

PERIODIC  
FINANCIAL  
INFORMATION

AS AT 31 MARCH 2020

**SANLORENZO**

# CONTENTS

<b>SANLORENZO GROUP .....</b>	<b>3</b>
Corporate data.....	3
Corporate bodies.....	3
Group structure.....	5
<b>REPORT ON OPERATIONS.....</b>	<b>6</b>
Introduction.....	6
Group activities.....	6
Financial highlights .....	7
Backlog performance.....	8
Main alternative performance indicators.....	9
Consolidated results.....	10
Consolidated statement of financial position.....	15
Human resources.....	21
Additional Information.....	22
Significant events occurring during the period.....	22
Significant events after the close of the period .....	23
Business outlook .....	24
<b>CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 .....</b>	<b>25</b>
Condensed consolidated statement of financial position.....	25
Condensed consolidated statement of profit and loss and other comprehensive income.....	27
Consolidated statement of changes in equity .....	29
Condensed consolidated statement of cash flows.....	30
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>32</b>
Basis of preparation.....	32
Information on risks and financial instruments .....	34
Group structure.....	34
<b>DECLARATION OF THE MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ART. 154-BIS, PARAGRAPH 2, OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998.....</b>	<b>36</b>

## LEGAL NOTICE

This report has been translated into English from the original Italian document solely for the convenience of international readers. In case of inconsistency between this document and the original document in Italian, the latter will prevail.

# SANLORENZO GROUP

## CORPORATE DATA

Sanlorenzo S.p.A.

Share Capital €34,500,000 fully paid-in<sup>1</sup>

Tax code and registration number in the Register of Companies of Riviera di Liguria - Imperia La Spezia Savona  
00142240464

Registered office in via Armezzone 3, Ameglia (SP)

Secondary offices:

- viale San Bartolomeo 362, La Spezia;
- via Marina di Levante, Viareggio (LU);
- via Salvatori 56/58, Viareggio (LU);
- via Dorsale 13, Massa.

[www.sanlorenzoyacht.com](http://www.sanlorenzoyacht.com)

## CORPORATE BODIES

### Board of Directors<sup>2</sup>

Massimo Perotti	Executive Chairperson
Marco Viti	Managing Director
Carla Demaria	Managing Director
Paolo Olivieri	Director and Deputy Chairperson
Cecilia Maria Perotti	Director
Pietro Gussalli Beretta	Independent Director and Lead Independent Director
Silvia Merlo	Independent Director
Licia Mattioli	Independent Director
Leonardo Luca Etro	Independent Director

### Control, Risk and Sustainability Committee

Leonardo Luca Etro	Chairperson
Silvia Merlo	
Cecilia Maria Perotti	

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<sup>1</sup> On 21 April 2020, the extraordinary shareholders' meeting resolved to increase the share capital in a divisible form, excluding option rights in accordance with article 2441, paragraph 8 of the Italian Civil Code, with a maximum nominal value of €884,615, to be executed no later than 30 June 2029, by issuing a maximum number of 884,615 ordinary shares exclusively and irrevocably to service the 2020 Stock Option Plan approved by the ordinary shareholders' meeting in the same meeting.

<sup>2</sup> Appointed by the ordinary shareholders' meeting on 24 June 2019 and supplemented on 24 October 2019; it will remain in office until the date of the shareholders' meeting called to approve the separate financial statements as at 31 December 2021.

Remuneration Committee	Silvia Merlo Paolo Olivieri Leonardo Luca Etro	Chairperson
Appointments Committee	Pietro Gussalli Beretta Licia Mattioli Paolo Olivieri	Chairperson
Committee for Related-Party Transactions	Licia Mattioli Silvia Merlo Pietro Gussalli Beretta	Chairperson
Board of Statutory Auditors <sup>3</sup>	Andrea Caretti Margherita Spaini Roberto Marrani Luca Trabattoni Marina Scandurra	Chairperson Standing Auditor Standing Auditor Alternate Auditor Alternate Auditor
Independent Auditing Firm <sup>4</sup>	BDO Italia S.p.A.	
Manager charged with preparing the company's financial reports	Attilio Bruzzese	

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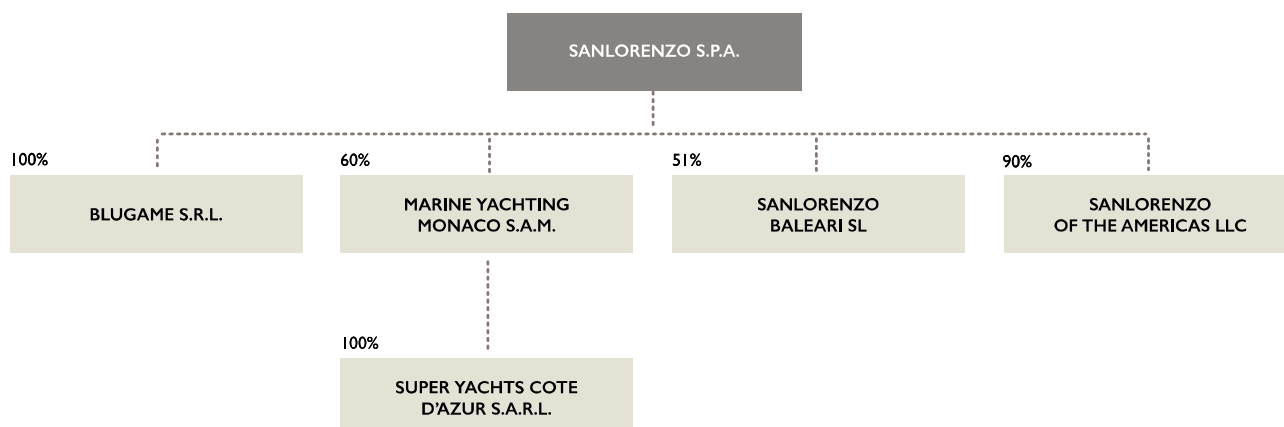
<sup>3</sup> Appointed by the ordinary shareholders' meeting on 24 October 2019; it will remain in office until the date of the shareholders' meeting called to approve the separate financial statements as at 31 December 2021.

<sup>4</sup> Appointed by the ordinary shareholders' meeting on 23 November 2019 for nine financial years from 2019 to 2027.

## GROUP STRUCTURE

The Consolidated Financial Statements of Sanlorenzo Group as at 31 March 2020 include Sanlorenzo S.p.A. (Parent Company), four direct subsidiaries of Sanlorenzo S.p.A. (Bluegame S.r.l., Marine Yachting Monaco S.A.M., Sanlorenzo Baleari SL and Sanlorenzo of the Americas LLC) and a company in which the Parent Company indirectly holds the majority of voting rights (Super Yachts Cote D'Azur S.a.r.l.).

### Corporate organisational chart of the Group as at 31 March 2020



### Composition of the Group as at 31 March 2020

Company name	Registered office
Sanlorenzo S.p.A.	Ameglia (SP) – Italy
Bluegame S.r.l.	Viareggio (LU) – Italy
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA
Sanlorenzo Baleari SL	Puerto Portals, Maiorca – Spain
Marine Yachting Monaco S.A.M.	Principality of Monaco
Super Yachts Cote d'Azur S.a.r.l. <sup>5</sup>	Antibes – France

<sup>5</sup> Held by Marine Yachting Monaco S.A.M. On 20 September 2019, the shareholders' meeting of Super Yachts Cote d'Azur S.a.r.l. resolved the winding-up and placement into liquidation of the company effective from 30 September 2019.

# REPORT ON OPERATIONS

## INTRODUCTION

This periodic financial information as at 31 March 2020 (hereinafter "Periodic Financial Information as at 31 March 2020"), was approved by the Board of Directors of the Company on 11 May 2020 and has not been audited, as it is not required by current regulations.

Sanlorenzo S.p.A., as a company listed on the STAR segment of the Mercato Telematico Azionario (the screen-based market of the Italian Stock Exchange) organised and managed by Borsa Italiana, is subject to the provisions of art. 2.2.3 of the Stock Exchange Regulations. On the basis of these regulations, the Company has prepared the Periodic Financial Information as at 31 March 2020, which it makes available to the public.

This Report on operations should be read together with the Condensed consolidated financial statements and the related Notes, which are an integral part of the Periodic Financial Information as at 31 March 2020.

## GROUP ACTIVITIES

The Group is a global operator specialised in the design, production and sale of custom-made yachts, superyachts and sport utility yachts, as they are fitted out and customised according to the needs and desires of exclusive customers.

Sanlorenzo is the only company in the sector operating under a single brand name, both in the market for yachts of between 24 and 38 metres long, where it has operated since its establishment, and in the market for metal superyachts of more than 40 metres long.

Group production is divided into three divisions:

- Yacht Division (dedicated to the design, manufacturing and marketing of composite yachts of between 24 and 38 metres long, sold under the Sanlorenzo brand);
- Superyacht Division (dedicated to the design, manufacturing and marketing of superyachts in aluminium and steel of between 40 and 68 metres long, sold under the Sanlorenzo brand);
- Bluegame Division (dedicated to the design, manufacturing and marketing, under the Bluegame brand, of composite sport utility yachts of between 13 and 22 metres long).

The Group sells yachts both directly (through Sanlorenzo or other Group companies or intermediaries) and through representative brands, each of which operates in one or more assigned regional zones within the context of the global geographical markets.

Sanlorenzo's production is articulated over four production sites located in La Spezia, Ameglia (SP), Viareggio (LU) and Massa. The company operates out of sites within a 50km radius, within the nautical district sandwiched between the Apuan Alps and the Tyrrhenian Sea, between the northern Tuscan coast and the Ligurian eastside coast.

# FINANCIAL HIGHLIGHTS<sup>6</sup>

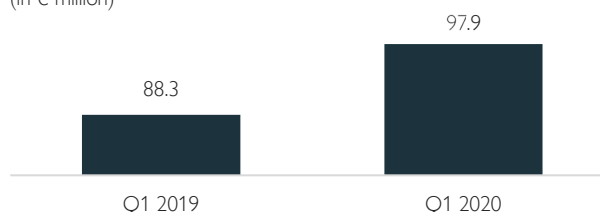
## GROSS BACKLOG

(in € million)



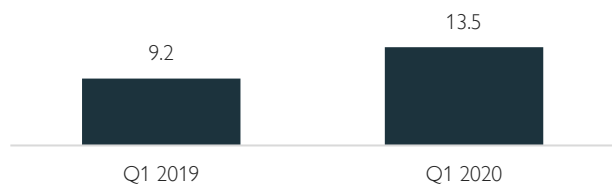
## NET REVENUES NEW YACHTS

(in € million)



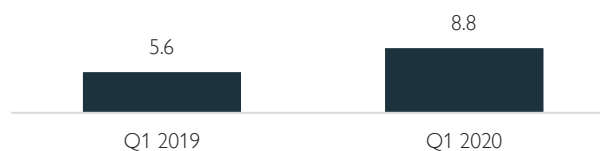
## ADJUSTED EBITDA

(in € million)



## EBIT

(in € million)



## GROUP NET PROFIT

(in € million)



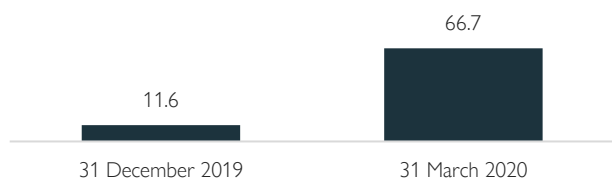
## INVESTMENTS

(in € million)



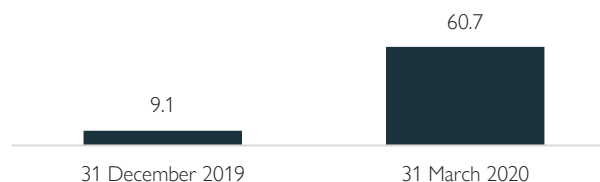
## NET WORKING CAPITAL

(in € million)



## NET FINANCIAL POSITION

(in € million)



<sup>6</sup> For a description of the methods of calculating the indicators presented, please refer to the following paragraphs “Backlog performance” and “Main alternative performance indicators”.

## BACKLOG PERFORMANCE

Backlog is calculated as the sum of the value of all 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 year, 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 financial year in question until the delivery date. The backlog relating to yachts delivered during the financial year is conventionally cleared on 31 December.

The table below shows the Group's backlog performance as at 31 March 2020, with the comparative figures as at 31 March 2019:

(€'000)	Three months ended 31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Gross backlog	500,781	461,535	39,246	+8.5%
<i>Of which current year</i>	360,230	297,932	62,298	+20.9%
<i>Of which subsequent years</i>	140,551	163,603	(23,052)	-14.1%
Net Revenues New Yachts of the period	97,945	88,274	9,671	+11.0%
<b>Net backlog</b>	<b>402,836</b>	<b>373,261</b>	<b>29,575</b>	<b>+7.9%</b>
<i>Of which current year</i>	262,285	209,658	52,627	+25.1%
<i>Of which subsequent years</i>	140,551	163,603	(23,052)	-14.1%

Gross backlog as at 31 March 2020 amounted to €500,781 thousand, an increase of €39,246 thousand compared to the same period of 2019 (8.5%). Compared to the backlog as at 31 December 2019 (date on which the backlog is conventionally cleared from the Net Revenues New Yachts generated during the year), equal to €444,307 thousand, the value of the order backlog increased by €56,474 thousand (12.7%). Net of Net Revenues New Yachts generated during the first quarter, the backlog as at 31 March 2020 amounted to €402,836 thousand.

The amount of the net backlog referring to the current year was equal to €262,285 thousand, involving good visibility on the coverage of expected revenues for the next nine months of the financial year.

The quota of the gross backlog for 2020 represents 71.9% of the total backlog, compared to 64.6% of the 2019 quota of the backlog as at 31 March 2019.



## MAIN ALTERNATIVE PERFORMANCE INDICATORS

The Sanlorenzo Group uses a number of alternative performance indicators to enable a better assessment of its operating performance.

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 layouts for the assessment of 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 performances, as it allows it to monitor its economic and financial performance in more detail. Since this financial data does 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, this data may not be comparable with that presented by said groups.

These alternative performance indicators, determined in compliance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob by means of Communication No. 92543 of 3 December 2015, refer solely to the performance of the year forming the object of this financial Report and the years being compared and not to the Group's expected performance.

The alternative performance indicators used in this financial Report are outlined below:

- Value of production: indicates the algebraic sum of the revenues from contracts with customers net of the commissions paid, the change in inventories of work in progress, semi-finished and finished products, other income and capitalised costs of own work;
- Net Revenues New Yachts: are calculated as the algebraic sum of revenues from contracts with customers relating to new yachts net of commissions. Based on the IFRS, the sale price of the new yachts and, therefore, also the calculation of the associated revenues reflects the difference between the value attributed contractually to the pre-owned boats subject to exchange and their relative fair value;
- EBITDA: is represented by the Operating profit/loss (EBIT) before amortisation/depreciation;
- EBITDA Margin: is the ratio between EBITDA and Net Revenues New Yachts;
- Adjusted EBITDA: is represented by the Operating profit/loss (EBIT) before amortisation/depreciation adjusted by non-recurring items;
- Adjusted EBITDA Margin: is the ratio between Adjusted EBITDA and Net Revenues New Yachts;
- Net fixed capital: is calculated as the sum of goodwill, intangible assets with a definite useful life, property, plant and equipment and net deferred tax assets;
- Net working capital: 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: is calculated as the sum of trade receivables, contract assets and inventories, net of trade payables and contract liabilities;
- Net invested capital: is calculated as the sum of net fixed capital and net working capital;
- Investments: relate to increases in property, plant and equipment and intangible assets with a definite useful life;
- Net financial position: is calculated as the sum of current and non-current bank payables and other current and non-current financial payables including the fair value (positive or negative) of derivative instruments, net of cash and cash equivalents and other current financial assets, including the fair value (positive or negative) of hedging derivatives.

## CONSOLIDATED RESULTS

### Reclassified income statement

The table below shows the consolidated statement for profit and loss for the three months ended 31 March 2020, compared with the data for the same period of the previous year.

('000)	Three months ended 31 March				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
<b>Net Revenues New Yachts</b>	<b>97,945</b>	<b>100.0%</b>	<b>88,274</b>	<b>100.0%</b>	<b>9,671</b>	<b>+11.0%</b>
Net revenues from pre-owned boats, maintenance and other services	208	0.2%	4,913	5.6%	(4,705)	-95.8%
Other income	1,133	1.2%	174	0.2%	959	+551.1%
Operating costs	(85,807)	(87.6)%	(84,192)	(95.4)%	(1,615)	+1.9%
<b>ADJUSTED EBITDA</b>	<b>13,479</b>	<b>13.8%</b>	<b>9,169</b>	<b>10.4%</b>	<b>4,310</b>	<b>+47.0%</b>
Non-recurring costs	(135)	(0.1)%	-	-	(135)	-
<b>EBITDA</b>	<b>13,344</b>	<b>13.6%</b>	<b>9,169</b>	<b>10.4%</b>	<b>4,175</b>	<b>+45.5%</b>
Depreciation and amortisation	(4,500)	(4.6)%	(3,589)	(4.1)%	(911)	+25.4%
<b>EBIT</b>	<b>8,844</b>	<b>9.0%</b>	<b>5,580</b>	<b>6.3%</b>	<b>3,264</b>	<b>+58.5%</b>
Net financial expense	(570)	(0.6)%	(762)	(0.9)%	192	-25.2%
Adjustments to financial assets	29	0.0%	-	-	29	-
<b>Pre-tax profit</b>	<b>8,303</b>	<b>8.5%</b>	<b>4,818</b>	<b>5.5%</b>	<b>3,485</b>	<b>+72.3%</b>
Income taxes	(2,526)	(2.6)%	(1,326)	(1.5)%	(1,200)	+90.5%
<b>Net profit</b>	<b>5,777</b>	<b>5.9%</b>	<b>3,492</b>	<b>4.0%</b>	<b>2,285</b>	<b>+65.4%</b>
(Profit)/Loss attributable to non-controlling interests	154	0.2%	(269)	(0.3)%	423	+157.2%
<b>Group net profit</b>	<b>5,931</b>	<b>6.1%</b>	<b>3,223</b>	<b>3.7%</b>	<b>2,708</b>	<b>+84.0%</b>

### Value of production

The following table shows the breakdown of the Value of Production for the three months ended 31 March 2020, compared with the data for the same period of the previous year.

('000)	Three months ended 31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Revenues	103,675	97,133	6,542	+6.7%
Agency commissions	(5,522)	(3,946)	(1,576)	+39.9%
Change in inventories of work in progress, semi-finished and finished products	10,697	1,407	9,290	+660.3%
Other income	1,133	174	959	+551.1%
Capitalised costs for own work	365	391	(26)	-6.6%
<b>Value of production</b>	<b>110,348</b>	<b>95,159</b>	<b>15,189</b>	<b>+16.0%</b>

The value of production as at 31 March 2020 amounted to €110,348 thousand, recording an increase of 16.0% compared to the same period of 2019, due to the increase in sales of new boats and the change in work in

progress, semi-finished and finished products, thanks to the availability of new production capacity at the Ameglia and La Spezia sites.

## Net Revenues New Yachts

The following table shows the calculation of Net Revenues New Yachts for the three months ended 31 March 2020, compared with the figures for the same period of the previous year.

(€'000)	Three months ended 31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Revenue from contracts with customers (New Yachts)	103,467	92,107	11,360	+12.3%
Agency commissions (New Yachts)	(5,522)	(3,833)	(1,689)	+44.1%
<b>Net Revenues New Yachts</b>	<b>97,945</b>	<b>88,274</b>	<b>9,671</b>	<b>+11.0%</b>

Net Revenues New Yachts as at 31 March 2020 recorded an increase of 11.0% compared to the first quarter of 2019, reaching €97,945 thousand compared to €88,274 thousand as at 31 March 2019. With the same scope of consolidation, excluding the Net Revenues New Yachts generated by GP Yachts S.r.l., whose equity investment was sold by the Company in July 2019, the growth in Net Revenues New Yachts is 17.9%.

Agency commissions related to new yachts came to €5,522 thousand as at 31 March 2020, increasing by 44.1% compared to the same period of the previous year due to the increase of the direct invoicing sales channel.

## Net Revenues New Yachts by division

The table below shows the breakdown of the Group's Net Revenues New Yachts for each division in the three months ended 31 March 2020, compared with the figures for the same period of the previous year.

(€'000)	Three months ended 31 March				Change	
	2020	% of total	2019	% of total	2020 vs. 2019	2020 vs. 2019%
Yacht Division	64,152	65.5%	54,011	61.2%	10,141	+18.8%
Superyacht Division	27,047	27.6%	26,289	29.8%	758	+2.9%
Bluegame Division	6,746	6.9%	2,762	3.1%	3,984	+144.2%
Other <sup>7</sup>	-	-	5,212	5.9%	(5,212)	-100.0%
<b>Net Revenues New Yachts</b>	<b>97,945</b>	<b>100.0%</b>	<b>88,274</b>	<b>100.0%</b>	<b>9,671</b>	<b>+11.0%</b>

In the first quarter of 2020, the Yacht Division generated Net Revenues New Yachts of €64,152 thousand, equal to 65.5% of the total, a growth of 18.8% compared to the same period of 2019.

Net Revenues New Yachts of the Superyacht Division amounted to €27,047 thousand, equal to 27.6% of the total, an increase of 2.9% compared to the same period of 2019.

The Bluegame Division recorded Net Revenues New Yachts of €6,746 thousand, an increase of 144.2% compared to the first quarter of 2019 and equal to 6.9% of the total.

<sup>7</sup> The item "Other" includes the Net Revenues New Yachts realised by GP Yachts S.r.l., whose equity investments were sold by the Company on 19 July 2019.

## Net Revenues New Yachts by geographical area

The table below shows the breakdown of the Group's Net Revenues New Yachts for each geographic area in the three months ended 31 March 2020, compared with the figures for the same period of the previous year.

(€'000)	Three months ended 31 March				Change	
	2020	% of total	2019	% of total	2020 vs. 2019	2020 vs. 2019%
Europe	59,882	61.1%	60,411	68.4%	(529)	-0.9%
Americas	15,184	15.5%	7,047	8.0%	8,137	+115.5%
APAC	14,229	14.5%	16,394	18.6%	(2,165)	-13.2%
Middle East and Africa	8,650	8.8%	4,422	5.0%	4,228	+95.6%
<b>Net Revenues New Yachts</b>	<b>97,945</b>	<b>100.0%</b>	<b>88,274</b>	<b>100.0%</b>	<b>9,671</b>	<b>+11.0%</b>

In the first quarter of 2020, Europe, which is the Group's historic market, recorded Net Revenues New Yachts of €59,882 thousand (of which €18,846 thousand generated in Italy), accounting for 61.1% of the total, substantially stable compared to the first quarter of 2019.

The Americas generated Net Revenues New Yachts of €15,184 thousand, an increase of 115.5% compared to the first quarter of 2019 and accounting for 15.5% of the total, in line with the strategy of increasing the penetration in this geographical area.

The APAC area generated Net Revenues New Yachts of €14,229 thousand, down 13.2% compared to the first quarter of 2019 and equal to 14.5% of the total.

The Middle East and Africa area recorded significant growth, with Net Revenues New Yachts increasing by 95.6% to €8,650 thousand, or 8.8% of the total, mainly due to the growth of the Superyacht Division.

## Operating results

The following table summarises the operating profitability indicators EBITDA and EBIT for the three months ended 31 March 2020, compared with the figures for the same period of the previous year.

(€'000)	Three months ended 31 March				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
<b>EBIT</b>	<b>8,844</b>	<b>9.0%</b>	<b>5,580</b>	<b>6.3%</b>	<b>3,264</b>	<b>+58.5%</b>
+ Amortisation/depreciation	4,500	4.6%	3,589	4.1%	911	+25.4%
<b>EBITDA</b>	<b>13,344</b>	<b>13.6%</b>	<b>9,169</b>	<b>10.4%</b>	<b>4,175</b>	<b>+45.5%</b>
+ Non-recurring costs <sup>8</sup>	135	0.1%	-	-	135	-
<b>ADJUSTED EBITDA</b>	<b>13,479</b>	<b>13.8%</b>	<b>9,169</b>	<b>10.4%</b>	<b>4,310</b>	<b>+47.0%</b>

EBIT as at 31 March 2020 came to €8,844 thousand, an increase of 58.5% compared to the same period of the previous year, accounting for 9.0% of Net Revenues New Yachts (compared to 6.3% in the first quarter of 2019).

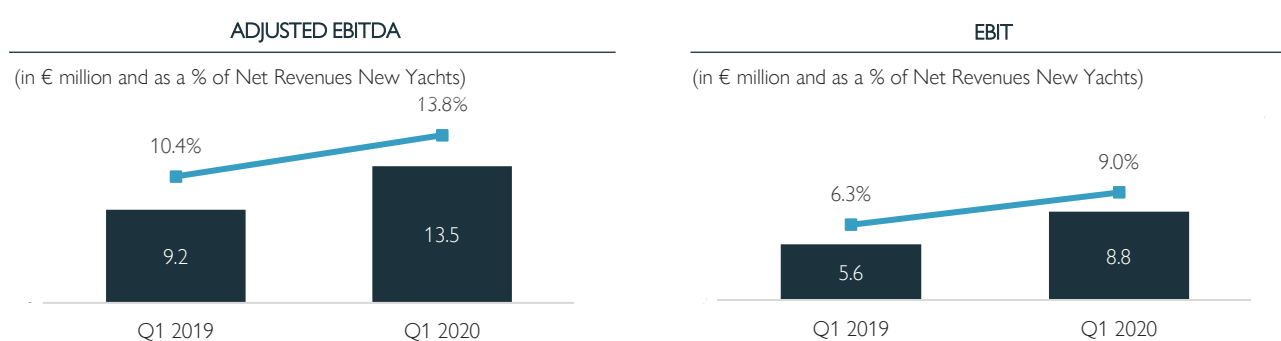
<sup>8</sup> Non-recurring items for the first quarter of 2020 are mainly related to the portion of non-monetary costs for the period of the stock incentive plans. For further details on the 2020 Stock Option Plan, please refer to the section "Significant events occurring during the period".

Amortisation/depreciation, amounting to €4,500 thousand, rose by 25.4% compared to the first quarter of 2019, in relation to both significant investments targeted primarily at boosting productive capacity and the development of new products created in 2018 and 2019 financial years.

EBITDA stood at €13,344 thousand, marking an increase of 45.5% compared to the first quarter of 2019, with a margin on Net Revenues New Yachts of 13.6%.

Adjusted EBITDA for non-recurring costs of €135 thousand, represented mainly by the portion of non-monetary costs for the period of the stock incentive plans, reaching €13,479 thousand, an increase of 47.0% compared to the first quarter of 2019 and with a margin of 13.8% of Net Revenues New Yachts, compared to 10.4% in the same period of the previous year.

The significant increase in marginality is due to the progressive increase in the prices of new orders thanks to the improved commercial positioning of the Company and the savings generated by the start-up of new production capacity following the investments made in 2019 and the first few months of 2020.



## Net profit

('000)	Three months ended 31 March				Change	
	2020	% Net Revenues New Yachts	2019	% Net Revenues New Yachts	2020 vs. 2019	2020 vs. 2019%
<b>EBIT</b>	<b>8,844</b>	<b>9.0%</b>	<b>5,580</b>	<b>6.3%</b>	<b>3,264</b>	<b>+58.5%</b>
Net financial expense	(570)	(0.6)%	(762)	(0.9)%	192	-25.2%
Adjustments to financial assets	29	0.0%	-	-	29	-
<b>Pre-tax profit</b>	<b>8,303</b>	<b>8.5%</b>	<b>4,818</b>	<b>5.5%</b>	<b>3,485</b>	<b>+72.3%</b>
Income taxes	(2,526)	(2.6)%	(1,326)	(1.5)%	(1,200)	+90.5%
<b>Net profit</b>	<b>5,777</b>	<b>5.9%</b>	<b>3,492</b>	<b>4.0%</b>	<b>2,285</b>	<b>+65.4%</b>
(Profit)/Loss attributable to non-controlling interests	154	0.2%	(269)	(0.3)%	423	+157.2%
<b>Group net profit</b>	<b>5,931</b>	<b>6.1%</b>	<b>3,223</b>	<b>3.7%</b>	<b>2,708</b>	<b>+84.0%</b>

Net financial expense as at 31 March 2020 came to €570 thousand, with an incidence on Net Revenues New Yachts of 0.6%. The decrease compared to the same period of 2019, equal to €192 thousand (25.2%), is mainly related to the better financial conditions applied to the Company by the financial institutions following the IPO.

Due to the above, the pre-tax profit for the period came to €8,303 thousand, up by €3,485 thousand (72.3%), from €4,818 thousand as at 31 March 2019. In terms of the percentage incidence on Net Revenues New Yachts,

the pre-tax profit increased by 3.0 percentage points from 5.5% in the first quarter of 2019 to 8.5% in the first quarter of 2020.

Income taxes as at 31 March 2020 rose by €1,200 thousand (90.5%), rising from €1,326 thousand as at 31 March 2019 to €2,526 thousand for the first quarter of 2020. Income taxes for the period accounted for 30.4% of pre-tax profit, compared to 27.5% in the first quarter of 2019. Income taxes are recognised for an amount determined by multiplying the pre-tax profit/(loss) for the reference interim period by management's best estimate of the weighted average tax rate expected for the full year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

In light of the above, the Group's net profit for the three months ended 31 March 2020 came to €5,931 thousand, equal to 6.1% of Net Revenues New Yachts and recorded an increase of €2,708 thousand compared to 2019 (84.0%).

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Balance sheet reclassified according to sources and uses

The table below shows the consolidated statement of financial position reclassified by sources and uses as at 31 March 2020, compared with that as at 31 December 2019.

(€'000)	31 March		31 December		Change	
	2020		2019		2020 vs. 2019	2020 vs. 2019%
<b>USES</b>						
Net fixed capital	150,358		148,347		2,011	+1.4%
Net working capital	66,650		11,547		55,103	+477.2%
<b>Net invested capital</b>	<b>217,008</b>		<b>159,894</b>		<b>57,114</b>	<b>+35.7%</b>
<b>SOURCES</b>						
Net financial position	60,712		9,063		51,649	+569.9%
Equity	156,296		150,831		5,465	+3.6%
<b>Total sources</b>	<b>217,008</b>		<b>159,894</b>		<b>57,114</b>	<b>+35.7%</b>

## Net fixed capital and investments

### Net fixed capital

The detailed breakdown of Net fixed capital as at 31 March 2020 is reported below, compared with that as at 31 December 2019.

(€'000)	31 March		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Goodwill	8,667	1.9%	8,667	2.0%	-	-
Intangible assets with a finite useful life	35,683	7.7%	35,404	8.2%	279	+0.8%
Property, plant and equipment	104,214	22.6%	102,598	23.7%	1,616	+1.6%
Current provisions for risks and charges	408	0.1%	379	0.1%	29	+7.7%
Net deferred tax assets	3,102	0.7%	3,008	0.7%	94	+3.1%
Non-current employee benefits	(818)	(0.2)%	(796)	(0.2)%	(22)	+2.8%
Non-current provisions for risks and charges	(898)	(0.2)%	(913)	(0.2)%	15	-1.6%
<b>Net fixed capital</b>	<b>150,358</b>	<b>32.6%</b>	<b>148,347</b>	<b>34.2%</b>	<b>2,011</b>	<b>+1.4%</b>

Net fixed capital as at 31 March 2020 amounted to €150,358 thousand, an increase of €2,011 thousand compared to the close of 2019, mainly due to the investments made during the period. The incidence on total assets as at 31 March 2020 came to 32.6%, compared to 34.2% at the close of 2019.

## Investments

The table below shows the increases in property, plant and equipment and in assets with a definite useful life recorded by the Group in the three months ended 31 March 2020, compared with the figures for the same period of the previous year.

(€'000)	31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Land and buildings	264	1,542	(1,278)	-82.9%
Industrial equipment	1,856	699	1,157	+165.5%
Plant and equipment	542	213	329	+154.5%
Other assets	625	5,374	(4,749)	-88.4%
Fixed assets in progress	1,423	4,259	(2,836)	-66.6%
<b>Total increases in property, plant and equipment</b>	<b>4,710</b>	<b>12,087</b>	<b>(7,377)</b>	<b>-61.0%</b>
Concessions, licences, trademarks and similar rights	37	225	(188)	-83.6%
Other fixed assets	-	-	-	-
Development costs	844	421	423	+100.5%
Fixed assets in progress	839	137	702	+512.4%
<b>Total increases in intangible assets with a definite useful life</b>	<b>1,720</b>	<b>783</b>	<b>937</b>	<b>+119.7%</b>
<b>Investments in the period</b>	<b>6,430</b>	<b>12,870</b>	<b>(6,440)</b>	<b>-50.0%</b>

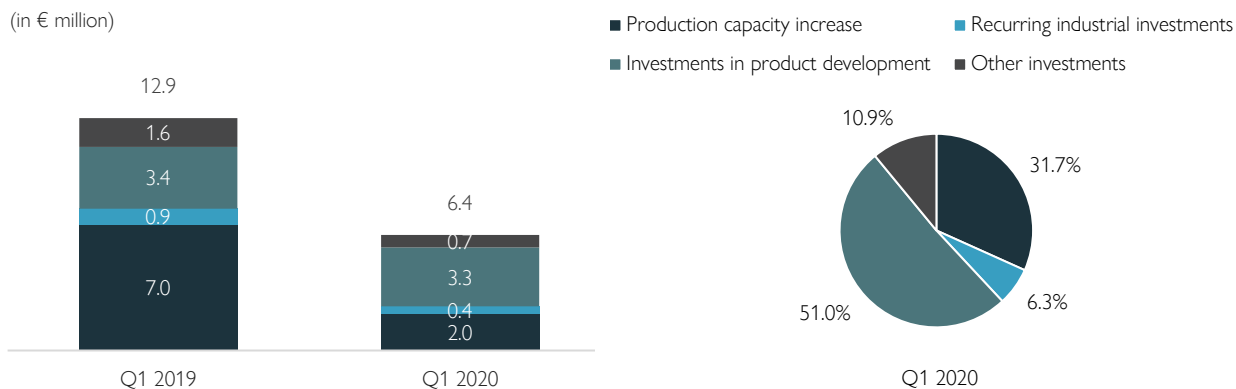
The investments made in the first quarter of 2020 amounted to €6,430 thousand, compared to €12,870 thousand in the same period of 2019, of which €3,282 thousand dedicated to product development and the creation of models and moulds and €2,039 thousand connected to the production capacity increase programme launched in 2017.

The decrease in investments in the period compared to the previous year is mainly related to the approach to the completion of the production capacity increase programme. In particular, in January, the new production site in Ameglia was inaugurated, consisting of two buildings dedicated to the fitting out of yachts and an office building with four floors, for a total area of 135,000 square metres.

Investments in research and development and the creation of new products remained stable compared to the first quarter of 2019, in line with the strategy of expanding product ranges.

### BREAKDOWN OF INVESTMENTS BY NATURE

(in € million)





## Net working capital

The table below shows the detailed breakdown of Net working capital as at 31 March 2020, compared with that as at 31 December 2019.

(€'000)	31 March		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Inventories	79,541	17.2%	62,311	14.4%	17,230	+27.7%
Trade receivables	23,465	5.1%	20,269	4.7%	3,196	+15.8%
Contract assets	98,790	21.4%	87,889	20.3%	10,901	+12.4%
Trade payables	(122,070)	(26.4)%	(152,189)	(35.1)%	30,119	-19.8%
Contract liabilities	(23,115)	(5.0)%	(19,442)	(4.5)%	(3,673)	+18.9%
Other current assets	44,182	9.6%	46,007	10.6%	(1,825)	-4.0%
Current provisions for risks and charges	(10,271)	(2.2)%	(9,299)	(2.1)%	(972)	+10.5%
Other current liabilities	(23,872)	(5.2)%	(23,999)	(5.5)%	127	-0.5%
<b>Net working capital</b>	<b>66,650</b>	<b>14.4%</b>	<b>11,547</b>	<b>2.7%</b>	<b>55,103</b>	<b>+477.2%</b>

Net working capital as at 31 March 2020 was a positive €66,650 thousand, compared to €11,547 thousand as at 31 December 2019, highlighting an increase of €55,103 thousand. The change was essentially attributable to the combined effect of the following factors:

- inventories recorded a balance of €79,541 thousand as at 31 March 2020, an increase of €17,230 thousand compared to 31 December 2019, as shown in the detailed table below;
- trade receivables recorded a balance of €23,465 thousand as at 31 March 2020, an increase of €3,196 thousand compared to 31 December 2019;
- trade payables recorded a balance of €122,070 thousand as at 31 March 2020, a decrease of €30,119 thousand compared to 31 December 2019;
- contract assets, relative to ongoing contracts measured using the cost-to-cost method as the contract terms have already been finalised with the customer, show a balance of €98,790 thousand as at 31 March 2020 and increased by €10,901 thousand compared to 31 December 2019 due to production progresses in the first quarter. The impact on the working capital deriving from the increase in contract assets is offset by the increase in contract liabilities, relative to ongoing contracts for which the advances received from the customers are higher than the relative contract assets, which as at 31 March 2020 show a balance of €23,115 thousand, an increase of €3,673 thousand compared to 31 December 2019;
- other current assets amounted to €44,182 thousand as at 31 March 2020, a decrease of €1,825 thousand compared to 31 December 2019;
- provisions for risks and charges amounted to €10,271 thousand as at 31 March 2020, an increase of €972 thousand compared to 31 December 2019;
- other current liabilities amounted to €23,872 thousand as at 31 March 2020, a decrease of €127 thousand compared to 31 December 2019.

The trend in net working capital is consistent with the seasonal nature of work orders typical of the sector and also reflects the increase in the Value of production recorded during the period.

Therefore, the details of Net trade working capital are provided below:

(€'000)	31 March		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Trade receivables	23,465	5.1%	20,269	4.7%	3,196	+15.8%
Contract assets	98,790	21.4%	87,889	20.3%	10,901	+12.4%
Inventories	79,541	17.2%	62,311	14.4%	17,230	+27.7%
Trade payables	(122,070)	(26.4)%	(152,189)	(35.1)%	30,119	-19.8%
Contract liabilities	(23,115)	(5.0)%	(19,442)	(4.5)%	(3,673)	+18.9%
<b>Net trade working capital</b>	<b>56,611</b>	<b>12.3%</b>	<b>(1,162)</b>	<b>(0.3)%</b>	<b>57,773</b>	<b>+4,971.9%</b>

As at 31 March 2020, the Net trade working capital was a positive €56,611 thousand compared to a negative balance of €(1,162) thousand as at 31 December 2019, recording an increase that follows the dynamics already highlighted for the Net working capital.

The table below shows the breakdown of inventories as at 31 March 2020 and 31 December 2019.

(€'000)	31 March		31 December		Change	
	2020	% of total assets	2019	% of total assets	2020 vs. 2019	2020 vs. 2019%
Raw materials and consumables	6,881	1.5%	6,117	1.4%	764	+12.5%
Work in progress and semi-finished products	37,514	8.1%	32,928	7.6%	4,586	+13.9%
Finished products net of the allowance for inventory write-down	35,146	7.6%	23,266	5.4%	11,880	+51.1%
<b>Inventories</b>	<b>79,541</b>	<b>17.2%</b>	<b>62,311</b>	<b>14.4%</b>	<b>17,230</b>	<b>+27.7%</b>

The balance of inventories as at 31 March 2020 was €79,541 thousand, an increase of €17,230 thousand compared to 31 December 2019.

In particular, 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 2019 and 31 March 2020, equal to €4,586 thousand, reflects the seasonal nature of the collection of orders typical of the sector.

Inventories of finished products amounted to €35,146 thousand as at 31 March 2020, an increase of €11,880 thousand compared to 31 December 2019. The increase in inventories of used yachts is consistent with planned volumes and linked to the increase in turnover, which led to higher trade-in withdrawals, partially already sold at the end of the period for delivery in the following months.

## Net financial position

The breakdown of net financial position as at 31 March 2020 and as at 31 December 2019 is reported hereunder.

(€'000)	31 March 2020	31 December 2019
A Cash and cash equivalents	(63,341)	(60,186)
B Other cash flows	-	-
C Securities held for trading	-	-
<b>D Cash</b>	<b>(63,341)</b>	<b>(60,186)</b>
<b>E Current financial receivables</b>	<b>(160)</b>	<b>(6,654)</b>
F Current bank payables	55,046	370
G Current portion of debt	17,428	17,394
H Other current financial payables	1,777	1,530
<b>I Current financial debt (F + G + H)</b>	<b>74,251</b>	<b>19,294</b>
<b>J Net current financial debt (I + E + D)</b>	<b>10,750</b>	<b>(47,546)</b>
K Non-current bank payables	48,243	54,706
L Bonds issued	-	-
M Other non-current payables	1,719	1,903
<b>N Non-current financial debt (K + L + M)</b>	<b>49,962</b>	<b>56,609</b>
<b>O Net financial position (J + N) with ESMA Recommendation</b>	<b>60,712</b>	<b>9,063</b>

As at 31 March 2020, the Group's net financial position came to €60,712 thousand, compared to net financial position of €9,063 thousand as at 31 December 2019.

In particular, current financial debt as at 31 March 2020 amounts to €74,251 thousand, increased compared to €19,294 thousand as at 31 December 2019, mainly due to the increase in current bank payables, basically consisting of loans for contract advances.

The evolution of net financial position in the first quarter of 2020 is consistent with sector dynamics. The concentration of the collection of orders and deliveries in given periods of the year, against the constant flow of payments to Group suppliers and contractors, has an impact on liquidity, normally higher between April and July and less so in the first quarter of the year, a period in which short-term financial debt is higher as a result of the lower flow of collections. The Group therefore carries out careful financial planning activities aimed at reducing liquidity risk and has significant bank credit facilities, the use of which is planned on the basis of financial requirements. As at 31 March 2020 the Group had €108,900 thousand of bank credit facilities<sup>9</sup> to meet its liquidity needs, with an increase of €27,000 thousand compared to 31 December 2019, of which €53,854 thousand available.

The decrease in current financial receivables from €6,654 thousand as at 31 December 2019 to €160 thousand as at 31 March 2020 is mainly linked to the release of an escrow account of €6,500 thousand pledged as guarantee for a loan with Credit Agricole Carispezia at the start of the year.

<sup>9</sup> Not including reverse factoring credit facilities.

## Reclassified consolidated statement of cash flows

The table below shows the reclassified statement of cash flows for the three months ended 31 March 2020 compared with the data for the same period of the previous year, which show the details of the change in Net financial position during the period.

(€'000)	31 March 2020	31 March 2019
EBITDA	13,344	9,169
Taxes paid	(79)	-
Change in inventories	(17,230)	(5,415)
Change in net contract assets and contract liabilities	(7,228)	(29,745)
Change in trade receivables and advances to suppliers	(4,476)	10,368
Change in trade payables	(30,119)	(16,803)
Change in provisions and other assets and liabilities	1,432	(96)
<b>Operating cash flow</b>	<b>(44,356)</b>	<b>(32,522)</b>
Change in fixed assets (Capex)	(6,430)	(12,870)
Business acquisitions (Enterprise Value)	-	-
<b>Free cash flow</b>	<b>(50,786)</b>	<b>(45,392)</b>
Net financial interest	(541)	(762)
Other changes	(322)	(3,999)
<b>Change in Net financial position</b>	<b>(51,649)</b>	<b>(50,153)</b>
Net financial position at the beginning of the period	9,063	22,963
Net financial position at the end of the period <sup>10</sup>	60,712	73,116

## Equity

The breakdown of the Equity as at 31 March 2020 and as at 31 December 2019 is reported hereunder.

(€'000)	31 March 2020	31 December 2019
Share Capital	34,500	34,500
Reserves	118,482	91,756
Group profit	5,931	27,030
<b>Group equity</b>	<b>158,913</b>	<b>153,286</b>
Equity attributable to non-controlling interests	(2,617)	(2,455)
<b>Equity</b>	<b>156,296</b>	<b>150,831</b>

The Parent company's share capital as at 31 March 2020 amounted to €34,500 thousand, fully paid-in, and is composed of 34,500,000 ordinary shares, unchanged compared to 31 December 2019.

<sup>10</sup> Net financial position as at 31 March 2019 does not take into account the impact of the reverse merger with the parent company WindCo S.p.A., approved by the shareholders' meetings of the two companies concerned on 15 April 2019 and became legally effective on 28 June 2019.

## HUMAN RESOURCES

As at 31 March 2020, Sanlorenzo Group employed a total of 509 employees, of which 93.9% at the Parent Company. The growth in the workforce compared to 2019, amounting to 50 staff members, was dictated by the increase in the volume of business.

The following table shows the total number of employees employed by the Group as at 31 March 2020, broken down by company, compared with the figure as at 31 March 2019.

	31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Sanlorenzo S.p.A.	478	398	80	+20.1%
Bluegame S.r.l.	18	15	3	+20.0%
Sanlorenzo of the Americas LLC	12	9	3	+33.3%
Sanlorenzo Baleari SL	1	1	-	-
Marine Yachting Monaco S.A.M.	-	-	-	-
Super Yachts Cote d'Azur S.a.r.l. <sup>11</sup>	-	-	-	-
GP Yachts S.r.l. <sup>12</sup>	-	36	(36)	-100.0%
<b>Group employees</b>	<b>509</b>	<b>459</b>	<b>50</b>	<b>+10.9%</b>

At category level, white collar workers recorded a bigger increase during the period, with an increase of 63 staff members, while the reduction in blue collar workers is mainly linked to the change in the scope of consolidation related to the transfer of the equity investment in GP Yachts S.r.l.

	31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Managers	31	28	3	+10.7%
White collars	387	324	63	+19.4%
Blue collars	91	107	(16)	-15.0%
<b>Group employees</b>	<b>509</b>	<b>459</b>	<b>50</b>	<b>+10.9%</b>

The distribution by geographic area sees the largest number of employees employed in Italy, equal to 97.4% of the Group's total as at 31 March 2020.

	31 March		Change	
	2020	2019	2020 vs. 2019	2020 vs. 2019%
Italy	496	449	47	+10.5%
Rest of Europe	1	1	-	-
United States	12	9	3	+33.3%
<b>Group employees</b>	<b>509</b>	<b>459</b>	<b>50</b>	<b>+10.9%</b>

<sup>11</sup> On 20 September 2019, the shareholders' meeting of Super Yachts Cote d'Azur S.a.r.l. resolved the winding-up and placement into liquidation of the company effective from 30 September 2019.

<sup>12</sup> On 19 July 2019, Sanlorenzo S.p.A. sold the entire equity investment held by it in GP Yachts S.r.l., representing a total of 80% of the share capital, to minority shareholders.

## 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 art. 2497-sexies of the Italian Civil Code does not apply.

Pursuant to articles 2435-bis and 2428 of the Italian Civil Code, it should be noted that, at the close of the period, the Company did not own any treasury shares.

## SIGNIFICANT EVENTS OCCURRING DURING THE PERIOD

### Capital increase of the associated company Polo Nautico

On 8 July 2019, the shareholders' meeting of the associated company Polo Nautico Viareggio S.r.l. ("Polo Nautico") approved a contribution to the share capital increase account totalling €600 thousand, to be converted to share capital following the resolution of the extraordinary shareholders' meeting on the share capital increase, which was subsequently held on 20 January 2020. The share capital of Polo Nautico has therefore been increased from €67,400 to €667,400, of which €300,000 of the capital increase was subscribed by Sanlorenzo.

Following the capital increase, Sanlorenzo's equity investment in Polo Nautico increased from 48.15% to 49.81%.

### Loan with Cassa Depositi e Prestiti

On 23 March 2020, Sanlorenzo signed a loan agreement with Cassa Depositi e Prestiti S.p.A. for a total amount of €10 million from the European Investment Bank (EIB) funds. The loan, with a duration of 7 years, is aimed at supporting investment in research, development and innovation related to new models of yachts and superyachts.

### Approval of the 2020 Stock Option Plan

On 20 March 2020, the Board of Directors of the Company definitively approved the proposal for the adoption of the stock option plan for 2020 (the "2020 Stock Option Plan") in line with and in addition to that approved on 12 February 2020.

The 2020 Stock Option Plan, reserved for the executive directors and key employees of Sanlorenzo and its subsidiaries, provides for the free assignment of options over a period of three years, giving the beneficiaries the right to subscribe Sanlorenzo shares in the ratio of one share for each option at an exercise price of €16.00, equal to the placement price of the Company's shares on the MTA.

The Board of Directors established that the reference parameters of the performance objectives to which the vesting of the options is subject will be identified in the consolidated EBITDA, in the Group's net financial position and in personal objectives established according to the role and function of the beneficiary to be achieved to an extent of at least 85%, and provided for a vesting period divided by one third per year over the three-year period 2020-2022.

The 2020 Stock Option Plan will be supported by a specific capital increase through the issue of new shares for a total maximum nominal value of €884,615.

Both the 2020 Stock Option Plan and the related capital increase were submitted to the Shareholders' Meeting on 21 April 2020.

## Containment measures related to COVID-19

The exceptional measures taken by the governments of several countries to contain the spread of COVID-19 had an effect from the end of the quarter.

Up to 23 March 2020, the Company worked at full capacity and only from the last week of March, when the Italian Prime Ministerial Decree of 22 March 2020 came into force, the Company progressively closed all its plants, while still ensuring the service and management of boats in the water and other activities allowed by the regulations in force.

On 26 March 2020, an agreement was also signed with the trade unions for the use, if required, of the CIG (*Cassa Integrazioni Guadagni* - redundancy fund) to cover workers who do not have holidays and leave to cope with the period of suspension of activities and to cover reduced working hours due to reduced shifts.

## SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

### Signing of the Safety and Prevention Protocol in relation to COVID-19

Since the initial news regarding the spread of COVID-19, Sanlorenzo has been undertaking extended working table that has involved widespread support from all of its social partners (RSU and OO.SS FILCTEM-CGIL, FEMCA-CISL, FIOM-CGIL, UILM-UIL) and that led to the signing on 7 April 2020 of an operational protocol containing the prevention and protection measures to be implemented in the Company's production sites.

The main measures of the protocol include a periodic serological test to be implemented directly in the company for all employees of Sanlorenzo and companies under contract as well as use of personal protective equipment. Specific COVID-19 insurance coverage is provided for all personnel along with an assessment with the Company Physician for employees with permanent or temporary immunodepression conditions and for those considered "at-risk" and over 60 years of age. Furthermore, the daily chemical cleaning of workplaces has been provided for with a register of interventions along with special in-plant signs indicating the minimum interpersonal distance of one metre, staggered routes and times of entry and exit with systematic control of body temperatures, so as to avoid queues and gatherings. Finally, a new shift was also introduced to allow for cleaning operations as well as remote working methods for office staff.

### Resumption of production activities

The signing of the Safety and Prevention Protocol allowed for the reopening on 14 April 2020 of the Ligurian plants in Ameglia (SP) and La Spezia, in line with the provisions of the Liguria Region (implementing Italian Decree No. 18/2020 of 13 April 2020 of the Department of Civil Protection/Presidency of the Council of Ministers) which allows for the implementation of preparatory activities for the delivery of boats already fitted out by the naval sites. Similarly, on the basis of the Ordinance of the Region of Tuscany of 16 April, the Company has also arranged for the reopening of the Viareggio (LU) plants.

Therefore, on 20 April it was agreed with all the Group's operating plants - in accordance with the procedures defined by local regulations and national legislation - for the resumption of activities relating to yachts to be delivered by July 2020.

As at 4 May 2020, all of the Company's plants were fully operational in accordance with the requirements of the Italian Prime Ministerial Decree of 26 April 2020 and had adopted all the safety and prevention measures contained in the Protocol.

## Ordinary and Extraordinary Shareholders' Meeting

On 21 April 2020, the Ordinary and Extraordinary Shareholders' Meeting was held in first call. In view of the health emergency situation, as provided for by the Italian "Cura Italia" Decree, attendance at the Shareholders' Meeting was exclusively through the designated representative of the shareholders.

The Shareholders' Meeting of the Company in ordinary session:

- approved the financial statements for 2019 and the proposed allocation of profit to reserves in accordance with the dividend policy approved by the Board of Directors on 9 November 2019;
- approved the first section of the Remuneration Report relating to the remuneration policy and voted in favour of the second section;
- approved the 2020 Stock Option Plan.

The Shareholders' Meeting of the Company in extraordinary session approved:

- the increase in share capital by a maximum nominal amount of €884,615 to service the 2020 Stock Option Plan;
- the proposal to amend the By-laws in order to adapt the rules on gender equality.

## BUSINESS OUTLOOK

The actions taken to tackle the restrictive measures related to COVID-19, in the absence of further interruption, will enable the Company to make up the suspension period, limiting the impact on results, also thanks to the decision to work through the month of August. This, together with the significant backlog amounting to over €500 million, 92% of which is represented by direct customers, enables the management to forecast substantially stable Net Revenues New Yachts for 2020.

EBITDA is expected to be substantially in line with the previous year, due to the plan to further cut operating costs and deferrable investments undertaken from the onset of the current circumstances. This plan has not changed the amounts invested in new product development, innovation and sustainability and has postponed any other projects not retained a priority or necessary at this time.

Ameglia, 11 May 2020



For the Board of Directors

Executive Chairperson

Mr Massimo Perotti



# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	31 March 2020	31 December 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	104,214	102,598
Goodwill	8,667	8,667
Intangible assets with a finite useful life	35,683	35,404
Equity investments and other non-current assets	408	379
Net deferred tax assets	3,102	3,008
<b>Total non-current assets</b>	<b>152,074</b>	<b>150,056</b>
<b>Current assets</b>		
Inventories	79,541	62,311
Contract assets	98,790	87,889
Other financial assets, including derivatives	160	6,654
Trade receivables	23,465	20,269
Other current assets	44,182	46,007
Cash and cash equivalents	63,341	60,186
<b>Total current assets</b>	<b>309,479</b>	<b>283,316</b>
<b>TOTAL ASSETS</b>	<b>461,553</b>	<b>433,372</b>

(€'000)	31 March 2020	31 December 2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	34,500	34,500
Share premium reserve	76,549	76,549
Other reserves	41,933	15,207
Profit/(loss) for the period	5,931	27,030
<b>Equity attributable to the owners of the parent</b>	<b>158,913</b>	<b>153,286</b>
Equity attributable to non-controlling interests	(2,617)	(2,455)
<b>Total equity</b>	<b>156,296</b>	<b>150,831</b>
<b>Non-current liabilities</b>		
Non-current financial liabilities	49,962	56,609
Non-current employee benefits	818	796
Non-current provisions for risks and charges	898	913
<b>Total non-current liabilities</b>	<b>51,678</b>	<b>58,318</b>
<b>Current liabilities</b>		
Current financial liabilities, including derivatives	74,251	19,294
Current provisions for risks and charges	10,271	9,299
Trade payables	122,070	152,189
Contract liabilities	23,115	19,442
Other current liabilities	16,898	18,615
Other current tax liabilities	1,276	2,205
Net current tax liabilities	5,698	3,179
<b>Total current liabilities</b>	<b>253,579</b>	<b>224,223</b>
<b>TOTAL LIABILITIES</b>	<b>305,257</b>	<b>282,541</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>461,553</b>	<b>433,372</b>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(€'000)	31 March 2020	31 March 2019
Revenues	103,675	97,133
Agency commissions	(5,522)	(3,946)
<b>Net revenues</b>	<b>98,153</b>	<b>93,187</b>
Other income	1,133	174
<b>Total net revenue and income</b>	<b>99,286</b>	<b>93,361</b>
Increases in internal work	365	391
Raw materials, consumables and finished products	(35,565)	(35,300)
Outsourcing	(39,898)	(33,879)
Change in inventories of work in progress, semi-finished and finished products	10,697	1,407
Other service costs	(9,746)	(7,084)
Personnel expenses	(9,628)	(8,259)
Other operating costs	(822)	(1,186)
Accruals to provisions for risks and charges	(1,345)	(282)
<b>Total operating costs</b>	<b>(85,942)</b>	<b>(84,192)</b>
<b>Operating profit before amortisation and depreciation</b>	<b>13,344</b>	<b>9,169</b>
Amortisation, depreciation and impairment losses	(4,500)	(3,589)
<b>Operating profit</b>	<b>8,844</b>	<b>5,580</b>
Financial income	-	25
Financial expense	(570)	(787)
<b>Net financial expense</b>	<b>(570)</b>	<b>(762)</b>
Share of profit (loss) of equity-accounted investees, net of tax	-	-
Adjustments to financial assets	29	-
<b>Pre-tax profit</b>	<b>8,303</b>	<b>4,818</b>
Income taxes	(2,526)	(1,326)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>5,777</b>	<b>3,492</b>
<b>Attributable to:</b>		
Owners of the parent	5,931	3,223
Non-controlling interests	(154)	269

<i>(€'000)</i>	31 March 2020	31 March 2019
<b>Other comprehensive income</b>		
<b>Other comprehensive income that will not be subsequently reclassified to net profit</b>		
Actuarial change in provisions for employee benefits	-	-
Income taxes relating to actuarial changes in provisions for employee benefits	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income that will be subsequently reclassified to net profit</b>		
Changes in the cash flow hedge reserve	(60)	(190)
Income taxes related to changes in the cash flow hedge reserve	17	101
Change in the translation reserve		
<b>Total</b>	<b>(43)</b>	<b>(89)</b>
<b>Other comprehensive income for the year, net of tax effect</b>	<b>(43)</b>	<b>(89)</b>
<b>COMPREHENSIVE NET PROFIT FOR THE PERIOD</b>	<b>5,734</b>	<b>3,403</b>
<b>Attributable to:</b>		
Owners of the parent	5,888	3,134
Non-controlling interests	(154)	269
<hr/>		
<i>(in Euro)</i>	31 March 2020	31 March 2019
Net profit for the period attributable to the owners of the parent company	5,930,634	3,222,560
Average number of shares	34,500,000	30,000,000
<b>Earnings per share</b>	<b>0.17</b>	<b>0.11</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Share premium reserve	Total other reserves	Profit for the period	Equity attributable to the owners of the parent company	Equity attributable to non-controlling interest	Total equity
<b>Value as at 31 December 2019</b>	<b>34,500</b>	<b>76,549</b>	<b>15,207</b>	<b>27,030</b>	<b>153,286</b>	<b>(2,455)</b>	<b>150,831</b>
Allocation of profit for the year	-	-	29,059	(27,030)	2,029	(8)	2,021
Cash flow hedge reserve effect	-	-	(60)	-	(60)	-	(60)
Dividends	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	-
Other changes	-	-	(2,273)	-	(2,273)	-	(2,273)
Profit for the period	-	-	-	5,931	5,931	(154)	5,777
<b>Value as at 31 March 2020</b>	<b>34,500</b>	<b>76,549</b>	<b>41,933</b>	<b>5,931</b>	<b>158,913</b>	<b>(2,617)</b>	<b>156,296</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€'000)	31 March 2020	31 March 2019
<b>Cash flows from operating activities</b>		
Profit for the period	5,777	3,492
<b>Adjustments for:</b>		
Depreciation	3,058	2,525
Amortisation	1,442	1,064
Impairment losses on intangible assets and goodwill	-	-
Impairment losses on financial assets (other equity investments)	(29)	-
Net financial expense	570	762
Gain on sale of property, plant and equipment	(6)	(4)
Impairment losses on trade receivables	-	-
Income taxes	2,526	1,326
<b>Changes in:</b>		
Inventories	(17,230)	(5,415)
Contract assets	(19,875)	(3,941)
Trade receivables	(3,196)	12,798
Other current assets	1,823	(7,166)
Trade payables	(30,119)	(16,803)
Contract liabilities	12,648	(25,803)
Other current liabilities	(2,666)	4,175
Provisions for risks and charges and employee benefits	979	481
<b>Cash flows generated by operating activities</b>	<b>(44,298)</b>	<b>(32,509)</b>
Taxes paid	(79)	-
<b>Net cash flows from operating activities</b>	<b>(44,377)</b>	<b>(32,509)</b>
<b>Cash flows from investing activities</b>		
Interest received	-	25
Proceeds from disposal of property, plant and equipment	52	25
Proceeds from disposal of intangible assets	-	-
Change in other equity investments and other non-current assets	(11)	(38)
Acquisition of subsidiaries or business units, net of cash acquired	-	-
Acquisition of property, plant and equipment	(4,710)	(12,087)
Acquisition of intangible assets with a finite useful life	(1,720)	(783)
<b>Net cash flows used in investing activities</b>	<b>(6,389)</b>	<b>(12,858)</b>

(€'000)	31 March 2020	31 March 2019
<b>Cash flows from financing activities</b>		
Interest paid	(570)	(787)
Proceeds from the issue of share capital	-	-
New loans	54,736	33,712
Repayment of loans	(6,390)	(7,618)
Changes in other financial assets and financial liabilities including derivatives	6,633	338
New finance leases	-	5,569
Repayment of finance leases	(175)	-
Assumption of new loans	-	-
Other changes in equity	(313)	(198)
Dividend paid	-	(3,800)
<b>Net cash flows from/(used in) financing activities</b>	<b>53,921</b>	<b>27,216</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>3,155</b>	<b>(18,151)</b>
Cash and cash equivalents as at 1 January	60,186	48,732
<b>Cash and cash equivalents as at 31 March</b>	<b>63,341</b>	<b>30,581</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## BASIS OF PREPARATION

### Introduction

This periodic financial information as at 31 March 2020 (hereinafter "Periodic Financial Information as at 31 March 2020"), was approved by the Board of Directors of the Company on 11 May 2020 and has not been audited, as it is not required by current regulations.

Sanlorenzo S.p.A., as a company listed on the STAR segment of the Mercato Telematico Azionario (the screen-based market of the Italian Stock Exchange) organised and managed by Borsa Italiana, is subject to the provisions of article 2.2.3 of the Stock Exchange Regulations. On the basis of these regulations, the Company has prepared the Periodic Financial Information as at 31 March 2020, which it makes available to the public.

This Periodic Financial Information as at 31 March 2020 has 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).

For the purposes of preparing Periodic Financial Information as at 31 March 2020, the provisions of IAS 34 ("Interim Financial Reporting"), relating to infra-annual financial reporting, were not adopted, given that the Group applies this standard to half-yearly financial reports and not to quarterly reports.

The accounting principles and criteria adopted for the preparation of the Periodic Financial Information as at 31 March 2020 are consistent with those used for the preparation of the consolidated financial statements as at 31 December 2019 to which reference should be made.

The Periodic Financial Information as at 31 March 2020 includes the economic results of the Parent Company and its subsidiaries. These notes to the condensed consolidated financial statements have been prepared by the Board of Directors on the basis of the accounting and consolidation entries updated to 31 March 2020.

For comparative purposes, the financial statements present a comparison with the statement of financial position data in the consolidated financial statements as at 31 December 2019 and with the data in the consolidated statement of profit or loss for the year and other comprehensive income, as well as the consolidated statement of cash flows, as at 31 March 2019.

### Basis of preparation

The Periodic Financial Information as at 31 March 2020 includes the consolidated statement of the financial position, consolidated statement of profit and loss for the year and the other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period from 1 January 2020 to 31 March 2020.

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 statement of profit and loss 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.



## Basis of measurement

The Periodic Financial Information as at 31 March 2020 was prepared using the historical cost method, with the exception of derivative financial instruments, which were recognised at fair value as required by IFRS 9 - "Financial Instruments", and on a going concern basis. In fact, the Directors have assessed that there are no significant uncertainties (as defined in paragraph 25 of the IAS 1 standard) on going concern.

## Functional and presentation currency

The Periodic Financial Information as at 31 March 2020 is presented in Euro, the functional currency of the Parent Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## Use of judgements and estimates

The preparation of the Periodic Financial Information as at 31 March 2020 in application of 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 statements, such as the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of cash flows and the disclosures included herein.

Reference should be made to the consolidated financial statements as at 31 December 2019 in relation to the main areas requiring the use of judgements and estimates, specifying that there are no changes in the main sources of uncertainty of estimates compared to those reported in the consolidated financial statements as at 31 December 2019.

## Consolidation scope and criteria

The Periodic Financial Information as at 31 March 2020 includes the interim financial statements as at 31 March 2020 of the Parent Company and those of the Italian and foreign subsidiaries specifically prepared.

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 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 commences until the date on which control ceases.

The consolidation criteria adopted in the preparation of this Periodic Financial Information as at 31 March 2020 are the same as those adopted and reported in the consolidated financial statements as at 31 December 2019.

## Summary of accounting principles applied

In the preparation of this Periodic Financial Information as at 31 March 2020, the same accounting principles and preparation criteria were applied as those used in the preparation of the consolidated financial statements as at 31 December 2019, to which reference should be made.

## Impairment testing

The Company chose to carry out impairment testing on goodwill and development costs at the end of the year (31 December).

For the preparation of the Periodic Financial Information as at 31 March 2020, the Company assessed, on the basis of information from external and internal sources, whether there were indications of impairment of assets. At Group level, the existence of impairment indicators was assessed as required by paragraph 12 of IAS 36. In assessing the results as at 31 March 2020, the Company considered that there were no trigger events and it was not necessary to carry out impairment testing; these trends will be carefully monitored in the coming months in order to promptly identify elements that may determine the need to carry out the aforementioned tests.

## INFORMATION ON RISKS AND FINANCIAL INSTRUMENTS

The Group's activities are exposed to a series of risks and uncertainties that could affect its financial position, results of operations and cash flows. In particular, the Group is exposed to credit risk, arising from commercial transactions, liquidity risk, risks arising from changes in the regulatory framework and risks connected with litigation and tax assessments. Furthermore, the Group is exposed to fluctuations in interest rates on its variable rate debt instruments and to exchange rate fluctuations, mainly on sales of yachts in US dollars, and uses derivatives to hedge these exposures.

The Periodic Financial Information as at 31 March 2020 does not include all information on risk management. There were no changes with reference to the consolidated financial statements as at 31 December 2019 regarding the risks to which the Group is exposed and their management.

## GROUP STRUCTURE

### Subsidiaries

The Periodic Financial Information as at 31 March 2020 includes Sanlorenzo S.p.A. (Parent Company), four direct subsidiaries of Sanlorenzo S.p.A. (Bluegame S.r.l., Marine Yachting Monaco S.A.M., Sanlorenzo Baleari SL and Sanlorenzo of the Americas LLC) and a company in which the Parent Company indirectly holds the majority of voting rights (Super Yachts Cote D'Azur S.a.r.l.).

The Periodic Financial Information as at 31 March 2020 has been prepared on the basis of the accounting positions of the Parent Company and its subsidiaries, adjusted accordingly to ensure they conform to the IFRS.

The following table summarises information, as at 31 March 2020, concerning the name and registered office of all subsidiaries, as well as the Group's direct or indirect holding in their share capital.

Company name	Registered office	Currency	Share Capital (currency unit)	Holding	
				Direct	Indirect
Bluegame S.r.l.	Viareggio (LU) – Italy	Euro	100,000	100%	-
Sanlorenzo of the Americas LLC	Fort Lauderdale (FL) – USA	USD	2,000,000	90%	-
Sanlorenzo Baleari SL	Puerto Portals, Maiorca – Spain	Euro	500,000	51%	-
Marine Yachting Monaco S.A.M.	Principality of Monaco	Euro	150,000	60%	-
Super Yachts Cote d'Azur S.a.r.l. <sup>13</sup>	Antibes – France	Euro	37,000	-	60%

### Associated companies

The Parent Company also holds an equity investment in the associated company Polo Nautico Viareggio S.r.l., a limited liability consortium, ("Polo Nautico"), which carries out the management, for consortium companies, of a

<sup>13</sup> Owned by Marine Yachting Monaco S.A.M. On 20 September 2019, the shareholders' meeting of Super Yachts Cote d'Azur S.a.r.l. resolved the winding-up and placement into liquidation of the company effective from 30 September 2019.

yard of approximately 7,000 square metres on the sea front complete with mooring quays and the relevant equipment and services in Viareggio.

On 4 July 2019, the Parent Company acquired the entire investment held by Immobiliare FIPA S.r.l. in Liquidation of Polo Nautico, for 44.68% of the share capital (€67,400) in addition to the 5.47% investment already held, amounting to €292 thousand.

On 10 May 2019, Polo Nautico approved the demerger project, with its total assets and liabilities transferred to specific beneficiaries. The related demerger deed was signed on 25 November 2019.

On 30 September 2019, Sanlorenzo S.p.A. sold 2% of its equity investment in Polo Nautico to third parties.

On 8 July 2019, the shareholders' meeting of the associated company Polo Nautico approved a contribution to the share capital increase account totalling €600 thousand, to be converted to share capital following the resolution of the extraordinary shareholders' meeting on the share capital increase, which was subsequently held on 20 January 2020. The share capital of Polo Nautico has therefore been increased from €67,400 to €667,400, of which €300,000 of the capital increase was subscribed by Sanlorenzo.

Following the capital increase, Sanlorenzo's equity investment in Polo Nautico increased from 48.15% to 49.81%.

The shareholding in Polo Nautico is booked in the Company's financial statements with the equity method.

Ameglia, 11 May 2020



For the Board of Directors

Executive Chairperson

Mr Massimo Perotti

# DECLARATION OF THE MANAGER CHARGED WITH PREPARING THE COMPANY'S FINANCIAL REPORTS PURSUANT TO ART. 154-BIS, PARAGRAPH 2, OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

The undersigned Attilio Bruzzese, Chief Financial Officer of the Sanlorenzo Group, in his capacity as Manager charged with preparing the company's financial reports, declares that the Periodic Financial Information as at 31 March 2020 corresponds to the documented results, books and accounting records.

Ameglia, 11 May 2020

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

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