In **2005**, Massimo Perotti acquires from Giovanni Jannetti the majority share of the company, which is renamed "Sanlorenzo S.p.A.", starting a new phase of commercial development at global level.
Sanlorenzo opens a second office in Viareggio and launches a second division in **2007**, starting the production of new product lines, always keeping faith with the concept of a customised yacht in interior and exterior fittings. With the launch of the first SD92, the SD Line of semi-displacement hull yachts was introduced. That same year, the first metal superyacht, the 40Alloy, was launched, winning the ShowBoats Design Award and two World Superyacht Awards from Boat International.
In **2008**, a subsidiary in the United States, Sanlorenzo of the Americas LLC, was established, thus consolidating business relationships and customer service in the Americas area. Sanlorenzo launched the first SD122, which wins Boat International's World Superyacht Award, and the first SL104, which is awarded the ADI Italian Innovation Award.
In **2010**, the first steel displacement vessel, the 46Steel, was launched.
In **2011**, the first SL118 was launched, the new flagship of the fiberglass production and Sanlorenzo became the third shipyard in the world in the production of yachts over 24 meters[12], first as a monobrand, reaching second place in **2014**[13].
In **2015**, the first two 460Exp, models in the new Explorer Line, were launched, as well as the first SL86.
In **2016**, Sanlorenzo inaugurated the La Spezia plant dedicated to the production of metal superyachts.
In **2017**, Sanlorenzo started production of composite semi-finished products at its current facilities in Massa, later acquired in 2020.
At the product level, 2017 saw the launch of the 52Steel, the fleet flagship, and the SX88, followed the following year by the introduction of the SX76 first asymmetric model (SL102 Asymmetric) and the 500Exp. Also in **2018**, the company acquired Bluegame, entering the composite sport utility yacht segment and introducing a third division.

[12] *Source: Global Order Book 2011, Boat International.*
[13] *Source: Global Order Book 2014, Boat International.*

2019-2023: towards a new course

On 10 December **2019**, the company listed on the Milan Stock Exchange, with the placement of shares on the Euronext STAR Milan segment. The new flagship 64Steel, the first 64-meter superyacht, was launched. Sanlorenzo is confirmed as the world leader in terms of the number of yachts between 30 and 40 meters in length delivered between 2009 and 2019[14], the second largest shipbuilding group in the world and the largest shipyard operating with a single brand in the segment of yachts over 24 meters[15].

In **2020**, Sanlorenzo inaugurated the new D2 area inside the Ameglia shipyard, including 10,000 square meters of covered areas dedicated to the outfitting of composite yachts between 76 and 100 feet, and introduced new models that expanded the product lines of the three divisions, in particular the SX112, the 62Steel and the BGX60.

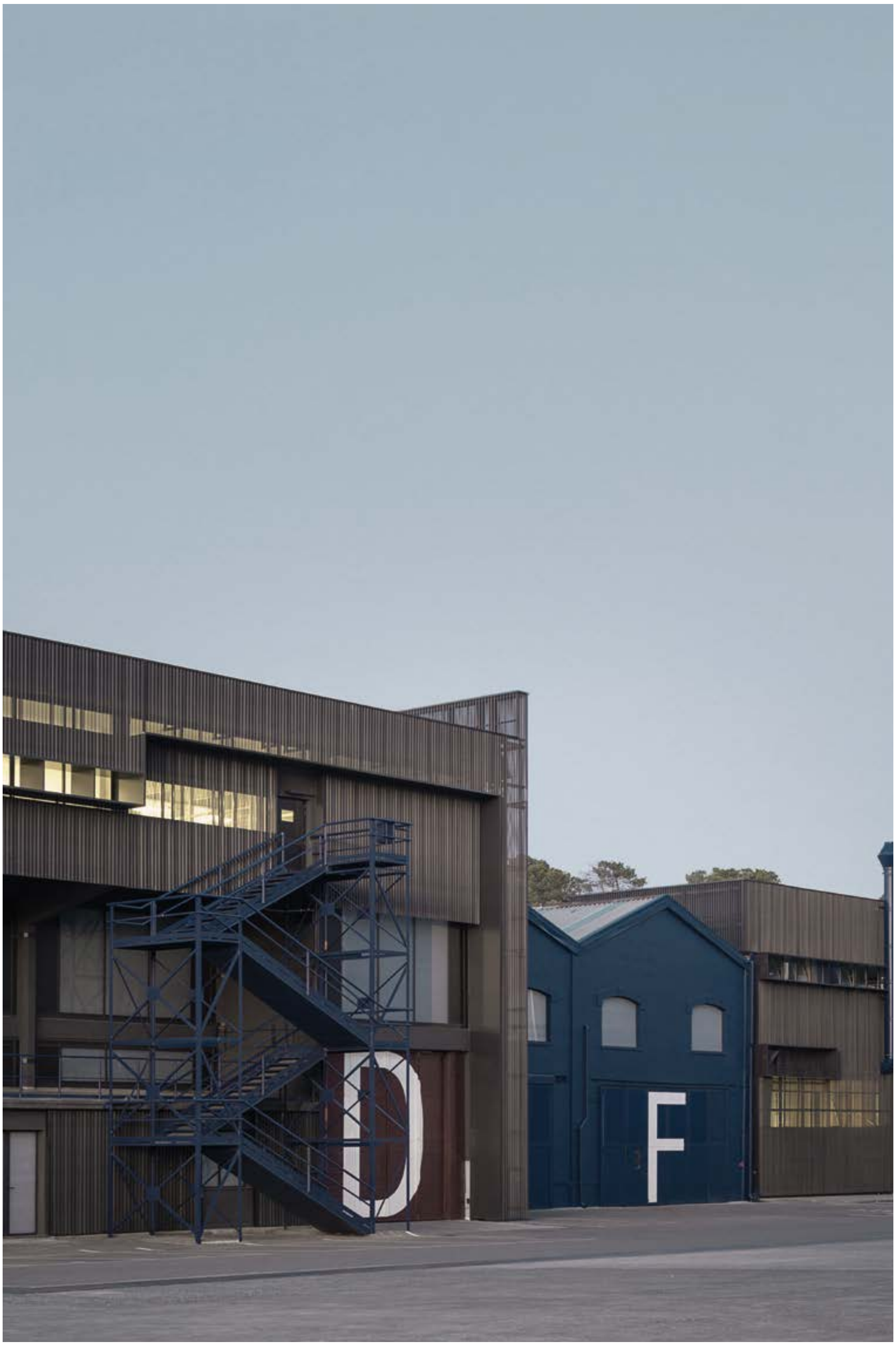
In **2021**, Sanlorenzo completed three acquisitions of industrial infrastructure adjacent to the company's shipyards, dedicated to further expanding production capacity. The commitment to reducing the impact of yachts on the marine ecosystem remains strong, with the signing in September of an exclusive agreement with Siemens Energy for the development of solutions for the integration of fuel cell technology in the 24-80 metre yachting sector. An example of this is the sale of the first 72Steel diesel electric, the largest superyacht ever built by the shipyard, which confirms Sanlorenzo's increasing focus on the future and leadership in the sector.

In **2022**, Sanlorenzo launches the new SP ("Smart Performance") Line and enters the sport coupé segment with a proposal that allows the achievement of high performance with the use of low environmental impact technologies. In July, Bluegame and New York Yacht Club American Magic, challenger in the America's Cup edition to be held in Barcelona in 2024, sign an agreement for the design and construction of the first "chase boat" with exclusively hydrogen, zero-emission propulsion, built according to the strict requirements of the protocol of the event. In

[14] *Source: The Superyacht Times, November 2019.*
[15] *Source: Global Order Book 2020, Boat International.*

December, Equinoxe S.r.l. and its subsidiary Equinoxe Yachts International S.r.l., a leading company in charter services, were acquired.

In **2023**, Sanlorenzo signs a binding agreement to purchase a 95% stake in Simpson Marine Limited, one of the leading players in the APAC region in yachting sales and services, which has represented Sanlorenzo in Asia since 2015. Sanlorenzo acquires a majority stake in its historical suppliers Duerre S.r.l. and Sea Energy S.r.l. In September, Lloyd's Register awards Sanlorenzo the type approval certificate for the fuel cell system designed together with Siemens Energy. Sanlorenzo sets up the French company "Sanlorenzo Côte d'Azur SAS" and opens the new office of Sanlorenzo Monaco S.A.M. In December, Sanlorenzo signs a Memorandum of Understanding to evaluate a possible partnership with the Nautor Swan group.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the group today

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

- the Yacht Division (dedicated to the design, manufacturing and marketing of composite yachts between 24 and 40 metres long, under the Sanlorenzo brand);
- the Superyacht Division (dedicated to the design, manufacturing and marketing of superyachts in aluminium and steel between 44 and 73 metres long, under the Sanlorenzo brand);
- the Bluegame Division (dedicated to the design, manufacturing and marketing of composite sport utility yachts between 13 and 23 metres long, under the Bluegame brand).

The sale of yachts is carried out both directly (through Sanlorenzo, other Group companies or intermediaries) and through brand representatives, each of which operates in one or more assigned regional zones.
The Group also offers an exclusive range of services dedicated only to Sanlorenzo and Bluegame customers, including training at the Sanlorenzo Academy for crew members, as well as maintenance, restyling and refitting, in addition to charter services offered through Equinoxe S.r.l., acquired in December 2022, and the Simpson Marine Group, acquired in March 2024.

THE PRODUCT RANGES

The divisions produce the following lines of yacht:

- Yacht Division: the SL Line, SD Line, SX Line and SP Line, sold under the Sanlorenzo brand name;
- Superyacht Division: the Alloy Line, Steel Line, Explorer Line and X-Space Line, sold under the Sanlorenzo brand name;
- Bluegame Division: the BG Line, BGX Line and BGM Line, sold under the Bluegame brand name.

The table below shows the total numbers of yachts delivered in the year ended 31 December 2023, compared with 31 December 2022, for each division.

	Year ended 31 December				Change
	2023	% of total	2022	% of total	2023 vs. 2022
Yacht Division	56	56.0%	59	61.5%	(3)
Superyacht Division	8	8.0%	5	5.2%	3
Total Sanlorenzo	**64**	**64.0%**	**64**	**66.7%**	**–**
Bluegame Division	36	36.0%	32	33.3%	4
Group total	**100**	**100.0%**	**96**	**100.0%**	**4**

Yacht Division

SL Line

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

78

96A

86A

106A

90A

120A

SD Line

The SD Line, introduced in 2007, perfectly complements the historic SL Line. Inspired by the transatlantic liners of the 1930s, includes shuttle-type yacht models, with semi-displacement hull that does not rise up above the surface of the water while sailing, which allow great autonomy to reach even the most distant destinations. With the launch of the new SD118 presented at the Cannes Yachting Festival in 2021, Sanlorenzo has introduced also in the semi-displacement models the asymmetric configuration, previously proposed on the SL Line.
The SD Line includes four models ranging from 28 to 40 metres in length, including the SD132, which will be unveiled in 2024, the Group's first composite yacht to reach 40 metres in length.

90

96

118

132

SX Line
The SX Line, introduced in 2017, covers a new and transversal market segment which expands the offering of composite yachts. The SX Line includes crossover type yacht models, a type that combines elements of the flybridge segment with typical features of the Explorer Line, and is characterised by semi-planing speeds (around twenty-two knots), in between that of the SL and SD Lines.
The SX Line includes four models ranging from 24 to 34 metres in length, including the SX100 model given a worldwide premiere at the Cannes Yachting Festival in September 2023.

76

88

100

112

SP Line

The SP Line, introduced in 2022 with the first SP110 model, sees Sanlorenzo's entry into the sport coupé segment with a highly innovative offer enabling the achievement of high performance, and in particular speeds of up to 40 knots, with the use of low environmental impact technologies.
In 2023 production also began on the SP92, which will be presented at the Cannes Yachting Festival in 2024.

92

110

Superyacht Division

Alloy Line

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

44

Steel Line

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

The summer of 2024 will see the unveiling of the long-awaited 50Steel, the world's first superyacht with installation of a fuel cell powered by hydrogen reformed directly on board from green methanol to generate electricity for hotel services.

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57

64

73

Explorer Line

The Explorer Line, which Sanlorenzo introduced in 2015 starting with first model, the 500 Explorer, includes yachts with steel displacement hull and aluminium superstructure and length of 47 metres. It is characterised by features inspired by the big exploration boats, the large living spaces on-board and high performance in terms of autonomy and sea-keeping.

500

X-Space Line

The X-Space Line, introduced in 2023 with the first 44-metre X-Space model. The new metal range features large volumes, ample space on board, flexibility and high autonomy.

44

Bluegame Division

BG Line

The BG Line, introduced in 2018 with the model BG42 conceived as tender or chase boat, includes "walk-around" boats, with a cockpit and steering gear located centrally in a raised position, surrounded by a walkway protected by a high bulwark. Over time, the range has been progressively expanded until the launch in 2021 of the 72-foot model, which combines features of open and flybridge boats.
The BG Line includes three models with lengths ranging from 13 to 23 metres.

BG42

BG54

BG74

BGX Line
The BGX Line was introduced in 2019 to combine the typical elements of the BG Line with the crossover concept, already developed by Sanlorenzo in a larger dimension with the SX Line and with highly innovative space distribution and a high performance hull designed by naval architect Lou Codega.
The BGX Line includes two models with lengths ranging from 19 to 23 metres.

BGX63

BGX73

BGM Line

The BGM Line was introduced in 2023 with the first 23-metre BGM75 model, which had its world premiere at the Cannes Yachting Festival in September 2023, marking the Company's entry into the multihull segment.

BGM75

SERVICES

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

Sanlorenzo Charter Fleet

The Sanlorenzo Charter Fleet ("SLCF") programme offers exclusive benefits for both charterers and owners, including:

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

Sanlorenzo Timeless

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

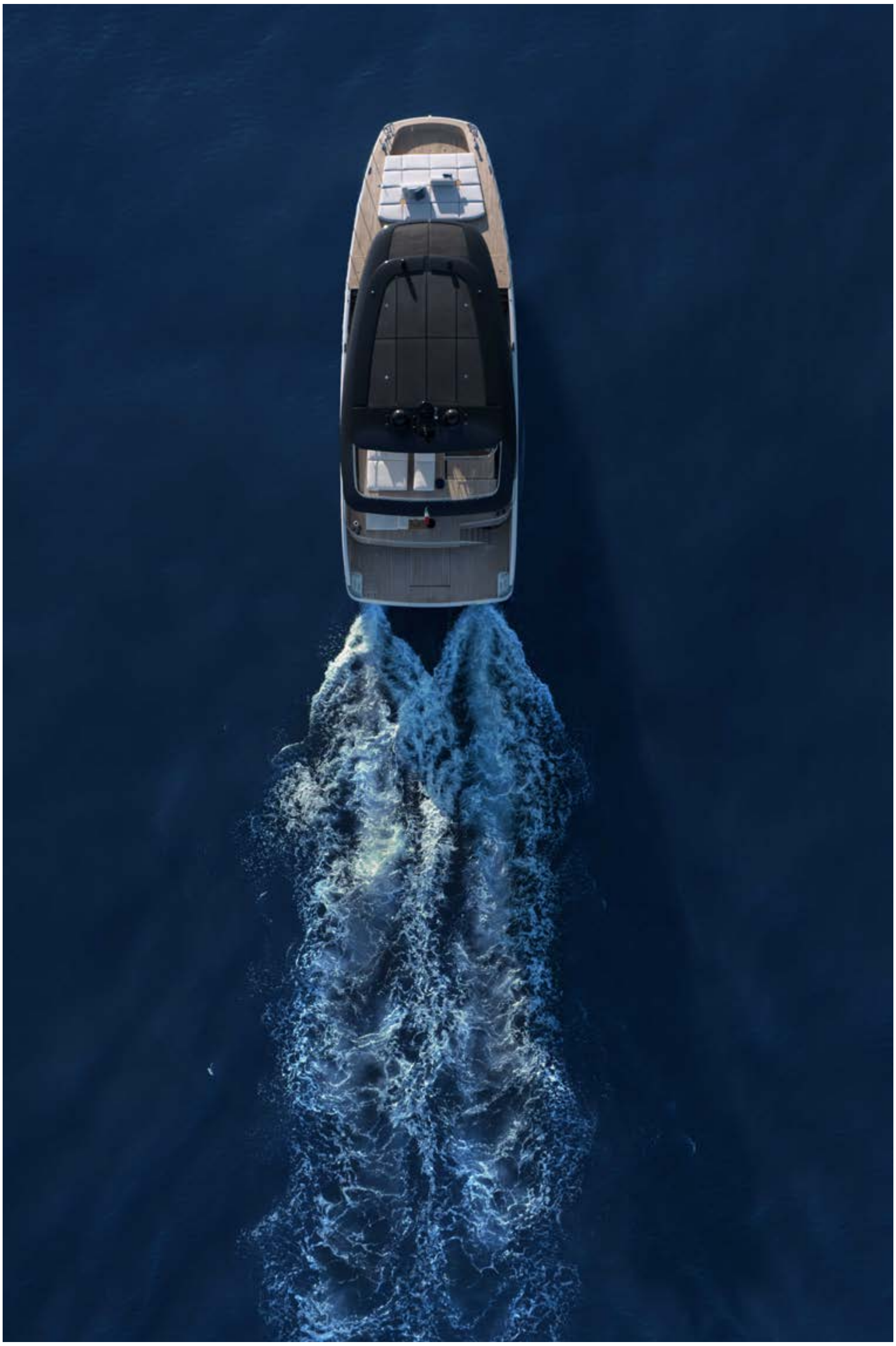
- Refit - replace or upgrade on-board instrumentation and equipment through the use of the latest technology, improving safety and functionality;
- Restyle - renew the design of yachts through targeted interventions on furnishings, replacement of materials and upholstery and design from scratch of spaces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

Sanlorenzo Academy

The Sanlorenzo Academy was founded in 2018 to promote training courses that prepare nautical sector professionals and develop maritime professional skills.
The Academy offers a range of courses that alternate theory and practice, thus creating a unique experience in three different dimensions:

1. courses aimed at training external personnel to be integrated into the Group;
2. training plan tailored to the needs of Sanlorenzo People and aimed at the development and growth of the organisation;
3. training and induction of personnel to support contractors.

With reference to the external dimension, the Academy is an ambitious training project dedicated to high school graduates, to create a synergistic link between industry, training and work. The Academy aims to anticipate market needs and create new professional opportunities in the community.
The Yachting Operations Specialist course, launched in October 2023, involves ten students in an intensive 600-hour programme, supported by experienced staff to put into practice and deepen the technical and management skills acquired in the classroom modules. At the end of their training, they will be able to continue their journey within the Sanlorenzo Group, thus gaining the necessary experience to respond to customers' requests with the competence, attention to detail and commitment that have always distinguished the Group.
In its internal dimension, the Academy aims to develop and increase the skills, knowledge and, above all, the experience, of Sanlorenzo People. It is structured into three training Pillars: Technical, related to technical knowledge and tools to support work activities, Cultural and Organisation Identity and, finally, the Managerial, which aims to develop managerial, relational and collaboration skills within the Group.



THE PRODUCTION SITES

SITES

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

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

OTHER PRODUCTION SITES

In 2022, Sanlorenzo S.p.A. acquired, inter alia: (i) an industrial building in the Canale dei Navicelli area of Pisa, intended for the Superyacht Division, (ii) an industrial building and a yard intended for garaging activities in the area of the Darsena di Viareggio and (iii) an industrial building adjacent to the Sanlorenzo shipyards within the Polo Nautico complex in Viareggio, while Bluegame acquired a majority stake in the company I.C.Y. S.r.l., its historical partner operating in Cologne (BS).
In July 2023, the Court of Lanusei (NU) formally assigned by transfer decree the ownership of an industrial building located in Tortolì (NU) of about 16,000 square metres to the subsidiary Sanlorenzo Arbatax S.r.l.
In September 2023, Sanlorenzo S.p.A. purchased, as part of an approved composition with creditors, a warehouse adjacent to the Massa plant of approximately 3,000 square metres.


BRESCIA
AMEGLIA
LA SPEZIA
MASSA
VIAREGGIO
PISA
VICOPISANO
PONTEDERA
ARBATAX

strategy and business model

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

"MADE TO MEASURE"

Maison Sanlorenzo is characterised by a rigorously tailor-made approach. Sanlorenzo's customer journey begins with full customer involvement in the initial stages of yacht design, establishing a close personal relationship with each owner. The high degree of customisation of the interior and exterior fittings and technological equipment, not just of yachts longer than 40 metres, but also those between 24 and 40 metres, is a distinctive trait of Sanlorenzo in the global luxury sailing landscape. This characteristic is based on the Company's philosophy of guaranteeing its customers with a "made to measure" yacht, also in the smaller models.

The consequent strong prevalence of sales to end customers compared with stock sales to brand representatives means that the Group has greater visibility and planning of expected revenues, based on contractual forecasts and expected production progress for each order, benefits for working capital linked to a more favourable collection profile and a considerably more limited risk profile.

“CONNOISSEUR” CUSTOMERS

The “tailor-made” approach and the quality of the product have allowed the Company to attract over the years an exclusive and sophisticated clientele composed mainly of the category of connoisseurs, achieving over time a high degree of loyalty of Sanlorenzo owners.
Customers belong to the social class of the Ultra High Net Worth Individuals (UHNWI), characterised by rates of yachting penetration among the lowest in the luxury segment and therefore, strong unexpressed demand potential. This factor, combined with the expansion of demand resulting from the steady increase in the number and wealth of UHNWI, especially in North America and APAC, represents an ample opportunity for growth, aided by the emotional nature of buying a yacht. The expansion of clientele is also accompanied by a significant increase in the propensity to purchase, driven by a renewed search for quality of life in freedom and safety, all needs that a yacht can satisfy. The new connectivity technologies furthermore allow work to be carried out on board and extend the time the owner can spend on board, thus increasing the attractiveness to younger clientele. This trend will continue in 2023, confirming the proven resilience of the luxury segment in the face of the macroeconomic environment.

PRODUCTION EXCELLENCE AND FLEXIBILITY

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

DESIGN AND SUSTAINABLE TECHNOLOGICAL INNOVATION OF YACHTS

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

- the X-Space Line for the Superyacht Division, with the 44-metre-long model, entry-level of the metal range, characterised by large volumes, ample space on board, flexibility and high autonomy;
- the BGM Line for the Bluegame Division, with the first BGM75 model, which allowed the Group to enter the multihull segment with a luxury proposal with extremely low consumption.

In addition to the launch of new ranges, the Group expanded the Yacht Division's acclaimed SX cross-over line with the presentation of the new SX100 model.
Sustainability is at the heart of the development of the new models as part of an ambitious programme that sees, for the first time in the nautical sector, the application of technologies focused on the marine use of hydrogen fuel cells, which will permit the progressive reduction of the environmental impact until achieving neutrality, the true answer to demand for sustainability in the yachting sector.
Thanks to the exclusive agreement signed in 2021 with Siemens Energy, the yacht segment above 40 metres in length will see the integration of fuel cells powered by hydrogen reformed directly on board from green methanol to generate the power needed for hotel systems. The first installation is planned on a 50Steel Superyacht scheduled for delivery as early as summer 2024, and whose fuel cell system was certified by Lloyd's Register at the end of September 2023.
This will be followed in 2028 by the delivery of the first Sanlorenzo superyacht of between 50 and 60 metres in length in which, by virtue of the highly significant exclusive agreement signed in August 2022 with Rolls-Royce Solutions GmbH – Global Marine (MTU), the generation of electricity on board via fuel cells will be supplemented by propulsion through primary bi-fuel engines that can be methanol-fuelled.

Green methanol is the fuel of the future for recreational vessels over 40 metres. It is produced by combining green hydrogen that stores energy from renewable sources with CO_2 captured from the atmosphere using carbon capture systems. The amount of CO_2 released into the atmosphere in the combustion process is therefore equivalent to the amount removed from the environment for the upstream production of methanol, enabling a completely carbon-neutral circular system.
In the segment of yachts under 24 metres in length, Bluegame is committed to building the first chase boat, a 10-metre vessel with exclusively hydrogen propulsion and the use of foils to reach a speed of 50 knots and a range of 180 miles with zero emissions, together with American Magic, challenger in the 37th edition of the prestigious America's Cup, in 2024, in co-sponsorship with the New York Yacht Club, as well as the French Orient Express Racing Team, with which the agreement announced on the eve of the Cannes Yachting Festival in September 2023 was signed.
Building on its experience in this extremely complex project, which is currently the most advanced example of sustainable technology on board a boat, Bluegame is developing the BGM65HH (hydrogen-hybrid) multihull model, which will be capable of zero-emission cruising for 80 miles, exploiting this same fuel cell technology.

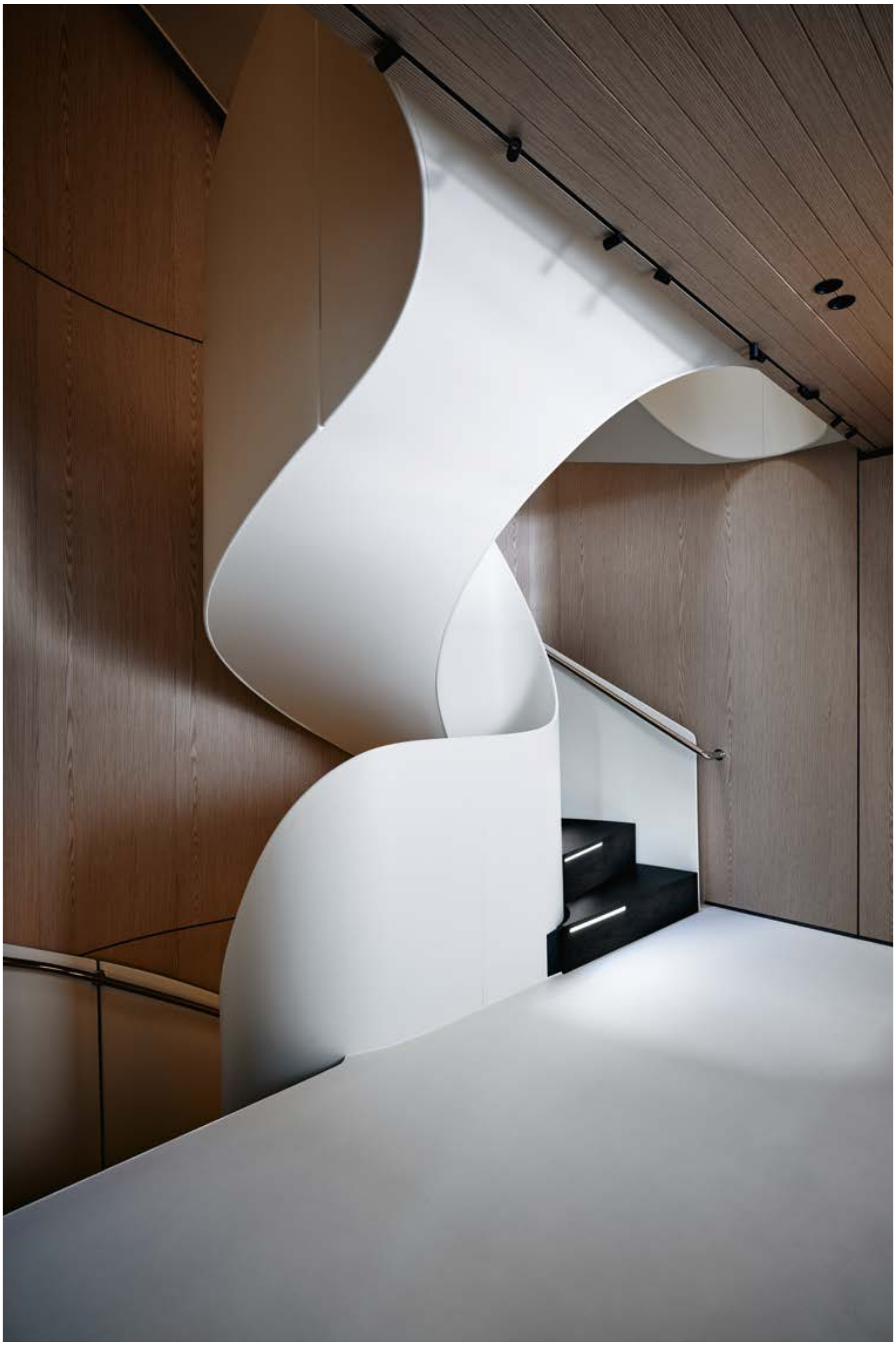
COLLABORATIONS WITH WORLD-RENOWNED DESIGNERS AND ARCHITECTS

Sanlorenzo works closely with world-renowned designers and architects on both creating the external features of the yachts and on designing the layout and furnishing of the exteriors and the interiors.

To create the external features of the yachts, the Group relies on a single design firm, currently the Zuccon International Project practice, to ensure uniformity and maintain its own distinctive features.

For the layout and fitting of the exteriors and interiors, for more than ten years the Group has maintained strong partnerships with world-renowned architects and designers: these participate in the creation of the first model of each line and make their expertise and professionalism available to owners in building their yachts. These partnerships have involved, among others, Piero Lissoni, Rodolfo Dordoni, Patricia Urquiola, Antonio Citterio and Patricia Viel, John Pawson and Christian Liagre.

The high level of the design and innovation of the yachts that characterise the Group's activities has been widely recognised by sector operators, owners and the specialised press which, over the years, have awarded the Group's products many awards and recognitions. In particular, in September the Yacht Division's new SX100, which had its world premiere at the Cannes Yachting Festival, won the "Best Innovation" award at the World Yacht Trophies and in the "Superyacht over 24m LH" category for its unusual layout at the Design Innovation Awards. At the Cannes Yachting Festival, Bluegame also made its entry into the multihull segment with the first BGM75, awarded in the "Multihull" category at the World Yacht Trophies, and unveiled the BGH-HSV, the chase boat built for the 37th edition of the prestigious 2024 America's Cup, for which it received the "Design Innovation Award".



COMMUNICATION WITH A NEW LANGUAGE AND STRONG LIAISON WITH ART AND CULTURE

The Group has adopted an experiential communication and marketing strategy, focused on manufacturing exclusivity, high quality, design and elegance of the yachts, combined with the exclusivity of the relationship with the customer, the central focus of a totally personalised and engaging experience.
Among the most important recent initiatives developed in a partnership with Piero Lissoni, we should mention the launch of the Almanac - publications created specifically by various artists on the themes that are the hallmark of Sanlorenzo, which are gifted at the end of each year to owners of Sanlorenzo yachts - and the Log Books of presentation of the Group, the update of the stands at the main global boat shows, as well as the organisation of the "Elite Days" events, with the participation of loyal customers, part of the so-called "Sanlorenzo Club of *connoisseurs*", coming from all over the world.
Initiatives in the world of art and design involving Sanlorenzo include the exclusive agreement for the nautical world with Art Basel on a global level, which sees the participation of Sanlorenzo in the contemporary art events organised every year in Basel, Miami, Hong Kong and Paris; the multi-year collaboration with the Peggy Guggenheim Collection in Venice as Institutional Patron and participation as a main sponsor of the Italian Pavilion in the "59th International Art Exhibition" of the Venice Biennale. In addition to these initiatives are the partnership with the LericiPea Golfo dei Poeti Award and the staging of exhibitions by Sanlorenzo at major events such as Milan Design Week.
In particular, in April Sanlorenzo took part in the Milan Design Week FuoriSalone with the project LA MACCHINA IMPOSSIBILE ("THE IMPOSSIBLE MACHINE") by Piero Lissoni, an installation that combines art with the shipyard's incessant search for technologically innovative solutions to reduce the environmental impact of yachting: specifically, the large propellers of the machine are powered by green methanol fuel cells. These technologies will find their first real application on a 50Steel superyacht, to be launched in 2024, which will feature on-board services powered by the exclusive fuel cell system developed with Siemens Energy. Indeed, this cutting-edge project represents the first concrete step in the generation of carbon-neutral power from new-generation fuels for the entire sector, making Sanlorenzo a true pioneer on the path towards sustainable yachting.

competitive positioning of the brand

In the annual ranking of the Global Order Book prepared by the magazine Boat International, Sanlorenzo was confirmed as the first monobrand yacht builder in the world for the production of yachts and superyachts over 24 metres and the second yacht builder in the world, with 132 yachts under construction in 2023 equivalent to 4,503 metres in length.[16]

TOP BUILDER BY TOTAL LENGTH OF CONSTRUCTION

RANKING 2024	COMPANY	TOTAL LENGTH (M)	NUMBER OF PROJECTS	AVERAGE LENGTH (M)	NUMBER OF PROJECTS 2023	RANKING 2023
1	Azimut - Benetti	6,014	167	36.0	168	1
2	**Sanlorenzo**	**4,503**	**132**	**34.1**	**128**	**2**
3	Feadship*	1,611	N/A	N/A	N/A	4
4	Lürssen*	1,388	13	106.8	11	7
5	The Italian Sea Group	1,374	24	57.3	21	8
6	Damen Yachting	1,268	19	66.7	15	9
7	Princess Yachts	1,198	48	25.0	63	5
8	Overmarine	1,151	28	41.1	25	10
9	Sunseeker	1,104	41	26.9	53	6
10	Ocean Alexander	1,016	30	33.9	73	3
11	Sunreef Yachts	961	35	27.5	22	16
12	Baglietto	896	19	47.2	16	13
13	Heesen Yachts	821	15	54.7	11	15
14	Horizon	775	27	28.7	29	11
15	Cantiere delle Marche	652	17	38.4	13	19
16	Palumbo	599	12	49.9	18	12
17	Bilgin Yachts	548	9	60.9	8	18
18	Viking Yachts*	473	18	26.3	26	14
19	Numarine	465	14	33.2	N/A	N/A

(*) data only partially shared by the site.

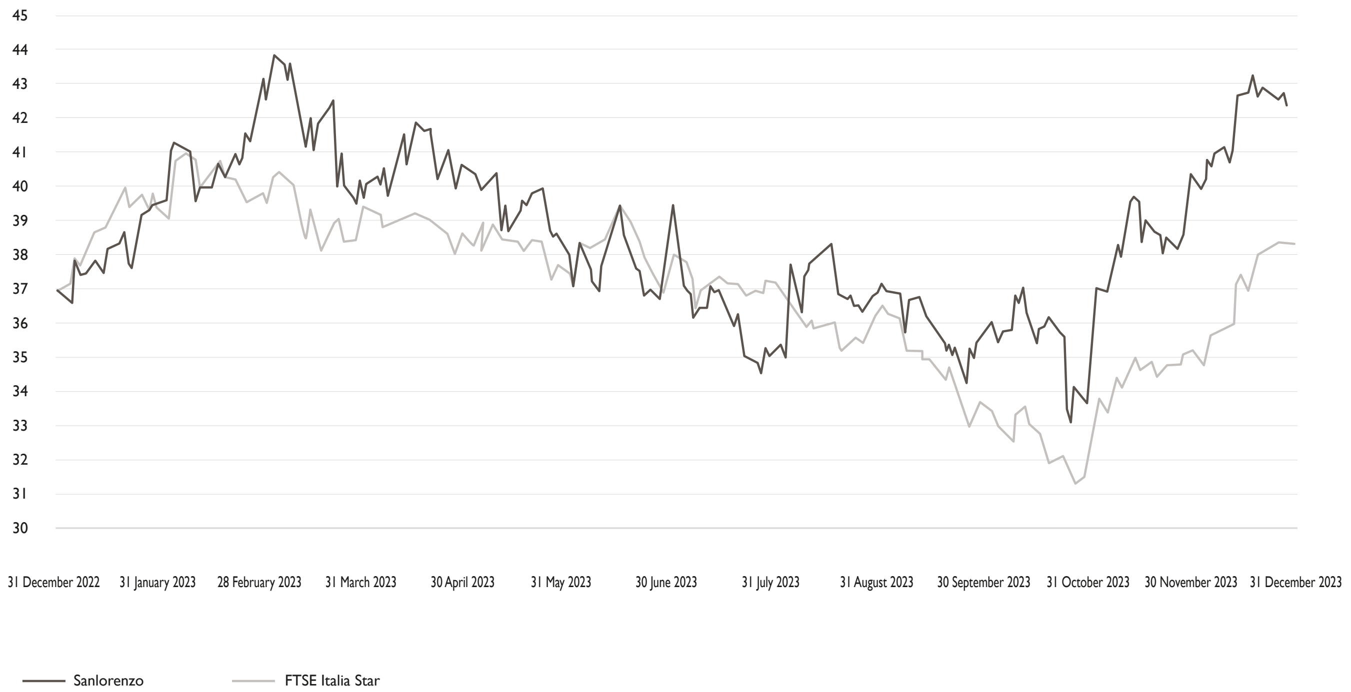
[16] *Source: Global Order Book 2024, Boat International, December 2023.*

Sanlorenzo on the stock exchange

SHARE PERFORMANCE

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

	Euro	Date
IPO price	16.00	10 December 2019
Minimum closing price	33.10	26 October 2023
Maximum closing price	43.80	3 March 2023
Closing price	42.35	29 December 2023
Number of shares	34,978,356	29 December 2023
Capitalisation	1,481,333,377	29 December 2023



Since the beginning of the year, Sanlorenzo shares have outperformed the FTSE Italia STAR index by 12.76%.
At 29 December 2023, the closing price of the shares was €42.35 and the market capitalisation amounted to €1,481 million, based on the updated share capital as at 29 December 2023. During January and February 2024, share capital was further increased as a result of option exercises related to the 2020 Stock Option Plan, and includes 35,019,221 shares as of 29 February 2024.
During 2023, dialogue with the financial community (investors, analysts) continued more frequently than in the previous year. The Group's management and the Investor Relations team participated in industry conferences, road shows in the world's major financial centres and meetings and calls with fund managers, buy side and sell side analysts.

SHAREHOLDING STRUCTURE

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

Shareholder	No. of ordinary shares	%
Holding Happy Life S.r.l. (Massimo Perotti)	20,216,105	57.80%
Treasury shares	214,928	0.61%
Market	14,547,323	41.59%
TOTAL	**34,978,356**	**100.0%**

Update: 29 December 2023

As at 27 June 2021, increased voting rights were granted to a total of 20,837,128 ordinary shares of the Company, of which 20,669,128 are owned by the majority shareholder Holding Happy Life S.r.l.
On 29 December 2023, Holding Happy Life S.r.l. sold a package of 940,000 shares, including 633,663 shares with increased voting rights, which thus lost increased voting rights. Following this sale, the total voting rights of Holding Happy Life S.r.l., including shares without increased voting rights, amounted to 72.94% of the total as at 29 December 2023.

2024 FINANCIAL CALENDAR

Date	Event
8 February 2024	Board of Directors' Meeting Approval of the consolidated preliminary figures as at 31 December 2023
15 March 2024	Board of Directors' Meeting Approval of the draft financial statements and consolidated financial statements as at 31 December 2023
26 April 2024	Shareholders' Meeting Approval of the financial statements as at 31 December 2023
13 May 2024	Board of Directors' Meeting Approval of the periodic financial information as at 31 March 2024
5 September 2024	Board of Directors' Meeting Approval of the half-yearly financial report as at 30 June 2024
8 November 2024	Board of Directors' Meeting Approval of the periodic financial information as at 30 September 2024

II

REPORT ON OPERATIONS
SECTION TWO

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SANLORENZO

introduction

Sanlorenzo S.p.A. (the "Company") drafted the Report on Operations as the single document both for the Group Consolidated Financial Statements and the Statutory Financial Statements.
The Report must be read together with the Financial Statements and the associated Notes to the Financial Statements, integral parts of the Consolidated Financial Statements and the Statutory Financial Statements. These documents include the additional information required by Consob, with the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 2005 (Resolutions 15519 and 15520 of 27 July 2006 and memorandum DEM/6064293 of 28 July 2006), as well as with any subsequent memorandum containing provisions on financial reporting.

main alternative performance indicators

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

- Backlog: it is calculated as the sum of the value of the orders and sales contracts signed with customers or brand representatives relating to yachts for delivery or delivered in the current financial year or for delivery in subsequent financial years. For each period, the value of the orders and contracts included in the backlog refers to the relative share of the residual value from 1 January of the year in question until the delivery date. The backlog related to the revenues acquired during the year is conventionally cleared on 31 December..
- Net revenues new yachts: they are calculated as the algebraic sum of revenues from contracts with customers relating to the sale of new yachts (accounted for over time with the "cost-to-cost" method) and pre-owned yachts, net of the selling expenses relating to commissions and costs of collecting and managing pre-owned yachts accepted in exchange.
- EBITDA: it is the Operating result (EBIT) before amortisation/depreciation.
- EBITDA margin: indicates the ratio of EBITDA to Net Revenues New Yachts.
- Adjusted EBITDA: it is the Operating result (EBIT) before amortisation/depreciation adjusted for non-recurring items.

- Adjusted EBITDA margin: it is the ratio of Adjusted EBITDA to Net Revenues New Yachts.
- Net fixed capital: it is calculated as the sum of goodwill, intangible assets, property, plant and equipment and net deferred tax assets, net of the corresponding non-current provisions.
- Net Working Capital: it is calculated as the sum of trade receivables, contract assets, inventories and other current assets, net of trade payables, contract liabilities, provisions for current risks and charges and other current liabilities.
- Net trade working capital: it is calculated as the sum of trade receivables, contract assets and inventories, net of trade payables and contract liabilities.
- Net invested capital: it is calculated as the sum of net fixed capital and net working capital.
- Investments: they refer to increases in property, plant and equipment and intangible assets, net of the carrying amount of related disposals.
- Net financial position: it is calculated on the basis of guidelines issued by ESMA and reported in ESMA document 32-382-1138 of 4 March 2021 (Consob Warning Notice no. 5 of 2021 for Consob Communication DEM/6064293, 28 July 2006), as the sum of liquidity (including cash equivalents and other current financial assets), net of current and non-current financial liabilities, including the fair value of hedging derivatives. If positive, it indicates a net cash position.

operating performance of Sanlorenzo group

BACKLOG PERFORMANCE

(€'000)	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Gross backlog	1,881,859	1,810,298	71,561	+4.0%
Net Revenues New Yachts for the period	840,164	740,679	99,485	+13.4%
Net backlog	**1,041,695**	**1,069,619**	**(27,924)**	**-2.6%**
Of which next year	*587,112*	*617,394*	*(30,282)*	*-4.9%*
Of which subsequent years	*454,583*	*452,225*	*2,358*	*+0.5%*

As at 31 December 2023, gross backlog amounted to €1,881,859 thousand, compared to €1,810,298 thousand as at 31 December 2022. The increase compared to the same date in 2022 was €71,561 thousand.

(€'000)	Backlog				
	1 January[17]	31 March	30 June	30 September	31 December
Backlog 2023	**1,069,619**	**1,239,731**	**1,421,081**	**1,674,097**	**1,881,859**
of which current year	*617,394*	*696,478*	*745,978*	*819,185*	*840,164*
of which subsequent years	*452,225*	*543,253*	*675,103*	*854,912*	*1,041,695*
Backlog 2022	**915,632**	**1,178,029**	**1,402,774**	**1,651,224**	**1,810,298**
of which current year	*544,060*	*628,110*	*671,272*	*724,187*	*740,679*
of which subsequent years	*371,572*	*549,919*	*731,502*	*927,037*	*1,069,619*

[17] *Opening the current year with the net backlog as at 31 December of the previous year.*

(€'000)	Change (order intake)				
	Q1	Q2	Q3	Q4	Total 12M
Order intake 2023	**170,112**	**181,350**	**253,016**	**207,762**	**812,240**
of which current year	*79,084*	*49,500*	*73,207*	*20,979*	*222,770*
of which subsequent years	*91,028*	*131,850*	*179,809*	*186,783*	*589,470*
Order intake 2022	**262,397**	**224,745**	**248,450**	**159,074**	**894,666**
of which current year	*84,050*	*43,162*	*52,915*	*16,492*	*196,619*
of which subsequent years	*178,347*	*181,583*	*195,535*	*142,582*	*698,047*

Fourth quarter order intake of €207,762 thousand was up by 30% on the fourth quarter of 2022 (€159,074 thousand) and is in addition to €604,478 thousand in the first nine months of the year, for a total of €812,240 thousand of new orders collected during 2023. This result represents the expected normalisation compared to the value of €894,666 thousand in 2022, partly due to the longer waiting time for the delivery of yachts, given the deliveries scheduled until 2028.

The net backlog as at 31 December 2023, after deducting Net Revenues New Yachts earned during the year, amounted to €1,041,695 thousand, 90% of which was sold to end customers.

The amount of gross for 2024, €587,112 thousand, allows significant coverage of the expected revenues in the current year.

The visibility on revenues in the following years, with orders of €454,583 thousand beyond 2024, remains particularly high, with deliveries planned up to 2026 for the Yacht Division and 2028 for the Superyacht Division. For Bluegame, deliveries extend to 2025, an equally virtuous level within the context of under-24-metre market segment.

CONSOLIDATED ECONOMIC RESULTS

Reclassified income statement

(€'000)	Year ended 31 December				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
Net Revenues New Yachts	**840,164**	**100.0%**	**740,679**	**100.0%**	**99,485**	**+13.4%**
Revenues from maintenance and other services	14,137	1.7%	10,453	1.4%	3,684	+35.2%
Other income	11,367	1.4%	7,412	1.0%	3,955	+53.4%
Operating costs	(707,830)	(84.2)%	(628,323)	(84.8)%	(79,507)	+12.7%
Adjusted EBITDA	**157,838**	**18.8%**	**130,221**	**17.6%**	**27,617**	**+21.2%**
Non-recurring costs	(352)	–	(583)	(0.1)%	231	-39.6%
EBITDA	**157,486**	**18.7%**	**129,638**	**17.5%**	**27,848**	**+21.5%**
Amortisation, depreciation and impairment losses	(31,604)	(3.8)%	(26,909)	(3.6)%	(4,695)	+17.4%
EBIT	**125,882**	**15.0%**	**102,729**	**13.9%**	**23,153**	**+22.5%**
Net financial income/(expenses)	3,613	0.4%	(545)	(0.1)%	4,158	n.m.
Adjustments to financial assets	177	–	95	–	82	n.m.
Pre-tax profit	**129,672**	**15.4%**	**102,279**	**13.8%**	**27,393**	**+26.8%**
Income taxes	(36,385)	(4.3)%	(27,540)	(3.7)%	(8,845)	+32.1%
Net profit	**93,287**	**11.1%**	**74,739**	**10.1%**	**18,548**	**+24.8%**
Net (profit)/loss attributable to non-controlling interests	(448)	(0.1)%	(585)	(0.1)%	137	-23.4%
Group net profit	**92,839**	**11.1%**	**74,154**	**10.0%**	**18,685**	**+25.2%**

Net Revenues New Yachts

(€'000)	Year ended 31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Revenues from the sale of boats	882,227	800,581	81,646	+10.2%
Selling expenses	(42,063)	(59,902)	17,839	-29.8%
Net Revenues New Yachts	**840,164**	**740,679**	**99,485**	**+13.4%**

Net Revenues New Yachts in 2023 amounted to €840,164 thousand, up 13.4% compared to €740,679 thousand in the same period of 2022. In the fourth quarter, Net Revenues New Yachts amounted to €214,174 thousand, up 8.9% from €196,621 million in the same period of 2022.
These strong results continue to benefit from a favourable mix linked to growth in the average size of yachts in each business unit and the increase in average sale prices, as well as a positive, albeit reduced, volume effect compared to the previous period.

Net Revenues New Yachts by division

(€'000)	Year ended 31 December				Change	
	2023	% of total	2022	% of total	2023 vs. 2022	2023 vs. 2022%
Yacht Division	510,603	60.8%	464,520	62.7%	46,083	+9.9%
Superyacht Division	238,256	28.3%	200,199	27.0%	38,057	+19.0%
Bluegame Division	91,305	10.9%	75,960	10.3%	15,345	+20.2%
Net Revenues New Yachts	**840,164**	**100.0%**	**740,679**	**100.0%**	**99,485**	**+13.4%**

The Yacht Division generated Net Revenues New Yachts of €510,603 thousand, or 60.8% of the total, an increase of 9.9% on 2022, with a particularly robust performance of the iconic cross-over SX Line.
The Superyacht Division generated Net Revenues New Yachts of €238,256 thousand, equal to 28.3% of the total, up 19.0% compared to 2022, driven by the Steel Line and the contribution of the new X-Space.
The Bluegame Division generated Net Revenues New Yachts of €91,305 thousand, equal to 10.9% of the total, up by 20.2% compared to 2022. This increase was also due to a favourable change of mix, particularly vis-à-vis the results of the first sales of the new BGM75 and the first full year of operation of the BG54 line, the range's best seller.
Transversal to the divisions is the commercial success of new products, both those recently launched, notably the Yacht Division's SX100, the Superyacht Division's X-Space and Bluegame's BGM75 multihull, and the models to be unveiled during 2024, such as the SD132, the Group's first composite yacht that will reach 40 metres in length, and the long-awaited 50Steel, the world's first superyacht to be fitted with fuel cells powered by hydrogen reformed directly on board from green methanol, to generate electricity for hotel systems.

Net Revenues New Yachts by geographical area

(€'000)	Year ended 31 December				Change	
	2023	% of total	2022	% of total	2023 vs. 2022	2023 vs. 2022%
Europe	577,238	68.7%	417,268	56.3%	159,970	+38.3%
Americas	92,594	11.0%	171,497	23.2%	(78,903)	-46.0%
APAC	91,999	11.0%	109,273	14.8%	(17,274)	-15.8%
MEA	78,333	9.3%	42,641	5.7%	35,692	+83.7%
Net Revenues New Yachts	**840,164**	**100.0%**	**740,679**	**100.0%**	**99,485**	**+13.4%**

Europe is confirmed as the Group's reference market, with Net Revenues New Yachts of €577,238 thousand (of which €110,306 thousand generated in Italy), equal to 68.7% of the total, up by 38.3% compared to 2022.
The Americas generated Net Revenues New Yachts of €92,594 thousand, 11.0% of the total, down 46.0% on 2022, due to a general slowdown influenced by high market interest rate levels.
The APAC area recorded Net Revenues New Yachts of €91,999 thousand, accounting for 11.0% of the total, down by 15.8% compared to 2022.
The MEA area recorded Net Revenues New Yachts of €78,333 thousand, accounting for 9.3% of the total, marking significant growth of 83.7% compared to 2022.

Operating results

(€'000)	Year ended 31 December				Change	
	2023	% of total	2022	% of total	2023 vs. 2022	2023 vs. 2022%
EBIT	**125,882**	**15.0%**	**102,729**	**13.9%**	**23,153**	**+22.5%**
+ Amortisation, depreciation and impairment losses	31,604	3.8%	26,909	3.6%	4,695	+17.4%
EBITDA	**157,486**	**18.7%**	**129,638**	**17.5%**	**27,848**	**+21.5%**
+ Non-recurring costs	352	–	583	0.1%	(231)	-39.6%
Adjusted EBITDA	**157,838**	**18.8%**	**130,221**	**17.6%**	**27,617**	**+21.2%**

EBIT in 2023 was equal to €125,882 thousand, a 22.5% increase on the previous year, with an incidence of 15.0% on Net Revenues New Yachts, up by 110 basis points from 13.9% in the previous year.
Amortisation/depreciation, equal to €31,604 thousand, rose by 17.4% compared to 2022, in relation to significant investments made to increase production capacity and develop new product models and ranges.
EBITDA amounted to €157,486 thousand, an increase of 21.5% over 2022, representing 18.7% of Net Revenues New Yachts, up 120 basis points from 17.5% in the previous year.
EBITDA, adjusted for non-recurring components of €352 thousand, mainly representing the non-monetary costs of stock plans, reached €157,838 thousand, up by 21.2% on 2022; the margin on Net Revenues New Yachts was equal to 18.8%, against 17.6% in 2022.
The steady increase in operating profitability is linked to the progressive and reasoned increase in average sales prices and the change in product mix in favour of larger yachts in each division.
The impact of the increase in raw material prices relating to the current inflationary scenario is more than controlled and down, as well as more than offset by the increase in sales prices. The procurement of materials and processes is managed by diversifying suppliers and favouring multi-year contracts with pre-established prices, also thanks to the optimisation of production planning resulting from the large order backlog and the verticalisation strategy in key supply chains undertaken as of 2022.
The increase in EBITDA margins was substantially translated to the operating margin level, despite the significant investments made in recent years to support the growth strategy.

Net profit

(€'000)	Year ended 31 December				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
EBIT	**125,882**	**15.0%**	**102,729**	**13.9%**	**23,153**	**+22.5%**
Net financial income/(expenses)	3,613	0.4%	(545)	(0.1)%	4,158	n.m.
Adjustments to financial assets	177	–	95	–	82	+86.3%
Pre-tax profit	**129,672**	**15.4%**	**102,279**	**13.8%**	**27,393**	**+26.8%**
Income taxes	(36,385)	(4.3)%	(27,540)	(3.7)%	(8,845)	+32.1%
Net profit	**93,287**	**11.1%**	**74,739**	**10.1%**	**18,548**	**+24.8%**
Net (profit)/loss attributable to non-controlling interests	(448)	(0.1)%	(585)	(0.1)%	137	-23.4%
Group net profit	**92,839**	**11.1%**	**74,154**	**10.0%**	**18,685**	**+25.2%**

Net financial income in 2023 amounted to €3,613 thousand and consisted of €6,131 thousand in income deriving primarily from the investment of available cash and €2,518 thousand in charges mainly arising from outstanding loans. The improved result of the financial area is due on one hand to the proactive management of liquidity in a more favourable market environment than in 2022 and, on the other hand, to the virtuous management of the cost of debt, including through early repayment of the variable-rate loans, which allows the Group to benefit from significant spreads between the cost of debt and liquidity investment conditions.

The pre-tax result for the year reached €129,672 thousand, increasing by €27,393 thousand, from €102,279 thousand as at 31 December 2022. As a percentage of Net Revenues New Yachts reached 15.4% at 31 December 2023 compared to 13.8% in the prior year, an increase of 1.6 percentage points.

Income taxes increased by €8,845 thousand, from €27,540 thousand in 2022 to €36,385 thousand in 2023. Income taxes in 2023 were equal to 28.1% of the pre-tax result.

The net profit of third parties, amounting to €448 thousand, refers to the results achieved by subsidiaries.

Therefore, the Group's net profit for the year was €92,839 thousand, up by 25.2% compared to €74,154 thousand recorded in 2022. The margin on Net Revenues New Yachts increased from 10.0% in 2022 to 11.1% in 2023.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Balance sheet reclassified according to sources and uses

(€'000)	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
USES				
Net fixed capital	254,392	226,708	27,684	+12.2%
Net working capital	(34,917)	(36,964)	2,047	+5.5%
Net invested capital	**219,475**	**189,744**	**29,731**	**+15.7%**
SOURCES				
Equity	359,961	290,081	69,880	+24.1%
(Net financial position)	(140,486)	(100,337)	(40,149)	+40.0%
Total sources	**219,475**	**189,744**	**29,731**	**+15.7%**

Net fixed capital and investments

Net fixed capital

(€'000)	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Goodwill	17,486	10,756	6,730	+62.6%
Other intangible assets	55,162	51,374	3,788	+7.4%
Property, plant and equipment	179,820	158,710	21,110	+13.3%
Equity investments and other non-current assets	6,564	11,426	(4,862)	-42.6%
Net deferred tax assets	12,255	5,495	6,760	+123.0%
Non-current employee benefits	(2,491)	(1,109)	(1,382)	+124.6%
Non-current provisions for risks and charges	(14,404)	(9,944)	(4,460)	+44.9%
Net fixed capital	**254,392**	**226,708**	**27,684**	**+12.2%**

Net fixed capital as at 31 December 2023 amounted to €254,392 thousand, up €27,684 thousand compared to the end of 2022, mainly as a result of industrial and product development investments made during the year, the change in the scope of consolidation due to the acquisition of control of Duerre S.r.l. and Sea Energy S.r.l.
For more details on the components of Net fixed capital, please refer to the Notes to the consolidated financial statements.

Investments

(€'000)	Year ended 31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Land and buildings	12,411	16,721	(4,310)	-25.8%
Industrial equipment	7,921	9,813	(1,892)	-19.3%
Plant and equipment	4,281	3,269	1,012	+31.0%
Other assets	4,653	6,590	(1,937)	-29.4%
Fixed assets in progress	2,731	280	2,451	+875.4%
Total changes in property, plant and equipment	**31,997**	**36,673**	**(4,676)**	**-12.8%**
Concessions, licences, trademarks and similar rights	1,187	1,277	(90)	-7.0%
Other fixed assets	22	–	22	n.a.
Development costs	8,130	8,887	(757)	-8.5%
Intangible assets in progress	3,165	3,115	50	+1.6%
Total changes in intangible assets	**12,504**	**13,279**	**(775)**	**-5.8%**
Total investments on a like-for-like basis	**44,501**	**49,952**	**(5,451)**	**-10.9%**
Changes in the scope of consolidation	20,155	9,022	11,133	+123.4%
Net investments in the year	**64,656**	**58,974**	**5,682**	**+9.6%**

On a like-for-like basis, investments in 2023 amounted to €44,501 thousand, down 10.9% from 31 December 2022, of which about 90% related to the expansion of industrial capacity and the development of new models and new product ranges. As a percentage of Net Revenues New Yachts they decreased to 5.3%, mainly as a consequence of a steadily expanding revenue base, against an average amount of investment required to develop a new model that is substantially constant over time. Including the effect of the inclusion of Duerre S.r.l. and Sea Energy S.r.l. in the scope of consolidation, investments in 2023 amounted to €64,656 thousand.

The following table shows the breakdown of investments by destination.

(€'000)	Year ended 31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
R&D, product development and production of models and moulds	17,863	19,544	(1,681)	-8.6%
Increase in production capacity	21,756	25,286	(3,530)	-14.0%
Recurring industrial investments for equipment and facilities	2,632	2,552	80	+3.1%
Other investments	2,250	2,570	(320)	-12.5%
Total investments on a like-for-like basis	**44,501**	**49,952**	**(5,451)**	**-10.9%**
R&D, product development and production of models and moulds	–	–	–	–
Increase in production capacity	20,155	9,022	11,133	+123.4%
Recurring industrial investments for equipment and facilities	–	–	–	–
Other investments	–	–	–	–
Total changes in the scope of consolidation	**20,155**	**9,022**	**11,133**	**+123.4%**
R&D, product development and production of models and moulds	17,863	19,544	(1,681)	-8.6%
Increase in production capacity	41,911	34,308	7,603	+22.2%
Recurring industrial investments for equipment and facilities	2,632	2,552	80	+3.1%
Other investments	2,250	2,570	(320)	-12.5%
Net investments in the year	**64,656**	**58,974**	**9,761**	**+9.6%**

Net working capital

(€'000)	As at 31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Inventories	85,421	53,444	31,977	+59.8%
Trade receivables	22,522	21,784	738	+3.4%
Contract assets	185,572	168,635	16,937	+10.0%
Trade payables	(203,812)	(155,979)	(47,833)	+30.7%
Contract liabilities	(125,441)	(132,369)	6,928	-5.2%
Other current assets	59,725	60,388	(663)	-1.1%
Current provisions for risks and charges	(8,571)	(8,039)	(532)	+6.6%
Other current liabilities	(50,333)	(44,828)	(5,505)	+12.3%
Net working capital	**(34,917)**	**(36,964)**	**2,047**	**-5.5%**

Net working capital as at 31 December 2023 was negative for €34,917 thousand, against a negative value of €36,964 thousand as at 31 December 2022, up by €2,047 thousand, a stable result within -5% of revenues at year-end.

(€'000)	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Inventories	85,421	53,444	31,977	+59.8%
Trade receivables	22,522	21,784	738	+3.4%
Contract assets	185,572	168,635	16,937	+10.0%
Trade payables	(203,812)	(155,979)	(47,833)	+30.7%
Contract liabilities	(125,441)	(132,369)	6,928	-5.2%
Net trade working capital	**(35,738)**	**(44,485)**	**8,747**	**-19.7%**

As at 31 December 2023, net trade working capital was negative for €35,738 thousand compared to a negative value of €44,485 thousand at 31 December 2022, showing an increase of €8,747 thousand. The trend in net working capital was positively influenced by the cash generation linked to the ability to confirm the contractual progress milestones of ongoing orders and finished product deliveries.

(€'000)	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Raw materials and consumables	13,656	10,968	2,688	+24.5%
Work in progress and semi-finished products	49,677	34,254	15,423	+45.0%
Finished products	22,088	8,222	13,866	+168.6%
Inventories	**85,421**	**53,444**	**31,977**	**+59.8%**

The balance of inventories as at 31 December 2023 was €85,421 thousand, an increase of €31,977 thousand compared to 31 December 2022.
Work in progress and semi-finished products refer to those jobs whose contract with the customer has still not been finalised at the close of the year. The increase recorded between 31 December 2022 and 31 December 2023, equal to €15,423 thousand, reflects the progressive increase in the backlog.
Inventories of finished products for pre-owned boats as at 31 December 2023 were €22,088 thousand, an increase of €13,866 thousand compared to 31 December 2022. Such inventories, primarily present on the US market, include yachts already sold at the closing date of the period to be delivered in the following months for a value of €5,353 thousand.

Net financial position

	(€'000)	31 December 2023	31 December 2022	Change
A	Cash	192,506	146,317	46,189
B	Cash equivalents	–	–	–
C	Other current financial assets	24,045	55,459	(31,414)
D	**Liquidity (A + B + C)**	**216,551**	**201,776**	**14,775**
E	Current financial debt	(28,285)	(28,307)	22
F	Current portion of non-current financial debt	(18,985)	(23,873)	4,888
G	**Current financial indebtedness (E + F)**	**(47,270)**	**(52,180)**	**4,910**
H	**Net current financial indebtedness (G + D)**	**169,281**	**149,596**	**19,685**
I	Non-current financial debt	(28,795)	(49,259)	20,464
J	Debt instruments	–	–	–
K	Non-current trade and other payables	–	–	–
L	**Non-current financial indebtedness (I + J + K)**	**(28,795)**	**(49,259)**	**20,464**
M	**Total financial indebtedness (H+L)**	**140,486**	**100,337**	**40,149**

The net financial position of the Group as at 31 December 2023 shows a net cash equal to €140,486 thousand, compared to a net cash equal to €100,337 thousand as at 31 December 2022. Compared to the same period of the previous year, net financial position improved by €40,149 thousand, even considering the payment of dividends, the purchase of treasury shares, organic net investments, and an impact on the net financial position due to the changes in the scope of consolidation, attributable to the acquisition of the majority of Duerre S.r.l. and Sea Energy S.r.l.

This progressive improvement is linked to a free cash flow, net of expansion capex and the acquisitions of Duerre S.r.l. and Sea Energy S.r.l., amounting to €66,073 thousand in 2023, mainly driven by a steady increase in the EBITDA margin and the ability to deliver and comply with planned contractual progress.

Cash and cash equivalents as at 31 December 2023 were equal to €192,506 thousand, an increase of €46,189 thousand compared to 31 December 2022. Starting in the first half of 2022, in consideration of the continued strong cash generation, the Group implemented a prudent and diversified liquidity management strategy, with financial investments totalling €24,045 thousand as of 31 December 2023 included in other current financial assets.

The Group also has bank credit lines to meet cash requirements of €151,335 thousand[18], of which €121,075 thousand remained undrawn.
Among financial liabilities, lease liabilities included pursuant IFRS 16 totalled €9,022 thousand, of which €5,764 thousand non-current and €3,258 thousand current.

Reclassified statement of cash flows

(€'000)	31 December 2023	31 December 2022	Change
EBITDA	157,486	129,638	27,848
Taxes paid	(39,398)	(19,853)	(19,545)
Changes in inventories	(31,977)	14,825	(46,802)
Change in net contract assets and liabilities	(23,865)	(22,020)	(1,845)
Change in trade receivables and advances to suppliers	(5,589)	(10,417)	4,828
Change in trade payables	47,833	35,854	11,979
Change in provisions and other assets and liabilities	12,658	17,084	(4,426)
Operating cash flow	**117,148**	**145,111**	**(27,963)**
Change in non-current assets (investments)	(44,501)	(49,952)	5,451
Business acquisitions and other changes	(6,574)	(15,052)	8,478
Free cash flow	**66,073**	**80,107**	**(14,034)**
Interest and financial charges	(2,518)	(826)	(1,692)
Other cash flows and changes in shareholders' equity	(23,406)	(17,950)	(5,456)
Change in net financial position	**40,149**	**61,331**	**(21,182)**
Net financial position at the beginning of the period	100,337	39,006	61,331
Net financial position at the end of the period	140,486	100,337	40,149

For information on the purchase price of the controlling stakes in Duerre S.r.l. and Sea Energy S.r.l., please refer to the section "Business combinations and asset acquisitions".

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

Equity

(€'000)	31 December 2023	31 December 2022
Share capital	34,978	34,784
Reserves	230,454	179,593
Group profit	92,839	74,154
Group equity	**358,271**	**288,531**
Equity attributable to non-controlling interests	1,690	1,550
Equity	**359,961**	**290,081**

As at 31 December 2023, the Parent Company's share capital amounted to €34,978 thousand, fully paid up, and consisted of 34,978,356 ordinary shares, increased compared to 31 December 2022 due to the subscription of the capital increase to service the 2020 Stock Option Plan for 194,267 shares in the year. The share capital was also subsequently increased in 2024 and, as of 29 February 2024, consists of 35,019,221 shares.
On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo had in fact approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary Sanlorenzo shares destined exclusively and irrevocably to service the 2020 Stock Option Plan.
On 24 September 2020, the Company launched the treasury share buy-back program based on the authorisation resolution approved by the Ordinary Shareholders' Meeting of 31 August 2020, a plan which ended on 28 February 2022.
On 2 September 2022, the Company launched the second treasury share buy-back program based on the authorisation resolution by the Ordinary Shareholders' Meeting of 28 April 2022, a plan which concluded on 28 October 2023.
On 12 December 2023, the Ordinary Shareholders' Meeting approved a third share buy-back programme, which began on 9 February 2024. As at 31 December 2023, the Company held 214,928 treasury shares, equal to 0.61% of the subscribed and paid-up share capital.
For a comprehensive description of the changes in Equity, please refer to the appropriate table in the financial statements and the notes to the financial statements.


SANLORENZO

operating performance of the parent company Sanlorenzo S.p.A.

RECLASSIFIED INCOME STATEMENT

(€'000)	Year ended 31 December				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
Net Revenues New Yachts	**742,543**	**100.0%**	**650,130**	**100.0%**	**92,413**	**+14.2%**
Revenues from maintenance and other services	9,588	1.3%	9,553	1.5%	35	+0.4%
Other income	8,851	1.2%	6,797	1.0%	2,054	+30.2%
Operating costs	(618,131)	(83.2)%	(552,793)	(85.0)%	(65,338)	+11.8%
Adjusted EBITDA	**142,851**	**19.2%**	**113,687**	**17.5%**	**29,164**	**+25.7%**
Non-recurring costs	(352)	–	(583)	(0.1)%	231	-39.6%
EBITDA	**142,499**	**19.2%**	**113,104**	**17.4%**	**29,395**	**+26.0%**
Amortisation, depreciation and impairment losses	(26,428)	(3.6)%	(23,970)	(3.7)%	(2,458)	+10.3%
EBIT	**116,071**	**15.6%**	**89,134**	**13.7%**	**26,937**	**+30.2%**
Net financial income/(expenses)	5,262	0.7%	(261)	–	5,523	-2,116.1%
Adjustments to financial assets	618	0.1%	72	–	546	+758.3%
Pre-tax profit	**121,951**	**16.4%**	**88,945**	**13.7%**	**33,006**	**+37.1%**
Income taxes	(34,991)	(4.7)%	(25,590)	(3.9)%	(9,401)	+36.7%
Net profit	**86,960**	**11.7%**	**63,355**	**9.8%**	**23,605**	**+37.3%**

Net Revenues New Yachts of the Parent Company for 2023 were equal to €742,543 thousand, up 14.2% compared to €650,130 thousand reported in 2022.
Operating costs were equal to €618,131 thousand, accounting for 83.2% of Net Revenues New Yachts, down by 180 basis points from 85.0% in the previous year, but up by 11.8% compared to €552,793 thousand in 2022.

Adjusted EBITDA was equal to €142,851 thousand, up by 25.7% compared to the €113,687 thousand reported in 2022, and equal to 19.2% of Net Revenues New Yachts. Also including non-recurring items of €352 thousand, mainly referring to non-monetary costs of share incentive plans, EBITDA was €142,499 thousand, equal to 19.2% of Net Revenues New Yachts, up 180 basis points from 17.4% in the previous year, and an increase of 26.0% compared to 2022.
Amortisation/depreciation, amounting to €26,428 thousand, increased by 10.3% on 2022 as the investments made in previous years have been coming on stream.
EBIT was equal to €116,071 thousand, an increase of 30.2% compared to the previous year, representing 15.6% of Net Revenues New Yachts, an increase of 190 basis points from 13.7% in the previous year.
Net financial income amounted to €5,262 thousand, due to the better conditions applied to the Company by credit institutions, but above all to the proactive management of liquidity in a more favourable market context than in 2022.
The pre-tax result for the year reached €121,951 thousand, increasing by €33,006 thousand, from €88,945 thousand in 2022. Income taxes increased by €9,401 thousand, from €25,590 thousand in 2022 to €34,991 thousand in 2023.
In light of the above, the net profit for the year of Sanlorenzo S.p.A. came to €86,960 thousand, equal to 11.7% of Net Revenues New Yachts, with an increase of €23,605 thousand compared to 2022, equal to 37.3%.

STATEMENT OF FINANCIAL POSITION

(€'000)	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
USES				
Net fixed capital	229,958	217,601	12,357	+5.7%
Net working capital	(64,718)	(53,132)	(11,586)	+21.8%
Net invested capital	**165,240**	**164,469**	**771**	**+0.5%**
SOURCES				
Equity	338,543	274,556	63,987	+23.3%
(Net financial position)	(173,303)	(110,087)	(63,216)	+57.4%
Total sources	**165,240**	**164,469**	**771**	**+0.5%**

Net fixed capital as at 31 December 2023 was equal to €229,958 thousand, a €12,357 thousand increase on the end of 2022, mainly due to the investments made during the year, connected to both the expansion in productive capacity and the development of new models.

As at 31 December 2023, net working capital was negative for €64,718 thousand, compared to €53,132 thousand as at 31 December 2022, showing a decrease of €11,586 thousand, mainly due to the increase business volumes and cash generation linked to the advances received on new orders.

Net financial position as at 31 December 2023 showed a net cash position of €173,303 thousand (€110,087 thousand as at 31 December 2022).

(€'000)		31 December			
		2023	**of which intra-group**	**2022**	**of which intra-group**
A	Cash	183,138	–	139,351	–
B	Cash equivalents	–	–	–	–
C	Other current financial assets	24,557	621	55,254	131
D	**Liquidity (A + B + C)**	**207,695**	**621**	**194,605**	**131**
E	Current financial debt	(60)	–	(18,657)	–
F	Current portion of non-current financial debt	(12,673)	–	(21,669)	–
G	**Current financial indebtedness (E + F)**	**(12,733)**	**–**	**(40,326)**	**–**
H	**Net current financial indebtedness (G + D)**	**194,962**	**621**	**154,279**	**131**
I	Non-current financial debt	(21,659)	–	(44,192)	–
J	Debt instruments	–	–	–	–
K	Non-current trade and other payables	–	–	–	–
L	**Non-current financial indebtedness (I + J + K)**	**(21,659)**	**–**	**(44,192)**	**–**
M	**Total financial indebtedness (H+L)**	**173,303**	**621**	**110,087**	**131**

Other current financial assets include listed bonds and certificates, as well as loans granted to subsidiaries due within twelve months.

(€'000)	31 December 2023	31 December 2022	Change
EBITDA	142,499	113,104	29,395
Taxes paid	(36,021)	(17,910)	(18,111)
Changes in inventories	(16,779)	21,551	(38,330)
Change in net contract assets and liabilities	(21,351)	(4,952)	(16,399)
Change in trade receivables and advances to suppliers	(3,365)	(13,685)	10,320
Change in trade payables	46,104	28,384	17,720
Change in provisions and other assets and liabilities	8,028	14,091	(6,063)
Operating cash flow	**119,115**	**140,583**	**(21,468)**
Change in non-current assets (investments)	(31,616)	(40,088)	8,472
Business acquisitions and other changes	1,107	(13,470)	14,577
Free cash flow	**88,606**	**87,025**	**1,581**
Interest and financial charges	(1,458)	(594)	(864)
Other cash flows and changes in shareholders' equity	(23,932)	(21,345)	(2,587)
Change in net financial position	**63,216**	**65,086**	**(1,870)**
Net financial position at the beginning of the period	110,087	45,001	65,086
Net financial position at the end of the period	173,303	110,087	63,216

TABLE OF RECONCILIATION BETWEEN THE EQUITY AND PROFIT/LOSS FOR THE YEAR OF THE PARENT COMPANY AND CORRESPONDING CONSOLIDATED FIGURES

(€'000)	31 December 2023		31 December 2022	
	Equity	Result for the year	Equity	Result for the year
Equity and result of the Parent Company	**338,543**	**86,960**	**274,556**	**63,355**
Excess of the net assets of the financial statements, including the results for the year, over the carrying values of investments in subsidiaries	15,351	7,281	9,640	11,862
Investments in associates measured using the equity method	–	–	–	–
Consolidation adjustments for:				
Translation differences	*277*	–	*(198)*	–
Adjustments for uniformity of accounting standards	*4,100*	*(512)*	*4,533*	*(546)*
Other consolidation adjustments	–	*(442)*	–	*68*
Total pertaining to the Group	**358,271**	**93,287**	**288,531**	**74,739**
Equity and net (profit)/loss attributable to non-controlling interests	1,690	448	1,550	585
Total consolidated financial statements	**359,961**	**92,839**	**290,081**	**74,154**

main risks and uncertainties to which Sanlorenzo S.p.A. and the group are exposed

MARKET AND OPERATING RISKS

Risks connected to the trend in the international economic situation and its impact on the market in which the Group operates

The Group is exposed to the risks connected with the global economic-financial situation and the economic trend in the specific geographic end markets of its products, intended for a customer base of considerably wealthy individuals. Major economic events concerning the global economy or the economy of the countries in which the Group's customers reside, such as financial and economic crises, may involve a risk of customers losing their propensity to purchase or choose not to finalise the purchase of a yacht already ordered. In this case, the Group would be forced to look for a new buyer, retaining any amounts paid by the customer in the form of advances, in compliance with the contracts signed.

The Group's business model also makes provision for the possibility of withdrawing used yachts for exchange. If the macroeconomic situation should deteriorate, the subsequent reduction in demand could have an adverse impact on the sale times and the sale value of used yachts, involving a reduction in the Group's total revenues and an increase in the inventories of finished products.

Risks connected with the inability to reach the Group's objectives, the competition and growth

The Group's growth objectives are tied primarily to the constant evolution of its products, an increase in productive capacity, consolidation and growth on the international markets and the ability to interpret customers' preferences and the new market trends.

The Group cannot ignore the fact that new products may be introduced to the market later than its competitors or that investments in research and development of new products may not deliver the expected results in terms of sales or may entail higher than expected costs. If the Group is unable to pursue an effective policy of constant product innovation, both in terms of the technological development of the products, and in terms of the response to market expectations, this could mean a drop in the Group's total revenues.

The pursuit of the strategy to increase the productive capacity also depends on an expansion of the existing shipyards, or the identification of new production areas to acquire. The Group cannot rule out that it might be unable to promptly and effectively complete ongoing projects or to identify and carry out adequate investments and that, where realised, said investments might not generate a sufficient return. In order to cope with the growth in orders, in view of the outsourcing of certain production phases, the Group cannot exclude the possibility that it may not be able to find contractors who are adequate for the volumes required or not adequately qualified.

As regards the strategy for consolidation and commercial expansion in international markets, the Group is exposed to the risk of growing operational complexities, which could result in the opening of new offices or branches or the incorporation of new companies for the coverage of the markets in which the Group is not present at the moment, and an increase in human resources to service these needs. The Group is also exposed to risks connected with operations on international markets, such as, inter alia, macroeconomic and financial risks, regulatory, market, geopolitical and social risks.

The luxury yacht market is also impacted by changes in customer tastes and preferences, as well as by changes in the life-styles in the different geographical areas in which the Group operates. If, in the future, the Group was unable to build yachts able to reflect the preferences of its customers, or to identify and anticipate the trends in the luxury goods market, a decrease in Group revenues might occur.

Risks connected with relations with suppliers and contractors, yacht quality and outsourcing

The Group uses suppliers and contractors to obtain components or services necessary to build its yachts. The Group adopts and imposes the highest production standards in order to ensure its customers delivery of yachts of the utmost quality and reliability. However, the Group cannot overlook the fact that suppliers and contractors may not observe the Group's quality standards, as well as the relevant regulations applied to them, may deliver defective raw materials or products or that do not meet the agreed technical specifications, or carry out works that do not conform to the technical specifications or state of the art, or may be unable to deliver the latter within the times established beforehand for any reason.

For this reason, the Group might be unable to meet the demand for its products or deliver defective or faulty final products, or be late in its deliveries, or receive requests to terminate contracts already in the process of being executed, requests for compensation for damages owing to liability for defective or hazardous products or for the payment of contractual penalties where set forth in the sale contracts, as well as requests to return yachts already delivered, with an increase in costs for the Group and possible damage to its reputation.

The Group may also receive requests for the replacement of defective components; in this case, the Group cannot rule out being involved in settlements in the future, with the payment of compensation, or in judicial proceedings in which it is defendant.

Risks relating to extraordinary events that may lead to interruptions in the activities and operations of the production plants

The Group is exposed to the risk of having to interrupt or suspend its production activities due to events out of its control, such as the revocation of permits and authorisations, natural catastrophes, epidemics. In consideration of the location of the Parent Company's production sites, situated in proximity to waterways and water basins or on the sea, the latter is exposed to the risk that natural disasters (such as floods, river overflow, seaquakes) could compromise all or part of its operations.

The interdependence between the activities carried out at the production sites of the Yacht Division (Ameglia, Viareggio, Massa) also involves a risk that the event, which stunts the activities of one of the shipyards, may have repercussions for the activities of the other sites, with a subsequent impact on overall production.

The restoration of the facilities following prejudicial extraordinary events could cause an increase in costs, the incurring of potential losses, as well as the need to modify the Group's investments plan.

Risks connected with the operating relationship with the representative brands

The Group entrusts the distribution of its products to a small number of representative brands and, to a lesser extent, to brokers that establish contact with potential customers and receive a commission in the event of a sale. The contracts stipulated with the representative brands make provision for a right of distribution within the area assigned to each one and minimum purchase obligations. These obligations are fulfilled, if necessary, through stock purchases.

The Group is exposed to the risk of not reaching the sales volumes through representative brands established beforehand, due to the termination of relationships held with said parties or their inability to achieve the pre-established objectives in the reference markets. The Group is also exposed to the risk of failing to adequately and promptly replace its brand representatives in the event of the termination of the associated contractual relations or a general deterioration in the sales performances of its distribution network.

Risks associated with changes in the reference regulatory framework

The Group is exposed to the risk that Group operations may be impacted by the issuing of new regulations or amendments to the legislation in force, which require the adoption of more stringent construction standards or, if necessary, regulatory changes regarding tax matters and on yacht sales (such as the VAT percentage, duty on imports by foreign countries, taxation on luxury goods in Italy or abroad, or embargoes) or on sailing (such as legislation regarding fuels, environmental impact and emissions). The Group is also exposed to risks related to fire safety legislation and accidents involving workers, as well as the change of environmental regulations.

FINANCIAL RISKS

Credit risk

It is noted that, given the type of products sold by the Group, no specific credit risk is identified; this assessment is supported by the strict rule, contractually formalised, that requires payments to be executed on or before the delivery of the boat and the related transfer of ownership. The yacht sale contracts also provide for the Company's right to withdraw from the contract in the event of non-payment of any sum due within the established terms, with the consequent withholding by the Company of any amount collected, refunding to the defaulting party the amounts paid by the latter with the proceeds from the resale of the yacht to a new purchaser, net of expenses, interest and an amount for loss of earnings.
Regarding the residual services related to the sale of spare parts or the provision of assistance services not covered by the warranty, which are, however, negligible to the Group business, the Group has a prevention and monitoring system, using external sources and internal systems that allow preventive controls on customers' reliability and solvency.

Liquidity risk

Liquidity risk is represented by the possibility that a Group company or the Group may find itself in the position of not being able to meet its payment commitments, whether foreseen or unforeseen, due to a lack of financial resources, thus jeopardizing day-to-day operations or the financial position of the individual or the Group.
Liquidity risk may arise from any difficulty in obtaining timely funding to support operating activities and may manifest itself in the inability to obtain the necessary resources on economic terms.
Cash flows, funding requirements and liquidity are under the control of the Parent Company, with the aim of ensuring effective management of financial resources.
The Group has dealt with liquidity risk by reinvesting cash flows from operations, in addition to obtaining substantial lines of credit with a number of banks, the total amount of which is deemed more than sufficient to meet its financial requirements, also taking into account the effects of the seasonal nature of the sector on cash flows. The concentration of the collection of orders and deliveries in specific periods of the year, against the constant flow of payments to Group suppliers and contractors, has in fact, an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which short-term financial debt may be higher as a result of the lower flow of collections. The Group therefore performs careful financial planning in order to reduce liquidity risk and has acquired significant bank credit facilities, whose use is planned on the basis of financial requirements.
As at 31 December 2023, the Group has bank credit lines to meet liquidity needs of €151,335 thousand[19], of which €121,075 thousand not used, in addition to €216,551 thousand of cash (including €24,045 thousand of financial investments) and against a total gross debt of €76,065 thousand (including lease liabilities and the fair value of derivatives).
In view of its significant cash position, the Group has also implemented a prudent, diversified cash management strategy, favouring capital-protected or guaranteed investments in products and financial instruments with counterparties of primary standing.

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

Exposure to the fluctuation in interest rates

The Group is exposed to changes in interest rates on its medium-long term floating rate debt instruments, entirely referring to the Euro zone. The management of interest rate risk is consistent with established practice over time aimed at reducing the risk of volatility in interest rates and achieving an optimal mix between variable and fixed rates in the structure of loans, mediating fluctuations in market interest rates in order to pursue, at the same time, the objective of minimising financial expense.
The Group manages the risk of interest rate fluctuations through the use of derivative hedging instruments, such as interest rate swaps or interest rate caps with financial counterparties of primary standing.

Exposure to the fluctuation in exchange rates

The Group's exposure to foreign exchange risk is limited, as the Euro is the currency primarily used for the sale of yachts. The residual cases of sales of yachts in other currencies concern contracts signed by the subsidiary Sanlorenzo of the Americas denominated in US dollars.
The Group manages the risks of changes in foreign exchange rates on US dollar sales through its foreign currency sales pricing policy and through the use of derivatives. In particular, when setting the sale price in foreign currency, the Group, starting from its own margin objectives in Euro, usually applies the exchange rate in force on the date of stipulation of the contract and start of construction of the boat, increased by the financial component (cost of carry) connected with the expected timing of receipts from the sale. On these maturities, the Group carries out hedging transactions through derivatives instruments, typically forwards or other types of forward sale with financial counterparties of primary standing.
As far as costs are concerned, as production is carried out in Italy with Italian suppliers and contractors, costs in currencies other than the Euro are residual and sporadic, and therefore no hedging operations are carried out.

Risks related to disputes and tax audits

The Parent Company is party to some judicial or arbitration proceedings regarding the normal performance of its ordinary activities, which may give rise to obligations for it to make payments, also in the form of compensation. As far as the Parent Company is aware, these proceedings are not, in any case, able to generate significant unfavourable results; however, an unfavourable outcome to these disputes cannot be ruled out. This scenario could have negative effects on the Group's economic, equity and financial position.

For more details regarding administrative, judicial and arbitration proceedings in which the Group is a party, please refer to the associated notes to the Consolidated Financial Statements and the Annual Financial Statements contained in this Financial Report.

Climate risks

The Group is aware of the potential climate risks to which it is exposed and implements a series of measures to consider these risks strategically and preventively; the Group is also working on mapping risks and opportunities related to the ESG (Environmental, Social, Governance) sphere.

In addition, national and international regulatory developments are regularly monitored to be able to respond in a timely manner to new legislative requirements on the subject, and the Group is constantly adapting its product offerings to the demands and needs of its clients.

Finally, it should be noted that as at 31 December 2023, considering the specific characteristics of the Group's operations and the nature of climate risks, there are no material impacts (within the meaning of IAS 1) in these Consolidated Financial Statements.

information on the non-financial statement

In accordance with the provisions of Article 5, paragraph 3, letter b, of Italian Legislative Decree no. 254 of 2016, the Company has prepared the consolidated non-financial statement that constitutes a separate report.
The 2023 non-financial statement, prepared according to the "GRI Standards" and approved by the Board of Directors on 15 March 2024, can be found on the Company's website www.sanlorenzoyacht.com in the "Responsible development" section.

research and development activities

Research and development activities play a central role in the Group's business model and aim at creating products with a high innovative content from a design, technology and environmental sustainability perspective, able to meet the needs of its customers.

(€'000)	31 December				Change	
	2023	% Net Revenues New Yachts	2022	% Net Revenues New Yachts	2023 vs. 2022	2023 vs. 2022%
Internal costs	1,676	0.2%	1,774	0.2%	(98)	-5.5%
External costs	5,248	0.6%	3,584	0.5%	1,664	+46.4%
Costs of research and development activities	**6,924**	**0.8%**	**5,358**	**0.7%**	**1,566**	**+29.2%**

For the year ended as at 31 December 2023, total spending, including costs and investments incurred by the Group for research and development activities, primarily relating to projects for new models of yachts and superyachts, came to €6,924 thousand, marking an increase of €1,566 thousand on 2022, representing 0.8% of Net Revenues New Yachts.

For further details on research and development activities, please refer to the consolidated non-financial statement, available on the Company's website www.sanlorenzoyacht.com in the section "Responsible development".

human resources

As at 31 December 2023, Sanlorenzo Group had a workforce of 1,065 employees, of which 66.0% at the Parent Company.

	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Sanlorenzo S.p.A.	703	636	67	+10.5%
Bluegame S.r.l.	70	56	14	+25.0%
Polo Nautico Viareggio S.r.l.	16	18	(2)	-11.1%
I.C.Y. S.r.l.	36	35	1	+2.9%
Sanlorenzo Baleari SL	2	2	–	–
Sanlorenzo of the Americas LLC	11	11	–	–
Sanlorenzo Côte d'Azur SAS	1	–	1	n.a.
Sanlorenzo Arbatax S.r.l.	3	–	3	n.a.
Duerre S.r.l.	144	–	144	n.a.
Sea Energy S.r.l.	73	–	73	n.a.
Equinoxe S.r.l.	6	5	1	+20.0%
Equinoxe Yachts International S.r.l.	–	1	(1)	-100.0%
Group employees	**1,065**	**764**	**301**	**+39.4%**

Sanlorenzo Côte d'Azur SAS, Duerre S.r.l., and Sea Energy S.r.l., as at 31 December 2022, were not part of the Sanlorenzo Group and, therefore, the comparative figure of the number of employees is not reported. In the case of Equinoxe Yachts International S.r.l., the change in the period (-100%) resulted from its merger into Equinoxe S.r.l.

In terms of categories, blue-collar workers showed the greatest growth during the year, with an increase of 161, mainly due to the entry of Duerre S.r.l. and Sea Energy S.r.l. into the scope of consolidation.

	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Executives	42	35	7	+20.0%
Office workers	741	608	133	+21.9%
Manual workers	282	121	161	+133.1%
Group employees	**1,065**	**764**	**301**	**+39.4%**

The distribution by geographic area saw the largest growth in Italy, which accounted for 98.7% of Group employees as at 31 December 2023.

	31 December		Change	
	2023	2022	2023 vs. 2022	2023 vs. 2022%
Italy	1,051	751	300	+39.9%
Rest of Europe	3	2	1	+50.0%
United States	11	11	–	–
Group employees	**1,065**	**764**	**301**	**+39.4%**

corporate governance

Sanlorenzo, a company listed on the segment Euronext STAR Milan of Borsa Italiana, adopted a traditional corporate governance model constructed in compliance with the regulatory provisions and the recommendations of the Corporate Governance Code for listed companies approved by the Corporate Governance Committee of Borsa Italiana S.p.A. which Sanlorenzo adheres to.
Sanlorenzo adopts the traditional administration and control systems, pursuant to Articles 2380-bis et seq. of the Italian Civil Code, detailed below:

- the Shareholders' Meeting, ordinary and/or extraordinary, is responsible for resolving, among other things, on (i) the appointment and revocation of the members of the Board of Directors and the Board of Statutory Auditors as well as on their compensation; (ii) the approval of the financial statements and allocation of profits; (iii) amendments to the By-laws; (iv) the assignment of the independent audit engagement, based on a justified proposal of the Board of Statutory Auditors; (v) incentive plans;
- the Board of Directors holds a central role in the corporate organisation and it is responsible for the functions and the strategic and organisational guidelines, as well as for verifying the necessary controls are in place to monitor the performance of the Company and the Group. The Board of Directors has arranged for the internal setting up of the Control, Risks and Sustainability Committee, the Remuneration Committee, the Nomination Committee and the Related-Party Transactions Committee;
- the Board of Statutory Auditors shall oversee, among other things, compliance with the law and the By-laws, with the principles of correct corporate governance, and, above all, the adequacy of the organisational, management and accounting structure adopted by the Company and its proper functioning;
- the Independent Auditing Firm conducts the statutory audit. The independent auditors are appointed by the Shareholders' Meeting on the proposal of the Board of Statutory Auditors. The external auditor carries out its activity independently and autonomously.

Pursuant to Article 123 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the Company is required to draft an annual report on corporate governance and ownership structures, providing a general description of the governance system adopted by Sanlorenzo Group and information on the ownership structures, including the main governance procedures applied and the characteristics of the risk management and internal control system in relation to the financial disclosure process.
The aforementioned report, approved by the Board of Directors on 15 March 2024 can be consulted on the Company's website www.sanlorenzoyacht.com, in the "Corporate Governance/Shareholders' Meeting" section.

intra-group transactions and transactions with related parties

The Company's Board of Directors adopted the "Procedure for Related Party Transactions", most recently updated by resolution passed on 14 March 2023, in compliance with the "Regulation on Related Party Transactions" approved by Consob with Resolution no. 22144 of 22 December 2021.
The above procedure can be found on the Company's website (www.sanlorenzoyacht.com), in the "Corporate Governance" section.
It should be noted that transactions with related parties, including therein intra-group transactions, do not qualify as either atypical or unusual, as they fall under the normal course of business of Group companies. Said transactions were made at arm's length in consideration of the features of goods and services provided.
In the notes, the Company provides the information required pursuant to Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance) as indicated in Consob Regulation no. 22144 of 22 December 2021.

atypical and/or unusual transactions

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

information on relevant non-EU companies

Sanlorenzo S.p.A., the parent company, directly controls Sanlorenzo of the Americas LLC, a company incorporated and regulated by US law and, therefore, falling under the definition of "Relevant non-EU company" pursuant to Consob resolution no. 16191 of 2007, and subsequent amendments.
With reference to said company, it should be noted that:

- Sanlorenzo of the Americas LLC drafts the accounting position for the purposes of drafting of the consolidated financial statements;
- Sanlorenzo S.p.A. acquired the by-laws as well as the composition and powers of the corporate bodies;
- Sanlorenzo of the Americas LLC: i) provides the auditor of the parent company with the necessary information for carrying out the audit of the annual and interim accounts of said parent company; ii) possesses an appropriate administrative-accounting system for regularly sending to the management, the control body and the auditor of the parent company, the economic and financial data needed to draft the consolidated financial statements.

additional information

The Company is not subject to management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code, in consideration of the fact that the presumption set forth in Article 2497-sexies of the Italian Civil Code does not apply.
As at 31 December 2023, Sanlorenzo S.p.A. held 214,928 treasury shares, equal to 0.61% of the subscribed and paid-up share capital.

significant events during the year

ACQUISITION OF A 10% STAKE IN SANLORENZO OF THE AMERICAS LLC

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

ACQUISITION OF A STAKE IN SEA ENERGY S.R.L.

On 23 March 2023 Sanlorenzo S.p.A. acquired a 49.0% stake in Sea Energy S.r.l., its strategic partner in the sector of design, production and installation of naval electrical and electronic systems, for €2,648,500. The acquisition was entirely financed by own means. The purpose of this transaction is to increase the Group's production capacity to support growth.

The company Sea Energy S.r.l. held a 100% stake in Key S.r.l., which operated in the same economic sector. On 27 June 2023, the deed of merger by incorporation of the wholly-owned company Key S.r.l. into Sea Energy S.r.l. was drawn up and registered in the North-West Tuscany register of companies on 30 June 2023. The legal effects of the merger shall take effect on 29 June 2023, whereas the accounting and tax effects shall take effect on 1 January 2023.

MEMORANDUM OF UNDERSTANDING FOR THE ACQUISITION OF SIMPSON MARINE GROUP

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

MERGER BY INCORPORATION OF EQUINOXE YACHTS INTERNATIONAL S.R.L. INTO EQUINOXE S.R.L.

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

ORDINARY SHAREHOLDERS' MEETING

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

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

ACQUISITION OF AN ADDITIONAL 33% STAKE IN DUERRE S.R.L.

On 3 May 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 33% share of Duerre S.r.l., for a total equivalent value of €2 million, a historical company active in the artisanal production of extremely high quality furnishings intended in particular for superyachts, as well as in the segment of residences, offices, hotels and commercial businesses, thus reaching a majority share of 66%, considering the purchase of an initial 33% stake in the share capital on 29 April 2022.

LIQUIDATION AND STRIKING OFF OF THE COMPANY RESTART S.P.A.

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

ACQUISITION OF THE STAKE HELD BY VSS S.R.L. IN POLO NAUTICO VIAREGGIO S.R.L.

On 3 July 2023, Sanlorenzo S.p.A. acquired a 0.51% stake in the share capital of Polo Nautico Viareggio S.r.l. from VSS S.r.l., for a consideration of €7,500. The stake thus reached 53.0% of share capital.

SANLORENZO ARBATAX S.R.L. – ACQUISITION OF REAL ESTATE LOCATED IN TORTOLÌ

On 7 July 2023, the Court of Lanusei ordered, following the enforcement action originally brought by Banca Monte dei Paschi di Siena S.p.A., the transfer to Sanlorenzo Arbatax S.r.l. of an industrial building with appurtenant land, owned by the company Arbatax Cantieri Nautici S.r.l. in liquidation, located in Tortolì, within the "ZES Sardegna" area, with an assignment value of €4,577 thousand. This acquisition will allow Sanlorenzo Arbatax S.r.l. and the Sanlorenzo Group to develop their production capacity mainly in the Yacht Division.
As a result of this transaction, Sanlorenzo Arbatax S.r.l. recognised a capital gain of €1.0 million, resulting from the difference between the above-mentioned assignment price and the price paid of €3.6 million.

INCORPORATION OF THE COMPANY “SANLORENZO CÔTE D’AZUR S.A.S.”

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

AGREEMENT BETWEEN BLUEGAME AND K-CHALLENGE LAB (ORIENT EXPRESS RACING TEAM)

On the eve of the opening of the Cannes Yachting Festival, during the press conference on 11 September 2023, Sanlorenzo S.p.A. announced the signing of an agreement between Bluegame and K-Challenge LAB, the company that owns the French Orient Express Racing Team, challenger of the 37th edition of the prestigious 2024 America’s Cup, for the design and construction of a chase boat, the BGH-HSV (“Hydrogen Support Vessel”), equipped with a foil and exclusively hydrogen-powered, which will be able to fly on water at 50 knots with zero emissions.
This is the second order after that placed last year with the New York Yacht Club’s American Magic team, an undoubted recognition of Bluegame’s technological credibility and the Sanlorenzo Group’s leadership in the journey towards increasingly sustainable boating.

OPENING OF THE NEW OFFICES OF SANLORENZO MONACO S.A.M. (FORMERLY MARINE YACHTING MONACO S.A.M.)

The Monaco-based company expanded its operations with the opening of the new “Villa Portofino” office, inaugurated on 26 September 2023. The new offices are located close to the marina, in an exclusive area perfectly aligned with the positioning of Maison Sanlorenzo.
The new offices include a Digital Storytelling Lounge, an innovative space dedicated to Sanlorenzo and Bluegame customers that, through a new product communication, allows them to enjoy an immersive experience in the choice and configuration of on-board environments.

CERTIFICATION BY LLOYD'S REGISTER FOR THE FUEL CELL SYSTEM

During the Monaco Yacht Show at the end of September, Lloyd's Register awarded Sanlorenzo S.p.A. the type approval certificate for the fuel cell system and type-c containment tank designed together with Siemens Energy. A first on the market, this innovative, revolutionary solution will see the light of day with the new 50Steel superyacht, scheduled for delivery in the summer of 2024. The methanol fuel cell systems will allow the boat to generate power for onboard hotel systems, when the engines and generators are off, significantly extending the time spent at anchor and manoeuvring without consuming diesel fuel.

In fact, Lloyd's Register supported Sanlorenzo in validating the project: the prestigious certification awarded validates the compliance of the methanol fuel cell system with internationally recognised environmental standards, consolidating its credibility on the market.

IMPROVED SCORE IN THE S&P CORPORATE SUSTAINABILITY ASSESSMENT

On 2 October 2023, Sanlorenzo S.p.A. announced an improvement in S&P's Corporate Sustainability Assessment score from 26 in 2022 to 31 in 2023. Sanlorenzo ranks in the 84th percentile, i.e. in the top 16% of the industry (LEG: Leisure Equipment & Products and Consumer Electronics). All areas of the assessment (Governance, Environment and Social) scored better than the previous analysis.

The Company remains committed to accurately and transparently disclosing its sustainability journey, welcoming the results of the major rating agencies' assessments and considering them as inspiration for further improvement.

ACQUISITION OF AN ADDITIONAL 16% STAKE IN SEA ENERGY S.R.L.

On 7 December 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 16% share of Sea Energy S.r.l., for a total of €0.5 million, thus reaching a majority shareholding equal to 65%, considering the purchase of an initial 49% stake in the share capital in March 2023.

SIGNING OF A BINDING AGREEMENT TO ACQUIRE 95% OF THE SHARE CAPITAL OF SIMPSON MARINE LIMITED

On 11 December 2023, Sanlorenzo S.p.A. signed a binding agreement to acquire 95% of the share capital of Simpson Marine Limited, owned by Mike Simpson, in exchange for the payment of USD 10 million, plus an earn-out of up to USD 7 million calculated on the net profit for the year 2023, both paid with Sanlorenzo's own cash.

MEMORANDUM OF UNDERSTANDING BETWEEN SANLORENZO S.P.A. AND SAWA S.R.L.

On 21 December 2023, Sanlorenzo and Sawa signed a Memorandum of Understanding providing for a period of exclusivity to evaluate possible strategic alliance opportunities between the Nautor Swan Group, controlled by Sawa, and the Sanlorenzo Group.

significant events after year-end

START OF THE BUY-BACK PROGRAMME

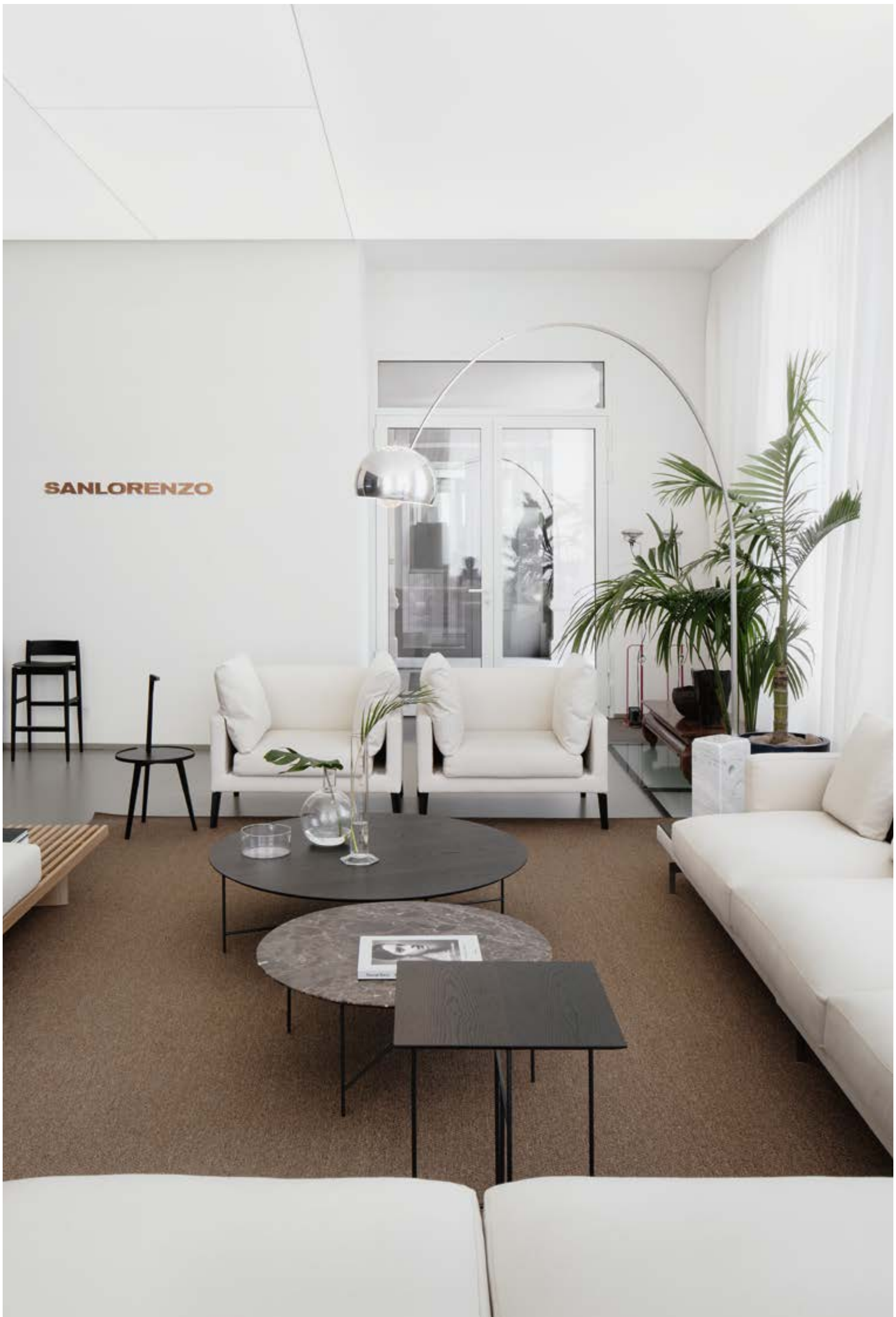
On 9 February 2024, Sanlorenzo initiated the share buy-back plan based on the authorisation resolution issued by the Shareholders' Meeting on 12 December 2023. The buy-back programme, to be executed by 12 June 2025, provides for the purchase of a maximum number of shares of 3,491,956.

PATENT BOX AGREEMENT SIGNED BY BLUEGAME S.R.L.

On 28 February 2024, Bluegame and the Italian Revenue Agency, Tuscany Regional Department, signed a specific "Advance agreement for the definition of the methods and criteria for calculating the economic contribution in the event of direct use of intangible assets" pursuant to Article 1, paragraphs 37 to 45, of Italian Law no. 190 of 23 December 2014, as amended (Patent Box). As a result of this agreement, which covers the tax periods from 2020 to 2024, Bluegame will benefit from an important tax break (consisting of lower IRES and IRAP taxes, currently being quantified), which will be reflected in the income statement for the year ending 31 December 2024.

ACQUISITION OF 95% OF THE SHARE CAPITAL OF THE SIMPSON MARINE GROUP

On 5 March 2024, Sanlorenzo S.p.A. finalised the purchase of 95% of the share capital of Simpson Marine Limited from Mr Mike Simpson, for a consideration of USD 10 million, plus an earn-out of up to USD 7 million calculated on net profit for the 2023 financial year. The payment of the consideration is entirely covered by Sanlorenzo's own liquidity. In the first nine months of 2023, on a pro-forma aggregate basis under local GAAP, the acquired Simpson Marine perimeter companies generated EBITDA of approximately USD 6.5 million and a net profit of approximately USD 4.5 million. The final determination of the earn-out amount will follow the completion of the audit process of Simpson Marine's 2023 financial statements, expected in April 2024.
The Simpson Marine Group, which has represented Sanlorenzo in Asia since 2015, has been one of the leading yacht dealers and service companies in the entire APAC region for forty years, now providing Sanlorenzo with direct plug-and-play distribution in several key countries, namely Hong Kong, Singapore, Mainland China (Shenzhen and Sanya), Thailand, Indonesia, Malaysia and Taiwan.


SANLORENZO

business outlook

The robust performance in Sanlorenzo's core markets continued, particularly in Europe and the MEA region, more than offsetting the slowdown in the Americas, which remained well below their historical weight throughout 2023.
The net backlog is broadly in line with the level at the end of 2022, at an all-time high, again highlighting its high quality (90% sold to end customers). There thus continues to be a high level of visibility on revenue and margin trends for the coming quarters, with ample benefits in terms of future planning, even in a context of macroeconomic and geopolitical uncertainty.
Global luxury yachting, particularly high-end brands of 30 metres and above, continues to benefit from the growth in Ultra High Net Worth Individuals (UHNWIs). The penetration rate of yachting in this target addressable market fell below 3%, representing an important driver of expected growth. In a context in which the number of units produced is rising on average at a lower rate than the number of UHNWIs, the sector continues to benefit from a potential demand in excess of supply.
The Covid-19 pandemic triggered a structural paradigm shift in the mentality of UHNWIs, and yachting suits their new lifestyles. The recent technological evolution of Starlink, which allows fast satellite connectivity even in the middle of the ocean or on the most remote islands, enabling work to be done on board, has driven the "work-from-yacht" phenomenon. The average time a shipowner can spend on board is thus extended, making it possible to increase the attractiveness to younger, busy clientele. As proof of this, the analysis of Sanlorenzo owners shows an increase in the average yacht use time per season from 60 to 120 days. Management believes that this new type of yachtsmen is a structural addition to the traditional yachting clientele.
In addition, the trend towards a decrease in the average age of Sanlorenzo Superyacht buyers, from age 56 (in the period 2016-2020) to 49 (in the period 2021-2023), if confirmed, will lay the groundwork for adding a new type and generation of owners to the Sanlorenzo Club of highly loyal customers.
These new ways of experiencing yachts have already been incorporated in the new product lines and models presented at the boat shows in September, as well as in those in the pipeline through 2025, while staying true to the Group's distinctive tradition.
In terms of distribution, the conclusion of the acquisition of Simpson Marine at the beginning of March 2024 further reinforces the relationship and the ability to meet the needs of current and potential end customers with broad-based coverage, while offering comprehensive service according to a one-stop-shop approach. Today Sanlorenzo boasts direct plug-and-play distribution in several key countries in the APAC region, namely Hong Kong, Singapore, Mainland China (Shenzhen and Sanya), Thailand, Indonesia, Malaysia and Taiwan. This extensive network has a strong strategic value for Sanlorenzo's long-term growth in the APAC region, which is expected to experience the highest UHNWI growth worldwide in the coming years, as well as a higher yachting penetration rate among the ultra-rich population, given the significantly lower base

compared to historical markets such as the Mediterranean and the Americas.
Ongoing public and private initiatives in the region, such as marina development projects for yachting in Indonesia, Vietnam and the Philippines, as well as along China's southern coast, with the rise of Hainan as a new global luxury hub, reinforce optimism about the huge potential for market expansion in the long term.
Sanlorenzo continues to benefit from a robust performance in its traditional markets and from the competitive advantage deriving from its peculiar business model: high-end brand positioning, exclusive yachts purely at the top end of the market segment between 24 and 75 metres in length, built solely to order and distributed directly or through a small number of brand representatives, always at the forefront in terms of sustainable innovation.
All these aspects are essential to ensuring that virtuous dynamics experienced so far continue into the long term.

A RESPONSIBLE JOURNEY

Green tech solutions for a yachting paradigm shift

According to the new "SYBAss Economic Report 2023", up to 75% of potential buyers are interested in making their yachts more environmentally friendly. The combined pressure stemming from the increasingly sustainability-conscious and responsible demands of customers and a more restrictive regulatory framework in terms of emissions from the maritime industry as a whole has instilled in Sanlorenzo a firm belief that implementing a serious, long-term strategy on sustainability in luxury yachting is no longer optional.

Thanks to the exclusive agreement signed in 2021 with Siemens Energy, the yacht segment above 40 metres in length will see the integration of fuel cells powered by hydrogen reformed directly on board from green methanol to generate the power needed for hotel systems. The first installation is planned on a 50Steel Superyacht scheduled for delivery as early as 2024, and whose fuel cell system was certified by Lloyd's Register at the end of September 2023.

Green methanol is the fuel of the future for recreational vessels over 40 metres. It is produced by combining green hydrogen that stores energy from renewable sources with CO_2 captured from the atmosphere using carbon capture systems. The amount of CO_2 released into the atmosphere in the combustion process is therefore equivalent to the amount removed from the environment for the upstream production of methanol, enabling a completely carbon-neutral circular system.

Among the propulsion technologies used in cargo ships currently on order, methanol is rapidly emerging as the main alternative fuel for shipping. Indeed, although its weight in the total order book is 3.4%, compared to 83.8% for conventional fossil fuels and 10.4% for LNG (Liquified Natural Gas), if orders signed during 2023 are considered, the weight of methanol rises to 11.0%, compared to 78.0% for conventional fuels and 8.0% for LNG[20]. According to the latest orders, methanol is thus already the most important and fastest-growing alternative fuel.

In the segment of yachts under 24 metres in length, Bluegame is committed to building the first chase boat, a 10-metre vessel with exclusively hydrogen propulsion and the use of foils to reach a speed of 50 knots and a range of 180 miles with zero emissions, together with American Magic, challenger in the 37th edition of the prestigious America's Cup, in 2024, in co-sponsorship with the New York Yacht Club, as well as the French Orient Express Racing Team, with which the agreement announced on the eve of the Cannes Yachting Festival in September was signed.

Building on its experience in this extremely complex project, which is currently the most advanced example of sustainable technology on board a boat, Bluegame is developing the BGM65HH (hydrogen-hybrid) multihull model, which will be capable of zero-emission cruising for 80 miles, exploiting this same fuel cell technology.

[20] *Norwegian Hydrogen.*


New York Yacht Club
AMERICAN
MAGIC

Sustainable, profitable growth

After two years of post-pandemic above-trend growth, with rates of over 25%, Sanlorenzo is consolidating its turnover, returning to a low-double-digit organic growth rate in 2023, and settling on a high single-digit organic growth as a sustainable level over time.

Focused on steadily increasing margins, the Company can rely on a unique business model more akin to luxury than yachting, as well as on a prudent investment policy that ultimately results in a high return on investment and a substantial cash generation capacity.

Sanlorenzo thus now boasts an extremely solid balance sheet, with more than €140 million of net cash as at 31 December 2023, allowing it to take advantage of acquisition opportunities as they arise in the market, while maintaining a robust, balanced financial profile.

Possible lines of development in addition to the core business of selling new boats are:

i) vertical integration: upstream, to support the growth of the supply chain in step with the growth of the Group; downstream, to have a direct relationship with the end customer and internalise the retail margin in highly strategic geographical areas in the long term (e.g., Simpson Marine in the APAC region);

ii) development of services, which have enormous potential that is only minimally exploited today; refitting, a high-margin, acyclical business synergistic with Sanlorenzo's customer base that requires the acquisition of suitable infrastructure; chartering, which can drive the further spread the Sanlorenzo customer experience, exploiting the direct distribution network from East to West that is already in place;

iii) acquisition of high-end niche brands in market segments that do not overlap with those where Sanlorenzo is already present and in which it is not considered strategically appropriate to use the Sanlorenzo brand, as was done in the yacht segment below 24 metres with the Bluegame brand, and as may be in the sailing market. The Group evaluates opportunities in line with the Sanlorenzo philosophy, and with clear synergies in terms of technology and geographical distribution.

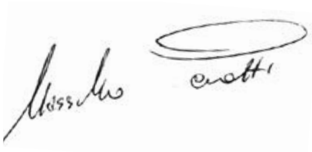
GUIDANCE FOR 2024

In light of the consolidated results as at 31 December 2023 and taking into account the subsequent development of order intake, the Company announces its Guidance for the year 2024[21], in line with the growth strategy of the main metrics at a sustainable rate over time.

(€ million and margin in % of Net Revenues New Yachts)	**2022 Actual**	**2023 Actual**	**2024 Guidance**	**2024 vs. 2023[22] Change**
Net Revenues New Yachts	740,7	840,2	880-910	+7%
EBITDA[23]	130,2	157,5	168-176	+9%
EBITDA margin[23]	17,6%	18,7%	19,1%-19,3%	+50 bps
EBIT	102,7	125,9	135-141	+10%
EBIT margin	13,9%	15,0%	15,3%-15,5%	+40 bps
Group net profit	74,2	92,8	99-101	+8%
Investments	50,0	44,5	48-50	–
Incidence % on Net Revenues New Yachts	*6,8%*	*5,3%*	*5,5%*	*+20 bps*
Net financial position	100,3	140,5	160-170	+25m

Ameglia, 15 March 2024

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



[21] *On a like-for-like basis and excluding potential extraordinary transactions.*
[22] *Calculated on the average of the Guidance interval.*
[23] *2022 figures referred to Adjusted EBITDA, which differed from reported EBITDA by less than 0.5%..*

III

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	179,820	158,710
Goodwill	*17*	17,486	10,756
Other intangible assets	*18*	55,162	51,374
Equity investments and other non-current assets	*20, 36, 37, 38*	6,564	11,426
of which equity investments valued using the equity method		*3,829*	*7,241*
Net deferred tax assets	*14*	12,255	5,495
Total non-current assets		**271,287**	**237,761**
Current assets			
Inventories	*21*	85,421	53,444
Contract assets	22	185,572	168,635
Other financial assets, including derivatives	26	24,045	55,459
Trade receivables	23	22,522	21,784
Other current assets	24	59,725	60,388
Cash and cash equivalents	25	192,506	146,317
Total current assets		**569,791**	**506,027**
TOTAL ASSETS		**841,078**	**743,788**

(€'000)	Notes	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	34,978	34,784
Share premium	27	84,442	81,236
Other reserves	27	146,012	98,357
Profit/(loss) for the period		92,839	74,154
Equity attributable to the owners of the Parent Company		**358,271**	**288,531**
Equity attributable to non-controlling interests	27	1,690	1,550
TOTAL EQUITY		**359,961**	**290,081**
Non-current liabilities			
Non-current financial liabilities	*28*	28,795	49,259
Non-current employee benefits	*31*	2,491	1,109
Non-current provisions for risks and charges	32	14,404	9,944
Total non-current liabilities		**45,690**	**60,312**
Current liabilities			
Current financial liabilities, including derivatives	*28, 33*	47,270	52,180
Current provisions for risks and charges	32	8,571	8,039
Trade payables	29	203,812	155,979
Contract liabilities	22	125,441	132,369
Other current liabilities	*30*	37,597	31,859
Other current tax liabilities		2,241	3,021
Net current tax liabilities	*14*	10,495	9,948
Total current liabilities		**435,427**	**393,395**
TOTAL LIABILITIES		**481,117**	**453,707**
TOTAL EQUITY AND LIABILITIES		**841,078**	**743,788**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)	Notes	31 December 2023	31 December 2022
Revenues	*8*	896,364	811,034
Selling expenses	*8*	(42,063)	(59,902)
Net revenues		**854,301**	**751,132**
Other income	*9*	11,367	7,412
TOTAL NET REVENUE AND INCOME		**865,668**	**758,544**
Increases in internal work	*10*	2,075	2,106
Costs for raw materials, consumables and finished products	*10*	(270,863)	(247,677)
Outsourcing	*10*	(295,025)	(251,486)
Change in inventories of work in progress, semi-finished and finished products	*10, 21*	17,961	1,876
Other service costs	*10*	(73,994)	(63,444)
Personnel expenses	*10*	(64,013)	(53,299)
Other operating costs	*10*	(5,948)	(6,595)
Accruals to provisions for risks and charges	*10, 32*	(18,375)	(10,387)
Total operating costs		**(708,182)**	**(628,906)**
OPERATING RESULT BEFORE AMORTISATION AND DEPRECIATION		**157,486**	**129,638**
Amortisation, depreciation and impairment losses of fixed assets	*11, 16, 18*	(31,604)	(26,909)
OPERATING RESULT		**125,882**	**102,729**
Financial income	*12*	6,131	281
Financial expense	*12*	(2,518)	(826)
Net financial income/(expense)		**3,613**	**(545)**
Income/(expense) from equity investments	*13*	(71)	46
Adjustments to financial assets	*13*	248	49
PRE-TAX PROFIT		**129,672**	**102,279**
Income taxes	*14*	(36,385)	(27,540)
PROFIT/(LOSS) FOR THE PERIOD		**93,287**	**74,739**
Attributable to:			
Shareholders of the Parent Company		92,839	74,154
Non-controlling interests		448	585

continue

(€'000)	31 December 2023	31 December 2022
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be subsequently reclassified to net profit		
Actuarial change in accruals for employee benefits	(40)	188
Income taxes relating to actuarial changes in provisions for employee benefits	11	(52)
Total	**(29)**	**136**
Other comprehensive income which will be subsequently reclassified to net profit		
Changes in the cash flow hedge reserve	(834)	4,562
Income taxes related to changes in the cash flow hedge reserve	200	(1,095)
Change in the translation reserve	(11)	(82)
Total	**(645)**	**3,385**
Total other comprehensive income for the period, net of tax effect	**(674)**	**3,521**
COMPREHENSIVE NET PROFIT FOR THE PERIOD	92,613	78,260
Attributable to:		
Shareholders of the Parent Company	92,165	77,675
Non-controlling interests	448	585

(in Euro)	Notes	31 December 2023	31 December 2022
Group base net profit per share	*15*	2.67	2.15
Group diluted net profit per share	*15*	2.65	2.12

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Share premium	Other reserves	Profit for the period	Total Equity Group	Total Equity Minorities	Total equity
Value as at 31 December 2021	**34,539**	**77,197**	**66,295**	**51,007**	**229,038**	**103**	**229,141**
Allocation of profit for the year	–	–	51,007	(51,007)	–	–	–
Dividends distributed	–	–	(20,649)	–	(20,649)	–	(20,649)
Purchase of treasury shares	–	–	(2,051)	–	(2,051)	–	(2,051)
Stock option exercise	245	4,039	(367)	–	3,917	–	3,917
Other changes	–	–	601	–	601	862	1,463
Profit for the period	–	–	–	74,154	74,154	585	74,739
Other comprehensive income	–	–	3,521	–	3,521	–	3,521
Value as at 31 December 2022	**34,784**	**81,236**	**98,357**	**74,154**	**288,531**	**1,550**	**290,081**
Allocation of profit for the year	–	–	74,154	(74,154)	–	–	–
Dividends distributed	–	–	(22,978)	–	(22,978)	–	(22,978)
Purchase of treasury shares	–	–	(3,313)	–	(3,313)	–	(3,313)
Stock option exercise	194	3,206	(292)	–	3,108	–	3,108
Other changes	–	–	758	–	758	(308)	450
Profit for the period	–	–	–	92,839	92,839	448	93,287
Other comprehensive income	–	–	(674)	–	(674)	–	(674)
Value as at 31 December 2023	**34,978**	**84,442**	**146,012**	**92,839**	**358,271**	**1,690**	**359,961**


New York Yacht Club
AMERICAN
MAGIC

CONSOLIDATED STATEMENT OF CASH FLOWS

(€'000)	Notes	31 December 2023	31 December 2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		93,287	74,739
Adjustments for:			
Depreciation of property, plant and equipment	*11, 16*	22,963	19,365
Amortisation of intangible assets	*11, 18*	8,641	7,377
Write-downs of tangible assets	*11, 16*	–	167
Adjustments to financial assets (other equity investments)	*13*	(177)	(95)
Net financial expense/(income)	*12*	(3,613)	545
Gain on sale of property, plant and equipment	*16*	(987)	(267)
Impairment losses on trade receivables	*23*	–	–
Income taxes	*14*	36,385	27,540
Changes in:			
Inventories	*21*	(31,977)	14,825
Contract assets	22	(16,937)	(51,441)
Trade receivables	23	(738)	(3,474)
Other current assets	*24*	663	(6,051)
Trade payables	*29*	47,833	35,854
Contract liabilities	*22*	(6,928)	29,421
Other current liabilities	*30*	1,759	11,238
Accruals for risks and charges and employee benefits	*31, 32*	6,372	5,221
Cash flow generated/(absorbed) by operating activities		**156,546**	**164,964**
Income taxes paid		(39,398)	(19,853)
Net cash flow generated/(absorbed) by operating activities		**117,148**	**145,111**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Interest received	*12*	6,131	281
Proceeds from sale of property, plant and equipment	*16*	212	273
Proceeds from disposal of intangible assets	*18*	–	–

continue

(€'000)	Notes	31 December 2023	31 December 2022
Change in other equity investments and other non-current assets	*20, 36, 37, 38*	7,290	(3,494)
Acquisition of subsidiaries, associates or business units	*20, 36, 37, 38*	(20,207)	(16,262)
Acquisition of property, plant and equipment	*16*	(31,997)	(36,673)
Purchase of intangible assets	*18*	(12,504)	(13,279)
Net cash flow generated/(absorbed) by investment activities		**(51,075)**	**(69,154)**
CASH FLOW FROM FINANCING ACTIVITIES			
Financial interests and expense paid	*12*	(2,518)	(826)
Proceeds from the issue of share capital	*27*	3,400	4,284
Proceeds from loans/bank advances	*28*	25,121	9,274
Repayment of loans/bank advances	*28*	(33,181)	(29,817)
Changes in other financial assets and liabilities including derivatives	*26, 28, 33*	12,924	(38,769)
New financial leases	*28*	2,409	3,071
Repayment of financial leases	*28*	(1,233)	(45)
Assumption of new loans	*28*	–	–
Other changes in equity	*27*	(515)	4,616
Share buy-back	*27*	(3,313)	(2,051)
Dividends paid	*27*	(22,978)	(20,649)
Net cash flow generated/(absorbed) by financing activities		**(19,884)**	**(70,912)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**46,189**	**5,045**
Cash and cash equivalents at the beginning of the period		146,317	141,272
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**192,506**	**146,317**

notes to the consolidated financial statements

BASIS OF PREPARATION

1. Reporting entity

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

2. Basis of preparation

The consolidated financial statements as at 31 December 2023, approved by the Company's Board of Directors on 15 March 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
These consolidated financial statements as at 31 December 2023 include the consolidated statement of the financial position, consolidated statement of profit and loss for the period and the other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity and the notes.
As regards the statement of financial position, the presentation format adopted provides for a distinction between current and non-current assets and liabilities, according to paragraphs 60 et seq. of IAS 1.
The presentation of the consolidated income statement adopts a classification of costs based on the type of expense.
The consolidated statement of cash flows was prepared based on the indirect method and is presented in compliance with IAS 7, classifying the financial flows between operating, investment and financing activities.
The details regarding the accounting standards adopted by the Group are specified in the paragraph "Accounting standards" of these consolidated financial statements.
The Notes to the Consolidated Financial Statements were supplemented with the additional information required by Consob and the measures it issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 2005 (Resolutions 15519 and 15520) of 27 July 2006 and Communication DEM/6064293 of 28 July 2006, pursuant to Article 78 of the Issuers' Regulations, the EC document of November 2003 and, where applicable, the Italian Civil Code.
It should be noted that with reference to Consob Resolution no. 15519 of 27 July 2006 and Communication DEM/6064293 of 28 July 2006, the financial statements highlight significant relations with related parties in order to provide better information, and the income items deriving from non-recurrent events or transactions are recognised, when significant, separately in the management comments and in the financial information sections.

3. Functional and presentation currency

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

4. Basis of measurement

These consolidated annual financial statements were prepared by applying the historical cost method, with the exception of derivatives, which are measured at fair value as required by IFRS 9 – Financial Instruments and equity investments measured at equity, as well as on a going concern basis. The Directors have verified that there are no material uncertainties (as defined in IAS 1 paragraph 25) in relation to the going-concern assumption.

5. Use of estimates and valuations

The preparation of annual consolidated financial statements and notes thereto in accordance with the IAS/IFRS requires the directors to apply accounting standards that may sometimes be affected by complex and subjective judgements and estimates, based on past experience and assumptions deemed reasonable and realistic in the circumstances.
The application of these estimates and assumptions affects the reporting amounts in the financial statement, such as the statement of financial position, the statement of profit and loss, other comprehensive income, the statement of cash flows and the disclosures included herein. The final figures of the financial statement items for which the aforementioned estimates and assumptions were used, may differ from those that were actually realised due to the uncertainties that characterise the assumptions and the conditions on which the estimates are based. Estimates and assumptions are periodically reviewed and the effects of each change are reflected in the period in which the estimate revision is made, if such revision affects only the current period or also in the following periods if the revision affects current and future periods.
The captions most affected by directors' judgements and estimates and for which a change in the circumstances underlying the assumptions applied could have a significant impact on the consolidated financial statements are summarised below.

Valuations

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

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

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

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

For further details, please refer to the specific notes and the paragraph "Accounting standards" of these financial statements.

Assumptions and estimation uncertainties

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

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

For further details, please refer to the specific notes and the paragraph "Accounting standards" of these financial statements.

6. References to accounting standards applied

In preparing these financial statements, the same accounting standards and criteria have been applied as in the preparation of the last annual financial statements, to which reference is made for a detailed explanation, with the exception of the following amendments and interpretations to the accounting standards applicable as of 1 January 2023, which, however, did not have a significant impact on the Separate Financial Statements.

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

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

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

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

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

7. Operating segments

The Sanlorenzo Group comprises the following operating segments:

- Yacht Division;
- Superyacht Division;
- Bluegame Division.

The operating segments have been identified in accordance with IFRS 8 as the components of the Group:

- that engage in business activities that generate revenues and costs;
- whose operating results are periodically reviewed at the highest operational decision-making level of the entity for the purpose of making decisions regarding the resources to be allocated to the segment and evaluating the results;
- for which separate accounting information is available.

In detail, the type of product is the primary basis for segmentation identified by the Group. In detail:

- the Yacht line refers to composite yachts of a length between 24 and 40 metres, sold under the Sanlorenzo brand;
- the Superyacht line refers to superyachts in aluminium and steel, more than 40 metres in length, sold under the Sanlorenzo brand;
- the Bluegame line refers to sports utility yachts less than 24 metres in length, sold under the Bluegame brand.

As allowed by IFRS 8.12, the Yacht and Superyacht lines are aggregated into one single operating segment as they have similar characteristics in terms of:

- nature of the products, with differences that substantially depend on the size;
- nature of production processes;
- type or class of customers;
- distribution methods and channels;
- reference regulatory context;
- basic contractual characteristics;
- margins, with temporary differences linked to the timing of introduction of new products and/or specific marketing initiatives.

PERFORMANCE FOR THE YEAR

8. Revenues and selling expenses

(€'000)	31 December 2023	31 December 2022	Change
Revenues from contracts with customers	896,364	811,034	85,330
Selling expenses	(42,063)	(59,902)	17,839
Net revenues	**854,301**	**751,132**	**103,169**

Revenues from contracts with customers

Revenues from contracts with customers, which relate to the sale of boats, new and pre-owned, and the provision of services, are shown in the above table gross and net of the related marketing expenses related to commissions and the costs of collecting and handling pre-owned boats traded in.
During the period to 31 December 2023 revenues before selling expenses amounted to €896,364 thousand, an increase of €85,330 thousand compared to €811,034 thousand in the period at 31 December 2022.

A breakdown of revenues from contracts with customers by type is as follows.

(€'000)	31 December 2023	31 December 2022	Change
Revenues from the sale of new yachts	871,793	768,245	103,548
Revenues from the sale of pre-owned boats	10,434	32,336	(21,902)
Revenues from maintenance and other services	14,137	10,453	3,684
Revenues from contracts with customers	**896,364**	**811,034**	**85,330**

Revenues from the sale of new boats came to €871,793 thousand as at 31 December 2023, up by €103,548 compared to 31 December 2022.
Revenues from the sale of pre-owned boats as at 31 December 2023 amounted to €10,434 thousand, a decrease of €21,902 thousand compared to €32,336 thousand as at 31 December 2022 due to lower volumes of pre-owned boats taken in trade-in in previous periods.
Revenues from maintenance services, the sale of spare parts for all types of boats and other services amounted to €14,137 thousand at 31 December 2023, with an increase of €3,684 thousand compared to the period at 31 December 2022. These transactions, managed in specific orders received from customers, represent obligations other than the sale of yachts.

A breakdown of revenues from contracts with customers by product line is provided below:

(€'000)	31 December 2023	31 December 2022	Change
Yacht Division	550,592	509,975	40,617
Superyacht Division	252,980	222,978	30,002
Bluegame Division	92,792	78,081	14,711
Revenues from contracts with customers	**896,364**	**811,034**	**85,330**

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

(€'000)	31 December 2023	31 December 2022	Change
Italy	111,555	110,336	1,219
Europe (other countries)	497,062	355,978	141,084
USA	51,858	105,452	(53,594)
Americas (other countries)	58,299	79,611	(21,312)
APAC	95,649	115,188	(19,539)
MEA	81,941	44,469	37,472
Revenues from contracts with customers	**896,364**	**811,034**	**85,330**

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

Selling expenses

(€'000)	31 December 2023	31 December 2022	Change
Commissions	(31,629)	(27,566)	(4,063)
Collection and handling costs for pre-owned boats	(10,434)	(32,336)	21,902
Selling expenses	**(42,063)**	**(59,902)**	**17,839**

Boat selling expenses include commissions and the costs of collecting, handling and selling pre-owned boats taken in trade-in.
In particular, commissions, which refer to the costs incurred by the Group for the brokerage activities performed by dealers and agents, increased in relation to the increase in revenues and the order book.
Costs for the collection and management of pre-owned boats amounted to €10,434 thousand, a decrease of €21,902 thousand compared to €32,336 thousand for the period ended 31 December 2022.

9. Other income

(€'000)	31 December 2023	31 December 2022	Change
Gains on disposals of assets	1,036	551	485
Other revenue	10,331	6,861	3,470
Other income	**11,367**	**7,412**	**3,955**

Other income realised in the period to 31 December 2023 amounted to €11,367 thousand, an increase of €3,955 thousand compared to the previous year.
Other revenues, amounting to €10,331 thousand, refer for the most part to the Parent Company, and mainly include income for services and chargebacks to suppliers, insurance reimbursements and contributions deriving from tax facilitations such as the R&D credit, energy/gas bonus and the bonus for investment in capital goods under Italian Laws no. 160 of 2019 and no. 178 of 2020.

10. Operating costs

(€'000)	31 December 2023	31 December 2022	Change
Increases in internal work	(2,075)	(2,106)	31
Costs for raw materials, consumables and finished products	270,863	247,677	23,186
Outsourcing	295,025	251,486	43,539
Other service costs	73,994	63,444	10,550
Change in inventories of work in progress, semi-finished and finished products	(17,961)	(1,876)	(16,085)
Personnel expenses	64,013	53,299	10,714
Other operating costs	5,948	6,595	(647)
Accruals to provisions and impairment losses	18,375	10,387	7,988
Operating costs	**708,182**	**628,906**	**79,276**

Operating costs amounted to €708,182 thousand and €628,906 thousand for 2023 and 2022, respectively.
The increase compared to 31 December 2022, amounting to €79,276 thousand, is in line with the growth in revenues.
The work performed by the Group and capitalised refers to the costs of the personnel involved in the development of new boats, which are capitalised under the item development expenditure in relation to intangible assets.
Raw materials, consumables and finished products are presented net of returns, discounts, allowances and bonuses and are almost entirely related to the Parent Company.
Outsourcing chiefly related to naval carpentry services, turnkey furnishings for yachts and superyachts, electrical and plumbing work and the fitting of the boat's interior and exterior.
The increases in the costs of raw materials, consumables and finished products and in the outsourcing costs mainly resulted from the increase in production volumes and, to a lesser extent, from the impact of inflationary phenomena over the past 24 months.
Other service costs mostly comprise costs for consulting services, transport costs, the board of directors' and statutory auditors' fees, travel expenses and cleaning and maintenance costs, mainly incurred by Sanlorenzo and Bluegame.
The change in inventories of work in progress, semi-finished and finished products was €(17,961) thousand and €(1,876) thousand respectively as at 31 December 2023 and 31 December 2022. Work in progress refers to orders of less or more than one year duration for which the contract with the customer was not yet finalised by the end of the year.

The increase in personnel expenses, equal to €10,714 thousand between 31 December 2023 and 31 December 2022, follows the growth trend of personnel linked to the expansion of the group, as shown in the following table:

	31 December 2023	31 December 2022	Change
Executives	42	35	7
Office workers	741	608	133
Manual workers	282	121	161
Total employees	**1,065**	**764**	**301**

The average by qualification is shown below:

	31 December 2023	31 December 2022	Change
Executives	45	36	9
Office workers	672	559	113
Manual workers	262	120	142
Total employees	**979**	**715**	**264**

A breakdown of personnel expenses is as follows:

(€'000)	31 December 2023	31 December 2022	Change
Salaries and wages	47,841	39,871	7,970
Social security contributions	13,492	11,259	2,233
Post-employment benefits	2,680	2,169	511
Total personnel expense	**64,013**	**53,299**	**10,714**

Other operating costs mostly related to advertising for €2,668 thousand and €3,343 thousand in 2023 and 2022, respectively, and other sundry costs stood at €3,280 thousand and €3,252 thousand for 2023 and 2022, respectively. Between 2023 and 2022, other operating costs decreased by €647 thousand.
As at 31 December 2023 accruals to provisions and impairment losses primarily included €16,231 thousand related to job order completion activities and €2,104 thousand related to accruals to provisions for risks and guarantees on vessels.

11. Amortisation, depreciation and impairment losses of fixed assets

(€'000)	31 December 2023	31 December 2022	Change
Amortisation of intangible assets	8,641	7,377	1,264
Depreciation of property, plant and equipment	22,963	19,365	3,598
Write-downs tangible assets	–	167	(167)
Amortisation, depreciation and impairment losses	**31,604**	**26,909**	**4,695**

Amortisation, depreciation and impairment losses amounted to €31,604 thousand and €26,909 thousand as at 31 December 2023 and 2022, respectively, with an increase of €4,695 thousand due to the full implementation of the investments made.
As at 31 December 2023, amortisation of intangible assets was equal to €8,641 thousand and mainly consisted of amortisation of development expenses for €6,846 thousand, amortisation of state concession of the La Spezia shipyard for €376 thousand, amortisation of the rights to use the Viareggio warehouses for €442 thousand and amortisation of software applications for €452 thousand.
Also at 31 December 2023, depreciation of tangible assets stood at €22,963 thousand, mainly referring to industrial and commercial equipment for €8,750 thousand, land and buildings for €6,966 thousand, other assets for €4,655 thousand and plants and machinery for €2,592 thousand.

12. Net financial income/(expense)

(€'000)	31 December 2023	31 December 2022	Change
Financial income	6,131	281	5,850
Financial expense	(2,518)	(826)	(1,692)
Net financial income/(expense)	**3,613**	**(545)**	**4,158**

Financial income amounted to €6,131 thousand and derived mainly from the investment of available liquidity. Please refer to Note 34 "Cash management" for more information on the investments made by the Parent Company.
Net financial income amounted to €3,613 thousand as at 31 December 2023, marking an improvement of €4,158 thousand compared to 31 December 2022.

A breakdown of each item making up this caption is provided below:

(€'000)	31 December 2023	31 December 2022	Change
Interest income – third parties and credit institutions	1,016	121	895
Interest income on loans to associates	19	48	(29)
Income from financial investments	5,096	112	4,984
Financial income	**6,131**	**281**	**5,850**

(€'000)	31 December 2023	31 December 2022	Change
Interest expense – banks	(1,641)	(763)	(878)
Interest expense – third parties	(2)	(9)	7
Interest expense on lease liabilities	(108)	(102)	(6)
Other financial expense	(359)	(172)	(187)
Foreign exchange rate gains/(losses)	(408)	220	(628)
Financial expense	**(2,518)**	**(826)**	**(1,692)**

13. Net profit from equity investments and adjustments to financial assets

(€'000)	31 December 2023	31 December 2022	Change
Income/(expense) from equity investments	(71)	46	(117)
Adjustments to financial assets	248	49	199
Net profit from equity investments and adjustments to financial assets	**177**	**95**	**82**

Income from equity investments, totalling €71 thousand, includes the effects of the measurement at equity of the associates Carpensalda Yacht Division S.r.l. and Sa.La. S.r.l.
For more details and information on investments in associates, please refer to the note "Associates" in these financial statements.
Adjustments to financial assets include the recognition of the fair value of financial instruments held by Sanlorenzo S.p.A. as part of the Company's strategy for investing and managing its cash for an amount of €247 thousand and write-ups of other financial assets for €1 thousand.
For more details and information on the composition of the portfolio, please refer to the note "Cash management" in these financial statements.

14. Income taxes

(€'000)	31 December 2023	31 December 2022	Change
Current taxes	(39,501)	(27,280)	(12,221)
Taxes relative to prior years	(1,607)	(895)	(712)
Deferred tax assets and liabilities	4,723	635	4,088
Income taxes	**(36,385)**	**(27,540)**	**(8,845)**

In 2023, income taxes stood at €(36,385) thousand, up by €(8,845) thousand over the previous year. This item mainly consists of current taxes, equal to €(39,501) thousand, taxes for prior years, equal to €(1,607) thousand, including the additional provision made to take into account the potential liabilities resulting from tax risks, and the increase, with effect on the income statement, in deferred tax assets and liabilities, equal to €4,723 thousand.
Current taxes increased in 2023 by €12,221 thousand.
A reconciliation between the effective and theoretical tax expense is as follows:

(€'000)	31 December 2023	31 December 2022
Pre-tax profit	**129,672**	**102,279**
National tax rate	24%	24%
Theoretical income taxes	31,121	24,547
Non-relevant revenues and costs	(285)	(1,033)
IRAP	5,549	4,026
Income taxes	**36,385**	**27,540**

Income taxes in 2023 were equal to 28.1% of the Group's pre-tax result.

Current tax assets and liabilities

(€'000)	31 December 2023	31 December 2022	Change
Current tax assets	29,484	17,964	11,520
Current tax liabilities	(39,979)	(27,912)	(12,067)
Net assets/(liabilities) for current taxes	**(10,495)**	**(9,948)**	**(547)**

Net deferred tax assets

(€'000)	31 December 2023	31 December 2022	Change
Net deferred tax assets	12,255	5,495	6,760

Net deferred tax assets include the difference between deferred tax assets and liabilities that arose over the years.
Net deferred tax assets were equal to €12,255 thousand as at 31 December 2023 and €5,495 thousand as at 31 December 2022. The main temporary differences that have produced deferred tax assets regard the provisions for risks and charges made, impairment of pre-owned boats, and value adjustments on receivables. Deferred tax assets are recognised when the management believes that they will be recovered through future taxable earnings on the basis of company plans. Deferred tax liabilities relate to income taxes for the current year and previous years to be paid in subsequent years in line with applicable tax regulations.

The tables below show the changes, the nature and the amount of the temporary differences relating both to the amounts credited to the income statement and to other comprehensive income (OCI) for the year ended 31 December 2023.

(€'000)	Tax effect 1 January 2023	Change in the period	Tax effect as at 31 December 2023
Deferred tax assets			
Provisions for risks and charges	6,022	3,482	9,504
Other write-downs	262	156	418
Amortisation, depreciation and deferred assets	219	(166)	53
Other	473	2,511	2,984
Total deferred tax assets with impact on income statement	6,976	5,983	12,959
Total deferred tax assets	**6,976**	**5,983**	**12,959**
Deferred taxes liabilities			
Amortisation of development costs over useful life	712	(49)	663
Other	–	–	–
Total deferred tax liabilities with impact on income statement	**712**	**(49)**	**663**
Cash flow hedge reserve	728	(728)	–
Effect of IAS 19	41	–	41
Total deferred tax liabilities from other comprehensive income (OCI)	**769**	**(728)**	**41**
Total deferred tax liabilities	**1,481**	**(777)**	**704**
Net deferred tax assets	**5,495**	**6,760**	**12,255**

15. Earnings per share

The calculation of the earnings per share in the years ended 31 December 2023 and 2022 is indicated in the following table and is based on the ratio between the profit attributable to the shareholders of the Parent Company and the average number of ordinary shares for each period, net of portfolio treasury shares, equal to 214,928 as at 31 December 2023 and 123,202 as at 31 December 2022.
Diluted earnings per share were determined by dividing the Group's profit for the period by the weighted average number of Sanlorenzo S.p.A. shares outstanding in the period, excluding treasury shares, increased by the number of shares that could potentially be issued.

(in Euro)	31 December 2023	31 December 2022
Profit for the year attributable to the shareholders of the Parent Company	92,839,230	74,154,484
Average number of shares for basic earnings per share	34,712,158	34,570,745
Basic earnings per share	**2.67**	**2.15**

(in Euro)	31 December 2023	31 December 2022
Profit for the year attributable to the shareholders of the Parent Company	92,839,230	74,154,484
Average number of shares for diluted earnings per share	35,085,110	34,943,828
Diluted earnings per share	**2.65**	**2.12**

ASSETS

16. Property, plant and equipment

Property, plant and equipment amounted to €179,820 thousand and €158,710 thousand as at 31 December 2023 and 31 December 2022, respectively.
A breakdown of the item and its changes over the year are provided in the table below.

(€'000)	Land and buildings	Industrial equipment	Plant and equipment	Other assets	Fixed assets in progress	Total
Historical cost	111,843	75,976	19,172	18,702	3,118	228,811
Accumulated amortisation, depreciation and impairment losses	(32,850)	(44,398)	(7,131)	(9,444)	–	(93,823)
Net carrying amount as at 1 January 2022	**78,993**	**31,578**	**12,041**	**9,258**	**3,118**	**134,988**
Changes 2022						
Increases	16,721	9,813	3,269	6,590	280	36,673
Decreases	–	(295)	(93)	(221)	(368)	(977)
Change in the scope of consolidation	4,679	310	1,111	513	–	6,613
Reclassifications	757	887	23	(76)	(1,649)	(58)
Depreciation/amortisation	(5,570)	(8,148)	(2,013)	(3,634)	–	(19,365)
Utilisation of accrued depreciation	–	106	25	174	–	305
Provision reclassifications	24	(2)	–	509	–	531
Historical cost	134,000	86,691	23,482	25,508	1,381	271,062
Accumulated amortisation, depreciation and impairment losses	(38,396)	(52,442)	(9,119)	(12,395)	–	(112,352)
Net carrying amount as at 31 December 2022	**95,604**	**34,249**	**14,363**	**13,113**	**1,381**	**158,710**
Changes 2023						
Increases	12,411	7,921	4,281	4,653	2,731	31,997
Decreases	(58)	(294)	(8)	(172)	(125)	(657)
Change in the scope of consolidation	9,269	281	2,346	1,399	20	13,315
Reclassifications	598	481	146	(42)	(970)	213
Depreciation/amortisation	(6,966)	(8,750)	(2,592)	(4,655)	–	(22,963)
Utilisation of accrued depreciation	3	162	47	49	–	261
Provision reclassifications	(378)	(81)	(530)	(67)	–	(1,056)
Historical cost	156,220	95,080	30,247	31,346	3,037	315,930
Accumulated amortisation, depreciation and impairment losses	(45,737)	(61,111)	(12,194)	(17,068)	–	(136,110)
Net carrying amount as at 31 December 2023	**110,483**	**33,969**	**18,053**	**14,278**	**3,037**	**179,820**

The book value of property, plant and equipment at 31 December 2023 is made up as follows:

- Land and buildings equal to €110,483 thousand: these mostly refer to the Parent Company's buildings located at the production facilities in Ameglia (SP), Massa (MS), Viareggio (LU) and La Spezia (SP);
- Industrial equipment for €33,969 thousand: these mostly refer to technical equipment, mostly owned by the Parent Company, for scaffolding, handling and fibreglass moulding extraction and for the realisation of moulds.
- Plants and machinery equal to €18,053 thousand: they are mainly owned by the Parent Company and for the most part they relate to fire-fighting, electrical, hydraulic and suction systems.
- Other assets for €14,278 thousand: these refer for €9,356 thousand to the Parent Company and the remainder to the other Group companies. Other assets mainly relate to office furniture and equipment, motor vehicles and internal vehicles, equipment for boat shows and electronic machines.
- Fixed assets in progress equal to €3,037 thousand: these mainly refer to the Parent Company and only minimally to Bluegame and mainly include costs for the realisation of new models and moulds.

In 2023, tangible assets increased by €31,997 thousand and refer to assets under development for €2,731 thousand, industrial equipment for €7,921 thousand, buildings for €12,411 thousand, other assets for €4,653 thousand and plants for €4,281 thousand.
In 2023, disposals were equal to €657 thousand, net of accumulated depreciation for €261 thousand and mainly concerned industrial equipment.
The change in the scope of consolidation amounting to €13,315 thousand represents the effect of the acquisition of the new subsidiaries in 2023.
Depreciation and amortisation in 2023 was equal to €22,963 thousand, €3,598 thousand higher than in 2022, mostly as a result of the investments made during the current and previous year.

17. Goodwill

Goodwill is recognised in the consolidated financial statements at the date of acquisition of the control of a business pursuant to IFRS 3 and is the aggregate of the consideration transferred to acquire a business or a business unit and the algebraic sum of the fair values, assigned at the acquisition date, to the identifiable assets and liabilities acquired that composed such business or business unit.
As it has an indefinite useful life, goodwill is not amortised but is tested for impairment at least once a year unless some indications of impairment based on external and internal sources of information identified by the Group makes it necessary to test it for impairment also during preparation of the interim reports (in this regard, see note 19 Impairment test).
For impairment testing purposes, goodwill acquired as part of a business combination is allocated to the individual Cash-Generating Units (or groups of CGUs) that are expected will benefit from the combination synergies, in line with the minimum level for which that goodwill is monitored by the Group.
After its initial recognition, goodwill is valued at cost net of accumulated impairment.

(€'000)	31 December 2023	31 December 2022	Change
Goodwill	17,486	10,756	6,730

Goodwill amounted to €17,486 thousand as at 31 December 2023.
The increase over the previous period, totalling €6,730 thousand, is due, for €5,231 thousand, to the acquisition of Duerre S.r.l. and, for €1,499 thousand, to the acquisition of Sea Energy S.r.l.
The main reasons for the recognition of goodwill are:

- the presence of certain intangible assets, such as the acquired entity's know-how, that do not qualify for separate recognition;
- the savings achievable as a result of improved efficiency in production processes, resulting from the greater synergies achievable between Group companies, as well as increased production capacity.

Goodwill recognised in respect of the aforementioned acquisitions will not be deductible for tax purposes.
For further details on these acquisitions, see Note 37 "Business combinations and asset acquisitions".

18. Other intangible assets

Other intangible assets stood at €55,162 thousand as at 31 December 2023 and €51,374 thousand as at 31 December 2022.

(€'000)	Concessions, licences, trademarks and similar rights	Other fixed assets	Development costs	Intangible assets in progress	Total
Historical cost	27,852	2,659	44,533	2,713	77,757
Accumulated amortisation, depreciation and impairment losses	(7,573)	(2,652)	(22,256)	–	(32,481)
Net carrying amount as at 1 January 2022	**20,279**	**7**	**22,277**	**2,713**	**45,276**
Changes 2022					
Increases	1,277	–	8,887	3,115	13,279
Decreases	–	–	(163)	(11)	(174)
Change in the scope of consolidation	274	12	34	–	320
Reclassifications	–	–	1,956	(1,938)	18
Depreciation/amortisation	(1,592)	(1)	(5,784)	–	(7,377)
Utilisation of accrued amortisation	–	–	32	–	32
Historical cost	29,403	2,671	55,247	3,879	91,200
Accumulated amortisation, depreciation and impairment losses	(9,165)	(2,653)	(28,008)	–	(39,826)
Net carrying amount as at 31 December 2022	**20,238**	**18**	**27,239**	**3,879**	**51,374**
Changes 2023					
Increases	1,187	22	8,130	3,165	12,504
Decreases	–	–	(53)	(30)	(83)
Change in the scope of consolidation	82	28	–	–	110
Reclassifications	(11)	–	2,319	(2,334)	(26)
Depreciation/amortisation	(1,755)	(39)	(6,847)	–	(8,641)
Utilisation of accrued amortisation	–	–	17	–	17
Provision reclassifications	(93)	–	–	–	(93)
Historical cost	30,661	2,721	65,643	4,680	103,705
Accumulated amortisation, depreciation and impairment losses	(11,013)	(2,692)	(34,838)	–	(48,543)
Net carrying amount as at 31 December 2023	**19,648**	**29**	**30,805**	**4,680**	**55,162**

As at 31 December 2023, other intangible assets include:

- concessions, licences, trademarks and similar rights, equal to €19,648 thousand, mostly related to the Parent Company. More specifically, the item mainly consists of the concession acquired together with the former Cantieri San Marco business unit in 2018 for €2,630 thousand, trademark and patents of the Parent Company for €3,761 thousand, two mooring rights acquired by the Parent Company until 2067 in "Porto Mirabello", port facility in La Spezia for €1,646 thousand, net, the right of use for the Viareggio buildings acquired in previous years for €9,181 thousand, software for €735 thousand and sundry rights for €1,357 thousand.
- Other fixed assets equal to €29 thousand.
- Development costs, equal to €30,805 thousand: comprising costs to design and develop new boats incurred by the Parent Company and Bluegame.
- Assets under development equal to €4,680 thousand, mostly consisting of development costs for the design and study of new boat models incurred by the Parent Company and Bluegame.

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

Recoverability of development costs

As at 31 December 2023 and 2022, other intangible assets include projects to develop new boats and innovative fibreglass, steel and aluminium solutions for medium to large boats in the amount of €30,805 thousand and €27,239 thousand, respectively.
Its design costs, over 8 years, were amortised based on a 12.5% rate.
Projects normally take between one to three years to develop (roughly 18 months for fibreglass boats) and the group usually recognises the related costs over this period. The design stage ends with the building of the prototype and the model is definitive for sale on the market (new boat design). However, the Group may incur design costs after this if it decides to improve the boat, restyle it or if the customer requests customisation (Boat Design in Production). Designs obviously have to reflect market trends and consider competitors' strategies. Due to difficulties in identifying the right moment for a new product to go to market, the Group defines its specific strategy in this respect each year.
Based on business forecasts, company management deems that the development costs recognised as at 31 December 2023 are recoverable.

19. Impairment test

With regard to goodwill and intangible assets with indefinite useful life, the impairment test was carried out in compliance with the provisions of the accounting standard IAS 36, which provides for two different configurations of recoverable value, represented by the value in use and the fair value less costs of disposal. Paragraph 18 of IAS 36 defines the "recoverable amount" as "the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use". In this case, as it was not possible to measure the fair value of the assets being tested for impairment, the estimate of their recoverable amount as at 31 December 2023 was made based on the values based on the concept of value in use.

The value in use was calculated with reference to the estimated operating cash flows foreseen for the three-year period 2024-2026, derived from the economic-financial data of the 2023 Preliminary Financial Statements, which constituted the starting basis for the projections for the three-year period of reference, prepared by Management solely for the purpose of calculating the impairment test by resolution of the Board of Directors on 8 February 2024.

The value in use thus obtained was compared with the carrying amount of net operating capital employed, including goodwill and other intangible assets with indefinite useful life, revealing a surplus (i.e., positive difference – so-called headroom – between the recoverable amount and the carrying amount) of about 446% with respect to the carrying amount.

The WACC was used as the discount rate and was estimated as follows:

- the risk-free rate was taken to be equal to the average rate of return on 10-year government bonds, i.e. 4.3%;
- an equity risk premium of 8.0% was used;
- a beta-levered coefficient was measured considering a basket of listed companies active in the same sector as the group and was equal to 0.92.

The cost of debt was estimated to be equal to 4.29%.

A debt to equity ratio of 27.18% was also used, equal to the average debt to equity ratio of a basket of comparables.

Application of this model led to the calculation of a discount rate of 9.47%.

The terminal value was calculated using the "perpetuity" formula, assuming a growth rate "g" of 2.0% and a normalised operating cash flow using the projections for 2026, the last year of the plan taken as reference for impairment test purposes.

The model's sensitivity to changes in these parameters was also tested, to test its robustness and accuracy.

In particular, the model was tested under the assumption of a change in the discount and growth rates of up to 1% and of a 10% decrease in the cash flows estimated based on forecasts. This sensitivity analysis did not suggest the presence of asset impairment.

From the analysis of the base scenario and the sensitivity analyses estimated on the basis of changes in the main parameters of the impairment test, it therefore appears that the value of goodwill and other intangible assets with indefinite useful life recorded in the Group's financial statements is recoverable.

The following table shows the WACC, growth rate "g" and percentage of operating cash flow that individually would make the CGU's recoverable amount equal to its carrying amount as at 31 December 2023.

	Base scenario	WACC	Growth rate	Operating cash flows
WACC	9.47%	49.53%	9.47%	9.47%
Growth rate "g"	2.00%	2.00%	-125.57%	2.00%
Operating cash flows	100.00%	100.00%	100.00%	18.33%

In its Public Statement of 25 October 2023, ESMA drew attention to the importance of appropriately reflecting aspects of climate, physical or transition risks in the financial projections adopted to estimate the recoverable amount of intangible assets with indefinite useful lives.
Therefore, in order to also reflect the climatic perspective, updated assumptions reflecting the most recent developments and the latest available information were used to perform the impairment test as governed by IAS 36. In particular, during the preparation of the Consolidated Financial Statements as at 31 December 2023, as already done in the previous year, climate risks were also taken into consideration in the annual assessment of the value of goodwill, in order to determine the basic assumptions used in applying the valuation models for determining the recoverable value of the goodwill recognised in the Consolidated Financial Statements. In addition, in light of the characteristics of the Group's operations, although climate risks were considered for the purpose of the impairment test, these risks were deemed not material under IAS 1.
With regard to tangible and intangible assets with a finite useful life, the Group, on the basis of the provisions of accounting standard IAS 36, verified the presence of indicators that could have led to an impairment of these assets. These analyses did not reveal the need to make any adjustments to the carrying value of tangible and intangible assets with a finite useful life.

20. Equity investments and other non-current assets

(€'000)	31 December 2023	31 December 2022	Change
Investments in associates measured at equity	3,829	7,241	(3,412)
Equity investments in other companies	35	35	–
Financing to associates	2,700	4,150	(1,450)
Equity investments and other non-current assets	**6,564**	**11,426**	**(4,862)**

The changes relating to the item equity investments and other non-current assets that occurred during the financial years 2022 and 2023 are detailed in the table below:

(€'000)	Equity investments in associates	Equity investments in other companies	Financing to associates	Total
Value as at 1 January 2022	**412**	**34**	**–**	**446**
Investments in the year	7,240	–	4,150	11,390
Measured with the equity method	(10)	–	–	(10)
Write-down for loss coverage	(20)	–	–	(20)
Change in the scope of consolidation	(381)	1	-	(380)
Value as at 31 December 2022	**7,241**	**35**	**4,150**	**11,426**
Investments in the year	-	–	–	–
Decreases due to company liquidation	(10)	–	–	(10)
Measured with the equity method	(71)	–	–	(71)
Write-down for loss coverage	-	–	–	–
Change in the scope of consolidation	(3,331)	–	(1,450)	(4,781)
Value as at 31 December 2023	**3,829**	**35**	**2,700**	**6,564**

Investments in associates valued using the equity method amounted to €3,829 thousand and €7,241 thousand as at 31 December 2023 and 31 December 2022, respectively.
The item Decreases due to company liquidation relates to the conclusion of the process that led to the cancellation from the Company Register of Restart S.p.A. in liquidation.
The item Valuation with the equity method refers to the pro-rata net result for the year of the companies valued using the equity method for a negative amount of €71 thousand relating to the results achieved by Carpensalda Yacht Division S.r.l. and Sa.La. S.r.l.
The item Change in the scope of consolidation, negative at €3,331 thousand, refers to the reclassification from associate to subsidiary of the shareholding held by Sanlorenzo S.p.A. in the company Duerre S.r.l., following the acquisition of an additional stake of 33%.
Investments in other companies amounted to €35 thousand and related to investments that are fairly negligible in companies and consortia.
Loans to associates amounted to €2,700 thousand.

21. Inventories

(€'000)	31 December 2023	31 December 2022	Change
Raw materials and consumables	14,471	11,418	3,053
Work in progress and semi-finished products	49,677	34,254	15,423
Finished products	22,338	8,222	14,116
Allowance for inventory write-down	(1,065)	(450)	(615)
Inventories	**85,421**	**53,444**	**31,977**

Inventories amounted to €85,421 thousand and €53,444 thousand as at 31 December 2023 and 31 December 2022, respectively.

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

Work in progress and semi-finished products relate to the boat construction contracts that have not been finalised with the customer before year end. The change observed between 31 December 2023 and 31 December 2022 follows the consistent increase in sales achieved during the year.

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

During the valuation process of pre-owned boats, the Group relies on various elements such as the analysis of the specific characteristics of the pre-owned boats, the valuations carried out at the time of their purchase including age, current market trend, also through the indications of an independent third party, the uniqueness of each boat and of each trade negotiation, as well as the sales already concluded in the subsequent period. The project "Experienced Yachts", designed to diversify and qualify the pre-owned boats of the Group compared with the competition, provides for each boat that is part of the programme to be valued, managed and reconditioned by the Group's personnel in order to guarantee the efficacy of the boats' machinery and instruments.

The allowance for inventory write-down, including finished products and raw materials, recorded an increase of €615 thousand, mainly related to the adjustment of the value of raw materials to the estimated realisable value, and an increase of €250 thousand relative to the coverage of costs referring to work on used boats sold in the period.

(€'000)	Balance
Allowance for inventory write-down as at 31 December 2022	450
Allocations	615
Utilisations	–
Allowance for inventory write-down as at 31 December 2023	**1,065**

22. Contract assets and liabilities

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

(€'000)	31 December 2023	31 December 2022	Change
Contract assets (gross)	740,912	637,152	103,760
Advances received from customers	(555,340)	(468,517)	(86,823)
Contract assets (net)	**185,572**	**168,635**	**16,937**

Unsatisfied or partially unsatisfied performance obligations refer to all the boats (both with original expected duration within 1 year and more) and are expected to be recognised in accordance with production timing related to yacht (between 7 and 16 months on average) and superyacht (between 24 and 46 months on average).
The net balance of contract assets as at 31 December 2023 includes a negative amount of €22 thousand relating to the fair value measurement of currency hedges on contracts denominated in US dollars; as at 31 December 2022, this amount was positive for €2,414 thousand.

Net contract liabilities are as follows:

(€'000)	31 December 2023	31 December 2022	Change
Payables for work to be carried out	16,952	9,536	7,416
Total advances received from customers	663,829	591,350	72,479
Advances deducted from contract assets	(555,340)	(468,517)	(86,823)
Contract liabilities (net)	**125,441**	**132,369**	**(6,928)**

The item had a net balance of €125,441 thousand and €132,369 thousand as at 31 December 2023 and 31 December 2022, respectively. The change of €6,928 thousand recorded during the year mainly relates to the change in advances received from customers.

23. Trade receivables

(€'000)	31 December 2023	31 December 2022	Change
Receivables from customers	23,200	22,504	696
Loss allowance	(678)	(720)	42
Trade receivables	**22,522**	**21,784**	**738**

Trade receivables amounted to €22,522 thousand and €21,784 thousand as at 31 December 2023 and 31 December 2022, respectively. As at 31 December 2023, trade receivables increased compared with 31 December 2022, by €738 thousand.

Trade receivables are presented net of the loss allowance allocated over the years to provide for credit-impaired receivables that are still recognised pending the completion of the related court-approved creditors' settlement procedure or out-of-court recovery proceedings. It is believed that the loss allowance is appropriate to cope with the risk of potential non-collection of past due receivables.

Changes in the loss allowance in 2023 are as follows:

(€'000)	Balance
Loss allowance as at 31 December 2022	**720**
Uses/releases	(46)
Allocations	–
Other changes	4
Loss allowance as at 31 December 2023	**678**

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

(€'000)	31 December 2023	31 December 2022	Change
Italy	13,446	3,831	9,615
Europe (other countries)	3,986	10,487	(6,501)
Americas	2,140	1,747	393
APAC	2,851	445	2,406
MEA	99	5,274	(5,175)
Receivables from customers	**22,522**	**21,784**	**738**

A breakdown of receivables from customers by due date is as follows:

31 December 2023 (€'000)	Not expired	Overdue for (dd)		
		0-365	366-730	>730
Receivables from customers	20,224	609	228	280
Loss allowance	–	(170)	(228)	(280)
Receivables for customers to be invoiced	1,859	–	–	–
Receivables from customers	**22,083**	**439**	**–**	**–**

24. Other current assets

(€'000)	31 December 2023	31 December 2022	Change
Advances to suppliers	29,027	25,750	3,277
Other receivables	4,140	6,756	(2,616)
Other tax assets	10,104	12,714	(2,610)
Costs to obtain the contracts	10,202	7,318	2,884
Accrued income and prepaid expenses	6,252	7,850	(1,598)
Other receivables and other current assets	**59,725**	**60,388**	**(663)**

Other current assets amounted to €59,725 thousand and €60,388 thousand as at 31 December 2023 and 31 December 2022, respectively. All receivables in this category are considered collectible and therefore no impairment has been made on them.

25. Cash and cash equivalents

(€'000)	31 December 2023	31 December 2022	Change
Bank and postal current accounts	192,429	146,233	46,196
Cash on hand	77	84	(7)
Cash	**192,506**	**146,317**	**46,189**

Cash and cash equivalents amounted to €192,506 thousand and €146,317 thousand as at 31 December 2023 and 31 December 2022, respectively.
For further information on the change in cash and cash equivalents, reference should be made to the cash flow statement.

26. Other financial assets, including derivatives

(€'000)	31 December 2023	31 December 2022	Change
Derivatives	2,536	4,407	(1,871)
Other financial instruments	21,509	51,052	(29,543)
Other financial assets	**24,045**	**55,459**	**(31,414)**

Derivatives amounted to €2,536 thousand and €4,407 thousand as at 31 December 2023 and 31 December 2022 respectively. They include currency hedges (EUR/USD) and interest rate hedges with a positive fair value (Mark to Market Value) at the reporting dates. The Group uses derivatives to hedge against the risk of fluctuations in the US dollar for its sales in that currency and the risks that interest rates on its loans and borrowings may increase.

Other financial instruments include listed bonds and certificates, used by the parent company to deploy excess liquidity. For further details, please refer to the note "Cash management" in these financial statements.

For further details regarding financial risk hedging instruments, please refer to the note "Financial instruments – Fair value and risk management" in these financial statements.

EQUITY AND LIABILITIES

27. Share capital and reserves

Group equity

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

(€'000)	Share capital	Share premium	Other reserves	Profit for the period	Group equity	Equity attributable to non-controlling interests	Total equity
Value as at 31 December 2022	**34,784**	**81,236**	**98,357**	**74,154**	**288,531**	**1,550**	**290,081**
Allocation of profit for the year	–	–	74,154	(74,154)	–	–	–
Dividends distributed	–	–	(22,978)	–	(22,978)	–	(22,978)
Purchase of treasury shares	–	–	(3,313)	–	(3,313)	–	(3,313)
Stock option exercise	194	3,206	(292)	–	3,108	–	3,108
Other changes	–	–	758	–	758	(308)	450
Profit for the period	–	–	–	92,839	92,839	448	93,287
Other comprehensive income	–	–	(674)	–	(674)	–	(674)
Value as at 31 December 2023	**34,978**	**84,442**	**146,012**	**92,839**	**358,271**	**1,690**	**359,961**

The following table shows details of Other reserves.

(€'000)	Legal reserve	Extraordinary reserve	Consolidation reserve	Stock option reserve	Treasury shares reserve	Cash flow hedge reserve	Reserve FTA/ OCI	Other reserves	Profit from previous years	Total
Value as at 31 December 2022	**6,878**	**88,523**	**(1,797)**	**572**	**(2,950)**	**2,307**	**(183)**	**(105)**	**5,112**	**98,357**
Allocation of profit for the year	79	63,276	–	–	–	–	–	10,799	–	74,154
Dividends distributed	–	(22,978)	–	–	–	–	–	–	–	(22,978)
Purchase of treasury shares	–	–	–	–	(3,313)	–	–	–	–	(3,313)
Stock option exercise	–	–	–	(292)	–	–	–	–	–	(292)
Other changes	–	–	11,070	332	–	528	(11)	(10,249)	(912)	758
Profit for the period	–	–	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	–	(634)	(29)	(11)	–	(674)
Value as at 31 December 2023	**6,957**	**128,821**	**9,273**	**612**	**(6,263)**	**2,201**	**(223)**	**434**	**4,200**	**146,012**

Share capital and share premium

Ordinary shares

As at 31 December 2023, the Parent Company's share capital amounted to €34,978 thousand, fully paid up, and consisted of 34,978,356 ordinary shares without nominal value, increased compared to 31 December 2022 due to the subscription of the capital increase to service the 2020 Stock Option Plan for 478,356 shares subscribed in 2023. The share capital was also subsequently increased in 2024 and, as of 29 February 2024, consists of 35,019,221 shares.

On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo had in fact approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary Sanlorenzo shares destined exclusively and irrevocably to service the 2020 Stock Option Plan.

On 24 September 2020, the Company launched the treasury share buy-back program based on the authorisation resolution approved by the Ordinary Shareholders' Meeting of 31 August 2020, a plan which ended on 28 February 2022.

On 2 September 2022, the Company launched the second treasury share buy-back program based on the authorisation resolution by the Ordinary Shareholders' Meeting of 28 April 2022, a plan which concluded on 28 October 2023.

On 12 December 2023, the Ordinary Shareholders' Meeting approved a third share buy-back programme, which began on 9 February 2024. As at 31 December 2023, the Company held 214,928 treasury shares, equal to 0.61% of the subscribed and paid-up share capital.

Share premium

The share premium amounted to €84,442 thousand resulting from the capital increase carried out by the shareholders in the periods 2011 and 2013, its partial use in the year 2014 for a bonus issue, by the Parent Company, the decrease of €19,539 thousand due to the impact of the reverse merger with WindCo and the capital increase linked to the IPO transaction completed in 2019, equal to €65,160 thousand net of placement commissions, the increase in 2023 of €3,206 thousand for the exercise of the options relating to the Stock Option Plan.

Other reserves

(€'000)	31 December 2023	31 December 2022	Change
Legal reserve	6,957	6,878	79
Extraordinary reserve	128,821	88,523	40,298
Consolidation reserve	9,273	(1,797)	11,070
Stock option reserve	612	572	40
Reserve for treasury shares in portfolio	(6,263)	(2,950)	(3,313)
Cash flow hedge reserve	2,201	2,307	(106)
Reserve FTA/OCI	(223)	(183)	(40)
Reserve from offsetting of exchange differences/CTA	278	(261)	539
Post-merger reserve	49	49	–
Merger surplus	107	107	–
Profit from previous years	4,200	5,112	(912)
Other reserves	**146,012**	**98,357**	**47,655**

The item comprises:

- Legal reserve, which includes the allocation of period profits carried out by the Parent Company of €6,957 thousand according to the provisions of the Italian Civil Code.
- Extraordinary reserve relating to the Parent Company of €128,821 thousand and €88,523 thousand as at 31 December 2023 and 31 December 2022, respectively. The increase is due to the allocation of prior year profit, net of dividends paid in 2023.
- Consolidation reserve, which includes the difference between the carrying amount of the group's equity investments and its share of the investees' equity. It had a positive balance of €9,273 thousand and a negative balance of €1,797 thousand as at 31 December 2023 and 31 December 2022, respectively;
- The Stock option reserve, recognised for a positive value of €612 thousand, expresses the value of the option, recognised on a straight-line basis over the period between the grant date and the vesting date.
  The aforementioned reserve refers to the stock incentive plan approved by the Ordinary Shareholders' Meeting of 21 April 2020 and reserved for executive directors and key employees of Sanlorenzo and its subsidiaries. For further details regarding this plan, please refer to the note "Share-based payments" in these financial statements.
- The Reserve for treasury shares in portfolio, negative for €6,263 thousand, relates to the purchase of 58,666 carried out in 2020, 64,536 in 2022 and 91,726 carried out in 2023, for total treasury shares of 214,928.
- Cash flow hedge reserve, relating to the Parent Company, was a positive €2,201 thousand as at 31 December 2023 and a positive €2,307 thousand as at 31 December 2022.

- The Reserve FTA/OCI, which was affected by the transition of the financial statements to IFRS, in the amount of €(223) thousand as at 31 December 2023 and €(183) as at 31 December 2022.
- Reserve from elimination of exchange differences for €278 thousand and €(261) thousand as at 31 December 2023 and 31 December 2022, respectively. The reserve was established in 2019 for the exchange differences between the profit and loss and balance sheet in the financial statements of Sanlorenzo of the Americas and Fortune Yacht and for the differences in intra-group cancellations.
- Post-merger reserve of the Company with capital contributions from the shareholders for €49 thousand as at 31 December 2023 and 31 December 2022, respectively. This reserve has not changed.
- The merger surplus of €107 thousand relates to the Parent Company and was formed following the merger by incorporation with Eureka Imbarcazioni S.r.l., which took place in 2012, and with PN VSY S.r.l. in 2022.
- Profits from previous years for €4,200 thousand and €5,112 thousand respectively as at 31 December 2023 and 31 December 2022.

Equity attributable to non-controlling interests

The change in equity attributable to non-controlling interests is primarily due to the results of operations. The item stood at €1,690 thousand as at 31 December 2023 compared to €1,550 thousand as at 31 December 2022.

Dividends

The Sanlorenzo Ordinary Shareholders' Meeting of 27 April 2023 approved, inter alia, the distribution of a dividend of €0.66 per share, with payment as of 4 May 2023. In 2023, dividends were paid in the total amount of €22,978 thousand.

Capital management

The objective of the Group's capital management policies is the creation of value for Shareholders and support for the future development of the Group through the maintenance of an adequate level of capitalisation, which permits access to external sources of funding under advantageous conditions. The Group manages the capital structure and carries out adjustments in line with the changes in the general economic conditions and the strategic objectives.

28. Financial liabilities

(€'000)	31 December 2023	31 December 2022	Change
Bank loans and borrowings (beyond 12 months)	23,031	43,860	(20,829)
Other loans and borrowings – IFRS 16 (beyond 12 months)	5,764	5,399	365
Non-current financial liabilities	**28,795**	**49,259**	**(20,464)**
Short-term bank loans (within 12 months)	43,971	48,315	(4,344)
of which bank loans	*20,806*	*26,958*	*(6,152)*
of which advances	*22,923*	*4,000*	*18,923*
of which other short-term loans	*242*	*17,357*	*(17,115)*
Other short-term loans and borrowings – IFRS 16	3,258	2,448	810
Hedging derivative liabilities	41	1,417	(1,376)
Current financial liabilities	**47,270**	**52,180**	**(4,910)**
Financial liabilities	**76,065**	**101,439**	**(25,374)**

Non-current loans and borrowings amounted to €28,795 thousand and €49,259 thousand as at 31 December 2023 and 31 December 2022, respectively. They mainly refer to long-term loans and borrowings stipulated by the Parent Company for €18,509 thousand and €40,711 thousand as at 31 December 2023 and 31 December 2022, respectively.
The non-current portion of other loans and borrowings amounted to €5,764 thousand and €5,399 respectively as at 31 December 2023 and 31 December 2022 and refers to the impact of application of IFRS 16.
Current loans and borrowings, equal to €47,270 thousand and €52,180 thousand as at 31 December 2023 and 31 December 2022, respectively, referred to:

- the current portion of the bank loans for €20,806 thousand and €26,958 thousand, respectively as at 31 December 2023 and 31 December 2022, including the book value of the loans due within 12 months and the accruals of related interest due to the financing institutions;
- advances in the amount of €22,923 thousand, referring mainly to Bluegame;
- other loans and borrowings of €3,258 thousand and €2,448 thousand respectively as at 31 December 2023 and 31 December 2022, entirely referred to the effect of the application of IFRS 16;
- liabilities for derivatives, hedging foreign exchange and interest rate risks, totalling €41 thousand and €1,417 thousand as at 31 December 2023 and 31 December 2022, respectively.

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

(€'000)	31 December 2023	31 December 2022	Change
Within 1 year	47,270	52,180	(4,910)
From 1 to 5 years	25,737	46,032	(20,295)
Over 5 years	3,058	3,227	(169)
Total	**76,065**	**101,439**	**(25,374)**

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

(€'000)	
Financial liabilities as at 31 December 2022	**101,439**
Changes in fair value of derivatives	(1,376)
New loan proceeds	25,121
Loan repayments	(33,181)
Changes in other short-term financial liabilities	(17,115)
New lease finance (IFRS 16)	2,409
Repayment of lease finance (IFRS 16)	(1,233)
Other changes	1
Financial liabilities as at 31 December 2023	**76,065**

The breakdown of net financial debt of Sanlorenzo Group as at 31 December 2023 and as at 31 December 2022 is reported below:

(€'000)		31 December 2023	31 December 2022
A	Cash	192,506	146,317
B	Cash equivalents	–	–
C	Other current financial assets	24,045	55,459
D	**Liquidity (A + B + C)**	**216,551**	**201,776**
E	Current financial debt	(28,285)	(28,307)
F	Current portion of non-current financial debt	(18,985)	(23,873)
G	**Current financial indebtedness (E + F)**	**(47,270)**	**(52,180)**
H	**Net current financial indebtedness (G + D)**	**169,281**	**149,596**
I	Non-current financial debt	(28,795)	(49,259)
J	Debt instruments	–	–
K	Non-current trade and other payables	–	–
L	**Non-current financial indebtedness (I + J + K)**	**(28,795)**	**(49,259)**
M	**Total financial indebtedness (H+L)**	**140,486**	**100,337**

For details, see the Report on Operations.

As at 31 December 2023, like in previous years, the Group was required to comply with some financial parameters (covenants) on loans to be calculated, on an annual basis, in the consolidated financial statements. As at 31 December 2023, these parameters were complied with.

Loan	Parameter	Limit
Banco BPM unsecured loan €10m 30.06.26	Net financial position/EBITDA	< 2.50
Intesa Sanpaolo unsecured loan €20m 30.06.26 (Circular Economy)	Net financial position/EBITDA	< 1.80
Intesa Sanpaolo unsecured loan €20m 30.06.26 (Circular Economy)	Net Financial Position/Equity	< 1.3
UniCredit unsecured loan €6m 30.09.25	Net financial position/EBITDA	< 2.50
UniCredit unsecured loan €6m 30.09.25	Net Financial Position/Equity	< 0.90
UniCredit unsecured loan €6m 30.09.25	EBITDA/Financial expense	> 6.5
UniCredit unsecured loan €10m 30.06.26	Net financial position/EBITDA	< 2.50
UniCredit unsecured loan €10m 30.06.26	Net Financial Position/Equity	< 0.90
UniCredit unsecured loan €10m 30.06.26	EBITDA/Financial expense	> 6.5
UniCredit unsecured loan €4.5m 30.09.25	Net financial position/EBITDA	< 2.50
UniCredit unsecured loan €4.5m 30.09.25	Net Financial Position/Equity	< 0.90
UniCredit unsecured loan €4.5m 30.09.25	EBITDA/Financial expense	> 6.5

The following table shows the conditions and due dates of the loans as at 31 December 2023 and 31 December 2022, respectively.

(€'000)	Nominal interest rate	Year of maturity/ repayment	31 December 2023					
			Nominal value	Accounting records	Carrying amount	Within 1 year	From 1 to 5 years	Over 5 years
Sanlorenzo S.p.A.								
Banco BPM – Unsecured loan €10m 30.06.26	0.6%	2026	5,263	(3)	5,260	2,103	3,157	–
Banco BPM – Mortgage loan €814k 31.12.30	1.5%	2030	–	–	–	–	–	–
Banco BPM – Mortgage loan €7.41m 31.12.30	4.3%	2030	4,683	–	4,683	639	2,627	1,417
BNL – Unsecured loan €5m 30.06.23	0.0%	2023	–	–	–	–	–	–
BPER – Unsecured loan €5m 30.09.25	0.9%	2025	–	–	–	–	–	–
Cassa Depositi e Prestiti – Unsecured loan €10m 31.12.26	1.1%	2026	–	–	–	–	–	–
Crédit Agricole – Mortgage loan €15m 29.11.26	1.0%	2026	–	–	–	–	–	–
Crédit Agricole – Unsecured loan €7m 05.07.23	0.8%	2023	–	–	–	–	–	–
Deutsche Bank – Unsecured loan €7.5m 31.03.23	1.0%	2023	–	–	–	–	–	–
Intesa Sanpaolo – Unsecured loan €20m 30.06.26 (Circular Economy)	3.7%	2026	11,111	(21)	11,090	4,436	6,654	–
MPS – Unsecured loan €6m 31.12.23	0.8%	2023	–	–	–	–	–	–
UniCredit – Unsecured loan €6m 30.09.25	3.9%	2025	2,625	(2)	2,623	1,499	1,124	–
UniCredit – Unsecured loan €10m 30.06.26	3.8%	2026	5,263	(5)	5,258	2,103	3,155	–
Simest – Facilitated loan "Capitalisation" 31.12.27	0.6%	2027	480	–	480	120	360	–
Simest – Facilitated loan for "Fairs and Exhibitions" 08.04.25	0.1%	2025	45	–	45	30	15	–
Total Sanlorenzo S.p.A.			**29,470**	**(31)**	**29,439**	**10,930**	**17,092**	**1,417**
Bluegame S.r.l.								
Unicredit – Unsecured loan €4.5m 30.09.25	4.0%	2025	1,969	(2)	1,967	1,124	843	–
Simest – Facilitated loan "Capitalisation" 31.12.27	0.6%	2027	357	–	357	89	268	–
Total Bluegame S.r.l.			**2,326**	**(2)**	**2,324**	**1,213**	**1,111**	**–**
Equinoxe S.r.l.								
UniCredit – Unsecured loan €150k 30.06.27	1.5%	2027	107	–	107	31	76	–
Total Equinoxe S.r.l.			**107**	**–**	**107**	**31**	**76**	**–**

31 December 2022						
Nominal value	Accounting records	Carrying amount	Within 1 year	From 1 to 5 years	Over 5 years	
						Sanlorenzo S.p.A.
7,368	(8)	7,360	2,101	5,259	–	Banco BPM – Unsecured loan €10m 30.06.26
576	–	576	69	285	222	Banco BPM – Mortgage loan €814k 31.12.30
5,247	–	5,247	632	2,598	2,017	Banco BPM – Mortgage loan €7.41m 31.12.30
2,500	–	2,500	2,500	–	–	BNL – Unsecured loan €5m 30.06.23
2,765	–	2,765	1,001	1,764	–	BPER – Unsecured loan €5m 30.09.25
5,714	1	5,715	1,429	4,286	–	Cassa Depositi e Prestiti – Unsecured loan €10m 31.12.26
6,360	(18)	6,342	1,558	4,784	–	Crédit Agricole – Mortgage loan €15m 29.11.26
1,080	–	1,080	1,080	–	–	Crédit Agricole – Unsecured loan €7m 05.07.23
375	–	375	375	–	–	Deutsche Bank – Unsecured loan €7.5m 31.03.23
15,556	(30)	15,526	4,436	11,090	–	Intesa Sanpaolo – Unsecured loan €20m 30.06.26 (Circular Economy)
1,200	(2)	1,198	1,198	–	–	MPS – Unsecured loan €6m 31.12.23
4,125	(3)	4,122	1,499	2,623	–	UniCredit – Unsecured loan €6m 30.09.25
7,368	(7)	7,361	2,103	5,258	–	UniCredit – Unsecured loan €10m 30.06.26
480	–	480	–	480	–	Simest – Facilitated loan “Capitalisation” 31.12.27
75	–	75	30	45	–	Simest – Facilitated loan for “Fairs and Exhibitions” 08.04.25
60,789	**(67)**	**60,722**	**20,011**	**38,472**	**2,239**	**Total Sanlorenzo S.p.A.**
						Bluegame S.r.l.
3,094	(3)	3,091	1,124	1,967	–	Unicredit – Unsecured loan €4.5m 30.09.25
357	–	357	–	357	–	Simest – Facilitated loan “Capitalisation” 31.12.27
3,451	**(3)**	**3,448**	**1,124**	**2,324**	**–**	**Total Bluegame S.r.l.**
						Equinoxe S.r.l.
135	–	135	29	106	–	UniCredit – Unsecured loan €150k 30.06.27
135	**–**	**135**	**29**	**106**	**–**	**Total Equinoxe S.r.l.**

(€'000)	Nominal interest rate	Year of maturity/ repayment	31 December 2023					
			Nominal value	Accounting records	Carrying amount	Within 1 year	From 1 to 5 years	Over 5 years
I.C.Y. S.r.l.								
Banco BPM – Unsecured loan €200k 28.02.25	4.6%	2025	80	–	80	69	11	–
Crédit Agricole – Unsecured loan €16k 05.03.23	2.6%	2023	–	–	–	–	–	–
Crédit Agricole – Unsecured loan €220k 05.09.24	5.8%	2024	36	–	36	36	–	–
Total I.C.Y. S.r.l.			**116**	**–**	**116**	**105**	**11**	**–**
Polo Nautico Viareggio S.r.l.								
BPER – Unsecured loan €500k 30.09.27	1.5%	2027	341		341	91	250	–
Cassa di Risparmio di Volterra – Unsecured loan €300k 10.11.27	2.2%	2027	240	1	241	57	184	–
Total Polo Nautico Viareggio S.r.l.			**581**	**1**	**582**	**148**	**434**	**–**
Sanlorenzo of the Americas LLC								
Intesa Sanpaolo – Uncommitted credit facility $10m	5.7%	to revocation	5,079		5,079	5,079	–	–
Total Sanlorenzo of the Americas LLC			**5,079**	**–**	**5,079**	**5,079**	**–**	**–**
Duerre S.r.l.								
Banco BPM – Mortgage loan €3000k 31.05.32	4.7%	2032	1,749	–	1,749	170	996	583
Unicredit – Mortgage loan €500k 31.05.27	5.9%	2027	134	–	134	41	93	–
Unicredit – Unsecured loan €750k 31.07.26	2.0%	2026	397	–	397	151	246	–
BPER – Unsecured loan €500k 09.11.26	1.7%	2026	368	–	368	124	244	–
Banca Cambiano 1884 – Unsecured loan €300k 01.02.24	5.0%	2024	11	–	11	11	–	–
Banca Cambiano 1884 – Unsecured loan €500k 01.11.26	5.4%	2026	363	–	363	123	240	–
Banca Progetto – Unsecured loan €120k 31.05.26	7.2%	2026	61	–	61	61	–	–
Banca Progetto – Unsecured loan €380k 31.05.26	7.2%	2026	201	–	201	201	–	–
Medio Credito Centrale – Unsecured loan €500k 19.11.26	4.8%	2026	304	–	304	100	204	–
Deutsche Bank – Credit Facility €4200k	4.3%	to revocation	2,256	–	2,256	2,256	–	–
Total Duerre S.r.l.			**5,844**	**–**	**5,844**	**3,238**	**2,023**	**583**
Sea Energy S.r.l.								
Banco BPM – Unsecured loan €380k 31.08.30	6.0%	2030	229	–	229	29	200	–
Banco BPM – Unsecured loan €200k 28.06.27	1.8%	2027	117	–	117	33	84	–
Total Sea Energy S.r.l.			**346**	**–**	**346**	**62**	**284**	**–**
Group total			**43,869**	**(32)**	**43,837**	**20,806**	**21,031**	**2,000**

31 December 2022						
Nominal value	Accounting records	Carrying amount	Within 1 year	From 1 to 5 years	Over 5 years	
						I.C.Y. S.r.l.
146	–	146	65	81	–	Banco BPM – Unsecured loan €200k 28.02.25
1	–	1	1	–	–	Crédit Agricole – Unsecured loan €16k 05.03.23
82	–	82	46	36	–	Crédit Agricole – Unsecured loan €220k 05.09.24
229	**–**	**229**	**112**	**117**	**–**	**Total I.C.Y. S.r.l.**
						Polo Nautico Viareggio S.r.l.
455	–	455	91	364	–	BPER – Unsecured loan €500k 30.09.27
296	–	296	58	238	–	Cassa di Risparmio di Volterra – Unsecured loan €300k 10.11.27
751	**–**	**751**	**149**	**602**	**–**	**Total Polo Nautico Viareggio S.r.l.**
						Sanlorenzo of the Americas LLC
5,533	–	5,533	5,533	–	–	Intesa Sanpaolo – Uncommitted credit facility $10m
5,533	**–**	**5,533**	**5,533**	**–**	**–**	**Total Sanlorenzo of the Americas LLC**
						Duerre S.r.l.
–	–	–	–	–	–	Banco BPM – Mortgage loan €3000k 31.05.32
–	–	–	–	–	–	Unicredit – Mortgage loan €500k 31.05.27
–	–	–	–	–	–	Unicredit – Unsecured loan €750k 31.07.26
–	–	–	–	–	–	BPER – Unsecured loan €500k 09.11.26
–	–	–	–	–	–	Banca Cambiano 1884 – Unsecured loan €300k 01.02.24
–	–	–	–	–	–	Banca Cambiano 1884 – Unsecured loan €500k 01.11.26
–	–	–	–	–	–	Banca Progetto – Unsecured loan €120k 31.05.26
–	–	–	–	–	–	Banca Progetto – Unsecured loan €380k 31.05.26
–	–	–	–	–	–	Medio Credito Centrale – Unsecured loan €500k 19.11.26
–	–	–	–	–	–	Deutsche Bank – Credit Facility €4200k
–	**–**	**–**	**–**	**–**	**–**	**Total Duerre S.r.l.**
						Sea Energy S.r.l.
–	–	–	–	–	–	Banco BPM – Unsecured loan €380k 31.08.30
–	–	–	–	–	–	Banco BPM – Unsecured loan €200k 28.06.27
–	**–**	**–**	**–**	**–**	**–**	**Total Sea Energy S.r.l.**
70,888	**(70)**	**70,818**	**26,958**	**41,621**	**2,239**	**Group total**

29. Trade payables

(€'000)	31 December 2023	31 December 2022	Change
Payables to suppliers	202,488	147,271	55,217
Payables to associates	1,324	8,336	(7,012)
Payables to holding company	–	372	(372)
Trade payables	**203,812**	**155,979**	**47,833**

Trade payables include payables to suppliers, associates and the parent company.
Payables to suppliers present a balance of €202,488 thousand and €147,271 thousand as of 31 December 2023 and 31 December 2022, respectively, while payables to associates present a balance of €1,324 thousand.
A breakdown of payables to suppliers between current and non-current is provided in the following table:

(€'000)	31 December 2023	31 December 2022	Change
Payables to suppliers	202,488	147,271	55,217
of which current	*202,488*	*147,271*	*55,217*
Payables to suppliers	**202,488**	**147,271**	**55,217**

The following table shows the breakdown of payables to suppliers by geographical area:

(€'000)	31 December 2023	31 December 2022	Change
Italy	188,755	139,717	49,038
Europe (other countries)	10,617	5,518	5,099
Americas	2,345	1,293	1,052
APAC	292	635	(343)
MEA	479	108	371
Payables to suppliers	**202,488**	**147,271**	**55,217**

30. Other current liabilities

(€'000)	31 December 2023	31 December 2022	Change
Social security contributions	2,843	2,461	382
Other liabilities	16,464	12,624	3,840
Accrued expenses and deferred income	18,290	16,774	1,516
Other current liabilities	**37,597**	**31,859**	**5,738**

Social security contributions refer to payables outstanding at the end of the year. The item consists of amounts due to INPS, INAIL and Previndai (Italian social security institutions) for contributions due on wages and salaries. They were equal to €2,843 thousand as at 31 December 2023 and €2,461 thousand as at 31 December 2022.
Other payables amounted to €16,464 thousand and €12,624 thousand as at 31 December 2023 and 31 December 2022, respectively. The increase of €3,840 mainly relates to the Parent Company and refers mainly to the payable to employees for salaries and accruals.
Accrued expenses and deferred income were up between 2022 and 2023 by €1,516 thousand. Deferred income mainly refers to commissions due, which accrue according to the progress of work on the construction of boats.

31. Employee benefits

(€'000)	31 December 2023	31 December 2022
Opening balance	**1,109**	**1,058**
Change in the scope of consolidation	1,095	–
Allocations	255	422
Interest	57	17
Utilisations	(164)	(200)
Incoming and outgoing employees	–	–
Present value as at 31 December	**2,352**	**1,297**
Net actuarial gains/(losses) based on past experience	66	64
Net actuarial gains/(losses) arising on changes to demographic assumptions	–	–
Net actuarial gains/(losses) arising on changes to financial assumptions	73	(252)
Closing balance	**2,491**	**1,109**

Post-employment benefits are recognised by the Group's Italian companies, in line with reference national legislation. They include benefits accrued by employees at the reporting date, net of advances received or sums transferred to the Italian pension funds Previndai, Gomma Plastica, Cometa or other pension funds or the INPS treasury fund.
In accordance with IAS 19, post-employment benefits are measured using actuarial valuation methods performed by an external expert. These methods are revised when necessary.
Post-employment benefits amounted to €2,491 thousand as at 31 December 2023.

The main financial and demographical assumptions are set out below with annual turnover rates and possible advances given to employees used to determine the present value of the liability related to post-employment benefits.

FINANCIAL ASSUMPTIONS

	31 December 2023	31 December 2022
Annual discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual growth rate of post-employment benefits	3.00%	3.23%
Annual remuneration growth rate	0.50%	0.50%

DEMOGRAPHICAL ASSUMPTIONS

Mortality	RG48 mortality tables published by the State General Accounting Department
Disability	INPS tables by age and gender
Retirement	100% upon achievement of AGO requirements

ANNUAL TURNOVER AND TFR ADVANCE FREQUENCIES

	31 December 2023	31 December 2022
Advances	1.00%	1.00%
Turnover rate	1.50%	1.50%

As at 31 December 2023, net actuarial gains based on past experience were equal to €66 thousand. These are gains/(losses) due to variations from one valuation to another in terms of new, outgoing and retired employees, requests for advances, etc. that differ from those assumed. There was also a net actuarial gain arising on changes in financial assumptions equal to €73 thousand.

32. Provisions for risks and charges

(€'000)	Provision for disputes	Provision for warranties	Provision for exchange rates fluctuations	Provision for risks relating to pre-owned boats	Contract completion provision	Total
Amount as at 31 December 2022	**7,218**	**5,907**	**168**	**948**	**3,742**	**17,983**
Allocations	1,410	450	–	1,321	–	3,181
Utilisations	(1,323)	–	–	(775)	–	(2,098)
Business combinations	–	10	–	–	–	10
Other changes/reclassifications	–	–	–	–	3,899	3,899
Amount as at 31 December 2023	**7,305**	**6,367**	**168**	**1,494**	**7,641**	**22,975**

Provisions for risks and charges include the following items:

- Provision for disputes: this provision was established to cover risks related to litigation or potential liabilities of a civil and tax nature. The accrual made during the period, amounting to €1,410 thousand, mainly refers to the amount set aside as a precautionary measure by the Parent Company to cover professional fees and potential tax liabilities abroad. Draw-downs refer to the portion of the provision used to settle the Parent Company's tax dispute with the Italian Revenue Agency and for the payment of foreign taxes. For more details, please see the paragraph below.

- Provision for warranty risks: item quantified based on the best estimate to date of the possible costs that will be incurred for repairs under warranty on yachts already sold at the end of the period and for which revenues have therefore been booked;The provision for warranty risks covers the new boats of the Parent Company and the subsidiary Bluegame S.r.l.The item stood at €6,367 thousand as at 31 December 2023 and €5,907 thousand as at 31 December 2022.The warranty period is two years for new boats and one year for pre-owned boats.
- Provision for exchange rate fluctuations: the balance amounts to €168 thousand.
- Provisions for risks on pre-owned boats: as at 31 December 2023, it amounted to €1,494 thousand and refers to the commitment for withdrawing pre-owned on new boats.
- Contract completion provision: this amounted to €7,641 thousand and refers to the reclassification of the provision previously included in contract liabilities.

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

(€'000)	31 December 2023	31 December 2022	Change
Provision for warranties	**6,367**	**5,907**	**460**
of which current	*4,307*	*4,407*	*(100)*
of which non-current	*2,060*	*1,500*	*560*
Total	**6,367**	**5,907**	**460**

Administrative, in-court and arbitration proceedings

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

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

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

Tax proceedings
As already extensively described in the Financial Reports relating to previous periods, with regard to the ongoing tax proceedings for the tax periods from 2013 to 2016, the Parent Company reached an agreement with the tax authority regional directorate of Liguria, for the settlement of tax disputes relating to the said tax periods, benefiting from the favourable provisions set forth in the 2023 Budget Law (Italian Law no. 197 of 2022). Pursuant to the above-mentioned agreement, during the first half of 2023 the Parent Company paid the amount due, definitively closing the outstanding claims with the tax authorities for the above-mentioned years.
In April and May 2023, the Parent Company filed two appeals before the Court of First Instance of La Spezia against two notices of adjustment and settlement of mortgage and cadastral taxes issued by the tax authority provincial directorate of La Spezia and referring to real estate purchases concluded at the end of 2020. In relation to these notices, which contested the value attributed to real estate for the purpose of settling mortgage and cadastral taxes, higher taxes of €277 thousand were settled in addition to penalties of €277 thousand and interest according to the legal rate. No hearing has yet been scheduled.
At the end of June 2023 the Parent Company received a notice of adjustment and settlement of registration tax issued by the tax authority provincial directorate of La Spezia referring to the purchase of a business unit in 2021 for the settlement of higher registration tax by €110 thousand. Through its defence attorneys, after having started the litigation process as a result of the unsuccessful open consultation with the Office, in November 2023 the Parent Company received notice of full withdrawal of proceedings by the Italian Revenue Agency, La Spezia Provincial Department, closing these proceedings.

Administrative proceedings
At the date of approval of these consolidated financial statements, the Group is not involved in significant administrative proceedings.
To the date of these consolidated financial statements, the Parent Company is a party to other legal proceedings involving immaterial amounts but for which it could be found liable and, hence, required to pay settlements and possible legal costs.

Financial instruments – Fair values and risk management

33. Derivatives

The Group uses derivatives to hedge against the risk of fluctuations in exchange and interest rates.
The item includes the fair value of the derivative instruments outstanding at each reference date.
Specifically, as at 31 December 2023, the Group had the following derivatives in its portfolio:

- forward agreements relating to sales of US dollars against euros for a notional total of €63,163 thousand taken out by the Parent Company and Bluegame designated as hedges of the amounts received in US dollars by the subsidiary Sanlorenzo of the Americas LLC;
- interest rate swaps for a notional total of €25,581 thousand taken out by the Parent Company and Bluegame S.r.l. and designated as interest rate hedges on floating rate medium/long-term loans.

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

(€'000)	31 December 2023	31 December 2022	Change
Derivative assets			
Currency hedges	1,264	1,889	(625)
Interest rate hedges	1,272	2,518	(1,246)
Total assets	**2,536**	**4,407**	**(1,871)**
Derivative liabilities			
Currency hedges	(41)	(1,417)	1,376
Interest rate hedges	–	–	–
Total liabilities	**(41)**	**(1,417)**	**1,376**

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

34. Cash management

In view of the strong cash generation at the operational level and the resulting significant cash held, the Group implemented a cash management and investment strategy.
As at 31 December 2023, the Group had the following financial instruments in its portfolio:

- unrestricted time deposits for €115,000 thousand, included in cash and cash equivalents and measured at fair value level 1;
- listed bonds and certificates of investment-grade issuers with a market value of €20,928 thousand, measured at fair value level 1.

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

(€'000)	31 December 2023	31 December 2022	Change
Restricted time deposits	–	16,000	(16,000)
Unrestricted time deposits	115,000	102,813	12,187
Listed bonds and certificates	20,928	30,082	(9,154)
Insurance policies	–	4,900	(4,900)
Investment funds	–	59	(59)
Total cash invested	**135,928**	**153,854**	**(17,926)**

35. Financial Risk Management

Credit risk

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

Liquidity risk

Liquidity risk is represented by the possibility that a Group company or the Group may find itself in the position of not being able to meet its payment commitments, whether foreseen or unforeseen, due to a lack of financial resources, thus jeopardizing day-to-day operations or the financial position of the individual or the Group.
Liquidity risk may arise from any difficulty in obtaining timely funding to support operating activities and may manifest itself in the inability to obtain the necessary resources on economic terms.
Cash flows, funding requirements and liquidity are under the control of the Parent Company, with the aim of ensuring effective management of financial resources.
The Group has dealt with liquidity risk by reinvesting cash flows from operations, in addition to obtaining substantial lines of credit with a number of banks, the total amount of which is deemed more than sufficient to meet its financial requirements, also taking into account the effects of the seasonal nature of the sector on cash flows. The concentration of the collection of orders and deliveries in specific periods of the year, against the constant flow of payments to Group suppliers and contractors, has in fact, an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which short-term financial debt may be higher as a result of the lower flow of collections. The Group therefore performs careful financial planning in order to reduce liquidity risk and has acquired significant bank credit facilities, whose use is planned on the basis of financial requirements.
As at 31 December 2023, the Group has bank credit lines to meet liquidity needs of €151,335 thousand[24], of which €121,075 thousand not used, in addition to €216,551 thousand of cash (including €24,045 thousand of financial investments) and against a total gross debt of €76,065 thousand (including lease liabilities and the fair value of derivatives). In view of its significant cash position, the Group has also implemented a prudent, diversified cash management strategy, favouring capital-protected or guaranteed products and financial instruments with counterparties of primary standing.
For further details on the maturity dates of the financial debt, see the note "Financial liabilities" in these financial statements.

Exposure to interest rate fluctuation

The Group is exposed to changes in interest rates on its medium-long term floating rate debt instruments, entirely referring to the Euro zone. The management of interest rate risk is consistent with established practice over time aimed at reducing the risk of volatility in interest rates and achieving an optimal mix between variable and fixed rates in the structure of loans, thereby mediating fluctuations in market interest rates in order to pursue, at the same time, the objective of minimising financial expense.
The Group manages the risk of interest rate fluctuations through the use of derivative hedging instruments, such as interest rate swaps or interest rate caps with financial counterparties of primary standing.
As at 31 December 2023, the Group has 5 interest rate swaps in place for a total notional amount of €25,581 thousand.

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

The following table shows an analysis of the sensitivity of derivative instruments on interest rates, carried out by applying to the portfolio a variation, positive or negative, of the interest rate curve in Euro of 10 basis points.

(€'000)	Fair value as at 31 December 2023	Change +10 basis points	Change -10 basis points
Interest rate hedges	1,272	1,307	1,237

Exposure to exchange rate fluctuations

The geographical distribution of Group commercial activities entails exposure to transaction and translation exchange rate risk.

Transaction risk arises from primarily commercial transactions carried out by individual companies in currencies other than their functional currency, as a result of fluctuations in exchange rates between the time at which the relationship originates and the time at which the transaction is completed (collection/payment).

In terms of revenues, the Euro is the most commonly used invoicing currency for the sale of yachts. The residual cases of sales of yachts in other currencies exclusively concern contracts signed by the subsidiary Sanlorenzo of the Americas denominated in US dollars.

The Group manages the risks of changes in foreign exchange rates on US dollar sales through its foreign currency sales pricing policy and through the use of derivatives. In particular, when setting the sale price in foreign currency, the Group, starting from its own margin objectives in Euro, usually applies the exchange rate in force on the date of stipulation of the contract and start of construction of the boat, increased by the financial component (cost of carry) connected with the expected timing of receipts from the sale. On these maturities, the Group carries out hedging operations through derivatives, typically forwards or other types of forward sale with financial counterparties of primary standing, implementing a policy of hedging only transactional exchange rate risk, thus deriving from existing commercial transactions and future contractual commitments.

As at 31 December 2023, it had forward contracts for the sale of US dollars relating to collections to be received for a total notional amount of €63,163 thousand.

As far as costs are concerned, as production is carried out in Italy with Italian suppliers and contractors, costs in currencies other than the Euro are residual and sporadic, and therefore no hedging operations are carried out.

The translation risk concerns the conversion into Euro of the assets and liabilities of Sanlorenzo of the Americas, which is the only subsidiary with a functional currency other than the Euro, for the preparation of the consolidated financial statements. This exposure, which is monitored at the end of each accounting period, is limited, also in view of the fact that assets are offset by liabilities in the same currency. Therefore, at this stage, it has been decided not to adopt specific hedging policies for this exposure.

The following table shows an analysis of the sensitivity of derivatives on exchange rates, carried out by applying to the portfolio a variation, positive or negative, of the Euro against the US dollar equal to 5%.

(€'000)	Fair value as at 31 December 2023	Appreciation of 5% of US Dollar against €	Depreciation of 5% of US Dollar against €
Currency hedges	1,223	4,138	(1,998)

GROUP STRUCTURE

36. Subsidiaries

These Consolidated Financial Statements as at 31 December 2023 were prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted to ensure compliance with the IFRS.
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has at the same time, the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date on which it ends.
The following table provides information, as at 31 December 2023, relating to name, registered office, currency, share capital, percentage of ownership held directly and indirectly by the Parent Company. For information on any equity investments acquired after 31 December 2023, please refer to the section "Significant events after the close of the period" of the Report on Operations.

Company name	Registered office	Currency	Share capital (currency unit)	Percentage of ownership	
				Direct	Indirect
Bluegame S.r.l.	Ameglia (SP) – Italy	Euro	100,000	100.0%	–
PN Sviluppo S.r.l.	Viareggio (LU) – Italy	Euro	40,000	100.0%	–
Sanlorenzo Arbatax S.r.l.	Tortolì (NU) – Italy	Euro	10,000	100.0%	–
Equinoxe S.r.l.	Turin (TO) – Italy	Euro	184,536	100.0%	–
Polo Nautico Viareggio S.r.l.	Viareggio (LU) – Italy	Euro	667,400	53.0%	–
I.C.Y. S.r.l.	Adro (BS) – Italy	Euro	100,000	–	60.0%
Duerre S.r.l.	Vicopisano (PI) – Italy	Euro	1,000,000	66.0%	–
Sea Energy S.r.l.	Viareggio (LU) – Italy	Euro	25,000	65.0%	–
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain	Euro	500,000	100.0%	–
Sanlorenzo Monaco S.A.M.	Monte-Carlo – Principality of Monaco	Euro	150,000	99.7%	–
Sanlorenzo Côte d'Azur S.A.S.	Cannes – France	Euro	1,000	100.0%	–
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	USD	2,000,000	99.9%	0.1%
Fortune Yacht LLC	Fort Lauderdale (FL) – USA	USD	1,000	–	100.0%

Bluegame S.r.l.

This company, with registered office in Ameglia, was set up at the end of 2017 to acquire the historical "Bluegame" brand from Open Boat Italia, a company owning yacht moulds, under deed of arrangement. In 2019, the Parent Company acquired a 49.5% stake in Bluegame from other shareholders, which, added to the 50.5% stake already in its possession, has given it a 100% stake.
The company ended 2023 with a net profit equal to €4,259 thousand, essentially in line with the €4,642 thousand recorded in 2022.

I.C.Y. S.r.l.

On 20 July 2022, Bluegame S.r.l. completed the purchase of 60% of the shares of I.C.Y. S.r.l., its historical partner in the production of some product lines; this acquisition is aimed at consolidating and increasing Bluegame's production capacity to support growth.
I.C.Y. S.r.l. has its registered office in Adro (Brescia), has a share capital of €100 thousand and closed the year 2023 with a profit of €30 thousand.

Equinoxe S.r.l.

Equinoxe S.r.l, founded in 1986 and based in Turin, has established itself over 30 years as a benchmark in charter services.
On 19 December 2022, Sanlorenzo S.p.A. finalised the acquisition of 100% of the share capital of Equinoxe S.r.l., and its wholly-owned subsidiary Equinoxe Yachts International S.r.l. operating in the same sector, for an amount of €2,100 thousand.
Subsequently, on 27 December 2022, the Board of Directors of Equinoxe S.r.l. approved the merger by incorporation of Equinoxe Yachts International S.r.l., a transaction finalised on 12 April 2023.
Equinoxe S.r.l. closed 2023 with a profit of €197 thousand.

Sanlorenzo Arbatax S.r.l.

The company was established on 14 October 2022 and has as its object the production of small/medium size composite semi-finished products.
The Company was designated as assignee of a real estate complex within the framework of an enforcement procedure, for a value of €4,576,568. The assignment took place on 7 July 2023 with a decree of transfer by the Court of Lanusei. Specifically, the property is an industrial building with appurtenant land located in the municipality of Tortolì, within the "ZES Sardegna" zone.
As at 31 December 2023, the company reported a profit of €144 thousand.

Polo Nautico Viareggio S.r.l.

On 9 June 2022, Sanlorenzo S.p.A., already owner of a 49.81% share, acquired, for a consideration of €3 thousand, a 0.51% share in the company Polo Nautico Viareggio S.r.l., achieving control of the same with a total share of 50.32%.
On 28 July 2022, Sanlorenzo S.p.A. purchased, for a consideration of €14 thousand, an additional 2.17% stake in the company, increasing its shareholding to 52.49%.
On 3 July 2023, Sanlorenzo S.p.A. acquired a 0.51% stake in the share capital of Polo Nautico Viareggio S.r.l. from VSS S.r.l., for a consideration of €7,500. The stake thus reached 53.0% of share capital.
The company was originally set up in the legal form of a limited liability consortium and has maintained its mission while continuing to provide services mainly to its members.
As at 31 December 2023, the company reported a profit of €13 thousand.

Duerre S.r.l.

On 29 April 2022, Sanlorenzo S.p.A. had acquired a 33% stake in Duerre S.r.l., a historic company active since the 1940s in the handcrafted production of very high quality furniture intended in particular for superyachts, as well as in the civil homes, offices, hotels and commercial establishments segment, in the amount of €3.4 million.
On 3 May 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 33% stake in Duerre S.r.l., for a total of €2 million, thus reaching a majority stake of 66%.
As at 31 December 2023, the company reported a loss of €362 thousand.

Sea Energy S.r.l.

On 23 March 2023 Sanlorenzo S.p.A. acquired a 49.0% stake in Sea Energy S.r.l., its strategic partner in the sector of design, production and installation of naval electrical and electronic systems, for €2,648,500. The acquisition was entirely financed by own means.
The purpose of this transaction is to increase the Group's production capacity to support growth.
The company Sea Energy S.r.l. held a 100% stake in Key S.r.l., which operated in the same economic sector.
On 27 June 2023, the deed of merger by incorporation of the wholly-owned company Key S.r.l. into Sea Energy S.r.l. was drawn up and registered in the North-West Tuscany register of companies on 30 June 2023. The legal effects of the merger shall take effect on 29 June 2023, whereas the accounting and tax effects shall take effect on 1 January 2023.
On 7 December 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 16% stake in Sea Energy S.r.l., for a total of €0.5 million, thus reaching a majority stake of 65%.
As at 31 December 2023, the company reported a profit of €502 thousand.

Sanlorenzo of the Americas LLC

Based in Fort Lauderdale (Florida, USA), this company's business objective is to sell Sanlorenzo boats to international customers in Canada, the US and Central and South America as well as acting as a dealer and providing post-sale support in these markets. Since its incorporation in September 2008, Sanlorenzo of the Americas has steadily promoted the Sanlorenzo brand in the American markets.
On 15 July 2019, Sanlorenzo S.p.A sold a 10% stake in Sanlorenzo of the Americas to the Chief Executive Officer of the company, Marco Segato.
On 16 February 2023, Sanlorenzo S.p.A. and PN Sviluppo S.r.l. finalised the acquisition of the 9.9% and 0.1% stakes, respectively, in Sanlorenzo of the Americas LLC from Marco Segato. The amount of the consideration defined between the parties, consistent with the fairness opinion prepared, was €990 thousand, for the 9.9% share acquired by Sanlorenzo S.p.A., and €10 thousand, for the 0.1% share acquired by PN Sviluppo S.r.l.
Upon completion of this transaction, Sanlorenzo S.p.A. holds a 99.9% stake in the capital of Sanlorenzo of the Americas LLC.
In the year ended 31 December 2022, the subsidiary recorded a €6,261 thousand gain for IFRS purposes, against a €453 thousand gain as at 31 December 2023.

Sanlorenzo Baleari SL

This company, based in Puerto Portals, Mallorca (Spain) with a share capital of €500 thousand, provides support to the sales and customer service activities in Spain and the Balearic Islands.
In 2020, Sanlorenzo S.p.A. subscribed the entire share capital, increasing its stake from 51% to 100%.
In 2022, the company recorded a profit equal to €504 thousand, while in 2023 it recorded a profit of €775 thousand.

Sanlorenzo Monaco S.A.M.

The company, with registered office in the Principality of Monaco and a share capital of €150 thousand, carries out sales support and service activity to customers in the area.
On 28 September 2020, Sanlorenzo S.p.A. acquired a 40.0% stake from two private parties, for a total value of €125 thousand. Currently, Sanlorenzo S.p.A. holds 99.7% of the share capital.
The Monaco-based company expanded its operations with the opening of the new "Villa Portofino" office, inaugurated on 26 September 2023. The new offices are located close to the marina, in an exclusive area perfectly aligned with the positioning of Maison Sanlorenzo.
The new offices include a Digital Storytelling Lounge, an innovative space dedicated to Sanlorenzo and Bluegame customers that, through a new product communication, allows them to enjoy an immersive experience in the choice and configuration of on-board environments.
The company closed 2023 with a loss of €565 thousand.

PN Sviluppo S.r.l.

The company, based in Viareggio and with a share capital of €40 thousand, was established in December 2021 and holds 50% of the share capital of Restart SpA, a 50:50 joint venture established with Ferretti Group to participate in the auction for the acquisition of Perini Navi S.p.A., awarded in December 2021 to a third bidder.
On 29 June 2023, Restart S.p.A. was struck off from the Register of Companies of the Milan, Monza, Brianza and Lodi Chambers of Commerce following the filing of the final liquidation financial statements approved by the shareholders on 28 April 2023.
The company closed 2023 with a loss of €1 thousand.

Fortune Yacht LLC

The company, headquartered in Fort Lauderdale and with a capital of USD 1 thousand, is wholly owned by Sanlorenzo of the Americas LLC and conducts brokerage business in the American market.
The company closed 2023 with a profit of €62 thousand.

Sanlorenzo Côte d'Azur S.A.S.

On 11 July 2023, Sanlorenzo S.p.A. consolidated its presence in the French market with the incorporation of the company "Sanlorenzo Côte d'Azur S.A.S.", wholly-owned by Sanlorenzo S.p.A.
The new company will be active in the distribution and marketing of the Group's products and services in the French Riviera, a key market in the international yachting scene. The opening of the subsidiary in France confirms Sanlorenzo's distribution strategy announced in the 2023-2025 Business Plan, which calls for a direct presence in key strategic markets, with the opening of monobrand offices, to ensure a strong and close link with Sanlorenzo's customers.
The compan' closed 2023 with a profit of €1,284 thousand.

37. Business combinations and asset acquisitions

Operation "DUERRE"

On 3 May 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 33% stake in Duerre S.r.l., and artisanal manufacturer of high-quality furnishings, for a total of €2 million, thus reaching a majority stake of 66%. This is part of the Group's strategy from 2022 to verticalise its strategic suppliers. In view of this, Duerre S.r.l., as one of the Group's strategic suppliers, was the subject of a thorough analysis, as a result of which control was acquired. The transaction qualifies as a business combination as defined in IFRS 3.
The total Consideration for the transaction is €5.4 million and the accounting of the acquisition has been determined on a provisional basis; the current values of the net assets acquired are €0.2 million and have been determined on the basis of the best estimate available at the date of preparation of this document, resulting in the recognition of goodwill in the amount of €5.2 million.

“SEA ENERGY” transaction

On 23 March 2023, Sanlorenzo S.p.A. acquired a 49.0% stake in Sea Energy S.r.l., a strategic partner in the design, manufacture and installation of naval electric and electronic systems, for €2,648,500, a stake that was increased on 7 December 2023 by a 16% stake for €504,000, reaching a majority stake of 65%. This transaction is also part of the Group's strategy from 2022 to verticalise its strategic suppliers. In view of this, Sea Energy S.r.l., as one of the Group's strategic suppliers, was the subject of a thorough analysis, as a result of which control was acquired. The transaction qualifies as a business combination as defined in IFRS 3.

The total consideration for the transaction is €3,153 thousand and the accounting of the acquisition has been determined on a provisional basis; the current values of the net assets acquired are €621 thousand and have been determined on the basis of the best estimate available at the date of preparation of this document, resulting in the recognition of goodwill in the amount of €1,499 thousand and the write-up of the industrial warehouse of €1,033 thousand.

38. Associates

At 31 December 2023, the Parent Company holds the following equity investments in associates, included in the Company's financial statements with the equity method.

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

ADDITIONAL INFORMATION

39. Commitments

The most significant contractual commitments undertaken with third parties as at 31 December 2023 refer to:

- a corporate guarantee issued by the Parent Company on a credit line granted to a brand representative amounting to €6,050 thousand;
- sundry sureties for a total of €563 thousand related to state concessions, public administrations and others.

40. Contingent liabilities

Legal proceedings of various kinds relating to the normal course of business are ongoing.
The Company's directors do not believe that any of these proceedings involve a risk of a significant cash outlay or may give rise to significant liabilities in excess of the allocations already made. They will evaluate any negative developments that cannot currently be foreseen or calculated, which may arise as a result of internal analyses or the ongoing judicial investigations and may then make a provision.

41. Share-based payments

On 21 April 2020, the Shareholders' Meeting of Sanlorenzo S.p.A. approved, pursuant to and for the purposes of Article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the adoption of an incentive and loyalty plan called "Stock Option Plan 2020" reserved to the executive directors, general managers, managers with strategic responsibilities and employees with a permanent employment contract and qualification as at least an office worker of Sanlorenzo S.p.A. and its directly or indirectly controlled subsidiaries.
The 2020 Stock Option Plan provides for the free assignment to each of the beneficiaries of options that grant the right to subscribe ordinary shares of Sanlorenzo S.p.A. to be issued in execution of the share capital increase planned to service the plan, at a ratio of 1 share for each 1 option, at a price set at €16.00 per share.
Performance goals are determined by one or more of the following parameters: (i) Consolidated EBITDA as at 31 December of the relevant year; (ii) Consolidated Net Financial Position as at 31 December of the relevant year; and (iii) personal objectives established due to the Beneficiary's role and function.
The maximum total number of ordinary shares of Sanlorenzo S.p.A., which can be assigned to the beneficiaries for the implementation of the Plan, is equal to 884,615 ordinary shares, i.e. all the shares that can be issued in execution of the capital increase. As at 31 December 2023, a total of 879,743 options have been granted.
The vesting period of the options is four years, in compliance with the minimum average vesting period of two years provided for by the regulations.
As at 31 December 2023, a total of 646,905 options were exercisable (relating to the financial years 2020, 2021 and 2022), of which 478,356 options had been exercised by the end of the financial year.

42. Related parties

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

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

Fondazione Sanlorenzo
Transactions with the Fondazione Sanlorenzo, established by the Perotti family on 19 April 2021, are related to the non-exclusive and free use license of the brand "Sanlorenzo" for the purpose of carrying out the foundation's institutional activities and to the initial contribution of €50 thousand paid in June 2021, following the resolution of the Board of Directors of Sanlorenzo of 4 May 2021. During 2022 the Parent Company paid an additional €50 thousand and during 2023 it paid €80 thousand.

Cesare Perotti
Son of the Chairman and Chief Executive Officer Massimo Perotti and brother of the director Cecilia Maria Perotti, Cesare Perotti was hired by the subsidiary Bluegame S.r.l. with an apprenticeship contract, transaction examined by the Board of Directors on 9 November 2020. In September 2023, he was hired by Sanlorenzo S.p.A. as Yacht Sales Manager.

Ferruccio Rossi
Financial transactions with Executive Director Ferruccio Rossi regard a loan granted by Sanlorenzo on 9 July 2018. In February 2021, the Related-Party Transactions Committee and the Board of Directors approved the new terms. On 19 April 2023 the loan was repaid in full.

The tables below provide details on transactions with related parties as at 31 December 2023 impacting the income statement as well as the balance sheet.

(€'000)	Revenues	Other service costs	Personnel expenses	Other operating costs
Holding Happy Life S.r.l.	14,653	(60)	–	–
Fondazione Sanlorenzo	–	–	–	(80)
Ferruccio Rossi	–	(100)	(1,320)	–
Cesare Perotti	–	–	(48)	–
Directors, statutory auditors and managers with strategic responsibilities	–	(4,127)	(1,902)	–
Total related parties	**14,653**	**(4,287)**	**(3,270)**	**(80)**
Total consolidated financial statements	**865,668**	**(73,994)**	**(64,013)**	**(5,948)**
Incidence %	*1.7%*	*5.8%*	*5.1%*	*1.3%*

(€'000)	Other intangible assets	Trade receivables	Other current liabilities
Holding Happy Life S.r.l.	–	4,713	–
Ferruccio Rossi	–	–	622
Cesare Perotti	–	–	7
Directors, statutory auditors and managers with strategic responsibilities	48	–	1,203
Total related parties	**48**	**4,713**	**1,832**
Total consolidated financial statements	**55,162**	**22,522**	**37,597**
Incidence %	*0,1%*	*20,9%*	*4,9%*

Remuneration paid by the Group

The remuneration paid by the Group to the members of the Board of Directors, the members of the Board of Statutory Auditors and the Managers with strategic responsibilities during the year is provided below:

(€'000)	31 December 2023
Emoluments	4,043
Remuneration for participation in committees	44
Total remuneration paid to the Board of Directors	**4,087**

(€'000)	31 December 2023
Total remuneration paid to the Board of Statutory Auditors (excluding statutory increases)	102
Total remuneration paid to the Board of Statutory Auditors	**102**

(€'000)	31 December 2023
Total remuneration paid to the Managers with strategic responsibilities	**3,356**
of which gross annual salary	*1,666*
of which bonus	*925*
of which fair value of stock options	*16*

Remuneration to the Independent Auditing Firm

The Consolidated Financial Statements are audited by BDO Italia S.p.A. in accordance with the assignment conferred by the Shareholders' Meeting of 23 November 2019, which runs for nine financial years (2019-2027). Pursuant to Article 149-duodecies of the Issuers' Regulations, the remuneration paid to the Independent Auditing Firm is provided below.

(€'000)	Party that provided the service	Remuneration for 2023
Statutory Audit	BDO Italia S.p.A.	127
Total remuneration paid to the Independent Auditing Firm		**127**

Information pursuant to Article 1, paragraph 125, of Italian Law no. 124 of 4 August 2017

During 2023, the grants in the following table were awarded to the companies of the Group.

Beneficiary	Amount recognised (Euro)	Description
Sanlorenzo S.p.A.	7,771	Tax credit for incremental advertising investments in newspapers, periodicals and local television and radio stations
Bluegame S.r.l.	6,278	Tax credit for incremental advertising investments in newspapers, periodicals and local television and radio stations
Bluegame S.r.l.	15,454	Provisions on the payment of IRAP
Equinoxe S.r.l.	5,596	Exemption from the payment of social security contributions for employers in the tourism, spa and commerce sectors, as well as in the creative, cultural and entertainment sector (Article 43 Italian Decree-Law no. 73 of 2021)
Equinoxe S.r.l.	6,789	Outright grant [and amendments pursuant to decision SA 62668 and Decision C(2022) 171 final) SA 101076)
Equinoxe S.r.l.	1,929	Provisions on the payment of IRAP
Duerre S.r.l.	10,774	Provisions on the payment of IRAP
I.C.Y. S.r.l.	41,968	Outright grant [and amendments pursuant to decision SA 62668 and Decision C(2022) 171 final) SA 101076)
I.C.Y. S.r.l.	14,400	Tax credit for non-housing property rentals and business leases
I.C.Y. S.r.l.	8,812	Provisions on the payment of IRAP
I.C.Y. S.r.l.	2,325	Provisions on the payment of IRAP
Polo Nautico Viareggio S.r.l.	11,138	Outright grant [and amendments pursuant to decision SA 62668 and Decision C(2022) 171 final) SA 101076)
Polo Nautico Viareggio S.r.l.	1,502	Provisions on the payment of IRAP
Sea Energy S.r.l.	11,826	Provisions on the payment of IRAP

Pursuant to the provisions of Article 125-quinquies of Italian Law no. 124 of 4 August 2017, for any further disbursements received, reference should be made to the indications contained in the National Register of State Aid pursuant to Article 52 of Italian Law no. 234 of 24 December 2012.

Management and coordination activities

In addition to the situation of control pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the parent company Holding Happy Life S.r.l does not exercise management and coordination activities over Sanlorenzo pursuant to Articles 2497 et seq. of the Italian Civil Code.
Pursuant to Article 2427 of the Italian Civil Code no. 22 quinquies and sexies, the company that prepares the consolidated financial statements of the largest group of companies to which the company belongs is Holding Happy Life S.r.l. with registered office in Turin, Via Ettore De Sonnaz 19, while the company that prepares the consolidated financial statements of the smallest group is Sanlorenzo S.p.A.

ACCOUNTING STANDARDS

Significant accounting standards

The accounting standards described below have been consistently applied to all periods included in these consolidated financial statements, unless otherwise indicated (see also note "Significant accounting standards" in these financial statements).
Some items of the income and comprehensive income statements presented for comparative purposes have been reclassified or restated to reflect the change in a standard (see also note "Significant accounting standards" in these financial statements).

Basis of preparation

The consolidated financial statements as at 31 December 2023 include the statements of financial position, profit or loss, comprehensive income, changes in equity and cash flows, and the related accompanying notes.
The consolidated financial statements have been prepared in accordance with the "International Financial Reporting Standards" (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. IFRS include the ruling International Accounting Standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).
The consolidated financial statements have been prepared using the historical cost method (any exceptions to this method are explained below) and the going concern assumption. The Directors have in fact, determined that there are no significant uncertainties (as defined by paragraph 25 of IAS 1) on business continuity.
Among the options allowed by IAS 1, the Group elected to present its assets and liabilities as current or non-current and its income statement classifying costs by nature. The statement of cash flows is prepared using the indirect method.
The significant accounting standards adopted to prepare the consolidated financial statements applied to all the periods presented and by all the Group's companies are described below.
Unless specified otherwise, the accounting standards have been applied consistently to all the periods included in the consolidated financial statements. Please refer to note "Significant accounting standards" for more information and details regarding the application of the accounting standards.

Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred and the identifiable net assets acquired are usually recognised at fair value. The carrying amount of any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss for the period immediately. Transaction costs, except if related to the issue of debt or equity securities, are recognised as expenses when incurred.
The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Normally, these amounts are recognised in profit/(loss) for the year.

The potential consideration is booked at fair value on the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.
If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.
The fair values of the assets and liabilities acquired through the acquisitions of Duerre S.r.l. and Sea Energy S.r.l. are detailed below

(€'000)	**As at 31 December 2023**		
	Carrying amount	**Adjustments**	**Fair value**
Non-current assets	11.427	8.057	19.484
Current assets	10.915	–	10.915
Total assets	**22.342**	**8.057**	**30.399**
Non-current liabilities	-6.568	-1	-6.569
Current liabilities	-14.748	-11	-14.759
Total liabilities	**-21.316**	**-12**	**-21.328**
Total net assets			**9.071**

Fair value of consideration paid	
Consideration paid	8,553
Cash	1,344
Net non-current assets	12,915
Net current assets	-5,188
Minority interest	-3,121
Other adjustments to assets and liabilities	-3,609
Goodwill	6,730
Total	**9,071**

As mentioned above, the main reasons for the recognition of goodwill are:

- the presence of certain intangible assets, such as the acquired entity's know-how, that do not qualify for separate recognition;
- the savings achievable as a result of improved efficiency in production processes, resulting from the greater synergies achievable between Group companies, as well as increased production capacity.

Minority equity at the time of the acquisition amounted to €0.2 million, whereas the minority equity of Duerre S.r.l. prior to the acquisition of control amounted to €-34 thousand.
Duerre S.r.l. reported a loss for the year ended 31 December 2022 of €887 thousand and a loss for the year at the time of the acquisition of control of €1,860 thousand due to the start-up phase of the new main production plant.
Sea Energy S.r.l. reported a profit for the year ended 31 December 2022 of €351 thousand and a profit for the year at the time of the acquisition of control of €393 thousand.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has at the same time, the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date on which it ends.

Non-controlling interests
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions between shareholders.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity related to the subsidiary. Any profit or loss deriving from the loss of control is recognised in profit/(loss) for the year. Any interest retained in the former subsidiary is measured at fair value when control has been lost.

Equity-accounted investees
The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.
The Group has significant influence over financial and management policies of the associates, even though it does not have control or joint control.
Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation
In drafting the consolidated financial statements, intra-group transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into each company's functional currency of the Group at the exchange rate at the transaction-date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss as finance expense.

Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments, are translated into euro, which is the Parent Company's functional currency and the consolidated financial statements' presentation currency.The closing rates are used. Revenue and costs of foreign operations are translated into €using the average period rates.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Revenues from contracts with customers

In accordance with IFRS 15, revenues from contracts with customers are recognised when control of the good or service is transferred to the customer either over time or at a point in time.

In relation to pre-owned boats, since the acquisition of the same takes place following the sales of new boats and constitutes part of the payment of the agreed price, it should be noted that, according to IFRS 15, the sale price of new boats and therefore also the calculation of the related revenues reflects the difference between the contractually attributed value of the pre-owned boats and their relative fair value.

Contracts for the sale of new boats that meet the requirements for the recognition of revenue over time are classified as "contract assets" or "contract liabilities" depending on whether the difference between the fulfilment of the performance obligation by the Group and the progress payments received from the customer is positive or negative. In particular:

- Contract assets include the right to the consideration for the goods or services already transferred to the customer;
- Contract liabilities show the Group's obligation to transfer goods or services to the customer for which it has already received (or has the right to receive) consideration.

If a contract has more than one performance obligation, which is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to a customer, classification as a contract asset or liability takes place considering all the performance obligations as a whole.

Assets and liabilities arising from contracts with customers where the revenue is recognised over time are measured using the cost-to-cost method, whereby the contract costs, revenue and profit or loss is recognised in line with fulfilment of the performance obligation (progress towards completion).The percentage of costs incurred at the reporting date is compared to the total costs to satisfy the performance obligation.

Conversely, if the requirements for the recognition of revenue over time are not met, revenue is recognised at a point in time. In this case, progress towards completion is recognised under inventories.

Contract assets are recognised net of any accumulated impairment losses.
Estimates are periodically updated and any economic effects are accounted for in the year in which the updates are made. Onerous contracts are treated in accordance with the methods described further on in this note.
The consideration for contracts in a currency other than the functional currency is measured by translating the accrued consideration, calculated using the percentage of completion method, using the closing rates.
The Group's exchange rate risk policy requires that all contracts that expose cash flows to changes in exchange rates are hedged on time.
See note "Financial instruments – Fair values and risk management" for information on derivatives designated as hedging instruments.
Revenues related to maintenance, sales of spare parts and charter services activities are managed through spot orders from the client and are recognised on a "point in time" basis.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The Group implements share-based payment transactions settled with equity instruments, as part of the remuneration policy adopted for executive directors, general managers, managers with strategic responsibilities and employees with a permanent contract of employment and at least one office worker of Sanlorenzo S.p.A. and its directly or indirectly controlled subsidiaries.
The theoretical benefit attributed to the beneficiaries of the stock option plan is charged to the income statement, with a contra-entry in the shareholders' equity reserve, over the period during which the beneficiaries obtain the right to the incentives (vesting period).
The amount recognised as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued service and non-market performance have vested, so that the final amount recognised as an expense is based on the number of incentives meeting those conditions as of the vesting date. In the case of incentives recognised in share-based payment whose conditions are not to be considered vesting, the fair value at the grant date of the share-based payment is measured to reflect those conditions. With reference to the non-vesting conditions, any differences between the assumptions on the allocation date and the actual ones will have no impact on the financial statements.
This benefit is quantified by measuring the fair value of the shares at the grant date using financial valuation techniques, including any market conditions in the valuation, and adjusting at each reporting date the number of rights expected to be granted.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

An independent actuary performs the calculation using the projected unit credit method. When the calculation generates a surplus, the Group recognises a net benefit asset to the extent of the asset ceiling, i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest for the year on the net liability/(asset) for defined benefits is calculated by applying to the net liability/(asset) the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, considering any changes in the net liability/(asset) for defined benefits that occurred during the year following the contributions received and the benefits paid. Net interest and other expenses on the net defined benefit liability (asset) are recognised in profit or loss.

When changes are made to the benefits of a plan or when a plan is curtailed, the portion of the economic benefit relating to past service or the profit or loss resulting from the plan curtailment is recognised in the profit/(loss) of the year at the time of the adjustment or curtailment.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. This benefit is discounted. Revaluations are recognised in profit/(loss) for the year when they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

Public contributions

Government grants relating to costs incurred during the period are recognised in profit or loss as other income when the government grant becomes receivable. Other government grants relating to assets recorded in the balance sheet are initially recognised at fair value as deferred revenues if there is reasonable certainty that they will be received and that the Group will comply with the conditions for their receipt and are then recognised in profit/loss for the year as other income on a systematic basis over the useful life of the asset to which they refer.

Cost recognition

Costs are recognised when they relate to goods or services acquired or used in the period or on an accruals basis.

Financial income and expense

Interest income or expense is recognised in profit and loss using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.
The effective interest rate is the rate that exactly discounts the estimated future payments or collections over the financial asset's useful life: – is the gross book value of the financial asset; or – at the amortised cost of the financial liability. In order to calculate interest income and expense, the effective interest rate is applied to the asset's gross carrying amount (when the asset is not impaired) or the liability's amortised cost. Moreover, when a financial asset is impaired after initial recognition, interest income is calculated by applying the effective interest rate to the financial asset's amortised cost. Should the financial asset no longer be impaired, the interest income is again calculated considering the asset's gross carrying amount.

Income Taxes

The tax expense for the period includes the current and deferred taxes recognised in profit or loss, except for those related to business combinations or captions recognised directly in equity or other comprehensive income.
The Group recognises interest and fines related to income taxes, including the accounting treatment to be applied to income taxes of an uncertain nature, in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets, when they do not meet the definition of income taxes.

Current taxes

Current taxes comprise the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only when certain criteria are met.

Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognised for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction other than a business combination that does not affect either the accounting profit or loss or the taxable profit (or tax loss);
- They include temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control when they will reverse and it is probable that the temporary differences will not reverse in the foreseeable future and taxable temporary differences recognised on goodwill; and
- taxable temporary differences related to the initial recognition of the goodwill.

Deferred tax assets are recognised for unused tax losses and tax credits, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be used. Future taxable income is defined on the basis of the cancellation of the relative deductible temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. These reductions must be reinstated when the probability of future taxable income increases.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that the Group will acquire future taxable profits again which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
Measurement of the deferred tax reflects the tax effects of how the Group expects to recover or settle the carrying amount of assets and liabilities at the reporting date.
Deferred tax assets and liabilities are offset only when certain criteria are met.

Trade receivables

Trade receivables arising on the sale of goods or services produced or sold by the Group are recognised under current assets. They are recognised at their nominal amount (shown in the invoice) net of any impairment losses, provided for on the basis of an estimate of the risk that the trade receivables will not be collected at the reporting date.
Trade receivables are subsequently measured at amortised cost, which is their initial recognition amount net of principal repayments, increased or decreased by amortisation applying the effective interest method to any difference between the initial carrying amount and their amount at repayment, less any adjustments (made directly or through the loss allowance) due to a loss in value or because the trade receivables are not expected to be recovered.
On initial recognition, trade receivables without a significant financing component are initially measured at the transaction price.
The Group recognises impairment losses where there is objective evidence that it will not recover the amount from the counterparty in line with the contract terms.
Objective evidence includes events such as:

a) significant financial difficulty of the borrower;

b) pending legal disputes with the borrower about the recoverability of the amount;

c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the future cash flows recognised in profit or loss. Unrecoverable amounts are derecognised from the statement of financial position through the loss allowance. If in subsequent periods, the reasons for the previous impairment losses cease to exist, the value of the assets is restored up to the value that would have derived from the valuation at amortised cost.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined according to the FIFO method. In the case of inventories of products manufactured by the Group, cost includes an appropriate share of production overheads based on normal operating capacity.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, including capitalised borrowing costs, net of depreciation and any impairment losses.
If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

Subsequent costs are capitalised only when it is probable that the related future economic benefits will flow to the Group.

Depreciation/amortisation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is generally recognised in profit/(loss) for the year. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for current and comparative periods are as follows:

Land and buildings	
Industrial buildings	3%
Buildings on third-party land	State concession term
Plant and equipment	
Plant and equipment	11.50%
Industrial and commercial equipment	
Industrial equipment	25%
Moulds and models	12.50%
Cradles	10%
Other assets	
Trade fair furniture and fittings	10%
Office furniture and equipment	12%
Furniture and electronic equipment	20%-25%
Light construction	10%
Vehicles	20%
Other	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets and goodwill

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research expenditure is expensed under profit/(loss) when incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, they are recognised in profit or loss as incurred.
Subsequent to initial recognition, capitalised development costs are measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets with a finite useful life are recognised at cost less amortisation and any impairment losses.

Subsequent costs

Subsequent costs are capitalised only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs, including those relating to goodwill and internally generated trademarks, are charged to the profit/(loss) for the year in which they are incurred.

Depreciation/amortisation

Amortisation is calculated to write off the cost of intangible assets, except for goodwill and trademarks, less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.
The estimated useful lives for current and comparative periods are as follows:

Development costs	8 years - 12.50%
Software	5 years - 20%
Mooring	Transaction duration
Other	Based on the duration of individual transactions

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Cash and cash equivalents

Cash and cash equivalents include cash, deposits with banks or other credit institutions available for current operations, postal accounts and other cash equivalents as well as investments with a maturity of less than three months. Cash and cash equivalents are recognised at their fair value which is usually equal to their nominal amount.

Financial instruments

Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, trade receivables without a significant financing component are initially measured at the transaction price.

Financial assets: classification and subsequent valuation

On initial recognition, financial assets are classified according to the valuation:

- amortised cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL).

The Group defines their classification in line with the business model within which the financial assets are held and the contractual cash flow characteristics of the financial asset.

Financial assets are not reclassified after their initial recognition unless the Group modifies the business model for the management of financial assets. In this case, all involved financial assets are reclassified on the first day of the year following the change made to the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This choice is made for each asset.

All financial assets not classified as valued at amortised cost or at FVOCI, as indicated above, are valued at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: assessment of the business model

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the following condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate elements;
- elements on prepayments and extension; and
- contract terms that limit the Group's requests for cash flows to specific assets.

Financial assets: subsequent valuation and profits and losses

Financial assets measured at FVTPL: these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit/(loss) for the period. See note "Financial instruments – Fair values and risk management" for information on derivatives designated as hedging instruments.

Financial assets measured at amortised cost: these assets are subsequently valued at amortised cost in accordance with the effective interest criterion. The amortised cost is decreased by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss of the year as are any derecognition gains or losses.

Debt securities measured at FVOCI: these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit/(loss) of the year. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit/(loss) of the year.

Equity securities measured at FVOCI: these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss of the year unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified contractual terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives and hedge accounting

The Group uses derivatives to hedge its exposure to currency and interest rate risks.

Derivatives are always measured at fair value through profit or loss, unless they qualify for hedge accounting for a specific risk related to the Group's underlying asset or liability or commitments.

At inception of the designed hedging relationship, the Group documents its risk management objective and strategy, the economic relationship between the hedged item and the hedging instrument and whether changes in the cash flows of the hedged item and the hedging instrument will offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

If a hedged forecast transaction leads to the subsequent recognition of a non-financial asset or liability, for example, inventories, the gain or loss accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the asset or liability at recognition. The gain or loss for all other hedged planned transactions is reclassified from the hedging reserve and the costs of hedging reserve to profit or loss in the same year or years in which the hedged future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial asset or liability, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income taxes relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity. The resulting surplus or deficit on the transaction is recognised under share premium.

Impairment losses

Non-derivative financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments at FVOCI;
- contract assets.

The Group measures the loss allowance as equal to the lifetime expected credit losses, except for that set out below for the 12-month expected credit losses:

- debt instruments with a low credit risk at the reporting date; and
- other debt securities and bank current accounts with a credit risk (i.e., the default risk expected over the financial instrument's term) that has not increased significantly since initial recognition.

The loss allowance for trade receivables and contract assets is always measured considering their lifetime expected credit losses.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Group considers reasonable and supportable information that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition to estimate the expected credit losses. This includes quantitative and qualitative information and analyses, based on the Group's historical experience, on credit assessment as well as on information indicative of expected developments ("forward-looking information"). The credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss of the year and is recognised in OCI.
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing-off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Impaired non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the Group estimated the asset's recoverable amount. The recoverable value of goodwill is, on the other hand, estimated annually.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss of the year. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised when, at the reporting date, the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation.
The discount rate used to calculate the present value of the liability reflects assessments of the time value of money and the risks specific to the liability. Changes in estimates are recognised in the income statement in the year the change takes place. The disclosure required by IAS 37 - Provisions, contingent assets and contingent liabilities is not provided for some disputes in order not to jeopardise the Group's position vis-à-vis these disputes or negotiations.
Risks for which a liability is solely possible are disclosed in the section of the notes on commitments and risks and no provision is made.
With respect to contract assets and liabilities, if the business plan is revised during the contract term and the contract becomes onerous, the portion of the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it is recognised in full in the period in which they are expected to be incurred and provided for in a "Provision for onerous contracts" under current liabilities. The reversal of these provisions is recognised as absorption within "Other operating revenues".

Leasing

Determining whether an arrangement contains a lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If, in the case of a financial lease, the Group decides that it is not feasible to accurately divide the instalments, then an asset and liability are recognised in an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and a finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments relating to operating leases are recognised as a cost on a straight-line basis over the lease term. The incentives granted to the lessee are recognised as an integral part of the total cost of the lease over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. Interest expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating result

The operating result is determined by the Group's operating activities that generate ongoing revenues and by other income and costs related to operating activities. Operating profit excludes net financial expense, share of profit of equity-accounted investees and income taxes.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.
A number of the Group's accounting standards and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques, as illustrated below:

- Level 1: when available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: in the absence of a quoted price in an active market, inputs are used that are observable for the asset or liability, either directly (prices) or indirectly (price derivatives).
- Level 3: in the absence of data in Levels 1 and 2, input data related to the asset or liability that is not based on observable market data is used.

The Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.
If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the entire valuation is placed in the same level of the hierarchy as the lowest level input that is significant to the entire valuation.
The Group records the transfers between the different levels of the fair value hierarchy at the end for the year in which the transfer has taken place. If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Ameglia, 15 March 2024

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

certification pursuant to article 154-bis

Certification pursuant to Article 154-bis of Italian Legislative Decree 24 February 1998 no. 58 (Consolidated Law on Finance) and Article 81-ter of Consob Regulation no. 11971 of 14 May 1998

1. The undersigned, Massimo Perotti, in his capacity as the Chair and Chief Executive Officer of the Board of Directors and Attilio Bruzzese, in his capacity as the Manager charged with preparing the company's financial reports of Sanlorenzo S.p.A., confirm, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in terms of the characteristics of the Company and
   - the actual application of the administrative and accounting procedures for the preparation of the consolidated financial statements for 2023.
2. From the application of the administrative and accounting procedures for the preparation of the annual consolidated financial statements as at 31 December 2023, no significant facts need to be reported.
3. It is hereby also stated that:

   3.1 the annual consolidated financial statements:

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

   b) correspond to the accounting books and records;

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

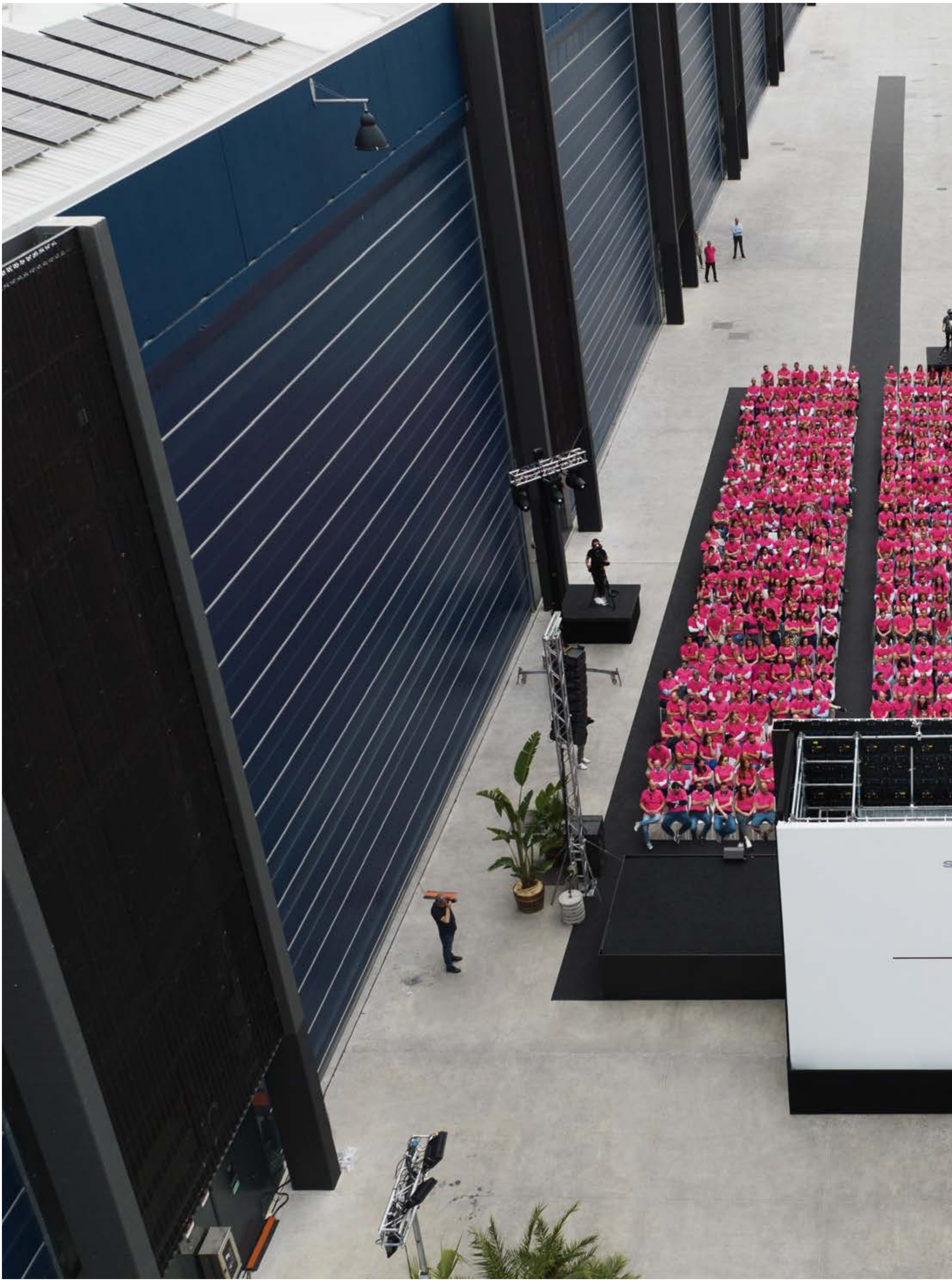
   3.2 The report on operations includes reliable analysis on the performance, result of operations and the business of the issuer and of all entities included in the consolidated financial statements as well as description of principal risks and uncertainties to which they are exposed.

Ameglia, 15 March 2024

Mr. Massimo Perotti
Chairman and Chief Executive Officer

Attilio Bruzzese
Manager charged with preparing the company's financial reports


SEVEN SINS

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ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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accounting statements

ANNUAL STATEMENT OF FINANCIAL POSITION

(€'000)	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	141,134	138,701
Goodwill	*16*	8,667	8,667
Other intangible assets	*17*	48,593	46,103
Equity investments and other non-current assets	*19, 35, 36*	35,903	17,098
of which equity investments valued using the equity method		*3,778*	*7,230*
Net deferred tax assets	*14*	9,235	4,859
Total non-current assets		**243,532**	**215,428**
Current assets			
Inventories	*20*	59,540	42,761
Contract assets	*21*	150,069	156,178
Other financial assets, including derivatives	*25*	24,557	66,546
Trade receivables	*22*	18,639	24,733
Other current assets	*23*	55,600	48,386
Cash and cash equivalents	*24*	183,138	139,351
Total current assets		**491,543**	**477,955**
TOTAL ASSETS		**735,075**	**693,383**

(€'000)	Notes	31 December 2023	31 December 2022
EQUITY			
Share capital	*26*	34,978	34,784
Share premium	*26*	84,442	81,236
Other reserves	*26*	132,163	95,181
Profit/(loss) for the period		86,960	63,355
Total equity		**338,543**	**274,556**
Non-current liabilities			
Non-current financial liabilities	*27*	21,659	44,192
Non-current employee benefits	*30*	632	623
Non-current provisions for risks and charges	*31*	12,942	8,496
Total non-current liabilities		**35,233**	**53,311**
Current liabilities			
Current financial liabilities, including derivatives	*27, 32*	12,733	40,326
Current provisions for risks and charges	*31*	8,722	8,089
Trade payables	*28*	183,302	137,198
Contract liabilities	*21*	115,183	142,643
Other current liabilities	*29*	29,918	25,940
Other current tax liabilities		1,783	2,818
Net current tax liabilities	*14*	9,658	8,502
Total current liabilities		**361,299**	**365,516**
TOTAL LIABILITIES		**396,532**	**418,827**
TOTAL EQUITY AND LIABILITIES		**735,075**	**693,383**

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)	Notes	31 December 2023	31 December 2022
Revenues	*8*	783,317	710,616
Selling expenses	*8*	(31,186)	(50,933)
Net revenues		**752,131**	**659,683**
Other income	*9*	8,851	6,797
Total net revenue and income		**760,982**	**666,480**
Increases in internal work	*10*	1,715	1,795
Costs for raw materials, consumables and finished products	*10*	(222,874)	(201,781)
Outsourcing	*10*	(278,950)	(237,858)
Change in inventories of work in progress, semi-finished and finished products	*10, 20*	17,373	1,050
Other service costs	*10*	(64,128)	(57,162)
Personnel expenses	*10*	(50,906)	(47,461)
Other operating costs	*10*	(4,660)	(5,476)
Accruals to provisions for risks and charges	*10, 31*	(16,053)	(6,483)
Total operating costs		**(618,483)**	**(553,376)**
Operating result before amortisation and depreciation		**142,499**	**113,104**
Amortisation, depreciation and impairment losses of fixed assets	*11, 15, 17*	(26,428)	(23,970)
Operating result		**116,071**	**89,134**
Financial income	*12*	6,720	333
Financial expense	*12*	(1,458)	(594)
Net financial income/(expense)		**5,262**	**(261)**
Income/(expense) from equity investments	*13*	(71)	(10)
Adjustments to financial assets	*13*	689	82
Pre-tax profit		**121,951**	**88,945**
Income taxes	*14*	(34,991)	(25,590)
PROFIT/(LOSS) FOR THE YEAR		**86,960**	**63,355**

(€'000)	31 December 2023	31 December 2022
Other comprehensive income		
Other comprehensive income that will not be subsequently reclassified to net profit		
Actuarial change in accruals for employee benefits	(40)	106
Income taxes relating to actuarial changes in provisions for employee benefits	11	(30)
Total	**(29)**	**76**
Other comprehensive income which will be subsequently reclassified to net profit		
Changes in the cash flow hedge reserve	(768)	4,310
Income taxes related to changes in the cash flow hedge reserve	184	(1,034)
Total	**(584)**	**3,276**
Total other comprehensive income for the year, net of tax effect	**(613)**	**3,352**
COMPREHENSIVE NET PROFIT FOR THE YEAR	**86,347**	**66,707**

STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Share premium	Total other reserves	Legal reserve	Extraordinary reserve	Other reserves	Profit for the period	Total equity
Value as at 31 December 2021	**34,539**	**77,197**	**70,170**	**4,659**	**67,013**	**(1,502)**	**44,378**	**226,284**
Allocation of profit for the year	–	–	44,378	2,219	42,159	–	(44,378)	–
Dividends distributed	–	–	(20,649)	–	(20,649)	–	–	(20,649)
Purchase of treasury shares	–	–	(2,051)	–	–	(2,051)	–	(2,051)
Stock option exercise	245	4,039	(367)	–	–	(367)	–	3,917
Other changes	–	–	348	–	–	348	–	348
Profit for the period	–	–	–	–	–	–	63,355	63,355
Other comprehensive income	–	–	3,352	–	–	3,352	–	3,352
Value as at 31 December 2022	**34,784**	**81,236**	**95,181**	**6,878**	**88,523**	**(220)**	**63,355**	**274,556**
Allocation of profit for the year	–	–	63,355	79	63,276	–	(63,355)	–
Dividends distributed	–	–	(22,978)	–	(22,978)	–	–	(22,978)
Purchase of treasury shares	–	–	(3,313)	–	–	(3,313)	–	(3,313)
Stock option exercise	194	3,206	(292)	–	–	(292)	–	3,108
Other changes	–	–	823	–	–	823	–	823
Profit for the period	–	–	–	–	–	–	86,960	86,960
Other comprehensive income	–	–	(613)	–	–	(613)	–	(613)
Value as at 31 December 2023	**34,978**	**84,442**	**132,163**	**6,957**	**128,821**	**(3,615)**	**86,960**	**338,543**


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STATEMENT OF CASH FLOWS

(€'000)	Notes	31 December 2023	31 December 2022
Cash flow from operating activities			
Profit for the year		86,960	63,355
Adjustments for:			
Depreciation of property, plant and equipment	*11, 15*	18,909	17,102
Amortisation of intangible assets	*11, 17*	7,519	6,701
Write-downs of tangible assets	*11, 15*	–	167
Impairment losses on financial assets (other equity investments)	*13*	(618)	(72)
Net financial expense/(income)	*12*	(5,262)	261
Gain on sale of property, plant and equipment	*15*	(58)	(363)
Impairment losses on trade receivables	*22*	–	–
Income taxes	*14*	34,991	25,590
Changes in:			
Inventories	*20*	(16,779)	21,551
Contract assets	*21*	6,109	(44,428)
Trade receivables	*22*	6,094	(6,669)
Other current assets	*23*	(7,214)	(3,523)
Trade payables	*28*	46,104	28,384
Contract liabilities	*21*	(27,460)	39,476
Other current liabilities	*29*	753	7,732
Accruals for risks and charges and employee benefits	*30, 31*	5,088	3,229
Cash flow generated/(absorbed) by operating activities		**155,136**	**158,493**
Income taxes paid		(36,021)	(17,910)
Net cash flow generated/(absorbed) by operating activities		**119,115**	**140,583**
Cash flow from investment activities			
Interest received	*12*	6,720	333
Proceeds from sale of property, plant and equipment	*15*	212	273
Proceeds from disposal of intangible assets	*17*	–	–
Change in other equity investments and other non-current assets	*19, 35, 36*	611	(8,949)
Acquisition of subsidiaries, associates or business units	*19*	(6,436)	(9,277)
Acquisition of property, plant and equipment	*15*	(21,541)	(29,011)
Purchase of intangible assets	*17*	(10,075)	(11,077)
Net cash flow generated/(absorbed) by investment activities		**(30,509)**	**(57,708)**

(€'000)	Notes	31 December 2023	31 December 2022
Cash flow from financing activities			
Financial interests and expense paid	*12*	(1,458)	(594)
Proceeds from the issue of share capital	*26*	3,400	4,284
Proceeds from loans/bank advances	*27*	–	48
Repayment of loans/bank advances	*27*	(31,292)	(28,693)
Changes in other financial assets and liabilities including derivatives	*25, 27, 32*	11,149	(34,526)
New financial leases	*27*	237	1,048
Repayment of financial leases	*27*	(483)	(38)
Assumption of new loans	*27*	–	–
Other changes in equity	*26*	(81)	3,333
Purchase of treasury shares	*26*	(3,313)	(2,051)
Dividends paid	*26*	(22,978)	(20,649)
Net cash flow generated/(absorbed) by financing activities		**(44,819)**	**(77,838)**
Net change in cash and cash equivalents		**43,787**	**5,037**
Cash and cash equivalents at the beginning of the period		139,351	134,314
Cash and cash equivalents at the end of the period		**183,138**	**139,351**

notes to the financial statements

BASIS OF PREPARATION

1. Reporting entity

Sanlorenzo S.p.A. (the Company) is based in Italy. Its registered office is in Via Armezzone 3, Ameglia, in La Spezia.

The Company designs, builds and sells boats and pleasure boats in fibreglass, steel and aluminium together with all other materials. It also provides maintenance and charter services for all types of vessels.

2. Basis of preparation

These financial statements as at 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
The financial statements as at 31 December 2023, approved by the Board of Directors of the Company on 15 March 2024, include the statement of financial position, statement of profit/(loss) for the year and the other comprehensive income, statement of cash flow and statement of changes in equity and the notes.
As regards the statement of financial position, the presentation format adopted provides for a distinction between current and non-current assets and liabilities, according to paragraphs 60 et seq. of IAS 1.
The presentation of the statement of profit and loss adopts a classification of costs based on the type of expense.
The statement of cash flow was prepared based on the indirect method and is presented in compliance with IAS 7, classifying the financial flows between operating, investment and financing activities.
Information on the accounting standards adopted by the Company is provided in the paragraph "Accounting standards" of these financial statements.
The Notes to the Annual Financial Statements were supplemented with the additional information required by Consob and the measures it issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 2005 (Resolutions 15519 and 15520) of 27 July 2006 and Communication DEM/6064293 of 28 July 2006, pursuant to Article 78 of the Issuers' Regulations, the EC document of November 2003 and, where applicable, the Italian Civil Code.
It should be noted that with reference to Consob Resolution no. 15519 of 27 July 2006 and Communication no. DEM/6064293 of 28 July 2006, the financial statements highlight significant relations with related parties in order to provide better information, and the income items deriving from non-recurrent events or transactions are recognised, when significant, separately in the management comments and in the financial information sections.

3. Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Basis of measurement

These annual financial statements were prepared by applying the historical cost method, with the exception of derivatives, which are measured at fair value as required by IFRS 9 – Financial Instruments and equity investments measured at equity, as well as on a going concern basis. The Directors have verified that there are no material uncertainties (as defined in IAS 1 paragraph 25) in relation to the going-concern assumption.

5. Use of estimates and valuations

The preparation of annual financial statements and notes thereto in accordance with the IAS/IFRS requires the directors to apply accounting standards that may sometimes be affected by complex and subjective judgements and estimates, based on past experience and assumptions deemed reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the reporting amounts in the financial statement, such as the statement of financial position, the statement of profit and loss, other comprehensive income, the statement of cash flows and the disclosures included herein. The final figures of the financial statement items for which the aforementioned estimates and assumptions were used, may differ from those that were actually realised due to the uncertainties that characterise the assumptions and the conditions on which the estimates are based. Estimates and assumptions are periodically reviewed and the effects of each change are reflected in the period in which the estimate revision is made, if such revision affects only the current period or also in the following periods if the revision affects current and future periods.
The captions most affected by directors' judgements and estimates and for which a change in the circumstances underlying the assumptions applied could have a significant impact on the consolidated financial statements are summarised below.

Valuations

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

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

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

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

For further details, please refer to the specific notes and the paragraph "Accounting standards" of these financial statements.

Assumptions and estimation uncertainties

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

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

For further details, please refer to the specific notes and the paragraph "Accounting standards" of these financial statements.

6. References to accounting standards applied

In preparing these financial statements, the same accounting standards and criteria have been applied as in the preparation of the last annual financial statements, to which reference is made for a detailed explanation, with the exception of the following amendments and interpretations to the accounting standards applicable as of 1 January 2023, which, however, did not have a significant impact on the Separate Financial Statements.

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

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

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

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

On 14 December 2022, the European Commission adopted EU Directive no. 2523 of 2022 (published in the Official Journal of the European Union on 22 December 2022) on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. This Directive transposes the Pillar Two global minimum taxation framework developed by the OECD (as set forth in the document "Tax Challenges Arising from the Digitalisation of the Economy - Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS (Pillar Two Model Rules)". Pillar Two aims to introduce common rules to ensure that in every jurisdiction where a large multinational group is established, the actual level of taxation applied is no less than 15%.

The IASB published the Exposure Draft for the amendment to IAS 12 in which it proposes the introduction of a temporary exception to the calculation of deferred taxes linked to the application of the provisions of Pillar Two.

Based on the preliminary analyses carried out, at present, no significant impact is expected on Sanlorenzo.

7. Operating segments

The Company is composed of the following operating divisions:

- Yacht Division;
- Superyacht Division.

The operating divisions have been identified in accordance with IFRS 8 as the components of the Company:

- that engage in business activities that generate revenues and costs;
- whose operating results are periodically reviewed at the highest operational decision-making level of the entity for the purpose of making decisions regarding the resources to be allocated to the segment and evaluating the results;
- for which separate accounting information is available.

In detail, the type of product is the primarily basis for segmentation identified by the Company. In detail:

- the Yacht line refers to composite yachts of a length between 24 and 38 metres, sold under the Sanlorenzo brand;
- the Superyacht line refers to superyachts in aluminium and steel, more than 38 metres in length, sold under the Sanlorenzo brand.

As allowed by IFRS 8.12, the Yacht and Superyacht lines are aggregated into one single operating segment as they have similar characteristics in terms of:

- nature of the products, with differences that substantially depend on the size;
- nature of production processes;
- type or class of customers;
- distribution methods and channels;
- reference regulatory context;
- basic contractual characteristics;
- margins, with temporary differences linked to the timing of introduction of new products and/or specific marketing initiatives.

PERFORMANCE FOR THE YEAR

8. Revenues and selling expenses

(€'000)	31 December 2023	31 December 2022	Change
Revenues from contracts with customers	783,317	710,616	72,701
Selling expenses	(31,186)	(50,933)	19,747
Net revenues	**752,131**	**659,683**	**92,448**

Revenues from contracts with customers

Revenues from contracts with customers, which relate to the sale of boats, new and pre-owned, and the provision of services, are shown in the above table gross and net of the related marketing expenses related to commissions and the costs of collecting and handling pre-owned boats traded in.
During the period to 31 December 2023 revenues before selling expenses amounted to €783,317 thousand, an increase of €72,701 thousand compared to €710,616 thousand at 31 December 2022.
A breakdown of revenues from contracts with customers by type is as follows:

(€'000)	31 December 2023	31 December 2022	Change
Revenues from the sale of new yachts	773,729	672,478	101,251
Revenues from the sale of pre-owned boats	–	28,585	(28,585)
Revenues from maintenance and other services	9,588	9,553	35
Revenues from contracts with customers	**783,317**	**710,616**	**72,701**

Revenues from the sale of new boats came to €773,729 thousand as at 31 December 2023, up by €101,251 compared to 31 December 2022.
Revenues from the sale of used boats amounted to €28,585 thousand as at 31 December 2022, whereas they amounted to €0 as at 31 December 2023.
Revenues for maintenance services, parts sales for all types of boats and other services amounted to €9,588 thousand as at 31 December 2023 and €9,553 thousand as at 31 December 2022. These transactions, managed in specific orders received from customers, represent obligations other than the sale of yachts.

A breakdown of revenues from contracts with customers by product line is provided below:

(€'000)	31 December 2023	31 December 2022	Change
Yacht Division	530,612	487,988	42,624
Superyacht Division	252,705	222,628	30,077
Revenues from contracts with customers	**783,317**	**710,616**	**72,701**

The next table provides a breakdown of the revenues from contracts with customers by geographical area according to nationality of the owner customer:

(€'000)	31 December 2023	31 December 2022	Change
Italy	93,554	93,696	(142)
Europe (other countries)	438,034	317,262	120,772
USA	29,830	82,790	(52,960)
Americas (other countries)	54,470	61,703	(7,233)
APAC	90,388	111,561	(21,173)
MEA	77,041	43,604	33,437
Revenues from contracts with customers	**783,317**	**710,616**	**72,701**

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

Selling expenses

(€'000)	31 December 2023	31 December 2022	Change
Commissions	(31,186)	(22,348)	(8,838)
Collection and handling costs for pre-owned boats	–	(28,585)	28,585
Selling expenses	**(31,186)**	**(50,933)**	**19,747**

Boat selling expenses include commissions and the costs of collecting, handling and selling pre-owned boats taken in trade-in.
In particular, commissions, which refer to the costs incurred by the Company for the brokerage activities performed by dealers and agents, increased in relation to the increase in revenues and the order book.
Costs for the collection and management of pre-owned boats amounted to €28,585 thousand as at 31 December 2022 and to €0 as at 31 December 2023.

9. Other income

(€'000)	31 December 2023	31 December 2022	Change
Gains on disposals of assets	58	549	(491)
Other revenue	8,793	6,248	2,545
Other income	**8,851**	**6,797**	**2,054**

Other income at 31 December 2023 amounted to €8,851 thousand, an increase of €2,054 thousand compared to €6,797 thousand at 31 December 2022.
Other revenues mainly include income for services and chargebacks to suppliers, insurance reimbursements and contributions deriving from tax facilitations such as the R&D credit and the bonus for investment in capital goods under Italian Laws no. 160 of 2019 and no. 178 of 2020.

10. Operating costs

(€'000)	31 December 2023	31 December 2022	Change
Increases in internal work	(1,715)	(1,795)	80
Costs for raw materials, consumables and finished products	222,874	201,781	21,093
Outsourcing	278,950	237,858	41,092
Other service costs	64,128	57,162	6,966
Change in inventories of work in progress, semi-finished and finished products	(17,373)	(1,050)	(16,323)
Personnel expenses	50,906	47,461	3,445
Other operating costs	4,660	5,476	(816)
Accruals to provisions and impairment losses	16,053	6,483	9,570
Operating costs	**618,483**	**553,376**	**65,107**

Operating costs amounted to €618,483 thousand and €553,376 thousand for 2023 and 2022, respectively.
The increase on the previous year, amounting to €65,107 thousand, is in line with the growth in revenues.
The work performed by the Company and capitalised refers to the costs of the personnel involved in the development of new boats, which are capitalised under the item development expenditure in relation to intangible assets.
Raw materials, consumables and finished products are presented net of returns, discounts, allowances and bonuses.
Outsourcing chiefly related to naval carpentry services, turnkey furnishings for yachts and superyachts, electrical and plumbing work and the fitting of the boat's interior and exterior.
The increases in the costs of raw materials, consumables and finished products and in the costs of external processing mainly resulted from the increase in production volumes and, to a lesser extent, from the impact of inflationary phenomena over the past 24 months.
Other service costs mostly comprise costs for consulting services, transport costs, the Board of Directors' and Statutory Auditors' fees, travel expenses and cleaning and maintenance costs.
The change in inventories of work in progress, semi-finished and finished products was €(17,373) thousand and €(1,050) thousand respectively as at 31 December 2023 and 31 December 2022. Work in progress refers to orders of less or more than one year duration for which the contract with the customer was not yet finalised by the end of the period.

The increase in personnel expenses, equal to €3,445 thousand between 31 December 2023 and 31 December 2022, follows the growth trend of personnel linked to the expansion of the Group, as shown in the following table:

	31 December 2023	31 December 2022	Change
Executives	37	31	6
Office workers	585	523	62
Manual workers	81	82	(1)
Total employees	**703**	**636**	**67**

The average by qualification is shown below:

	31 December 2023	31 December 2022	Change
Executives	39	31	8
Office workers	526	491	35
Manual workers	86	84	2
Total employees	**651**	**606**	**45**

A breakdown of personnel expenses is as follows:

(€'000)	31 December 2023	31 December 2022	Change
Salaries and wages	37,544	35,145	2,399
Social security contributions	11,107	10,327	780
Post-employment benefits	2,255	1,989	266
Total personnel expense	**50,906**	**47,461**	**3,445**

Other operating costs related to advertising for €2,531 thousand and €2,060 thousand as at 31 December 2022 and 2023, respectively, and other sundry costs stood at €2,945 thousand and €2,600 thousand as at 31 December 2022 and 2023, respectively.
As at 31 December 2023 accruals to provisions and impairment losses included €15,703 thousand related to job order completion activities and €350 thousand related to accruals to provisions for risks and guarantees on vessels.

11. Amortisation, depreciation and impairment losses of fixed assets

(€'000)	31 December 2023	31 December 2022	Change
Amortisation of intangible assets	7,519	6,701	818
Depreciation of property, plant and equipment	18,909	17,102	1,807
Write-downs tangible assets	–	167	(167)
Amortisation, depreciation and impairment losses	**26,428**	**23,970**	**2,458**

Amortisation, depreciation and impairment losses amounted to €26,428 thousand and €23,970 thousand respectively as at 31 December 2023 and 2022. The increase in depreciation and amortisation, equal to €2,458 thousand, is related to the investments made during the period.
As at 31 December 2023, amortisation of intangible assets was equal to €7,519 thousand and mainly consisted of amortisation of development expenses for €6,031 thousand, amortisation of state concession of the La Spezia shipyard for €376 thousand, amortisation of the rights to use the Viareggio warehouses for €565 thousand and amortisation of software applications for €294 thousand.
As at 31 December 2023 depreciation stood at €18,909 thousand and mainly consisted of depreciation of industrial and commercial equipment (€6,983 thousand), land and buildings (€6,393 thousand) and plant and equipment (€2,319 thousand).
In accordance with IAS 8 and IAS 38, the Sanlorenzo brand is no longer subject to amortisation as it is qualified, following a change of estimate in relation to the useful life, from intangible assets with a finite useful life to intangible assets with indefinite useful life. It should be noted that the total value of the amortisation of the trademark would in any case have been insignificant, i.e. €273 thousand.

12. Net financial income/(expense)

(€'000)	31 December 2023	31 December 2022	Change
Financial income	6,720	333	6,387
Financial expense	(1,458)	(594)	(864)
Net financial income/(expense)	**5,262**	**(261)**	**5,523**

Net financial income amounted to €5,262 thousand as at 31 December 2023, marking an improvement of €5,523 thousand compared to 31 December 2022.
Financial income amounted to €6,720 thousand and derived mainly from the investment of available liquidity. Please refer to Note 33 "Cash management" for more information on the investments made by the company.
A breakdown of each item making up this caption is provided below:

(€'000)	31 December 2023	31 December 2022	Change
Interest income - third parties and credit institutions	1,001	59	942
Interest income on loans to subsidiaries	604	114	490
Interest income on loans to associates	19	48	(29)
Income from financial investments	5,096	112	4,984
Financial income	**6,720**	**333**	**6,387**

(€'000)	31 December 2023	31 December 2022	Change
Interest expense - banks	(698)	(636)	(62)
Interest expense - third parties	(2)	(4)	2
Interest expense on lease liabilities	(44)	(71)	27
Other financial expense	(284)	(126)	(158)
Foreign exchange rate gains/(losses)	(430)	243	(673)
Financial expense	**(1,458)**	**(594)**	**(864)**

13. Net profit from equity investments and adjustments to financial assets

(€'000)	31 December 2023	31 December 2022	Change
Income/(expense) from equity investments	(71)	(10)	(61)
Adjustments to financial assets	689	82	607
Net profit from equity investments and adjustments to financial assets	**618**	**72**	**546**

Expenses from equity investments, amounting to €71 thousand, include the valuation at equity of the associates (Carpensalda Yacht Division S.r.l.).
For more details and information on investments in associates, please refer to the note "Associates" in these financial statements.
Adjustments to financial assets of €689 thousand mainly refer to the recognition of the fair value of financial instruments held by Sanlorenzo as part of the Company's strategy for investing and managing its cash.
For more details and information on the composition of the portfolio, please refer to the note "Cash management" in these financial statements.

14. Income taxes

(€'000)	31 December 2023	31 December 2022	Change
Current taxes	(37,117)	(25,084)	(12,033)
Taxes relative to prior years	(1,585)	(878)	(707)
Deferred tax assets and liabilities	3,711	372	3,339
Income taxes	**(34,991)**	**(25,590)**	**(9,401)**

In 2023, income taxes stood at €(34,991) thousand, up by €(9,401) thousand over the previous year.
This item consists of current taxes, equal to €(37,117) thousand, taxes for prior years, equal to €(1,585) thousand, including the provision made to take into account any tax liabilities abroad, and the change in deferred tax assets and liabilities, equal to €3,711 thousand.

A reconciliation between the effective and theoretical tax expense is as follows: Income taxes in 2023 were equal to 28.7% of the pre-tax result.

(€'000)	31 December 2023	31 December 2022
Pre-tax profit	**121,951**	**88,945**
Tax rate	24%	24%
Theoretical IRES	29,268	21,347
Non-deductible costs and charges	452	796
Non-taxable positive components	(1,318)	(500)
Effect changes temporary and other differences	1,428	266
IRAP	5,161	3,681
Income taxes	**34,991**	**25,590**

Current tax assets and liabilities

(€'000)	31 December 2023	31 December 2022	Change
Current tax assets	27,027	16,559	10,468
Current tax liabilities	(36,685)	(25,061)	(11,624)
Net assets/(liabilities) for current taxes	**(9,658)**	**(8,502)**	**(1,156)**

Current tax assets, in the amount of €27,027 thousand, mainly refer to IRES and IRAP advances paid in 2023, while current tax liabilities amount to €36,685 thousand and consist mainly of the IRES and IRAP payable accrued as of 31 December 2023.

Net deferred tax assets

(€'000)	31 December 2023	31 December 2022	Change
Net deferred tax assets	9,235	4,859	4,376

Net deferred tax assets include the difference between deferred tax assets and liabilities that arose over the years. Net deferred tax assets were equal to €9,235 thousand as at 31 December 2023 and €4,859 thousand as at 31 December 2022. The main temporary differences that have produced deferred tax assets regard the provisions for risks and charges.
Deferred tax assets are recognised when the management believes that they will be recovered through future taxable earnings on the basis of company plans. Deferred tax liabilities relate to income taxes for the current year and previous years to be paid in subsequent years in line with applicable tax regulations
.

The tables below show the changes, the nature and the amount of the temporary differences relating both to the amounts credited to the income statement and to other comprehensive income (OCI) for the year ended 31 December 2023.

(€'000)	Tax effect 1 January 2023	Uses 2023	Accruals 2023	Adjustments 2023	Tax effect as at 31 December 2023
Deferred tax assets					
Loss allowance	89	–	2	–	91
Provisions for risks and charges	5,432	(1,298)	4,747	(18)	8,863
Write-down tangible assets	47	–	–	–	47
Unpaid membership fees	5	(5)	–	–	–
Impairment of pre-owned yachts	–	–	70	–	70
Effect of IAS 38	2	(2)	–	–	–
Share capital increase cost against Reserve	117	(117)	–	–	–
Deferral R&D	100	(47)	–	–	53
Legal fees	242	–	–	–	242
Debt accounting at amortised cost	70	(24)	–	–	46
Obsolete inventories	126	–	84	–	210
Other	4	–	–	(4)	–
Total deferred tax assets with impact on income statement	**6,234**	**(1,493)**	**4,903**	**(22)**	**9,622**
Total deferred tax assets	**6,234**	**(1,493)**	**4,903**	**(22)**	**9,622**

(€'000)	Tax effect 1 January 2023	Uses 2023	Accruals 2023	Adjustments 2023	Tax effect as at 31 December 2023
Deferred taxes liabilities					
Amortisation of development costs over useful life	655	(302)	–	–	353
Total deferred tax liabilities with impact on income statement	**655**	**(302)**	**–**	**–**	**353**
Cash flow hedge reserve	686	(686)	–	–	–
Effect of IAS 19	34	–	–	–	34
Total deferred tax liabilities from other comprehensive income (OCI)	**720**	**(686)**	**–**	**–**	**34**
Total deferred tax liabilities	**1,375**	**(988)**	**–**	**–**	**387**
Net deferred tax assets	**4,859**	**(505)**	**4,903**	**(22)**	**9,235**

ASSETS

15. Property, plant and equipment

Property, plant and equipment amounted to €141,134 thousand and €138,701 thousand as at 31 December 2023 and 31 December 2022, respectively.
A breakdown of the item and its changes over the year are provided in the table below.

(€'000)	Land and buildings	Industrial equipment	Plant and equipment	Other assets	Fixed assets in progress	Total
Historical cost	107,877	68,968	19,071	16,428	3,118	215,462
Accumulated amortisation, depreciation and impairment losses	(32,569)	(43,089)	(7,128)	(8,505)	-	(91,291)
Net carrying amount as at 1 January 2022	**75,308**	**25,879**	**11,943**	**7,923**	**3,118**	**124,171**
Changes 2022						
Increases	14,685	7,438	3,165	3,825	(102)	29,011
Decreases	–	(121)	(93)	(220)	(368)	(802)
Changes from extraordinary transactions	2,747	4	–	17	–	2,768
Reclassifications	756	837	101	–	(1,649)	45
Depreciation/amortisation	(5,414)	(7,034)	(1,960)	(2,694)	–	(17,102)
Utilisation of accrued depreciation	–	29	25	175	–	229
Provision reclassifications	(114)	67	(3)	431	–	381
Historical cost	**126,065**	**77,126**	**22,244**	**20,050**	**999**	**246,484**
Accumulated amortisation, depreciation and impairment losses	(38,097)	(50,027)	(9,066)	(10,593)	–	(107,783)
Net carrying amount as at 31 December 2022	**87,968**	**27,099**	**13,178**	**9,457**	**999**	**138,701**

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(€'000)	Land and buildings	Industrial equipment	Plant and equipment	Other assets	Fixed assets in progress	Total
Changes 2023						
Increases	6,861	5,709	3,330	3,161	2,480	21,541
Decreases	(58)	(50)	(8)	(142)	(125)	(383)
Changes from extraordinary transactions	–	–	–	–	–	–
Reclassifications	366	148	146	–	(587)	73
Depreciation/amortisation	(6,393)	(6,983)	(2,319)	(3,214)	–	(18,909)
Utilisation of accrued depreciation	3	13	1	94	–	111
Provision reclassifications	–	–	–	–	–	–
Historical cost	**133,234**	**82,933**	**25,712**	**23,069**	**2,767**	**267,715**
Accumulated amortisation, depreciation and impairment losses	(44,487)	(56,997)	(11,384)	(13,713)	–	(126,581)
Net carrying amount as at 31 December 2023	**88,747**	**25,936**	**14,328**	**9,356**	**2,767**	**141,134**

As at 31 December 2023, property, plant and equipment included:

- Land and buildings equal to €88,747 thousand: these mostly refer to the Company's buildings located at the production facilities in Ameglia (SP), Viareggio (LU), Massa (MS) and La Spezia (SP).
- Industrial equipment for €25,936 thousand: these mostly refer to technical equipment, for scaffolding, handling and fibreglass moulding extraction and the realisation of moulds.
- Plants and machinery equal to €14,328 thousand: for the most part they relate to fire-fighting, electrical, hydraulic and suction systems.
- Other assets equal to €9,356 thousand: mainly include office furniture and fittings, trade fair equipment and electronic equipment.
- Assets under development equal to €2,767 thousand: mainly consist of costs incurred for the realisation of new models and moulds.

In 2023, increases in property, plant and equipment amounted to €21,541 thousand and primarily related to industrial equipment for €5,709 thousand, buildings for €6,861 thousand, other assets for €3,161 thousand and plants for €3,330 thousand.

In 2023, decreases amounted to €383 thousand, net of the related accumulated depreciation equal to €111 thousand and mainly concerned the sale of industrial equipment, plant and machinery, vehicles and light constructions.

Depreciation and amortisation in 2023 was equal to €18,909 thousand, €1,807 thousand higher than in 2022 as a result of the investments made during the year.

16. Goodwill

Goodwill is recognised in the financial statements at the date of acquisition of the control of a business pursuant to IFRS 3 and is the aggregate of the consideration transferred to acquire a business or a business unit and the algebraic sum of the fair values, assigned at the acquisition date, to the identifiable assets and liabilities acquired that composed such business or business unit.
As it has an indefinite useful life, goodwill is not amortised but is tested for impairment at least once a year unless some indications of impairment based on external and internal sources of information identified by the Company makes it necessary to test it for impairment also during preparation of the interim reports (in this regard, see note 18 Impairment test).
For impairment testing purposes, goodwill acquired as part of a business combination is allocated to the individual Cash-Generating Units (or groups of CGUs) that are expected will benefit from the combination synergies, in line with the minimum level for which that goodwill is monitored by the Company.
After its initial recognition, goodwill is valued at cost net of accumulated impairment.

(€'000)	31 December 2023	31 December 2022	Change
Goodwill	8,667	8,667	–

Goodwill amounted to €8,667 thousand as at 31 December 2023 and 31 December 2022 and relates to the deficit deriving from the 2008 merger by incorporation of the former parent company Happy Life S.r.l together with its subsidiary FlyOpen S.p.A. into Sanlorenzo S.p.A.
The balance of €8,667 thousand is net of depreciation and amortisation recognised up until the date of First Time Adoption of IFRS. The Company applied the exemption, provided by IFRS 1.C1 for business combinations, which allows the first-time adopter not to apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRSs.

17. Other intangible assets

Other intangible assets stood at €48,593 thousand as at 31 December 2023 and €46,103 thousand as at 31 December 2022.
A breakdown of the item at each date presented and changes therein is provided below.

(€'000)	Concessions, licences, trademarks and similar rights	Other fixed assets	Development costs	Intangible assets in progress	Total
Historical cost	25,385	1,676	40,394	2,532	69,987
Accumulated amortisation, depreciation and impairment losses	(7,451)	(1,669)	(21,241)	–	(30,361)
Net carrying amount as at 1 January 2022	**17,934**	**7**	**19,153**	**2,532**	**39,626**
Changes 2022					
Increases	563	–	7,926	2,588	11,077
Decreases	–	–	(163)	(11)	(174)
Changes from extraordinary transactions	2,284	–	–	–	2,284
Reclassifications	–	–	1,956	(1,939)	17
Depreciation/amortisation	(1,560)	(1)	(5,140)	–	(6,701)
Utilisation of accrued amortisation	–	–	31	–	31
Provision reclassifications	(57)	–	–	–	(57)
Historical cost	**28,232**	**1,676**	**50,113**	**3,170**	**83,191**
Accumulated amortisation, depreciation and impairment losses	(9,068)	(1,670)	(26,350)	–	(37,088)
Net carrying amount as at 31 December 2022	**19,164**	**6**	**23,763**	**3,170**	**46,103**

continue

(€'000)	Concessions, licences, trademarks and similar rights	Other fixed assets	Development costs	Intangible assets in progress	Total
Changes 2023					
Increases	351	–	7,169	2,555	10,075
Decreases	–	–	(53)	(29)	(82)
Changes from extraordinary transactions	–	–	–	–	–
Reclassifications	–	–	1,969	(1,969)	–
Depreciation/amortisation	(1,487)	(1)	(6,031)	–	(7,519)
Utilisation of accrued amortisation	–	–	16	–	16
Provision reclassifications	–	–	–	–	–
Historical cost	**28,583**	**1,676**	**59,198**	**3,727**	**93,184**
Accumulated amortisation, depreciation and impairment losses	(10,555)	(1,671)	(32,365)	–	(44,591)
Net carrying amount as at 31 December 2023	**18,028**	**5**	**26,833**	**3,727**	**48,593**

As at 31 December 2023, other intangible assets were composed as follows:

- Concessions, licences, trademarks and similar rights of €18,028 thousand: in detail, this item is composed of the concession acquired together with the business unit of the former Cantieri San Marco for €2,631 thousand, trademark and patents of the Company for €3,761 thousand, mooring rights acquired by the Company until 2067 in La Spezia in "Porto Mirabello" amounting to €1,646 thousand, the right of use for the properties in Viareggio for €9,181 thousand acquired with the demerger of Polo Nautico in previous years, the software application for €658 thousand and sundry rights for €151 thousand.
- Other fixed assets equal to €5 thousand.
- Development costs in the amount of €26,833 thousand: these are represented by the costs for the development and design of new vessels incurred by the Company and it should be noted that no indicators have been identified that would lead to the presumption that capitalised development costs have been impaired.
- Assets under development equal to €3,727 thousand, mostly consisting of development costs for the design and study of new boat models.

In 2023, increases were equal to €10,075 thousand and related to assets under development for €2,555 thousand, development costs for €7,169 thousand and trademarks, patents, rights on use of buildings and mooring rights for €351 thousand.
Depreciation and amortisation in 2023 was equal to €7,519 thousand, €818 thousand higher than in 2022 as a result of the investments made during the year.

Recoverability of development costs

As at 31 December 2023 and 2022, other intangible assets include projects to develop new boats and innovative fibreglass, steel and aluminium solutions for medium to large boats in the amount of €26,833 thousand and €23,763 thousand, respectively.

Its design costs, over 8 years, were amortised based on a 12.5% rate.

Projects normally take between one to three years to develop (roughly 18 months for fibreglass boats) and the group usually recognises the related costs over this period. The design stage ends with the building of the prototype and the model is definitive for sale on the market (new boat design). However, the Group may incur design costs after this if it decides to improve the boat, restyle it or if the customer requests customisation (Boat Design in Production). Designs obviously have to reflect market trends and consider competitors' strategies. Due to difficulties in identifying the right moment for a new product to go to market, the Group defines its specific strategy in this respect each year.

Based on business forecasts, company management deems that the development costs recognised as at 31 December 2023 are recoverable.

18. Impairment test

With regard to goodwill and intangible assets with indefinite useful life, the impairment test was carried out in compliance with the provisions of the accounting standard IAS 36, which provides for two different configurations of recoverable value, represented by the value in use and the fair value less costs of disposal. Paragraph 18 of IAS 36 defines the "recoverable amount" as "the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use". In this case, as it was not possible to measure the fair value of the assets being tested for impairment, the estimate of their recoverable amount as at 31 December 2023 was made based on the values based on the concept of value in use.

The value in use was calculated with reference to the estimated operating cash flows foreseen for the three-year period 2024-2026, derived from the economic-financial data of the 2023 Preliminary Financial Statements, which constituted the starting basis for the projections for the three-year period of reference, prepared by Management solely for the purpose of calculating the impairment test by resolution of the Board of Directors on 8 February 2024.

The value in use thus obtained was compared with the carrying amount of net operating capital employed, including goodwill and other intangible assets with indefinite useful life, revealing a surplus (i.e., positive difference - so-called headroom - between the recoverable amount and the carrying amount) of about 627% with respect to the carrying amount.

The WACC was used as the discount rate and was estimated as follows:

- the risk-free rate was taken to be equal to the average rate of return on 10-year government bonds, i.e. 4.3%;
- an equity risk premium of 8.0% was used;
- a beta-levered coefficient was measured considering a basket of listed companies active in the same sector as the group and was equal to 0.92.

The cost of debt was estimated to be equal to 4.29%.

A debt to equity ratio of 27.18% was also used, equal to the average debt to equity ratio of a basket of comparables.

Application of this model led to the calculation of a discount rate of 9.47%.
The terminal value was calculated using the "perpetuity" formula, assuming a growth rate "g" of 2.0% and a normalised operating cash flow using the projections for 2026, the last year of the plan taken as reference for impairment test purposes.
The model's sensitivity to changes in these parameters was also tested, to test its robustness and accuracy.
In particular, the model was tested under the assumption of a change in the discount and growth rates of up to 1% and of a 10% decrease in the cash flows estimated based on forecasts. This sensitivity analysis did not suggest the presence of asset impairment.
From the analysis of the base scenario and the sensitivity analyses estimated on the basis of changes in the main parameters of the impairment test, it therefore appears that the value of goodwill and other intangible assets with indefinite useful life recorded in the Company's financial statements is recoverable.
The following table shows the WACC, growth rate "g" and percentage of operating cash flow that individually would make the CGU's recoverable amount equal to its carrying amount as at 31 December 2023.

	Base scenario	WACC	Growth rate	Operating cash flows
WACC	9.47%	68.91%	9.47%	9.47%
Growth rate (g)	2.0%	2.00%	-573.04%	2.00%
Operating cash flows	100.00%	100.00%	100.00%	13.75%

In its Public Statement of 25 October 2023, ESMA drew attention to the importance of appropriately reflecting aspects of climate, physical or transition risks in the financial projections adopted to estimate the recoverable amount of intangible assets with indefinite useful lives.
Therefore, in order to also reflect the climatic perspective, updated assumptions reflecting the most recent developments and the latest available information were used to perform the impairment test as governed by IAS 36. In particular, during the preparation of the Consolidated Financial Statements as at 31 December 2023, as already done in the previous year, climate risks were also taken into consideration in the annual assessment of the value of goodwill, in order to determine the basic assumptions used in applying the valuation models for determining the recoverable value of the goodwill recognised in the Consolidated Financial Statements. In addition, in light of the characteristics of the Group's operations, although climate risks were considered for the purpose of the impairment test, these risks were deemed not material under IAS 1.
With regard to tangible and intangible assets with a finite useful life, the Company, on the basis of the provisions of accounting standard IAS 36, verified the presence of indicators that could have led to an impairment of these assets. These analyses did not reveal the need to make any adjustments to the carrying value of tangible and intangible assets with a finite useful life.

19. Equity investments and other non-current assets

(€'000)	31 December 2023	31 December 2022	Change
Equity investments in subsidiaries	15,501	5,684	9,817
Equity investments in associates	3,778	7,230	(3,452)
Equity investments in other companies	34	34	–
Financing to subsidiaries and associates	16,590	4,150	12,440
Equity investments and other non-current assets	**35,903**	**17,098**	**18,805**

Financing to subsidiaries and associates refers to long-term investments.
The changes relating to the item equity investments and other non-current assets in the reporting year are detailed in the table below:

(€'000)	Equity investments in subsidiaries	Equity investments in associates	Equity investments in other companies	Financing to subsidiaries and associates	Total
Value as at 1 January 2022	**3,234**	**332**	**34**	**–**	**3,600**
Investments in the year	2,128	7,240	–	4,150	13,518
Measured with the equity method	–	(10)	–	–	(10)
Decreases for aggregations	(10)	–	–	–	(10)
Change in the scope of consolidation	332	(332)	–	–	–
Value as at 31 December 2022	**5,684**	**7,230**	**34**	**4,150**	**17,098**
Investments in the year	6,436	–	–	–	6,436
Measured with the equity method	–	(71)	–	–	(71)
Change in the scope of consolidation	3,381	(3,381)	–	(1,450)	(1,450)
Other changes	–	–		13,890	13,890
Value as at 31 December 2023	**15,501**	**3,778**	**34**	**16,590**	**35,903**

Investments in subsidiaries amounted to €15,501 thousand and €5,684 thousand respectively as at 31 December 2023 and 31 December 2022. The increase is related to the acquisition of a majority stake in Sea Energy S.r.l. and Duerre S.r.l., of a larger stake in Sanlorenzo of the Americas LLC and Polo Nautico Viareggio S.r.l., the incorporation of the new subsidiary Sanlorenzo Côte d'Azur S.A.S. and the capital contribution to Sanlorenzo Arbatax S.r.l. and PN Sviluppo S.r.l.

The table below shows the figures from the financial statements as at 31 December 2023.

Company name	Share capital	%	Nominal value (Euro)	Book value (Euro)	Share of equity (Euro)	Equity (Euro)	Profit/(loss) for the year (Euro)
Bluegame S.r.l. Ameglia (SP) – Italy	Euro 100,000	100%	100,000	1,035,500	15,638,206	15,638,206	4,258,563
PN Sviluppo S.r.l. Viareggio (LU) – Italy	Euro 40,000	100%	40,000	75,000	42,303	42,303	(1,129)
Polo Nautico Viareggio S.r.l. Viareggio (LU) – Italy	Euro 667,400	53%	353,722	357,303	436,416	823,427	13,431
Sanlorenzo Arbatax S.r.l. Tortolì (NU) – Italy	Euro 10,000	100%	10,000	270,000	383,616	383,616	144,162
Equinoxe S.r.l. Turin (TO) - Italy	Euro 184,536	100%	184,536	2,100,000	389,217	389,217	197,324
Duerre S.r.l. Vicopisano (PI) - Italy	Euro 1,000,000	66%	660,000	5,381,663	955,504	1,447,734	(331,199)
Sea Energy S.r.l. Viareggio (LU) – Italy	Euro 25,000	65%	16,250	3,152,500	692,722	1,065,726	502,074
Sanlorenzo of the Americas LLC Fort Lauderdale (FL) – USA	USD 2,000,000	99,9%	1,809,954	2,423,366	6,799,672	6,806,478	452,699
Fortune Yacht LLC Fort Lauderdale (FL) – USA	USD 1,000	99,9%	905	905	375,290	375,665	61,971
Sanlorenzo Baleari SL Puerto Portals, Mallorca – Spain	Euro 500,000	100%	500,000	500,000	(2,480,743)	(2,480,743)	775,057
Sanlorenzo Côte d'Azur S.A.S. Cannes – France	Euro 1,000	100%	1,000	1,000	1,285,244	1,285,244	1,284,244
Sanlorenzo Monaco S.A.M. Monte-Carlo – Principality of Monaco	Euro 150,000	99,7%	150,000	215,000	(393,954)	(393,954)	(565,081)

With regard to the equity investment in the subsidiary Sanlorenzo Baleari SL, the value of the equity investment, also adjusted by the loss allowance equal to €2,387 thousand, is higher than the fraction of shareholders' equity pertaining to it. The company, in view of the reorganisation activities carried out, despite the pandemic period, further consolidated the positive economic trend by closing the financial year with a profit that was significantly higher than the previous year and in line with the results expected for the period ending 31 December 2023.
It should also be noted that the positive market prospects reflected in the approved business plan, together with the above considerations, suggest that this value is fully recoverable, as also evidenced by the results of the impairment test performed.
Investments in associates valued using the equity method amounted to €3,778 thousand and €7,230 thousand as at 31 December 2023 and 31 December 2022, respectively. The item refers to the investment held in the associate Carpensalda Yacht Division.
Investments in other companies amounted to €34 thousand as at 31 December 2023 and 2022, respectively, and are represented by investments that are fairly negligible in companies and consortia, not falling under the consolidation scope.

20. Inventories

(€'000)	31 December 2023	31 December 2022	Change
Raw materials and consumables	10,407	10,051	356
Work in progress and semi-finished products	47,828	32,963	14,865
Finished products	2,305	197	2,108
Allowance for inventory write-down	(1,000)	(450)	(550)
Inventories	**59,540**	**42,761**	**16,779**

Inventories amounted to €59,540 thousand and €42,761 thousand as at 31 December 2023 and 31 December 2022, respectively.
Inventories of raw materials and consumables include the materials necessary to build the boats.
Work in progress and semi-finished products relate to the boat construction contracts that have not been finalised with the customer before year end. The change observed between 31 December 2023 and 31 December 2022 follows the increase in sales achieved during the year.
The finished products comprise traded-in boats, which are recognised at cost when the group receives them and the value of which is adjusted at the end of each year to the presumed realisable value through the recognition of the relative allowance for write-downs.
Inventories of pre-owned boats include yachts already sold at the closing date of the period to be delivered in the following months for a value of €1,326 thousand.

During the valuation process of pre-owned boats, the Company relies on various elements such as the analysis of the specific characteristics of the pre-owned boats, the valuations carried out at the time of their purchase including age, current market trend, also through the indications of an independent third party, the uniqueness of each boat and of each trade negotiation, as well as the sales already concluded in the subsequent period.
The project "Experienced Yachts", designed to diversify and qualify the pre-owned boats of the Company compared with the competition, provides for each boat that is part of the programme to be valued, managed and reconditioned by the Company's personnel in order to guarantee the efficacy of the boats' machinery and instruments. The valuation of pre-owned boats is based on an independent expert appraisal which considers the factors mentioned above and each boat's general conditions.
The allowance for inventory write-down, including finished products and raw materials, recorded an increase of €550 thousand, related to the adjustment of the value of raw materials to the estimated realisable value and the coverage of costs referring to work on used boats sold in the period.

(€'000)	Balance
Allowance for inventory write-down as at 31 December 2022	**450**
Allocations	550
Utilisations	–
Allowance for inventory write-down as at 31 December 2023	**1,000**

21. Contract assets and liabilities

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

(€'000)	31 December 2023	31 December 2022	Change
Contract assets (gross)	654,749	577,925	76,824
Advances received from customers	(504,680)	(421,747)	(82,933)
Contract assets (net)	**150,069**	**156,178**	**(6,109)**

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

The net balance of assets arising from contracts as at 31 December 2023 includes a negative amount of €22 thousand relating to the fair value measurement of currency hedges on contracts denominated in US dollars; as at 31 December 2022, this amount was €2,298 thousand.
Net contract liabilities are as follows:

(€'000)	31 December 2023	31 December 2022	Change
Payables for work to be carried out	15,841	8,506	7,335
Total advances received from customers	604,022	555,884	48,138
Advances deducted from contract assets	(504,680)	(421,747)	(82,933)
Contract liabilities (net)	**115,183**	**142,643**	**(27,460)**

The item had a net balance of €115,183 thousand and €142,643 thousand as at 31 December 2023 and 31 December 2022, respectively. The change of €27,460 thousand recorded during the period mainly relates to the increase in advances received from customers.

22. Trade receivables

(€'000)	31 December 2023	31 December 2022	Change
Receivables from customers	15,938	19,948	(4,010)
Trade receivables from subsidiaries and associates	3,372	5,456	(2,084)
Loss allowance	(671)	(671)	–
Trade receivables	**18,639**	**24,733**	**(6,094)**

Trade receivables amounted to €18,639 thousand and €24,733 thousand as at 31 December 2023 and 31 December 2022, respectively. As at 31 December 2023, trade receivables decreased compared to 31 December 2022, by €6,094 thousand.
Trade receivables are presented net of the loss allowance allocated over the years to provide for credit-impaired receivables that are still recognised pending the completion of the related court-approved creditors' settlement procedure or out-of-court recovery proceedings. It is believed that the loss allowance is appropriate to cope with the risk of potential non-collection of past due receivables.

Changes in the loss allowance in 2023 are as follows:

(€'000)	Saldo
Loss allowance as at 31 December 2022	**671**
Uses/releases	–
Allocations	–
Loss allowance as at 31 December 2023	**671**

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

(€'000)	31 December 2023	31 December 2022	Change
Italy	11,623	2,928	8,695
Europe (other countries)	4,068	10,495	(6,427)
Americas	2,784	5,590	(2,806)
APAC	65	446	(381)
MEA	99	5,274	(5,175)
Receivables from customers	**18,639**	**24,733**	**(6,094)**

A breakdown of receivables from customers by due date is as follows:

31 December 2023 (€'000)	Not expired	Overdue for (dd)		
		0-365	366-730	>730
Receivables from customers	15,821	218	228	280
Loss allowance	–	(163)	(228)	(280)
Receivables for customers to be invoiced	2,763	–	–	–
Receivables from customers	**18,584**	**55**	**–**	**–**

23. Other current assets

(€'000)	31 December 2023	31 December 2022	Change
Advances to suppliers	32,843	24,969	7,874
Other receivables	2,653	2,715	(62)
Other tax assets	5,192	7,044	(1,852)
Costs to obtain the contracts	10,045	6,941	3,104
Accrued income and prepaid expenses	4,867	6,717	(1,850)
Other receivables and other current assets	**55,600**	**48,386**	**7,214**

Other current assets amounted to €55,600 thousand and €48,386 thousand as at 31 December 2023 and 31 December 2022, respectively. All receivables in this category are considered collectible and therefore no impairment has been made on them.
During the year ended 31 December 2023, the item increased by €7,214 thousand mainly due to the increase advances paid to suppliers.
Costs to obtain contracts related to agency commissions were up by €3,104 thousand. Agency fees were recognised in the income statement based on a time approach that follows the work in progress on a boat.

24. Cash and cash equivalents

(€'000)	31 December 2023	31 December 2022	Change
Bank and postal current accounts	183,075	139,296	43,779
Cash on hand	63	55	8
Cash	**183,138**	**139,351**	**43,787**

Cash and cash equivalents amounted to €183,138 thousand and €139,351 thousand as at 31 December 2023 and 31 December 2022, respectively. For further information on the change in cash and cash equivalents, reference should be made to the cash flow statement.

25. Other financial assets, including derivatives

(€'000)	31 December 2023	31 December 2022	Change
Financial receivables from subsidiaries	621	11,423	(10,802)
Derivatives	2,427	4,130	(1,703)
Other financial instruments	21,509	50,993	(29,484)
Other financial assets	**24,557**	**66,546**	**(41,989)**

Financial receivables from subsidiaries, equal to €621 thousand as at 31 December 2023 relate to loans granted to Group companies. The decrease relates to the reclassification of loans between the categories of due within and beyond one year.
Derivatives amounted to €2,427 thousand and €4,130 thousand as at 31 December 2023 and 31 December 2022 respectively. They include currency hedges (EUR/USD) and interest rate hedges with a positive fair value (Mark to Market Value) at the reporting dates. The Company uses derivatives to hedge against the risk of fluctuations in US dollars for its sales in that currency and the risks that interest rates on its loans and borrowings may increase.
The item Other financial instruments includes a time deposit, bonds and a guaranteed capital life insurance contract, used by the Company to deploy excess liquidity.
For further details regarding financial risk hedging instruments, please refer to the note "Financial instruments - Fair value and risk management" in these financial statements.

EQUITY AND LIABILITIES

26. Share capital and reserves

Company's equity

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

(€'000)	Share capital	Share premium	Other reserves	Profit for the period	Total equity
Value as at 31 December 2022	**34,784**	**81,236**	**95,181**	**63,355**	**274,556**
Allocation of profit for the year	–	–	66,355	(63,355)	–
Dividends distributed	–	–	(22,978)	–	(22,978)
Purchase of treasury shares	–	–	(3,313)	–	(3,313)
Stock option exercise	194	3,206	(292)	–	3,108
Other changes	–	–	823	–	823
Other comprehensive income	–	–	(613)	–	(613)
Profit for the period	–	–	–	86,960	86,960
Value as at 31 December 2023	**34,978**	**84,442**	**132,163**	**86,960**	**338,543**

The following table shows details of Other reserves.

(€'000)	Legal reserve	Extraordinary reserve	Stock option reserve	Treasury shares reserve	Cash flow hedge reserve	Reserve FTA/OCI	Other reserves	Total other reserves
Value as at 31 December 2022	**6,878**	**88,523**	**572**	**(2,950)**	**2,174**	**(183)**	**167**	**95,181**
Allocation of profit for the year	79	63,276	–	–	–	–	–	63,355
Dividends distributed	–	(22,978)	–	–	–	–	–	(22,978)
Purchase of treasury shares	–	–	–	(3,313)	–	–	–	(3,313)
Stock option exercise	–	–	(292)	–	–	–	–	(292)
Other changes	–	–	332	–	502	(11)	–	823
Other comprehensive income	–	–	–	–	(584)	(29)	–	(613)
Value as at 31 December 2023	**6,957**	**128,821**	**612**	**(6,263)**	**2,092**	**(223)**	**167**	**132,163**

Share capital and share premium

Ordinary shares

As at 31 December 2023, the Parent Company's share capital amounted to €34,978 thousand, fully paid up, and consisted of 343,978,356 ordinary shares without nominal value, increased compared to 31 December 2022 due to the subscription of the capital increase to service the 2020 Stock Option Plan for 478,356 shares subscribed in 2023. The share capital was also subsequently increased in 2024 and, as of 29 February 2024, consists of 35,019,221 shares.
On 21 April 2020, the Extraordinary Shareholders' Meeting of Sanlorenzo had in fact approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 June 2029, through the issue of a maximum number of 884,615 ordinary Sanlorenzo shares destined exclusively and irrevocably to service the 2020 Stock Option Plan.
On 24 September 2020, the Company launched the treasury share buy-back program based on the authorisation resolution approved by the Ordinary Shareholders' Meeting of 31 August 2020, a plan which ended on 28 February 2022.
On 2 September 2022, the Company launched the second treasury share buy-back program based on the authorisation resolution by the Ordinary Shareholders' Meeting of 28 April 2022, a plan which concluded on 28 October 2023.
On 12 December 2023, the Ordinary Shareholders' Meeting approved a third share buy-back programme, which began on 9 February 2024. As at 31 December 2023, the Company held 214,928 treasury shares, equal to 0.61% of the subscribed and paid-up share capital.

Share premium

The share premium amounted to €84,442 thousand resulting from the capital increase carried out by the shareholders in the periods 2011 and 2013, its partial use in the year 2014 for a bonus issue, by the Company, the decrease of €19,539 thousand due to the impact of the reverse merger with WindCo and the capital increase linked to the IPO transaction completed in 2019, equal to €65,160 thousand net of placement commissions, the increase in 2023 of €3,206 thousand for the exercise of the options relating to the Stock Option.

Other reserves

(€'000)	31 December 2023	31 December 2022	Change
Legal reserve	6,957	6,878	79
Extraordinary reserve	128,821	88,523	40,298
Stock option reserve	612	572	40
Reserve for treasury shares in portfolio	(6,263)	(2,950)	(3,313)
Cash flow hedge reserve	2,092	2,174	(82)
Reserve FTA/OCI	(223)	(183)	(40)
Demerger surplus	11	11	–
Post-merger reserve	49	49	–
Merger surplus	107	107	–
Other reserves	**132,163**	**95,181**	**36,982**

The item comprises:

- Legal reserve, which includes the allocation, equal to €6,957 thousand, made by the Company according to the provisions of the Italian Civil Code.
- Extraordinary reserve of €128,821 thousand and €88,523 thousand as at 31 December 2023 and 31 December 2022, respectively. The increase in the reserve is due to the appropriation of profit for the year ended 31 December 2022 to reserves, net of dividends paid. A restriction was placed on the extraordinary reserve for €6,850,000, pursuant to Article 110, paragraph 8, of Italian Decree-Law no. 104 of 14 August 2020, converted with amendments by Italian Law no. 126 of 13 October 2020.
- Stock option reserve, recognised for a positive value of €612 thousand, expresses the value of the option, recognised on a straight-line basis over the period between the grant date and the vesting date. The aforementioned reserve refers to the stock incentive plan approved by the Ordinary Shareholders' Meeting of 21 April 2020 and reserved for executive directors and key employees of Sanlorenzo and its subsidiaries. For further details regarding this plan, please refer to the note "Share-based payments" in these financial statements.
- Reserve for treasury shares in the portfolio of €(6,263) thousand as at 31 December 2023 was created with the launch of the treasury share buy-back program approved by the Company.
- Cash flow hedge reserve was positive and equal to €2,092 thousand as at 31 December 2023 and positive for €2,174 thousand as at 31 December 2022.
- Reserve FTA/OCI, which was affected by the transition of the financial statements to IFRS, in the amount of €(223) thousand as at 31 December 2023 and €(183) as at 31 December 2022.
- Post-merger reserve with capital contributions from the shareholders for €49 thousand as at 31 December 2023 and 31 December 2022, respectively.

- Merger surplus of €107 thousand was formed following the merger by incorporation with Eureka Imbarcazioni S.r.l., which took place in 2012, and with PN VSY S.r.l. in 2022.
- Demerger surplus, equal to €11 thousand, was created by the demerger of Polo Nautico Viareggio S.r.l. in 2019.

The following table provides a breakdown of shareholders' equity items with an indication of their possibility of utilisation and distributability.

(€'000)	Amount	Possibility of use*	Portion available	Summary of uses made in the three previous years	
				For loss coverage	For other reasons
Share capital	34,978	B	34,978	–	–
Share premium **	84,442	A - B - C	84,442	–	–
Legal reserve	6,957	B	6,957	–	–
Extraordinary reserve	128,821	A - B - C	128,821	–	–
Stock option reserve	612	A - B - C	612	–	–
Treasury shares reserve	(6,263)			–	–
Cash flow hedge reserve	2,092			–	–
Reserve FTA/OCI	(223)			–	–
Post-merger reserve	49	A - B - C	49	–	–
Merger surplus	107	A - B - C	107	–	–
Demerger surplus	11	A - B - C	11	–	–
Total	**251,583**		**255,977**		
Non-distributable portion			**78,331**		
Residual distributable portion			**177,646**		

Notes and keys:
(*) Possibility of use: "A" for capital increase; "B" for coverage of losses; "C" for distribution to shareholders.
(**) Share premium fully available after allocation of the minimum amount (20% of the share capital) to the legal reserve.

Capital management

The objective of the Company's capital management policies is the creation of values for Shareholders and support for the future development of the Company through the maintenance of an adequate level of capitalisation, which permits access to external sources of funding under advantageous conditions.
The Company manages the capital structure and carries out adjustments in line with the changes in the general economic conditions and the strategic objectives.

27. Financial liabilities

(€'000)	31 December 2023	31 December 2022	Change
Bank loans and borrowings (beyond 12 months)	18,509	40,711	(22,202)
Other loans and borrowings – IFRS 16 (beyond 12 months)	3,150	3,481	(331)
Non-current financial liabilities	**21,659**	**44,192**	**(22,533)**
Short-term bank loans (within 12 months)	10,949	37,350	(26,401)
of which bank loans	*10,930*	*20,011*	*(9,081)*
of which other short-term loans	*19*	*17,339*	*(17,320)*
Other short-term loans and borrowings – IFRS 16	1,743	1,658	85
Hedging derivative liabilities	41	1,318	(1,277)
Current financial liabilities	**12,733**	**40,326**	**(27,593)**
Financial liabilities	**34,392**	**84,518**	**(50,126)**

Non-current loans and borrowings, standing at €21,659 thousand and €44,192 thousand as at 31 December 2023 and 31 December 2022, respectively, referred primarily to long-term loans and borrowings.
The non-current portion of Other loans and borrowings amounted to €3,150 thousand as at 31 December 2023 and refers to the effect of application of accounting standard IFRS 16.
Current loans and borrowings, equal to €12,733 thousand and €40,326 thousand as at 31 December 2023 and 31 December 2022, respectively, referred to:

- the current portion of bank loans for €10,949 thousand and €37,350 thousand, respectively as at 31 December 2023 and 31 December 2022, including the book value of the loans due within 12 months and the accruals of related interest due to the financing institutions;
- loans and borrowings to other lenders for €1,743 thousand, fully referred to the effect of application of accounting standard IFRS 16;
- liabilities for derivatives, hedging foreign exchange and interest rate risks, totalling €41 thousand and €1,318 thousand as at 31 December 2023 and 31 December 2022, respectively.

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

(€'000)	31 December 2023	31 December 2022	Change
Within 1 year	12,733	40,326	(27,593)
From 1 to 5 years	19,426	41,303	(21,877)
Over 5 years	2,233	2,889	(656)
Total	**34,392**	**84,518**	**(50,126)**

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

(€'000)	
Financial liabilities as at 31 December 2022	**84,518**
Changes in fair value of derivatives	(1,277)
New loan proceeds	–
Loan repayments	(31,292)
Changes in other short-term financial liabilities	(17,320)
New lease finance (IFRS 16)	237
Repayment of lease finance (IFRS 16)	(483)
Other changes	9
Financial liabilities as at 31 December 2023	**34,392**

The breakdown of net financial debt of the Company as at 31 December 2023 and as at 31 December 2022 is provided below:

(€'000)		31 December			
		2023	**of which intra-group**	**2022**	**of which intra-group**
A	Cash	183,138	–	139,351	–
B	Cash equivalents	–	–	–	–
C	Other current financial assets	24,557	621	55,254	131
D	**Liquidity (A + B + C)**	**207,695**	**621**	**194,605**	**131**
E	Current financial debt	(60)	–	(18,657)	–
F	Current portion of non-current financial debt	(12,673)	–	(21,669)	–
G	**Current financial indebtedness (E + F)**	**(12,733)**	**–**	**(40,326)**	**–**
H	**Net current financial indebtedness (G + D)**	**194,962**	**621**	**154,279**	**131**
I	Non-current financial debt	(21,659)	–	(44,192)	–
J	Debt instruments	–	–	–	–
K	Non-current trade and other payables	–	–	–	–
L	**Non-current financial indebtedness (I + J + K)**	**(21,659)**	**–**	**(44,192)**	**–**
M	**Total financial indebtedness (H+L)**	**173,303**	**621**	**110,087**	**131**

For details, see the Report on Operations.
As at 31 December 2023, like in previous years, the Company was required to comply with some financial parameters (covenants) on loans to be calculated, on an annual basis, in the consolidated financial statements of Sanlorenzo S.p.A.
As at 31 December 2023, these parameters were complied with.

Loan	Parameter	Limit
Banco BPM unsecured loan €10m 30.06.26	Net financial position/EBITDA	< 2.50
Intesa Sanpaolo unsecured loan €20m 30.06.26 (Circular Economy)	Net financial position/EBITDA	< 1.80
Intesa Sanpaolo unsecured loan €20m 30.06.26 (Circular Economy)	Net Financial Position/Equity	< 1.3
UniCredit unsecured loan €6m 30.09.25	Net financial position/EBITDA	< 2.50
UniCredit unsecured loan €6m 30.09.25	Net Financial Position/Equity	< 0.90
UniCredit unsecured loan €6m 30.09.25	EBITDA/Financial expense	> 6.5
UniCredit unsecured loan €10m 30.06.26	Net financial position/EBITDA	< 2.50
UniCredit unsecured loan €10m 30.06.26	Net Financial Position/Equity	< 0.90
UniCredit unsecured loan €10m 30.06.26	EBITDA/Financial expense	> 6.5

The following table shows the conditions and due dates of the loans as at 31 December 2023 and 31 December 2022, respectively.

(€'000)	Nominal interest rate	Year of maturity/ repayment	31 December 2023					
			Nominal value	Accounting records	Carrying amount	Within 1 year	From 1 to 5 years	Over 5 years
Sanlorenzo S.p.A.								
Banco BPM - Unsecured loan €10m 30.06.26	0.6%	2026	5,263	(3)	5,260	2,103	3,157	–
Banco BPM - Mortgage loan €814k 31.12.30	1.5%	2030	–	–	–	–	–	–
Banco BPM - Mortgage loan €7.41m 31.12.30	4.3%	2030	4,683	-	4,683	639	2,627	1,417
BNL - Unsecured loan €5m 30.06.23	0.0%	2023	–	–	–	–	–	–
BPER - Unsecured loan €5m 30.09.25	0.9%	2025	–	–	–	–	–	–
Cassa Depositi e Prestiti - Unsecured loan €10m 31.12.26	1.1%	2026	–	–	–	–	–	–
Crédit Agricole - Mortgage loan €15m 29.11.26	1.0%	2026	–	–	–	–	–	–
Crédit Agricole - Unsecured loan €7m 05.07.23	0.8%	2023	–	–	–	–	–	–
Deutsche Bank - Unsecured loan €7.5m 31.03.23	1.0%	2023	–	–	–	–	–	–
Intesa Sanpaolo - Unsecured loan €20m 30.06.26 (Circular Economy)	3.7%	2026	11,111	(21)	11,090	4,436	6,654	–
MPS - Unsecured loan €6m 31.12.23	0.8%	2023	–	–	–	–	–	–
UniCredit - Unsecured loan €6m 30.09.25	3.9%	2025	2,625	(2)	2,623	1,499	1,124	–
UniCredit - Unsecured loan €10m 30.06.26	3.8%	2026	5,263	(5)	5,258	2,103	3,155	–
Simest - Facilitated loan "Capitalisation" 31.12.27	0.6%	2027	480	–	480	120	360	–
Simest - Facilitated loan for "Fairs and Exhibitions" 08.04.25	0.1%	2025	45	–	45	30	15	–
Total Sanlorenzo S.p.A.			**29,470**	**(31)**	**29,439**	**10,930**	**17,092**	**1,417**

31 December 2022						
Nominal value	Accounting records	Carrying amount	Within 1 year	From 1 to 5 years	Over 5 years	
						Sanlorenzo S.p.A.
7,368	(8)	7,360	2,101	5,259	–	Banco BPM - Unsecured loan €10m 30.06.26
576	–	576	69	285	222	Banco BPM - Mortgage loan €814k 31.12.30
5,247	–	5,247	632	2,598	2,017	Banco BPM - Mortgage loan €7.41m 31.12.30
2,500	–	2,500	2,500	–	–	BNL - Unsecured loan €5m 30.06.23
2,765	–	2,765	1,001	1,764	–	BPER - Unsecured loan €5m 30.09.25
5,714	1	5,715	1,429	4,286	–	Cassa Depositi e Prestiti - Unsecured loan €10m 31.12.26
6,360	(18)	6,342	1,558	4,784	–	Crédit Agricole - Mortgage loan €15m 29.11.26
1,080	–	1,080	1,080	–	–	Crédit Agricole - Unsecured loan €7m 05.07.23
375	–	375	375	–	–	Deutsche Bank - Unsecured loan €7.5m 31.03.23
15,556	(30)	15,526	4,436	11,090	–	Intesa Sanpaolo - Unsecured loan €20m 30.06.26 (Circular Economy)
1,200	(2)	1,198	1,198	–	–	MPS - Unsecured loan €6m 31.12.23
4,125	(3)	4,122	1,499	2,623	–	UniCredit - Unsecured loan €6m 30.09.25
7,368	(7)	7,361	2,103	5,258	–	UniCredit - Unsecured loan €10m 30.06.26
480	–	480	–	480	–	Simest - Facilitated loan "Capitalisation" 31.12.27
75	–	75	30	45	–	Simest - Facilitated loan for "Fairs and Exhibitions" 08.04.25
60,789	**(67)**	**60,722**	**20,011**	**38,472**	**2,239**	**Total Sanlorenzo S.p.A.**

28. Trade payables

(€'000)	31 December 2023	31 December 2022	Change
Payables to suppliers	172,861	127,515	45,346
Payables to subsidiaries	9,117	1,234	7,883
Payables to associates	1,324	8,077	(6,753)
Payables to holding company	–	372	(372)
Trade payables	**183,302**	**137,198**	**46,104**

Trade payables include payables to suppliers and payables to subsidiaries, associates and parent companies.
Payables to suppliers amounted to €172,861 thousand and €127,515 thousand as at 31 December 2023 and 31 December 2022, respectively.
Payables to subsidiaries show a balance of €9,117 thousand as at 31 December 2023 and €1,234 thousand as at 31 December 2022.
Payables to associates show a balance of €1,324 thousand as at 31 December 2023 and €8,077 thousand as at 31 December 2022.

A breakdown of trade payables as current and non-current is as follows:

(€'000)	31 December 2023	31 December 2022	Change
Payables to suppliers	172,861	127,515	45,346
of which current	*172,861*	*127,515*	*45,346*
Payables to suppliers	**172,861**	**127,515**	**45,346**

The breakdown of payables to suppliers by geographical area is as follows:

(€'000)	31 December 2023	31 December 2022	Change
Italy	165,215	121,801	43,414
Europe (other countries)	6,447	4,895	1,552
Americas	664	181	483
APAC	274	541	(267)
MEA	261	97	164
Payables to suppliers	**172,861**	**127,515**	**45,346**

29. Other current liabilities

(€'000)	31 December 2023	31 December 2022	Change
Social security contributions	2,103	2,206	(103)
Other liabilities	13,574	11,023	2,551
Accrued expenses and deferred income	14,241	12,711	1,530
Other current liabilities	**29,918**	**25,940**	**3,978**

Social security contributions refer to the position at the reporting date and mainly include amounts to INPS, INAIL and Previndai (Italian social security institutions) for contributions due on wages and salaries. They were equal to €2,103 thousand as at 31 December 2023 and €2,206 thousand as at 31 December 2022, down by €103 thousand.
Other payables show a balance as at 31 December 2023 equal to €13,574 thousand and are mainly represented by the payable to employees for salaries and accruals.
Accrued expenses and deferred income were up between 2022 and 2023 by €1,530 thousand. Deferred income mainly refers to suspended revenues relating to margins on sales of boats and commissions due, which accrue according to the progress of work on the construction of boats.

30. Employee benefits

(€'000)	31 December 2023	31 December 2022
Opening balance	**623**	**798**
Allocations	–	70
Interest	23	14
Utilisations	(54)	(136)
Incoming and outgoing employees	–	–
Present value as at 31 December	**592**	**746**
Net actuarial gains/(losses) based on past experience	16	48
Net actuarial gains/(losses) arising on changes to demographic assumptions	–	–
Net actuarial gains/(losses) arising on changes to financial assumptions	24	(171)
Closing balance	**632**	**623**

The payable related to Post-employment benefits include the benefits accrued by employees at the reporting date, net of any advances received or amounts transferred to the Italian Previndai, Gomma Plastica, Cometa or other pension plans or the INPS treasury fund.
In accordance with IAS 19, the payable related to post-employment benefits using actuarial valuation methods performed by an external expert. These methods are revised when necessary.
The main financial and demographical assumptions are set out below with annual turnover rates and possible advances given to employees used to determine the present value of the group's liability related to post-employment benefits.
Post-employment benefits are recognised by the Group's Italian and international companies, in line with reference national legislation. They include benefits accrued by employees at the reporting date, net of advances received or sums transferred to the Italian pension funds Previndai, Gomma Plastica, Cometa or other pension funds or the INPS treasury fund.

FINANCIAL ASSUMPTIONS

	31 December 2023	31 December 2022
Annual discount rate	3.17%	3.77%
Annual inflation rate	2.00%	2.30%
Annual growth rate of post-employment benefits	3.00%	3.23%
Annual remuneration growth rate	0.50%	0.50%

DEMOGRAPHICAL ASSUMPTIONS

Mortality	RG48 mortality tables published by the State General Accounting Department
Disability	INPS tables by age and gender
Retirement	100% upon achievement of AGO requirements

ANNUAL TURNOVER AND TFR ADVANCE FREQUENCIES

	31 December 2023	31 December 2022
Advances	1.00%	1.00%
Turnover rate	1.50%	1.50%

31. Provisions for risks and charges

(€'000)	Provision for dispute risks	Provision for warranties	Provision for write-down of investment	Provisions for risks on pre-owned boats	Provision for exchange rates fluctuations	Contract completion provision	Total
Amount as at 31 December 2022	**5,287**	**4,820**	**2,387**	**181**	**168**	**3,742**	**16,585**
Allocations	1,370	350	–	964	–	–	2,684
Utilisations	(1,323)	–	–	(181)	–	–	(1,504)
Other changes/reclassifications	–	–	–	–	–	3,899	3,899
Amount as at 31 December 2023	**5,334**	**5,170**	**2,387**	**964**	**168**	**7,641**	**21,664**

Provisions for risks and charges include the following items:

- Provision for dispute risks: this provision was established to cover risks related to civil and tax disputes for an amount of €5,334 thousand as of 31 December 2023 and refers to the amount set aside as a precautionary measure by the Company to settle such disputes. The accrual made during the period, amounting to €1,370 thousand, mainly refers to the amount set aside as a precautionary measure by the company to cover professional fees and potential tax liabilities abroad. Draw-downs refer to the portion of the provision used to settle the Parent Company's tax dispute with the Italian Revenue Agency and for the payment of foreign taxes. For more details, please see the paragraph below.
- Provision for warranties item quantified based on the best estimate to date of the possible costs that will be incurred for repairs under warranty on yachts already sold at the end of the financial year and for which revenues have therefore been booked; The provision for warranties covers the new boats of the Company. The item stood at €5,170 thousand as at 31 December 2023 and €4,820 thousand as at 31 December 2022. The warranty period is two years for new boats and one year for pre-owned boats.
- Provision for losses on equity investments: this had been set up in order to align the investment in the subsidiary Sanlorenzo Baleari SL to parent's share of its equity. This item shows a balance of €2,387 thousand for the year ended 31 December 2023.
- Provisions for risks on pre-owned boats: as at 31 December 2023, it amounted to €964 thousand and refers to the commitment for withdrawing pre-owned on new boats.
- Provision for exchange rate fluctuations: at 31 December 2023 the balance amounted to €168 thousand.
- Contract completion provision: this amounted to €7,641 thousand and refers to the reclassification of the provision previously included in contract liabilities.

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

(€'000)	31 December 2023	31 December 2022	Change
Provision for warranties	5,170	4,820	350
of which current	*3,421*	*3,617*	*(196)*
of which non-current	*1,749*	*1,203*	*546*
Provision for warranties	**5,170**	**4,820**	**350**

The main proceedings and inspections involving the Company are described below.

Administrative, in-court and arbitration proceedings

Administrative, in-court and arbitration proceedings in which the company is involved

The Company, at the approval date of these annual financial statements, is involved in legal proceedings as part of its normal business activities. They could lead to fines or compensation for damage imputable to the Company. As far as the Company is aware, these legal proceedings are normal, given the Company's operations and size. Specifically, at the approval date of these annual financial statements, the Company is not involved in any legal proceedings that could have a significant adverse effect. However, it cannot be excluded that their outcome could negatively affect the Company's financial position, performance and cash flow in the future.

Assisted by its legal advisors, the Company has not set up a specific provision for possible liabilities that could arise from the proceedings in its financial statements as it deems that a negative outcome in said disputes is either not possible or remote.

However, the Company cannot exclude that it may be required to disburse amounts in the future should the outcome of the proceedings not be in its favour.

Except as indicated below, as at the date of approval of these financial statements, there are no pending legal or arbitration disputes that may have, or have had in the recent past, significant repercussions on the financial situation or profitability of the Company.

At the date of drafting of the annual financial statements, in relation to the arbitration proceedings brought against the Company, the latter had already booked a liability of €895 thousand in the previous financial statements corresponding to the risk considered likely in respect of said proceedings, based on the estimates of its UK legal advisors.

The main proceedings and inspections involving the Company are described below.

Arbitration proceedings

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

Tax proceedings

As already extensively described in the Financial Reports relating to previous periods, with regard to the ongoing tax proceedings for the tax periods from 2013 to 2016, the company reached an agreement with the tax authority regional directorate of Liguria, for the settlement of tax disputes relating to the said tax periods, benefiting from the favourable provisions set forth in the 2023 Budget Law (Italian Law no. 197 of 2022).
Pursuant to the above-mentioned agreement, during the first half of 2023 the company paid the amount due, definitively closing the outstanding claims with the tax authorities for the above-mentioned years.
In April and May 2023, the company filed two appeals before the Court of First Instance of La Spezia against two notices of adjustment and settlement of mortgage and cadastral taxes issued by the tax authority provincial directorate of La Spezia and referring to real estate purchases concluded at the end of 2020. In relation to these notices, which contested the value attributed to real estate for the purpose of settling mortgage and cadastral taxes, higher taxes of €277 thousand were settled in addition to penalties of €277 thousand and interest according to the legal rate. No hearing has yet been scheduled.
At the end of June 2023 the company received a notice of adjustment and settlement of registration tax issued by the tax authority provincial directorate of La Spezia referring to the purchase of a business unit in 2021 for the settlement of higher registration tax by €110 thousand. Through its defence attorneys, after having started the litigation process as a result of the unsuccessful open consultation with the Office, in November 2023 the company received notice of full withdrawal of proceedings by the Italian Revenue Agency, La Spezia Provincial Department, closing these proceedings.

Administrative proceedings

At the date of approval of these financial statements, the Company is not involved in significant administrative proceedings.
At the date of these financial statements, the Company is a party to other legal proceedings involving immaterial amounts but for which it could be found liable and, hence, required to pay settlements and possible legal costs.

Financial instruments – Fair values and risk management

32. Derivatives

The Company uses derivatives to hedge against the risk of fluctuations in exchange and interest rates. The item includes the fair value of the derivative instruments outstanding at each reference date.
As at 31 December 2023, the Company had the following derivatives in its portfolio:

- forward agreements relating to sales of US dollars against euros for a notional total of €59,087 thousand designated as instruments hedging amounts received in US dollars by the subsidiary Sanlorenzo of the Americas LLC;
- interest rate swaps for a notional total of €23,612 thousand designated as instruments hedging interest rates on floating rate medium/long-term loans.

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

(€'000)	31 December 2023	31 December 2022	Change
Derivative assets			
Currency hedges	1,221	1,769	(548)
Interest rate hedges	1,206	2,361	(1,155)
Total assets	**2,427**	**4,130**	**(1,703)**
Derivative liabilities			
Currency hedges	(41)	(1,318)	1,277
Interest rate hedges	–	–	–
Total liabilities	**(41)**	**(1,318)**	**1,277**

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

33. Cash management

In view of the strong cash generation at the operational level and the resulting significant cash held, the Group implemented a cash management and investment strategy.
As at 31 December 2023, the Company had the following financial instruments in its portfolio:

- unrestricted time deposits for €115,000 thousand, included in cash and cash equivalents and measured at fair value level 1;
- listed bonds and certificates of investment-grade issuers with a market value of €20,928 thousand, measured at fair value level 1.

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

(€'000)	31 December 2023	31 December 2022	Change
Restricted time deposits	–	16,000	(16,000)
Unrestricted time deposits	115,000	102,813	12,187
Listed bonds and certificates	20,928	30,082	(9,154)
Insurance policies	–	4,900	(4,900)
Total cash invested	**135,928**	**153,795**	**(17,867)**

34. Financial Risk Management

Credit risk

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

Liquidity risk

Liquidity risk is represented by the possibility that the Company may find itself in the position of not being able to meet its payment commitments, whether foreseen or unforeseen, due to a lack of financial resources, thus jeopardizing day-to-day operations or its financial position.

Liquidity risk may arise from any difficulty in obtaining timely funding to support operating activities and may manifest itself in the inability to obtain the necessary resources on economic terms.

Cash flows, funding requirements and liquidity are under the control of the Company, with the objective of ensuring effective management of financial resources.

The Company has dealt with liquidity risk by reinvesting cash flows from operations, in addition to obtaining substantial lines of credit with a number of banks, the total amount of which is deemed more than sufficient to meet its financial requirements, also taking into account the effects of the seasonal nature of the sector on cash flows. The concentration of the collection of orders and deliveries in specific periods of the year, against the constant flow of payments to Company suppliers and contractors, has in fact, an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, the period in which short-term financial debt may be higher as a result of the lower flow of collections. The Company therefore performs careful financial planning in order to reduce liquidity risk and has acquired significant bank credit facilities, whose use is planned on the basis of financial requirements.

As at 31 December 2023, the Company has bank credit lines to meet liquidity needs of €111,500 thousand, in addition to €207,695 thousand of cash and against a total gross debt of €34,392 thousand (including lease liabilities and the fair value of derivatives).

For further details on the maturity dates of the financial debt, see the note "Financial liabilities" in these financial statements.

Exposure to interest rate fluctuation

The Company is exposed to changes in interest rates on its medium-long term floating rate debt instruments, entirely referring to the Euro zone. The management of interest rate risk is consistent with established practice over time aimed at reducing the risk of volatility in interest rates and achieving an optimal mix between variable and fixed rates in the structure of loans, thereby mediating fluctuations in market interest rates in order to pursue, at the same time, the objective of minimising financial expense.

The Company manages the risk of interest rate fluctuations through the use of derivative hedging instruments, such as interest rate swaps or interest rate caps with financial counterparties of primary standing.

As at 31 December 2023, Sanlorenzo has 4 interest rate swaps in place for a total notional amount of €23,612 thousand.

The following table shows an analysis of the sensitivity of derivative instruments on interest rates, carried out by applying to the portfolio a variation, positive or negative, of the interest rate curve in Euro of 10 basis points.

(€'000)	Fair value as at 31 December 2023	Change +10 basis points	Change -10 basis points
Interest rate hedges	1,206	1,240	1,172

Exposure to exchange rate fluctuations

The geographical distribution of Group commercial activities entails exposure to transaction and translation exchange rate risk.

Transaction risk arises from primarily commercial transactions carried out by individual companies in currencies other than their functional currency, as a result of fluctuations in exchange rates between the time at which the relationship originates and the time at which the transaction is completed (collection/payment).

In terms of revenues, the Euro is the most commonly used invoicing currency for the sale of yachts. The residual cases of sales of yachts in other currencies exclusively concern contracts signed by the subsidiary Sanlorenzo of the Americas denominated in US dollars.

The Company manages the risks of changes in foreign exchange rates on US dollar sales through its foreign currency sales pricing policy and through the use of derivative financial instruments. In particular, when setting the sale price in foreign currency, the Company, starting from its own margin objectives in Euro, usually applies the exchange rate in force on the date of stipulation of the contract and start of construction of the vessel, increased by the financial component (cost of carry) connected with the expected timing of receipts from the sale. On these maturities, the Company carries out hedging operations through derivative instruments, typically forwards or other types of forward sale with financial counterparties of primary standing, implementing a policy of hedging only transactional exchange rate risk, thus deriving from existing commercial transactions and future contractual commitments.

As at 31 December 2023, the Company had forward contracts for the sale of US dollars relating to collections to be received for a total notional amount of €59,087 thousand.

The following table shows an analysis of the sensitivity of derivatives on exchange rates, carried out by applying to the portfolio a variation, positive or negative, of the Euro against the US dollar equal to 5%.

(€'000)	Fair value as at 31 December 2023	Appreciation of 5% of US Dollar against €	Depreciation of 5% of US Dollar against €
Currency hedges	1,179	3,903	(1,829)

As far as costs are concerned, as production is carried out in Italy with Italian suppliers and contractors, costs in currencies other than the Euro are residual and sporadic, and therefore no hedging operations are carried out.

GROUP STRUCTURE

35. Subsidiaries

The following table provides information, as at 31 December 2023, concerning the name and registered office of all subsidiaries, as well as the Company's direct or indirect holdings in their share capital.

Company name	Registered office	Currency	Share capital (currency unit)	Percentage of ownership	
				Direct	Indirect
Bluegame S.r.l.	Ameglia (SP) – Italy	Euro	100,000	100.0%	–
PN Sviluppo S.r.l.	Viareggio (LU) – Italy	Euro	40,000	100.0%	–
Sanlorenzo Arbatax S.r.l.	Tortolì (NU) – Italy	Euro	10,000	100.0%	–
Equinoxe S.r.l.	Turin (TO) – Italy	Euro	184,536	100.0%	–
Polo Nautico Viareggio S.r.l.	Viareggio (LU) – Italy	Euro	667,400	53.0%	–
I.C.Y. S.r.l.	Adro (BS) – Italy	Euro	100,000	–	60.0%
Duerre S.r.l.	Vicopisano (PI) – Italy	Euro	1,000,000	66.0%	–
Sea Energy S.r.l.	Viareggio (LU) – Italy	Euro	25,000	65.0%	–
Sanlorenzo Baleari SL	Puerto Portals, Mallorca – Spain	Euro	500,000	100.0%	–
Sanlorenzo Monaco S.A.M.	Monte-Carlo – Principality of Monaco	Euro	150,000	99.7%	–
Sanlorenzo Côte d'Azur S.A.S.	Cannes – France	Euro	1,000	100.0%	–
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	USD	2,000,000	99.9%	0.1%
Fortune Yacht LLC	Fort Lauderdale (FL) – USA	USD	1,000	–	100.0%

Bluegame S.r.l.

This company, with registered office in Ameglia, was set up at the end of 2017 to acquire the historical "Bluegame" brand from Open Boat Italia, a company owning yacht moulds, under deed of arrangement. In 2019, the Parent Company acquired a 49.5% stake in Bluegame from other shareholders, which, added to the 50.5% stake already in its possession, has given it a 100% stake.
The company ended 2023 with a net profit equal to €4,259 thousand, up significantly compared to the €4,642 thousand recorded in 2022.

I.C.Y. S.r.l.

On 20 July 2022, Bluegame S.r.l. completed the purchase of 60% of the shares of I.C.Y. S.r.l., its historical partner in the production of some product lines; this acquisition is aimed at consolidating and increasing Bluegame's production capacity to support growth.
I.C.Y. S.r.l. has its registered office in Adro (Brescia), has a share capital of €100 thousand and closed the year 2023 with a profit of €30 thousand.

Equinoxe S.r.l.

Equinoxe S.r.l, founded in 1986 and based in Turin, has established itself over 30 years as a benchmark in charter services.
On 19 December 2022, Sanlorenzo S.p.A. finalised the acquisition of 100% of the share capital of Equinoxe S.r.l., and its wholly-owned subsidiary Equinoxe Yachts International S.r.l. operating in the same sector, for an amount of €2,100 thousand.
Subsequently, on 27 December 2022, the Board of Directors of Equinoxe S.r.l. approved the merger by incorporation of Equinoxe Yachts International S.r.l., a transaction finalised on 12 April 2023.
Equinoxe S.r.l. closed 2023 with a profit of €197 thousand.

Sanlorenzo Arbatax S.r.l.

The company was established on 14 October 2022 and has as its object the production of small/medium size composite semi-finished products.
The Company was designated as assignee of a real estate complex within the framework of an enforcement procedure, for a value of €4,576,568. The assignment took place on 7 July 2023 with a decree of transfer by the Court of Lanusei. Specifically, the property is an industrial building with land located in the municipality of Tortolì, within the "ZES Sardegna" zone.
As at 31 December 2023, the company reported a profit of €144 thousand.

Polo Nautico Viareggio S.r.l.

On 9 June 2022, Sanlorenzo S.p.A., already owner of a 49.81% share, acquired, for a consideration of €3 thousand, a 0.51% share in the company Polo Nautico Viareggio S.r.l., achieving control of the same with a total share of 50.32%.
On 28 July 2022, Sanlorenzo S.p.A. purchased, for a consideration of €14 thousand, an additional 2.17% stake in the company, increasing its shareholding to 52.49%.
On 3 July 2023, Sanlorenzo S.p.A. acquired a 0.51% stake in the share capital of Polo Nautico Viareggio S.r.l. from VSS S.r.l., for a consideration of €7,500. The stake thus reached 53.0% of share capital.
The company was originally set up in the legal form of a limited liability consortium and has maintained its mission while continuing to provide services mainly to its members.
As at 31 December 2023, the company reported a profit of €13 thousand.

Duerre S.r.l.

On 29 April 2022, Sanlorenzo S.p.A. had acquired a 33% stake in Duerre S.r.l., a historic company active since the 1940s in the handcrafted production of very high quality furniture intended in particular for superyachts, as well as in the civil homes, offices, hotels and commercial establishments segment, in the amount of €3.4 million.
On 3 May 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 33% stake in Duerre S.r.l., for a total of €2 million, thus reaching a majority stake of 66%.
As at 31 December 2023, the company reported a loss of €362 thousand.

Sea Energy S.r.l.

On 23 March 2023 Sanlorenzo S.p.A. acquired a 49.0% stake in Sea Energy S.r.l., its strategic partner in the sector of design, production and installation of naval electrical and electronic systems, for €2,648,500. The acquisition was entirely financed by own means.
The purpose of this transaction is to increase the Group's production capacity to support growth.
The company Sea Energy S.r.l. held a 100% stake in Key S.r.l., which operated in the same economic sector.
On 27 June 2023, the deed of merger by incorporation of the wholly-owned company Key S.r.l. into Sea Energy S.r.l. was drawn up and registered in the North-West Tuscany register of companies on 30 June 2023. The legal effects of the merger shall take effect on 29 June 2023, whereas the accounting and tax effects shall take effect on 1 January 2023.
On 7 December 2023, Sanlorenzo S.p.A. finalised the deed of purchase of a further 16% stake in Sea Energy S.r.l., for a total of €0.5 million, thus reaching a majority stake of 65%.
As at 31 December 2023, the company reported a profit of €502 thousand.

Sanlorenzo of the Americas LLC

Based in Fort Lauderdale (Florida, USA), this company's business objective is to sell Sanlorenzo boats to international customers in Canada, the US and Central and South America as well as acting as a dealer and providing post-sale support in these markets. Since its incorporation in September 2008, Sanlorenzo of the Americas has steadily promoted the Sanlorenzo brand in the American markets.
On 15 July 2019, Sanlorenzo S.p.A sold a 10% stake in Sanlorenzo of the Americas to the Chief Executive Officer of the company, Marco Segato.
On 16 February 2023, Sanlorenzo S.p.A. and PN Sviluppo S.r.l. finalised the acquisition of the 9.9% and 0.1% stakes, respectively, in Sanlorenzo of the Americas LLC from Marco Segato. The amount of the consideration defined between the parties, consistent with the fairness opinion prepared, was €990 thousand, for the 9.9% share acquired by Sanlorenzo S.p.A., and €10 thousand, for the 0.1% share acquired by PN Sviluppo S.r.l.
Upon completion of this transaction, Sanlorenzo S.p.A. holds a 99.9% stake in the capital of Sanlorenzo of the Americas LLC.
In the year ended 31 December 2022, the subsidiary recorded a €6,261 thousand gain for IFRS purposes, against a €453 thousand gain as at 31 December 2023.

Sanlorenzo Baleari SL

This company, based in Puerto Portals, Mallorca (Spain) with a share capital of €500 thousand, provides support to the sales and customer service activities in Spain and the Balearic Islands.
In 2020, Sanlorenzo S.p.A. subscribed the entire share capital, increasing its stake from 51% to 100%.
In 2022, the company recorded a profit equal to €504 thousand, while in 2023 it recorded a profit of €775 thousand.

Sanlorenzo Monaco S.A.M.

The company, with registered office in the Principality of Monaco and a share capital of €150 thousand, carries out sales support and service activity to customers in the area.
On 28 September 2020, Sanlorenzo S.p.A. acquired a 40.0% stake from two private parties, for a total value of €125 thousand. Currently, Sanlorenzo S.p.A. holds 99.7% of the share capital.
The Monaco-based company expanded its operations with the opening of the new "Villa Portofino" office, inaugurated on 26 September 2023. The new offices are located close to the marina, in an exclusive area perfectly aligned with the positioning of Maison Sanlorenzo.
The new offices include a Digital Storytelling Lounge, an innovative space dedicated to Sanlorenzo and Bluegame customers that, through a new product communication, allows them to enjoy an immersive experience in the choice and configuration of on-board environments.
The company closed 2023 with a loss of €565 thousand.

PN Sviluppo S.r.l.

The company, based in Viareggio and with a share capital of €40 thousand, was established in December 2021 and holds 50% of the share capital of Restart SpA, a 50:50 joint venture established with Ferretti Group to participate in the auction for the acquisition of Perini Navi S.p.A., awarded in December 2021 to a third bidder.
On 29 June 2023, Restart S.p.A. was struck off from the Register of Companies of the Milan, Monza, Brianza and Lodi Chambers of Commerce following the filing of the final liquidation financial statements approved by the shareholders on 28 April 2023.
The company closed 2023 with a loss of €1 thousand.

Fortune Yacht LLC

The company, headquartered in Fort Lauderdale and with a capital of USD 1 thousand, is wholly owned by Sanlorenzo of the Americas LLC and conducts brokerage business in the American market.
The company closed 2023 with a profit of €62 thousand.

Sanlorenzo Côte d'Azur S.A.S.

On 11 July 2023, Sanlorenzo S.p.A. consolidated its presence in the French market with the incorporation of the company "Sanlorenzo Côte d'Azur S.A.S.", wholly-owned by Sanlorenzo S.p.A.
The new company will be active in the distribution and marketing of the Group's products and services in the French Riviera, a key market in the international yachting scene. The opening of the subsidiary in France confirms Sanlorenzo's distribution strategy announced in the 2023-2025 Business Plan, which calls for a direct presence in key strategic markets, with the opening of monobrand offices, to ensure a strong and close link with Sanlorenzo's customers.
The company closed 2023 with a profit of €1,284 thousand.

36. Associates

At 31 December 2023, the Company holds the following equity investments in associates, included in the Company's financial statements with the equity method.

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

ADDITIONAL INFORMATION

37. Commitments

The most significant contractual commitments undertaken with third parties as at 31 December 2023 refer to:

- a corporate guarantee issued by the Parent Company on a credit line granted to a brand representative amounting to €6,050 thousand;
- sundry sureties for a total of €563 thousand related to state concessions, public administrations and others.
- credit mandates for bank credit lines granted to Bluegame S.r.l. and Sanlorenzo of the Americas LLC for a total of €35,603 thousand.

38. Contingent liabilities

Legal proceedings are ongoing for events related to the normal business activities mainly related to some civil proceedings mostly with customers and insurance companies.
The Company's directors do not believe that any of these proceedings involve a risk of a significant cash outlay or may give rise to significant liabilities in excess of the allocations already made. They will evaluate any negative developments that cannot currently be foreseen or calculated, which may arise as a result of internal analyses or the ongoing judicial investigations and may then make a provision.

39. Share-based payments

On 21 April 2020, the Shareholders' Meeting of Sanlorenzo S.p.A. approved, pursuant to and for the purposes of Article 114-bis of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the adoption of an incentive and loyalty plan called "Stock Option Plan 2020" reserved to the executive directors, general managers, managers with strategic responsibilities and employees with a permanent employment contract and qualification as at least an office worker of Sanlorenzo S.p.A. and its directly or indirectly controlled subsidiaries.
The 2020 Stock Option Plan provides for the free assignment to each of the beneficiaries of options that grant the right to subscribe ordinary shares of Sanlorenzo S.p.A. to be issued in execution of the share capital increase planned to service the plan, at a ratio of 1 share for each 1 option, at a price set at €16.00 per share.
Performance goals are determined by one or more of the following parameters: (i) Consolidated EBITDA as at 31 December of the relevant year; (ii) Consolidated Net Financial Position as at 31 December of the relevant year; and (iii) personal objectives established due to the Beneficiary's role and function.
The maximum total number of ordinary shares of Sanlorenzo S.p.A., which can be assigned to the beneficiaries for the implementation of the Plan, is equal to 884,615 ordinary shares, i.e. all the shares that can be issued in execution of the capital increase. As at 31 December 2023, a total of 879,743 options have been granted.
The vesting period of the options is four years, in compliance with the minimum average vesting period of two years provided for by the regulations.
As at 31 December 2023, a total of 646,905 options were exercisable (relating to the financial years 2020, 2021 and 2022), of which 478,356 options had been exercised by the end of the financial year.

40. Related parties and intra-group transactions

Business and financial relationships with related parties are governed under market conditions, taking into account the characteristics of the goods and services provided.
Transactions with related parties deemed relevant pursuant to the "Procedure on related-party transactions" adopted by the Group, available on the Company's website (www.sanlorenzoyacht.com) under the "Corporate Governance" section, are described below.
In 2023, outstanding transactions with related parties regard primarily business and financial transactions carried out under market conditions, as listed below.

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

Fondazione Sanlorenzo
Transactions with the Fondazione Sanlorenzo, established by the Perotti family on 19 April 2021, are related to the non-exclusive and free use license of the brand "Sanlorenzo" for the purpose of carrying out the foundation's institutional activities and to the initial contribution of €50 thousand paid in June 2021, following the resolution of the Board of Directors of Sanlorenzo of 4 May 2021. During 2022 the Company paid an additional €50 thousand and during 2023 it paid €80 thousand.

Ferruccio Rossi
Financial transactions with Executive Director Ferruccio Rossi regard a loan granted by Sanlorenzo on 9 July 2018. In February 2021, the Related-Party Transactions Committee and the Board of Directors approved the new terms. On 19 April 2023 the loan was repaid in full.

Cesare Perotti
Son of the Chairman and Chief Executive Officer Massimo Perotti and brother of the director Cecilia Maria Perotti, Cesare Perotti was hired by the company in September 2023 in the role of Sales Manager Yacht, after being hired by the subsidiary Bluegame S.r.l. with an apprenticeship contract; the transaction was examined by the Board of Directors on 9 November 2020.

The tables below provide information on transactions with related parties as at 31 December 2023 impacting the income statement as well as the balance sheet:

(€'000)	Revenues	Other costs for services	Other operating osts	Personnel expenses
Holding Happy Life S.r.l.	14,653	(60)	–	–
Fondazione Sanlorenzo	–	–	(80)	
Ferruccio Rossi	–	(100)	–	(1,320)
Cesare Perotti	–	–	–	(24)
Directors, statutory auditors and managers with strategic responsibilities	–	(2,552)	–	(1,846)
Total related parties	**14,653**	**(2,712)**	**(80)**	**(3,190)**
Total financial statements	**760,982**	**(64,128)**	**(4,660)**	**(50,906)**
Incidence %	*1.9%*	*4.2%*	*1.7%*	*6.3%*

(€'000)	Other intangible assets	Trade receivables	Other current liabilities
Holding Happy Life S.r.l.	–	4,713	–
Ferruccio Rossi	–	–	622
Cesare Perotti	–	–	7
Directors, statutory auditors and managers with strategic responsibilities	39	–	397
Total related parties	**39**	**4,713**	**1,026**
Total financial statements	**48,593**	**18,639**	**29,918**
Incidence %	*0.1%*	*25.3%*	*3.4%*

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

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

Intra-group relations and transactions with associates

The main transactions finalised by Sanlorenzo S.p.A. with the companies of the Group are:

- trade relations: primarily distribution agreements governing the sales of products and agency commissions within the territories under their scope, as well as the conditions in terms of trade management;
- financial relations: primarily interest-bearing financial agreements among the subsidiaries and the Company;
- service relations: primarily related to technical support services provided by the Company to the subsidiaries.

The Company deems that all the relations among the companies of the Group do not qualify as atypical or unusual as they fall under the ordinary course of the Group's activities.
The following tables provide information on the financial and economic relations and of the transactions with Group companies carried out by the Company during the year.

(€'000)	Revenues	Costs for raw materials, consumables and finished products	Outsourcing	Other service costs	Net financial income/ (expense)
Sanlorenzo Baleari SL	19	–	–	(73)	84
Sanlorenzo Monaco S.A.M.	–	–	–	–	34
Bluegame S.r.l.	1,711	(11)	–	(9)	–
Polo Nautico Viareggio S.r.l.	60	–	–	(1,023)	136
Sanlorenzo Arbatax S.r.l.	–	–	–	(13)	231
Sanlorenzo of the Americas LLC	45,638	(25)	–	(5,421)	71
Duerre S.r.l.	54	(2,183)	(10,394)	–	45
Sea Energy S.r.l.	–	(7)	(221)	–	–
Sanlorenzo Côte d'Azur S.A.S.	35	–	–	–	2
Total	**47,517**	**(2,226)**	**(10,615)**	**(6,539)**	**603**
Total financial statements	**760,982**	**(222,874)**	**(278,950)**	**(64,128)**	**5,262**
Incidence %	*6,2%*	*1,0%*	*3,8%*	*10,2%*	*11,5%*

(€'000)	Equity investments and other non-current assets	Other financial assets, including derivatives	Other current assets	Trade receivables	Contract liabilities	Trade payables
Sanlorenzo Baleari SL	4,369	–	–	85	–	36
Sanlorenzo Monaco S.A.M.	1,100	–	–	302	–	–
Bluegame S.r.l.	–	–	–	1,197	–	75
Polo Nautico Viareggio S.r.l.	2,702	130	–	96	–	254
Sanlorenzo Arbatax S.r.l.	4,869	–	–	66	–	–
Sanlorenzo of the Americas LLC	–	–	–	983	5,217	3,290
Duerre S.r.l.	850	300	4,493	16	–	2,126
Sea Energy S.r.l.	–	–	–	–	–	826
Sanlorenzo Cite D'Azur Sas	–	190	–	192	–	2,499
PN Sviluppo S.r.l.	–	–	–	134	–	10
Total	**13,890**	**620**	**4,493**	**3,071**	**5,217**	**9,116**
Total financial statements	**35,903**	**24,557**	**55,600**	**18,639**	**115,183**	**183,302**
Incidence %	*38.7%*	*2.5%*	*8.1%*	*16.5%*	*4.5%*	*5.0%*

The following tables provide information on the financial and economic relations and of the transactions with associates carried out by the Company during the year.

(€'000)	Revenues	Costs for raw materials, consumables and finished products	Outsourcing	Other service costs	Net financial income/ (expense)
Carpensalda Yacht Division S.r.l.	–	–	(12,057)	–	–
Total	**–**	**–**	**(12,057)**	**–**	**–**
Total financial statements	**760,982**	**(222,874)**	**(278,950)**	**(64,128)**	**5,262**
Incidence %	–	–	*4,3%*	–	–

(€'000)	Equity investments and other non-current assets	Trade receivables	Other current assets	Trade payables
Carpensalda Yacht Division S.r.l.	2,700	300	1,113	1,324
Total	**2,700**	**300**	**1,113**	**1,324**
Total financial statements	**35,903**	**18,639**	**55,600**	**183,302**
Incidence %	*7.5%*	*1.6%*	*2.0%*	*0.7%*

Remunerations paid by the company

The remuneration paid by the Company to the members of the Board of Directors, the members of the Board of Statutory Auditors and the Managers with strategic responsibilities during the year is provided below.

(€'000)	31 December 2023
Emoluments	2,499
Remuneration for participation in committees	44
Total remuneration paid to the Board of Directors	**2,543**

(€'000)	31 December 2023
Total remuneration paid to the Board of Statutory Auditors (excluding statutory increases)	80
Total remuneration paid to the Board of Statutory Auditors	**80**

(€'000)	31 December 2023
Total remuneration paid to the Managers with strategic responsibilities	**3,258**
of which gross annual salary	*1,575*
of which bonus	*925*
of which fair value of stock options	*16*

Remuneration to the Independent Auditing Firm

The Financial Statements are audited by BDO Italia S.p.A. in accordance with the assignment conferred by the Shareholders' Meeting of 23 November 2019, which runs for nine financial years (2019-2027).
Pursuant to Article 149-duodecies of the Issuers' Regulations, the remuneration paid to the Independent Auditing Firm is provided below.

(€'000)	Party that provided the service	Remuneration for 2023
Statutory Audit	BDO Italia S.p.A.	119
Total remuneration paid to the Independent Auditing Firm		**119**

Information pursuant to Article 1, paragraph 125, of Italian Law no. 124 of 4 August 2017

During 2023, different types of aid were recognised, as shown in the table below.

Beneficiary	Amount recognised (Euro)	Description
Sanlorenzo S.p.A.	7,771	Tax credit for incremental advertising investments in newspapers, periodicals and local television and radio stations

Pursuant to the provisions of Article 125-quinquies of Italian Law no. 124 of 04 August 2017, for any further disbursements received, reference should be made to the indications contained in the National Register of State Aid pursuant to Article 52 of Italian Law no. 234 of 24 December 2012.

Management and coordination

In addition to the situation of control pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the parent company Holding Happy Life S.r.l does not exercise management and coordination activities over Sanlorenzo pursuant to Articles 2497 et seq. of the Italian Civil Code.

Pursuant to Article 2427 of the Italian Civil Code no. 22 quinquies and sexies, the company that prepares the consolidated financial statements of the largest group of companies to which the company belongs is Holding Happy Life S.r.l. with registered office in Turin, Via Ettore De Sonnaz 19, while the company that prepares the consolidated financial statements of the smallest group is Sanlorenzo S.p.A

ACCOUNTING STANDARDS

Significant accounting standards

The accounting standards described below have been consistently applied to all periods included in these annual financial statements, unless otherwise indicated (see also note "Significant accounting standards" in these financial statements).
Some items of the income and comprehensive income statements presented for comparative purposes, where necessary, have been reclassified or restated to reflect the change in a standard (see also note "Significant accounting standards" in these financial statements) or the change in classifications of some components.

Basis of preparation

The annual financial statements as at 31 December 2023 include the statement of financial position, the statement of profit/(loss) for the year and other comprehensive income, the statement of changes in equity, the statement of cash flow and the corresponding explanatory notes.
The financial statements have been prepared in accordance with the "International Financial Reporting Standards" (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. IFRS include the ruling International Accounting Standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).
The annual financial statements have been prepared using the historical cost method (any exceptions to this method are explained below) and the going concern assumption. The Directors have in fact, determined that there are no significant uncertainties (as defined by paragraph 25 of IAS 1) on business continuity.
Among the options allowed by IAS 1, the Company elected to present its assets and liabilities as current or non-current and its income statement classifying costs by nature. The statement of cash flows is prepared using the indirect method.
The significant accounting standards adopted to prepare the annual financial statements applied to all the periods presented in the Company's financial statements are described below.
Unless specified otherwise, the accounting standards have been applied consistently to all the periods included in the annual financial statements. Please refer to note "Significant accounting standards" for more information and details regarding the application of the accounting standards.

Foreign currency transactions

Foreign currency transactions are recorded in Euro by applying to the amount in foreign currency the spot rate of exchange between the Euro and the foreign currency in effect as at the transaction date.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss as finance expense.

Revenues from contracts with customers

In accordance with IFRS 15, revenues from contracts with customers are recognised when control of the good or service is transferred to the customer either over time or at a point in time.
In relation to pre-owned boats, since the acquisition of the same takes place following the sales of new boats and constitutes part of the payment of the agreed price, it should be noted that, according to IFRS 15, the sale price of new boats and therefore also the calculation of the related revenues reflects the difference between the contractually attributed value of the pre-owned boats and their relative fair value.
Contracts for the sale of new boats that meet the requirements for the recognition of revenue over time are classified as "contract assets" or "contract liabilities" depending on whether the difference between the fulfilment of the performance obligation by the Company and the progress payments received from the customer is positive or negative. In particular:

- contract assets include the right to the consideration for the goods or services already transferred to the customer;
- contract liabilities show the Company's obligation to transfer goods or services to the customer for which it has already received (or has the right to receive) a consideration.

If a contract has more than one performance obligation, which is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to a customer, classification as a contract asset or liability takes place considering all the performance obligations as a whole.
Assets and liabilities arising from contracts with customers where the revenue is recognised over time are measured using the cost-to-cost method, whereby the contract costs, revenue and profit or loss is recognised in line with fulfilment of the performance obligation (progress towards completion).The percentage of costs incurred at the reporting date is compared to the total costs to satisfy the performance obligation.
Conversely, if the requirements for the recognition of revenue over time are not met, revenue is recognised at a point in time. In this case, progress towards completion is recognised under inventories.
Contract assets are recognised net of any accumulated impairment losses.
Estimates are periodically updated and any economic effects are accounted for in the year in which the updates are made. Onerous contracts are treated in accordance with the methods described further on in this note.
The consideration for contracts in a currency other than the functional currency is measured by translating the accrued consideration, calculated using the percentage of completion method, using the closing rates.The Company's exchange rate risk policy requires that all contracts that expose cash flows to changes in exchange rates are hedged on time.

See note "Financial instruments – Fair values and risk management" for information on derivatives designated as hedging instruments.
Revenues related to maintenance, sales of spare parts and charter services activities are managed through spot orders from the client and are recognised on a "point in time" basis.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The Company implements share-based payment transactions settled with equity instruments, as part of the remuneration policy adopted for executive directors, general managers, managers with strategic responsibilities and employees with a permanent contract of employment and at least one office worker of Sanlorenzo S.p.A. and its directly or indirectly controlled subsidiaries.
The theoretical benefit attributed to the beneficiaries of the stock option plan is charged to the income statement, with a contra-entry in the shareholders' equity reserve, over the period during which the beneficiaries obtain the right to the incentives (vesting period).
The amount recognised as an expense is adjusted to reflect the actual number of incentives for which the conditions of continued service and non-market performance have vested, so that the final amount recognised as an expense is based on the number of incentives meeting those conditions as of the vesting date. In the case of incentives recognised in share-based payment whose conditions are not to be considered vesting, the fair value at the grant date of the share-based payment is measured to reflect those conditions. With reference to the non-vesting conditions, any differences between the assumptions on the allocation date and the actual ones will have no impact on the financial statements.
This benefit is quantified by measuring the fair value of the shares at the grant date using financial valuation techniques, including any market conditions in the valuation, and adjusting at each reporting date the number of rights expected to be granted.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans
The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
An independent actuary performs the calculation using the projected unit credit method. When the calculation generates a surplus, the Company recognises a net benefit asset to the extent of the asset ceiling, i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest for the year on the net liability/(asset) for defined benefits is calculated by applying to the net liability/(asset) the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, considering any changes in the net liability/(asset) for defined benefits that occurred during the year following the contributions received and the benefits paid. Net interest and other expenses on the net defined benefit liability (asset) are recognised in profit or loss.
When changes are made to the benefits of a plan or when a plan is curtailed, the portion of the economic benefit relating to past service or the profit or loss resulting from the plan curtailment is recognised in the profit/(loss) of the year at the time of the adjustment or curtailment.

Other long-term employee benefits
The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. This benefit is discounted. Revaluations are recognised in profit/(loss) for the year when they arise.

Termination benefits
Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

Public contributions

Government grants relating to costs incurred during the period are recognised in profit or loss as other income when the government grant becomes receivable. Other government grants relating to assets recorded in the balance sheet are initially recognised at fair value as deferred revenues if there is reasonable certainty that they will be received and that the Company will comply with the conditions for their receipt and are then recognised in profit/loss for the year as other income on a systematic basis over the useful life of the asset to which they refer.

Cost recognition

Costs are recognised when they relate to goods or services acquired or used in the period or on an accruals basis.

Financial income and expense

Interest income or expense is recognised in profit and loss using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established. The effective interest rate is the rate that exactly discounts the estimated future payments or collections over the financial asset's useful life: – is the gross book value of the financial asset; or – at the amortised cost of the financial liability. In order to calculate interest income and expense, the effective interest rate is applied to the asset's gross carrying amount (when the asset is not impaired) or the liability's amortised cost. Moreover, when a financial asset is impaired after initial recognition, interest income is calculated by applying the effective interest rate to the financial asset's amortised cost. Should the financial asset no longer be impaired, the interest income is again calculated considering the asset's gross carrying amount.

Income taxes

The tax expense for the period includes the current and deferred taxes recognised in profit or loss, except for those related to business combinations or captions recognised directly in equity or other comprehensive income. The Company recognises interest and fines related to income taxes, including the accounting treatment to be applied to income taxes of an uncertain nature, in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets, when they do not meet the definition of income taxes.

Current taxes

Current taxes comprise the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only when certain criteria are met.

Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognised for:

- temporary differences arising on the initial recognition of assets and liabilities in a transaction other than a business combination that does not affect either the accounting profit or loss or the taxable profit (or tax loss);
- temporary differences arising on investments in subsidiaries, associates and joint ventures where the Company is able to control when they will reverse and it is probable that the temporary differences will not reverse in the foreseeable future and taxable temporary differences recognised on goodwill; and
- taxable temporary differences related to the initial recognition of the goodwill.

Deferred tax assets are recognised for unused tax losses and tax credits, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be used. Future taxable income is defined on the basis of the cancellation of the relative deductible temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. These reductions must be reinstated when the probability of future taxable income increases.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that the Company will acquire future taxable profits again which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
Measurement of the deferred tax reflects the tax effects of how the Company expects to recover or settle the carrying amount of assets and liabilities at the reporting date.
Deferred tax assets and liabilities are offset only when certain criteria are met.

TRADE RECEIVABLES

Trade receivables arising on the sale of goods or services produced or sold by the Company are recognised under current assets. They are recognised at their nominal amount (shown in the invoice) net of any impairment losses, provided for on the basis of an estimate of the risk that the trade receivables will not be collected at the reporting date.
Trade receivables are subsequently measured at amortised cost, which is their initial recognition amount net of principal repayments, increased or decreased by amortisation applying the effective interest method to any difference between the initial carrying amount and their amount at repayment, less any adjustments (made directly or through the loss allowance) due to a loss in value or because the trade receivables are not expected to be recovered.
On initial recognition, trade receivables without a significant financing component are initially measured at the transaction price.
The Company recognises impairment losses where there is objective evidence that it will not recover the amount from the counterparty in line with the contract terms.
Objective evidence includes events such :
a) significant financial difficulty of the borrower;
b) pending legal disputes with the borrower about the recoverability of the amount;
c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the future cash flows recognised in profit or loss. Unrecoverable amounts are derecognised from the statement of financial position through the loss allowance. If in subsequent periods, the reasons for the previous impairment losses cease to exist, the value of the assets is restored up to the value that would have derived from the valuation at amortised cost.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined according to the FIFO method. In the case of inventories of products manufactured by the Company, cost includes an appropriate share of production overheads based on normal operating capacity.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, including capitalised borrowing costs, net of depreciation and any impairment losses.
If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent costs

Subsequent costs are capitalised only when it is probable that the related future economic benefits will flow to the Company.

Depreciation/amortisation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is generally recognised in profit/(loss) for the year. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for current and comparative periods are as follows:

Land and buildings	
Industrial buildings	3%
Buildings on third-party land	State concession term
Plant and equipment	
Plant and equipment	11.50%
Industrial and commercial equipment	
Industrial equipment	25%
Moulds and models	12.50%
Cradles	10%
Other assets	
Trade fair furniture and fittings	10%
Office furniture and equipment	12%
Furniture and electronic equipment	20%-25%
Light construction	10%
Vehicles	20%
Other	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets and goodwill

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Research expenditure is expensed under profit/(loss) when incurred. Development costs are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, they are recognised in profit or loss as incurred. Subsequent to initial recognition, capitalised development costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets with a finite useful life are recognised at cost less amortisation and any impairment losses.

Subsequent costs

Subsequent costs are capitalised only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs, including those relating to goodwill and internally generated trademarks, are charged to the profit/(loss) for the year in which they are incurred.

Depreciation/amortisation

Amortisation is calculated to write off the cost of intangible assets, except for goodwill and trademarks, less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

Development costs	8 years - 12.50%
Software	5 years - 20%
Mooring	Transaction duration
Other	Based on the duration of individual transactions

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Cash and cash equivalents

Cash and cash equivalents include cash, deposits with banks or other credit institutions available for current operations, postal accounts and other cash equivalents as well as investments with a maturity of less than three months. Cash and cash equivalents are recognised at their fair value which is usually equal to their nominal amount.

Financial instruments

Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, trade receivables without a significant financing component are initially measured at the transaction price.

Financial assets: classification and subsequent valuation

On initial recognition, financial assets are classified according to the valuation:

- amortised cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL).

The Company defines their classification in line with the business model within which the financial assets are held and the contractual cash flow characteristics of the financial asset.
Financial assets are not reclassified after their initial recognition unless the Company modifies the business model for the management of financial assets. In this case, all involved financial assets are reclassified on the first day of the year following the change made to the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This choice is made for each asset.
All financial assets not classified as valued at amortised cost or at FVOCI, as indicated above, are valued at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: assessment of the business model

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets: assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the following condition. For assessment purposes, the Company takes into consideration:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate elements;
- elements on prepayments and extension; and
- contract terms that limit the Company's requests for cash flows to specific assets.

Financial assets: subsequent valuation and profits and losses

Financial assets measured at FVTPL: these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit/(loss) for the period. See note "Financial instruments – Fair values and risk management" for information on derivatives designated as hedging instruments.

Financial assets measured at amortised cost: these assets are subsequently valued at amortised cost in accordance with the effective interest criterion. The amortised cost is decreased by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss of the year as are any derecognition gains or losses.

Debt securities measured at FVOCI: these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit/(loss) of the year. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit/(loss) of the year.

Equity securities measured at FVOCI: these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss of the year unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified contractual terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives and hedge accounting

The Company uses derivatives to hedge its exposure to currency and interest rate risks.
Derivatives are always measured at fair value through profit or loss, unless they qualify for hedge accounting for a specific risk related to the Company's underlying asset or liability or commitments.
At inception of the designed hedging relationship, the Company documents its risk management objective and strategy, the economic relationship between the hedged item and the hedging instrument and whether changes in the cash flows of the hedged item and the hedging instrument will offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity. If a hedged forecast transaction leads to the subsequent recognition of a non-financial asset or liability, for example, inventories, the gain or loss accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the asset or liability at recognition. The gain or loss for all other hedged planned transactions is reclassified from the hedging reserve and the costs of hedging reserve to profit or loss in the same year or years in which the hedged future cash flows affect profit or loss.
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial asset or liability, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income taxes relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity. The resulting surplus or deficit on the transaction is recognised under share premium.

Impairment losses

Non-derivative financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments at FVOCI;
- contract assets.

The Company measures the loss allowance as equal to the lifetime expected credit losses, except for that set out below for the 12-month expected credit losses:

- debt instruments with a low credit risk at the reporting date; and
- other debt securities and bank current accounts with a credit risk (i.e., the default risk expected over the financial instrument's term) that has not increased significantly since initial recognition.

The loss allowance for trade receivables and contract assets is always measured considering their lifetime expected credit losses.
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.
The Company considers reasonable and supportable information that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition to estimate the expected credit losses. This includes quantitative and qualitative information and analyses, based on the Company›s historical experience, on credit assessment as well as on information indicative of expected developments ("forward-looking information"). The credit risk of a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. .

Impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a debt or an advance payment by the Company that it would have not otherwise been taken into consideration;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss of the year and is recognised in OCI.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing-off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impaired non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the Company estimated the asset's recoverable amount. The recoverable value of goodwill is, on the other hand, estimated annually.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss of the year. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised when, at the reporting date, the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation.
The discount rate used to calculate the present value of the liability reflects assessments of the time value of money and the risks specific to the liability. Changes in estimates are recognised in the income statement in the year the change takes place. The disclosure required by IAS 37 - Provisions, contingent assets and contingent liabilities is not provided for some disputes in order not to jeopardise the Company's position vis-à-vis these disputes or negotiations.
Risks for which a liability is solely possible are disclosed in the section of the notes on commitments and risks and no provision is made.
With respect to contract assets and liabilities, if the business plan is revised during the contract term and the contract becomes onerous, the portion of the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it is recognised in full in the period in which they are expected to be incurred and provided for in a "Provision for onerous contracts" under current liabilities. The reversal of these provisions is recognised as absorption within "Other operating revenues".

Leases

Determining whether an arrangement contains a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If, in the case of a financial lease, the Company decides that it is not feasible to accurately divide the instalments, then an asset and liability are recognised in an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and a finance cost on the liability is recognised using the Company's incremental borrowing rate.

Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

Lease payments

Payments relating to operating leases are recognised as a cost on a straight-line basis over the lease term. The incentives granted to the lessee are recognised as an integral part of the total cost of the lease over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. Interest expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating result

The operating result is determined by the Company's operating activities that generate ongoing revenues and by other income and costs related to operating activities. Operating profit excludes net financial expense, share of profit of equity-accounted investees and income taxes.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting standards and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques, as illustrated below:

- Level 1: when available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: in the absence of a quoted price in an active market, inputs are used that are observable for the asset or liability, either directly (prices) or indirectly (price derivatives).
- Level 3: in the absence of data in Levels 1 and 2, input data related to the asset or liability that is not based on observable market data is used.

The Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the entire valuation is placed in the same level of the hierarchy as the lowest level input that is significant to the entire valuation.

The Company records the transfers between the different levels of the fair value hierarchy at the end for the year in which the transfer has taken place. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.
The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

proposed approval of the financial statements and allocation of the result for the year

The Board of Directors submits for approval the Annual financial statements as at 31 December 2023 and proposes that the Shareholders' Meeting approve:

a) the annual financial statements of Sanlorenzo S.p.A., which show a net profit for the year equal to €86,959,944;
b) a proposal to allocate the net profit for the year as follows:
   - to legal reserve for €38,853;
   - to the Shareholders as dividend in the amount of €1.00 for each of the shares in circulation on the ex-dividend date, excluding treasury shares held at that date;
   - to the extraordinary reserve, the residual profit.
c) to reduce the restriction on the extraordinary reserve to the maximum amount of €6,850,000, pursuant to Article 110, paragraph 8, of the Italian Decree-Law no. 104 of 14 August 2020, converted with amendments by Italian Law no. 126 of 13 October 2020.

Ameglia, 15 March 2024

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

certification pursuant to article 154-bis

Certification pursuant to Article 154-bis of Italian Legislative Decree 24 February 1998 no. 58 (Consolidated Law on Finance) and Article 81-ter of Consob Regulation no. 11971 of 14 May 1998

1. The undersigned, Massimo Perotti, in his capacity as the Chair and Chief Executive Officer of the Board of Directors and Attilio Bruzzese, in his capacity as the Manager charged with preparing the company's financial reports of Sanlorenzo S.p.A., confirm, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:
   - the adequacy in terms of the characteristics of the Company
   - the actual application of the administrative and accounting procedures for the preparation of the annual financial statements for 2023.
2. From the application of the administrative and accounting procedures for the preparation of the annual financial statements as at 31 December 2023, no significant facts need to be reported.
3. It is hereby also stated that:
   3.1 the annual financial statements:
      a) have been prepared in compliance with the international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606 of 2002 of the European Parliament and the Council of 19 July 2002;
      b) correspond to the accounting books and records;
      c) provide a true and fair view of the issuer's financial position, results and cash flows.
   3.2 The report on operations includes reliable analysis on the performance, result of operations and the business of the issuer and of all entities included in the consolidated financial statements as well as description of principal risks and uncertainties to which they are exposed.

Ameglia, 15 March 2024

Mr. Massimo Perotti
Chairman and Chief Executive Officer

Attilio Bruzzese
Manager charged with preparing the company's financial reports


SANLORENZO
DAY
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DAY
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SANLORENZO
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Deep, 2022
Graphite and rubber cement on paper
50 x 38 inches


Deep Sky Dark Bright Black &
by Tony Lewis
For Sanlorenzo, Tony Lewis has conceived three new works at the intersection between semiotics, abstraction, and drawing. These works represent the artist's investigation of drawing as a means of communication. Lewis uses graphite pencil and paper as privileged mediums to trace and generate linguistic narratives reflecting on gestural expression.
Deep Sky Dark Bright Black & is composed of three separate works in graphite and rubber cement on paper.
The latter is a literal and conceptual foundation in the artist's work. Tony Lewis rubs, wrinkles, and disperses the graphite on the surfaces, allowing the powder to accumulate into an array of textures and patterns. He uses a dynamic shorthand gesture to mix chosen text fragments and words into a drawing, impressing mysterious codes and textured maps on the paper.
The gestural lines appear as abstract marks, while each word delineates a statement about race, power, and communication, often referencing historical facts or situations.
He creates a narrative that shifts constantly between history and autobiography, by often beginning his research by selecting popular cultural texts that he recontextualizes, extracting imperceptible excerpts and allowing new meanings to emerge. In dismantling language and undermining its authority Lewis exposes the inequities and inadequacy of existing linguistic and power structures.
Curated by Flash Art
Special thanks to MASSIMODECARLO

V

REPORT FROM THE INDEPENDENT AUDITING FIRM

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Sanlorenzo S.p.A.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

Consolidated financial statements at 31st December 2023

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Protocol RC104142023BD1055

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www.bdo.it

Via Roma 5/1
16121 Genova

Independent auditor's Report
pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

To the Shareholders of
Sanlorenzo S.p.A.

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sanlorenzo Group (the "Group"), which comprise the consolidated statement of financial position as at 31st December 2023, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of Sanlorenzo S.p.A. (the "Company") in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit response
Contract assets and liabilities We refer to notes n. 20 “Contract assets and liabilities” The Sanlorenzo Group recorded in the consolidated financial statements as of 31st December 2023 assets for contract amounting to Euro 185.572 thousand (equal to 22,06% of total assets and Contract liabilities amounting to Euro 125.441 thousand (equal to 14,91% of total equity and liabilities). Assets for construction refer to ongoing contracts measured using the cost-to-cost method as the contract terms have already been finalized with the customer. They are recognized as assets net of the related contract liabilities when, based on a case by-base analysis, the gross value of the work performed at the reporting date is higher than the progress payments received from the customers. Conversely, if the progress payments are greater than the related contract assets, the difference is recognized as a contract liability The forecast of total costs requires a high level of management judgement and an error in this stage could lead to a wrong valuation of the construction contracts (and consequently of operating revenue) that could be significant. The correct measurement of the stage of completion of the construction contracts and of the possible related liabilities represents a key audit matter due to the magnitude of the amounts involved and due to the high level of management judgement.	Our main audit procedures performed in response to the key audit matter regarding contract assets and liabilities included the following: ▪ We performed an understanding and evaluation of the internal control system with reference to the construction contracts. ▪ We performed comparative analysis by comparing the budget of the full life costs with the one for sister vessels and with the budgets obtained in past years, in order to verify significant fluctuations. ▪ For each new construction contract we obtained and examined the contract (and their amendments and modifications agreed with the client, if any) and verified that the total revenues were in accordance with the contracts. ▪ We had discussions with the Project Managers and with the management control team in order to understand main fluctuations and evaluate the reasonableness of the budgets and their updates. ▪ We analyzed and verified the process of attribution of the costs incurred to the related construction contract and we checked the balance between general accounting and industrial accounting for a sample of. ▪ We performed substantive procedures in order to test the correct attribution of the costs to the related construction contract. ▪ We verified the percentage of completion computed by comparing the costs incurred at the reporting date with the estimated full life costs, for a sample of. ▪ We performed substantive procedures on the closing of the accounting for the constructions delivered during the financial year. ▪ We verified the completeness and accuracy of the disclosures in the notes.

Key audit matter	Audit response
Recoverability of goodwill We refer to notes n. 15 “Goodwill” and n. 17 “Impairment Test” The carrying amount of goodwill reported in the consolidated financial statements at 31st December 2023 is Euro 17.486 thousand (equal to the 2,08% on total assets) is relating to the deficit merger by incorporation, which took place in 2008, in Sanlorenzo S.p.A., of the ex-parent company Happy Life S.r.l together with its subsidiary FlyOpen S.p.A., and to the acquisition of the Equinoxe Group and of the company I.C.Y. S.r.l., Duerre S.r.l. and Sea Energy S.r.l. For the purpose of the impairment test, a Cash Generating Unit (“CGU”) has been identified represented by the total operating assets of the Sanlorenzo Group as a whole. As it was not possible to measure the fair value of the assets being tested for impairment as at 31st December 2023, the directors have subjected goodwill to impairment, estimating the recoverable value based on value configurations founded on the value in use, as it is not possible to identify the fair value of the assets subject to impairment. The value in use was calculated by referring to the estimate of operational cash flows for the three-year period 2024-2026, derived from the economic-financial forecasts deducible from the 2024-2026 Plan, discounted. This item was considered significant for the audit given its magnitude as well as the subjectivity and complexity inherent to the evaluation process; the recoverability of goodwill is related to the occurrence of the assumptions underlying the strategic plan, the discount rates, discounting and future growth used and additional parameters characterized by subjectivity.	Our main audit procedures performed in response to the key audit matter regarding the recoverability of goodwill included the following: ▪ We understood and evaluated the methodology adopted by management to perform the impairment test on the Cash Generating Unit. ▪ We examined the projections included in the Strategic Plan 2024-2026 and we had discussions with management in order to understand and critically analyse the assumptions used by them. ▪ We verified the accuracy of the impairment test model used by management through an independent re-computation and by comparing the results obtained. ▪ We recomputed the discount rates used by management for the CGU and the growth rate with the support of experts from the BDO network. ▪ We performed sensitivity analysis in order to evaluate if changes in the discount and growth rates could lead to an impairment. ▪ We verified the completeness and accuracy of the disclosures in the notes.

Responsibilities of the Directors and Those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree no. 38/05 and, within the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company

Sanlorenzo S.p.A. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We have communicated with Those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with ethical and independence requirements applicable in Italy, and we have communicated all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

From the matters communicated with Those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described those matters in our auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

The Shareholders of Sanlorenzo S.p.A., in the general meeting held on 23rd November 2019, engaged us to perform the audits of the financial statements and consolidated financial statements for each of the years ending 31st December 2019 to 31st December 2027. The proposal was integrated on 14 March 2022 for the financial years from 31 December 2022 to 31 December 2027.

We declare that we did not provide prohibited non-audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements of Sanlorenzo S.p.A. included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation no. 537/2014, submitted to Those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Sanlorenzo S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF – European Single Electronic Format) (hereinafter the "Delegated Regulation") to the consolidated financial statements as at 31st December 2023, to be included in the Annual financial report.

We have performed the procedures required under Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the consolidated financial statements at December 31st, 2023 to the requirements of the Delegated Regulation.

In our opinion, the consolidated financial statements at December 31st, 2023 have been prepared in XHTML format and have been marked-up, in all material respects, in compliance to the requirements of Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Sanlorenzo S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Sanlorenzo S.p.A. as at December 31st, 2023, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph 4, of Legislative Decree no. 58/98, with the consolidated financial statements of Sanlorenzo Group as at December 31st, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Sanlorenzo Group as at December 31st, 2023 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph 2, (e), of Legislative Decree no. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement in accordance with article 4 of Consob Regulation in application of Legislative Decree no. 254, of December 30th, 2016

The Directors of Sanlorenzo S.p.A. are responsible for the preparation of the consolidated non-financial statement pursuant to Legislative Decree no.254, of December 30th,2016. We have checked that the Directors had approved the consolidated non-financial statement.

According to article 3, paragraph 10, of Legislative Decree n.254, of December 30th,2016 we attested the compliance of the consolidated non-financial statement separately.

Genoa, 28 March 2024

BDO Italia S.p.A.

Paolo Maloberti
Partner

Sanlorenzo S.p.A.

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27th 2010 and article 10 of EU Regulation n. 537/2014

Financial statements at 31st December 2023

This independent auditor's report has been translated into English solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Protocol RC104142023BD1052

Independent auditor's Report

pursuant to article 14 of Legislative Decree n. 39, dated January 27th 2010 and article 10 of EU Regulation n. 537/2014

To the shareholders of
Sanlorenzo S.p.A.

Report on the financial statements

Opinion

We have audited the financial statements of Sanlorenzo S.p.A. (the Company), which comprise the statement of financial position as at December 31st, 2023, the income statement, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements give a true and fair view of the financial position of the Company as at December 31st, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit response
Contract assets and liabilities We refer to note no. 20 *Contract assets and liabilities*. Sanlorenzo S.p.A. recorded in its financial statements at 31st December 2023 assets for construction contracts amounting to Euro 150.069 thousand (equal to 20,42% on total assets) and liabilities for construction contracts amounting to Euro 115.183 thousand (equal to 15,67% on total liabilities and net equity). Assets for construction contracts refer to ongoing contracts measured using the cost-to-cost method as the contract terms have already been finalised with the customer. They are recognised as assets net of the related contract liabilities when, based on a case-by-base analysis, the gross value of the work performed at the reporting date is higher than the progress payments received from the customers. Conversely, if the progress payments are greater than the related contract assets, the difference is recognised as a contract liability. The forecast of total costs requires a high level of management judgement and an error in this stage could lead to a wrong valuation of the construction contracts (and consequently of operating revenue) that could be significant. The correct measurement of the stage of completion of the construction contracts and of the possible related liabilities represents a key audit matter due to the magnitude of the amounts involved and due to the high level of management judgement.	Our main audit procedures performed in response to the key audit matter regarding contract assets and liabilities included the following: ▪ We performed an understanding and evaluation of the internal control system with reference to the construction contracts. ▪ We performed comparative analysis by comparing the budget of the full life costs with the one for sister vessels and with the budgets obtained in past years, in order to verify significant fluctuations. ▪ For each new construction contract we obtained and examined the contract (and their amendments and modifications agreed with the client, if any) and verified that the total revenues were in accordance with the contracts. ▪ We had discussions with the Project Managers and with the management control team in order to understand main fluctuations and evaluate the reasonableness of the budgets and their updates. ▪ We analysed and verified the process of attribution of the costs incurred to the related construction contract and we checked the balance between general accounting and industrial accounting for a sample of. ▪ We performed substantive procedures in order to test the correct attribution of the costs to the related construction contract. ▪ We verified the percentage of completion computed by comparing the costs incurred at the reporting date with the estimated full life costs, for a sample of. ▪ We performed substantive procedures on the closing of the accounting for the constructions delivered during the financial year. ▪ We verified the completeness and accuracy of the disclosures in the notes.

Key audit matter	Audit response
Recoverability of goodwill We refer to note no. 15 "goodwill" and note no. 17 "impairment test" The carrying amount of goodwill reported in the financial statements at 31st December 2023 is Euro 8.667 thousand (equal to the 1,18% on total assets) is relating to the deficit merger by incorporation, which took place in 2008, in Sanlorenzo S.p.A., of the ex-parent company Happy Life S.r.l together with its subsidiary FlyOpen S.p.A. For the purpose of the impairment test, a Cash Generating Unit ("CGU") has been identified represented by the total operating assets of the Sanlorenzo as a whole. As it was not possible to measure the fair value of the assets being tested for impairment as at 31st December 2023, the directors have subjected goodwill to impairment, estimating the recoverable value based on value configurations founded on the value in use, as it is not possible to identify the fair value of the assets subject to impairment. The value in use was calculated by referring to the estimate of operational cash flows for the three-year period 2024-2026, derived from the economic-financial forecasts deducible from the 2024-2026 Plan, discounted. This item was considered significant for the audit given its magnitude as well as the subjectivity and complexity inherent to the evaluation process; the recoverability of goodwill is related to the occurrence of the assumptions underlying the strategic plan, the discount rates, discounting and future growth used and additional parameters characterized by subjectivity.	Our main audit procedures performed in response to the key audit matter regarding the recoverability of goodwill included the following: - We understood and evaluated the methodology adopted by management to perform the impairment test on the Cash Generating Unit. - We examined the projections included in the Strategic Plan 2024-2026 and we had discussions with management in order to understand and critically analyse the assumptions used by them. - We verified the accuracy of the impairment test model used by management through an independent re-computation and by comparing the results obtained. - We recomputed the discount rates used by management for the CGU and the growth rate with the support of experts from the BDO network. - We performed sensitivity analysis in order to evaluate if changes in the discount and growth rates could lead to an impairment. - We verified the completeness and accuracy of the disclosures in the notes.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement article 9 of Legislative Decree no. 38/05 and, within the terms provide by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have also provided those charged with governance with a statement that we have complied with ethical and independence requirements applicable in Italy, and we have communicated all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate relevant risks or the safeguards measures applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described those matters in the auditor's report.

Other information communicated pursuant to article 10 of Regulation (EU) 537/2014

The Shareholders of Sanlorenzo S.p.A., in the general meeting held on 23 November 2019, engaged us to perform the audits of the financial statements and consolidated financial statements for each of the years ending 31st December 2019 to 31st December 2027. The proposal was integrated on 14 March 2022 for the financial years from 31 December 2022 to 31 December 2027.

We declare that we did not provide prohibited non audit services, referred to article 5, paragraph 1, of Regulation (EU) 537/2014, and that we remained independent of the company in conducting the audit.

We confirm that the opinion on the financial statements included in this audit report is consistent with the content of the additional report prepared in accordance with article 11 of the EU Regulation no.537/2014, submitted to those charged with governance.

Reports on other legal and regulatory requirements

Opinion on the compliance to the requirements of Delegated Regulation (EU) 2019/815

The Directors of Sanlorenzo S.p.A. are responsible for the application of the requirements of Delegated Regulation (EU) 2019/815 of European Commission regarding the regulatory technical standards pertaining the electronic reporting format specifications (ESEF – European Single Electronic Format) (hereinafter the "Delegated Regulation") to the financial statements, to be included in the Annual financial report.

We have performed the procedures required under Auditing Standard (SA Italia) no. 700B in order to express an opinion on the compliance of the financial statements at December 31st,2023 to the requirements of the Delegated Regulation.

In our opinion, the financial statements at December 31st, 2023 have been prepared in XHTML format in compliance to the requirements of Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, (e), of Legislative Decree n. 39/10 and of article 123-bis paragraph 4 of Legislative Decree n. 58/98.

The Directors of Sanlorenzo S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Sanlroenzo S.p.A. as at December 31st, 2023, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and of specific information of the corporate governance report as provided by article 123-bis, paragraph. 4, of Legislative Decree no. 58/98, with the financial statements of Sanlorenzo S.p.A. as at December 31st, 2023 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Sanlorenzo S.p.A. as at December 31st, 2023 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, (e), of Legislative Decree no. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 28th March 2024

BDO Italia S.p.A.

Paolo Maloberti
Partner

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REPORT FROM THE BOARD OF STATUTORY AUDITORS

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Report of the Board of Statutory Auditors to the Shareholders' Meeting of SANLORENZO S.p.A. called to approve the Financial Statements as at 31 December 2023 pursuant to Article 153 of Italian Legislative Decree 58/1998 and Article 2409, paragraph 2 of the Italian Civil Code

Shareholders,

In accordance with the provisions of article 153 of Legislative Decree no. 58 of 24 February 1998 (the "Italiana Consolidated Law on Finance" or "TUF"), of Article 2429 paragraph 2 of the Italian Civil Code, the indications contained in Consob Communication no. 1025564 of 6 April 2001 and subsequent amendments and additions, the Corporate Governance Code and to the Consob provisions on corporate controls, as well as taking into account the Rules of Conduct for the Board of Statutory Auditors of Listed Companies issued on 21 December 2023 by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Professional Order of Tax Advisors) ("CNDCEC"), the Board of Statutory Auditors of Sanlorenzo S.p.A. (the "Company"), hereby reports to you on its supervisory activities during FY 2023.

- **Summary of the Board of Statutory Auditors' activities**

The Board of Statutory Auditors, in compliance with Article 149 of the TUF and Article 2403 of the Italian Civil Code, organised its activities in order to monitor:

- observance of the law and the By-laws;
- compliance with the principles of proper administration; on the adequacy of the organisational structure;
- the adequacy of the internal control system;
- the reliability and adequacy of the administrative-accounting system in correctly representing management events;
- the methods of practical application of the Corporate Governance Code, which the Company declared its compliance with and, in particular, the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members, as well as the members of the undersigned Board of Statutory Auditors;
- the cohesiveness of the provisions issued to the Group companies for the purposes of fulfilling the communication obligations set forth by law (pursuant to Article 114, paragraph 2, of the TUF);
- transactions with related parties and intercompany transactions;
- the correct fulfilment of the obligations in relation to the market abuse regulations (the

"Market Abuse Regulation"), as well as on corporate disclosure and savings protection.

The Board of Statutory Auditors, that drafts this report, declares that all its members respect the regulatory provisions issued by Consob in relation to the maximum number of offices and, in this regard, has indicated the relevant engagements fulfilled for this purpose, in the Company's Report on Corporate Governance and Ownership Structures, drafted in accordance with Article 123-bis of the TUF, made available on the Company's website.

- **Significant events during the year**

The Annual Financial Report for the year ended 31 December 2023 acknowledges the significant events that occurred during the year, including the following:

1. negotiations for the acquisition of 95% of the Group's share capital belonging to Simpson Marine Limited, considered strategic for the distribution of Sanlorenzo yachts in Asia;
2. the signing of the Memorandum of Understanding between Sanlorenzo S.p.A. and Sawa S.r.l. on 21 December 2023, concerning the Nautor Swan Group, controlled by Sawa.

- **Significant events after year-end**

The Annual Financial Report for the year ended 31 December 2023 acknowledges, in particular, the following post-year-end events:

- start of a new buy-back programme;
- the closing of the transaction for the acquisition of 95% of the share capital of the Simpson Marine Group, finalised on 5 March 2024, as already envisaged in the strategic lines of the 2023-25 Business Plan.

- **Supervision of observance of the law and the By-laws**

During the year ended on 31 December 2023, the Board of Statutory Auditor held a total of thirteen (13) meetings, drafting minutes for them which detailed the control and supervisory activities carried out.

The Board of Statutory Auditors also took part in the meetings of the Board of Directors and of the board Committees, as well as in the Shareholders' Meetings, for a total of twenty-two (22) meetings pertaining to board activities, however organised, and two Shareholders' Meetings, in addition to the numerous informal meetings held with all the other governance bodies.

Participation in the meetings of the Board of Directors and the relevant Committees, the information gathered and the controls carried out for the purpose, enabled the Board of Statutory

Auditors to ascertain that your Company operates in observance of the laws, the regulations and the company By-laws.

In particular, the rules that govern the operation of the corporate bodies, the Company's activities as well as the recommendations of the institutional bodies are subject to constant monitoring by the officers in charge who, in possession of adequate professionalism for the different specialisations, correctly apply them by making use, if necessary, also of the opinions of expert professionals in the individual disciplines.

- **Supervision of respect for the principles of proper administration**

Company activities are constantly monitored and are targeted at preserving and safeguarding company assets as well as creating value. At the meetings of the Board of Directors, the following are, among other things, carefully analysed and subject to in-depth debate:

- the operating performance;
- the periodic economic and financial results and the provisional data;
- the most significant transactions and any proposed investments, acquisitions and disinvestments, by evaluating their risks, by conducting in-depth analyses of the competitive scenarios, reference markets, cost effectiveness, the impact of the transactions on the Group, as well as their consistency and compatibility with the available resources;
- any related party transactions in line with the procedure adopted by the Company;
- the most significant transactions of the subsidiaries, the economic performance and the equity structure of said subsidiaries, taking into account the particular situations of the reference markets in which they operate.

The Board of Statutory Auditors is not aware of any transactions that are manifestly imprudent, hazardous or not in keeping with the board resolutions and the interests of the Company and the Shareholders.

The directives as per the resolutions of the Board of Directors are executed by the top management and by the administrative, sales and productive structure based on compliance criteria.

During the course of the financial year, when requested or even appropriate, the Board of Statutory Auditors expressed its views, and opinion, to the Board of Directors and/or the board Committees.

From an operating perspective, the Board of Statutory Auditors has gathered the information, requested the necessary material, encouraged meetings with the Manager responsible for preparing the Company's financial reports, with the heads of management control, with the Internal Audit Function and with the Secretary of the Board of Directors.

It regularly engaged in dialogue with BDO Italia S.p.A., the company tasked with conducting the independent audit and the limited audit of the non-financial statement pursuant to Italian Legislative Decree 254/2016.

The Board of Statutory Auditors constantly exchanged information with the Supervisory Body pursuant to Italian Legislative Decree 231/2001 on the effectiveness, observance and the update of the Organisation, Management and Control Model for the purposes of Italian Legislative Decree 231/01.

Hence, it was able to acquire knowledge of the effectiveness and efficiency of the operating activities and of the reliability and continuity of the controls that guarantee the promptness of any corrective actions. It reports, in particular, that the company has approved and adopted the whistleblowing procedure.

- **Supervision of the adequacy of the organisational structure**

The Board of Statutory Auditors examined the organisational charts, the levels of responsibility, the delegations of power and flow of directives, evaluating the organisation's capacity, as a whole, still evolving during 2023, to exercise adequate strategic-operational direction and carry out the necessary controls on the technical, technological, sales and administrative-accounting operations of the entire Group.

In this sense, the Board of Statutory Auditors, in the context of its supervisory activities, has acknowledged that on a quarterly basis the Board of Directors has confirmed compliance with the combined provisions of Articles 2380-*bis*, 2086, second paragraph (as amended by Article 375 of the Code of Crisis and Insolvency, Italian Legislative Decree no. 14 of 12 January 2019) and 2381, third paragraph of the Italian Civil Code and 2381, fifth paragraph of the Italian Civil Code.

The Board of Statutory Auditors, also with the help of the Independent Auditing Firm, was able to ascertain that the offices in charge acquire the useful and necessary information also from the subsidiaries and that they respond with adequate and effective actions. The procedures used for the purposes and the directives issued, relating to economic-management control, are sufficient to adequately carry out said activities.

Report of the Board of Statutory Auditors to the Shareholders' Meeting of SANLORENZO S.p.A. called to approve the Financial Statements as at 31 December 2023 pursuant to Article 153 of Italian Legislative Decree 58/1998 and Article 2409, paragraph 2 of the Italian Civil Code

- **Supervision of the adequacy of the internal control system**

The Report on Corporate Governance and Ownership Structures and the Annual Financial Report relating to 2023 describe the main characteristics of the internal control and risk management system (the "ICRMS").

The Board of Statutory Auditors supervised the adequacy of the ICRMS implemented by the Company and its Group, verifying its practical functioning. In particular, the Board:

- acknowledged the periodic judgement of the adequacy of the internal control and risk management system issued, based on the prior opinion of the Control, Risk and Sustainability Committee, by the Board of Directors;
- examined the periodic report of the Control, Risk and Sustainability Committee issued on a six-monthly basis in support of the Board of Directors;
- took part in all meetings of the Control, Risk and Sustainability Committee, by also acquiring information on the initiatives that the Committee deemed appropriate to promote or request in relation to specific themes;
- verified the autonomy, independence and functionality of the Internal Audit Department, and implemented and maintained an adequate and constant liaison with it;
- examined the Audit Plan prepared by the Internal Audit Function and approved by the Board of Directors, observed respect for the same and received information flows on the outcomes of the audits;
- acknowledged the activities of the Supervisory Board set up by the Company in accordance with the provisions contained in Italian Legislative Decree no. 231/2001 through specific information and update meetings on its activities;
- obtained information from the managers of the company functions involved in the internal control and risk management system;
- met and exchanged information with the Chairman and Chief Executive Officer, appointed to supervise the internal control and risk management system, with which he shared his observations regarding the points of attention noted.

In light of all the above, without prejudice to the necessary evolution of the ICRMS correlated to the growth of the business, the analyses carried out and the information acquired, also by the appointed Auditor and the Supervisory Board, lead to the conclusion that the Company's Internal Control and Risk Management System, as a whole, is currently adequate.

The Board also reported that the disclosure obligations under Articles 123-*ter*, 150, paragraph 4, and 154-*bis* of the Consolidated Law on Finance were properly complied with.

- **Supervision of the reliability of the administrative system and the supervisory activities on the financial disclosure process**

The Board verified the existence of adequate rules and procedures for the monitoring of the process of collection, formation and dissemination of financial information.

It also acknowledged that the CFO, also in the role of Manager responsible for preparing the Company's financial reports, confirmed that:

- the powers and means granted by the Board of Directors are adequate and appropriate;
- he/she had direct access to all the necessary information for the production of accounting data;
- he/she participated in the internal information flows for accounting purposes and approved the associated company procedures.
- the financial statements of the Company as at 31 December 2023 are prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB).

During the periodic meetings held with the Board of Statutory Auditors, the Independent Auditors did not report any findings as regards the administrative-accounting system, evaluated on the basis of its capacity to correctly represent company events, the prompt updating of corporate accounts, the proper keeping of the books, as well the timely fulfilment of tax and contribution obligations. Therefore, the Board expresses a judgement of substantial adequacy of the financial disclosure preparation process and does not have any observations to present to the Shareholders' Meeting.

It should be noted that pursuant to Article 4, paragraph 7 of the Transparency Directive 2004/109/EC, as amended by Directive 2013/50/EC, the Annual Financial Report has been prepared in a single electronic reporting format (ESEF), the technical standards of which as developed by ESMA are contained in Regulation No. 2019/815.

In this regard, the Board has held several discussions and has no observations to make.

- **Supervision of monitoring pursuant to Italian Legislative Decree 39/2010 - verification of the independence of the Independent Auditors**

Report of the Board of Statutory Auditors to the Shareholders' Meeting of SANLORENZO S.p.A. called to approve the Financial Statements as at 31 December 2023 pursuant to Article 153 of Italian Legislative Decree 58/1998 and Article 2409, paragraph 2 of the Italian Civil Code

The Board of Statutory Auditors recalls that as part of the listing process, the Shareholders' Meeting held on 23 November 2019 entrusted the engagement for the statutory audit pursuant to Article 17 of Legislative Decree 39/2010, for the financial years 2019-2027, to BDO Italia S.p.A., whose fees are detailed in the Notes to the Financial Statements, to which reference should be made.

In this context, during 2023, the Board of Statutory Auditors monitored the statutory audit of the annual and consolidated accounts and the independence of the auditing firm, which did not take on any additional tasks in addition to the audit activity.

Within the framework of relations between the control body and the Auditor set forth in the third paragraph of Article 150 of the TUF, and in light of the powers of the Board of Statutory Auditors as the internal control and auditing committee, the Board of Statutory Auditors held the appropriate meetings on a regular basis with the company tasked to perform the independent audit, during which relevant data and information was exchanged for the performance of the respective duties. The Board of Statutory Auditors promoted meetings with the Independent Auditors specifically targeted at acquiring information on the preparation of the financial statements for the year ended as at 31 December 2023. In particular, the Board examined the Audit Plan made available and illustrated at a specific meeting by BDO S.p.A. on 8 November 2023 and, as the Audit Committee, monitored its progress in subsequent meetings.

The Chairman and Chief Executive Officer, together with the Manager responsible for preparing the Company's financial reports issued the certifications required by Article 154-bis of the Consolidated Law on Finance at the end of both the Company's separate financial statements and the consolidated financial statements as at 31 December 2023.

On 28 March 2024, the Auditing Firm issued its reports pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010 for the separate and consolidated financial statements as at 31 December 2023, respectively.

These reports show that the financial statements documents were drafted with clarity and provide a true and fair view of the financial position, economic result and cash flows for the year ended as at said date, in compliance with the reference standards and rules.

On the same date, the auditing firm also issued:

- the additional report required by Article 11 of EU Regulation 537/14, which did not highlight significant deficiencies in the internal control and risk management system in relation to the financial disclosure process, with the attached declaration pursuant to Article 6 of EU Regulation 537/2014, which did not bring to light any situations that may compromise its independence. This document, which was received by the Board yesterday, 28 March, was forwarded, together with this Report, by the Board of Statutory Auditors to the Board of Directors, without comment;

- the Report on the Consolidated Non-Financial Statement pursuant to Article 3, paragraph 10, Legislative Decree 254/2016 and Article 5 CONSOB Regulation adopted by Resolution No. 20267 of January 2018.

The Board monitored, for matters within its competence, the general approach of the separate financial statements and the consolidated financial statements and verified the consistency of the evaluation procedures applied with the international accounting standards; in particular, it should be noted that, in accordance with the indications of the joint Bank of Italy/Consob/Isvap document no. 4 of 3 March 2010, the consistency of the Impairment Test procedure with the provisions of IAS 36 was subject to a formal and autonomous approval by the Board of Directors. The notes to the financial statements contain the information and results of the subsequent measurement process conducted with the assistance of a qualified external expert. Following the application of the procedure, whose methodology was positively assessed by the Control, Risks and Sustainability Committee and the Auditor, the Company did not make any write-downs.

- **Supervision of the non-financial disclosure process**

As provided for in Article 3, paragraph 7 of Legislative Decree no. 254/2016, the Board of Statutory Auditors, as part of the functions attributed to it by law, supervised the observance of the rules that govern the preparation and publication of the Consolidated Non-Financial Statement ("NFS"). In particular, the Board monitored the adequacy of the organisational structures adopted by the Group based on the strategic objectives pursued in the socio-environmental domain and the adequacy of the processes and the structures that oversee, within the Group, the production, reporting, measurement and representation of the non-financial results and information.

To this end, the Board examined the documentation provided by the Company and held various meetings with the management team responsible for the non-financial statement, as well as representatives of the Independent Auditing Firm, who are also responsible for issuing in the appropriate report, the certification of compliance set forth in Article 3, paragraph 10, of Italian

Legislative Decree 254/2016.

The Board of Statutory Auditors, in the light of the many discussions, the clarifications received and the procedures established, found that the procedures, processes and structures governing the production, reporting, measurement and representation of results and non-financial information were essentially adequate.

The Board of Directors approved the NFS on 15 March 2024; it was drafted in compliance with Legislative Decree No. 254/2016, taking into consideration the criteria provided for by the International <IR> Framework, issued by the International Integrated Reporting Council ("IIRC") and is subject to limited external examination by the company BDO Italia S.p.A., in line with the criteria provided for by the ISAE 3000 Revised - "International Standard on Assurance Engagement".

In drafting the non-financial statement, the Company did not avail itself of the right to omit information concerning imminent developments or transactions being negotiated, pursuant to Article 3, paragraph 8, of Italian Legislative Decree 254/2016.

The Board also noted that the Auditing Company issued the report referred to in Article 3, paragraph 10 of Legislative Decree No. 254/2016 on 28 March 2024.

In said report, BDO certified that, based on the work performed, no elements came to its attention that lead it to believe that the non-financial statement has not been drafted, as regards all its significant aspects, in compliance with the requirements of articles 3 and 4 of Italian Legislative Decree 254/2016 and the reporting standards used by the Company.

The Board of Statutory Auditors, in turn, observes that, as a result of the activities carried out, no elements of non-compliance of the Non-Financial Statement came to its attention with respect to the regulatory provisions that govern its preparation and publication.

Therefore, the Board of Statutory Auditors, for matters within its competence, issues a judgement of adequacy of the non-financial disclosure preparation process in line with the socio-environmental strategic objectives. In this regard, the Board points out that the company evaluated the suggestions for improvement made by the auditor in the Management Letter, planning supplementary process actions also in anticipation of the necessary adjustments to the new legislation on sustainability reporting.

The Board supervised the ongoing process and monitored the compliance plan for the implementation of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

- **Supervision of the concrete implementation of corporate governance rules**

The Company subscribes to the Corporate Governance Code, issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A.

This Board evaluated the methods of practical application of the Code in question, with reference to the application principles and criteria, with no observations to make in this regard.

The Board has no observations concerning the consistency of the remuneration policy with the recommendations of the Corporate Governance Code and, in particular, it will focus on maintaining the view of the achievement of clearly formulated and concretely attainable "ESG" targets in determining the variable part of remuneration.

Also in the light of the started process for acquiring the status of a large company, the Board drew attention to the Recommendations expressed in the Letter from the Chairman of the Corporate Governance Committee to the Chairmen of the Boards of Directors.

The Board of Statutory Auditors acknowledges compliance of the regulatory provisions governing gender balance.

- **Supervision on relations with subsidiaries and parent companies**

The Board of Statutory Auditors ascertained that the Company's organisational departments issue the necessary provisions to the Group companies to provide the public with the information required by Article 114 of the TUF in observance of the conditions pursuant to Article 36 of Consob Resolution 16191/2007 (the "Markets Regulation").

As of the date of preparation of this report, the Board of Statutory Auditors has not received any communications from the boards of auditors of the subsidiaries and affiliated companies containing observations to be reported.

- **Supervision of transactions with related parties - atypical and/or unusual transactions**

The latest version of the RPT Procedure dates back to the update of 10 March 2022, in which the Board of Directors incorporated the adjustment made by Consob Resolution No. 22144 of 22 December 2021, the provisions of which came into force on 31 December 2021.

During the year, the Board of Statutory Auditors monitored the Company's compliance.

The 2023 Consolidated Financial Statements show the economic-equity effects of the transactions with related parties, as well as describe the relevant transactions.

In 2023, no transactions with related parties classified, pursuant to the Related Parties Procedure, as of greater importance were presented for the attention of the relevant Committee, nor were any urgent transactions entered into with related parties.

The Board deemed the information provided by the Board of Directors in the 2023 Separate Financial Statements to be adequate regarding intercompany transactions and transactions with related parties, represented by:

- trade relations: primarily distribution agreements governing the sales of products and agency commissions within the territories under their scope, as well as the conditions in terms of trade management;
- financial relations: primarily interest-bearing financial agreements among the subsidiaries and the Company;
- service relations: primarily related to technical support services provided by the Company to the subsidiaries.

As far as it is aware, no atypical and/or unusual transactions were entered into in 2023, as defined by Consob communication DEM/6064293 of 28 July 2006.

- **Omissions and reprehensible facts. Initiatives undertaken**

As part of the questions put to the company at the shareholders' meeting of 27 April 2023, the Board of Statutory Auditors received a report from a shareholder of potential cases pursuant to Article 2408 of the Italian Civil Code, conditional on the occurrence of certain and possible events that did not take place.

In short, during the company year ended as at 31 December 2023, the Board of Statutory Auditors did not receive any statements pursuant to Article 2408 of the Italian Civil Code, nor any complaints from third parties.

The Board of Statutory Auditors, during the monitoring activities carried out during the year, did not highlight any omissions, censurable events or serious irregularities and, therefore, does not believe it necessary to send reports and proposals to the Shareholders' Meeting pursuant to Article 153 of the TUF.

- **Opinions rendered**

During the financial year ended 31 December 2023, the Board of Statutory Auditors did not issue any opinions required by law or regulations. It has also expressed its opinion in all those cases in which it was requested by the Board of Directors, also in compliance with the provisions that, for certain decisions, require the prior consultation of the Board of Statutory Auditors.

- **Self-assessment**

The Board of Statutory Auditors acknowledges the following as also required by the Corporate Governance Code:

- in the first few months of 2024, the Board of Directors carried out a process of self-assessment of the size, composition and functioning of the Board itself and its Committees; the process, concluded positively, was directed with the coordination of the Lead Independent Director;
- the Board of Statutory Auditors verified the correct application of the criteria and the process implemented by the Board of Directors to evaluate the independence of directors qualified as "independent"; equally, it ascertained the existence of the requirements of its independence, transmitting the outcome of it to the Board of Directors.
- at the end of 2023 and at the start of 2024, in line with the recommendations of the Rules of Conduct of the Board of Statutory Auditors of Listed Companies most recently issued by the CNDCEC, the Board of Statutory Auditors carried out the self-assessment activity pertaining to the Board's composition and functioning, examining and discussing the results at special meetings;
- on 17 January 2024, the Board of Statutory Auditors, in compliance with the aforementioned Standard Q.1.7, drafted and produced its Final Self-Assessment Report to the Board of Directors.

- **Proposals concerning the annual financial statements and their approval and matters within the competence of the Board of Statutory Auditors**

In reference to all the considerations formulated in this Report, the Board of Statutory Auditors does not identify any impediments to approval of Sanlorenzo S.p.A.'s financial statements for the year ended as at 31 December 2023, as presented to you by the Board of Directors, and expresses a favourable opinion on the proposed allocation of profit for the year.

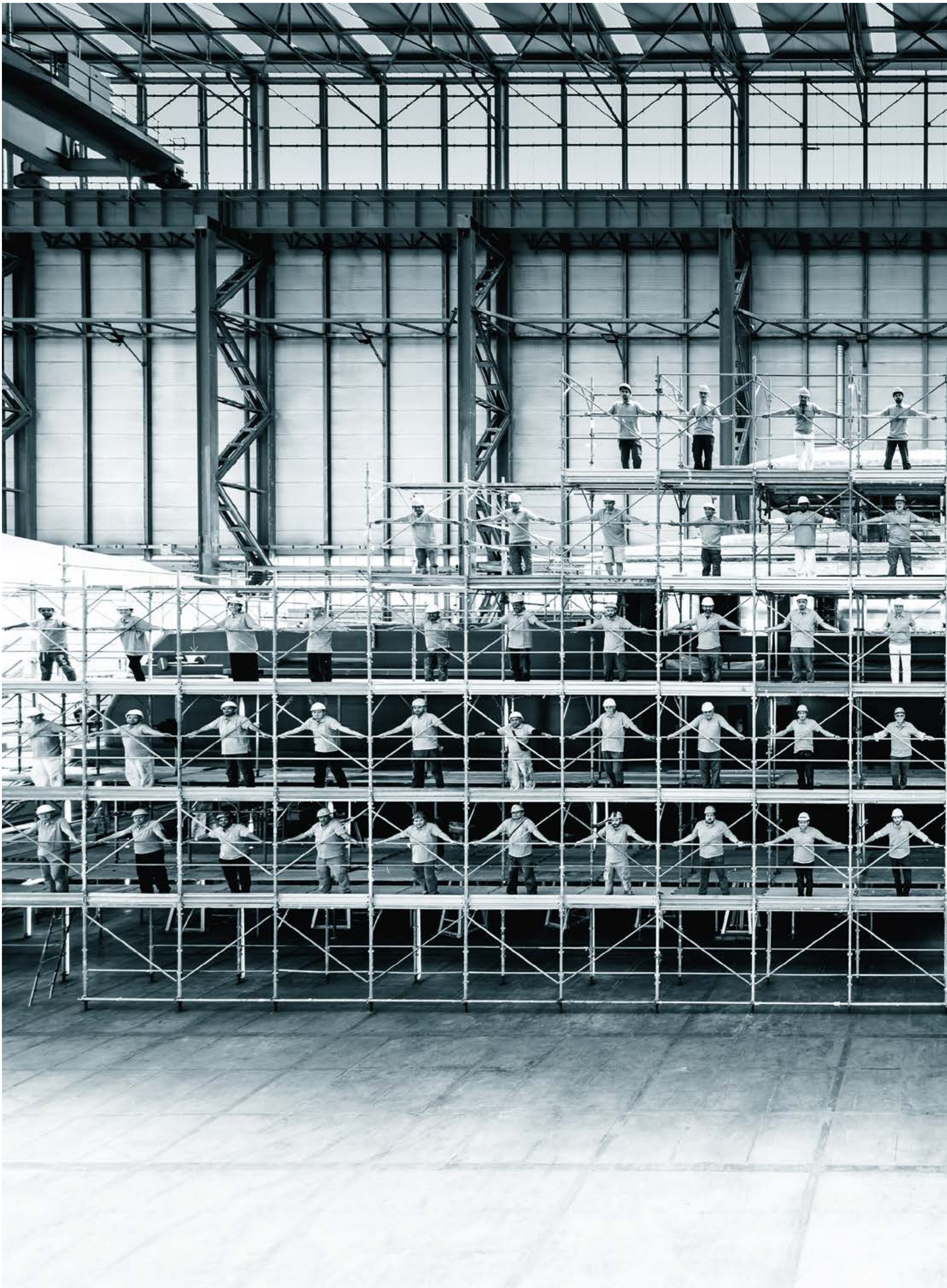
Report of the Board of Statutory Auditors to the Shareholders' Meeting of SANLORENZO S.p.A. called to approve the Financial Statements as at 31 December 2023 pursuant to Article 153 of Italian Legislative Decree 58/1998 and Article 2409, paragraph 2 of the Italian Civil Code

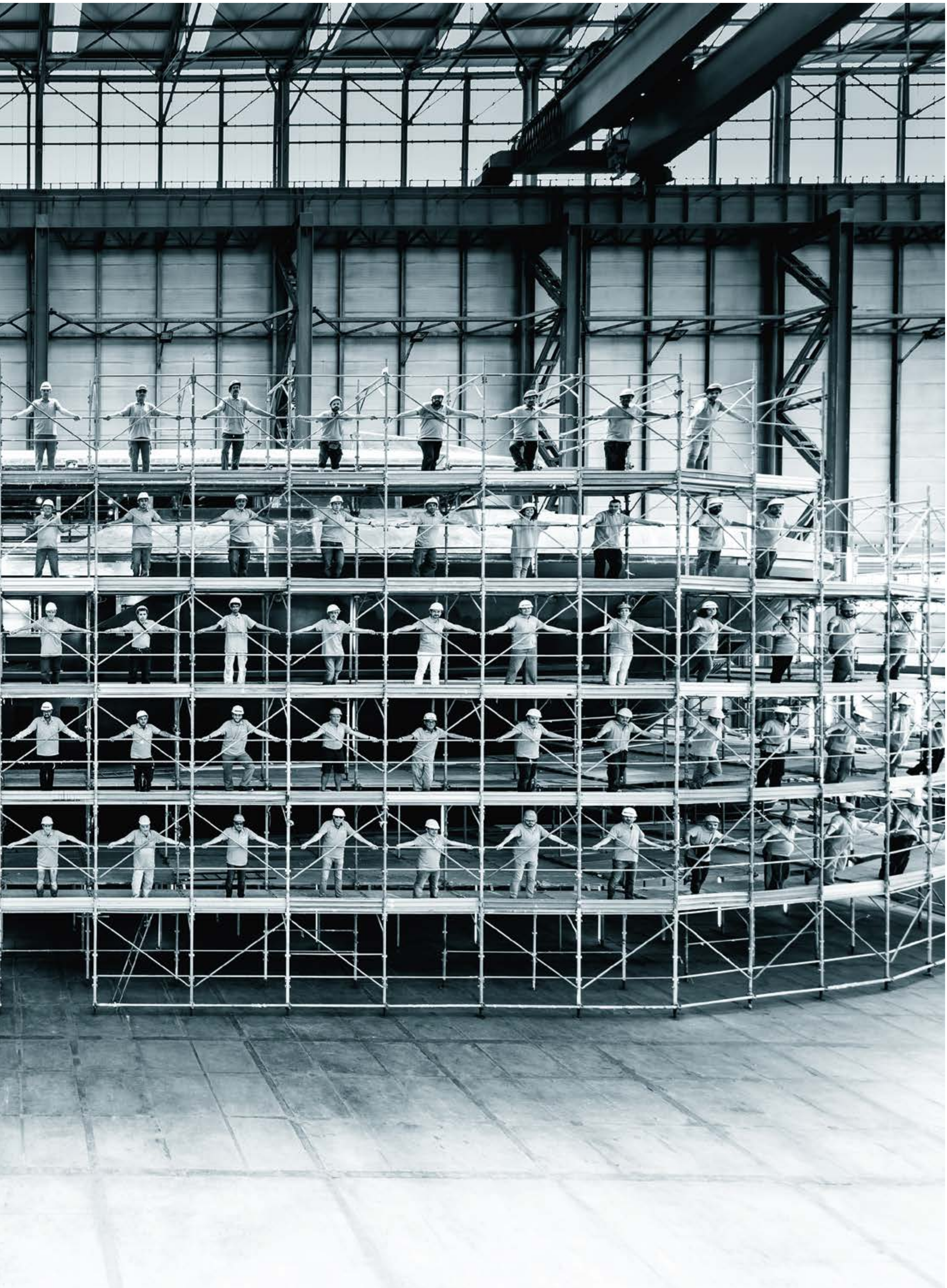
* * *

Milan - Turin, 29 March 2024

THE BOARD OF STATUTORY AUDITORS

- ENRICO FOSSA
- ANDREA CARETTI
- MARGHERITA SPAINI





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Legal information
Share Capital €34,978,356 fully paid-in[25]
Tax code and registration number in the Register of Companies
of Riviere di Liguria - Imperia La Spezia Savona 00142240464
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investor.relations@sanlorenzoyacht.com

[25] *On 21 April 2020, the Extraordinary Shareholders' Meeting approved a divisible share capital increase, excluding option rights, pursuant to Article 2441, paragraph 8 of the Italian Civil Code, of a maximum nominal value of €884,615, to be executed no later than 30 September 2029, through the issue of a maximum of 884,615 ordinary shares destined exclusively and irrevocably to service the 2020 Stock Option Plan, approved by the Ordinary Shareholders' Meeting on the same occasion. As at 31 December 2023, this capital increase had been partially subscribed for a total of 478,356 shares. Share capital was then further increased after the end of the year and as at 29 February 2024 consists of 35,019,221 ordinary shares.*

External Assurance
BDO

Project
Graph.x

Typesetting
Red Point Srl

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