IMMSI Società per Azioni

Share capital €178,464,000 fully paid up

Registered office: Piazza Vilfredo Pareto, 3 – 46100 Mantova

Mantova Register of Companies – Tax code and VAT registration number 07918540019

Directors' Report and Financial Statements of the Immsi Group As of 31 December 2021

This Annual Financial Report as of 31 December 2021 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

This document, in PDF format, does not constitute fulfilment of the obligations deriving from Directive 2004/109 / EC (the "Transparency Directive") and the Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" - European Single Electronic Format) for which a special XHTML format has been developed.

E-MARKET SDIR CERTIFIED

Immsi

This document was approved by the Board of Directors of Immsi S.p.A. on 23 March 2022 and is available for the public to consult at the Registered Office of the Company, on the website of the Borsa Italiana S.p.A. www.borsaitaliana.it, in the centralised storage system www.emarketstorage.com and on the Issuer's website www.immsi.it (section: "Investors/Financial statements and reports/2021") according to legislation.

COMPANY BOARDS

The Board of Directors and the Board of Statutory Auditors of Immsi S.p.A. were appointed by shareholders' resolution of 30 April 2021 and will remain in office until the date the Shareholders' Meeting is convened to approve the financial statements for the year ending 31 December 2023.

BOARD OF DIRECTORS

Roberto Colaninno	***Chairman***
Daniele Discepolo	***Deputy Chairman***
Michele Colaninno	***Chief Executive Officer***
Matteo Colaninno	***Director***
Ruggero Magnoni	***Director***
Gianpiero Succi	***Director***
Patrizia De Pasquale	***Director***
Paola Mignani	***Director***
Alessandra Simonotto	***Director***
Giulia Molteni	***Director***
Rosanna Ricci	***Director***
Piercarlo Rossi	***Director***

BOARD OF STATUTORY AUDITORS

Antonella Giachetti	***Chairman***
Alessandro Lai	***Statutory Auditor***
Giovanni Barbara	***Statutory Auditor***
Gianmarco Losi	***Alternate Auditor***
Filippo Dami	***Alternate Auditor***

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.	***2021 - 2029***

GENERAL MANAGER

Michele Colaninno

In accordance with the principles of Corporate Governance recommended by the Corporate Governance Code (January 2020 version), and pursuant to Legislative Decree 231/01, the Board of Directors has established the following bodies:

RISK AND SUSTAINABILITY COMMITTEE

Daniele Discepolo *Chairman*
Paola Mignani
Rosanna Ricci

RELATED PARTIES COMMITTEE

Rosanna Ricci *Chairman*
Paola Mignani
Patrizia De Pasquale

COMPLIANCE COMMITTEE

Marco Reboa *Chairman*
Giovanni Barbara
Maurizio Strozzi

APPOINTMENT PROPOSAL AND REMUNERATION COMMITTEE

Daniele Discepolo *Chairman*
Paola Mignani
Rosanna Ricci

LEAD INDEPENDENT DIRECTOR

Daniele Discepolo

CHIEF EXECUTIVE OFFICER

Michele Colaninno

INTERNAL AUDIT MANAGER

Maurizio Strozzi

EXECUTIVE IN CHARGE OF FINANCIAL REPORTING

Andrea Paroli

INVESTOR RELATOR

Andrea Paroli

All information on powers reserved for the Board of Directors, the authority granted to the Chairman and CEO, as well as functions of various Committees of the Board of Directors, is available in the Governance section of the Issuer's website www.immsi.it.

Directors' Report on Operations

The present Financial Statements of the Immsi Group at 31 December 2021 were drawn up in compliance with the International Accounting Standards (IFRS), in force at the date, issued by the International Accounting Standards Board (IASB) and adopted by the European Union at that date. IFRS means all the International Financial Reporting Standards, the International Accounting Standards, all the interpretations of the IFRS Interpretation Committee (formerly IFRIC), previously called the Standing Interpretations Committee (SIC), approved by the European Union and contained in the relevant EU Regulations.

This Report also contains the consolidated financial statements and notes of the Immsi Group ("the Group"), and the financial statements and notes of the Parent Company Immsi S.p.A. (the "Company").
Furthermore, it should be noted that the data contained in this document may in some cases present rounding defects due to the representation in thousands and millions: in this regard, it should be noted that changes and percentages are generally calculated on data expressed in thousands.

Health emergency – Covid-19

During the first few months of 2021, the public health situation was still a cause for concern at a global level. In general, the exit from the crisis at a global level seems to be linked to a necessary and rapid distribution of the vaccine among the population and to its efficacy against possible new variants, which has allowed a significant restart of activities and, to a large extent, of lifestyles prior to the pandemic, avoiding the lockdowns that marked the previous year.

With regard to the **Property and holding sector**, it should be noted that the Parent Company Immsi S.p.A. is continuing to adopt operating procedures for its personnel in line with the general measures for the protection of public health and, at the same time, guaranteeing the continuity of its activities. This is also the case for its subsidiary Is Molas S.p.A., which, despite the limitations imposed by the health emergency, continued its commercial activities aimed at finding potential buyers both of already built villas and, possibly, those only partially finished ("advanced construction stage") . The pandemic has also had a significant impact on Is Molas S.p.A.'s business, in particular on the period in which the hotel has been open to the public (limited to 1 June 2021 onwards), on the general reduction in the flow of customers during the opening periods compared to pre-pandemic periods, and on the intermittent availability of its services. In response to the situation, a series of actions were taken to reduce costs (in view of postponing the hotel's opening), including optimising existing resources and utilising the support measures made available by the government. This made it possible to apply for access to welfare payments and protect existing jobs. In addition to this, a further 6-month moratorium (compared to that granted in the previous year) of 6 months on the principal amounts of the loan originally maturing on 31 December 2021 was also obtained from the lending bank.

In regards to the **industrial sector**, since the virus first spread, the **Piaggio group** has taken all possible precautions to guarantee the safety of its employees' health at its sites.
Limiting the analysis to the Piaggio group's geographical areas of reference in Europe, America and Asia Pacific, the health situation gradually improved in 2021 and many restrictions on the free movement of people were lifted.
Only India was still affected by intermittent lockdowns which halted both manufacturing and trading activities.
However, the end of December saw an exponential increase in infections in all parts of the world, due to the spread of the Omicron variant. In order to cope with the spread of this new variant, many

countries have decided to adopt new restrictive measures that will come into force at the end of the year.
The key to ending the crisis worldwide appears to be the completion of vaccination programmes among the population and the effectiveness against any new variants.
The pandemic has made the need for safe personal transport increasingly important among the population – to the detriment of public transport, which is seen as a potential vector of transmission. The Group continues to work to seize the opportunities presented by potential growth in demand, offering products that guarantee safe travel with low or no environmental impact.
Since the virus first spread, Piaggio has taken all possible precautions to guarantee the safety of its employees at its premises.
The Group continues to manage the current scenario very carefully in terms of its commercial network of distributors and dealers, and in terms of its customers, to meet its commitments and to continue to offer maximum support.
Against this difficult backdrop, the Piaggio group has concretely demonstrated its ability to respond effectively to an unprecedented health emergency.

The subsidiary Intermarine S.p.A., which operates in the **marine sector**, also maintained the measures it promptly put in place last year to comply with the requirements of the Government and relevant authorities to combat the spread of the Covid-19 virus to protect the community and the health of its workers, in accordance with regulations. In line with national legal provisions, during 2021, the company made use of the Covid-19 furlough scheme fund for a temporary reduction in work volumes; it also put in place a scheme for its workers to take holidays owed to them. From an economic and financial point of view, the Covid-19 pandemic has led to the interruption or slowing down of sales programmes with potential customers; in 2021, contact resumed, albeit at a slower pace, with navies to evaluate possible supplies of minesweepers under the Defence Programmes of various countries.

Information on operations and activities of the Immsi Group

The year 2021 was characterised by the continuing global health emergency caused by the Covid-19 virus. In this difficult context, the industrial sector, with the Piaggio group, has demonstrated its ability to implement effective responses to an unprecedented health emergency. The other sectors of the Group also worked in this difficult context to balance economic and financial objectives with health protection.

All indicators improved considerably compared to the previous year, with turnover increasing by 24.2%, EBITDA by 23.8% and the Group's net result amounting to €12.3 million compared to €9.8 million in the previous year. The net financial position also showed a positive result, with a decrease in net exposure of about €38.7 million to about €764.2 million (€802.9 million at 31 December 2020).

Earnings for the year report different trends with reference to the sectors comprising the Group, based on the different business trends of the period in question.
For a clearer interpretation, the following is reported on a preliminary basis:

- The "property and holding sector" consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A.;

- the "industrial sector" includes the companies owned by the Piaggio group, while

- the "marine sector" includes Intermarine S.p.A.

Some of the main financial data of the Immsi Group are presented below, divided by business segment and determined, as already stated, in accordance with international accounting standards (IAS/IFRS). A more detailed description of the figures below may be found later on in this document.

Alternative non-GAAP performance indicators

To facilitate understanding of the Immsi Group's economic and financial performance, in accordance with ESMA recommendations on alternative performance measures (ESMA/2015/1415), this Report contains some indicators which, although not set out under IFRS ("Non-GAAP Measures"), derive from IFRS financial measures.

These indicators, presented to allow a better assessment of the Group's operating performance, consist of those monitored by management, but should not be considered as an alternative to IFRS measures. They are identical to those contained in the Annual Report and Financial Statements at 31 December 2020 and in the periodical quarterly reports of the Immsi Group.

It should also be noted that the methods for calculating these measures might not be the same as those adopted by other operators, as they are not specifically governed by the reference accounting standards and therefore might not be sufficiently comparable.

In particular, the following alternative performance indicators have been used:

- **EBITDA**: defined as operating income before amortisation/depreciation and impairment costs of intangible assets and plant, property and equipment, as reported in the consolidated income statement;

- **Net financial debt (or net financial position):** equal to financial liabilities (current and non-current) including trade payables and other non-current payables that include a significant component of implicit (or explicit) finance, minus cash and cash equivalents (ESMA Guidelines 2021 / 32-382-1138). On the other hand, as determined by the Immsi Group, net financial debt does not consider derivative financial instruments designated as hedging and non-hedging, fair value adjustments of the related hedged items and related accruals, fair value adjustments of financial liabilities, payables and accruals for interest accrued on bank loans, interest accrued on loans to third party shareholders and financial liabilities related to assets held for disposal.
  A detailed table highlighting the items that contribute to the indicator is included in this Report.

Immsi Group at 31 December 2021

In thousands of Euros	Property and holding sector	as a %	Industrial sector	as a %	Marine sector	as a %	Immsi Group	as a %
Net revenues	2,750		1,668,689		38,133		1,709,572	
Operating income before depreciation and amortisation (EBITDA)	-7,260	n/m	240,608	14.4%	-2,836	-7.4%	230,512	13.5%
Operating income (EBIT)	-8,384	n/m	112,574	6.7%	-6,440	-16.9%	97,750	5.7%
Profit before tax	-23,133	n/m	93,678	5.6%	-8,365	-21.9%	62,180	3.6%
Earnings for the period including non-controlling interests	-18,318	n/m	60,054	3.6%	-6,312	-16.6%	35,424	2.1%
Group earnings for the period (which may be consolidated)	-13,314	n/m	30,157	1.8%	-4,577	-12.0%	12,267	0.7%
Net debt	-323,805		-380,322		-60,106		-764,233	
Personnel (number)	57		5,702		238		5,997	

The same table referring to the previous year is presented below; A comparison between the two years is made in the specific comment on the single business sectors presented further on.

Immsi Group at 31 December 2020

In thousands of Euros	Property and holding sector	as a %	Industrial sector	as a %	Marine sector	as a %	Immsi ecGroup	as a %
Net revenues	1,455		1,313,690		61,622		1,376,767	
Operating income before depreciation and amortisation (EBITDA)	-5,869	n/m	186,050	14.2%	6,054	9.8%	186,235	13.5%
Operating income (EBIT)	-6,930	n/m	70,856	5.4%	2,519	4.1%	66,445	4.8%
Profit before tax	-21,263	n/m	50,166	3.8%	501	0.8%	29,404	2.1%
Earnings for the period including non-controlling interests	-15,708	n/m	31,322	2.4%	192	0.3%	15,806	1.1%
Group earnings for the period (which may be consolidated)	-6,113	n/m	15,728	1.2%	139	0.2%	9,754	0.7%
Net debt	-328,820		-423,617		-50,467		-802,904	
Personnel (number)	58		5,856		253		6,167	

It should be noted that the data given in the preceding tables refer to results that can be consolidated, that is, in particular, net of the intergroup revenues and costs and the dividends from subsidiaries.

The property and holding sector

In thousands of Euros	*31/12/2021*	*as a %*	*31/12/2020*	*as a %*	*Change*	*as a %*
Net revenues	2,750		1,455		1,295	89.0%
Operating income before depreciation and amortisation (EBITDA)	-7,260	n/m	-5,869	n/m	-1,391	-23.7%
Operating income (EBIT)	-8,384	n/m	-6,930	n/m	-1,454	-21.0%
Profit before tax	-23,133	n/m	-21,263	n/m	-1,870	-8.8%
Earnings for the period including non-controlling interests	-18,318	n/m	-15,708	n/m	-2,610	-16.6%
Group earnings for the period (which may be consolidated)	-13,314	n/m	-6,113	n/m	-7,200	-117.8%
Net debt	-323,805		-328,820		5,015	1.5%
Personnel (number)	57		58		-1	-1.7%

The "property and holding sector" consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A.;

Overall, the **property and holding sector** shows a negative consolidated net result of the Group in 2021 of approximately €13.3 million, a deterioration of approximately €7.2 million compared to the previous year, mainly due to the increase in the share attributable to the ISM Investimenti and Is Molas results group.

The net financial position of the sector was in debt by €323.8 million, improved compared to €328.8 million at the end of the previous year. The change, equal to €5 million, is mainly attributable to the collection of the advance price by Pietra Srl on the sale of the subsidiary Pietra Ligure Srl.

The operating outlook of main companies in this sector is given below.

The **Parent Company Immsi S.p.A.** recorded, in its separate financial statements, (gross of intergroup eliminations) a net loss for the year of approximately €31.3 million, compared to a net profit of approximately €4.9 million at 31 December 2020.
In 2021, the Company recorded a negative financial income (difference between financial income and costs) of €26.6 million. This value was mainly impacted by the write-downs of financial receivables from subsidiaries and equity investments for a total of €50.5 million (€15 million in 2020) only partially offset by the €19.9 million of dividends paid by the subsidiary Piaggio & CSpA (€16.5 million in 2020).
Net revenues achieved by Immsi SpA during the 2021 financial year deriving from the management of services amounted to €0.5 million, down compared to the previous year following the closure of assistance contracts with subsidiaries.

Net debt at 31 December 2021, gross of intercompany eliminations, was negative for €23.6 million compared to approximately €6.8 million positive at 31 December 2020.

With regard to initiatives in the **property sector** and in particular with reference to the subsidiary **Is Molas S.p.A.**, it should be noted that the company has promoted the rental of *mockup* villas in order to allow potential end customers, including investors, to better understand the product and the related services offered (e.g. wellness and home catering) in order to be able to assess the income capacity of the same. In parallel, during 2021, commercial activities were carried out aimed at identifying possible buyers of the same also at an international level, as far as possible given the limitations linked to the Covid-19 health emergency. The company also successfully launched activities for the sale of the property complex “Le Ginestre”, which consists of 50 residential units (Residences) and several parking spaces, in order to rationalise the property complex. The first offers received on some of the property units were accepted and the first 2 units were sold by December 2021. Sales activities also continued during the first months of 2022.

With reference to the results for the year, the Covid-19 pandemic has significantly impacted the business in which Is Molas SpA operates and consequently also the economic-financial data for the current year, albeit with significant recovery over 2020 thanks above all to villa rentals. In particular, the pandemic impacted the opening of the hotel, the general reduction in the flow of customers during the opening period and the intermittent use of active services.
The turnover, referring both to the tourism-hotel business and the golf business, is equal to approximately €2.8 million compared to about half of that in 2020. In terms of margins, a negative EBIT of €2.8 million was recorded, an improvement of approximately €0.7 million compared to the previous year due to the early opening of the hotel from June 2021 compared to July of the previous year.
The net consolidated loss for the Immsi Group is equal to €2.8 million.

The company's net debt, gross of intercompany eliminations, shows a net debt of €74.5 million compared to €75.1 million at 31 December 2020. It should be noted that in 2021 the company benefited from the conversion of receivables into equity reserves for €5 million by the parent company ISM Investimenti SpA.

With reference to the **Pietra Ligure** project, it should be noted that on 22 July 2021 the direct parent company Pietra Srl (77.78% owned by Immsi SpA and 22.22% by Intesa Sanpaolo SpA), signed with Polifin SpA (holding company Bosatelli family) - which later became Corus Life Pietra Ligure SpA whose share capital is entirely held by Polifin SpA - a preliminary contract for the sale of the entire investment held in Pietra Ligure Srl, for a total consideration of €30 million. The execution of the contract is subject, as usual, to certain conditions precedent (to be precise, two of an administrative nature involving the Liguria Region and the Municipality of Pietra Ligure), both of which occurred between the end of the 2021 financial year and the early months of 2022. The transaction is therefore expected to be executed by the first half of 2022.

Pietra S.r.l.'s consolidated net result in 2021 is equal to -€0.2 million and in line with the result of the previous year, while the net financial position, gross of intragroup eliminations, is positive for €7.1 million (compared to -€2.8 million at 31 December 2020) following the collection of the €10 million down payment on the aforementioned sale. The net consolidated result of **Pietra Ligure S.r.l.**, controlled, as mentioned above, by Pietra S.r.l.. and into which the Pietra Ligure property complex with the related Concession and Town Planning Agreement was merged, was a negative €0.5 million compared to a loss of €0.3 million at 31 December 2020) and net financial debt, gross of intercompany eliminations, amounted to €3.1 million (€2.8 million at 31 December 2020), in addition to the financial debt related to the discounting of the flows linked to the above concession (as required by IFRS 16) for approximately €6 million.

With reference to the subsidiary **Apuliae S.r.l.**, renovation work that began in March 2005 is suspended, following investigations by the legal authorities and pending the final decision of outstanding matters. For updates on the matter, see the paragraph "Disputes in progress" below. At

31 December 2021, the company showed a slight loss in earnings (€0.1 million) and a net financial debt, gross of inter-company eliminations, of €0.8 million, in line with 2020.

Other major companies in the property and holding sector include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.:

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds a 72.51% stake, and sole shareholder of Intermarine S.p.A., reported a net loss for consolidation purposes for the Immsi Group equal to approximately €3.2 million (€-3.5 million in 2020) and net financial debt gross of inter-company eliminations at 31 December 2021 amounting to €127.5 million, an increase of approximately €1.6 million compared to 31 December 2020;

- **RCN Finanziaria S.p.A.**, held by Immsi S.p.A. with a stake of 72.64% and parent company of Is Molas S.p.A. with a stake of 92.59% as at 31 December 2021, shows a consolidated net loss for the Immsi Group of approximately €5.9 million (-€3.5 million in 2020) and a net financial debt before intercompany eliminations as at 31 December 2021 of €134.1 million, up by approximately €6 million compared to the figure as at 31 December 2020 mainly as a result of: i) the waiver by Immsi of receivables from ISM Investimenti SpA for approximately €8.8 million converted into equity reserve for future capital increases, ii) a similar transaction for €5 million for the benefit of the subsidiary Is Molas SpA by ISM Investimenti, iii) capitalisation of interest expense on some existing loans for approximately €7.3 million.

Industrial sector: Piaggio group

In thousands of Euros	*31/12/2021*	*as a %*	*31/12/2020*	*as a %*	*Change*	*as a %*
Net revenues	1,668,689		1,313,690		354,999	27.0%
Operating income before depreciation and amortisation (EBITDA)	240,608	14.4%	186,050	14.2%	54,558	29.3%
Operating income (EBIT)	112,574	6.7%	70,856	5.4%	41,718	58.9%
Profit before tax	93,678	5.6%	50,166	3.8%	43,512	86.7%
Earnings for the period including non-controlling interests	60,054	3.6%	31,322	2.4%	28,732	91.7%
Group earnings for the period (which may be consolidated)	30,157	1.8%	15,728	1.2%	14,429	91.7%
Net debt	-380,322		-423,617		43,295	10.2%
Personnel (number)	5,702		5,856		-154	-2.6%

As regards the **industrial sector,** 536,000 vehicles were sold worldwide in 2021, with a rise in volumes of approximately 11.0% compared to the previous year, when 482,700 vehicles were sold. Sales increased in all geographic segments. As regards product type, sales of Two-Wheeler vehicles grew (+16.9%) while sales of Commercial Vehicles fell (-12.0%).
The Piaggio group has concretely demonstrated its ability to respond effectively to an unprecedented health emergency. The Piaggio group closed the year 2021 with net revenues up compared to the corresponding period of 2020 (+ 27.0%) and by 9.7% compared to 2019 (pre-Covid year). In particular, the growth related to EMEA and Americas (+32.9%) and Asia Pacific (+33.4%) markets;

+35.1% at constant exchange rates), while in India, still negatively impacted by the pandemic, there was a slight drop (-0.8%; -2.5% at constant exchange rates).
As regards the type of products sold, the increase mainly referred to two-wheeler vehicles (+31.5%). Commercial Vehicles, on the other hand, saw a slight increase (+9.9%) due to the difficulties encountered on the Indian market caused by the tough economic situation of the industrial and transport sector created by the pandemic. As a result, the percentage of Commercial Vehicles accounting for overall turnover dropped from 20.8% in 2020 to the current figure of 18.0%; vice versa, the percentage of Two-wheelers rose from 79.2% in 2020 to the current figure of 82%.
Operating income including amortisation, depreciation and impairment costs of intangible assets and property, plant and equipment (EBITDA) for the year 2021 amounted to approximately €240.6 million (€186.1 million in 2020). In relation to turnover, EBITDA was equal to 14.4% (14.2% in 2020). In terms of Operating Income (EBIT), performance grew strongly in 2021 compared to 2020, with a consolidated EBIT equal to €112.6 million, up by €41.7 million compared to 2020; in relation to turnover, EBIT was equal to 6.7% (5.4% in 2020).

The result of financing activities improved compared to the previous year by €1.8 million, with net expenses amounting to €18.9 million (€20.7 million in 2020). This improvement was mainly due to a decrease in average debt.

Taxes for the period were equal to €33.6 million, while they amounted to €18.8 million in 2020. In 2021 the impact of taxes on profit before tax was estimated as equal to 35.9% (37.6% in 2020). The decrease is mainly related to the drop in income produced in India and to the tax benefit deriving from the exercise of the option, pursuant to Art. 110 of Decree Law 104/2020, for the realignment of some intangible assets.
Adjusted net profit stood at €60.1 million (3.6% of turnover), up on the figure for the previous year of €31.3 million (2.4% of turnover).
Net financial debt at 31 December 2021 amounted to €380.3 million, down €423.6 million compared to 31 December 2020. The reduction is a consequence of the positive trend in sales and the careful management of working capital.

Two-wheeler business

Two-wheeler vehicles can mainly be grouped into two product segments, scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.
The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).

Revenues for the period were negatively affected by the Covid-19 health emergency, which led to the closure of production and commercial activities for several weeks in many countries.
During 2021, the Piaggio group sold a total of 449,700 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,369 million, including spare parts and accessories (€139.4 million, +16.8%). The overall growth recorded in both volumes (+ 16.9%) and turnover (+ 31.5%) originated from the increases recorded in EMEA and Americas (+ 8.1% volumes; +30.6% turnover) in India (+36.4% volumes; +35.8% turnover) and in the Asia Pacific area (+26.1% volumes; +33.4% turnover).

India, the most important two-wheeler market, reported an increase in 2021, closing with less than 14.5 million vehicles sold, up by 1.4% compared to 2020.
The People's Republic of China resumed its growth trend (+5.5%), closing at just under 6.21 million units sold. The Asian area, termed Asean 5, reported an increase in 2021 (+15.6% compared to 2020) ending the period with nearly 11.1 million units sold.

The North American market reported an increase (+8.7%) compared to 2020 (629,307 vehicles sold in 2021).
Europe, the reference area for Piaggio group activities, performed well in 2021, with an overall increase of 4% in sales compared to 2020 (+5.6% for the motorcycle segment and +2.3% for scooters), ending the period with approximately 1.512.756 million units sold. In 2021, the Piaggio group reached an overall share of 13.1% in the European market (14.2% in 2020), confirming its leadership in the scooter segment (22.7% currently compared to 24% in 2020). The group, with its own sites in India and Vietnam, also operates in the "premium" segment of the Indian market and in Asia Pacific countries. In particular, Piaggio is one of the leading segment operators in Vietnam, which is the group's main market in the Asian area.
On the North American market, Piaggio consolidated its position, from 28.2% in 2020 to 35.0% in 2021.

Commercial vehicles business

The Commercial vehicles business includes three- and four-wheelers with a maximum mass below 3.5 tons (category N1 in Europe) designed for commercial and private use, and related spare parts and accessories.
In 2021, the turnover amounted to approximately €299.7 million, including approximately €49.7 million related to spare parts and accessories, registering a 9.9% growth over 2020. During the period, 86,300 units were sold, down by 12.0.% on 2020.
On the Emea and Americas market, the Piaggio group sold 18,200 units, generating a total net turnover of approximately €134,5 million (up by 52.2%), including spare parts and accessories.

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 51,166 three-wheelers on the Indian market (72,534 in 2020).
The same affiliate also exported 16,939 three-wheeler vehicles (11,620 in 2020).

The Piaggio group operates in Europe and India on the light commercial vehicles market, with vehicles designed for short-range mobility in urban areas (European range) and suburban areas (the product range for India).
In Europe, the group acts as operator on these markets in a niche segment (urban mobility), thanks to its range of low environmental impact products.
On the Indian three-wheeler market, Piaggio has a 19.5% market share (27.9% in 2020). Detailed analysis of the market shows that Piaggio lost its leadership position – albeit narrowly – in the goods transport segment (cargo segment) with a share of 34.6% (46.8% in 2020). In the Passenger segment, its share instead was 14.6% (19.7%% in 2020).

The Marine sector: Intermarine

In thousands of Euros	31/12/2021	as a %	31/12/2020	as a %	Change	as a %
Net revenues	38,133		61,622		-23,489	-38.1%
Operating income before depreciation and amortisation (EBITDA)	-2,836	-7.4%	6,054	9.8%	-8,890	-146.8%
Operating income (EBIT)	-6,440	-16.9%	2,519	4.1%	-8,959	-355.7%
Profit before tax	-8,365	-21.9%	501	0.8%	-8,866	-1769.7%
Earnings for the period including non-controlling interests	-6,312	-16.6%	192	0.3%	-6,504	-3387.5%
Group earnings for the period (which may be consolidated)	-4,577	-12.0%	139	0.2%	-4,716	-3387.5%
Net debt	-60,106		-50,467		-9,639	-19.1%
Personnel (number)	238		253		-15	-5.9%

With reference to the **marine sector**, during 2021 there was a decrease in net revenues (consisting of turnover and changes in contract work in progress) which amounted to €38.1 million, compared to the previous year to €61.6 million. Production progress, including the completion of construction and deliveries, concerned in particular:

- Defence Sector: this sector achieved a Production Value of €33.8 million (€52.8 million in 2020), for the logistics package for the Guardia di Finanza (€0.7 million), for the Gaeta MMI activities (€7.8 million), for the construction of the integrated platform for an Italian group operating in the sector (€21.6 million), for the development of studies for MMI on new generation minesweepers (€2.2 million), for the development of the order MMI logistics package for special high-speed units (€0.3 million) and for other minor orders and various income (€1.2 million);

- Fast Ferries Sector: this sector achieved a Production Value of €4.6 million (€13.8 million in 2020) mainly due to the development at the Messina shipyard of the construction of the two units for the Port Authorities (€4.5 million) and for repairs and research projects; Provisions were made for inventories of semi-finished products for €2.0 million which had a negative effect on the production value.

The figures for the 2021 financial year show a negative EBITDA of €2.8 million, a negative EBIT of €6.4 million, a negative pre-tax result of €8.4 million and a net loss of €6.3 million. From an economic point of view, these figures reflect the production values and margins of the contract related to the production progress of contracts acquired, the effects of the slowdown in production and postponed acquisition of new orders due to the Covid-19 pandemic, and structural costs substantially in line with the previous year.

From a financial perspective, there was an increase in net financial exposure from €50.5 million at 31 December 2020 to €60.1 million at the end of 2021.

The total value of the order book at 31 December 2021 is €34 million (remaining part of the contracts in place that still needs to be implemented in terms of value of production) and may broken down as follows:

- Italian Navy, Refitting and TS Gaeta Programme for €8 million,
- Italian Navy, Contract for 2, ultra high-speed naval vessels for €5 million;
- Italian Navy, feasibility study contracts on new generation minesweepers for €4 million;
- Guardia di Finanza, Logistics Package for €2 million;
- Italian operator, Integrated Minesweeper Platform for €10 million;
- Ministry of Infrastructure and Transport - Harbour Offices for €5 million for one CP3000 unit.

With reference to the 2020 strategic agreement between Intermarine and Leonardo for the search for new commercial opportunities and in the field of research and development on new technologies, in 2021 the parties held two Commercial Committees, continuing the activities envisaged in the relevant Regulations. In June 2021, the company also submitted a budgeted quotation to Leonardo for the supply of two navigation platforms, one of which using the "ex ROCN" semi-finished product, for the definition of an overall offer by Leonardo, as prime contractor, to a foreign navy.

On 9 February 2021, the Company signed a €4.0 million contract with Marina Militare Italiana - Navarm for the "Risk Reduction and Design Definition Study for the New Generation Offshore Mine Countermeasures Unit (CNG-A)"; the development of the study is expected to be completed in 24 months. This contract is part of the modernisation programmes of the Italian Navy's Mine Countermeasures fleet, which include, also based on the Long-term Planning Documents of the Navy of the last two years, the construction of 12 new vessels over the next few years, to replace the 4 Lerici-class minesweepers and 8 Gaeta-class minesweepers;

Financial position and performance of the Group

As already mentioned, the economic and financial data for 2021, although impacted by the Covid-19 health emergency, show that all the main indicators have improved considerably compared to the previous year. The Immsi Group recorded positive results thanks to the various initiatives implemented since the previous financial year to limit the impact of the pandemic, and to the partial reopening of mobility in various geographical areas worldwide made possible by the spread and effectiveness of vaccines.

A change to the scope of consolidation has arisen due to Piaggio & C. S.p.A.'s buyback of 17,000 shares . The consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.21% at 31 December 2020, was equal to 50.22% at 31 December 2021. Moreover, with reference to the stake held by the parent company Immsi S.p.A. in ISM Investimenti S.p.A., in consideration of the different equity rights due to the two shareholders and of the impairment test analyses, the portion of shareholders' equity of ISM Investimenti S.p.A. consolidated was 72.64% at 31 December 2021 (a percentage representing the legal interest in the company), compared to 47.64% at 31 December 2020.

For more details on items in the statements, see the Notes. Specific notes referring to mandatory items are omitted as the main aggregates coincide.

Financial performance of the Group

The Group prepares reclassified figures as well as the financial statement schedules required by law. A short description of the main balance sheet and income statement items is provided below the reclassified schedules.

The below reclassified consolidated income statement of the Immsi Group is classified by the nature of the income components.

In thousands of Euros	*31/12/2021*		*31/12/2020*		*Change*	
Net revenues	**1,709,572**	**100%**	**1,376,767**	**100%**	**332,805**	**24.2%**
Costs for materials	1,066,726	62.4%	835,350	60.7%	231,376	27.7%
Costs for services, leases and rentals	282,962	16.6%	225,654	16.4%	57,308	25.4%
Employee costs	256,181	15.0%	230,798	16.8%	25,383	11.0%
Other operating income	155,007	9.1%	129,006	9.4%	26,001	20.2%
Net reversals (write-downs) of trade and other receivables	-1,731	-0.1%	-3,523	-0.3%	1,792	50.9%
Other operating costs	26,467	1.5%	24,213	1.8%	2,254	9.3%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**230,512**	**13.5%**	**186,235**	**13.5%**	**44,277**	**23.8%**
Depreciation and impairment costs of plant, property and equipment	55,817	3.3%	51,071	3.7%	4,746	9.3%
Impairment of goodwill	0	-	0	-	0	-
Amortisation and impairment costs of intangible assets with a definite useful life	76,945	4.5%	68,719	5.0%	8,226	12.0%
OPERATING INCOME (EBIT)	**97,750**	**5.7%**	**66,445**	**4.8%**	**31,305**	**47.1%**
Income/(loss) from investments	623	0.0%	504	0.0%	119	-
Financial income	27,302	1.6%	28,270	2.1%	-968	-3.4%
Borrowing costs	63,495	3.7%	65,815	4.8%	-2,320	-3.5%
PROFIT BEFORE TAX	**62,180**	**3.6%**	**29,404**	**2.1%**	**32,776**	**111.5%**
Taxes	26,756	1.6%	13,598	1.0%	13,158	96.8%
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**35,424**	**2.1%**	**15,806**	**1.1%**	**19,618**	**124.1%**
Gain (loss) from assets held for sale or disposal	0	-	0	-	0	-
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**35,424**	**2.1%**	**15,806**	**1.1%**	**19,618**	**124.1%**
Earnings for the period attributable to non-controlling interests	23,157	1.4%	6,052	0.4%	17,105	282.6%
GROUP PROFIT (LOSS) FOR THE PERIOD	**12,267**	**0.7%**	**9,754**	**0.7%**	**2,513**	**25.8%**

The consolidated net sales of the Immsi Group recorded an increase of €332.8 million (+24.2%) to around €1,709.6 million, referring to revenues from the industrial sector for approximately €1,668.7 million, the marine sector for approximately €38.1 million and the property and holding sector for approximately €2.7 million.
The growth of the industrial sector, amounting to €355 million (+27%), is the most significant component, while the marine sector decreased by approximately €23.5 million. The property sector also increased by approximately EUR 1.3 million.

Operating costs and other net consolidated expenses of the Group in 2021 amounted to €1,479.1 million (86.5% of net sales), with €1,428.1 million (equal to approximately 85.6% of net sales of the sector) relative to the Piaggio group. Costs for materials totalled €1,066.7 million, equal to 62.4% of net revenues. The cost relating to the industrial sector amounted to €1,057.9 million, equal to 63.4% of net revenues of the sector. Personnel costs totalled €256.2 million, accounting for 15% of net sales. The largest portion, amounting to €238.7 million (14.3% of net sales of the sector), refers to the Piaggio group.

Operating income including amortisation, depreciation and impairment costs of intangible assets and property, plant and equipment (EBITDA) amounted to €230.5 million, equal to 13,5% of net sales, of which €240.6 million contributed by the industrial sector.

Depreciation and amortisation for the year stood at €132.8 million (of which €128 million relates to the industrial sector), representing 7.8% of turnover, up by around €13 million compared to 2020 (+10.8%). Depreciation of property, plant and equipment amounted to €55.8 million (+€4.7 million compared to the figure for 2020), while amortisation of intangible assets totalled €76.9 million (68.7 million in 2020).

Consolidated operating income (EBIT) does not include any impairment of goodwill because on the basis of results expected from long-term development plans prepared by Group companies and used in *impairment* testing, it was not considered necessary to carry out impairment, as this goodwill was considered recoverable through future financial flows.
As the analyses conducted to estimate the recoverable value of the goodwill of cash generating units of the Immsi Group (Industrial sector and Marine sector) were determined also based on estimates, the Group does not have the assurance that an impairment loss in goodwill will not occur in future periods.
Given the current context of continuing difficulty and uncertainty in the reference markets and financial markets, as well as the possible impact of the pandemic, also exacerbated by geopolitical tensions relating to the crisis between Russia and Ukraine, the various factors - both internal and external to the identified cash-generating units - used in the preparation of the estimates could be revised in the future. The Group will constantly monitor these factors and the possible existence of future impairment losses.

EBIT amounted to €97.8 million compared to €66.4 million at 31 December 2020, equal to 5.7% of net sales.

The net balance of financial activities - including investments not fully consolidated - was negative by €35.6 million, comprising a net negative balance of €18.9 million for the industrial sector and a net negative balance of €1.9 million relative to the marine sector, while the property and holding sector registered a negative balance of approximately €14.7 million.

As a result of these trends, the pre-tax result was a positive €62.2 million, with the industrial sector contributing a positive €93.7 million, while the marine and property and holding sectors contributed negative €8.4 million and €23.1 million respectively.

After taxation for the year of €26.8 million and net of non-controlling interests of €23.2 million, consolidated net income attributable to the Group amounted to €12.3 million, compared to consolidated net income of €9.8 million at 31 December 2020.

Reclassified financial situation of the Group

In thousands of Euros	*31/12/2021*	as a %	*31/12/2020*	as a %
Current assets:				
Cash and cash equivalents	290,373	12.6%	249,886	11.7%
Financial assets	0	0.0%	0	0.0%
Operating activities	547,368	23.7%	447,339	21.0%
Total current assets	**837,741**	**36.3%**	**697,225**	**32.8%**
Non-current assets:				
Financial assets	0	0.0%	0	0.0%
Intangible assets	888,962	38.5%	866,099	40.7%
Property, plant and equipment	355,284	15,4%	336,850	15.8%
Other assets	226,126	9.8%	227,731	10.7%
Total non-current assets	**1,470,372**	**63.7%**	**1,430,680**	**67.2%**
TOTAL ASSETS	**2,308,113**	**100.0%**	**2,127,905**	**100.0%**
Current liabilities:				
Financial liabilities	449,829	19.5%	481,273	22.6%
Operating liabilities	772,705	33.5%	627,386	29.5%
Total current liabilities	**1,222,534**	**53.0%**	**1,108,659**	**52.1%**
Non-current liabilities:				
Financial liabilities	604,777	26.2%	571,517	26.9%
Other non-current liabilities	89,935	3.9%	85,780	4.0%
Total non-current liabilities	**694,712**	**30.1%**	**657,297**	**30.9%**
TOTAL LIABILITIES	**1,917,246**	**83.1%**	**1,765,956**	**83.0%**
TOTAL SHAREHOLDERS' EQUITY	**390,867**	**16.9%**	**361,949**	**17.0%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,308,113**	**100.0%**	**2,127,905**	**100.0%**

Notes: Current and non-current financial assets and liabilities are in line with the Immsi Group's definition of consolidated net financial debt. Assets held for disposal and liabilities associated with assets held for disposal have been reclassified to Other assets and Other non-current liabilities, respectively.

Current assets as of 31 December 2021 amounted to €837.7 million, up by €140.5 million compared to 31 December 2020. This increase is essentially due to the positive change in operating activities, equal to +€100 million, mainly related to the increase in inventories of the Piaggio group, and cash and cash equivalents (+€40.5 million), also mainly related to the Industrial sector.

Non-current assets at 31 December 2021 (including assets held for disposal of €34.1 million) amounted to €1,470.4 million compared to €1,430.7 million at 31 December 2020, an increase of €39.7 million.
In particular, among non-current assets, intangible assets amounted to €889 million, up by €22.9 million compared to 31 December 2020, tangible assets amounted to €355.3 million (€336.9 million at the end of 2020) - mainly as a result of investments for the year whose value exceeded depreciation - and other assets amounted to €226.1 million (compared to €227.7 million at the end of 2020), which was mainly affected by the sale by the Piaggio group in February of the Martorelles site, recorded under investment property, for €4.6 million.

Current liabilities at 31 December 2021 totalled €1,222.5 million, down by €113.9 million compared to 31 December 2020, of which €449,8 million attributable to financial liabilities and €772.7 million to current operating liabilities.

Current liabilities at 31 December 2021 amounted to €694.7 million, compared to €657.3 million at 31 December 2020. The increase is mainly attributable to greater financial liabilities.

At the end of 2021 total interest expense amounted to €5.1 million due to non-controlling interests of Group companies accrued on loans received. Despite the financial nature of this debt, the Group does not consider this amount in the determination of net financial debt.

Consolidated shareholders' equity attributable to the Group and non-controlling interests amounted to €390.9 million at 31 December 2021, of which €158.9 million attributable to non-controlling interests.

An analysis of **capital employed** and its financial cover is presented below:

In thousands of Euros	*31/12/2021*	*as a %*	*31/12/2020*	*as a %*
Current operating assets	547,368	44.0%	447,339	35.8%
Current operating liabilities	-772,705	-62.1%	-627,386	-50.2%
Net operating working capital	**-225,337**	**-18.1%**	**-180,047**	**-14.4%**
Intangible assets	888,962	71.4%	866,099	69.3%
Property, plant and equipment	355,284	28.5%	336,850	26.9%
Other assets	226,126	18.2%	227,731	18.2%
Capital employed	**1,245,035**	**100.0%**	**1,250,633**	**100.0%**
Non-current non-financial liabilities	89,935	7.2%	85,780	6.9%
Capital and reserves of non-controlling interests	158,919	12.8%	132,504	10.6%
Consolidated Group shareholders' equity	231,948	18.6%	229,445	18.3%
Total non-financial sources	**480,802**	**38.6%**	**447,729**	**35.8%**
Net Financial debt	**764,233**	**61.4%**	**802,904**	**64.2%**

The following table shows the change in the **net financial position** for the year:

In thousands of Euros	*31/12/2021*	*31/12/2020*
Cash generated internally	197,025	166,114
Change in net working capital	4,343	-2,475
Net cash flow generated from operations	**201,368**	**163,639**
Payment of dividends to non-controlling interests by Group companies	-19,733	-16,358
Acquisition of intangible assets	-97,848	-88,447
Purchase of property, plant and equipment	-67,175	-54,761
Net decrease from property sales and assets held for disposal	15,912	1,221
Acquisition of controlling investments and business complexes, net of disposals	-10	0
Other net movements	6,157	-11,802
Change in net financial position	**38,671**	**-6,508**
Initial net financial position	**-802,904**	**-796,396**
Closing net financial position	**-764,233**	**-802,904**

The Group's net financial debt at 31 December 2021 amounted to a total of €764.2 million, a significant decrease (approximately €38.7 million) compared to the balance of €802.9 million at 31 December 2020, mainly due to investments in tangible and intangible assets for the year, totalling €159.1 million, and the payment of dividends to third-party shareholders of certain Group companies for €19.7 million, more than offset by the net cash flow generated by operations.

Group gross capex in the year totalled €165 million, divided as follows:

- €97.8 million in intangible assets, referring nearly entirely to the Piaggio group;
- €67.2 million in property, plant and equipment, referring nearly entirely to the Piaggio group.

The table below provides a breakdown of net financial debt at 31 December 2021 compared with the same figure at 31 December 2020.

Net financial debt is shown in accordance with ESMA Guidelines 32-382-1138 of 4 March 2021, adjusted as follows: does not take into account designated hedging and non-hedging derivative financial instruments, the fair value adjustment of the related hedged items and the related accruals, whose net value at 31 December 2021 was negative by approximately €0.1 million; fair value adjustments of financial liabilities, payables and accrued interest on bank loans totalling €3.1 million; interest accrued on loans to minority shareholders totalling €5.1 million; financial liabilities related to assets held for sale totalling €6 million, referring to the present value of future lease payments by Pietra Ligure S.r.l.. For details, see the paragraph Financial liabilities in the Explanatory Notes.

In thousands of Euros	***31/12/2021***	***31/12/2020***
A Cash and cash equivalents	-290,373	-249,886
B Cash equivalents	0	0
C. Other financial assets	0	0
D Total liquidity (A + B + C)	**-290,373**	**-249,886**
E Current financial payables (including debt instruments, but not including current portion of non-current financial debt		
- Bonds	0	11,038
- Payables due to banks	228,101	276,816
- Lease liabilities	8,204	8,850
- Amounts due to other lenders	67,230	62,364
F Current portion of non-current financial debt	146,294	122,205
G Total current financial debt (E + F)	**449,829**	**481,273**
H Net current financial debt (G + D)	**159,456**	**231,387**
I Non-current financial debt (excluding current portion and debt instruments)		
- Payables due to banks	344,469	278,633
- Lease liabilities	15,911	19,987
- Amounts due to other lenders	247	318
J Debt instruments	244,150	272,579
K Trade payables and other non-current payables	0	0
L Non-current financial debt (I + J + K)	**604,777**	**571,517**
M Net financial debt (H + L)	**764,233**	**802,904**

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Financial position and performance of the Parent Company

A summary and short description of the main financial statement items are given below. Further information on these items may be found in the explanatory Notes to the financial statements of Immsi S.p.A..

In thousands of Euros	*2021*	*2020*
Earnings on financial operations	-26,618	5,545
Profit before tax	-31,449	2,625
Operating result	-31,264	4,891
Net operating working capital	66,161	63,111
Employed capital	374,381	376,132
Non-financial sources	350,816	382,933
Net Financial debt	23,565	-6,801
Shareholders' equity	344,853	374,522
Personnel (number)	10	10

In 2021, the Parent Company recorded a loss from financing activities of €26,618 thousand compared to a profit of €5,545 thousand in the previous year; The 2021 result was affected by write-downs of financial receivables from subsidiaries and equity investments for a total of €50.5 million (€15 million in 2020), deriving from the assessment of the recoverability of values recorded under assets by comparison with their market value ("fair value"), only partially offset by higher dividends paid by the subsidiary Piaggio & C.. S.p.A. (+€3.4 million compared to the amount paid in 2020).
The pre-tax loss amounted to €31,449 thousand compared to a pre-tax profit of €2,625 thousand in 2020.
2021 closed with a loss of €31,264 thousand compared to a profit of €4,891 thousand in the previous year.

Net operating working capital went down from €63,111 thousand at 31 December 2020 to €66,161 thousand at the end of 2021.

Invested capital amounted to €374,381 thousand at 31 December 2021 compared with €376,132 thousand at 31 December 2020.

Non-financial sources at 31 December 2021 comprised €5,963 thousand (€8,411 thousand at the end of 2020) of non-current non-financial liabilities (mainly deferred tax liabilities) and €344,853 thousand of shareholders' equity (€374,522 thousand at the end of 2020).

The net financial debt at 31 December 2021 was negative €23,565 thousand compared to a positive balance of €6,801 thousand at 31 December 2020; The decrease, amounting to approximately €30.4 million, is mainly due to the aforementioned write-down of financial receivables as well as the waiver of receivables from subsidiaries in order to strengthen their shareholders' equity through the creation of reserves for future capital increases, only partially offset by the net cash flow generated by operations.

	31/12/2021	31/12/2020
Cash and cash equivalents	(13,944)	(8,460)
Other short-term financial assets	(1,119)	(1,455)
Medium/long-term financial assets	(216,228)	(240,424)
Short-term financial payables	214,066	172,312
Medium/long-term financial payables	40,790	71,226
Net Financial debt	**23,565**	**(6,801)**

Statement of reconciliation between shareholders' equity and net profit for the year of the Parent Company and consolidated companies

The reconciliation between shareholders' equity and earnings for the year of the Parent Company and consolidated figures are shown below:

In thousands of Euros	*Shareholders' equity*	*Operating result*
Shareholders' equity and earnings for the year as recorded in the financial statements of the Parent Company Immsi S.p.A.	344,853	(31,264)
De-recognition of dividends from subsidiaries of the Parent Company	n/a	(19,906)
Elimination of capital gains on sale of stakes in subsidiaries of the Parent Company	n/a	0
Pro rata earnings and shareholders' equity of investee companies	454,774	12,931
Elimination of the carrying amount of investments	(600,545)	17,641
Elimination of the effects of other intergroup transactions and other records	32,865	32,865
TOTAL	**231,947**	**12,267**

Activities relating to research, development and innovation

The Immsi Group carries out research, development and innovation activities through the Piaggio group which, in 2021, continued its commitment to maintaining technological leadership in the sector, and through subsidiary Intermarine S.p.A., whose research and development activities mainly concern new projects for vessels and prototypes, production technologies, plant innovations and innovative materials.
For an in-depth analysis of the projects supported by the Group and the resources allocated to them, readers are referred to the section on Products and Services in the Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016 of the Immsi Group included in this Report and in the section on the Product Dimension of the Piaggio group's Corporate Social Responsibility *Report* 2021.

Risk factors

Due to the nature of its business, the Group is exposed to different types of risks. For this reason, the Group has developed procedures at both the Parent Company level and in its main subsidiaries to manage risks in the most exposed areas. These risks are identified at a strategic, external, operational and financial level, and also take into consideration sustainability issues, in particular so-called "ESG" (Environmental, Social and Governance related) risks, i.e. those related to environmental factors, personnel, social aspects and human rights and the fight against active and passive corruption. Details are provided in the 2021 Consolidated Non-Financial Statement.

Strategic risks

Reputational and Corporate Social Responsibility risk – In carrying out its operations, the Group could be exposed to stakeholders' perception of the Group and its reputation and their loyalty changing for the worse because of the disclosure of detrimental information or due to sustainability requirements in the Non-financial Statement published by Immsi S.p.A. and Piaggio & C. S.p.A. and in the CSR Report published by Piaggio & C. S.p.A. not being met, as regards economic, environmental, social and product-related aspects.
Risks related to defining strategies – In defining its strategic objectives, the Group could make errors of judgment with a consequent impact on its image and financial performance.
Risks related to adopting strategies – In carrying out its operations, the Group could be exposed to risks from the wrong or incomplete adoption of strategies, with a consequent negative impact on achieving the Group's strategic objectives.

External risks

Risks related to the macroeconomic and geopolitical context – To mitigate any negative effects arising from the macroeconomic and geopolitical context, the Group and in particular the Piaggio group continued its strategic vision, diversifying operations at international level – in particular on markets in the Asian area Asia where growth rates of economies are still high, and consolidating the competitive positioning of its products. To achieve this, the Piaggio group focuses on research activities, and in particular on the development of engines with a low consumption and a low or zero environmental impact.

It should be noted that the Immsi Group is following the evolution of the crisis between Russia and Ukraine very closely, which risks having serious repercussions on the world economy, also as a result of the sanctions that have already come into force or are still being defined. The extreme geographical diversification of sales means that at 31 December 2021 the Group's exposure in this area is small, with sales of approximately €931 thousand out of the Group's consolidated sales of €1.7 billion.
It is also reported that the Group has no subsidiaries, associates and/or other legal, manufacturing or commercial entities in areas affected by the conflict.

The Group is also constantly monitoring the restrictive measures that are gradually being decided in response to the crisis between Russia and Ukraine so as to comply fully with them.

Risks related to consumer purchasing habits – The success of the Group's products depends on its ability to manufacture products that cater for consumer's tastes and – with particular reference to the Piaggio group – can meet their needs for mobility.

With reference to the subsidiary Intermarine, however, the success of the company in the different lines of business in which it operates depends on the ability to offer innovative and high quality products that guarantee the performance demanded by customers, in terms of lower fuel consumption, higher performance, greater passenger transport capacity, greater cruising comfort, handling and safety of the vessels used, among other things, in the defence and control of territories.

If the products of the Immsi Group companies were not appreciated by customers, revenues or, further to more aggressive sales policies in terms of discount drives, margins would be lower, and this would have a negative impact on the related economic and financial situation. To tackle this risk, the Group has always invested in research, development and innovation activities to enable it to optimally meet customer needs and anticipate market trends by introducing innovative products.

Levering customer expectations and emerging needs, with reference to its product range and customer experience is essential for the Piaggio group to maintain a competitive edge. Through market analysis, focus groups, concept and product testing, investments in research, development and innovation and sharing its roadmap with suppliers and partners, Piaggio aims to capitalise on emerging market trends to renew its own product range. Customer feedback enables Piaggio to evaluate customer satisfaction levels and fine tune its own sales and after-sales service model.

Risks related to the high level of market competition – Over the last few years, the characteristics and dynamics of the competitive background of markets on which the Group operates have changed considerably, above all regarding prices, also due to a declining demand worldwide. In addition, the Group is exposed to the actions of competitors that, through technological innovation or replacement products, could obtain products with better quality standards and streamline costs, offering products at more competitive prices.

The Piaggio group has tried to tackle this risk, which could have a negative impact on the financial position and performance of the Group, by manufacturing high quality products that are innovative, cost-effective, reliable and safe, and by consolidating its presence in the geographic segments where it operates.

With reference to the marine sector, and the mine sweeping platforms segment, Intermarine has a considerable technological edge over the competition, while the Fast Ferries division is affected in particular by a context in which the owners prefer carrying out repairs on operating vessels rather than investing in new constructions. We are waiting for the identification of shipowners with investment plans to replace vessels in operation, who can share with the company the completion of prototypes according to their own operational requirements. The company has high hopes for the years to come for these types of new vessels, which give owners more passenger capacity, higher speed and lower fuel consumption. The risk could derive from the uncertainties of fitting out the new prototypes and the lack of funds and programmes to renew the fleet on the part of Italian and international shipowners. In this respect, shipowners will now be able to verify and use the availability of financial resources under the NRP.

Risk related to the regulatory and legal framework – Numerous national and international laws and regulations on safety, noise levels, consumption and the emission of pollutant gases apply, in particular to Piaggio products. Strict regulations on atmospheric emissions, waste disposal, the drainage and disposal of water and other pollutants also apply to the group's production sites.

Unfavourable changes in the regulatory and/or legal framework at a national and international level could mean that products can no longer be sold on the market, forcing manufacturers to invest to renew their product ranges and/or renovate/upgrade production plants.

To deal with these risks, the group has always invested in research and development into innovative products, anticipating any restrictions on current regulations. Moreover, the group, as one of the sector's leading manufacturers, is often requested to be represented on parliamentary committees appointed to discuss and formulate new laws.

Risks related to natural events and climate change – The Group operates through industrial sites located in Italy, India and Vietnam. These sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales.

Continual renewal of the sites prevents these risk scenarios. The potential impact of these risks is mitigated by specific insurance cover taken out for various sites based on their relative importance.

Risks related to the pandemic - If a pandemic spreads and measures are adopted by various governments to contain the virus, the Group's businesses could be negatively affected in terms of decreasing revenues, margins and cash flows.

In particular, the Piaggio group would have an impact on:

❏ the procurement chain: suppliers might no longer be able to produce/deliver the components necessary to supply production sites;

❏ production activities: the Group might no longer be able to use the workforce, following government regulations limiting personal movement, or it might be impossible for the company to guarantee a healthy, protected work environment;

❏ the distribution of products: measures to contain the spread of the virus could require sales outlets to be closed, or the Group might not be able to supply the sales network.

Piaggio has tried and is trying to deal with this risk, which could negatively affect the group's financial position and performance following a possible decrease in revenues, profitability and cash flows, thanks to a global sourcing policy, a production capacity distributed on different continents and a sales network present in over 100 nations.

As far as the marine sector is concerned, the continuation of the Covid-19 health emergency, in addition to the suspension and postponement of production activities and consequent delays to the operating stages of ongoing contracts, would also mean an interruption or slowing of sales activity with potential customers. The Intermarine S.p.A. subsidiary is mitigating this risk, which could have a negative impact on the company's economic and financial position, by resuming and intensifying to the greatest extent possible its commercial relations with navies in the area of various foreign countries' defence programmes, in addition to the Italian one, as well as by entering into strategic agreements with leading operators in the marine defence industry to seek new commercial and research and development opportunities.

The tourist-hotel sector is also significantly impacted by the spread of the Covid-19 pandemic, in particular by: the opening period of the hotel, the general reduction in the flow of customers when open; the availability of the services offered; and the development of business contacts aimed at identifying potential customers for the real estate project. In response to the situation, the IS Molas S.p.A. subsidiary scrupulously follows all guidelines and relevant measures issued by the various authorities to protect its guests and employees, thus effectively protecting their health. It also promptly utilises all the cost-reducing and support measures made available by the government.

In addition, during the Covid-19 pandemic, measures were adopted in the Group's plants, as well as in the administrative offices of the various companies belonging to the Group, to ensure: social distancing; the sanitisation of workstations and common areas; the adoption of specific PPE; and the introduction of smart working. These measures remain partially in force. The activity is overseen by anti-Covid committees at a company level throughout the Group.

Risk related to the adoption of new technologies – The risk related to the adoption of new technologies is associated above all with the Piaggio group, which is exposed to risk arising from the difficulty of keeping abreast with new technologies, both in terms of products and the production process. To address this risk, the Italian offices in Pontedera, Noale and PADc - Piaggio Advanced Design Center in Pasadena are dedicated to research, development and testing of new technological solutions, such as those dedicated to vehicle electrification. Piaggio Fast Forward in Boston is also studying innovative solutions to anticipate and respond to the mobility needs of the future.

As regards the production process, Piaggio has operational areas dedicated to the study and implementation of new solutions to improve the performance of production facilities, with particular attention paid to sustainability and energy efficiency aspects.

Risks related to the sales network – The Piaggio group's business is closely related to the sales network's ability to guarantee end customers a high quality sales and after-sales service. The Piaggio group deals with this risk by establishing specific technical/professional standards to adopt in contracts, and by adopting periodic controls.

Operating risks

Risks related to the product – The Group has to deal with risks related to product defects due to nonconforming quality and safety levels.

The risk for the Piaggio group refers to consequent recall campaigns, that would expose the Piaggio group to: the costs of managing campaigns, replacing vehicles, claims for compensation and above all if faults are not managed correctly and/or are recurrent, damage to its reputation. To mitigate these risks, the Piaggio group has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Piaggio group has also defined plans to manage recall events and has taken out insurance to protect the group against events attributable to product defects.

To deal with product risk, the subsidiary Intermarine instead normally adopts a type of contract that also includes assistance and logistics packages which are formalised in agreements regulating acquired contracts.

Risks related to the production process/business continuity – The group is exposed to risk connected with possible interruptions to company production, due to the unavailability of raw materials or components, skilled labour, systems or other resources.

To deal with these risks, the Group has necessary maintenance plans, invests in upgrading machinery, has a flexible production capacity and sources from several suppliers of components to prevent the unavailability of one supplier affecting company production.

Moreover, the operating risks related to industrial sites in Italy and other countries, as regards the Piaggio group, are managed through specific insurance cover assigned to sites based on their relative importance.

Risks related to the supply chain In carrying out its operations, the Group sources raw materials, semi-finished products and components from a number of suppliers.

As regards the Piaggio group, operations are conditioned by the ability of its suppliers to guarantee the quality standards and specifications requested for products, as well as their delivery times. To mitigate these risks, the Piaggio group qualifies and periodically evaluates its suppliers based on professional/technical/financial criteria in line with international standards.

With reference to the marine sector, Intermarine acquires raw materials, contracts and services from a large number of external suppliers, that have specific competencies, in particular in ship fitting. The close cooperation between producers and suppliers is common in the fields where the company operates and, while it may lead to economic benefits in terms of lower costs and greater flexibility, it also means that companies must rely on these suppliers. Supplier difficulties could have a negative impact, causing interruptions in and/or delays to production activities, with the risk of not meeting deadlines.

Risks related to the environment and health and safety – The Group has production sites, research and development centres and sales offices in different nations and so is exposed to the risk of not being able to guarantee a safe working environment, with the risk of causing potential harm to property or people and exposing the Group to legal sanctions, lawsuits brought by employees, costs for compensation payments and reputational harm.

To mitigate these risks, the Piaggio group adopts a sustainable development model that is based on environmental sustainability, in terms of safeguarding natural resources and the possibility that the ecosystem might absorb the direct and indirect impact of production activities. Specifically, the Piaggio group seeks to minimise the environmental impact of its industrial activities through careful definition of the technological transformation cycle and use of the best technologies and most modern methods of production.

The subsidiary Intermarine S.p.A. also adopts systems aimed at the most efficient management and monitoring of environmental and health and safety-related risks associated with its production activities. In particular, the shipyards at Sarzana and Messina have Environmental certification (Iso 14001), issued by RINA. Although not yet certified, all sites have also adopted the same Integrated Management System which also covers health and safety (ISO 45001).

The risks related to accidents/injuries sustained by personnel are mitigated by aligning processes, procedures and structures with applicable Occupational Safety laws, as well as best international standards.

These commitments are set out in the Codes of Ethics of Group companies.

For the Piaggio group, these commitments are also stated by top management in the group's "environmental policy" which is the basis for environmental certification (ISO 14001) and health and safety certification (ISO 45001 and BSOHSAS 18001) already awarded and maintained at production sites, is a mandatory benchmark for all company sites no matter where they are working.

Risks related to processes and procedures adopted – The Group is exposed to the risk of shortcomings in planning its company processes or errors and deficiencies in carrying out operations.

To deal with this risk, the Group has established a system of directives comprising organisational notices and Manuals/Policies, Management Procedures, Operating Procedures and Work Instructions. For the Piaggio group, all documents related to Group processes and procedures are part of the single Group Document Information System, with access that is regulated and managed on the company intranet.

Risks related to delays in the completion of orders – With particular reference to the subsidiary Intermarine S.p.A. operating in the marine industry, any delay in the completion of contracts in progress may lead to customers requesting penalties for late delivery where contractually agreed, with the risk of reducing the overall profitability of orders and reducing financial assets.

On the other hand, the company could pass on the effect of the impact on delivery times, for delays in deliveries and in completing services and for failing to pass tests, with the need to perform the tests again, to its subcontractors.

Risks related to human resources – The main risks the Group is exposed to concerning human resources management include the ability to recruit expertise, professionalism and experience necessary to achieve objectives. To offset these risks, the Group has established specific policies or practices for recruitment, career development, training, remuneration and talent management, which are adopted in all countries where it operates according to the same principles of merit, fairness and transparency, and focusing on aspects that are relevant for the local culture.

The employees of Group companies are protected by laws and collective labour contracts that guarantee them – through local and national representation – the right to be consulted on specific matters, including programmes related to the use of staff in accordance with ongoing job orders.

In Europe, the Piaggio group operates in an industrial context with a strong trade union presence, and is potentially exposed to the risk of strikes and interruptions to production activities.

In the recent past, the Group was not affected by major interruptions to production because of strikes. To avoid the risk of interruptions to production activities, as far as possible, the Group bases its relations with trade union organisations on dialogue.

Legal risks – The Group legally protects its products and brands throughout the world. In some countries where the Group operates, laws do not offer certain standards of protection for intellectual property rights. This circumstance could render the measures adopted by the Piaggio group in particular to protect itself from the unlawful use of these rights by third parties inadequate.

Within the framework of its operations, the Group is involved in legal and tax proceedings. As regards some of the proceedings, the Group could be in a position where it is not able to effectively quantify potential liabilities that could arise. A detailed analysis of the main disputes is provided in the specific section of the Report on Operations.

Risks related to internal offences – The Group is exposed to risks of its employees committing offences, such as fraud, active and passive corruption, acts of vandalism or damage that could have negative effects on its business results in the year, and also harm the image and integrity of the company and its reputation. To prevent these risks, the Group has adopted Models pursuant to Legislative Decree No. 231/2001 and Codes of Ethics which set out the principles and values the entire organisation takes inspiration from.

Risks related to financial disclosure – The Group is exposed to the risk of possible inadequacies in its procedures that are intended to ensure compliance with main Italian and foreign regulations applicable to financial disclosure, running the risk of receiving fines and other sanctions. In particular there is a risk that financial reporting for Group stakeholders is not accurate and reliable due to significant errors or the omission of material facts and that the Group provides disclosure required by applicable laws in a manner which is inadequate, inaccurate or untimely.

It should be noted that the control activity provided for by Law 262/2005, in addition to referring to the Parent Company, is also extended to the Group's most important subsidiaries. The Group also has an internal audit function, while the financial statements are audited by the Independent Auditors.

ICT system risks - With reference to this category, the main risk factors that could compromise the availability of the Group's ICT systems include cyber attacks, which could cause the possible interruption of production and sales support activities or compromise the confidentiality, integrity and availability of personal data managed by the Group.

To mitigate these risks, Piaggio group has adopted a centralised system of controls to improve the Group's IT security.

Following the start of the crisis between Russia and Ukraine, the risk of cyber attacks has increased. As a result, the Group, with particular reference to the Industrial and Marine Sector, has intensified its monitoring and defence activities in order to mitigate the related risks as much as possible.

Other risks – In the specific case of the Parent Company Immsi S.p.A., in consideration of its nature as a holding company and the different phase of development and advancement of investments made both directly and through subsidiaries, its financial performance and profitability are strictly related to the financial performances of subsidiaries.

Financial risks

Risks related to insufficient cash flows and access to the credit market – At the end of the reporting period, the main sources of Group financing were:

- debenture loans for a nominal amount of approximately €250 million issued by Piaggio & C. S.p.A.;
- bank loans for a nominal amount of approximately €720.7 million. The type, rates and maturities of these loans are discussed in the Notes.

In addition, the Group has outstanding amounts due for leases, amounts due to subsidiaries not fully consolidated and amounts due to other lenders for an overall amount of approx. €91.6 million.

The Group is exposed to the risk arising from the production of cash flows that are not sufficient to guarantee Group payments due, with effects on adequate profitability and growth such as to guarantee the pursuit of strategic objectives. Moreover, this risk is connected with the difficulty the Group may have in obtaining loans or a worsening in conditions of loans necessary to support Group operations in appropriate time frames. The debt indicated above could also negatively affect Group operations in the future, limiting its capacity to obtain further financing or to obtain it at more favourable conditions. In particular, over the next 12 months, together with the short-term instalments of medium- and long-term loans, several short-term credit lines will expire, the renewal of which is crucial to be able to continue operating. A detailed examination of these lines is provided in the Notes.
To face this risk, the Group's cash flows and credit line needs are monitored constantly by management or, in the case of the Piaggio group, managed centrally under the control of the Piaggio group's Treasury Department, in order to guarantee an effective and efficient management of financial resources, as well as optimise the debt's maturity standpoint. In addition, Piaggio & C., parent company of the Piaggio group, finances the temporary cash requirements of its subsidiaries through the direct provision of short-term loans regulated at market conditions or through guarantees.
The Parent Company Immsi S.p.A. supports, where necessary, its subsidiaries in the "Property and Holding" and "Marine" sectors through credit lines in order to guarantee support for the implementation of their development plans.
Also with reference to the net financial indebtedness of the above-mentioned Sectors, reference should be made to the section of the Notes to the Financial Statements entitled "Accounting standards and measurement criteria".

Exchange rate risks – The Group, primarily through Piaggio group companies, undertakes operations in currencies other than the Euro and this exposes it to the risk of fluctuating exchange rates of different currencies. Exposure to business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis. With reference to the Piaggio group, the policy is to hedge at least 66% of the exposure of each reference month. Exposure to the settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency. In 2021, the exchange risk was managed in line with the current policy, which aims to neutralise the possible negative effects of exchange rate changes on company cash-flow, by hedging the business risk, which concerns changes in company profitability in relation to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

Interest rate risks – The Group has assets and liabilities which are sensitive to changes in interest rates and are necessary to manage liquidity and financial requirements. These assets and liabilities are subject to an interest rate risk and are hedged by derivatives or, where necessary, by specific fixed-rate loan agreements. For a more detailed description, see the Notes to the Consolidated Financial Statements.

Credit risk – The Group is exposed to the risk of late payments of receivables. This risk is connected with any downgrading of the credit rating of customers and consequent possibility of late payments, or the insolvency of customers and consequent failure to receive payments. To balance this risk, the Group evaluates the financial reliability of its business partners. The Group, in particular the companies Piaggio & C. S.p.A. and Intermarine S.p.A., also stipulates contracts with important Italian and foreign factoring companies for the sale of trade receivables without recourse.

Risks related to deleverage – This risk is connected with compliance with covenants and targets to reduce loans, to maintain a sustainable debt/equity balance.
To offset this risk, the measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

Human resources

At 31 December 2021, Immsi Group employed 5,997 staff members, of which 57 in the property and holding sector, 5,702 in the industrial sector (Piaggio group) and 238 in the marine sector (Intermarine S.p.A.).
The following tables divide resources by category and geographic segment:

Human resources by category

numbers	31/12/2021			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	4	108	7	119
Middle managers and white-collar workers	32	2,273	138	2,443
Blue-collar workers	21	3,321	93	3,435
TOTAL	**57**	**5,702**	**238**	**5,997**

numbers	31/12/2020			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	5	107	6	118
Middle managers and white-collar workers	31	2,286	142	2,459
Blue-collar workers	22	3,463	105	3,590
TOTAL	**58**	**5,856**	**253**	**6,167**

numbers	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	-1	1	1	1
Middle managers and white-collar workers	1	-13	-4	-16
Blue-collar workers	-1	-142	-12	-155
TOTAL	**-1**	**-154**	**-15**	**-170**

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Human resources by geographic segment

numbers	31/12/2021			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	57	3,026	238	3,321
Rest of Europe	0	166	0	166
Rest of the world	0	2,510	0	2,510
TOTAL	**57**	**5,702**	**238**	**5,997**
numbers	31/12/2020			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	58	3,057	253	3,368
Rest of Europe	0	171	0	171
Rest of the world	0	2,628	0	2,628
TOTAL	**58**	**5,856**	**253**	**6,167**
numbers	Changes			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	-1	-31	-15	-47
Rest of Europe	0	-5	0	-5
Rest of the world	0	-118	0	-118
TOTAL	**-1**	**-154**	**-15**	**-170**

The decrease in personnel (-170 compared to 2020) refers nearly entirely to the Piaggio group (-154 units) which continued restructuring, streamlining and organisational reconfiguration measures in 2021.
At 31 December 2021 Group staff also included seasonal staff (with fixed-term contracts), mainly relating to the industrial sector.
For further information on Group employees (including salary and training policies, diversity and equal opportunities, safety, etc.), reference is made to the section Social Dimension of the Consolidated non-financial report at 31 December 2021, prepared pursuant to Legislative Decree 254/2016.

Group and Related-Party Transactions

As regards information concerning related-party transactions in accordance with IAS 24 - Related Parties Disclosures, undertaken by Group companies, such transactions took place as part of normal operations in market conditions or as established by specific laws. No atypical or unusual transactions were carried out during the period to 31 December 2021. In compliance with Consob Regulation No. 17221 on related party transactions, issued by Consob on 12 March 2010 and subsequently amended, the parent company Immsi SpA has adopted a procedure aimed at regulating the approval of related party transactions, available from the Issuer's website at www.immsi.it in the section Governance/Procedures.

The main economic and financial effects of Related-Party transactions and their impact on financial statement items, resulting from consolidated data of the Immsi Group at 31 December 2021 are shown below: the financial effects arising from consolidated intergroup operations were eliminated during consolidation.

Main economic and financial items	Amounts in thousands of Euros 2021	% accounting for financial statement items	Description of the nature of transactions	Amounts in thousands of Euros 2020
Transactions with Related Parties:				
Current trade payables	*121*	*0.0%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*	*114*
	38	*0.0%*	*Legal advisory services provided to corporate bodies*	*216*
Costs for services, leases and rentals	*198*	*0.1%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*	*189*
	184	*0.1%*	*Legal advisory services provided to corporate bodies*	*216*
Transactions with Parent companies:				
Non-current financial liabilities	*529*	*0.1%*	*Financial liabilities for rights of use on Omniaholding S.p.A. leases*	*1,083*
Current financial liabilities	*715*	*0.2%*	*Financial liabilities for rights of use on Omniaholding S.p.A. leases*	*412*
Current trade payables	*395*	*0.1%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*	*380*
Costs for services, leases and rentals	*65*	*0.0%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*	*75*
Borrowing costs	*48*	*0.1%*	*Finance costs for rights of use Omniaholding S.p.A. and securities loan in favour of Immsi*	*48*
Transactions with Subsidiaries, Affiliated Companies, Joint Ventures:				
Trade receivables and other non-current	*67*	*0.2%*	*Receivables from Fondazione Piaggio*	*81*
Current trade receivables and other receivables	*5*	*0.0%*	*Receivables due from Consorzio CTMI*	*71*
	1,490	*1.1%*	*Trade receivables from Piaggio Foshan*	*841*
Current financial liabilities	*7*	*0.0%*	*Financial payables to Rodriquez Pietra Ligure S.r.l.*	*8*
Current trade payables	*16,623*	*2.5%*	*Trade payables of Piaggio & C. S.p.A. to Piaggio Foshan and Fondazione Piaggio*	*5,471*
Other current payables	*118*	*0.2%*	*Payables to the Piaggio Foundation*	*4*
Net revenues	*25*	*0.0%*	*Sales to Piaggio Foshan and Fondazione Piaggio*	*24*
Costs for materials	*31,331*	*2.9%*	*Purchases of Piaggio & C. S.p.A. from Piaggio Foshan*	*14,221*
Costs for services, leases and rentals	*7*	*0.0%*	*Costs for services from Fondazione Piaggio*	*7*
	120	*0.0%*	*Costs for services rendered by Consorzio CTMI*	*120*
Other operating income	*418*	*0.3%*	*Income from Piaggio Foshan*	*1,329*

Intesa Sanpaolo group, a minority shareholder of RCN Finanziaria S.p.A., ISM Investimenti S.p.A. and Pietra S.r.l., has shareholder loan agreements in investees and loan and guarantee operations with various Group companies.

Stock options

At the end of 2021, no stock option plans were adopted by the Immsi Group.

Investments held by members of company management and supervisory boards, by general managers and key senior managers

Regarding the disclosure requirements provided by the Issuers' Regulation No. 11971/99, relating to equity investments held in the Parent Company and in its subsidiaries, by the members of the management and supervisory boards, by the general managers, as well as spouses not legally separated and children who are minors, directly or through subsidiaries, trustees or third parties, as evidenced in the Shareholders' Register or from information received and other information acquired by those members of the management and supervisory boards and by the general managers, reference is made to the Report on Remuneration foreseen in Art. 84-quater of the aforementioned Consob Regulation on Issuers which will be made available, under the terms of the law, also on the Issuer's website www.immsi.it under the section "*Governance/General Meeting/Archive*".

Other information

Treasury shares

At 31 December 2021, Immsi S.p.A. held no treasury shares. The share capital of Immsi S.p.A. is unchanged at €178,464,000.00, represented by 340,530,000 ordinary shares with no nominal value.

Furthermore, the Ordinary Shareholders' Meeting of Immsi S.p.A. of 30 April 2021 approved a plan for the purchase and disposal of ordinary shares of the Company, revoking the previous authorisation of the Ordinary Shareholders' Meeting of Immsi S.p.A. of 14 May 2020.
On 14 May 2021, following the aforementioned approval at the Shareholders' Meeting, the Board of Directors of Immsi S.p.A. resolved to start a treasury share purchase programme; this is a useful strategic investment opportunity for all purposes allowed under applicable laws, including those envisaged in Art. 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, "MAR") and in the practices permitted by Consob pursuant to Art. 13 of the MAR, where applicable. Among these is the purpose of purchasing treasury shares with a view to their subsequent cancellation.

The purchase of shares connected with the adoption of the programme will be based on the procedures and limits established by the above-mentioned resolution of the shareholders' meeting and specifically:

- the purchase may concern a maximum of 10,000,000 Immsi ordinary shares, with no nominal value indicated, for a maximum value of €10 million and, therefore, within the limits established by law (20% of the share capital, pursuant to Art. 2357, paragraph 3, of the Italian Civil Code);
- the purchase of treasury shares must be within the limits of profit that may be distributed and available reserves as resulting from the last, also interim, financial statements approved at the time the operation takes place;
- purchases of treasury shares will be made on the regulated market in such a way as to ensure equal treatment of shareholders pursuant to Art. 132 of Legislative Decree 58/1998, with a gradual approach deemed appropriate to the interests of the Company and as permitted by current legislation, according to the procedures established in Art. 144-bis, paragraph 1, letter b) of Consob Regulation 11971/1999, as subsequently amended. Purchases should also take into account the conditions relating to negotiation referenced in Art. 3 of the Commission Delegated Regulation (EU) 1052/2016 ("Regulation 1052") in compliance with

the MAR, as well as the practices accepted by Consob pursuant to Art. 13 MAR, where applicable (i) to a consideration that is no higher than the price of the last independent transaction or the price of the highest independent offer currently available in the trading venues where the purchase is made (whichever is higher). The unit price cannot in any case be less than a minimum of 20% and a maximum of 10% higher than the arithmetic mean of the official Immsi share price in the ten trading days prior to each individual purchase; (ii) for volumes of more than 25% the average daily volume of Immsi S.p.A. shares traded on a regulated market on which the purchase is carried out, calculated according to the parameters as of Art. 3 of Regulation 1052;

- the purchase programme may also take place in several tranches, ending by 29 October 2022.

The subsidiary Piaggio & C. S.p.A. bought back 17,000 own shares in 2021; therefore, at 31 December 2021, Piaggio & C. held 1,045,818 treasury shares, equal to 0.292% of the shares issued.

Considerations on the share stock market value

Below are the main share data and price trend information:

Price as at 4 January 2021: Euros 0.422
Price as at 30 December 2021: Euros 0.434
Change during the year: + 2.84%

Maximum price: Euros 0.57 (on 6 September 2021)
Minimum price: Euros 0.394 (on 29 January 2021)
Weighted average price for the financial year 2021: Euros 0.4979

Volume traded in 2021: 172,179,863 shares
Stock market capitalisation at 30 December 2021: 147.8 million Euros

As of 22 March 2022 (last closing before the approval of the 2021 draft financial statements), the stock market price was 0.4395 Euros, corresponding to a capitalisation (to be calculated at 340,530,000 shares) of 149.7 million Euros.

Disclosure of payments

In relation to the disclosure obligations required by Art. 149-*duodecies* of the Consob Regulation on Issuers No. 11971/99, regarding the disclosure of payments for the year, made to the Parent Company Immsi S.p.A. and its subsidiaries for services provided:

a) by the independent auditors, for the provision of auditing services;
b) by the independent auditors, for the provision of services other than auditing, divided into services of verification finalised at issuing certification and other services, distinguished by type;
c) by the bodies belonging to the network of the independent auditors, for the provision of services, divided by type.

The table below provides a breakdown of the payments (as well as charges and additional expenses):

Disclosure of payments referred to the 2021			
Type of service	**Company providing the service**	**Recipient**	**Payments in Euro**
Auditing services	Deloitte & Touche S.p.A.	Parent Company - Immsi S.p.A.	75,329
	Deloitte & Touche S.p.A.	Subsidiaries	557,065
	Deloitte Network	Subsidiaries	314,862
	Other auditors	Subsidiaries	41,450
Certification services	Deloitte & Touche S.p.A.	Subsidiaries	17,000
	Deloitte Network	Subsidiaries	39,575
Audit of Non-Financial Statement	Deloitte & Touche S.p.A.	Parent Company - Immsi S.p.A.	13,452
and Corporate Social Responsibility Report	Deloitte & Touche S.p.A.	Subsidiaries	50,000
Other services	Deloitte & Touche S.p.A.	Subsidiaries	15,000
Total			**1,123,733**

The payments of subsidiaries operating in currencies other than the Euro and agreed in local currency have been translated at the average exchange rate for 2021.
The Shareholders' Meetings of Immsi S.p.A. and Piaggio & C. S.p.A., on 14 May and 22 April 2020 respectively, resolved to appoint Deloitte & Touche S.p.A. as independent auditors for the 2021-2029 financial years.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP

The 2021 “Report on Corporate Governance and Ownership Structure” was approved by the Board of Directors called for the approval of the draft Financial Statements at 31 December 2021, on 23 March 2022, and is made available to Shareholders in accordance with the law. The Report will also be available on the Company's website (www.immsi.it Governance section).

Consolidated non-financial statement (pursuant to Legislative Decree 254/2016)

The “Consolidated Non-Financial Statement” for the 2021 financial year was approved by the Board of Directors called for the approval of the draft Financial Statements at 31 December 2021, on 23 March 2022, and is made available to Shareholders in accordance with the law. The Report will also be available on the Company's website (www.immsi.it Investors section).

Management and coordination

The parent company, Immsi S.p.A., gives reasons why management and coordination activities were not performed by its parent company in section 2, letter l), of the Report on Corporate Governance and Ownership at 31 December 2021. Please refer to this for further information.

Personal data processing – Legislative Decree 196 of 30 June 2003 – Regulation (EU) 679 of 27 April 2016 (GDPR – General Data Protection Regulation)

As regards obligations of applicable legislation on data privacy, Immsi S.p.A., as Controller, has adopted various security measures listed in this legislation.
Following the entry into force of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data (GDPR), the Company has completed the process to align with regulations.
The Company is responsible, in accordance with law and in its capacity as "Controller", for all personal data processing it carries out and in view of this responsibility, adopts adequate security measures in relation to risks for the rights and freedoms of natural persons.

Disputes in progress

There are no ongoing disputes of any significance involving the Parent Company **Immsi S.p.A.**

As far as the property sector (Is Molas S.p.A.) is concerned, the following disputes of a legal and fiscal nature. are noted.}

- On 20 May 2015, Is Molas filed a writ of summons requesting compensation for damages caused by Italiana Costruzioni's breach of its obligations under the signed tender contracts. At the first hearing, the judge set the deadlines for the filing of pleadings and set the hearing for the admission of preliminary motions for 30 November 2016. During this latter hearing, in consideration of the new documentary evidence and notes filed by the counterparties, the judge adjourned the hearing to 4 May 2017 for the same formalities. On this occasion, the judge called for a resolution through negotiation between the parties and adjourned the hearing to the 23 November 2017. Here, the parties having failed to reach agreement, the parties were invited by the Judge to file pleadings with a view to the hearing on 11 April 2018.
  On 11 April 2018 Is Molas reiterated that it considers the issue of the validity of the building permits to be outdated, in light of what was written in the memorandum of 30 January 2018, and in the alternative requested that the expert be entrusted with the verification of the alleged forfeiture of the building permits and not only of the quantity and quality of the works carried out on site before 8 November 2012 (or 2 December 2012), as requested by the counterparty in the memoranda filed on 30 January 2018. On 12 October 2018, there was the first hearing for the examination of witnesses. On 23 and 30 November 2018 there were hearings to continue the examination of the witnesses and the taking of witness evidence took place. The new judge admitted a technical expertise and a hearing for the oath of the expert was set for 19 March 2020 and then postponed to 8 October 2020. Following the appointment and swearing in of the expert, on 21 October 2020, the expert operations of the technical appraisal ordered by the Judge began. The expert initially asked the Court for an extension of the terms of the appraisal, indicating the following deadlines: 30 July 2021 transmission to the parties of the expert's draft report; 30 September 2021 sending of observations by the party advisors; 30. October 2021 filing of the final version of the report; 16 February 2022 hearing for the examination of the expert. Subsequently, on 14 July 2021, an extension of the terms of the technical appraisal in progress was granted, and the new deadlines for the appraisal were set at 30 November 2021, for the sending of the draft expert report to the parties, 30 December 2021 for the observations of the PTCs, and a further deadline of 31 January 2022 for the filing of the final report, following the outcome of the observations. On 24 November 2021, the expert also requested a deferral until 30 April 2022 to carry out an attempt at conciliation. On 29 November 2021 the hearing was postponed to 1 June 2022 to verify the outcome of the conciliation attempt by the expert.
- With regard to the Order of 21 May 2014 in which the Administrative Appeals Court rejected the

request for suspension of the measure of the Municipality of Pula, which declared that there were insufficient elements to determine the forfeiture of the authorisations. The Administrative Appeals Court, in its ruling of 9 June 2016, declared the action brought by Italiana Costruzioni inadmissible and ordered the appellant to pay the costs of the proceedings in favour of the opposing parties. On 12 January 2017, Italiana Costruzioni was notified of its appeal to annul the Administrative Appeals Court ruling. On 14 February 2017 Is Molas filed the documents with the Council of State to oppose the appeal. The date of the hearing has not yet been announced.

- On 2 January 2012, the Court of Mantua accepted the request from the promissory buyers to obtain the repayment of double the confirmation deposit paid when the preliminary contract for the "Le Ginestre" property was signed. An appeal was filed against this ruling before the Brescia Court of Appeal. On 19 May 2016, the Court of Appeal of Brescia - First Civil Section, confirmed the validity of the expert appraisal carried out in first instance, rejecting Is Molas' appeal. However, also on the basis of the opinions received from the company's own external lawyers, it was believed that there were arguments which were not without merit and which had a real chance of being accepted, and therefore the company, on 19 June 2017, filed its appeal with the Court of Cassation. The Court of Cassation has set the hearing in the Council Chamber for 20 January 2021, therefore the parties filed their briefs within the time limits prescribed by law. The filing of the sentence by the Court of Cassation is pending. It should also be noted that, pending the deadline for challenging the appeal sentence, IH ROMA EST, one of the appellants, was declared bankrupt by the Court of Milan. Is Molas therefore filed an appeal also against the bankruptcy of IH ROMA EST, and a proof of claim, admitted as an unsecured debt of €542,892, pending the outcome of the aforesaid appeal before the Court of Cassation.

As regards the **property sector** (Apuliae S.r.l.), the following legal disputes are noted.

- In fact, in those proceedings dating from 2005, between the State Property Agency and the Province of Lecce, and which Apuliae was also joined as a party to the action, the Lecce Court, with its decision of 25 October 2017, upheld the State Property Agency’s counter-claim designed to obtain the declaration of termination, by law, of the agreement for the sale of the property complex in question, and also rejected Apuliae’s application for contractual damages to be paid by the State Property Agency or the Province of Lecce. Moreover, in a judgment published on 20 August 2020, the Court of Appeal of Lecce (deciding on the appeal brought by Apuliae against the judgment of first instance and on a different appeal, joined together, brought by the Province of Lecce against the same judgment), upheld the Province's arguments limited to the part in which it had been ordered to pay the damages in favour of the State Property Agency, confirming the judgment of first instance both in the part contested by the Province with respect to the alleged occurrence of the termination effect, and in the part, contested by Apuliae, with respect to the claim for compensation that the company had brought against the Province and State Property Agency. On 11 March 2021, the cross-appeal was notified to the Court of Cassation for the purpose of ascertaining the incorrectness of the ruling of the Court of Appeal in so far as it held that Apuliae was not entitled to compensation for the damage suffered in view of the fact that it should have been aware of the non-conformity of its application to participate in the procedure for the valorisation of the *former* Colonia Scarciglia.
  It should be noted that the outcome of this judgment is without prejudice to the claim made by Apuliae in the 2011 proceedings, as explained below.
- In the proceedings before the Court of Lecce, instituted by summons of 6 October 2011 by Apuliae against the Province of Lecce, for the payment of the sum of €1,546,949.68, relating to the costs incurred and to the works carried out in relation to the building complex called *former* Colonia Scarciglia, The Judge (considering the definition of the other judgment necessary) at the hearing of 13 January 2021, adjourned the case to 28 October 2022 for the closing arguments. In particular, also in the light of what can be read in those judgments, which recognise the fact improvements have been made to the property, it is possible to predict,

without prejudice to the complexity of the case, probable acceptance of the requests made by Apuliae pursuant to articles 2033 and 2041-2042 of the Italian Civil Code.

As regards the **industrial sector** (Piaggio group), the following legal and fiscal disputes are noted.

- Canadian Scooter Corp. Canadian Scooter Corp. (CSC), sole distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A to appear before the Court of Toronto (Canada) in August 2009 to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). The case is currently suspended due to no action being taken by the other party. Piaggio has assessed the possibility of filing a petition for an "order to dismiss" the proceedings, due to counterparty inactivity; However, it has decided not to proceed at the moment because the costs outweigh the possible benefits.
- In 2010, Piaggio took action to establish an arbitration board through the Arbitration Chamber of Milan, for a ruling against some companies of the Case New Holland Group (Italy, Netherlands and the USA), as it was known at the time, to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles (NUV). In the award notified to the parties on 3 August 2012, the Board rejected the claims made by the company. The appeal brought by the company against this award, before the Court of Appeal of Milan, ended with the appeal being rejected. The company filed an appeal with the Court of Cassation. In the meantime, the parties reached a settlement agreement, waiving their claims and putting an end to the dispute.
- Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned Piaggio before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The company appeared in court requesting the rejection of all opposing requests. Da Lio requested and obtained the joinder of the proceedings with the proceedings opposing the injunction issued in favour of Piaggio for the return of the moulds retained by the supplier at the end of the supply agreement. The proceedings were therefore joined and with an order pursuant to Art. 186-ter of the code of civil procedure dated 07 June 2011, Piaggio was ordered to pay €109,586.60, plus interest, relative to the amounts not contested. During 2012, witness evidence was taken followed by a technical appraisal, requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The technical appraisal was concluded at the end of 2014. The case was adjourned to 23 September 2016 for specification of the pleadings and a decision was reached. Subsequently, the Court of Pisa had to reassign the case, and after the interruption, the re-appointed Judge decided to re-examine the proceedings and set a new hearing for closing arguments. The parties submitted their closing arguments again, exchanging relative briefs and rejoinders. In a ruling published on 08 August 2019, the Court of Pisa ordered Piaggio in the first instance to pay a total of approximately €7,600,000 and to publish the ruling in two national newspapers and two specialist journals. Piaggio, assisted by its lawyers providing counsel in the appeal proceedings who had indicated the many reasons for filing an appeal and the grounds of the company, filed an appeal before the Appeal Court of Florence, requesting the ruling to be revised and its enforcement to be suspended. On 21 October 2020, the Florence Court of Appeal (Third Civil Court section) partially accepted the petition to suspend the enforceability of the ruling made by Piaggio up to the amount of €2,670,210.26, rejecting the rest of the appeal and confirming the enforceability of the ruling for the additional amounts. The Court of Appeal ordered the exchange of written submissions containing the Parties' requests and conclusions in lieu of the first hearing set for 9 June 2021. As a result of the situation related to the Covid-19 pandemic, the case was adjourned to the next hearing on 8 June 2022 for closing arguments.
- In June 2011 Elma S.r.l., a Piaggio dealer since 1995, brought two separate proceedings against the company, claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged

breach and abuse of economic dependence by the company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000. During the case, Piaggio requested the enforcement of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop enforcement of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments, which was adjourned to 3 March 2016 and was then not held as the judge was transferred. The case was reassigned to a new Judge, who set the hearing for 19 July 2018, which was adjourned to 10 October 2018 and then to 10 January 2019 to discuss arguments. In the latter hearing, although the parties had already filed their closing arguments, the Judge adjourned the case, for closing arguments to be made, to the hearing of 9 April 2019. In ruling No. 1211/2019, published on 25 November 2019, the Court of Pisa ruled in favour of Piaggio. The Judge threw out all claims made by Elma, ruling it to pay Piaggio the sum of €966,787.95 plus interest on arrears, deducting the amount of €419,874.14, already received by Piaggio through enforcing the guarantee. Piaggio has paid Elma (offsetting the amount) the sum of €58,313.42 plus legal interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma in relation to the sums to receive, while on 15 January 2020, Elma appealed against the above ruling with the Court of Appeal of Florence. At the first hearing held by way of written hearing on 2 March 2021, with the filing of authorised notes, the Court held the case for decision, assigning the parties legal deadlines for filing their final statements and respective replies, which were filed within the deadlines by both parties. As regards the matter, Elma has also brought a case against a former senior manager of the company before the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among other things, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments set for 21 December 2015 and subsequently adjourned, was not held as the Judge, on petition of Elma, re-opened the preliminary investigation, admitting testimonial evidence and setting the hearing for 25 May 2016. On this date, examination of the witnesses began and the hearing was adjourned to 24 October 2016 to continue the preliminary investigation. On 11 April 2017, the parties made an attempt at conciliation, initiated by the Judge, which was unsuccessful. The Judge admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed, adjourning the case to the hearing of 9 October 2018 for closing arguments. The expert's appraisal was filed in October 2018. The parties exchanged their closing arguments and respective rejoinders. In a ruling of 31 May 2019 (published on 3 June 2019) the Ordinary Court of Rome, Civil Section XII, rejected the claim made by Elma S.r.l., also ordering it to pay the expert's fees and legal fees. Elma appealed to the Court of Appeal of Rome, summoning Piaggio to a hearing on 15 April 2020, postponed to 6 March 2021 and again postponed to 6 April 2021, and held by written hearing with exchange of authorised notes. At this stage, the Court rejected the request for annulment of the technical appraisal carried out at first instance, formulated by Elma, deeming this decision to be strictly related to the examination of the appeal on merits, and therefore adjourned the case to the hearing of 10 October 2023 for closing arguments.

- The company TAIZHOU ZHONGNENG summoned Piaggio before the Court of Turin, requesting the annulment of the Italian part of the 3D trademark registered in Italy protecting the form of the Vespa, as well as a ruling denying the offence of the counterfeiting of the 3D trademark in relation to scooter models seized by the Italian tax police at the 2013 EICMA trade show, based on the petition filed by Piaggio, in addition to compensation for damages. At the first hearing for the parties to appear, set for 4 February 2015, adjourned to 5 February 2015, the Judge arranged for a technical appraisal to establish the validity of the Vespa 3D trademark and the infringement or otherwise of Znen scooter models. At the hearing of 29 May 2015, having appointed the expert, the Judge set 10 January 2016 as the deadline for filing the final appraisal report and 3 February 2016 as the date for the hearing to discuss it. During this hearing, the Judge, considering the preliminary investigation as completed, set the hearing for closing arguments for 26 October 2016. In a ruling of 6 April 2017, the Court of Turin upheld in full the validity of the 3D Vespa mark of Piaggio, and the counterfeiting of said by the "VES" scooter by Znen. The Court of Turin also recognised the protection of Vespa in accordance with copyright, confirming the creative nature and artistic value of its form, declaring that the scooter "VES" by Znen infringes Piaggio copyright. The other party appealed against the sentence at the Appeal Court of Turin, where the first hearing took place on 24 January 2018. The case was adjourned to the hearing of 13 June 2018 for the closing arguments, after which statements and rejoinders and replications were exchanged. The Court of Appeal of Turin rejected the appeal made by Zhongneng in a ruling published on 16 April 2019. The other party appealed to the Court of Cassation, to which Piaggio filed a counter-appeal on 5 September 2019. The date of the hearing still has to be set.

- In summons dated 27 October 2014, Piaggio summoned PEUGEOT MOTOCYCLES ITALIA S.p.A., MOTORKIT S.a.s. di Turcato Bruno and C., GI.PI. to the court of Milan MOTOR di Bastianello Attilio and GMR MOTOR S.r.l. before the Court of Milan, to obtain the recall of Peugeot "Metropolis" motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation for damages for unfair competition, and the publication of the ruling in some newspapers ("Case 1"). In the hearing for the first appearance of 4 March 2015, the judge set the deadline for filing statements pursuant to Art. 183.6 of the Italian Code of Civil Procedure and appointed an expert witness. The witness's appraisal report was filed on 2 May 2017 and the Judge adjourned the case to the hearing of 28 February 2018 for closing arguments. At the hearing, the Judge ordered an addition to the expert's appraisal, filed on 20 June 2018 and set the new deadlines for the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio patents Nos. EP1363794B1, EP1571016B1, IT1357114 and Community design No. 487723-0001, as well as the claim of unfair competition, ordering Piaggio to pay 3/4 of the costs of the witness appraisal (equal to €22,800) and to pay the defendant €21,387 for the costs of the proceedings ("Judgment 2"), and also ordered the separation of the hearing on the infringement of patent No. EP1561612B1, combining it with the case brought by PEUGEOT MOTOCYCLES SAS for a declaration of erga omnes invalidity ("Case 2"). Piaggio appealed against Judgment 1 before the Court of Appeal of Milan. At the first hearing held on 17 February 2021, the Court verified the admissibility of the notification of the summons to appeal and the parties presented their respective arguments by referring to the filed documents. The Court rejected the objection raised by the appealing Peugeot on the grounds that the appeal was inadmissible, and set the hearing on 10 November 2021 for the closing arguments, postponed to the hearing on 23 March 2022, reserving the right to decide on the preliminary motion requests made by Piaggio in the appeal.
- PEUGEOT MOTOCYCLES SAS summoned Piaggio to appear before the Court of Milan, claiming that the patent based on which Piaggio filed a claim in Case 1 for counterfeiting would be voidable, due to a previously existing Japanese patent ("Case 2"). Piaggio appeared in court, claiming that the action taken by Peugeot could not proceed further and that the patent application referred to by Peugeot was irrelevant. During the hearing of 20 February 2018, the Judge established the deadlines for filing preliminary briefs and the case was adjourned to the hearing of 22 May 2018, after which an expert's appraisal was ordered, with the date of 15 January 2019 set for the filing. After the expert's appraisal was filed (confirming the validity of Piaggio's patent), and discussed during the hearing of 29 January 2019, the Judge requested further technical confirmations from the expert, establishing a deadline by which Peugeot must have requested additions to the appraisal. The Judge rejected Peugeot's request for clarification and considered that the case was ready for decision, adjourning the hearing to 15 December 2020 for the definition of the closing arguments of the joined cases (infringement and nullity). The Judge granted the time limits prescribed by law for the filing of closing statements, which were duly exchanged between the

parties. At Peugeot's request pursuant to Art. 275, paragraph 2 of the Italian Code of Civil Procedure, the Court ordered the discussion of arguments of the case, setting the hearing for 24 June 2021, holding the case for decision. On 20 September 2021, the Court of Milan – Business Section – ruled in favour of Piaggio (i) rejecting the application for invalidity of the EP patent owned by Piaggio, (ii) ascertaining the infringement and inhibiting, limited to Italy, the production, import, export, marketing, advertising, also through the Internet, of the aforementioned motorcycles; (iii) ordering Peugeot Italia to withdraw the counterfeit motorcycles from the market; (iv) establishing a penalty of €6,000 to be paid by each of the defendants for each Metropolis motorcycle marketed after the expiry of the deadline of thirty days from the notification of this ruling and of €10,000 to be paid by Peugeot Italia and Peugeot Motocycles S.A.S. for each day's delay in implementing order sub 3, after the term of deadline of ninety days from the notification of this ruling; (v) charging Peugeot the costs of litigation and also ordering it to pay legal costs in favour of Piaggio. Peugeot appealed against the ruling, and against Piaggio, at the same time taking action to suspend the provisional effect of the ruling in the first instance. The latter appeal was dismissed by an Order of 6 December 2021 confirming the provisional effect of the ruling in the first against Peugeot Italia. The appeal is pending and the first hearing is set for 23 March 2022.

- Piaggio started a similar legal action against PEUGEOT MOTOCYCLES SAS before the *Tribunal de Grande Instance* in Paris. As a result of the Piaggio action ("Saisie Contrefaçon"), several documents were obtained by a bailiff and tests carried out to prove the infringement of the Piaggio MP3 motorcycle by the Peugeot "Metropolis" motorcycle. The hearing took place on 8 October 2015 for the appointment of the expert, who will examine the findings of the Saisie Contrefaçon. On 3 February 2016, the hearing took place to discuss the preliminary briefs exchanged between the parties. The hearing for the assessment of the preliminary findings, set for 29 September 2016, was postponed to 9 February 2017 and subsequently to 6 September 2017. In February 2018, a preliminary expert's appraisal was filed defining documents based on which a ruling will be made on the counterfeiting alleged by Piaggio. The hearing was held on 29 January 2019 and proceedings were adjourned to the hearing of 17 October 2019. Subsequently, the term deadline for filing briefs was extended. A procedural hearing took place on 17 September 2020. The parties filed their respective pleadings and at the hearing on 11 March 2021, a decision was reached. In a sentence of 07 September 2021, the Court of Paris ruled in favour of Piaggio ordering Peugeot Motocycles to pay compensation for damages amounting to €1,500,000, in addition to further fines for infringement and legal costs, ordering a ban on Peugeot Motocycles manufacturing, promoting, marketing, importing, exporting, using and / or possessing in French territory any three-wheeler scooter that uses the control system patented by Piaggio (including the Peugeot Metropolis). The ruling, however, is not provisionally enforceable. Piaggio appealed for the provisional enforceability of the judgment in the first instance with a hearing held on 8 February 2022. The decision is scheduled for 8 March 2022. At the same time, Peugeot appealed against the ruling in the first instance and Piaggio appeared in the appeal proceedings.

The amounts allocated by Piaggio for the potential risks deriving from the current disputes appear to be consistent with the predictable outcome of the disputes.

- With reference to the tax disputes involving the parent company Piaggio & C. S.p.A., it should be noted that the dispute against the notices of tax assessment sent to the company and relating to the 2002 and 2003 tax years, was closed, as a result of signing up for the settlement concession procedure pursuant to Art. 6 of Law Decree No. 119/2018; this closure was declared by the President of the section of the Court of Cassation in charge of the case by decrees dated 4 June 2021 and 19 July 2021. Piaggio obtained a favourable ruling concerning these proceedings, in both the first and second instance, and with reference to both tax periods. The Italian Revenue Agency filed an appeal with the Court of Cassation and the company filed related appeals against it on 27 May 2013, with reference to the tax litigation made related to the 2002 tax period, and on 10 March 2014, for the tax litigation made relative to the 2003 tax period. On 22 May 2019, the company filed an application for a settlement concession pursuant to Art. 6 of Law Decree 119/2018, paying the amounts required by this law and on 10 June 2019, filed relative applications for suspension.

- It should also be noted that the dispute concerning the IRAP and IRES assessments sent to Piaggio & C. S.p.A. on 22 December 2017, both relating to the 2012 tax year and relating to transfer pricing, is pending before the Tuscany Provincial Tax Commission. In this regard, it should be noted that the company was successful in the first instance before the Florence Provincial Tax Commission with a ruling filed on 15 January 2020; the Revenue Agency appealed against this decision before the Provincial Tax Commission with a summons issued to Piaggio & C. on 12 October 2020; The company therefore filed an appearance on 2 December 2020 and is waiting for the date of the hearing to be set.

- With reference to the disputes arising from inspections relating to income produced by Piaggio & C. S.p.A. in India in the Indian tax years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, respectively involving claims for approximately €1.4 million, €1.3 million, €1.1 million and €0.9 million, inclusive of interest, the following is reported:

- for all the years concerned, Piaggio was successful before the Income Tax Appellate Tribunal;
- As regards disputes relative to the 2009-2010, 2010-2011, 2011-2012 and 2012-2013 periods, the Indian tax authorities filed an appeal against the first instance decision before the High Court;
- the dispute relative to the 2009-2010 period can be considered as settled, as no reply was received from the local tax authorities within the deadlines established by local regulations in response to a request for clarifications made over 700 days previously by the ruling body. In this regard, the Indian tax authorities could request a remittal for the reply, but in the opinion of consultants assisting the company the likelihood of the High Court granting this is remote;
- in relation to the disputes relating to the tax periods 2010-2011, 2011-2012 and 2012-2013, the date of the hearing is pending.

  Following the favourable judgements in the first instance, Piaggio obtained the reimbursement of the disputed amounts previously paid to the Indian tax authorities (for a total of €1.1 million) in compliance with local regulations.

  The company has not considered allocating provisions for these disputes, considering the rules in its favour, in the first instance, and the positive opinions expressed by consultants appointed as counsel.

- Furthermore, Piaggio received a VAT assessment order from the Indian tax authorities in relation to the 2010-2011 tax period, concerning the non-application of VAT on intergroup transactions with Piaggio Vehicles PVT Ltd regarding royalties. A similar order was also notified for the 2011-2012 and 2012-2013 tax periods. The amount of the dispute including interest is approximately €0.7 million for each of the disputed tax periods, of which a small part already paid to the Indian tax authorities, in compliance with local law. The company decided to appeal against the order referring to the 2010-2011 tax period before the High Court, filing its appeal on 17 June 2019; the Departmental Appellate Authority – Joint Commissioner of Sales Tax orders were appealed relating to subsequent tax periods, with appeals filed in July 2020 for the dispute concerning the 2011-2012 tax period and on 21 June 2021 in relation to the dispute concerning the 2012-2013 tax period.

The main tax disputes of other Piaggio group companies concern Piaggio Vehicles PVT Ltd, PT Piaggio Indonesia, Piaggio France S.A. and Piaggio Hellas S.A.

- With reference to the Indian subsidiary, some disputes concerning different tax years from 1998 to 2017 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

It should also be noted that in 2021, Piaggio Vehicles PVT Ltd decided to sign up for the Vivvad Se Vishwas Scheme, a facilitated dispute settlement procedure for certain disputes, thanks to which it was able to settle pending disputes by paying, where due, only the disputed tax (or 50% of it where appealed by the Indian tax authorities), thereby saving on penalties and interest.

- With reference to PT Piaggio Indonesia, the company has certain disputes outstanding relating to the 2015, 2017 and 2018 tax periods. In particular, in relation to the 2015 tax period, the company appealed against the notices concerning transfer pricing, Withholding Taxes and Value Added Tax respectively.
  With respect to the transfer pricing dispute, the Tax Court ruled on 27 January 2020 that the company was not in favour of the transfer pricing dispute with respect to one of the findings of the local tax authorities concerning financial guarantees. On 8 June 2020, the company filed an appeal against this ruling before the Supreme Court. On 22 September 2021, the Supreme Court issued a final ruling against the company, limited to the dispute concerning the deduction of the aforementioned financial guarantees.
  In relation to the dispute concerning Withholding Taxes, on 10 October 2019, the company appealed to the Tax Court, which on 5 March 2021, ruled against one of the findings made by the local tax authorities concerning financial guarantees. On 9 June 2021, the company filed an appeal against this ruling before the Supreme Court.
  With regard to the dispute on Value Added Tax, the company filed an appeal on 4 May 2021 with the Tax Court and the first hearing was held on 22 October 2021. It should be noted that the dispute also concerns the month of December 2014.
  With respect to the 2017 period, the company filed an appeal with the Tax Court on 8 September 2020 against the transfer pricing and withholding tax notice, and is waiting for the date of the hearing to be set.
  The total amount currently in question amounts to €0.3 million and where due (i.e. where not offset by the company's past losses) has already been paid in full to the Indonesian tax authorities in accordance with the regulations in force there.
  Finally, as regards the 2018 tax period, the dispute, relating to transfer pricing, concerns a higher tax of about €0.2 million. On 17 September 2021, the company appealed against filed action against the notice of assessment before the Tax Court.

- As regards Piaggio France, a favourable ruling was issued in December 2012 by the *Commission Nationale des Impots directes et des taxes sur le chiffre d'affaires*, the decision-making body ruling prior to legal proceedings in disputes with the French tax authorities concerning a general audit of the 2006 and 2007 periods. The French tax authorities, however, upheld their claims against the company, requesting payment of the amounts claimed and issuing related notices (one for withholding tax and the other for corporate income tax and VAT).
  The French company appealed against the notices and appeals were filed against the findings on withholding tax and corporate income tax, before the *Tribunal Administratif.* Appeals were lodged against decisions taken against the company on 7 September 2015 and 8 July 2016 before the *Cour Administrative d'Appel de Versailles*. Following the hearing on 23 January 2018, appeal judges issued a ruling in favour of the company. The amount in question, equal to approximately €3.7 million, including interest, initially paid in full to the French tax authorities, was then reimbursed following the ruling handed down by the *Cour Administrative d'Appel de Versailles*. This last ruling was appealed against by the French financial administration before the *Conseil d'Etat* that, in a ruling of 4 October 2019, put the case before the *Cour Administrative d'Appel de Versailles* to review the decision at a second level, identifying a lack of grounds. Following the hearing held on 22 June 2020, this court ruled against the French company, which had to repay the disputed amounts to the local tax authorities; however, the company was able to secure the ability to pay a significant portion (approximately €3.1 million) of these amounts in instalments in 2021 and 2022.
  On 7 December 2020, Piaggio France decided to appeal against the ruling before the *Conseil d'Etat* which, following the hearing held on 15 June 2021, deemed the appeal inadmissible,

rejecting it with a ruling dated 25 June 2021.
As a result of the latest unfavourable judgment received, the French company used the provision set aside for this dispute in the amount of €3.6 million.

- On 8 April 2015, Piaggio Hellas S.A. received a Tax Report following a general assessment for the 2008 tax period, with findings for approximately €0.5 million, including sanctions. On 12 June 2015, the Greek company appealed against the report with the Tax Center – Dispute Resolution Department. Following the unfavourable outcome of this appeal, the company appealed before the Administrative Court of Appeal, which ruled in favour of the local tax authorities in a ruling of 27 April 2017. The company therefore appealed before the Supreme Court. The hearing before this court is currently scheduled for 9 March 2022. The amount in question was paid in full to the Greek tax authorities. Based on positive opinions from professionals appointed as counsel, the company considers a favourable outcome and subsequent reimbursement of amounts paid as likely.

As regards the **marine sector** (Intermarine S.p.A), the following disputes of a legal and fiscal nature are reported below.

- With regard to the dispute with the subcontractor of the air-conditioning system for the Finnish contract, as per the judge's authorisation, on 28 February 2020, Intermarine served summons to the company Gruppo PSC S.p.A., as the incorporating company of the newco Atisa Marine S.r.l., formerly the assignee of the HVAC business unit of Atisa S.p.A..
  The PSC Group appeared in court on 20 May 2020, substantially referring to the defences and claims already made by Atisa S.p.A..
  The hearing, which had been postponed due to the Covid-19 emergency to 18 September 2020, was postponed ex officio by the judge to 20 May 2021 and then, at the request of the parties, again to 12 May 2022 for the closing arguments.
- Scoppa Charter S.r.l., the purchaser, through UniCredit Leasing, of a Conam 75 WB Alvadis II vessel delivered in 2010 for €2 million, had filed a summons with the Court of Naples for alleged non-compliance of the vessel with the sales specifications and the owner's manual and unsafe conditions of the vessel; at the end of September 2016, the Court of First Instance ruled in favour of Intermarine with respect to the counterparty's claim, but ordered the company to pay, on an equitable basis, €0.6 million in compensation.
  In 2017, Scoppa Charter filed an appeal against the first instance judgment, while Intermarine filed an appeal under Art. 351 for an injunction of the execution of the judgment; as a result of the injunction hearing, the Court of Appeal of Naples ordered the suspension of the enforceability of the 2016 judgment and set the hearing for the closing arguments for 10 September 2020; the same was subsequently postponed ex officio by the Court of Appeal of Naples to 3 March 2022 for the same purposes. According to the company's lawyers, the outcome of the appeal cannot be foreseen at the moment.
- In July 2020, Intermarine was notified of a request for arbitration administered by the International Chamber of Commerce of Paris from foreign banks claiming to act on behalf of a client of Intermarine, that had allegedly failed to exercise its rights following the termination of the contracts between the same client and Intermarine in April 2018. In particular, according to the foreign banks (which did not contest the legitimacy of the termination), the client remained inactive in taking action against Intermarine to have the contractual clauses governing the effects of the termination declared vexatious, and such inaction would legitimise the subrogation action brought in arbitration.
  Intermarine appeared in the arbitration contesting both the lack of arbitration jurisdiction and the non-recurrence of the conditions of the subrogation action and requested the issue of an award on these points, before proceeding to the discussion of the merits of the case; Intermarine nevertheless defended itself on the merits and brought counterclaims against the principal for damages suffered as a result of the termination of the contracts.
  The client did not formally enter into arbitration but nevertheless contested to the Chamber of

Arbitration the inadmissibility of the subrogation action and did not make any claim against Intermarine.
The board of arbitrators accepted Intermarine's request for a preliminary award on the admissibility of the subrogation action, and ruled that, before entering into the merits, the admissibility of the subrogation action and the subjective and objective limits of the extension of the arbitration clause to foreign banks, parties that are extraneous to the contracts between Intermarine and the client, with related effects on the jurisdiction of the Arbitral Tribunal, should be discussed, postponing the examination of the merits if the subrogation is declared admissible. The parties therefore filed briefs dealing with the issues identified by the Board of Arbitrators, and in these briefs Intermarine also discussed the merits of the protection requested by the foreign banks (given that they had granted the credit to the client in breach of the relevant banking laws and regulations).

The deadline for issuing the partial award is currently set at 31 December 2022. The complexity and new aspects of the legal issues to be dealt with in arbitration make it difficult to predict the exact outcome; at this stage, based on the legal assessments and arguments of its lawyers, Intermarine does not believe there are any probable or possible potential liabilities.

- For the disputes in which the company has been summoned to appear in court, with claims for compensation for alleged moral, biological and relational/existential damages due to the illness of former employees, for a total of €2 million, the preliminary investigation phases are underway and hearings have been held with the examination of witnesses for each party and in one case an expert witness has been appointed. Given the preliminary stages of the proceedings and the necessary and appropriate defence actions by the lawyers assisting the company, it is not possible at present to predict the outcome of these proceedings.

- With reference to the dispute with Monte dei Paschi di Siena (MPS) for compounding interest, advance capitalisation of interest expense, advance calculation of interest with debit, annual interest expense rates higher than contractual rates, maximum overdraft fees and application of interest expense to levels different from those agreed, a hearing in the Court of Cassation is pending.

- With reference to the dispute with the Municipality of Messina, for which on 28 January 2013 a favourable ruling was issued rejecting all claims of the Municipality and recognising the ownership of the areas owned by the State and the right of the Port Authority to operate them, Intermarine was served notice of the appeal lodged by the Autonomous Port Authority of Messina, which requested the suspension of the effects of the sentence. Following multiple postponements, the hearing was held on 25 March 2021 in document form with a decision postponed and a maximum legal time limit set for filing closing statements and rebuttals.
  At the hearing of 12 October 2021, the Court of Appeal of Messina issued a judgement declaring the case closed and settling the costs of the proceedings.

- For other legal disputes with suppliers and customers and for labour disputes there were no significant developments in the nine months compared to that already described in the Financial Statements for 2020; however, according to the lawyers assisting the company, no significant liabilities and charges should arise in excess of the risk provisions already set aside in the Financial Statements.

- As regards the tax litigation, we point out that, with the Order of the Supreme Court of Cassation No. 34864/21 - filed on 12 November 2021 - the litigation concerning the request for partial reimbursement of the registration tax paid at the time of the deed of sale of 18 December 2007 of the property complex located in the Municipality of Pietra Ligure was concluded in Intermarine's favour.
  Therefore, the company has definitively acquired the right to reimbursement of the amount of €264,495 plus accrued interest; the tax authorities were ordered to pay legal fees.
  For the sake of completeness, it should be noted that this ruling confirms the judgments of the judges on the merits that had upheld the company's worthy argument that the registration tax is

due at a reduced rate even when the property being sold is only partially subject to historical, artistic and cultural interest protection. In particular, the Provincial Tax Commission of Genoa had accepted the company's appeal with judgment No. 145/12/2013, while the Regional Tax Commission of Liguria had issued judgment No. 1498/2015 fully rejecting the Revenue Agency's appeal.

- During 2021, Sentence No. 473/2020 - favourable to Intermarine - issued by the Regional Tax Commission of Liguria became final, given the Tax Authorities did not appeal to the Supreme Court of Cassation.
  Therefore, the Notice of Payment issued by the Revenue Agency - Provincial Department of Savona - Territorial Unit of Albenga, concerning the additional registration tax for a total amount of €462,782 claimed in relation to the registration of the long-term Maritime Concession Agreement (Concession Register No. 10/2014 - Repertory Register No. 2840 - Case 8082) entered into on 30 December 2014 and registered at the Albenga Revenue Office on 14 January 2015, has been definitively annulled.
  It should be noted that the Savona Provincial Tax Commission had also upheld the company's grievances in Judgment No. 331/5/16.
- On 26 May 2008, the Customs Agency of La Spezia served a Formal Notice of Assessment to the company, relative to an inspection which began in 24 April 2008 concerning excise on mineral oils. On the basis of the above-mentioned tax audit report, on 19 June 2008, the tax authorities notified the company of Notice to Pay No. 2008/A/2753 of 3 June 2008 requesting the payment of the above-mentioned excise duties, plus interest and late payment indemnity, for a total amount of €37,680.
  The company had to make the payment, but against the aforementioned Notice No. 2008/A/2753, it filed a timely appeal with the La Spezia Provincial Tax Commission. On 10 January 2012, the Tax Commission handed down judgment No. 25, filed on 6 March 2012, rejecting the appeal.
  In November 2013, the company filed a timely appeal against this judgment with the Genoa Regional Tax Commission: the discussion on the merits took place on 15 May 2015 and on 2 March 2016 the judgement was filed, which accepted the company's appeal without reservation.
  On 6 July 2016 the Office - defended by the State Attorney General - appealed to the Court of Cassation; the company promptly appeared before the court, submitting a specific counter-appeal. On 5 December 2019, judgement No. 31769/19 was filed at the Court of Cassation, which, despite the contrary opinion of the General Prosecutor who had found in favour of rejecting the appeal, decided instead to accept the two arguments put forward by the Customs Agency.
  In light of the above situation, on 4 August 2020, the company notified the Customs Office of La Spezia of the summons to appeal, pursuant to Art. 63, of Legislative Decree No. 546/1992, so that the proceedings would be resumed before the Regional Tax Commission of Liguria, with a different composition, to re-examine the merits of the case. A date for the hearing still has to be set.

Significant events occurring after the reporting period and outlook of operations for 2022

With reference to the Industrial Sector, on 20 January 2022, the Piaggio group presented the results of a new study that explores and analyses the value of the Vespa brand, identifying it as a key asset in its portfolio. The study conducted by Interbrand, a global leader in brand consultancy, indicates Vespa as "a unique and globally recognised brand, thanks to its perfect combination of design, lifestyle and Italian tradition" and attests to the economic value of the Vespa brand of €906 million.
On 7 February, the placement with European and Asian banks of a loan on the Schuldschein market for a total of €115 million was completed. The transaction launched for an initial amount of €50 million euros was increased in relation to the amount of orders collected. It was therefore a successful debut for Piaggio on the Schuldschein market, not only in terms of the number of applications received, but

also because of the qualifying maturities of 3, 5 and 7 years. The financing will be used to refinance maturing debt by contributing to the diversification of lenders as well as strengthening the solid liquidity profile thanks to a longer average duration of debt.

2021 ended with better than expected results for the Piaggio group on both European and Asian markets, confirming overall the group's ability to respond to the various uncertainties that have characterised the performance of the world economy.
Thanks to a portfolio of unique brands in the world, Piaggio will continue its growth path in 2022, confirming planned investments in new products and new plants and strengthening its commitment to ESG issues, despite the general market context continuing to be affected by some critical issues concerning the increase in prices of main commodities, transport logistics and current international geopolitical tensions.
In this general framework, Piaggio will continue to work as always to meet its commitments and objectives, maintaining a constant focus on the efficient management of its economic and financial structure, to respond flexibly and immediately to the uncertainties of 2022.

With reference to the **marine sector** (Intermarine S.p.A.), in 2022, production advances related to orders acquired will be developed, carrying out various negotiations, particularly in the Defence sector, aimed at acquiring further orders that would allow the company to increase its order book and consequently guarantee conditions that will allow it to optimise its production capacity for the coming years.
The subsidiary will also pursue every opportunity to contain direct and indirect costs.

Finally, with reference to the **property and holding sector**, it is reported that in the first months of 2022 the second (and last) condition precedent relating to the sale of the investment held indirectly by the Parent Company Immsi SpA in Pietra Ligure Srl occurred. The sale of the shares is therefore expected to be finalised within the first half of 2022, and envisages a balance price in favour of the seller Pietra S.r.l. (a company directly controlled by Immsi S.p.A.) of €20 million, in addition to the advance price of €10 million collected in July 2021.

The Immsi Group is following the evolution of the crisis between Russia and Ukraine very closely, which risks having significant repercussions on the world economy, also as a result of the sanctions that have already come into force or are still being defined. The extreme geographical diversification of sales means that at 31 December 2021 the Group's exposure in this area is only about 0.05% in terms of turnover.
In view of the above, the macroeconomic scenario remains very uncertain and it is therefore extremely difficult to make accurate forecasts on the trend of orders and commercial, economic and financial results. However, the macro trends on which the Group has based and continues to base its growth capacity remain confirmed.

Certification pursuant to Art. 15 of Consob Regulation 20249/2017

Pursuant to Art. 2.6.2 paragraph 8 of the Regulations for Markets organised and managed by Borsa Italiana S.p.A., Immsi S.p.A. declares that the requirements referred to in Art. 15 of CONSOB Regulation No. 20249/2017 letters a), b) and c) relating to subsidiaries established and regulated by the law of States not belonging to the European Union are met.

Organisational, Management and Control Model pursuant to Legislative Decree 231/2001

With reference to the Organisation, Management and Control Models pursuant to Legislative Decree 231/2001 adopted by both the Parent Company and the main subsidiaries, it is noted that during the year they have been updated. For more details, please refer to the Report on Corporate Governance and Ownership Structures, available on the Company's website.

Declaration by the Executive in charge of financial reporting

The Executive in Charge of Financial Reporting, Mr Andrea Paroli, declares, pursuant to Art. 154-bis paragraph 2 of the Consolidated Law on Finance, that the accounting information contained in this Directors' Report on Operations as at 31 December 2021 corresponds to the documentary results, books and accounting records.

Secondary offices

The parent company Immsi S.p.A. carries out its activities in the registered office in Mantua — Piazza Vilfredo Pareto, 3 and in the secondary offices at Via Abruzzi, 25 — Rome and via Broletto, 13 — Milan.

For the Board of Directors

Chairman
Roberto Colaninno

Immsi Group

Financial Statements at 31 December 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

in thousands of Euros

ASSETS		31 December 2021	31 December 2020
NON-CURRENT ASSETS			
Intangible assets	*F1*	888,962	866,099
Property, plant and equipment	*F2*	355,284	336,850
Investment Property	*F3*	0	4,600
Investments	*F4*	11,077	9,157
Other financial assets	*F5*	16	37
Tax receivables	*F6*	8,928	12,399
Deferred tax assets	*F7*	145,134	138,488
Trade receivables and other receivables	*F8*	26,838	29,536
- of which with Related Parties		*67*	*81*
TOTAL NON-CURRENT ASSETS		1,436,239	1,397,166
ASSETS HELD FOR DISPOSAL	*F9*	34,133	33,514
CURRENT ASSETS			
Trade receivables and other receivables	*F8*	131,570	121,856
- of which with Related Parties		*1,495*	*912*
Tax receivables	*F6*	19,176	14,903
Inventories	*F10*	392,659	305,824
Other financial assets	*F5*	3,963	4,756
Cash and cash equivalents	*F11*	290,373	249,886
TOTAL CURRENT ASSETS		837,741	697,225
TOTAL ASSETS		2,308,113	2,127,905

LIABILITIES		31 December 2021	31 December 2020
SHAREHOLDERS' EQUITY			
Consolidated Group shareholders' equity		231,948	229,445
Capital and reserves of non-controlling interests		158,919	132,504
TOTAL SHAREHOLDERS' EQUITY	*G1*	390,867	361,949
NON-CURRENT LIABILITIES			
Financial liabilities	*G2*	604,777	571,517
- of which with Related Parties		*529*	*1,221*
Trade payables and other payables	*G3*	13,989	12,098
- of which with Related Parties		*0*	*0*
Provisions for severance liabilities and similar obligations	*G4*	36,074	38,254
Other long-term provisions	*G5*	20,098	13,424
Deferred tax liabilities	*G6*	13,438	13,635
TOTAL NON-CURRENT LIABILITIES		688,376	648,928
LIABILITIES ON DISCONTINUED OPERATIONS	*F9*	6,336	6,000
CURRENT LIABILITIES			
Financial liabilities	*G2*	454,940	488,298
- of which with Related Parties		*722*	*421*
Trade payables	*G3*	664,712	533,931
- of which with Related Parties		*17,177*	*6,181*
Current taxes	*G7*	21,581	14,876
Other payables	*G3*	64,491	49,215
- of which with Related Parties		*118*	*4*
Current portion of other long-term provisions	*G5*	16,810	24,708
TOTAL CURRENT LIABILITIES		1,222,534	1,111,028
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,308,113	2,127,905

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2021
in thousands of Euros

		31/12/2021	31/12/2020
Net revenues	*H1*	1,709,572	1,376,767
- of which with Related Parties		*25*	*24*
Costs for materials	*H2*	1,066,726	835,350
- of which with Related Parties		*31,331*	*14,221*
Costs for services, leases and rentals	*H3*	282,962	225,654
- of which with Related Parties		*574*	*608*
Employee costs	*H4*	256,181	230,798
Depreciation and impairment costs of plant, property and equipment	*H5*	55,817	51,071
Impairment of goodwill		0	0
Amortisation and impairment costs of intangible assets with a definite useful life	*H6*	76,945	68,719
Other operating income	*H7*	155,007	129,006
- of which with Related Parties		*418*	*1,329*
Net reversals (impairment) of trade and other receivables	*H8*	(1,731)	(3,523)
Other operating costs	*H9*	26,467	24,213
- of which with Related Parties		*0*	*7*
OPERATING INCOME (EBIT)		97,750	66,445
Income/(loss) from investments	*H10*	623	504
Financial income	*H11*	27,302	28,270
Borrowing costs	*H12*	63,495	65,815
- of which with Related Parties		*48*	*49*
PROFIT BEFORE TAX		62,180	29,404
Taxes	*H13*	26,756	13,598
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		35,424	15,806
Gain (loss) from assets held for sale or disposal	*H14*	0	0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS		35,424	15,806
Earnings for the period attributable to non-controlling interests		23,157	6,052
GROUP PROFIT (LOSS) FOR THE PERIOD	*H15*	12,267	9,754

EARNINGS PER SHARE
Amounts in Euros

From continuing and discontinued operations:	*31/12/2021*	*31/12/2020*
Basic	0.036	0.029
Diluted	0.036	0.029

From continuing operations:	*31/12/2021*	*31/12/2020*
Basic	0.036	0.029
Diluted	0.036	0.029
Average number of shares:	340,530,000	340,530,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2021

in thousands of Euros

	31/12/2021	*31/12/2020*
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	35,424	15,806
Items that will not be reclassified in the income statement		
Profit (loss) arising from the fair value measurement of assets and liabilities recognised in the statement of comprehensive income ("FVTOCI")	1,649	(1,502)
Actuarial gains (losses) on defined benefit plans	(1,557)	91
Total	92	(1,411)
Items that may be reclassified in the income statement		
Effective portion of profit (losses) from instruments to hedge cash flows	5,757	318
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	6,172	(10,228)
Share of subsidiaries/associates valued with the equity method	1,259	(274)
Total	13,188	(10,184)
Other Consolidated Comprehensive Income (Expense)	13,280	(11,595)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	48,704	4,211
Comprehensive income of minority interests	28,979	1,049
COMPREHENSIVE GROUP PROFIT (LOSS) FOR THE PERIOD	19,725	3,162

The values in the previous table are net of the corresponding tax effect.

STATEMENT OF CONSOLIDATED CASH FLOWS AT 31 DECEMBER 2021

in thousands of Euros

In thousands of Euros		*31/12/2021*	*31/12/2020*
Operating activities			
Profit before tax		62,180	29,404
Depreciation of property, plant and equipment (including investment property)	*H5*	55,642	51,071
Amortisation of intangible assets	*H6*	75,671	67,583
Provisions for risks and for severance indemnity and similar obligations	*H4 - H9*	25,425	19,888
Write-downs (reversals of fair value measurements)	*H7 – H8 – H9*	3,184	9,243
Losses / (Gains) on the disposal of property, plant and equipment (including investment property)	*H7 - H9*	(323)	(578)
Financial income	*H11*	(959)	(1,623)
Dividend income	*H11*	(19)	(25)
Borrowing costs	*H12*	41,723	43,916
Amortisation of grants	*H7*	(5,660)	(4,772)
Portion of earnings before taxes of affiliated companies (and other companies valued using the equity method)	*H10*	(644)	(504)
Change in working capital:			
(Increase) / Decrease in trade receivables and other receivables	*F8*	(8,680)	(9,614)
(Increase)/Decrease in inventories	*F10*	(86,835)	27,380
Increase / (Decrease) in trade and other payables	*G3*	138,186	(1,060)
(Increase) / Decrease in contract work in progress	*F8*	(68)	(852)
Increase / (Decrease) in provisions for risks	*G5*	(18,267)	(8,857)
Increase/(Decrease) in provisions for severance liabilities and similar obligations	*G4*	(12,954)	(13,194)
Other changes		(8,410)	13,115
Cash generated from operating activities		259,192	220,521
Interest paid		(32,193)	(32,310)
Taxes paid		(28,678)	(19,476)
Cash flow from operations		198,321	168,735
In thousands of Euros		*31/12/2021*	*31/12/2020*
Investment activities			
Acquisition of subsidiaries, net of cash and cash equivalents	*F4*	(63)	(217)
Investment in property, plant and equipment (including investment property)	*F2*	(61,781)	(54,761)
Sale price, or repayment value, of plant, property and equipment (including investment property)	*F2*	5,352	1,251
Investment in intangible assets	*F1*	(97,848)	(88,447)
Sale price, or repayment value, of intangible assets	*F1*	61	101
Collected interests		566	1,082
Sale price from assets held for sale or disposal		0	(60)
Other flows from assets held for disposal or sale		9,554	(76)
Public grants collected		1,421	2,612
Dividends from investments	*H10 - H11*	19	25
Cash flow from investing activities		(142,719)	(138,490)
Financing activities			
Loans received	*G2*	270,335	250,468
Outflow for repayment of loans	*G2*	(264,752)	(205,742)
Reimbursement of rights of use	*G2*	(10,385)	(9,649)
Outflow for dividends paid to non-controlling interests		(19,733)	(16,358)
Cash flow from financing activities		(24,535)	18,719
Increase / (Decrease) in cash and cash equivalents		31,067	48,964
Opening balance		248,699	212,055
Exchange differences		10,595	(12,320)
Closing balance		290,361	248,699

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 DECEMBER 2021

In thousands of Euros	Share capital	Reserves and retained earnings(losses)	Earnings for the period	Shareholders' equity attributable to the Group	Capital and reserves of non-controlling interests	Shareholders' equity attributable to the Group and non-controlling interests
Balances at 31 December 2019	***178,464***	***54,077***	***7,889***	***240,430***	***133,883***	***374,313***
Allocation of Group earnings to the Legal Reserve		450	(450)	0		0
Allocation of Group earnings to Dividends				0	(16,358)	(16,358)
Allocation of Group earnings to Retained Earnings/Losses		7,439	(7,439)	0		0
Purchase of treasury shares by Piaggio & C. S.p.A.		(109)		(109)	(108)	(217)
Other changes		(14,037)		(14,037)	14,037	0
Overall earnings for the period		(6,592)	9,754	3,162	1,049	4,211
Balances at 31 December 2020	***178,464***	***41,228***	***9,754***	***229,445***	***132,504***	***361,949***

In thousands of Euros	Share capital	Reserves and retained earnings(losses)	Earnings for the period	Shareholders' equity attributable to the Group	Capital and reserves of non-controlling interests	Shareholders' equity attributable to the Group and non-controlling interests
Balances at 31 December 2020	***178,464***	***41,228***	***9,754***	***229,445***	***132,504***	***361,949***
Allocation of Group earnings to the Legal Reserve		244	(244)	0		0
Allocation of Group earnings to Dividends		0	0	0	(19,733)	(19,733)
Allocation of Group earnings to Retained Earnings/Losses		9,510	(9,510)	0		0
Purchase of treasury shares by Piaggio & C. S.p.A.	0	(27)		(27)	(26)	(53)
Other changes		(17,196)		(17,196)	17,196	0
Overall earnings for the period		7,458	12,267	19,725	28,979	48,704
Balances at 31 December 2021	***178,464***	***41,217***	***12,267***	***231,947***	***158,920***	***390,867***

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

- A - GENERAL ASPECTS

Immsi S.p.A. (the "Company" or the "Parent Company") is a limited company established under Italian law and has registered offices in Mantua - P.zza Vilfredo Pareto, 3 Centro Direzionale Boma. The main activities of the Company and its subsidiaries (the "Immsi Group" and "the Group"), the information on relevant events after the end of the reporting period and on operating outlook are described in the Directors' Report on Operations. At 31 December 2021, Immsi S.p.A. was directly and indirectly controlled, pursuant to Art. 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A. Pursuant to Art. 38 paragraph I of Legislative Decree 127/91, Omniaholding S.p.A., with registered office in Mantua - Via Marangoni 1/E - is the entity that prepares the consolidated financial statements of the largest group of companies to which the issuer belongs as a subsidiary. The consolidated financial statements of Omniaholding S.p.A. are filed in accordance with the law.

The consolidated financial statements of the Immsi Group include the financial statements of the Parent Company Immsi S.p.A. and the Italian and international companies directly and indirectly controlled by it, approved by the relevant corporate functions of the respective companies, the list of which is shown in the paragraph "List of companies included in the consolidated financial statements and investments" contained in this Report.
These financial statements are expressed in euros, which is the functional currency of the Parent Company Immsi S.p.A. and of the subsidiaries in which the Group operates primarily.
The amounts in the above schedules and in the Notes on the consolidated financial statements are stated in thousands of Euros (if not otherwise indicated).

These Financial Statements are audited by Deloitte & Touche S.p.A. pursuant to the appointment granted by the Shareholders' Meeting on 14 May 2020 for the period 2021-2029.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The consolidated financial statements of the Immsi Group at 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS), in force on the date, issued by International Accounting Standards Board (IASB) and adopted by the European Union. IFRS means all the International Financial Reporting Standards, the International Accounting Standards, all the interpretations of the IFRS Interpretation Committee (formerly IFRIC), previously called the Standing Interpretations Committee (SIC), approved by the European Union and contained in the relevant EU Regulations.

Moreover, international accounting standards have been uniformly adopted for all Group companies: the financial statements of subsidiaries and for the joint venture consolidated using the equity method, used for consolidation, have been appropriately modified and reclassified, where necessary, to bring them in line with the international accounting standards and classification criteria used by the Group on a consistent basis.

Directive 2013/50/EU, which amended Directive 2004/109/EC (Transparency Directive), established that all the Issuers' Annual Financial Reports, whose securities are admitted to the trading on a regulated market, must be drawn up in a single electronic communication format. The European Commission has transposed these rules in Delegated Regulation 2019/815 (European Single Electronic Format - ESEF Regulation). This is in order to make the annual financial reports readable by both human users and automatic devices, and to improve the comparability and analysis of the information included in annual financial reports. Under the ESEF Regulation, issuers that prepare consolidated financial statements in accordance with IAS/IFRS must prepare and publish their annual financial report in the eXtensible Hypertext format. Markup Language ("XHTML"), using the Inline Extensible Business Reporting Language ("iXBRL") for the marking of Consolidated Financial Statements (Consolidated Financial Position, Consolidated Income Statement, Consolidated Total Income Statement, Statement of Consolidated Equity Movements, Consolidated Financial Statement) from the financial year beginning on 1 January 2021, which is why this financial report was prepared using the XHTML language and the consolidated financial statements diagrams were marked using the XBRL language. Furthermore, starting from the financial year beginning on 1 January 2022, Issuers will also be required to mark the information contained in the consolidated additional note.

The financial statements are prepared under the historical cost convention, except for the fair value measurement of certain financial instruments, in accordance with IFRS 9 and IFRS 13, as described below. In addition, the financial statements have been prepared on a going concern basis in accordance with paragraphs 25 and 26 of IAS 1, taking into account a future period of 12 months from 31 December 2021.

In relation to the forecasts drawn up concerning the financial requirements expected for the next 12 months, deriving mainly from investment activities and the management of net working capital, taking into account the credit lines expiring during the year and the financial commitments that the Group has undertaken to meet in order to support the development of its initiatives, the Directors have taken, and will take in the coming months, actions aimed at finding solutions that will guarantee financial balance, including the renewal of short-term credit lines, also taking into consideration the risk of a possible scenario of weakness in the stock markets, deriving from the Covid-19 pandemic still underway and the recent crisis involving Russia and Ukraine, which represent an element of high uncertainty on the trend of market values of shares, with possible consequences on the size of credit lines currently granted to the parent company Immsi S.p.A., largely guaranteed by Piaggio shares held by the latter. In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2021, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

With particular reference to the issues linked to the Covid-19 pandemic, the Management, while continuing to monitor the evolution of this instability factor, has made estimates and forecast evaluations with a view to a gradual return to normal conditions, which both the government policies in force in recent months and the vaccination campaign, which is still underway, reasonably suggest. Indeed, the return to a situation of progressive normality, in particular with reference to the industrial sector in which the Group operates, is supported by the excellent performance achieved in 2021, with the exception of India, proving the resilience of the business and the effective response of the Piaggio group in particular, for details of which please refer to the Directors' Report on Operations.
However, the future dynamics of these factors require that the circumstances be constantly monitored by Group Management.

For the effects of the Covid-19 pandemic on final figures for 2021, please refer to the chapter “Health emergency - Covid-19” in the Report on Operations.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial Statements are composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement, and these notes to the consolidated financial statements.

With reference to Consob Resolution No. 15519 of 27 July 2006, as regards the financial statements, specific Income statement and Statement of financial position tables have been included indicating significant Related-Party transactions and non-recurring transactions.

Consolidated income statement
The Consolidated income statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Profit before tax. In addition, the income and cost items arising from assets that are held for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific item of the consolidated statement of financial position which precedes profit (loss) for the period including minority interests.

Consolidated Statement of Comprehensive Income
The consolidated statement of comprehensive income is presented in accordance with the revised version of IAS 1. It provides for the disclosure of the Result attributable to the shareholders of the parent company and to non-controlling interests net of the corresponding tax effect, as well as grouping together all the components presented in the Other comprehensive income/(expense) depending on whether or not they can be subsequently reclassified to the income statement.

Consolidated Statement of Financial Position
The Consolidated Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities, and shareholders' equity. In turn, assets and liabilities are reported in the Consolidated Financial Statements on the basis of their classification as current and non-current. In addition, Assets held for sale and Liabilities associated with assets held for sale are recognised in a separate item.

Consolidated Statement of Cash Flows
The Consolidated Statement of Cash Flows is divided into cash-flow generating areas. The Consolidated Statement of Cash Flows model adopted by the Immsi Group has been prepared using the indirect method. The cash and cash equivalents recorded in the Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Financial flows in foreign currency have been converted at the average exchange rate for the period. Income and costs related to interest, dividends received and income taxes are included in the cash flow generated from operations.

Statement of changes in consolidated shareholders' equity
The Statement of Changes in consolidated Shareholders' equity is presented as required by IAS 1 revised. It includes the total statement of comprehensive income while separately reporting the amounts attributable to owners of the Parent company as well as the quota pertaining to non-controlling interests, the amounts of operations with shareholders acting in this capacity and potential effects of retrospective application or of the retroactive calculation pursuant to IAS 8. For each item, a reconciliation between the balance at the start and end of the period is presented.

There were no atypical or unusual transactions during 2021 and the corresponding period of the previous year, as defined in Consob Communication No. DEM/6037577 of 28 April 2006 and No.

DEM/6064293 of 28 July 2006.

It should be noted that in both 2021 and 2020 there were no significant non-recurring transactions, as defined in Consob Communication No. DEM/6064293 of 28 July 2006.

- B - SCOPE OF CONSOLIDATION

The scope of consolidation has undergone the following changes compared to the consolidated financial statements at 31 December 2020:

- the consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.22% at 31 December 2021, was equal to 50.21% at 31 December 2020. The increase is mainly due to the effect of the purchase of 17,000 treasury shares by Piaggio & C. S.p.A.;
- in view of the different capital rights held by the two partners of ISM Investimenti S.p.A. — namely Immsi S.p.A. and Intesa Sanpaolo S.p.A. -, the shareholders' equity consolidated share of ISM Investimenti S.p.A. results in 72.64% (percentage of legal ownership of Immsi S.p.A.) as at 31 December 2021, an increase compared to 47.64% at 31 December 2020.

For details of the Immsi Group structure at 31 December 2021, see the attachment to these Notes, which is referred to herein.

- C - CONSOLIDATION PRINCIPLES

Assets and liabilities, and income and costs, of consolidated companies are recognised on a global integration basis, eliminating the carrying amount of consolidated investments in relation to the relative shareholders' equity at the time of purchase or underwriting. The carrying amount of the investments has been eliminated against the shareholders' equity of the subsidiaries, by attributing to the minority interest shareholders in specific headings the portion of shareholders' equity and net income for the period due to them in the case of subsidiaries that are consolidated using the line-by-line method.

Subsidiaries

Subsidiaries are companies in which the Group exercises control. This control exists when the Group has direct or indirect power to determine the financial and operational policies of a company in order to gain benefits from its operations. The acquisition of subsidiaries is recorded on the basis of the method of acquisition. The cost of acquisition is determined by the sum of present values at the date control of the given assets was obtained, liabilities borne or undertaken and financial instruments issued by the Group in exchange for control of the acquired company.
In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.
The financial statements of subsidiaries are included in the Consolidated Financial Statements starting from the date when control is acquired until control ceases.
The portions of shareholders' equity and income attributable to non-controlling interests are separately indicated in the Consolidated Statement of Financial Position and Consolidated Income Statement respectively.

Associates and joint arrangements

Associates are companies in which the Group has considerable influence but not control of financial and operational policies.
The Group adopts IFRS 11 for all joint arrangements. According to IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures depending on the contractual obligations and rights of each investor. The Group has classified the only joint arrangement agreement in place as being a joint venture.
In adopting the equity method, the investment in an associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the Group of profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the Group is recognised separately in consolidated profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the Group, is recognised under other components of consolidated comprehensive income. If the portion of losses of an entity in an associate or joint venture is equal to or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate, or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its portion of those profits only after its portion of the profits equals the share of losses not recognised. Profit and losses arising from "upwards" or "downwards" transactions between a Group and an associate or joint venture are recognised in the consolidated financial statements only as regards the portion attributable to minority interest in the associate or joint venture. The Group's share of the profit or loss of the associate or joint venture arising from these transactions, attributable to the investor, is eliminated in the consolidated income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards" transactions.

Transactions eliminated during the consolidation process

In preparing the Consolidated Financial Statements, all balances and significant transactions between Group companies have been eliminated, as well as unrealised profits and losses arising from intergroup transactions. Unrealised profits and losses generated from transactions with affiliated companies or jointly controlled companies are eliminated based on the value of the equity investment of the Group in the companies.

Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

Consolidation of foreign companies

The separate financial statements of each company belonging to the Group are prepared in the currency of the primary economic environment in which they operate (the functional currency). For the purposes of the Consolidated Financial Statements, the financial statements of each foreign entity are in euro, which is the functional currency of the Group and the presentation currency of the Consolidated Financial Statements.
All assets and liabilities of foreign companies in a currency other than the euro which come under the scope of consolidation are translated, using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the adoption of this method, as well as the exchange differences arising from the comparison between the initial shareholders' equity converted at current exchange rates and the same translated at historical exchange rates, pass through the Statement of Comprehensive Income and are accumulated in a specific reserve of shareholders' equity until disposal of the investment: average exchange rates for translating the cash flows of foreign subsidiaries are used in preparing the Statement of Consolidated Cash Flows.

The exchange rates used for the translation of the financial statements of companies included in the scope of consolidation into Euros are indicated in the following table:

	Exchange rate as of 31 December 2021	Average exchange rate 2021	Exchange rate as of 31 December 2020	Average exchange rate 2020
US Dollar	1.1326	1.18274	1.2271	1.1422
Pound Sterling	0.84028	0.859604	0.89903	0.889704
Brazilian Real	6.3101	6.37789	6.3735	5.89426
Indian Rupee	84.2292	87.43916	89.6605	84.63916
Singapore Dollars	1.5279	1.58910	1.6218	1.57424
Chinese Yuan	7.1947	7.62823	8.0225	7.8747
Croatian Kuna	7.5156	7.52841	7.5519	7.53838
Japanese Yen	130.38	129.87671	126.49	121.84576
Vietnamese Dong	25,137.39	26,372.96376	27,654.41	25,901.44233
Indonesian Rupiah	16,166.73	16,914.56136	17,029.69	16,657.37626

- D - ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

The accounting standards adopted in preparing these Consolidated Financial Statements of the Immsi Group are the same as those used for the Consolidated Financial Statements at 31 December 2020 with the exception of information in the section on new accounting standards.

The most significant accounting policies adopted to prepare the Consolidated Financial Statements at 31 December 2021 are outlined below:

INTANGIBLE ASSETS

As provided for in IAS 38, an intangible asset which is purchased or internally generated, is recognised as an asset only if it is identifiable, controllable and future economic benefits are expected and its cost may be measured reliably.
Intangible assets with a finite life are measured at acquisition cost or production cost net of amortisation and accumulated impairment losses. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

Amortisation is referred to the expected useful life and commences when the asset is available for use.

Goodwill

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.
Goodwill is not amortised but tested annually for impairment, or more frequently if specific events or changed circumstances indicate that an asset may be impaired, as provided for in IAS 36 - *Impairment of Assets.* After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.
At the disposal of part of or an entire company previously acquired from whose acquisition goodwill arose, the corresponding residual value of goodwill is considered when measuring the capital gain or loss of the disposal.

During first-time adoption of IFRSs, the Group opted not to retrospectively apply IFRS 3 – *Business Combinations* to acquisitions of companies that took place before 1st January 2004. As a result, the goodwill generated on acquisitions prior to the date of transition to IFRSs was maintained at the previous value, determined according to Italian accounting standards, subject to assessment and recognition of any impairment losses. After 1 January 2004, and following acquisitions made during 2004, additional goodwill was generated, the amount of which was remeasured in the light of the different values of shareholders' equity of the acquired companies in relation to provisions in IFRS 3.

Development costs

Development costs are recognised as assets only if all of the following conditions are met: the costs can be reliably measured and the technical feasibility of the product, the volumes and expected prices indicate that costs incurred during development will generate future economic benefits. Capitalised development costs include only costs incurred that may be directly attributed to the development process. Capitalised development costs are amortised on a systematic criterion basis, starting from the beginning of production through the estimated life of the product.
All other development costs are recorded in the Income statement when they are incurred.

Other intangible assets

As provided for in IAS 38 – *Intangible Assets*, other intangible assets which are purchased or internally generated are recognised as assets if it is probable that use of the asset will generate future economic benefits and the cost of the asset can be reliably measured. These assets are recognised at acquisition or production cost and are amortised on a straight line basis over their estimated useful life, if they have a definite useful life.

Other intangible assets recognised following the acquisition of a company are accounted for separately from goodwill, if their fair value may be reliably measured. The amortisation period for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period: if the expected useful life proves different from previous estimates, the amortisation period is changed accordingly.
The amortisation periods of intangible assets are shown below:

Development costs	3 - 5 years
Industrial patents and rights of use for original works	3 - 5 years
Licences	10 years
Trademarks	15 years
Other	5 years

PROPERTY, PLANT AND EQUIPMENT

The Immsi Group opted for the cost method when first preparing its IAS/IFRS financial statements, as allowed by IFRS 1. For the measurement of property, plant and equipment, it was therefore decided not to use the fair value method. Property, plant and equipment were booked at the purchase or production cost and were not revalued. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.
Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recorded in the income statement when they are incurred.
Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.
Depreciation is determined, on a straight-line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life, while land is not depreciated.

Assets are depreciated by applying the criterion and rates indicated below:

Buildings	from 1.67% to 3%
Plant and machinery	from 6.67% to 25%
Miscellaneous equipment and other assets	from 5% to 40%
Land	not depreciated
Assets to be given free of charge	based on the duration of the concession

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sales revenues and net carrying amount of the asset and are recognised in profit or loss for the period.
Assets to be given free of charge are assets held by Intermarine S.p.A. further to an agreement to lease and at the end thereof must be given free of charge and in perfect working order to the lessor. These assets are depreciated according to the duration of the concession.

Lease agreements as lessor

Lease agreements for property, plant and machinery and other assets entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, of if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.
The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.
The Group has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of

a value below 5 thousand euros (low value).

The Group – through the Piaggio group – has its own production plants even in countries where ownership rights are not allowed. Rental paid in advance, to obtain the availability of land where own production sites are located, is recognised as a right of use.

Impairment

At the end of the reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets may be impaired (impairment test). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the asset's cash generating unit.
The recoverable amount is the higher of an asset's fair value less costs to sell (if available) and its value in use. In measuring the value in use, estimated future cash flows are discounted at their fair value, using a rate net of taxes, which reflects current market changes in the fair value of money and specific risks of the asset.
If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the relative carrying amount, the carrying amount of the asset is reduced to the lower recoverable value. An impairment loss is immediately recognised in profit or loss, unless the asset is land or buildings other than the property investments recognised at revalued amounts, in which case the loss is charged to the respective revaluation reserve.
When the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset (or of a cash generating unit), except for goodwill, is increased to the new value arising from an estimate of its recoverable amount, up to the net carrying amount applicable to the asset if no impairment loss had been recognised. The reversal of the impairment loss is immediately recognised in profit or loss, unless the asset is land or buildings other than the property investments recognised at revalued amounts, in which case the loss is charged to the respective revaluation reserve.
An intangible asset with an indefinite useful life is tested annually for impairment, or more frequently if there is an indication that an asset may be impaired.

INVESTMENT PROPERTY

International accounting standards regulate the accounting treatment of property used for production or administrative purposes (IAS 16) differently from investment property (IAS 40). As permitted by IAS 40, non instrumental property and buildings held for rental and/or asset appreciation purposes are measured at fair value.
Investment properties are eliminated from the financial statements when they are disposed of or when they may not be used over time and future economic benefits from their sales are not expected.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) that are classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets (and disposal groups) are classified as held for sale when it is expected that their carrying amount will be recovered through a sale rather than through their use in company operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale and management is committed to a plan to sell, which should take place within 12 months from the date in which this item was classified as held for sale.

FINANCIAL ASSETS

Financial assets are recognised in and deleted from the financial statements based on the settlement date.
Provisions in IFRS 9 envisage a single approach to analysing and classifying all financial assets, including assets with embedded derivatives. Classification and measurement consider the business model of the financial asset and the contractual characteristics of cash flows that may be obtained from the asset. Depending on the characteristics of the instrument and business model adopted, the following three categories are determined:

(i) financial assets measured at amortised cost;
(ii) (ii) financial assets measured at fair value, with the effects recognised in other comprehensive income (FVTOCI);
(iii) financial assets measured at fair value, with the effects recognised in fair value through profit or loss (FVTPL).

The financial asset is measured at amortised cost if both the following conditions are met:
- the business model holds the financial asset only to collect the relative cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that only represent the return on the financial asset.

According to the amortised cost method, the value of initial recognition is subsequently adjusted to take into account repayments of principal, any impairment and amortisation of the difference between the repayment value and value of initial recognition.
Amortisation is based on the internal effective interest rate that represents the rate which, at the time of initial recognition, makes the present value of expected cash flows equal to the value of initial recognition.
Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the relative provision for write-downs.
Financial assets representing debt instruments whose business model covers the possibility of collecting contractual cash flows and realising capital gains from sale (the hold to collect and sell business model), are measured at fair value, recognising the effects in OCI.
In this case, changes in fair value of the instrument are recognised as shareholders' equity in OCI. The total of changes in fair value, recognised in a shareholders' equity reserve that includes OCI, is reversed to profit or loss when the instrument is deleted from the accounts. Interest expense is recognised in profit or loss using the effective interest rate, exchange differences and write-downs.
A financial asset representing a debt instrument that has not been measured at amortised cost or at fair value through other comprehensive income is measured at fair value with the effects recognised in profit or loss.

With reference to the classification and measurement of financial assets, the Group adopts the following business models:
- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the “hold to collect and sell” business model);
- a business model whose objective is to hold financial assets intended for collecting contractual cash flows (the “hold to collect” business model)”.

For both types, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding..
Financial assets held by the group are recognised:
- at amortised cost in the case of financial assets related to the “hold to collect” business model;
- at fair value through other comprehensive income in the case of financial assets related to the “hold to collect and sell” business model.

INVENTORIES

Inventories are recognised as the lower of the purchase or production cost, determined by assigning to products the costs directly incurred in addition to the portion of indirect costs reasonably attributable to the performance of production activities in normal production capacity conditions and the market value at the end of the reporting period. The purchase or production cost is determined based on the weighted average cost method. As regards raw materials and work in progress, the market value is represented by the estimated net realisable value of corresponding finished products minus completion costs; as regards finished products, the market value is represented by the estimated net realisable value (price lists less the costs for sales and distribution). The lower measurement based on market trends is eliminated in subsequent years, if the trends no longer exist. Obsolete, slow moving and/or excess inventories are impaired in relation to their possible use or future realisation, in a provision for the write-down of inventories.

RECEIVABLES

Trade receivables and other receivables are initially recognised at fair value and subsequently recognised based on the amortised cost method, net of the provisions for write-downs.
IFRS 9 has introduced the concept of "expected loss", which allows for the recognition of adjustments to receivables in proportion to the increase in risks. This model classifies financial assets into three categories, each of which corresponds to a different risk level and specific procedures for calculating value adjustments. In particular: i) exposures with a good credit quality or low risk. Value adjustments correspond to expected credit losses that result from default events within 12 months after the reporting date; ii) exposures whose credit rating has significantly deteriorated but that do not have objective evidence of impairment Value adjustments are calculated considering the expected loss of the exposure over its lifetime or the estimate of the current value of losses over the expected life of the financial instrument; iii) all impaired assets, i.e. exposures with objective evidence of impairment and that must be adjusted using the expected loss model.
For trade receivables, the Group adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but instead the recognition of an expected credit loss (ECL) calculated over the ECL lifetime. In particular, the policy adopted by the Group involves the stratification of trade receivables in categories based on past due days, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment. The Group measures the provision to hedge losses for an amount equal to full lifetime expected credit losses, using a method that considers whether, at the end of the reporting period, the credit risk relative to a financial instrument has increased considerably after initial recognition or otherwise.
Trade receivables are wholly written down in the absence of a reasonable expectation of their recovery, or in the case of inactive counterparties.
The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement.
When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

Orders in progress, entirely related to the marine sector (Intermarine S.p.A.), were classified under the item Other receivables and consist mainly of:

- building work for the company’s own account and repair work, valued at the lower value between cost incurred and revenues achievable: To this end, they are entered as assets in the Statement of financial position net of the write-down fund for boats and semi-finished items likely to prove hard to sell;
- building work covered by standard contracts, valued in terms of revenues based on the status reached at the close of the year, calculated, as far as the materials and work contracted out are concerned, with reference to the costs actually incurred compared with the costs forecast on the basis of updated estimates and, with regard to labour, with reference to the direct hours actually worked compared with the direct hours forecast. The price revision is recognised based on a prudent basis taking into account the amounts recognisable by customers, in proportion to the value of the progress. Due to the features of the works in

progress produced by the company, they also include parts of the assets the ownership of which was transferred in guarantee of payments received from customers. In fact assessment of proceeds takes place when the purchaser of the work accepts it, since the order is a unitary indivisible object.

FACTORING

The Group – mainly through the companies of the Piaggio group and Intermarine – sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.
In the case of transfers in which the risks and benefits are not transferred, the relative receivables remain in the statement of financial position until the transferred sum has been paid. In this case any advance payments collected by the factor are recognised under payables as amounts due to other lenders.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, current bank accounts, deposits payable on demand and other high liquidity short term financial investments, which are readily convertible into cash and not affected by any major risk of a change in value. This item does not include bank overdrafts payable on demand.

TREASURY SHARES

Treasury shares are recognised as a reduction of shareholders' equity. The original cost of treasury shares and the revenue proceeds from any subsequent sale are recognised directly in equity.

FINANCIAL LIABILITIES

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements. Pursuant to IFRS 9, they include trade and other payables. Financial liabilities are recognised at fair value net of additional transaction costs. After initial recognition, loans are measured at amortised cost and calculated using the effective interest rate.
With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement.
Financial liabilities hedged by derivatives are recognised at present value, according to procedures established for hedge accounting: gains and losses arising from subsequent measurements at present value are recognised in profit or loss and are offset by the effective portion of the loss and again arising from subsequent measurements at present value of the hedging instrument. On initial recognition, a liability may be designated at fair value recognised in profit or loss when this eliminates or considerably reduces a lack of uniformity in the measurement or recognition (sometimes defined as "asymmetric accounting") that would otherwise arise from the measurement of an asset or liability or recognition of relative profit and loss on different bases. This fair value designation is exclusively applied to some financial liabilities in currency subject to exchange risk hedging.

DERIVATIVES AND MEASUREMENT OF HEDGING OPERATIONS

Group assets are primarily exposed to financial risks from changes in exchange and interest rates. The Group uses derivatives to hedge risks arising from changes in foreign currency and interest rates in particular irrevocable commitments and planned future transactions. With particular reference to the Piaggio group, the use of these instruments is regulated by written procedures on the use of derivatives, in line with the risk management policies of the group.
As permitted by IFRS 9, the Group has opted to continue to adopt the provisions on hedge accounting in IAS 39, rather than in IFRS 9.

Derivatives are initially recognised at fair value, represented by the initial amount and aligned with the fair value at subsequent ends of reporting periods. Financial derivatives are used solely for hedging purposes, in order to reduce exchange risk, interest rate risk and the risk of changes in the market price.
In line with IAS 39, financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated. When financial instruments may be measured by hedge accounting, the following accounting treatment is adopted:

- Fair value hedge: if a financial derivative is designated as a hedge of the exposure to changes in present value of a recognised asset or liability, attributable to a particular risk and could affect profit or loss, the gain or loss from the subsequent change in present value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the hedged item and is recognised in profit or loss;
- Cash flow hedge: if an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or of a highly probable forecast transaction which could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognised in the Statement of Comprehensive Income. Accumulated gain or loss is reversed from the Statement of Comprehensive Income and recognised in profit or loss in the same period as the hedging transaction. The gain or loss associated with hedging or the part of hedging which is ineffective, is immediately recognised in profit or loss. If the hedging instrument or hedging ceases, but the transaction covered by hedging is not yet realised, profits and losses, recognised in equity, are instead recognised in profit or loss when the transaction takes place. If the transaction to be hedged is deemed no longer probable, gains or losses deferred in the Statement of Comprehensive Income are recognised immediately in profit or loss.

If hedge accounting cannot be applied, gains or losses from measurement at present value of the financial derivative are immediately recognised in profit or loss.

LONG-TERM PROVISIONS

The Group recognises provisions for risks and charges when it has a legal or implicit obligation to third parties and it is likely that Group resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated. Changes in estimates are recognised in profit or loss when the change takes place. If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specifics risks of the liability.

RETIREMENT FUNDS AND EMPLOYEE BENEFITS

Where the benefit schemes have been clearly defined, the liabilities related to benefits to employees granted at the moment of, or after, termination of employment are determined separately for each scheme on the basis of actuarial assumptions estimating the amount of future benefits accrued by the employee at the reporting date (the so-called ”projected unit credit method”). Liabilities, recognised in the financial statements net of any assets serving the plan, are entered for the period when the right accrues. Liabilities are measured by independent actuaries.
The cost components of defined benefits are recognised as follows:

- the costs relative to services are recognised in the Income Statement under employee expense;
- net finance costs on liabilities or assets with defined benefits are recognised in the Income Statement as financial income/(borrowing costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
- the remeasurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the assets, are immediately recognised as "Other comprehensive income (expense)”. These components must not be reclassified to the Income Statement in a subsequent period.

TERMINATION BENEFITS

Termination benefits are recognised at the closest of the following dates: i) when the Group can no longer withdraw the offer of such benefits and ii) when the Group recognises the costs of restructuring.

TAX ASSETS AND TAX LIABILITIES

Deferred taxes are determined based on the temporary taxable differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred tax liabilities are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income. In the case of reserves of undistributed profits of subsidiaries and since the Group is able to control distribution times, deferred taxes are allocated for the reserves when distribution is expected in the future.
Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.

PAYABLES

Payables are shown at fair value and subsequently measured on the basis of the amortised cost method, which coincides with the nominal value of trade payables with due dates within the norm for commercial transactions.

REVERSE FACTORING

To guarantee suppliers easier credit conditions, the Group – mainly through the companies of the Piaggio group – has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Group to a lender and collect amounts before maturity.
In some cases, payment terms are extended further in agreements between the supplier and the Group; these extensions may be interest or non-interest bearing.
The Group has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differs by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IAS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IAS 9 B3.3.6.
In this context, relations, for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

RECOGNITION OF REVENUES

Based on the five-step model introduced by IFRS 15, the group measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).
In particular, the Group measures revenues only if the following requirements have been met (requirements to identify the "contract" with the customer):
a) the contract has been approved by the parties to the contract (in writing, verbally or in compliance with other standard business practices) and the parties undertake to meet their respective obligations; an agreement therefore exists between the parties that establishes the rights and obligations to be met, regardless of the form by which the agreement is made;
b) the Group can identify each party's rights in relation to the goods or services to be transferred;
c) the Group can identify the payment terms for the goods or services to be transferred;
d) the contract has commercial substance; and
e) it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.
If the above requirements are not met, the relative revenues are recognised when: (i) the Group has already transferred control of the goods and/or provided the services to the customer and all or nearly all of the consideration from the customer has been received and cannot be reimbursed; or (ii) the contract has ended and the consideration received by the Group from the customer cannot be reimbursed.
If the above requirements are instead met, the Group adopts the following rules for recognition.
Revenues for the sale of vehicles and spare parts are recognised when control of the good is transferred to the purchaser, or when the customer can use in full the good or substantially benefit from it.
Revenues are represented net of discounts, including, among others, sales incentive programmes and bonuses to customers, as well as taxes directly connected with the sale of the goods.
Revenues from the provision of services are recognised when the services are provided based on their progress.
Revenues also include lease payments recognised on a straight line basis for the duration of the contract.

GRANTS

Equipment grants are recognised in the financial statements when their payment is certain and are recognised in profit or loss based on the useful life of the asset for which the grants have been provided. Operating grants are recognised in the financial statements, when their payment is certain and are recognised in profit or loss in relation to costs for which the grants have been provided.

With specific reference to the subsidiary Intermarine S.p.A. operating in the marine sector, the company benefits from different types of Ministerial contributions. Intermarine primarily benefits from ministerial research grants, out of national and Community funds, due on the research and development costs incurred and capitalised, are entered under Other payables and will be offset against the amortisation and depreciation entries of the capitalised costs they are related to in the Income statement. For projects that entail the building of a prototype, the subsidy granted for the costs incurred is entered in the Income statement account in proportion to the work progress status of the underlying construction.

FINANCIAL INCOME

Financial income is recognised on an accrual basis and includes interest income on invested funds, exchange differences receivable and income from financial derivatives, when not offset in hedging transactions. Interest income is recognised in profit or loss when it matures, considering the actual return.

BORROWING COSTS

Finance costs are recognised on an accrual basis and include interest expense on financial payables calculated using the effective interest rate method, exchange differences payable and losses on derivatives. The share of interest payable on rights of use - leases is charged to the income statement using the actual interest method.

DIVIDENDS

Dividends recognised in profit or loss, from non-controlling interests, are recognised on an accrual basis, and therefore at the time when, following the resolution to distribute dividends by the subsidiary, the relative right to payment arises.

TAXES ON INCOME

Taxes represent the sum of current and deferred tax assets and liabilities. Taxes allocated under statutory accounting circumstances of individual companies included in the scope of consolidation are recognised in the consolidated financial statements, based on taxable income estimated in compliance with national laws in force at the end of the reporting period, considering applicable exemptions and tax receivables owing. Income taxes are recognised in profit or loss, with the exception of those taxes relative to items directly deducted from or charged to the Statement of Comprehensive Income. Taxes are recorded under “Tax payables” net of advances and withheld taxes. Taxes due in the event of the distribution of reserves as withheld taxes recognised in the financial statements of individual Group companies are not allocated, as their distribution is not planned.

Immsi S.p.A., with the subsidiaries Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Pietra Ligure S.r.l., opted to be a part of the Group taxation system, as provided for by articles 117 and following of the Consolidated Income Tax Act (National Consolidated Tax

Convention). In exercising this option, each company which is party to the National Consolidated Tax Convention transfers its tax income (taxable income or tax loss) to the consolidating company: the consolidating company therefore determines one taxable base for the group of companies that are party to the National Consolidated Tax Convention, and may therefore offset taxable income against tax losses in one tax return. The latter recognises a receivable from consolidated companies transferring taxable income, while for companies with tax losses, the consolidating company records a related payable equal to corporate income tax on the portion of the loss actually offset at a Group level.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the income or loss attributable to Parent Company shareholders by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Diluted profits per share are calculated by dividing profits or losses attributed to Parent Company shareholders by the weighted average of the ordinary shares in circulation, adjusted to take account of the effects of all the potential ordinary shares with a diluting effect. Any shares related to the *stock option plan are considered as shares that may be potentially issued.* The adjustment to make to the number of stock options to calculate the number of adjusted shares is determined by multiplying the number of stock options by the subscription cost and dividing it by the share market price.

USE OF ESTIMATES

The preparation of the financial statements and notes in compliance with IFRS requires management to make estimates and assumptions which have an impact on the values of assets and liabilities and on disclosure regarding contingent assets and liabilities at the end of the reporting period. Actual results could differ from estimates.
Moreover, estimates are used to measure goodwill, intangible assets and property, plant and equipment tested for impairment and to identify allocations for bad debts, for obsolete inventories, amortisation and depreciation, impairment of assets, employee benefits, taxes (including early tax recoverability), restructuring provisions and other allocations and funds. Estimates and assumptions are periodically revised and the effects of any change are immediately recognised in profit or loss.

In the current ongoing uncertainty of the global economic and financial scenario, with reference to the ongoing pandemic and the present crisis between Russia and Ukraine, assumptions made as to future trends are marked by a high degree of uncertainty. Therefore the possibility in the next reporting period of results that differ from estimates cannot be ruled out, and these could require even significant adjustments which at present cannot be predicted or estimated.

The critical measurement processes and key assumptions used by the Group in adopting IFRS and that may have a significant impact on figures in the Consolidated Financial Statements or for which a risk exists that significant differences in value may arise in relation to the carrying amount of assets and liabilities in the future are summarised below.

- Recoverable value of non-current assets

  Non-current assets include Property, Plant and Equipment, Goodwill, Other Intangible Assets (with defined and non-defined useful life), Investment Property, Investments and Other Financial Assets. The Group periodically revises the carrying amount of non-current assets held and used and of assets held for sale, when facts and circumstances make this necessary. For goodwill (and other activities with an indefinite useful life) this analysis is carried out at least once a year and whenever facts and circumstances require it. Analysis of the recoverability of the carrying amount of goodwill is generally based on estimates of expected cash flows from the use or sale of the asset and adequate discount rates to calculate the fair value. For investment property, including that falling under the provisions of IAS 40, the Group usually involves an independent expert in order to also carry out “Fair Value less cost of disposal” assessments using a market approach. When the carrying amount of a non-current asset is impaired, the Group recognises a write-down equal to the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to cash flows of the most recent company plans or its fair value.

- Recoverability of deferred tax assets

The Group has recognised deferred tax assets from deductible temporary differences and theoretical tax benefits from losses to be carried forward. In determining the estimate of the recoverable value, the Group took into account the results of the tax bases deriving from the business plans prepared for the purposes of the impairment and approved by the respective BoD of the consolidated companies, or by the results of any estimates of Market Values (as in the case of the Group company, Is Molas S.p.A.). Net deferred tax assets refer to temporary differences and tax losses. However, it is necessary to report how the deferred tax assets allocated can be recovered, by their nature, even in an undefined period of time, therefore compatible with a possible context in which the exit from the current situation of difficulty and uncertainty - due to the ongoing pandemic and the current crisis between Russia and Ukraine - and the economic recovery should extend beyond the time horizon explicit in the aforementioned forecasts. In relation to Immsi S.p.A., Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Pietra Ligure S.r.l. it should be noted that, as part of the Group's National Consolidated Taxation System, the recoverability of deferred tax assets is also related to the taxable income of the companies participating in the National Consolidated Taxation System.

- Pension schemes and other termination benefits

Provisions for employee benefits and net borrowing costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements. The assumptions used for the valuation are explained in detail in the paragraph Provisions for pensions and similar obligations.

- Provisions for bad debts

The provision for bad debts reflects management's estimate of expected losses related to receivables. The Group adopts the simplified approach of IFRS 9 and recognises expected losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (*Expected Credit Loss* – ECL concept).

- Provision for obsolete inventories

The provision for obsolete inventories reflects management's estimate of impairment losses expected by the Group, determined based on past experience. Anomalous market price trends could have an effect on future inventory write-downs.

- Provision for product warranties

At the time of a product's sale, the Group makes provisions relative to estimated costs for the product warranty. This provision is estimated based on historical information about the nature, frequency and average cost of warranty jobs.

- Potential liabilities

The Group recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements. The Group is subject to legal and tax proceedings concerning complex and difficult legal issues, of varying degrees of uncertainty, including facts and circumstances relative to each case, jurisdiction and different applicable laws. Given the uncertainties concerning these issues, it is hard to predict with certainty the outflow arising from these disputes and it is therefore possible that the value of provisions for legal proceedings and disputes of the

Group may vary as a result of future developments in proceedings underway.
The Group monitors the status of ongoing proceedings and consults its legal and tax advisers.

- Depreciation

The cost of assets is depreciated on a straight line basis over their estimated useful life, which for rights of use coincides with the assumed contract duration. The economic useful life of Group assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of technological innovations that may make the asset obsolete and no longer economical.
The Group periodically evaluates technological and segment changes, in order to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

- Income tax

The Group is subject to different income tax laws in various jurisdictions. Group tax liabilities are determined based on management valuations referred to transactions of which the tax effect is not certain at the end of the reporting period. The Group recognises the liabilities that could arise from future inspections of tax authorities based on an estimate of taxes that will be due. If the outcome of inspections differs from management's estimates, significant effects on current and deferred taxes could arise.

TRANSACTIONS WITH SUBSIDIARIES AND RELATED PARTIES

Transactions with subsidiaries and related parties are described in the Report on Operations and in the Note, referred to herein.

New accounting standards applicable as from 1 January 2021

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 January 2021:

- On 31 March 2021, the IASB issued an amendment entitled ***"Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)"*** extending by one year the period of application of the amendment issued in 2020, which provided lessees with the ability to account for Covid-19 related rent reductions without having to assess, through contract review, whether they met the definition of a lease modification in IFRS 16. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of rent reductions directly in the income statement at the effective date of the reduction. The 2021 Amendment, which is only available to entities that have already adopted the 2020 Amendment, applies from 1 April 2021 and early adoption is permitted. The introduction of this amendment did not have any effects on the Group's consolidated financial statements.

- On 25 June 2020, the IASB published an amendment entitled 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)'. The amendments allow the temporary exemption from IFRS 9 to be extended until 1 January 2023 for insurance companies. The introduction of this amendment did not have any effects on the Group's consolidated financial statements.

- On 27 August 2020, in light of the reform on interbank interest rates such as IBOR, the IASB published *"**Interest Rate Benchmark Reform—Phase 2**"* which contains amendments to the following standards:
  - IFRS 9 *Financial Instruments*;
  - IAS 39 *Financial Instruments: Recognition and Measurement*;
  - IFRS 7 *Financial Instruments: Disclosures*;
  - IFRS 4 *Insurance Contracts*; and

- IFRS 16 *Leases*.

All amendments became effective on 1 January 2021. The introduction of these amendments did not have any effects on the Group's consolidated financial statements.

Accounting standards, amendments and IFRS interpretations approved by the European Union that are not yet compulsory applicable and have not been adopted by the Company in advance at 31 December 2021

- On 14 May 2020, the IASB published the following amendments entitled:
  - ***Amendments to IFRS 3 Business Combinations***: The amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and the related costs will therefore be recognised in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that all costs directly attributable to the contract should be taken into account when estimating whether a contract is onerous. Accordingly, the assessment of whether a contract is burdensome includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g. the portion of depreciation of machinery used to perform the contract).
  - ***Annual Improvements 2018-2020***: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

  All amendments became effective on 1 January 2022. Directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of these amendments.

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts.

  The objective of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from the insurance contracts it issues. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

  The new standard also includes presentation and disclosure requirements to improve comparability among entities in this segment.

  The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").

  The main features of the General Model are:
  - the estimates and assumptions of future cash flows are always current ones;
  - the measurement reflects the time value of money;
  - the estimates envisage an extensive use of information observable on the market;
  - there is a current and explicit measurement of risk;
  - the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and
  - the expected profit is recognised over the contractual coverage period taking into account adjustments for changes in cash flow assumptions related to each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at initial recognition, the entity expects that the liability is a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim is made.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. Directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of these standards.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- On 23 January 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements**: **Classification of Liabilities as Current or Non-current**". The document aims to clarify how to classify debts and other short or long term liabilities. The amendments enter into force on 1 January 2023; although earlier application is permitted.

- On 12 February 2021, the IASB published two amendments entitled "***Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2***" *and* "***Definition of Accounting Estimates—Amendments to IAS 8***"*. The* amendments are intended to improve the *disclosure* on *accounting policy* so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in *accounting policy.* The amendments will apply from 1 January 2023, but early application is permitted.

- On 7 May 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.

- On 9 December 2021, the IASB published an amendment called "**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"**. The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements.

Directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of these amendments

- On 30 January 2014, the IASB published **IFRS 14 - Regulatory Deferral Accounts**, which allows only first-time adopters to continue to recognise amounts relating to rate-regulated activities under their previous accounting policies. As the Group is not a first-time adopter, this standard is not applicable.

- E - SEGMENT REPORTING

The standard *IFRS 8 - Operating segments* requires operating segments to be identified on the basis of an internal reporting system which top company management utilises to allocate resources and to assess performance.

The information for operating segments presented below reflects the internal reporting system utilised by *management* for making strategic decisions. Information is provided, where available, on the three identified segments: property and holding, industrial and marine.

Primary sector: business areas

Income statement at 31 December 2021

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Net sales to third parties	2,750	1,668,689	38,133	1,709,572
NET REVENUES	**2,750**	**1,668,689**	**38,133**	**1,709,572**
OPERATING INCOME (EBIT)	**-8,384**	**112,574**	**-6,440**	**97,750**
Income/(loss) from investments	0	623	0	623
Financial income				27,302
Borrowing costs				63,495
PROFIT BEFORE TAX				**62,180**
Taxes				26,756
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS				**35,424**
Gain (loss) from assets held for sale or disposal				0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS				**35,424**
Earnings for the period attributable to non-controlling interests				23,157
GROUP PROFIT (LOSS) FOR THE PERIOD				**12,267**

Statement of financial position at 31 December 2021

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Segment assets	331,892	1,835,486	140,530	2,307,908
Investments in affiliated companies	0	187	18	205
TOTAL ASSETS	**331,892**	**1,835,673**	**140,548**	**2,308,113**
TOTAL LIABILITIES	**368,262**	**1,431,587**	**117,397**	**1,917,246**

Other information at 31 December 2021

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Investments in property, plant and equipment and intangible assets	**1,445**	**154,148**	**4,036**	**159,629**
Depreciation, amortisation and write-downs	**1,133**	**129,545**	**3,819**	**134,497**
Cash flow from operating activities	**-12,562**	**226,502**	**-5,619**	**198,321**
Cash flow from investing activities	**-1,877**	**-146,826**	**-4,016**	**-142,719**
Cash flow from financing activities	**30,025**	**-58,321**	**3,761**	**-24,535**

Secondary sector: geographic segments

The following table presents the financial position and performance of the Group for 2021 in relation to geographic segments "of origin", that is, with reference to the country of the company which realised the revenues or which owns the assets.

The distribution of revenues by geographic segment of "destination", that is, with reference to the customer's country, is analysed in the Notes to the Consolidated Financial Statements at 31 December 2021, with reference to the item net sales in the Income Statement.

Income statement at 31 December 2021

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Net sales to third parties	1,021,283	36,995	231,159	87,025	333,110	1,709,572
NET REVENUES	**1,021,283**	**36,995**	**231,159**	**87,025**	**333,110**	**1,709,572**

Statement of financial position at 31 December 2021

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Segment assets	1,840,659	16,507	201,270	39,488	209,984	2,307,908
Investments in affiliated companies	188	17	0	0	0	205
TOTAL ASSETS	**1,840,847**	**16,524**	**201,270**	**39,488**	**209,984**	**2,308,113**

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Total receivables *	**76,206**	**8,280**	**51,433**	**4,113**	**8,118**	**148,150**
Total payables **	**507,926**	**21,122**	**128,673**	**4,244**	**81,326**	**743,291**

*) Contract work in progress and Tax receivables are not included.
**) Payables for Current taxes and Financial liabilities are not included.

Other information at 31 December 2021

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Investments in property, plant and equipment and intangible assets	**130,586**	**639**	**8,780**	**3,271**	**16,353**	**159,629**
Depreciation, amortisation and write-downs	**103,607**	**1,492**	**18,259**	**2,280**	**8,859**	**134,497**

For comparability, corresponding tables referring to 31 December 2020 are shown below:

Income statement at 31 December 2020

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Net sales to third parties	1,455	1,313,690	61,622	1,376,767
Intercompany net revenues	0	0	0	0
NET REVENUES	**1,455**	**1,313,690**	**61,622**	**1,376,767**
OPERATING INCOME (EBIT)	**-6,930**	**70,856**	**2,519**	**66,445**
Income/(loss) from investments	0	504	0	504
Financial income				28,270
Borrowing costs				65,815
PROFIT BEFORE TAX				**29,404**
Taxes				13,598
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS				**15,806**
Gain (loss) from assets held for sale or disposal				0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS				**15,806**
Earnings for the period attributable to non-controlling interests				6,052
GROUP PROFIT (LOSS) FOR THE PERIOD				**9,754**

Statement of financial position at 31 December 2020

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Segment assets	317,181	1,658,818	151,729	2,127,728
Investments in affiliated companies	0	159	18	177
TOTAL ASSETS	**317,181**	**1,658,977**	**151,747**	**2,127,905**
TOTAL LIABILITIES	**356,726**	**1,286,965**	**122,265**	**1,765,956**

Other information at 31 December 2020

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Investments in property, plant and equipment and intangible assets	**2,150**	**140,351**	**707**	**143,208**
Depreciation, amortisation and write-downs	**1,061**	**122,682**	**4,154**	**127,897**
Cash flow from operating activities	**-23,971**	**193,210**	**-504**	**167,162**
Cash flow from investing activities	**-2,283**	**-135,548**	**-659**	**-138,490**
Cash flow from financing activities	**20,263**	**-7,164**	**5,620**	**18,719**

Secondary sector: geographic segments

The following table presents the financial position and performance of the Group for 2020 in relation to geographic segments "of origin", that is, with reference to the country of the company which realised the revenues or which owns the assets.

The distribution of revenues by geographic segment of "destination", that is, with reference to the customer's country, is analysed in the Notes to the Consolidated Financial Statements at 31 December 2020, with reference to the item net sales in the Income Statement.

Income statement at 31 December 2020

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Net sales to third parties	811,383	29,363	233,031	53,334	249,656	1,376,767
NET REVENUES	**811,383**	**29,363**	**233,031**	**53,334**	**249,656**	**1,376,767**

Statement of financial position at 31 December 2020

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Segment assets	1,688,854	23,530	214,272	30,311	170,761	2,127,728
Investments in affiliated companies	160	17	0	0	0	177
TOTAL ASSETS	**1,689,014**	**23,547**	**214,272**	**30,311**	**170,761**	**2,127,905**

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Total receivables *	**64,882**	**9,492**	**55,948**	**5,370**	**5,510**	**141,202**
Total payables **	**384,881**	**20,876**	**116,549**	**4,226**	**68,712**	**595,244**

*) Contract work in progress and Tax receivables are not included.
**) Payables for Current taxes and Financial liabilities are not included.

Other information at 31 December 2020

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Investments in property, plant and equipment and intangible assets	**111,104**	**944**	**20,557**	**3,574**	**7,029**	**143,208**
Depreciation, amortisation and write-downs	**92,527**	**6,175**	**16,443**	**2,654**	**10,098**	**127,897**

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 888,962

Net intangible assets at 31 December 2021 amounted to €888,962 thousand, up by €22,863 thousand compared to 31 December 2020, mainly due to the capitalisation of development costs for new products and new engines, as well as the acquisition of software, detailed below:

In thousands of Euros	*Development costs*	*Concessions, patents, industrial and similar rights*	*Trademarks and licences*	*Goodwill*	*Other intangible assets*	*TOTAL*
Gross amounts at 31 December 2019	**363,381**	**468,789**	**190,862**	**625,421**	**10,824**	**1,659,277**
Increases	35,670	52,687	0	0	90	88,447
Change in the scope of consolidation	0	0	0	0	0	0
Other movements	(14,414)	1,226	0	0	(545)	(13,733)
Gross amounts at 31 December 2020	**384,637**	**522,702**	**190,862**	**625,421**	**10,369**	**1,733,991**
Accumulated amortisation at 31 December 2019	**269,725**	**362,446**	**156,500**	**11,439**	**10,314**	**810,424**
Amortisation	28,694	33,783	4,823	0	283	67,583
Write-downs	(1,136)	0	0	0	0	(1,136)
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	(7,481)	(977)	0	0	(521)	(8,979)
Accumulated amortisation at 31 December 2020	**289,802**	**395,252**	**161,323**	**11,439**	**10,076**	**867,892**
Net amounts at 31 December 2020	**94,835**	**127,450**	**29,539**	**613,982**	**293**	**866,099**
Gross amounts at 31 December 2020	**384,637**	**522,702**	**190,862**	**625,421**	**10,369**	**1,733,991**
Increases	42,084	55,545	0	0	219	97,848
Change in the scope of consolidation	0	0	0	0	0	0
Other movements	7,778	(335)	0	0	687	8,130
Gross amounts at 31 December 2021	**434,499**	**577,912**	**190,862**	**625,421**	**11,275**	**1,839,969**
Accumulated amortisation at 31 December 2020	**289,802**	**395,252**	**161,323**	**11,439**	**10,076**	**867,892**
Amortisation	33,670	41,739	61	0	201	75,671
Write-downs	(717)	(557)	0	0	0	(1,274)
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	7,258	762	0	0	698	8,718
Accumulated amortisation at 31 December 2021	**330,013**	**437,196**	**161,384**	**11,439**	**10,975**	**951,007**
Net amounts at 31 December 2021	**104,486**	**140,716**	**29,478**	**613,982**	**300**	**888,962**

Note: The “Other changes” item includes the reductions for fully amortised intangible assets, translation differences relating to financial statements in foreign currencies and reclassifications.

Development costs

Development costs include costs for products, vessels and engines in projects for which there is an expectation, for the period of the useful life of the asset, to realise revenues that will allow for the recovery of the costs incurred. This item includes assets under construction for €23,109 thousand, entirely ascribable to the Piaggio group, which instead represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.

With particular reference to the **industrial sector** (Piaggio group), development expenditure for new projects capitalised in 2021 refers to the study of new vehicles and engines (including a new commercial vehicle in partnership with the Foton Motor Group), that will feature as the top products in the 2021-2023 range.
Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. During 2021, development costs of approximately €21,817 thousand were recognised directly by the Piaggio group in profit or loss.

With reference to the **marine sector** (Intermarine S.p.A.), total development costs capitalised at 31 December 2021 in intangible assets, net of amortisation, amounted to €1,224 thousand. It should be noted that in previous years two important research projects were launched called "Submerged fin hydrofoils" and "Enviroaliswath".

For further details on the main research, development and innovation activities of companies belonging to the Immsi Group, see the Non-Financial Statement included in the Report on Operations.

Concessions, patents, industrial and similar rights

The net balance of this item, amounting to €140,716 thousand at 31 December 2021, refers nearly entirely to the Piaggio group and chiefly to new calculation, design and production techniques and methodologies developed by the Group, of which €36,926 thousand are assets under construction.

Trademarks and licences

Trademarks and licenses, amounting to €29,478 thousand, are broken down as follows:

In thousands of Euros	**Net value As of 31 December 2021**	**Net value As of 31 December 2020**	**Change**
Guzzi trademark	9,750	9,750	0
Aprilia trademark	19,158	19,158	0
Foton licence	555	611	(56)
Other	15	20	(5)
Total brands	**29,478**	**29,539**	**(61)**

The Foton licence was acquired following agreements signed in 2018 between Piaggio and the Foton Motor Group for the development and manufacture of a new range of light commercial four-wheelers. The licence is amortised over 10 years maturing in February 2031.
In the light of Piaggio & C S.p.A.'s strategic initiatives, the planned investment plan, which feeds into a development process that has already begun over the last three years, the Piaggio group, supported by the fairness opinion expressed by a leading consulting firm, has revised the residual useful lives of the Aprilia and Moto Guzzi brands, transforming them from definite to indefinite.

The accounting effects of the amendment are as follows:

		Brand Aprilia	Brand Moto Guzzi	Total
Expected useful life				
	Former measurement	2026	2026	
	New measurement	indefinite	indefinite	
Annual amortisation				
In thousands of Euros	Former measurement	3,193	1,625	4,818
	New measurement	-	-	-
	Difference	**3,193**	**1,625**	**4,818**
Annual share of deferred taxes				
In thousands of Euros	Former measurement	(423)	(453)	(876)
	New measurement	-	-	-
	Difference	**(423)**	**(453)**	**(876)**
Net annual impact on the income statement				
In thousands of Euros	Former measurement	2,770	1,172	3,942
	New measurement	-	-	-
	Difference	**2,770**	**1,172**	**3,942**

Goodwill

The goodwill recognised by the Group was unchanged compared to the balance at the end of 2020. The item in question is broken down in the following table:

In thousands of Euros	***Net Balance at 31/12/2021***
Acquisition of 100% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2003)	405,985
Acquisition of 2.81% of Piaggio & C. S.p.A. by Piaggio Holding N. BV (in 2006)	14,620
Acquisition of 31.25% of Piaggio Holding N. BV by Immsi S.p.A. (in 2003)	3,480
Acquisition of 5.23% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2004) / Sale of 2.32% of Piaggio & C. S.p.A. by Immsi S.p.A. in 2008	3,643
Acquisition of 17.7% of Piaggio Holding N. BV by Immsi S.p.A. (in 2004 and 2006)	64,756
Acquisition of 2.22% of Piaggio & C. S.p.A. by Immsi S.p.A. (in 2007 and 2008)	7,143
Acquisition of 100% of Aprilia S.p.A. by Piaggio & C. S.p.A. (in 2004)	79,705
Acquisition of 66.49% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2004)	30,337
Acquisition of 33.51% of Rodriquez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2005)	2,001
Acquisition of 2.37% of RCN Finanziaria S.p.A. by Immsi S.p.A. (in 2007)	1,286
Other acquisitions / changes	1,026
TOTAL	**613,982**
- *of which allocated to Piaggio group cash-generating unit*	*579,492*
- *of which allocated to Intermarine cash-generating unit*	*34,428*

Goodwill derives from the greater value paid compared to the corresponding portion of the investee companies' shareholders' equity at the time of the purchase, reduced by the related cumulative amortisation until 31 December 2003. In adopting international accounting standards for the first time, the Group chose not to apply *IFRS 3 – Business Combinations* retrospectively to acquisitions carried out prior to 1 January 2004. As a result, the goodwill generated on acquisitions prior to the date of transition to IFRSs was maintained at the previous value, determined according to Italian accounting standards, subject to assessment and recognition of any impairment losses. At 1 January 2004 goodwill is no longer amortised: the recoverable value of the cash-generating unit to which the goodwill was allocated is verified by determining the recoverable value (value in use) and submitted to an impairment test, applying the method required by the International Accounting Standard IAS 36. Such value has been estimated on the basis of:

- the current value of future financial flows over a multi-year forecasting period that are estimated to be generated by the continuous use of the assets referred to the single cash-generating unit ("Unlevered" version of the "Discounted Cash Flow" method); and
- by the terminal value attributable to them (estimated according to the perpetual growth method), so as to reflect the residual value that each cash-generating unit is expected to generate beyond the planning timeframe and which is representative of the current value of future cash flows after the specific period of forecast financial data.

It should be borne in mind, lastly, that goodwill recoverability is checked at least once a year (at 31 December), even failing indicators of a possible loss of value.

Goodwill was fully allocated to the cash generating units, "Piaggio group" (€579,492 thousand) and "Intermarine" (€34,428 thousand). The impairment testing for both the cash-generating units was conducted in-house by Immsi S.p.A.'s management, in order to support the Company's Board of Directors in the application of the procedure set out in the accounting standard IAS 36.
The Group therefore subjected the carrying amounts of the Net capital employed (NCE) to a recoverability check at 31 December 2021 relating to both of the above mentioned CGUs; NCE, among other things, includes the value of goodwill.

For the **Piaggio group**, it has been deemed reasonable to consider the Piaggio group cash-generating unit as coinciding with the Piaggio group as a whole (Piaggio & C. S.p.A. and its subsidiaries). Therefore all the considerations related to the estimate of the utilisation value of the cash-generating unit and to its use for the purposes of the impairment test were developed considering the Piaggio group at consolidated level. The carrying amount of goodwill allocated to the Piaggio group cash-generating unit is approximately €579.5 million. The main assumptions and hypotheses used to determine future cash flows and the recoverable value of the cash-generating unit regard:

i) the use of forecast economic and financial data of the Piaggio group;
ii) the discount rate ("WACC") used for discounting estimated expected cash flows;
iii) the expected growth rate (g-rate) for calculating the terminal value, consistently with the approach of discounting back the "perpetual growth".

As regards the figures as of point i), analyses were based on predicted financial flows relative to a four-year period assumed from 2022 budget data (approved by the Board of Directors of Piaggio & C. S.p.A. on 4 February 2022) supplemented by forecast data relative to 2023-2025 (approved by the Board of Directors of Piaggio & C. S.p.A. on 21 February 2022). In preparing the Piaggio group's 2022 budget and 2023-2025 plan, which take into account the impacts on investments, costs and cash flows deriving from risk and appropriate risk analyses and assessments, the management has taken the following factors into account: a) Research into new technologies with a view to future mobility in the context of a new urbanisation; b) A significant increase in investments in electric vehicles (2-3-4 wheelers); c) Investments in the active and passive safety of all vehicles; d) Inclusion of energy transition costs.

With reference to the value of point ii), for discounting the estimated expected cash flows, a weighted average discount rate calculated beginning from the discount rates ("WACC") related to the different geographic segments of operation of the Piaggio group — in continuity with the previous year — for its own cash-generating units has been used, that reflect the current market evaluations of the cost of money and that take account of the specific risks of the business and of the geographic segment

in which the different cash-generating units of the Piaggio group operate. In particular, to establish the cost of its equity (“K_e”) according to the CAPM (“Capital Asset Pricing Model”) a) a variable long-term risk-free rate for the different areas of operation of the Piaggio group was considered; b) a market risk premium in an unconditional form (normal long-term premium), in order to avoid the risk of running into a “double counting” of the country risk associated to the group’s operational areas; c) Beta coefficients also taking into account the Beta coefficients of main listed companies that are comparable to the Piaggio group. The cost of debt (“K_d”) net of taxes was estimated taking account of the target financial structure that can be related to main listed companies comparable to the Piaggio group as well as – prudentially in order to mitigate the positive impact of the current expansive monetary policy – a long-term risk-free rate. The average weighted discount rate (“WACC”) used for impairment testing net of taxes is therefore estimated to be equal to approximately 6.25% down compared to the previous year (7.12% at 31 December 2020).
As regards point iii) when processing the impairment test, the final value was determined using a weighted average perpetual growth rate (“g rate”), calculated starting from different "g rates", determined by the Piaggio group for its own internal cash-generating units; this average weighted “g rate” was estimated as being equal to 1.37% (broadly in line with the figure used at 31 December 2020).

The analyses carried out, approved by the Parent Company's Board of Directors on 23 March 2022, did not lead to any impairment losses: therefore, no impairment loss was reflected in the data of the Consolidated Financial statements of the Immsi Group at 31 December 2021. With the above values of the basic assumptions considered, the goodwill test regarding the Piaggio group cash-generating unit was passed with a broad margin. Furthermore, as required by IAS 36 and the guidelines for impairment tests drawn up by the OIV, a sensitivity analysis was carried out on the test results compared to the basic assumptions used such as the perpetual growth rate used to process the final value (“g rate”) and the discount rate (“WACC”), that affect the estimate of the value of use of the Piaggio group cash-generating unit: the impairment test did not show any loss in value even when predicting a positive and negative change of 0.5% in the WACC and the g rate.

In addition, on the basis of the requirements of Consob warning No. 1/21 of 16 February 2021 and the recommendations provided by ESMA in the Public Statement “European common enforcement priorities for 2020 annual financial reports”, besides the base scenario just commented on and previously described, a scenario was developed that continues to be further penalised by the continuation of the pandemic, notwithstanding the excellent performance achieved by the Piaggio group in 2021, with the exception of India, as proof of the resilience of the business. Despite the consideration of factors of severe penalisation (-15% of EBITDA per year for EMEA and Americas and for Asia Pacific and decreasing EBITDA from 47% in 2022 to around 8% in 2025 for India), the value of use is higher than the net carrying amount of the NCE of the Piaggio group CGU.

As regards the **Intermarine** cash-generating unit, the company coincides with the definition of the "marine sector" identified by the Immsi Group in its own segment reporting, in compliance with IFRS 8 – Operating segments: The carrying amount of goodwill allocated to this cash-generating unit is approximately €34.4 million. The main assumptions and hypotheses used to determine future cash flows and the recoverable value of the cash-generating unit regard:

i) the use of forecast economic and financial data of Intermarine;
ii) the discount rate (WACC) used for discounting estimated expected cash flows;
iii) the expected growth rate (g rate) for calculating the terminal value, consistently with the approach of discounting back the “perpetual growth”.

With regard to the values referred to in point (i), the analyses were based on a hypothesis of forecasted cash flows relating to a time horizon of five years that can be inferred from the data of 2022 budget (approved by the Intermarine Board of Directors on 4 March 2022) supplemented by forecast data for the period 2023-2026 prepared by the management of Intermarine S.p.A. (and approved by the Board of Directors of the same on 4 March 2022), as well as on the enhancement of a contract that will develop in the long term, of a non-recurring nature, and excluded from perpetuity: the data processed as above were approved by the Board of Directors of the company on 4 March 2022. In this regard, forecast data considered – uncertain and variable by nature – reflect the evolution of the company's order portfolio as well as its future industrial and commercial strategies: such data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way. Updates, revisions or negative developments relative to the aforesaid assumptions and forecasts occurring after the reporting period of this evaluation could influence, even significantly, the results of impairment testing. In this regard, during preceding years, the final results of the marine sector showed deviations compared to estimates in financial forecasts used, even after several exceptional and unforeseeable events: given the intrinsically uncertain nature of the forecast data considered, it cannot be excluded that these deviations may continue to take place even in the future, with respect to the forecast data used in the impairment test carried out at 31 December 2021.

As regards the value of point ii), for discounting the estimated expected cash flows of Intermarine, a discount rate ("WACC") was used that reflects current market evaluations of the cost of money and takes account of the specific risks of the business and geographic segment in which the company operates. In particular, the cost of equity ("K_e") was determined according to the CAPM ("Capital Asset Pricing Model"). For this purpose, we considered a) a long-term risk-free rate; b) a market risk premium in an unconditional form (normal long-term premium); c) a Beta coefficient calculated by taking into account also the Beta coefficient of a sample of companies comparable to the company, operating in the leisure and defence shipbuilding sector. For the purpose of estimating the aforementioned rate, a specific risk premium equal to 2.5% was also considered. The cost of debt ("K_d") net of taxes was estimated taking account of the expected financial structure of a panel of listed companies comparable to Intermarine as well as – prudentially in order to mitigate the positive impact of the current expansive monetary policy - a long-term risk-free rate. The weighted average discount rate used for the purposes of the impairment test net of taxes is therefore estimated equal to approximately 7.38% (7.78% at 31 December 2020).

As regards point iii) when processing the impairment test, the final value was determined using a perpetual growth rate ("g rate"), prudentially estimated as being equal to 0.25%.

The analyses carried out, approved by the Parent Company's Board of Directors on 23 March 2022, did not lead to any impairment losses with reference to the goodwill test allocated to Intermarine cash-generating unit: therefore, no impairment of goodwill is reflected in the data of the Consolidated Financial statements of the Immsi Group at 31 December 2021. Furthermore, as required by IAS 36 and the guidelines for impairment tests drawn up by the OIV, a sensitivity analysis was carried out on the test results compared to the basic assumptions used such as the perpetual growth rate used to process the final value ("g rate") and the discount rate ("WACC"), that affect the estimate of the value of use of the Intermarine cash-generating unit: the goodwill test allocated to the cash-generating unit in question did not show any impairment losses even if it provided for a positive and negative change of 2% in WACC and 0.5% in g rate.

Considering that the analyses conducted to estimate the recoverable value both for the Piaggio group cash-generating unit and for the Intermarine cash-generating unit has also been determined on the basis of estimates, the Group cannot assure that there will not be an impairment of goodwill in future periods.
Given the current context of weakness in the reference markets, with reference to the ongoing pandemic and the current crisis between Russia and Ukraine, the different factors used in preparing estimates may be revised in the future. The Group will constantly monitor these factors and the possible existence of future impairment losses.

In addition, it is reported that the Immsi S.p.A. share presents at 31 December 2021 a market capitalisation lower than the value of Consolidated shareholders' equity; the Directors, on one hand, on the basis of the results of the impairment tests conducted on the NCEs of the Piaggio group and Intermarine group CGUs, and on the other, of the fair value assessments of some assets belonging to the Real Estate and Holding sectors (Is Molas and Pietra Ligure), which together represent the substantial totality of the Group's assets, have concluded that on 31 December 2021 there were no impairment losses to be reflected in the consolidated financial statements of the Immsi Group.

Other intangible assets

The item “Other intangible assets with a finite life” totalling €300 thousand, includes expenses incurred by Piaggio Vietnam.

- F2 - PROPERTY, PLANT AND EQUIPMENT 355,284

Net property, plant and equipment - which includes rights of use in accordance with IFRS 16 - as of 31 December 2021 amounted to €355,284 thousand, compared to €336,850 thousand as of 31 December 2020, and consisted of fixed assets owned by the Piaggio group for €313. 768 thousand, of Intermarine S.p.A. for €19,391 thousand, of Is Molas S.p.A. for € 21,152 thousand and Immsi S.p.A. for €830 thousand (all amount relating to Rights of use). The following table details this item:

In thousands of Euros	*Land*	*Buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Assets to be given free of charge*	*Other assets*	*TOTAL*
Gross amounts at 31 December 2019	**45,324**	**224,747**	**538,308**	**524,774**	**16,479**	**68,420**	**1,418,052**
Increases	685	9,613	25,532	18,672	0	8,052	62,554
Decreases	0	(738)	(6,646)	(3,341)	0	(1,221)	(11,946)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other movements	0	(4,700)	(17,721)	(216)	38	(1,085)	(23,684)
Gross amounts at 31 December 2020	**46,009**	**228,922**	**539,473**	**539,889**	**16,517**	**74,166**	**1,444,976**
Accumulated depreciation at 31 December 2019	**0**	**98,783**	**413,603**	**498,947**	**14,570**	**54,161**	**1,080,064**
Depreciation	0	11,607	21,618	9,330	255	8,198	51,008
Uses	0	(5)	(6,393)	(2,955)	0	0	(9,353)
Write-downs	0	0	0	0	0	0	0
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	(1,345)	(10,201)	(107)	(75)	(1,865)	(13,593)
Accumulated depreciation at 31 December 2020	**0**	**109,040**	**418,627**	**505,215**	**14,750**	**60,494**	**1,108,126**
Net amounts at 31 December 2020	**46,009**	**119,882**	**120,846**	**34,674**	**1,767**	**13,672**	**336,850**
Gross amounts at 31 December 2020	**46,009**	**228,922**	**539,473**	**539,889**	**16,517**	**74,166**	**1,444,976**
Increases	4,344	11,303	20,973	18,665	0	11,890	67,175
Decreases	0	(1,044)	(15,123)	(26,964)	0	(10,742)	(53,873)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other movements	173	4,764	14,970	777	0	(288)	20,396
Gross amounts at 31 December 2021	**50,526**	**243,945**	**560,293**	**532,367**	**16,517**	**75,026**	**1,478,674**
Accumulated depreciation at 31 December 2020	**0**	**109,040**	**418,627**	**505,215**	**14,750**	**60,494**	**1,108,126**
Depreciation	0	11,372	23,207	11,704	271	9,024	55,578
Write-downs	0	0	0	(175)	0	0	(175)
Uses	0	(928)	(15,051)	(27,822)	0	0	(43,801)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	1,947	9,922	1,280	0	(9,487)	3,662
Accumulated depreciation at 31 December 2021	**0**	**121,431**	**436,705**	**490,202**	**15,021**	**60,031**	**1,123,390**
Net amounts at 31 December 2021	**50,526**	**122,514**	**123,588**	**42,165**	**1,496**	**14,995**	**355,284**

Note: “Other changes” include exchange rate differences arising from the translation of financial statements in foreign currencies and reclassifications.

Property, plant and equipment are depreciated at rates considered suitable for representing their useful life and in any case according to depreciation on a straight line basis, to which reference is made to paragraph D – *Accounting standards and measurement criteria.*

Property, plant and equipment at 31 December 2021 included approximately €1,496 thousand relative to freely transferable assets attributable to Intermarine, comprising light constructions, buildings and relative renovation costs, built on state-owned land in the Municipality of Messina. Buildings built on state-owned land are depreciated based on the remaining duration of the concession (expiring in 2028). These assets, held because of a concession agreement, at its expiry, must be freely and in a perfect state of operation transferred to the granting body.
Furthermore, finance costs on loans acquired to finance the building of assets that require a substantial period of time to be ready for use are capitalised as part of the cost of the assets themselves: in this regard, the Group capitalised finance costs for €250 thousand in the year, all belonging to the Piaggio group.

Land and buildings

Land and industrial property refer to production facilities of the Piaggio group located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Barcelona (Spain), Baramati (India),

Vinh Phuc (Vietnam) and Cikarang (Indonesia), to the industrial complex of Intermarine S.p.A. in Sarzana (SP) and to the tourism/hotel structure managed by Is Molas S.p.A. in the Municipality of Pula (Cagliari).
The item also includes a building located in Pisa, used as a warehouse by Piaggio & C. S.p.A.. The Group recognised €9,703 thousand for assets under construction at owned property.

Plant and machinery

The “Plant and machinery” item refers essentially to the production facilities of the Piaggio group located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam), as well as the structures owned by Intermarine S.p.A. and the facilities located in the tourist/hotel complex managed by Is Molas S.p.A., for a net overall amount of €123,588 thousand. The Group has recognised €8,790 thousand for assets under construction.

Industrial and commercial equipment

The value of industrial and commercial equipment amounts to €42,165 thousand. The balance includes assets under construction for about €7 million, attributable to the Piaggio group.
Main investments in equipment were made by the Piaggio group and concerned moulds for new vehicles launched during the year or scheduled to be launched in the first half of next year, moulds for new engines and specific equipment for assembly lines.

Other assets

The “Other assets” item comprises vehicles, furniture, office fittings and EDP systems. Other assets are recognised for a total value of €14,995 thousand, net of relative depreciation. The Group has recognised assets under construction for €2,340 thousand.

Rights of use

Rights of use, which refer to operating leases, finance leases and prepaid rent for the use of property are included in the individual categories to which they refer.
The Group has stipulated rental/hire contracts for offices, plants, warehouses, company accommodation, cars and forklift trucks. The rental/lease agreements are typically for a fixed duration, but extension options are possible.
At 31 December 2021, the net value of right of use assets amounted to €32,675 thousand, broken down as follows: buildings for €21,390 thousand, plant and machinery for €8,131 thousand, concessions for €714 thousand and other assets for €2,440 thousand. Commitments for lease payments falling due are described in detail in the section on Financial liabilities.

The changes in the first half of 2021 are detailed below:

	Opening balance at 31/12/2020	*Purchases and/or increases*	*Sales and/or decreases*	*Depreciation*	*Other changes*	*Closing balance 31/12/2021*
Historical cost	55,281	5,434	-1,891	0	1,719	60,543
Depreciation	-19,435	0	1,008	-8,902	-539	-27,868
Total rights of use	***35,846***	***5,434***	***-883***	***-8,902***	***1,180***	***32,675***

The Income Statement includes the following amounts relating to lease agreements:

	2021	*2020*
Depreciation of rights of use	8,902	9,180
Financial charges for rights of use	1,285	1,534
Rental payments (not IFRS 16)	10,896	9,580

In 2021, leasing agreements subject to IFRS 16 resulted in a cash outflow of €10,385 thousand.

Guarantees

At 31 December 2021, the Group had land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank loans, to which reference is made in the paragraph I – *Commitments, risks and guarantees.*

- F3 - INVESTMENT PROPERTY 0

At 31 December 2020, investment property of the Immsi Group was recognised amounting to €4,600 thousand, attributable to the property, plant and machinery of the Spanish site at Martorelles of the Piaggio group.
Since the group does not consider this site to be strategic and having identified an interested party to purchase it in the last quarter of 2020, it decided to dispose of it. The property was sold on 17 February 2021. The carrying amount as of 31 December 2020 was determined on the basis of the price defined in the sales contract, the negotiation of which was already in progress and defined in its essential elements at the end of December 2020.

- F4 - EQUITY INVESTMENTS 11,077

The table below details the item Equity investments at 31 December 2021:

In thousands of Euros	*Balance as of 31/12/2020*	*Increases*	*Reversals / Write-downs*	*Reclassifications / Exchange differences*	*Balance as of 31/12/2021*
Equity investments in subsidiaries	15	10	(3)	0	22
Equity investments in affiliated companies and joint ventures	9,142	0	644	1,269	11,055
TOTAL	**9,157**				**11,077**

The increase of the above item refers mainly to the equity valuation of the investment in the Zongshen Piaggio Foshan Motorcycles Co. Ltd..

Below is the corresponding table related to changes that occurred during 2020:

In thousands of Euros	*Balance as of 31/12/2019*	*Reversals / Write-downs*	*Reclassifications / Exchange differences*	*Balance as of 31/12/2020*
Equity investments in subsidiaries	17	(2)	0	15
Equity investments in affiliated companies and joint ventures	8,918	504	(280)	9,142
TOTAL	**8,935**			**9,157**

The table below details Investments at 31 December 2021:

Investments	**% Group**	**Carrying amount at 31 December 2021**
Accounted for using the equity method:		
Rodriquez Pietra Ligure S.r.l.	100.00%	12
Circolo Golf Is Molas S.S.D. a R.L.	100.00%	10
Accounted for using the cost method:		
Total subsidiaries		**22**
Accounted for using the equity method:		
Zongshen Piaggio Foshan Motorcycle Co. LTD.	45.00%	10,850
Total joint ventures		**10,850**
Accounted for using the equity method:		
S.A.T. Societé d'Automobiles et Triporteurs S.A.	20.00%	0
Depuradora d'Aigües de Martorelles S.C.C.L.	22.00%	27
Pontedera & Tecnologia S.c.r.l.	20.45%	160
Accounted for using the cost method:		
Consorzio CTMI – Messina	34.21%	18
Total associates		**205**
TOTAL		**11,077**

The investment in Zongshen Piaggio Foshan Motorcycles Co. Ltd was classified under the item "joint ventures" in relation to agreements made in the contract signed on 15 April 2004 between Piaggio & C. S.p.A. and its partner Foshan Motorcycle Plant, and the Chinese company Zongshen Industrial Group Company Limited. Piaggio & C. S.p.A.'s investment in Zongshen Piaggio Foshan Motorcycles is equal to 45%, of which 12.5% through the direct subsidiary Piaggio China Company Ltd. The carrying amount of the investment is equal to €10,850 thousand and refers to shareholders' equity pro-rata adjusted to take into account the measurement criteria adopted by the Group.

The following table summarises the main balance sheet data of the joint venture determined by the percentage of ownership:

figures in thousands of Euros	31/12/2021	31/12/2020
Working capital	7,493	4,808
Financial debt	0	1,950
Total assets	6,263	4,175
NET CAPITAL EMPLOYED	**13,756**	**10,933**
Provisions	267	169
Financial debt	1,131	0
Shareholders' equity	12,359	10,764
TOTAL SOURCES OF FINANCING	**13,756**	**10,933**
Shareholders' equity attributable to the Group	12,359	10,764
Elimination of margins on internal transactions	(1,509)	(1,799)
Value of the investment	**10,850**	**8,965**

The statement of changes and reconciliation of Shareholders' Equity at the end of 2020 and at 31 December 2021 is presented below:

Opening balance as of 1 January 2021	**8,965**
Profit (Loss) for the period	336
Other comprehensive income	1,259
Elimination of margins on internal transactions	290
Closing balance as of 31 December 2021	**10,850**

- F5 - OTHER FINANCIAL ASSETS 3,979

- Non-current portion

Other non-current financial assets amount to €16 thousand and consist of investments held by the Piaggio group in other minor companies.

Non-current financial assets also include the investment held in Alitalia – CAI by Immsi S.p.A., which has remained unchanged compared to the previous year, at 2.18%. Considering events relating to the airline and in particular the compulsory administration ordered in May 2017 and the full write-down of the investment in Alitalia – SAI by Alitalia – CAI, Company management decided to reset the carrying amount.

- Current portion

Other current financial assets amounted to €3,963 thousand compared to €4,756 thousand at the end of the previous year.

The item mainly includes the equity investment (equal to 279,639 shares) held by Immsi S.p.A. in UniCredit S.p.A., measured, as required by IFRS 9, at fair value at the reference date of 31 December 2021 equal to €3,787 thousand, up by €1,649 thousand compared to 31 December 2020. The Parent Company adjusted the carrying amount of the share package to the value recognised at 31 December 2021, recognising the adjustment in other comprehensive income. These adjustments will not be subsequently transferred to operating profit (loss), but the Group may transfer the accumulated loss or profit to shareholders' equity, when the investment is sold.

- F6 - TAX RECEIVABLES 28,104

Current and non-current tax receivables amount to a total of €28,104 thousand, up on the previous year mainly due to the lower VAT receivables of Piaggio & C. S.p.A., and are detailed below:

- Non-current portion

	Balance as of 31/12/2021	***Balance as of 31/12/2020***
VAT receivables	543	859
Income tax receivables	7,333	10,790
Other tax receivables	1,052	750
TOTAL	**8,928**	**12,399**

Tax receivables due after 12 months refer mainly to receivables of the Piaggio group.

- Current portion

In thousands of Euros	***Balance as of 31/12/2021***	***Balance as of 31/12/2020***
VAT receivables	12,572	10,175
Income tax receivables	2,431	2,836
Other tax receivables	4,173	1,892
TOTAL	**19,176**	**14,903**

Immsi S.p.A. has tax consolidation contracts with the subsidiaries Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Pietra Ligure S.r.l.. As regards contracts signed with these companies, the Parent Company Immsi S.p.A., as consolidating entity, recognised tax receivables for €163 thousand in its financial statements, relative to withholding taxes transferred from companies of the agreement, recognised in the current portion as they concern disposal to subsidiaries pursuant to Art. 43-ter of Italian Presidential Decree No. 602/73 to be offset in 2022.

- F7 - DEFERRED TAX ASSETS 145,134

At 31 December 2021, net deferred tax assets that will fall due within 12 months total €12,763 thousand (€11,790 thousand at 31 December 2020) while those falling due beyond 12 months amount to €132,371 thousand (€126,698 thousand at 31 December 2020): these values are recorded net of deferred tax liabilities which are uniform as regards maturity and nature. Deferred tax liabilities were determined applying the tax rate in effect in the year when temporary differences occur.

Deferred tax assets recognised mainly refer to the Piaggio group for €72,479 thousand (€64,686 thousand at 31 December 2020), Intermarine S.p.A. with €39,506 thousand (compared to €43,332 thousand at 31 December 2020) and Is Molas S.p.A. with €20,391 thousand (€18,275 thousand at 31 December 2020).
In general, these refer to temporary differences recorded in 2021 and earlier (for €45.6 million) and losses in the 2021 and previous financial years (for €99.5 million).

As part of measurements to define deferred tax assets, the Group mainly considered: i) the tax regulations of the different countries in which it is present; ii) their impact in terms of timing differences and any tax benefits deriving from the use of prior tax losses; iii) the tax rate in force in the year in which the temporary differences will be paid iv) the expected taxable income in a medium to long term perspective for each individual company belonging to the Immsi Group and its economic and fiscal impacts; v) National Fiscal Consolidation agreements and plans over a five-year time horizon (until 2026), for those companies, including the Parent Company, that adhere to them; and (vi) as well as results from fair value measurements for certain Group assets.

In view of the above considerations and also for the sake of prudence, the tax benefits deriving from the losses carried forward and from temporary differences were not fully recognised.

However, the future dynamics of various factors – including the evolution of the global health, economic and financial context, also in light of the current crisis between Russia and Ukraine, – requires that the Group's management must constantly monitor circumstances and events that could result in non-recoverability of deferred tax assets recognised by the Group.

Gross deferred tax assets are as follows:

In thousands of Euros

	Taxable amount	*Tax effect*	*Recognised*	*Not recognised*
Temporary differences for allocations to provisions	*101,347*	*26,560*	*n/a*	*n/a*
Other differences	*103,060*	*25,676*	*n/a*	*n/a*
Total of provisions and other changes	***204,407***	***52,236***	***52,047***	***189***
Tax losses	*491,535*	*120,978*	*93.086*	*27,892*
Grand total at 31 December 2021	***695,942***	***173,215***	***145,134***	***28,081***

Unrecognised deferred tax assets amount to €28,081 thousand and refer to prior year losses and other temporary differences attributable to the Piaggio group.

For comparability, the corresponding table at 31 December 2020 is shown below:

	Taxable amount	*Tax effect*	*Recognised*	*Not recognised*
Temporary differences for allocations to provisions	*89,731*	*23,951*	*n/a*	*n/a*
Other differences	*53,794*	*12,073*	*n/a*	*n/a*
Total of provisions and other changes	***143,525***	***36,024***	***34,900***	***1,124***
Tax losses	*523,220*	*126,704*	*103,588*	*23,116*
Grand total at 31 December 2020	***666,745***	***162,728***	***138,488***	***24,240***

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 158,408

- Non-current portion

Trade receivables and other receivables included under non-current assets total €26,838 thousand against €29,536 thousand at 31 December 2020. The item mainly includes deferred charges for €14,948 thousand, security deposits for €1,259 thousand, receivables to the Fondazione Piaggio for €67 thousand and a receivable of €1,684 thousand recognised by Is Molas and relative to the "Le Ginestre" proceedings.

The item in question includes trade receivables due after 12 months recognised by Intermarine S.p.A. and to this date entirely written down for €1,203 thousand.

- Current portion

Trade receivables and other current receivables are represented by the following:

In thousands of Euros	*Balance as of 31/12/2021*	*Balance as of 31/12/2020*
Trade receivables	75,657	74,979
Receivables due from subsidiaries	0	0
Amounts due from affiliated companies	5	71
Receivables due from parent companies	0	0
Amounts due from joint ventures	1,490	841
Other receivables	54,418	45,965
TOTAL	**131,570**	**121,856**

The trade receivables and other receivables item as of 31 December 2021 is shown net of a write-down fund of €32,133 thousand (€30,970 thousand at 31 December 2020).

The following table shows the movements of the current and non-current provision in question during 2021:

In thousands of Euros	
Balance as of 31/12/2020	**30,970**
Increases for allocations	1,168
Decreases for use	(5)
Other changes	0
Balance as of 31/12/2021	**32,133**

The item "Trade receivables" comprises amounts due from normal sales transactions, stated net of provisions for write-down of €30,930 thousand, which at 31 December 2021 had decreased by €1,163 thousand compared to 31 December 2020.

The Piaggio group sells a large part of its trade receivables with and without recourse. The Piaggio group has signed contracts with some of the most important Italian and foreign factoring companies as a move to essentially optimise, monitor and manage its trade receivables, besides offering its customers an instrument for funding their own inventories, and, as regards factoring without recourse, the substantial transfer of risks and benefits.
At 31 December 2021, trade receivables still due, sold without recourse, totalled €123,459 thousand: of this amount, the Piaggio group received advance payments for €120,373. At 31 December 2021, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €9,813 thousand, with a counter entry recorded in current liabilities.

The subsidiary Intermarine S.p.A. also signs contracts with major Italian factoring companies for the assignment of trade receivables without recourse. In particular, Banca IFIS granted a limit of €29 million for advance payments and/or assignments without recourse on the contracts for the minesweeper platform and Gaeta, outstanding at 31 December 2021 for €3.8 million, while the limit granted by Banca Carige for €3 million was fully available at 31 December 2021.

The balance of receivables from affiliated companies refers instead to amounts owing from the Consortium CTMI, while receivables from joint ventures refer to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

Other receivables include: €5,419 thousand recognised by the Indian Group company related to a receivable for the contribution recognised by the Indian Government on investments made in previous years, advances to suppliers for €6,010 thousand mainly recognised by the subsidiary Intermarine S.p.A., accrued income and prepaid expenses for a total of €11,273 thousand, advances to employees for €721 thousand, security deposits for €280 thousand, receivables related to ministerial contributions for €847 thousand and other receivables of various kinds.

Finally other receivables include the equivalent value of works in progress to order net of advances received, referring entirely to the subsidiary Intermarine S.p.A., whose composition is given below.

In thousands of Euros	*Balance as of 31/12/2020*	*Increases*	*Decreases*	*Balance as of 31/12/2021*
Contract work in progress gross of advances	**113,156**	14,479	(12,835)	**114,800**
Contractual advances received from customers	102,966			104,542
Contract work in progress net of advances	**10,190**			**10,258**
Costs sustained	77,755			82,309
Margins recognised (net of losses)	24,951			35,310

- F9 - ASSETS / LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL 27,797

The net carrying amount of assets held for sale amounts to €27,797 thousand and refers to the assets and liabilities held by Pietra Ligure S.r.l.. With reference to the investee company, it should be noted that on 22 July 2021 the parent company Pietra Srl (77.78% owned by Immsi and 22.22% by Intesa Sanpaolo SpA), signed with Polifin SpA (holding company Bosatelli family) - which later became Corus Life Pietra Ligure SpA whose share capital is entirely held by Polifin SpA - a preliminary contract for the sale of the entire investment held in Pietra Ligure Srl, for a total consideration of €30 million. The execution of the contract is subject, as usual, to certain conditions precedent (to be precise, two of an administrative nature involving the Liguria Region and the Municipality of Pietra Ligure), which occurred between the end of the 2021 financial year and the early months of 2022. The transaction is expected to be executed by the first half of 2022.

Gross assets held for sale amount to €34,133 thousand and mainly include the compendium acquired at public auction by the State for a total of €19.1 million and the valuation of the right to use the area equal to the current value of the State fees provided for the concession in favour of Pietra Ligure S.r.l., recognised under assets in accordance with IFRS 16, as a contra entry of the financial liability related to the current value of future lease payments recorded under liabilities related to assets held for sale. Net financial debt does not include these lease liabilities related to assets held for disposal.

- F10 - INVENTORIES 392,659

Inventories are measured at the lower of cost and market value and totalled €392,659 thousand at the end of the period, comprising:

In thousands of Euros	Balance as of 31/12/2021			Balance as of 31/12/2020		
	Cost	Write-down	Net	Cost	Write-down	Net
Consumables	48	0	48	53	0	53
Raw materials	174,423	(17,274)	157,149	116,467	(15,463)	101,004
Work in progress and semi-finished products	135,469	(12,505)	122,964	127,521	(10,541)	116,980
Finished products	131,429	(18,931)	112,498	106,459	(18,672)	87,787
TOTAL	**441,369**	**(48,710)**	**392,659**	**350,500**	**(44,676)**	**305,824**

The above write-downs were necessary due to stocks of raw materials no longer usable in the production process and obsolete or slow-moving finished products and goods.
At 31 December 2021, the Piaggio group recognised, net of write-downs, inventories for €278,538 thousand relating to components, accessories and two-wheeler, three-wheeler and four-wheeler vehicles. Intermarine S.p.A. contributed €46,293 thousand, mainly concerning raw materials and products in progress for prototypes, own construction and repairs. Finally, at year-end Is Molas S.p.A. recorded €67,828 thousand of final inventories related to the hotel business (residual value), work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the realisation of the property development project related to the subdivision in Is Molas - Cagliari, considered recoverable by the Directors on the basis of the results of an estimate of the market value of the property complex prepared by an independent expert of high standing.

- F11 - CASH AND CASH EQUIVALENTS 290,373

Cash and cash equivalents at the end of the period totalled €290,373 thousand against €249,886 thousand at 31 December 2020, as detailed in the table below:

In thousands of Euros	Balance as of 31/12/2021	Balance as of 31/12/2020
Cheques	1	0
Cash and cash equivalents	73	64
Securities	0	0
Bank and postal deposits	290,299	249,822
TOTAL	**290,373**	**249,886**

The aggregate in question refers to cash, current bank accounts, deposits refundable on demand and other short-term high-liquidity financial investments readily convertible into cash and subject to an insignificant risk of change in value.
Bank and postal deposits as of 31 December 2021 are attributable to the Piaggio group for €260,829 thousand.

The table below reconciles the amount of cash and cash equivalents shown above with those shown in the consolidated cash flow statement.

In thousands of Euros	*Balance as of 31/12/2021*	*Balance as of 31/12/2020*
Cash and cash equivalents	290,373	249,886
Current account overdrafts	(12)	(1,187)
TOTAL	**290,361**	**248,699**

- F12 - BREAKDOWN OF RECEIVABLES BY VALUATION METHOD

Information on the carrying amount of financial assets and operating receivables at 31 December 2021 and 31 December 2020, with particular reference to the accounting standards adopted, is given below.

- Operating assets

In thousands of Euros

Values as of 31 December 2021	Assets at FVPL	Assets at FVOCI	Derivative financial instruments	Assets at depreciated/amortised cost	Total
Non-current					
Tax receivables				8,928	8,928
Other receivables				26,838	26,838
Total non-current operating receivables	**0**	**0**	**0**	**35,766**	**35,766**
Current					
Trade receivables				77,152	77,152
Tax receivables				19,176	19,176
Other receivables	0		8,326	35,834	44,160
Total current operating receivables	**0**	**0**	**8,326**	**132,162**	**140,488**

In thousands of Euros

Values as of 31 December 2020	Assets at FVPL	Assets at FVOCI	Derivative financial instruments	Assets at depreciated/amortised cost	Total
Non-current					
Tax receivables				12,399	12,399
Other receivables				29,536	29,536
Total non-current operating receivables	**0**	**0**	**0**	**41,935**	**41,935**
Current					
Trade receivables				75,891	75,891
Tax receivables				14,903	14,903
Other receivables	205		1,437	34,338	35,980
Total current operating receivables	**205**	**0**	**1,437**	**125,132**	**126,774**

- Financial assets

In thousands of Euros

Values as of 31 December 2021	Assets at FVPL	Assets at FVOCI	Derivative financial instruments	Assets at depreciated/amortised cost	Total
Non-current					
Other financial assets	16		0		16
Total non-current financial assets	**16**	**0**	**0**	**0**	**16**
Current					
Other financial assets		3,787	176		3,963
Cash and cash equivalents				290,373	290,373
Securities				0	0
Total current financial assets	**0**	**3,787**	**176**	**290,373**	**294,336**

In thousands of Euros

Values as of 31 December 2020	Assets at FVPL	Assets at FVOCI	Derivative financial instruments	Assets at depreciated/amortised cost	Total
Non-current					
Other financial assets	37		0		37
Total non-current financial assets	**37**	**0**	**0**	**0**	**37**
Current					
Other financial assets		2,139	2,617		4,756
Cash and cash equivalents				249,886	249,886
Securities				0	0
Total current financial assets	**0**	**2,139**	**2,617**	**249,886**	**254,642**

- G - INFORMATION ON THE MAIN LIABILITY ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 390,867

Shareholders' equity at 31 December 2021 amounted to €390,867 thousand, of which €231,947 thousand referred to consolidated shareholders' equity attributable to the Group and €158,920 thousand referring to capital and reserves of minorities.

Share capital

At 31 December 2021, the share capital of Immsi S.p.A., fully subscribed and paid up, comprised 340,530,000 ordinary shares with no nominal value, for a total of €178,464,000.00.
As already stated, at 31 December 2021, Immsi S.p.A. held no treasury shares. Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders' equity resulting from any liquidation, as well as unlimited voting rights.

Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits of Immsi S.p.A. from the year 2000 to the year 2020, in accordance with provisions of law and totalled €9,222 thousand at the end of 2021.

Other reserves

The details of the item Other reserves are shown in the table, amounting at end 2021 to €81,187 thousand.

In thousands of Euros	*Share premium reserve*	*IAS transition reserve*	*Reserves as per Law No. 413/91*	*Legal reserves*	*Translation reserves*	*Reserve for actuarial gains (losses) relative to defined benefit plan*	*Financial instrument measurement reserve*	*Other changes in other reserves*	*Total other reserves*
Balances at 31 December 2020	***94,874***	***5,300***	***4,602***	***1,153***	***(20,027)***	***(5,852)***	***(29,573)***	***40,448***	***90,926***
Other changes						0		(17,196)	(17,196)
Overall earnings for the period					3,733	(792)	(4,518)	0	7,458
Balances at 31 December 2021	***94,874***	***5,300***	***4,602***	***1,153***	***(16,294)***	***(6,644)***	***(25,055)***	***23,251***	***81,187***

The share premium reserve includes the consideration for the shares subscribed following the Immsi S.p.A. capital increases finalised in 2005 and 2006, net of utilisations to cover losses of €342 thousand, for a total value of €94,874 thousand. Other reserves also include the reserve generated by the transition to international accounting standards made by the Group at 1 January 2004, amounting to €5,300 thousand, details of which are provided in the Report on the Financial Statements at 31 December 2005, also available at www.immsi.it. The reserve for the measurement of financial instruments was negative by €25,055 thousand, mainly due to: the recognition in other comprehensive income of the fair value adjustment of equity financial instruments held by the Parent Company, such as the investment in UniCredit, amounting to a negative €11,076 thousand after the adjustment in 2021 of a positive €1,649 thousand, Alitalia - CAI, amounting to €14,778 thousand,

and the residual part due to the recognition of gains (losses) on financial hedging instruments. “Other changes” in the item mainly include the effect of the Parent Company waiving receivables in favour of certain subsidiaries in order to strengthen their shareholders’ equity.

Retained earnings

Retained earnings amount to €49,192 thousand negative and refer to cumulative Group earnings.

Capital and reserves of non-controlling interests

At 31 December 2021 the balance of share capital and reserves attributable to third party shareholders totalled €158,920 thousand, up by €26,416 thousand compared to 31 December 2020.

Statement of Comprehensive Income

At 31 December 2021, the overall result for the period showed a profit of €48,704 thousand, of which €28,979 thousand pertaining to non-controlling interests, against the recognition of positive components that may not be reclassified in future in profit or loss for a total of €92 thousand, mainly due to the fair value adjustment of instruments representing capital held by the Parent Company, partially offset by actuarial gains on defined benefit plans, as well as positive components which may be reclassified in future in profit or loss, amounting to €13,188 thousand, chiefly relating to translation profits recognised by the Piaggio group.

- G2 -	FINANCIAL LIABILITIES	1,054,606

Financial liabilities at 31 December 2021 amounted to €1,054,606 thousand: the portion recognised as non-current liabilities amounted to €604,777 thousand, compared to 571,517 at 31 December 2020, while the portion recognised as current liabilities amounted to €449,829 thousand, compared to €481,273 thousand at 31 December 2020.

At 31 December 2021, total interest expense was recognised by the Group, amounting to €5,110 thousand due to non-controlling interests of Group companies accrued on loans received.

As already stated, net financial debt does not include financial assets and liabilities arising from the fair value measurement of financial derivatives used for hedging and otherwise, the fair value adjustment of related hedged items, financial liabilities referred to assets held for sale, related accruals and payables for interest expense accrued on loans received.

Therefore, as of 31 December 2021, the Immsi Group's net financial debt amounted to a total of €764.2 million, a significant decrease (approximately €38.7 million) compared to the balance of €802.9 million as of 31 December 2020. The Group's net financial debt includes €380.3 million in the "Industrial" Sector (Piaggio group) and the remaining €383.9 million in the "Property and Holding" and "Marine" Sectors.

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit & Loss, for which the same measurement criteria used for the derivative are applied). According to this method, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability.

The following table summarises the movements that took place in the last financial year:

In thousands of Euros	Net Balance at 31/12/2020	Movements	Repayments	New issues	Reclassifications	Exchange delta	Other changes	Net Balance at 31/12/2021
Liquidity	***(249,886)***	***(29,884)***				***(10,603)***	***0***	***(290,373)***
Payables due to banks for current account overdrafts	1,187		(1,187)	12	0	0	0	12
Payables due to banks within 1 year	275,629		(38,762)	25,560	(35,093)	0	755	228,089
Current portion of non-current financial debt	122,205		(175,444)	1,254	198,127	0	152	146,294
Current payables to banks	*399,021*	*0*	*(215,393)*	*26,826*	*163,034*	*0*	*907*	*374,395*
Bonds	11,038		(41,050)	0	0	0	30,012	0
Financial liabilities for rights of use	8,850		(10,095)		10,109	0	(660)	8,204
Amounts due to subsidiaries	7		0	0	0	0	0	7
Amounts due to other lenders	62,357		(9,204)	13,999	71	0	0	67,223
Current financial debt	***481,273***	***0***	***(275,742)***	***40,825***	***173,214***	***0***	***30,259***	***449,829***
Net current financial debt	***231,387***	***(29,884)***	***(275,742)***	***40,825***	***173,214***	***(10,603)***	***30,259***	***159,456***
Non-current payables to banks	278,633		(292)	229,522	(163,034)	0	(360)	344,469
Bonds	272,579		0	0	0	0	(28,429)	244,150
Financial liabilities for rights of use	19,987		(290)		(10,109)	647	5,676	15,911
Amounts due to subsidiaries	0		0	0	0	0	0	0
Amounts due to other lenders	318		0	0	(71)	0	0	247
Non-current financial debt	***571,517***	***0***	***(582)***	***229,522***	***(173,214)***	***647***	***(23,113)***	***604,777***
NET FINANCIAL DEBT	**802,904**	**(29,884)**	**(276,324)**	**270,347**	**0**	**(9,956)**	**7,146**	**764,233**

The following tables summarise the composition by type of the gross financial debt.

- Non-current portion

In thousands of Euros	Balance as of 31/12/2021	Balance as of 31/12/2020
Bonds	244,150	272,579
Payables due to banks	344,469	278,633
Financial liabilities for rights of use	15,911	19,987
Amounts due to other lenders	247	318
TOTAL	**604,777**	**571,517**

- Current portion

In thousands of Euros	Balance as of 31/12/2021	Balance as of 31/12/2020
Bonds	0	11,038
Payables due to banks	374,395	399,021
Financial liabilities for rights of use	8,204	8,850
Amounts due to subsidiaries (*)	7	7
Amounts due to other lenders	67,223	62,357
TOTAL	**449,829**	**481,273**

*) not consolidated on a global integration basis

The composition of gross financial debt is as follows:

In thousands of Euros	Balance at 31/12/2021	Balance at 31/12/2020	Nominal value at 31/12/2021	Nominal value at 31/12/2020
Bonds	244,150	283,617	250,000	291,050
Payables due to banks	718,864	677,654	720,675	679,313
Financial liabilities for rights of use	24,115	28,837	24,115	28,837
Amounts due to subsidiaries (*)	7	7	7	7
Amounts due to other lenders	67,470	62,675	67,470	62,675
TOTAL	**1,054,606**	**1,052,790**	**1,062,267**	**1,061,882**

*) not consolidated on a global integration basis

The following table shows the reimbursement plan for gross financial debt at 31 December 2021 of the Group:

In thousands of Euros	Nominal value at 31/12/2021	Portions falling due within 12 months	Portions falling due within 31/12/2023	Portions falling due within 31/12/2024	Portions falling due within 31/12/2025	Portions falling due within 31/12/2026	Portions falling due Beyond
Bonds	250,000	0	0	0	250,000	0	0
Payables due to banks	720,675	374,803	97,989	77,552	44,387	88,489	37,455
Financial liabilities for rights of use	24,115	8,204	5,715	4,843	3,116	1,430	807
Amounts due to subsidiaries (*)	7	7	0	0	0	0	0
Amounts due to other lenders	67,470	67,223	71	71	71	34	0
TOTAL	**1,062,267**	**450,237**	**103,775**	**82,466**	**297,574**	**89,953**	**38,262**

*) not consolidated on a global integration basis

The following table analyses gross financial debt by currency and interest rate (net of financial liabilities for operating leases):

In thousands of Euros	Balance at 31/12/2020	Balance at 31/12/2021	Nominal value at 31/12/2021	Interest rate at 31/12/2021
Euros	992,911	1,015,127	1,022,788	2.95%
Vietnamese Dong	27,884	13,523	13,523	2.70%
Japanese Yen	2,688	1,841	1,841	2.66%
Indonesian Rupiah	470	0	0	n/a
TOTAL	**1,023,953**	**1,030,491**	**1,038,152**	**2.95%**

Amounts due to banks mainly include the following loans:

Immsi S.p.A.

- two loans received from Banca Popolare dell'Emilia Romagna for a nominal amount of €15 million maturing on 31 December 2022, repositioned following a moratorium, and for a nominal amount of €10 million maturing on 31 December 2025, guaranteed by a pledge on Piaggio shares up to a Collateral Value and a reference rate equal to Euribor plus a spread. The agreements provide for repayment in six-monthly instalments and are accounted for using the amortised cost method, amounting to €14,895 thousand, of which €7.4 million for instalments repayable within 12 months. These lines provide for two *covenants* to be verified on 31 December each year, complied with at the end of 2021, as well as the Collateral Value also complied with at the end of 2021. To hedge the risk of interest rate fluctuations on the cash flows for the loan of €10 million, Immsi S.p.A. entered into a Interest Rate Swap (IRS) hedging contract that provides for the transformation of the variable rate into a fixed rate on the entire nominal value of the related loan;

- a partially amortised line of credit granted until December 2022 by Banca Nazionale del Lavoro for a nominal amount of €30 million, secured by a pledge on Piaggio shares up to a Collateral Value, and recognised at amortised cost of €29,856 thousand, of which €5 million repayable within 12 months. Intangible assets with an indefinite useful life are not amortised but are subject to impairment testing. Moreover, it provides for a minimum listing of the Piaggio share and compliance with two covenants, to be assessed at 31 December of each year, met at the end of 2021, and the Collateral Value, which was also contractually met at the end of 2021 as the pledge was reinstated within the terms provided for in the contract;
- an amortised credit line with Istituto Monte dei Paschi di Siena for a total of €30 million maturing in June 2023, repositioned following a moratorium and guaranteed by a pledge on Piaggio shares up to a Collateral Value. The agreements have a benchmark rate equal to the Euribor increased by a spread, two covenants and the Value to Loan to verify, and met at 31 December 2021. The loan is recognised according to the amortised cost equal to €10,458 thousand, of which €7 million for instalments repayable within 12 months;
- a loan from Banca Ifis for a nominal amount of €10 million maturing on 31 December 2022, repositioned following a moratorium, secured by a pledge on Piaggio shares up to a Collateral Value, with a benchmark rate equal to the Euribor increased by a spread. The agreement provides for the repayment of constant quarterly instalments, and is recognised according to the amortised cost method, equal to €3,074 thousand for instalments repayable within 12 months. This loan provides for two covenants to be verified at 31 December each year and respected at the end of 2021 as well as the Loan to Value also respected at 31 December 2021;
- credit lines, renewed in January 2022 and maturing in January 2023 with Intesa Sanpaolo for €15 and €25 million, besides a Bullet – Multi Borrower line with Intesa Sanpaolo, granted for €125 million, of which €82.7 million to Immsi S.p.A., €30 million to ISM Investimenti S.p.A. and €12.3 million to Intermarine S.p.A. and two credit lines for advances granted (former UBI Banca), of €5 million each. These loans, guaranteed by a pledge on Piaggio shares up to a Collateral Value, envisage a reference rate equal to Euribor plus a spread and compliance with the Collateral Value, verified and respected as of 31 December 2021;
- a revolving credit line of €20 million granted in December 2021 by UniCredit and used as of 31 December 2021 for €5 million, at a rate equal to the variable Euribor plus a spread, expiring at the end of 2022 and guaranteed by a pledge on Piaggio shares up to a Collateral Value. The agreements provide for the verification of a covenant to be met on a quarterly basis, which was respected at 31 December 2021, as is the Collateral Value;
- four amortised credit lines granted between December 2018 and July 2019 by Banco BPM for a nominal amount of €4.5 million falling due in December 2022, €4 million falling due in March 2023, €5 million falling due in June 2023 and €6.5 million falling due in September 2023; all final maturities have been repositioned following a moratorium. The credit lines granted, guaranteed by a pledge on Piaggio shares up to a Collateral Value respected as of 31 December 2021, have a reference rate equal to Euribor plus a spread and are recorded at amortised cost at the end of 2021 for a total of €9,445 thousand, of which €6.7 million for instalments repayable in 2022. To cover the risk of interest rate fluctuation for cash flows, Immsi S.p.A. signed four interest rate swap hedging contracts, which at 31 December 2021 change the variable rate into a fixed rate on approximately 15% of the nominal amount of the relevant loans;
- bullet loan of €10 million granted by ING Bank in December 2020 maturing in July 2022 at Euribor plus a spread, requiring compliance with a set collateral value, plus a spread, guaranteed by a pledge on Piaggio shares up to a Collateral Value, met as at 31 December 2021;
- a securities loan agreement between Immsi S.p.A. and Banca Akros, which – against a loan of 580,491 UniCredit shares, envisages a cash collateral from the bank of approximately €4,122 thousand equivalent to the market value of the share at the date of subscription net

of a spread, which takes into account any downward fluctuations in the share. The contract, which expires on withdrawal, envisages a fee equal to 0.05% and interest expense equal to the EONIA increased by a spread, calculated on the cash collateral disbursed by Banca Akros. Immsi received 300,852 UniCredit shares as a loan without cash collateral from Omniaholding S.p.A.. The latter were used in loan operations with cash collateral undertaken with Banca Akros;

- a medium-term loan granted in May 2021 by Banca Popolare di Sondrio for a nominal amount of €5 million, maturing in June 2026, with an amortisation plan based on quarterly instalments, a reference rate equal to Euribor plus one *spread* and is recognised at amortised cost at the end of 2021 for €4,465 thousand, of which €1 million for instalments repayable in 2022;
- medium-term loan granted in June 2021 by Cassa di Risparmio di Bolzano - Sparkasse for a nominal amount of €5 million maturing in June 2026, amortised in quarterly instalments and secured by a pledge on Piaggio shares up to a Collateral Value. This loan provides for a reference rate equal to Euribor plus one spread and is recognised at amortised cost at the end of 2021 for €4,482 thousand, of which €1 million for instalments repayable in 2022. It also provides for two covenants, to be verified at 31 December each year and respected at the end of 2021, as well as a Collateral Value also respected at 31 December 2021;
- a medium-term loan granted in July 2021 by MedioCredito Centrale - Banca del Mezzogiorno expiring in July 2026 for a nominal amount of €20 million, amortised in quarterly instalments and guaranteed by a pledge on Piaggio shares up to a Collateral Value. This loan provides for a reference rate equal to Euribor plus one *spread* and is recognised at amortised cost at the end of 2021 for €18,924 thousand, of which €4 million for instalments repayable in 2022. Value to Loan, to be verified quarterly, is met as of 31 December 2021;
- a medium-term loan granted in September 2021 by Banca Carige expiring in September 2026 for a nominal €4 million, amortised in quarterly instalments and guaranteed by a pledge on Piaggio shares up to the Value to Loan. This loan provides for a reference rate equal to Euribor plus one *spread* and is recognised at amortised cost at the end of 2021 for €3,794 thousand, of which €772 million for instalments repayable in 2022. Value to Loan, to be verified monthly, is met as of 31 December 2021.

An additional €4.6 million related to a revolving credit line granted by Intesa Sanpaolo S.p.A. and €500 thousand granted by Banca Carige were not used at year-end.

Piaggio group

- €19,970 thousand (nominal value of €20,000 thousand) medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. The contractual terms envisage loan covenants;
- a €69,926 (nominal value €70,000) medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio group's Italian sites in the 2019-2021 period. The loan will mature in February 2027 and has a repayment schedule of 6 fixed-rate annual instalments. The contractual terms envisage loan covenants;
- a €30,000 thousand medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio group's Italian sites in the 2019-2021 period. The loan will mature in March 2028 and has a repayment schedule of 6 fixed-rate annual instalments. The contractual terms envisage loan covenants;
- €99,228 thousand (nominal value of €100,000 thousand) Schuldschein loan issued between October and November 2021 and subscribed by primary market operators, consists of 6 tranches with 3, 5 and 7 year fixed and floating rate maturities;
- €24,263 thousand (with a nominal value of €24,500 thousand) syndicated loan totalling €250,000 thousand entered into in June 2018 and comprising a four-year tranche (with a

one-year extension at the discretion of the borrower) of €187,500 thousand granted in the form of a revolving credit line (drawn down as at 31 December 2021 for a nominal value of €2,000 thousand) and a €62,500 thousand tranche granted in the form of a five-year loan with amortisation (outstanding as at 31 December 2021 for a nominal value of €22,500 thousand). The contractual terms envisage loan covenants;

- a €14,984 thousand medium-term loan (nominal value of €15,000 thousand) granted by Banca Nazionale del Lavoro. The loan will fall due in June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €9,981 thousand medium-term loan (nominal value of €10,000 thousand) granted by Banca Popolare Emilia Romagna. The loan will fall due in December 2023 and has a repayment schedule of six-monthly instalments;
- a €26,580 loan (nominal value of €26,666) granted by Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2025. An interest rate swap has been taken out on this loan to hedge the interest rate risk. The contractual terms envisage loan covenants;
- €30,000 thousand medium-term loan granted by Cassa Depositi e Prestiti to support international growth in India and Indonesia. The loan has a duration of five years expiring in August 2026. It entails a repayment plan with six-monthly instalments and a 12-month grace period. The contractual terms envisage loan covenants;
- €4,482 thousand (nominal value €4,500 thousand) medium-term loan granted by Banca Popolare di Sondrio with maturity in June 2026 and with a quarterly repayment schedule;
- a medium-term loan of €8,988 thousand (with a nominal value of €9,000 thousand) granted by Cassa di Risparmio di Bolzano, maturing in June 2026 and with a quarterly repayment schedule.
- a medium-term loan of €5,994 thousand (with a nominal value of €6,000 thousand) granted by Banca Carige, maturing in December 2026 and with a quarterly repayment schedule.

Piaggio has a revolving credit line for €20,000 thousand (unused as of 31 December 2021) granted by Intesa Sanpaolo expiring in January 2024 and a revolving credit line for €10,000 thousand (unused as of 31 December 2021) granted by Banca del Mezzogiorno expiring in July 2022.
All the above financial liabilities are unsecured. Based on results at 31 December 2021, all covenants on the above loans had been met.

Intermarine S.p.A.

- a loan granted by Intesa Sanpaolo for €12,300 thousand as part of the multi-line credit facility obtained by Immsi S.p.A., guaranteed by a lien on Piaggio shares; this loan falling due at the end of January 2022 has been extended until the end of January 2023;
- a revolving credit line with Intesa Sanpaolo up to a maximum of €18 million, fully drawn at 31 December 2021, expiring at the end of January 2022 and extended until the end of January 2023; the line is secured by a lien on Piaggio shares;
- a mortgage loan of €8,600 thousand, taken out with Banca BPER at the end of 2018, with a maturity of five years, 18 months of pre-amortisation, repayments in six-monthly instalments, secured by a first mortgage on the Sarzana site for €18,000 thousand, an insurance bond and a comfort letter from Immsi of €13,000 thousand. Following requests for a moratorium on the Covid-19 emergency, the maturity date was extended to December 2024, with the first instalment postponed to December 2021;
- financial payables to Banca IFIS for the advance payment of the contract on mine platforms for a residual amount of €3,500 thousand as of 31 December 2021, with repayment in annual instalments by the end of 2022 based on the progress invoiced to the customer. The contract advance line is assisted by a comfort letter from RCN Finanziaria and Immsi;
- financial payables to Banca IFIS for the advance on the Gaeta contract used for €3,077 thousand at 31 December 2021, with repayment due by the end of June 2023 based on the

advances invoiced to the customer. The contract advance line is assisted by a comfort letter from RCN Finanziaria and Immsi;

- financial payables to Banca IFIS for the advance on the Studi Cacciamine contract used for €2,029 thousand at 31 December 2021, with repayment due by the end of June 2023 based on the advances invoiced to the customer. The contract advance line is assisted by a comfort letter from Immsi;
- financial payables to Banca IFIS for advances or assignments without recourse on invoices for Gaeta and Piattaforme Cacciamine contracts with a plafond of €29,000 thousand used for €3,853 thousand as of 31 December 2021 for non-recourse factoring transactions, while as of 31 December 2021 there were no with recourse factoring transactions in place;
- amortised loan from Banca IFIS for €3,000 thousand signed in November 2021 with a maturity of six years and 24 months of pre-amortisation, supported by Immsi's comfort letter;
- loan granted by Banca Nazionale del Lavoro for €4,000 thousand, with repayment in quarterly instalments and maturity in August 2022, extended following the requests for moratorium, outstanding as of 31 December 2021 for €1,500 thousand. This loan is supported by an Immsi comfort letter;
- €5,000 thousand loan granted by Banca Nazionale del Lavoro, revolving for assistance in the management of working capital, fully used as at 31 December 2021, with individual drafts maturing at 180 days, guaranteed by a comfort letter from Immsi;
- unsecured loan granted by Banca Carige of €2,500 thousand, with maturity date October 2023, with pre-amortisation and monthly repayments starting from May 2021, and a residual value as of 31 December 2021 of €1,845 thousand. This loan is backed by a comfort letter from Mediocredito Centrale Guarantee Fund and Immsi;
- existing line with Banca Carige with a plafond of €3,000 thousand for advances on invoices, fully available as of 31 December 2021, covered by a comfort letter from Immsi;
- loan issued by Credit Agricole Italia for €5,000 thousand, with a maturity of 24 months and quarterly instalments, outstanding as of 31 December 2021 for €1,264 thousand. Following requests for a moratorium for the Covid-19 emergency, the maturity was extended to April 2022. This loan is assisted by a guarantee by Immsi S.p.A..
- a loan of €400 thousand issued by Medio Credito Centrale for a research project, maturing in June 2031 with six-monthly repayments starting in December 2023 and with a guarantee pursuant to the Decree of 6 August 2015;

Intermarine has short-term overdraft facilities of €2,235 thousand, undrawn at 31 December 2021.

Is Molas S.p.A.

- a loan at a variable rate granted by Monte dei Paschi di Siena in December 2017 maturing at the end of December 5, for €11,875 million at 31 December 2021, with pre-amortisation and subsequent repayment in six-monthly instalments. Following the request for a moratorium on the Covid-19 emergency, the maturity date was extended by 12 months, with a postponement of the June and December instalments relating to the 2020 financial year, and a further moratorium was granted for the instalment due on 31 December 2021. The bank also granted a waiver of covenant compliance to be verified on 31 December 2021. This loan is assisted by a guarantee issued by Immsi S.p.A..

As part of the indebtedness of the Parent Company and its subsidiaries Intermarine S.p.A. and ISM Investimenti S.p.A., as of 31 December 2021, Immsi S.p.A. pledged approximately 170.8 million Piaggio shares to guarantee loans and credit lines for a total of €302.9 million, while a further approximately 8.5 million Piaggio shares are free of encumbrances.
In this regard, it should be noted that the current Piaggio share prices make it possible to confirm the existing guarantees, and therefore compliance with the Guarantee Values.

The item Bonds for €244,150 thousand (nominal value equal to €250,000 thousand) refers to the high yield debenture loan issued on, 2018 April 250.000 for €2025 thousand maturing in April 2025 and with semi-annual coupon at a fixed annual nominal rate.

It should be noted that the company may repay in advance all or part of the High Yield bond issued on the terms specified in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5.

Finance lease payables of €5,680 thousand (nominal value of €5,687 thousand) refer to the finance lease of €5,612 thousand (nominal value of €5,619 thousand) granted by Albaleasing in the form of the Sale&Lease back of a production plant of Piaggio & C. S.p.A. and the finance lease of €68 thousand granted by VFS Servizi Finanziari to Aprilia Racing for the use of vehicles (non-current portion of €55 thousand).

Amounts due to other lenders, totalling €67,470 thousand, of which €67,223 falling due within the year, are broken down mainly as follows:

- two shareholder loans of €6,000 and €10,005 thousand respectively granted to RCN Finanziaria S.p.A. by Intesa Sanpaolo (shareholder of the company), which under an agreement made in June 2019 must be 80% repaid within 3 years of the signing of the supplementary agreement;
- shareholders' loan of €41,334 thousand granted by Intesa Sanpaolo S.p.A. (formerly IMI Investimenti S.p.A.), shareholder of the company, to ISM Investimenti S.p.A. This credit line contractually expired at the end of 2018 but not due as it is subordinate, as per the clause included in the contract, to the repayment of the multi-line bank loan granted to ISM Investimenti by Intesa Sanpaolo S.p.A. for €30 million, also by virtue of the co-investment and shareholders' agreement between the shareholders of ISM Investimenti S.p.A., i.e. IMI Investimenti S.p.A. and Immsi S.p.A);
- a subsidised loan for a total of €318 thousand granted by the Region of Tuscany for investments in research and development (non-current portion equal to €247 thousand);
- financial advances from factoring companies and banks for trade receivables assigned with recourse, totalled €9,813 thousand.

Covenants

The main loan agreements entered into by Group companies require – in line with market practices for borrowers with a similar credit standing – compliance with:

- financial covenants, on the basis of which the financed company undertakes to comply with certain levels of contractually defined financial indices, with the most significant - in particular for the Piaggio group - comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the group, according to definitions agreed on with lenders;
- negative pledges according to which the company that contracted such loans may not establish collaterals or other constraints on company assets;
- "*pari passu*" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities;
- change of control clauses, which are effective if the majority shareholder loses control of the company;
- the cross default clauses, based on which, in the event of default on a loan, the default automatically extends to the other lines;
- limitations on the extraordinary operations the company may carry out.

The high yield debenture loan issued by Piaggio & C. S.p.A. requires compliance with covenants which are typical of international practices on the high yield market. In particular, the company must observe the Ebitda/Net finance costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to:

- pay dividends or distribute capital;
- make some payments;
- grant collaterals for loans;
- merge with or establish some companies;
- sell or transfer own assets.

The measurement of financial covenants and other contract commitments is monitored by all Group companies on an ongoing basis. At 31 December 2021, the assessment of compliance with these requirements did not reveal any critical issues. Any failure to comply with these covenants and other contractual commitments applied to the loans mentioned above - if not adequately remedied within the agreed time - could result in the requirement of early repayment of the related outstanding debt.

- G3 - TRADE PAYABLES AND OTHER PAYABLES 743,192

Trade payables and other payables totalled €743,192 thousand, of which €729,203 thousand due after the year.
Trade payables and other current payables are detailed below:

In thousands of Euros	*Balance as of 31/12/2021*	*Balance as of 31/12/2020*
Trade payables	647,756	528,140
Amounts due to parent companies	334	342
Amounts due to joint ventures	16,622	5,449
Other payables	64,491	49,215
TOTAL	**729,203**	**583,146**

With particular reference to the Piaggio group, to facilitate credit conditions for its suppliers, it has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements.
These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
At 31 December 2021, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €258,667 thousand (€206,362 thousand at 31 December 2020).
Amounts due to joint ventures at 31 December 2021, equal to €16,622 thousand, mainly refer to purchases made by Piaggio Foshan Motorcycles of the Piaggio group.

The "Other current payables" item is detailed below:

In thousands of Euros	Balance as of 31/12/2021	Balance as of 31/12/2020
Amounts due to employees	20,973	16,214
Liabilities connected to hedging instruments	217	544
Advances from customers	64	30
Amounts due to company boards	777	684
Amounts due to social security institutions	9,770	9,953
Other amounts due to third parties	480	840
Other amounts due to affiliated companies	118	1
Other amounts due to joint ventures	0	3
Accrued expenses	5,452	6,792
Deferred income	4,602	3,061
Other payables	22,038	11,093
TOTAL	**49,215**	**49,215**

Amounts due to employees include holidays accrued and not taken and other remuneration to pay, as at 31 December 2021, while amounts due to social security institutions basically refer to amounts owing for items payable by companies and employees relative to salaries and wages as well as sums accrued and not paid.
Liabilities related to hedging instruments include the fair value of hedging derivatives, in particular for foreign exchange and commodities risk, as well as the fair value of an interest rate swap designated as a hedge (recognised in accordance with the cash flow hedge principle).

- G4 - PROVISIONS FOR SEVERANCE LIABILITIES AND SIMILAR OBLIGATIONS 36,074

The reserve for pensions and similar obligations at 31 December 2021 amounted to €36,074 thousand, down by €2,180 thousand compared to the figure at 31 December 2020.
Below is the breakdown of its composition and movements:

In thousands of Euros	Balance as of 31/12/2020	Service cost	Actuarial (gain) loss	Interest cost	Uses and other movements	Balance as of 31/12/2021
Termination benefits	37,295	9,068	(259)	57	(10,898)	35,263
Other funds	959	0	0	0	(148)	811
TOTAL	**38,254**	**9,068**	**(259)**	**57**	**(11,046)**	**36,074**

The item Other provisons is entirely attributable to the Piaggio group and includes i) provisons for personnel set aside by foreign companies of the group; and ii) the supplementary indemnity fund for customers, that represents the indemnities owing to the agents of the Piaggio group in case of the agency contract winding up due to events not ascribable to them.
Uses refer to the payment of benefits already accrued in previous years and transfers of pension funds, while allocations refer to benefits accrued in the period.
The item Provision for termination benefits comprises termination benefits for employees of Italian companies belonging to the Immsi Group and includes post-employment benefits identified as defined benefit plans.

The economic / technical assumptions used to discount the value by the companies of the Immsi Group operating in Italy are described below:

- Technical annual discount rate from + 0.29% to + 0.98%;
- Annual inflation rate 1.75%;
- Annual rate of increase in termination benefit 2.81%.

As regards the discount rate, the *iBoxx Corporates AA* index (Piaggio group, duration 7-10 and Intermarine duration 5-7) and the *iBoxx Corporates A* index (Immsi duration 10+ and Is Molas duration 7-10) were used as the benchmark for the valuation.

The table below shows the effects, in absolute terms, at 31 December 2021, which would have occurred following changes in reasonably possible actuarial assumptions:

In thousands of Euros	Termination benefits provision
Turnover rate +2%	34,428
Turnover rate -2%	35,887
Inflation rate +0.25%	35,591
Inflation rate - 0.25%	34,598
Discount rate +0.50%	33,582
Discount rate -0.50%	36,707

The average duration of the bond ranges from 7 to 26 years, while future payments estimated in the Group are equal to:

Year *In thousands of Euros*	Future amounts
1	3,355
2	2,211
3	1,506
4	1,521
5	1,868

Being an actuarial valuation, the results depend on the technical bases adopted such as – among others – the interest rate, the inflation rate and the expected turnover. A variation of these parameters could lead to a significant change in the liability estimated to date: similar impacts may be caused by unexpected changes in other technical bases.

The German and Indonesian subsidiaries of the Piaggio group have provisions for employees identified as defined benefit plans. At 31 December 2021, these provisions amounted to €115 thousand and €222 thousand.

- G5 - OTHER LONG-TERM PROVISIONS 36,908

The balance of other long-term provisions, including the portion due within 12 months, totalled €36,908 thousand at the end of December 2021, registering a decrease of €1,224 thousand compared to 31 December 2020.
The other provisions recognised in the financial statements are detailed below:

In thousands of Euros	Balance as of 31/12/2020	Allocations	Uses	Others movements	Balance as of 31/12/2021	of which current
Provision for product warranties	21,835	11,173	(10,861)	409	22,756	13,608
Provisions for risk on investments	17	0	0	0	17	0
Provision for contractual risks	4,425	4,126	(533)	67	8,085	962
Other provisions for risks and charges	11,855	204	(6,267)	258	6,050	2,240
TOTAL	**38,132**	**15,703**	**(17,661)**	**734**	**36,908**	**16,810**

The provision for product warranties relates to allocations for technical warranties on products covered by the warranty, which are estimated to be made within the contractual warranty period, and refers to the Piaggio group for €20,373 thousand and Intermarine S.p.A. for €2,383 thousand for technical warranties on products covered by the warranty, which are estimated to be made within the contractual warranty period. As regards – in particular – the forecasts made by the Piaggio group, this period varies according to the type of goods sold and the market, and is also determined by the customer take-up to commit to planned maintenance.
With reference to Intermarine S.p.A., the company allocates this reserve for maintenance under warranty to be carried out in the future years on naval vessels under construction, delivered during the year and/or in previous years, determined on the basis of the estimate of costs incurred in the past for similar vessels.

The provision for contractual risks refers mainly to charges which could arise from the supply contracts in place in the Piaggio group.

The other provisions for risks and charges include the reserve for labour disputes and other legal and tax disputes and the reserve for shipbuilding contracts in progress.

- G6 - DEFERRED TAX LIABILITIES 13,438

The item deferred tax liabilities, down on figures for 2020 by €197 thousand, was equal to €13,438 thousand and referred to provisions made by individual companies based on applicable national laws. The balance was offset by €301 thousand by deferred tax assets, of a uniform maturity and type.

The decrease is due to the release of part of the taxes recognised by the Parent Company Immsi S.p.A. for the sale in December 2019 of the property in Rome and the release of deferred tax liabilities on reserves distributed by the Indian subsidiary of Piaggio & C. S.p.A.

Deferred tax assets were recognised by the Piaggio group for €7,495 thousand, by the Parent Company Immsi S.p.A. for €5,511 thousand (mainly concerning the capital gain realised on the sale in December 432 of the property situated in Rome, taxable for corporate income tax purposes over several financial years) and by Intermarine S.p.A. for €432 thousand.

- G7 - CURRENT TAXES 21,581

The item Current taxes - which includes tax payables recognised in the financial statements of individual consolidated companies, allocated as regards taxes based on applicable national legislation - increased by €6,705 thousand compared to 2020, and is broken down as follows:

In thousands of Euros		
	Balance as of 31/12/2021	***Balance as of 31/12/2020***
Due for income tax	12,829	7,547
VAT payables	1,007	200
Amounts due for withholding tax	5,785	6,314
Amounts due for local taxes	188	230
Other payables	1,772	585
TOTAL	**21,581**	**14,876**

Payables for withheld taxes made refer mainly to withheld taxes on employees' earnings, on employment termination payments and on self-employed earnings.

- G8 - BREAKDOWN OF PAYABLES BY VALUATION METHOD

Information on the carrying amount of financial liabilities and operating payables at 31 December 2021 and 31 December 2020, with particular reference to the accounting standards adopted, is given below.

- Operating liability

In thousands of Euros

Values as of 31 December 2021	**Liabilities at FVPL**	**Derivative financial instruments**	**Liabilities at depreciated/amortised cost**	**Total**
Non-current				
Tax payables				0
Other payables		34	13,955	13,989
Total non-current operating payables	**0**	**34**	**13,955**	**13,989**
Current				
Trade payables			664,712	664,712
Tax payables			21,581	21,581
Other payables		217	64,274	64,491
Total current operating payables	**0**	**217**	**750,567**	**750,784**

In thousands of Euros

Values as of 31 December 2020	**Liabilities at FVPL**	**Derivative financial instruments**	**Liabilities at depreciated/amortised cost**	**Total**
Non-current				
Tax payables				0
Other payables		268	11,830	12,098
Total non-current operating payables	**0**	**268**	**11,830**	**12,098**
Current				
Trade payables			533,931	533,931
Tax payables			14,876	14,876
Other payables		544	48,671	49,215
Total current operating payables	**0**	**544**	**597,478**	**598,022**

- Financial liability

In thousands of Euros

Values as of 31 December 2021	Liabilities at FVPL	Adjustment at FV	Derivative financial instruments	Liabilities at depreciated/amortised cost	Total
Non-current					
Bank loans				344,469	344,469
Bonds		0		244,150	244,150
Other loans				247	247
Leases				22,247	22,247
Hedging derivatives					0
Total non-current financial liabilities	**0**	**0**	**0**	**611,113**	**611,113**
Current					
Bank loans				374,395	374,395
Bonds		1		0	1
Other loans				72,340	72,340
Leases				8,204	8,204
Total current financial liabilities	**0**	**1**	**0**	**454,939**	**454,940**

In thousands of Euros

Values as of 31 December 2020	Liabilities at FVPL	Adjustment at FV	Derivative financial instruments	Liabilities at depreciated/amortised cost	Total
Non-current					
Bank loans				278,633	278,633
Bonds		0		272,579	272,579
Other loans				318	318
Leases				25,987	25,987
Hedging derivatives					0
Total non-current financial liabilities	**0**	**0**	**0**	**577,517**	**577,517**
Current					
Bank loans				399,021	399,021
Bonds		2,152		11,039	13,191
Other loans				67,236	67,236
Leases				8,850	8,850
Total current financial liabilities	**0**	**2,152**	**0**	**486,146**	**488,298**

- H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

Before analysing the individual item, it is pointed out that the general information on costs and revenues is contained in the Report on Operations, in accordance with Art. 2428 of the Italian civil code.

- H1 - NET REVENUES 1,709,572

Revenues from sales and services at 31 December 2021 amounted to €1,709,572 thousand, up 24.2% (+€332,805 thousand) compared to the previous year. The growth is attributable to the industrial sector (+€354,999 thousand, +27%) to which is added the growth of the property and holding sector (+€1,295 thousand) while the marine sector showed a decline a €23,489 thousand. This item is stated net of premiums given to the customers of the Piaggio group (dealer) and it does not include transport costs recharged to customers and the recovery of advertising costs invoiced, which are shown under other operating income.

Below is a division of net sales by business sectors and by geographic segment of destination, that is, referring to the nationality of the customer:

By business segment

In thousands of Euros	*Year 2021*		*Year 2020*	
	Amount	*%*	*Amount*	*%*
Property and holding sector	2,750	0.2%	1,455	0.1%
Industrial sector	1,668,689	97.6%	1,313,690	95.4%
of which Two-Wheeler business	1,368,989	80.1%	1,040,900	75.6%
of which Commercial Vehicle business	299,700	17.5%	272,790	19.8%
Marine sector	38,133	2.2%	61,622	4.5%
TOTAL	**1,709,572**	**100.0%**	**1,376,767**	**100.0%**

By geographic segment

In thousands of Euros	*Year 2021*		*Year 2020*	
	Amount	*%*	*Amount*	*%*
Italy	339,742	19.9%	248,500	18.0%
Other European countries	710,589	41.6%	586,761	42.6%
Rest of the world	659,241	38.6%	541,506	39.3%
TOTAL	**1,709,572**	**100.0%**	**1,376,767**	**100.0%**

- H2 - COSTS FOR MATERIALS 1,066,726

Costs for materials totalled €1,066,726 thousand, compared to €835,350 thousand for the previous year. The percentage of costs accounting for net sales went up compared to the previous year, from 60.7% in 2020 to 62.4% in the current period.

The item includes €31,331 thousand (€14,221 thousand in 2020) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, that are sold on European and Asian markets.
The item in question does not include costs recharged to customers and tenants, for an equal amount, and costs related to assets held for disposal, which are recognised separately in a specific item in the Income Statement. The following table details the content of this item:

In thousands of Euros	*Year 2021*	*Year 2020*
Change in inventories of finished products, work in progress and semi-finished products	(28,336)	11,153
Change in capitalised piecework	0	0
Purchase of raw materials and consumables	1,147,861	810,716
Change in raw materials and consumables	(52,799)	13,481
TOTAL	**1,066,726**	**835,350**

- H3 - COSTS FOR SERVICES, LEASES AND RENTALS 282,962

Cost of services and use of third-party assets totalled €282,962 thousand, up by €57,308 thousand over the previous year. Below is a breakdown of this item:

In thousands of Euros	*Year 2021*	*Year 2020*
Transport costs	48,693	36,702
Product warranty costs	2,100	1,270
Advertising and promotion	53,646	40,049
Outsourced manufacturing	36,981	27,064
External maintenance and cleaning costs	12,046	10,466
Employee costs	10,939	8,374
Technical, legal, tax, administrative consultancy, etc.	25,237	17,686
Sundry commercial expenses	7,341	4,627
Energy, telephone, postage costs, etc.	14,376	14,346
Services provided	712	779
Insurance	5,326	5,108
Cost of company boards	5,412	5,174
Sales commissions	555	429
Part-time staff and staff of other companies	1,309	2,343
Bank charges and commission	6,428	5,674
Quality-related events	5,805	7,114
Expenses for public relations	2,737	1,751
Expenses for outsourced services	16,594	14,710
Other expenses	15,829	12,408
TOTAL COSTS FOR SERVICES	**272,066**	**216,074**
Rental instalments of business property	10,725	9,391
Lease rentals for motor vehicles, office equipment, etc.	164	183
Operating lease payments for plant and machinery	0	0
Other instalments	7	6
TOTAL COSTS FOR LEASES AND RENTALS	**10,896**	**9,580**
TOTAL COSTS FOR SERVICES, LEASES AND RENTALS	**282,962**	**225,654**

The increase in the item Cost of services and use of third party assets in 2021 compared to the previous year is mainly due to the lock-down periods resulting from the Covid-19 health emergency that affected 2020.

The item under review includes Related Party Transactions for €574 thousand, which are detailed in a paragraph contained within this Report.

- H4 - EMPLOYEE COSTS 256,181

Employee costs are broken down as follows:

In thousands of Euros	Year 2021	Year 2020
Salaries and wages	194,138	172,982
Social security contributions	50,231	43,538
Termination benefits	9,068	8,842
Pensions and the like	0	0
Personnel restructuring costs	1,536	3,853
Termination incentives	0	0
Stock options	0	0
Other costs	1,208	1,583
TOTAL	**256,181**	**230,798**

The table below shows the average number of employees by category. For more details on personnel, refer to the specific paragraph in the Report on Operations:

	Year 2021	Year 2020
Senior management	120	116
Middle managers and white-collar workers	2,464	2,517
Blue-collar workers	3,898	3,936
TOTAL	**6,482**	**6,569**

Employee costs grew in absolute terms by €25,383 thousand compared to figures for the previous year (+11%).
Employee costs include €1,536 thousand relating to costs for mobility plans mainly for the Pontedera and Noale production sites, while in 2020 these costs, relative to the same production sites, were equal to €3,853 thousand.
The average number of employees was affected by seasonal workers in the summer months (with fixed-term contracts and fixed-term service contracts) used to deal with typical peaks in demand in the summer months.
The Group's average number of employees in 2021 was 6,482, down by 87 (-1.3%) compared to 31 December 2020.
As required by international accounting standards, no costs for stock options were recognised under employee costs in 2019, as in 2020.

- H5 - DEPRECIATION AND IMPAIRMENT COSTS OF PROPERTY, PLANT AND EQUIPMENT 55,817

Depreciation recognised at 31 December 2021 for property, plant and equipment is listed below, with depreciation rates indicated in the section on accounting standards adopted by the Group:

In thousands of Euros	*Year 2021*	*Year 2020*
Depreciation of buildings	11,372	11,607
Depreciation of plant and machinery	23,207	21,618
Depreciation of industrial and commercial equipment	11,879	9,330
Depreciation of assets to be given free of charge	335	318
Depreciation of other assets	9,024	8,198
DEPRECIATION AND IMPAIRMENT COSTS OF PROPERTY, PLANT AND EQUIPMENT	**55,817**	**51,071**

Impairment analyses led to the recognition of charges of €175 thousand relating to industrial and commercial equipment, whereas there were none in 2020.
Depreciation and impairment costs of property, plant and equipment include depreciation for rights of use in 2021 amounting to €8,902 thousand (€9,180 thousand in 2020).

- H6 - AMORTISATION AND IMPAIRMENT COSTS OF FINITE LIFE INTANGIBLE ASSETS 76,945

The amortisation and impairment costs of finite life intangible assets are broken down as follows:

In thousands of Euros	*Year 2021*	*Year 2020*
Amortisation of development costs	34,387	29,830
Amortisation of concessions, patents, industrial and similar rights	42,176	33,664
Amortisation of trademarks and licences	61	4,823
Amortisation of software	120	119
Amortisation of other intangible assets with a finite life	201	283
AMORTISATION AND IMPAIRMENT COSTS OF INTANGIBLE ASSETS	**76,945**	**68,719**

As set out in more detail in the paragraph on intangible assets, as from 1 January 2004, goodwill is no longer amortised, but tested annually for impairment. For further details, readers are referred to Explanatory and Additional Note F1 – *Intangible Assets.*

Amortisation of intangible assets does not include impairment of goodwill during 2021 or in the previous year, as – based on tests carried out – it was not necessary to carry out impairment because goodwill was considered recoverable through future financial flows relative to the cash generating units the goodwill was allocated to.

- H7 - OTHER OPERATING INCOME 155,007

The “Other operating income” item comprises:

In thousands of Euros	Year 2021	Year 2020
Gains on the disposal of property, plant and equipment	352	650
Sponsorships	2,749	2,352
Grants	5,660	4,772
Recovery of sundry costs	42,943	34,635
Licence rights	2,534	2,640
Sale of materials and sundry equipment	1,302	764
Insurance settlements	9,914	2,329
Increases in fixed assets from internal work	57,724	50,733
Reversal of provisions for risks and other provisions	606	1,702
Rents received	5,634	3,801
Other operating income	25,589	24,628
TOTAL	**155,007**	**129,006**

The grants item, mainly related to the Piaggio group, includes:
• €921 thousand for state aid and EU contributions to support research projects. These contributions are recognised in profit or loss, with reference to the amortisation and depreciation of capitalised costs for which the grants were received;
• €1,579 thousand for export grants received by the Indian subsidiary;
• €1,390 thousand for participation in MotoGP races paid by the organizer;
• €438 thousand for funding for professional training provided by trade associations;
• €156 thousand for operating grants from a client;
• €4 thousand for state grants received by Piaggio Concept Store and Piaggio & C for expenses related to Covid 19.
Other operating income includes €4,727 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in during previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India in early 2021, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

“Recovery of sundry costs” (less the amount in reduction of costs incurred) are related to transport costs recharged to customers.

The item under review includes Related Party Transactions for €418 thousand, which are detailed in a paragraph contained within this Report.

- H8 - IMPAIRMENT REVERSALS (LOSSES) NET OF TRADE AND OTHER RECEIVABLES (1,731)

The item amounted to €1,731 thousand at 31 December 2021 for net impairment, and is broken down as follows:

In thousands of Euros	*Year 2021*	*Year 2020*
Release of provisions	384	18
Losses on receivables	(383)	(39)
Write-downs of receivables in working capital	(1,732)	(3,502)
TOTAL	**(1,731)**	**(3,523)**

- H9 - OTHER OPERATING COSTS 26,467

The item Other operating expense at 31 December 2021 amounted to €26,467 thousand and is broken down as follows:

In thousands of Euros	*Year 2021*	*Year 2020*
Losses on the disposal of property, plant and equipment	29	72
Duties and taxes not on income	5,749	5,718
Provisions for product warranty	11,373	8,848
Provisions for future and other risks	4,330	2,198
Other operating expense	4,986	7,377
TOTAL	**26,467**	**24,213**

The increase is mainly due to higher provisions for product warranties and future risk funds.
Other operating costs also included, at 31 December 2020, fair value losses related to an investment property sold in 2021.

-H10- INCOME/(LOSS) FROM INVESTMENTS 623

The item recorded a positive balance at 31 December 2021 of €623 thousand and mainly refers to the equity measurement of the investment held by the Piaggio group in the joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd..

-H11 - FINANCIAL INCOME 27,302

Financial income recognised by the Group in 2021 is detailed below:

In thousands of Euros	*Year 2021*	*Year 2020*
Interest income	923	1,415
Exchange gains	26,324	26,622
Income from fair value hedging and interest rates	0	206
Dividends	19	25
Oth rvns	36	2
TOTAL	**27,302**	**28,270**

During 2021, financial income was lower by €968 thousand compared to the figure recorded for the previous year: This reduction is due in part to lower exchange gains which are substantially offset by lower exchange losses recorded in financial charges.

- H12 - BORROWING COSTS 63,495

Finance costs at 31 December 2021 are broken down as follows:

In thousands of Euros	Year 2021	Year 2020
Interest payable on bank loans	17,734	19,227
Interest payable on loans from third parties	7,727	8,405
Interest payable on debenture loans	11,437	12,351
Other interest payable	1,985	785
Commissions payable	1,958	1,963
Exchange losses	21,772	21,899
Fair value and interest rate hedging charges	17	658
Charges from "amortisation/depreciation/write-downs" of equity investments (except for associates and others at "FV to equity")	3	2
Financial component of retirement funds and termination benefits	57	171
Financial charges for rights of use	1,285	1,544
Other charges / capitalisation of charges on fixed assets	(480)	(1,190)
TOTAL	**63,495**	**65,815**

Financial charges in 2021 decreased by €2,320 thousand compared to the previous year, mainly due to lower financial expenses on average debt for the period.

- H13 - TAXES 26,756

Taxation on the income of companies consolidated on a line-by-line basis recognised in the Financial Statements at 31 December 2021 amounted to €26,756 thousand, and is broken down as follows:

In thousands of Euros	Year 2021	Year 2020
Current taxes	31,664	22,047
Deferred tax liabilities	(4,908)	(8,449)
TOTAL	**26,756**	**13,598**

Taxes for the period fell by €13,158 thousand compared to 31 December 2020. The tax rate was 43% compared to 46.2% in 2020.

The Parent Company Immsi S.p.A., Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Intermarine S.p.A., Apuliae S.r.l., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l., Pietra Ligure S.r.l. and Aprilia Racing S.r.l. are party to the National Consolidated Tax Convention, and were therefore able to offset approximately 8.5 million of losses for the year with equal amounts of taxable income.

Below is a reconciliation between the theoretical tax burden and the actual tax burden:

	TOTAL
Profit before tax	*62,180*
Theoretical rate (24%)	
Theoretical income taxes	***14,923***
Effect arising from tax differences and the difference between foreign tax rates and the theoretical rate.	*-520*
Tax effect arising from losses for the year not offset	*5,514*
Tax effect arising from deferred taxes	*-6,764*
Taxes on income generated abroad	*6,282*
Expenses (income) from the Consolidated Tax Convention	*0*
Indian tax on the distribution of dividends	*0*
Other differences	*4,339*
Income tax recognised in the financial statements (IRES)	***23,774***
IRAP	*2,982*
Income taxes recognised in the financial statements	***26,756***

Theoretical tax rates were determined applying the corporate tax rate in effect in Italy (24.0%) to profit before tax.

The effect arising from regional production tax was determined separately, as this tax is calculated based on profit before tax.

- H14 - GAIN/LOSS ON THE DISPOSAL OF ASSETS 0

At the end of the reporting date, there were no gains or losses from assets held for sale or disposal, as well as for the previous year.

- H15 - EARNINGS FOR THE PERIOD 12,267

At 31 December 2021, the Immsi Group posted a profit for the period of €12,267 thousand, after allocation profit to non-controlling interests of €23,157 thousand.

- I - COMMITMENTS, RISKS AND GUARANTEES

The main guarantees issued by banks on behalf of **Piaggio & C. S.p.A** in favour of third parties are listed below:

Type	In thousands of Euros
Guarantee of BCC-Fornacette issued to Pisa Customs Authorities for handling Piaggio goods at the Pisana docks and at Livorno Port	200
Guarantee of BCC-Fornacette issued in favour of Motoride SpA to reimburse VAT following the deductible tax surplus	298
Guarantee of Banco di Brescia issued in favour of the Municipality of Scorzè, to guarantee the urbanisation and construction of the plant in Scorzè	166
Guarantee of Banca Intesa Sanpaolo issued to the Ministry of the Defence National Algeria, to guarantee contract obligations for the supply of vehicles	158
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane – Rome to guarantee contract obligations for the supply of vehicles (5,000 tricycles)	475
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane – Rome to guarantee contract obligations for the supply of vehicles	469

The main guarantees given to third parties recorded by **Intermarine** are detailed below:

Subject	In thousands of Euros
Italian public entities for minesweepers and lookouts	17,952
Italian operator for the supply of integrated minesweeper platforms	8,573
Ministries for research projects	3,383
Various minor items	1,872

Guarantees to third parties referred to above are mainly relate to guarantees issued for contracts ongoing with the following customers:
A guarantee of the amount owing to Bper of €8.6 million was secured by a first mortgage on the Sarzana shipyard for €18 million.

With reference to the company **Is Molas S.p.A.**, €9 million were recognised relative to the value of the commitments undertaken with the Municipality of Pula on 26 March 2015 and 16 October 2020, following the stipulation of the New Additional Planning Act.

With reference to the subsidiaries **Pietra S.r.l.** and **Pietra Ligure S.r.l.**, two guarantees were issued on their behalf, the first by Intesa Sanpaolo in favour of the Municipality of Pietra Ligure and the State Property Agency of Genoa for €302 thousand, and the second by UniCredit in favour of the State Property Agency of Genoa for €288 thousand.

With reference to the **Parent Company Immsi S.p.A**., and the guarantees issued in favour of Group companies, see the section “Commitments, risks and guarantees” in the "Notes to the Financial Statements at 31 December 2021” of the separate financial statements of Immsi S.p.A..

- L - TRANSACTIONS WITH RELATED PARTIES

Reference should be made to the relevant paragraph as regards the main business relations of Group companies
with related parties.

- M - NET FINANCIAL POSITION

Net financial debt of the Immsi Group at 31 December 2021 is shown below. Further details of the main components are provided in the tables in the Report on Operations and the related information below them:

(in thousands of Euros)	*31/12/2021*	*31/12/2020*
Cash and cash equivalents	-290,373	-249,886
Other short-term financial assets	0	0
Medium/long-term financial assets	0	0
Short-term financial payables	449,829	481,273
Medium/long-term financial payables	604,777	571,517
Net Financial debt	**764,233**	**802,904**

Net financial debt is shown in accordance with ESMA Guidelines 32-382-1138 of 4 March 2021, adjusted as follows: does not take into account designated hedging and non-hedging derivative financial instruments, the fair value adjustment of the related hedged items and the related accruals, whose net value at 31 December 2021 was negative by approximately €0.1 million; fair value adjustments of financial liabilities, payables and accrued interest on bank loans totalling €3.1 million; interest accrued on loans to minority shareholders totalling €5.1 million; financial liabilities related to assets held for sale totalling €6 million, referring to the present value of future lease payments by Pietra Ligure S.r.l.. For details, see the paragraph Financial liabilities in the Explanatory Notes.

- N - DIVIDENDS PAID

The Parent Company did not distribute dividends during 2021 or 2020.

- O - EARNINGS PER SHARE

Earnings per share

Earnings per share are calculated by dividing the income or loss attributable to Parent Company shareholders by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

The average number of shares in circulation is calculated by using the principle of retrospectively applying the changes in the number of shares in circulation.

	Year 2021	Year 2020
Net profit attributable to ordinary shareholders (in thousands of Euro)	12,267	9,754
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	**0.036**	**0.029**

Diluted earning per share

Diluted earning per share is calculated by dividing the net income/loss for the year attributable to parent Company Ordinary Shareholders by the average weighted number of shares in issue during the year, taking account of the diluting effect of potential shares. Any treasury shares held are excluded from this calculation.

The Company had no category of potential ordinary shares at 31 December 2021, therefore the diluted income per share coincides with the basic earning per share indicated above.

- P - INFORMATION ON FINANCIAL INSTRUMENTS

Information on financial instruments, the risks connected with them, as well as "sensitivity analysis" in accordance with requirements of IFRS 7 that came into force on 1 January 2007, is given below.

Financial and operational assets and liabilities are described in full in sections F and G of the Notes, to which reference is made.

Lines of credit

At 31 December 2021 the Immsi Group had irrevocable credit lines available until maturity amounting to €1,246.3 million. For further details reference is made to the Note G2 on Financial liabilities.

Management of financial risks

The financial risks to which the Immsi Group believes to be potentially exposed to are:

- the management of capital and the liquidity risk;
- the exchange risk;
- the interest rate risk; and
- the credit risk.

In the **Piaggio group**, management of these risks is centralised and treasury operations are performed in the sphere of policy and formalised guidelines, valid for all the companies in the group.

Capitals management and liquidity risk

The liquidity risk derives from the possibility that available financial resources may not be sufficient to hedge, in the means and times, future disbursements generated by financial and/or commercial bonds.

The **Parent Company Immsi S.p.A.** provides financing to subsidiaries belonging to the “Property and Holding” - the sector to which it belongs - and “Marine” sectors and/or issues guarantees to facilitate their funding: these operations are regulated under normal market conditions.

With particular reference to the **Piaggio group**, to face such a risk, cash flows and the company’s credit line needs are monitored and/or managed centrally under the control of the Group’s Treasury Department, in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt’s maturity standpoint. Moreover, Piaggio & C. S.p.A. finances the temporary cash requirements of group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees. A cash pooling zero balance system is used between Piaggio & C. S.p.A. and European subsidiaries to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.
For greater coverage of the risk of liquidity, at 31 December 2021 the Immsi Group had unused credit lines available for €486.9 million (€481.3 million at 31 December 2020) of which €466.9 million maturing within 12 months and €20 million maturing at a later date.

In relation to the forecasts drawn up concerning the financial requirements expected for the next 12 months, deriving mainly from investment activities and the management of net working capital, taking into account the credit lines expiring during the year and the financial commitments that the Group has undertaken to meet in order to support the development of its initiatives, the Directors have taken, and will take in the coming months, actions aimed at finding solutions that will guarantee financial balance, including the renewal of short-term credit lines, also taking into consideration the risk of a possible scenario of weakness in the stock markets, deriving from the Covid-19 pandemic still underway and the recent crisis involving Russia and Ukraine, which represent an element of high uncertainty on the trend of market values of shares, with possible consequences on the size of credit lines currently granted to the parent company Immsi S.p.A., largely guaranteed by Piaggio shares held by the latter. In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2021, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

Exchange rate risk management

The Immsi Group – particularly through the subsidiaries of the Piaggio group and through the subsidiary Intermarine S.p.A. – operates in an international context where transactions are conducted in currencies other than the Euro. This exposes the Group to risks arising from exchange rates fluctuations: exchange-risk hedging contracts are entered into solely by companies belonging to the aforementioned groups.

In particular the **Piaggio group** has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows. This policy analyses:

- the transaction exchange risk: the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
- the translation exchange risk: arises from the conversion into Euro of the financial statements of subsidiaries prepared in currencies other than the Euro during consolidation: The policy adopted by the group does not require this type of exposure to be covered;
- the economic exchange risk: arises from changes in company profitability in relation to annual

figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging related to the Piaggio group

As of 31 December 2021, the Group had undertaken the following futures transactions (recognised based on the regulation date) relative to payables and receivables already recognised to hedge the transaction exchange risk:

In thousands

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
Piaggio & C.	Purchase	CNY	218,000	29,885	2/03/2022
Piaggio & C.	Purchase	JPY	565,000	4,362	22/03/2022
Piaggio & C.	Purchase	USD	41,600	36,337	24/02/2022
Piaggio & C.	Purchase	CAD	100	69	09/02/2022
Piaggio & C.	Purchase	SEK	7,000	688	28/01/2022
Piaggio & C.	Sale	CAD	1,100	761	13/02/2022
Piaggio & C.	Sale	SEK	2,000	195	7/01/2022
Piaggio & C.	Sale	USD	113,600	99,285	24/02/2022
Piaggio Vietnam	Sale	USD	29,000	662,284,000	07/02/2022
Piaggio Vespa BV	Sale	USD	18,850	16,205	28/04/2022
Piaggio Vehicles Private Limited	Sale	USD	1,350	102,178	31/01/2022

At 31 December 2021, the group had the following transactions to hedge the business risk:

In thousands

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Expiry Media
Piaggio & C.	Purchase	CNY	594,000	72,797	26/06/2022
Piaggio & C.	Sale	GBP	12,000	14,168	22/06/2022

To hedge the business risk, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders. At 31 December 2021, the total fair value of hedging instruments for exchange risk recognised on an hedge accounting basis was positive by €8,305 thousand. During 2021, gains were recognised in other comprehensive income for €7,206 thousand and gains from other comprehensive income were reclassified to profit/loss for the year for €333 thousand.

The net balance of cash flows during 2021 is shown below, divided by main currency:

	Amounts in millions of Euros
	***Cash-flow* 2021**
Pound Sterling	26.9
Indian Rupee	(50.8)
Swedish Krone	(1.9)
US Dollar	87.8
Canadian Dollar	11.3
Indonesian Rupiah	44.3
Vietnamese Dong	(145.0)
Chinese Yuan*)	(61.5)
Japanese Yen	0.4
Singapore Dollar	(2.4)
Total cash flow in foreign currency	**(90.9)**

** Cash flow partially in euro*

The subsidiary **Intermarine** also hedges risks deriving from exchange rate fluctuations through specific transactions linked to individual job orders with invoicing in currencies other than the euro. In particular, the exchange rate risk policy adopted by the group has resulted in the total elimination of all risk through the definition of a fixed-term exchange rate to hedge exchange rate fluctuations. At 31 December 2021 there was no hedging on interest or exchange rates.

In view of the above, a hypothetical 3% appreciation/depreciation of the Euro would generate, respectively, potential profits of €2,650 thousand and losses of €2,814 thousand.

Management of the interest rate risk

The exposure to interest rate risk arises from the necessity to fund operating activities, both industrial and financial, of Group companies and to use available liquidity. Changes in interest rates may affect the costs and returns of investment and financing operations: this risk arises from fluctuations in interest rates and the impact this may have on future cash flows arising from floating rate financial assets and liabilities. Therefore, the Group regularly measures and controls its exposure to interest rates changes with the aim of reducing the fluctuation of borrowing costs limiting the risk of a potential rise in interest rates: This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.

With reference to the **Piaggio group**, at 31 December 2021, the following hedging derivative instruments were recognised:

Cash flow hedge derivatives
an interest rate swap to hedge the variable-rate loan for a nominal amount of €30,000 thousand from Banco BPM to Piaggio & C. S.p.A.. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; at 31 December 2021, the fair value of the instrument was negative by €45 thousand; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on equity, net of the related tax effect, of €350 thousand and €-291 thousand respectively.

In thousands of Euros	*FAIR VALUE*
Piaggio & C. S.p.A.	
Interest Rate Swap	*(45)*

Moreover, the Parent Company Immsi S.p.A. activated an interest rate swap to change a part of flows for interest on loans with Banco BPM and BPER from a variable to a fixed rate. At 31 December 2021 the fair value of the instruments was negative and equal to €50 thousand. In 2021, losses of €45 thousand were recognised in the Statement of Other Comprehensive Income.

Credit risk management

The Group considers that its exposure to credit risk is as follows:

In thousands of Euros	*31 December 2021*	*31 December 2020*
Bank funds and securities	290,300	249,822
Financial assets	3,979	4,793
Tax receivables	28,104	27,302
Trade and other receivables	158,408	151,392
Total	***480,791***	***433,309***

In particular, the **Piaggio group** monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of its own licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, Piaggio & C. S.p.A. has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.
With reference to the subsidiary **Intermarine**, whose business typically means that receivables are concentrated with a few customers, the most significant customers in quantitative terms are public organisations: moreover, in general production to order requires substantial advance payments by the customer as works progress, thereby reducing the credit risk. To minimise credit risk, Intermarine also signs contracts with major Italian factoring companies for the assignment of trade receivables without recourse.

With reference to the other companies of the Immsi Group, there is currently no significant exposure to credit risk.

Hierarchical fair value valuation levels

IFRS 13 – Fair value measurement applies as from 1 January 2013. The Standard defines fair value on the basis of 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 absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

- level 1: quoted prices in active markets for assets or liabilities measured;
- level 2: directly (prices) or indirectly (price-derived) observable market inputs other than level 1 inputs;
- level 3: inputs not based on observable market data.

The valuation techniques that refer to levels 2 and 3 must take into account adjustment factors that measure the risk of failure of both parties: to this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA). The CVA allows the inclusion, in the determination of the fair value, of the credit risk of the counterparty, while the DVA reflects the insolvency risk of companies.

IFRS 7 also requires the fair value of debts recognised on a amortised cost basis to be measured, for disclosure purposes only.

The table below shows the figures regarding the financial debt of the Piaggio group:

In thousands of Euros	**Carrying value**	**Carrying amount**	***Fair Value ****
High yield debenture loan	250,000	244,150	254,925
EIB (R&D loan 2016-2018)	20,000	19,970	20,112
EIB RDI	70,000	69,926	68,209
EIB RDI step up	30,000	30,000	28,830
Loan from B. Pop. Emilia Romagna	10,000	9,981	10,042
Syndicated loan maturing in 2023	22,500	22,433	22,639
Loan from CDP	30,000	30,000	29,574
Loan from Banca CARIGE	6,000	5,994	5,871
Loan from BPop Sondrio	4,500	4,482	4,362
Loan from CariBolzano	9,000	8,987	8,773
SSD loan	100,000	99,228	95,724

* the value deducts DVA related to Piaggio, i.e. it includes the risk of insolvency of Piaggio.

For the other financial liabilities of the Immsi Group it is deemed that the carrying amount is essentially similar to the fair value.

The table below shows the assets and liabilities valued at fair value at 31 December 2021, by fair value measurement hierarchical level.

In thousands of Euros	*Level 1*	*Level 2*	*Level 3*
			0
Assets measured at fair value	3,787	0	0
Hedging financial derivatives		0	0
Investment property		0	0
Other assets		8,326	16
Total assets	***3,787***	***8,326***	***16***
Liabilities measured at fair value		0	0
Hedging financial derivatives		(50)	0
Other liabilities		(251)	0
Total liabilities	***0***	***(301)***	***0***
Balance as of 31 December 2021	***3,787***	***8,025***	***16***

Hierarchical level 1 includes the carrying amount of the investment held by Immsi S.p.A. in UniCredit S.p.A., up by €1,648 thousand compared to 31 December 2020 following an increase in the share price recorded during the year.

Hierarchical level 2 includes among the assets the positive value of the derivative hedging financial instruments attributable to the Piaggio group, while the liabilities include the negative value of the derivative financial instruments (interest rate swap) attributable to the Parent Company Immsi S.p.A..

Lastly it is noted that hierarchical level 3, under investment property mainly includes the fair value of the investment property relating to the former Spanish premises of Piaggio group in Martorelles, Spain, sold on 17 February 2021.

The following table highlights changes that occurred within various levels during 2021:

In thousands of Euros	*Level 1*	*Level 2*	*Level 3*
Balance as of 31 December 2020	*2,139*	(10,413)	*4,637*
Gain and (loss) recognised in profit or loss		(178)	*(21)*
Gain (loss) recognised in the statement of comprehensive income	1,648	7,566	0
Increases/(Decreases)	0	11,050	(4,600)
Balance as of 31 December 2021	***3,787***	***8,025***	***16***

Q - INFORMATION PURSUANT TO LAW 124/2017

Law 124 of 4 August 2017 requires disclosure to be provided on funding, contributions, paid appointments and financial benefits of any kind received at national level from the public administration. In this regard, the next table shows the funding received by the Immsi Group during 2021:

Beneficiary body	Project	Funding entity	Funds (in thousands of Euros)
Piaggio group	Safe strip	European Commission	15.6
Piaggio group	I_HeERO	Inea	6.0
Piaggio group	Safe	Inea	28.5
Piaggio group	Future-radar	European Commission	5.4
Piaggio group	Drive2thefuture	European Commission	14.0
Intermarine	ID. 276679 - training	Fondimpresa	2.0
Intermarine	ID. 276680 - training	Fondimpresa	2.0
Intermarine	Safety training course	Fondimpresa	6.0
Intermarine	ID. 251913 - training	Fondimpresa	3.0
Total			**82.5**

In addition to the aforementioned projects, effects related to the income statement were recognised for the
following projects:

Beneficiary body	Project	Funding entity	Economic Effect (in thousands of Euros)
Intermarine	Fondimpresa projects	Fondimpresa	13.0
Intermarine	Thalassa ARS01 00293	MIUR - Ministry of Education, University and Research	15.0
Intermarine	Simare 08ME7219090182	Sicilian region	76.0
Intermarine	Ibrhydro	MIUR - Ministry of Education, University and Research	89.0
Intermarine	Dasphantomshiffe	MIUR - Ministry of Education, University and Research	345.0
Intermarine	Hydrofoils with immersed wing	MIUR - Ministry of Education, University and Research	395.0
Intermarine	Enviroaliswath Ricerca	MIUR - Ministry of Education, University and Research	205.0
Total			**1,138.0**

With reference to the Piaggio group, during the year, a grant for sanitisation was received from Covid 19 for €79 thousand and grants were acquired for investments in tangible assets financed by the National Industry 4.0 Plan of €37 thousand, for advertising investments of €88 thousand, for capital goods investments of €24 thousand and for investments in Research, Development, Innovation and Design of €506 thousand.

With reference to Intermarine, it should also be noted that the company has received:

- from MCC an aid from the Guarantee Fund, Law 662/96 on the loan disbursed by Banca Carige under the Guarantee Fund, with an aid valuation pursuant to section 3.1 of the Temporary Aid Framework of € 29,913.61.
- by Banca Ifis Loan of €/000 3,000 assisted by Sace Guarantee free of charge under the Decree with Gross Grant Equivalent ("GSE") of €90,017.01 (Aid Identification Code: 6298829).

- from MCC a Subsidised loan of €/000 399 as part of the DASPHANTOMSHIFFE research project, Fondo Crescita Sostenibile - Sportello Fabbrica Intelligente Ministerial Decree 5/3/2018.

For the purposes of Law 124/2017, considering the specific transparency obligations that already exist as regards public contracts, the provisions in paragraph 125 on disclosure to include in the notes, only refer to positions that do not entail remuneration for business services, but which instead entail financial benefits / donations.

- R - SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Information on significant events occurring after the reporting period and on the business outlook is provided in the Directors' Report on Operations.

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND INVESTMENTS AT 31 DECEMBER 2021

Pursuant to Consob Resolution No. 11971 of 14 May 1999 as amended (Art. 126 of the Regulations), a list of Immsi Group companies and its material investments is set out below. The list states the companies, divided according to consolidation procedure.
The following are also shown for each company: the company name, registered office and country of establishment, as well as the share capital in the original currency. The percentages held by IMMSI S.p.A. or other Group companies are also indicated. The percentage of Ordinary Shareholders' Meeting votes is also shown in a separate column, where it differs from the percentage of share capital held.

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% votes (if different)
LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS				
Immsi S.p.A. Mantua (MN) – Italy Parent Company	Euros	178,464,000.00		
Apuliae S.r.l. Lecce (LE) – Italy Immsi S.p.A. investment: 85.69%	Euros	220,000.00	85.69%	
ISM Investimenti S.p.A. Mantua (MN) – Italy Immsi S.p.A. investment: 72.64%	Euros	6,654,902.00	72.64%	
Is Molas S.p.A. Pula (CA) – Italy ISM Investimenti S.p.A. investment: 92.59%	Euros	10,398,437.00	92.59%	
Pietra S.r.l. Milan (MI) – Italy Immsi S.p.A. investment: 77.78%	Euros	40,000.00	77.78%	
Pietra Ligure S.r.l. Mantua (MN) – Italy Investment of Pietra S.r.l. 100.00%	Euros	10,000.00	100.00%	
Immsi Audit S.c.a r.l. Mantua (MN) – Italy Immsi S.p.A. investment: 25.00% Is Molas S.p.A. investment: 25.00% Piaggio & C. S.p.A. investment: 25.00% Intermarine S.p.A. investment: 25.00%	Euros	40,000.00	100.00%	
RCN Finanziaria S.p.A. Mantua (MN) – Italy Immsi S.p.A. investment: 63.18%	Euros	1,000,000.00	63.18%	
Intermarine S.p.A. Sarzana (La Spezia) – Italy RCN Finanziaria S.p.A. investment: 100.00%	Euros	2,060,214.00	100.00%	
Piaggio & C. S.p.A. Pontedera (PI) – Italy Immsi S.p.A. investment: 50.07%	Euros	207,613,944.37	50.07%	
Aprilia Brasil Industria de Motociclos S.A. Manaus – Brazil Aprilia World Service Holding do Brasil Ltda. investment: 51.00%	R$	2,020,000.00	51.00%	
Aprilia Racing S.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. investment: 100.00%	Euros	250,000.00	100.00%	
Aprilia World Service Holding do Brasil Ltda. San Paolo – Brazil Piaggio group Americas Inc. investment: 99.99995%	R$	2,028,780.00	99.99995%	
Foshan Piaggio Vehicles Technology Research & Development Co. Ltd Foshan City – China Piaggio Vespa B.V. investment: 100.00%	RMB	10,500,000.00	100.00%	
Nacional Motor S.A. Barcelona – Spain Piaggio & C. S.p.A. investment: 100.00%	Euros	60,000.00	100.00%	

Company name	Currency	Share Capital (subscribed and paid-up)	% of Share Capital owned	% votes (if different)
Piaggio Asia Pacific PTE Ltd. Singapore – Singapore Piaggio Vespa B.V. investment: 100.00%	SGD	100,000.00	100.00%	
Piaggio Advanced Design Center Corp. Pasadena – USA Piaggio & C. S.p.A. investment: 100.00%	USD	100,000.00	100.00%	
Piaggio China Co. LTD Hong Kong – China Piaggio & C. S.p.A. investment: 100%	USD	12,151,000.00	100%	
Piaggio Concept Store Mantova S.r.l. Mantua - Italy Piaggio & C. S.p.A. investment: 100%	Euros	100,000.00	100.00%	
Piaggio Deutschland GmbH Düsseldorf – Germany Piaggio Vespa B.V. investment: 100.00%	Euros	250,000.00	100.00%	
Piaggio España S.L.U. Alcobendas – Spain Piaggio & C. S.p.A. investment: 100.00%	Euros	426,642.00	100.00%	
Piaggio Fast Forward Inc. Boston – USA Piaggio & C. S.p.A. investment: 85.65%	USD	14,599.12	82.50%	
Piaggio France S.A.S. Clichy Cedex – France Piaggio Vespa B.V. investment: 100.00%	Euros	250,000.00	100.00%	
Piaggio Group Americas Inc. New York – USA Piaggio Vespa B.V. investment: 100.00%	USD	2,000.00	100.00%	
Piaggio Group Japan Tokyo – Japan Piaggio Vespa B.V. investment: 100.00%	YEN	99,000,000.00	100.00%	
Piaggio Hellas S.A. Athens – Greece Piaggio Vespa B.V. investment: 100.00%	Euros	1,004,040.00	100.00%	
Piaggio Hrvatska D.o.o. Split – Croatia Piaggio Vespa B.V. investment: 100.00%	HRK	400,000.00	100.00%	
Piaggio Limited Bromley Kent – UK Piaggio Vespa B.V. investment: 99.9996% Piaggio & C. S.p.A. investment: 0.0004%	GBP	250,000.00	100.00%	
Piaggio Vehicles Private Limited Maharashtra – India Piaggio & C. S.p.A. investment: 99.9999971% Piaggio Vespa B.V. investment: 0.0000029%	INR	340,000,000.00	100.00%	
Piaggio Vespa B.V. Breda – Holland Piaggio & C. S.p.A. investment: 100%	Euros	91,000.00	100.00%	
Piaggio Vietnam Co. Ltd. Hanoi – Vietnam Piaggio & C. S.p.A. investment: 63.50% Piaggio Vespa B.V. investment: 36.50%	VND	64,751,000,000.00	100.00%	
PT Piaggio Indonesia Jakarta – Indonesia Piaggio Vespa B.V. investment: 70.71% Piaggio & C. S.p.A. investment: 29.29%	Rupiah	6,241,900,000.00	100.00%	

EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATED AND JOINT CONTROL COMPANIES VALUED USING THE EQUITY METHOD			
Zongshen Piaggio Foshan Motorcycle Co. Ltd. Foshan City – China Piaggio & C. S.p.A. investment: 32.50% Piaggio China Co. Ltd. investment: 12.50%	RMB	255,942,515.00	45.00%
Rodriquez Pietra Ligure S.r.l. Milan (MI) – Italy Intermarine S.p.A. investment: 100.00%	Euros	20,000.00	100.00%
Depuradora d'Aigües de Martorelles S.C.C.L. Barcelona – Spain Nacional Motor S.A. equity investment: 22.00%	Euros	60,101.21	22.00%
Pontedera & Tecnologia S.c.r.l. Pontedera (PI) – Italy Piaggio & C. S.p.A. investment: 22.23%	Euros	469,069.00	22.23%
S.A.T. Societé d'Automobiles et Triporteurs S.A. Tunis – Tunisia Piaggio Vespa B.V. investment: 20.00%	TND	210,000.00	20.00%
Circolo Golf Is Molas S.S.D.A Pula (CA) – Italy Is Molas S.p.A. investment: 100.00%	Euros	10,000.00	100.00%
EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD			
Consorzio CTMI – Messina Messina (ME) – Italy Intermarine S.p.A. investment: 34.21%	Euros	53,040.00	34.21%
Fondazione Piaggio Pontedera (PI) – Italy Piaggio & C. S.p.A. investment: 50.00%	Euros	103,291.38	50.00%

* * *

This document was published on 8 April 2022 by authorisation of the Chairman of the Company, Roberto Colaninno.

E-MARKET SDIR CERTIFIED

Certification of the Consolidated Financial Statements pursuant to Art. 154-bis of Legislative Decree 58/98

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Michele Colaninno, as Chief Executive Officer and Andrea Paroli, as Executive in Charge of Financial Reporting of Immsi S.p.A., certify, also taking into account provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998:

- the appropriateness with regard to the company's characteristics and
- effective application

of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2021.

With regard to the above, no relevant aspects are to be reported.

In addition, it is certified that the consolidated financial statements at 31 December 2021:

- were drawn up in compliance with applicable international accounting standards recognised by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to accounting records;
- are adequate for giving a true and fair view of the financial position, performance and cash flows of the Issuer and of companies included in the scope of consolidation.

The Report on Operations includes reliable analysis of operations, as well as the situation of the Issuer and of companies included in the scope of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

23 March 2022

The Chairman
Roberto Colaninno

Executive in Charge of
Financial Reporting
Andrea Paroli

Chief Executive Officer
Michele Colaninno

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Immsi S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Immsi S.p.A. and its subsidiaries (the "Group"), which comprise the statement of financial position as at December 31, 2021, the income statement, the statement of comprehensive income, the consolidated statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian 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 Immsi S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the 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.

Assessment of the recoverability of Deferred Tax Assets	
Description of the key audit matter	Deferred tax assets recognized in the Group consolidated financial statements as at December 31, 2021 amount to € 145.1 million and are related to prior years tax losses as well as temporary differences, mainly due to provisions on taxed funds.

	The main italian companies of the Group adhere to the National Consolidation Tax Convention. The recoverability of the deferred tax assets of the Group depends on the future results of these companies as well as of those that don't adhere to the National Consolidation Tax Convention that account deferred tax assets. Consequently, the recognition and the recoverability of the deferred tax assets require the Directors to carry out an estimation process with the objective of forecasting the future taxable incomes of these companies. Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter. Note F7 "Deferred tax assets" within the consolidated financial statements provides a disclosure of deferred tax assets.
Audit procedures performed	As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network: • Evaluation of the reasonableness of the assuptions formulated by Directors and by Management in forecasting the future taxable incomes of the companies of the Group that adhere to the National Consolidation Tax Convention and of those companies of the Group that account deferred tax assets; • Examination of the National Consolidation Tax Convention of the Group; • Examination of the methods used by Management to verify the recoverability of deferred tax assets, regarding the capacity of future taxable incomes expected at consolidated level; • Esame dell'adeguatezza dell'informativa e della sua conformità al principio contabile IAS 12.

Analysis of the short-term financial debt of Immsi S.p.A.	
Description of the key audit matter	Immsi S.p.A. presents financial debt towards the banking system for a total of € 251.2 million, of which € 212.8 million of short-term financial debt. As of December 31, 2021, Immsi S.p.A. deposited no. 170.8 million of Piaggio & C. S.p.A. shares to guarantee loans and credit lines for € 302.9 million (of which € 242.6 million referring to Immsi S.p.A.), whose agreements provide for compliance with guarantee values and, for some loans, with financial parameters (so-called financial covenants). The total number of Piaggio & C. S.p.A. shares held by Immsi S.p.A. at 31 December 2021 is equal to no. 179.3 million.

The forecasts prepared by the Directors regarding the financial needs of the Immsi S.p.A.è, including financial support for some direct and indirect subsidiaries, for the next 12 months, take into account, inter alia, the effects of the actions aimed at guaranteeing financial balance as well as the renewal of the short-term credit lines guaranteed by the aforementioned share pledge.

The market value of the shares pledged as collateral is subject to constant monitoring by the Management and periodic verifications in order to ensure compliance with the guarantee values, with consequent adjustment of the number of shares pledged. The market value of these securities is subject to the trend of the financial markets, which has shown a tendency to present relevant fluctuations over time, especially in relation to the uncertainty of the general economic situation, accentuated by the Covid-19 pandemic and from the recent crisis involving Russia and Ukraine.

In consideration of the significance of the Group's financial debt to the banking system guaranteed by Piaggio & C. S.p.A. shares, of the risk of a possible scenario of weakness in the stock markets and of the relevance of the disclosure provided in the notes of the financial statements on these aspects, we have considered the understanding and analysis of the forecasts made by the Directors regarding the financial needs and related short-term indebtedness of Immsi S.p.A. a key audit matter of the Group consolidated financial statements.

Notes A "General aspects " and G2 "Financial liabilities" within the consolidated financial statements provides a disclosure on the short-term financial debt of Immsi S.p.A..

Audit procedures performed

As part of our audit we, inter alia, performed the following procedures:

- identification and understanding of the significant controls put in place by the Directors on the process of monitoring of the financial debt exposure guaranteed by Piaggio & C. S.p.A. shares;
- acquisition of documentation relating to short-term credit lines and guaranteed medium / long-term loan agreements existing at 31 December 2021, analyzing the contractual clauses including guarantee clauses, also by obtaining data and information obtained directly from banks;
- review of the analysis prepared by the Management relating to guaranteed financial debt, compliance with the guarantee values and, where applicable, the financial covenants as at 31 December 2021;
- analysis of the evolution of financial debt expected in the next 12 months and of the related guarantee values;

- analysis of the reasonableness of the Directors' forecasts regarding the financial needs of Immsi S.p.A., acquiring, inter alia, audit evidence regarding the renewals of the short-term credit lines obtained;
- assessment of the adequacy of the disclosure provided by the Directors in the notes of the financial statements.

Verification of capitalization criteria related to investments in development costs, industrial patent and intellectual property rights	
Description of the key audit matter	The Group has accounted as of December 31, 2021 activities relating to development costs, industrial patent and intellectual property rights for € 245.2 million, of which € 243.5 million related to "industrial" sector. With reference to the "industrial" sector, the related investments made in 2021 amount to € 97.0 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2021-2023 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure toi verify the technical feasibility of the projects, the availability of adequate financial resourses to complete the products being developed and the intention and ability to complete the products to be sold. The Group's procedure also includes the estimation of expected future cash flows from the sales of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least one per year. Given the magnitude of the value of the related assets, considering the complexity of the related procedures and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter. Note F.1 "Intangible assets" within the Group consolidated financial statements provides a disclosure on this caption.
Audit procedures performed	As part of our audit we, inter alia, performed the following procedures: • understanding of the procedure for capitalizing development costs, industrial patent and intellectual property rights adopted by the Group; • understanding of the relevant controls implemented by the Group; • discussion with Management and obtaining supporting documentation to understand the characteristics of the projects; • obtaining details of the cost capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year;

- verification for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets;
- analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year.

Assessment of the recoverability of Goodwill	
Description of the key audit matter	The Group accounts for goodwill equal to € 614.0 million, same amount of previous year, in the consolidated financial statements as at 31 December 2021. This goodwill has been allocated to the cash generating unit ("CGU") "Piaggio Group" – industrial sector – for € 579.5 million and "Intermarine" – marine sector – for € 34.5 million. The recoverability of the goodwill is verified by the Directors at least annually and whenever indicators of potential impairment occur by comparing the carrying amount with the estimate of the recoverable amounts through an impairment test. The Directors performed impairment test on goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each CGU identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows, the discounting rate (WACC) and the long term growth rate (g-rate). With reference to "Piaggio Group", the Directors estimated the expected future cash flows included in a four-year period, on the basis of budget data for the financial year 2022, supplemented by forecast data for the period 2023-2025. With reference to "Intermarine", the Directors estimated the expected future cash flows included in a five-year period, on the basis of budget data for the financial year 2022, supplemented by forecast data for the period 2023-2026, as well as by the valuation of a non-recurring contract which the Directors expect will develop in a long period, and whose cash flows have been excluded for the purposes of estimating perpetuity. Based on the result of impairment tes, the Directors did not identified nay impairment losses. Considering the relevant amount of the goodwill accounted for in the financial statements relative to the CGUs, the judgement and the nature of the estimates used to determine cash flows, the key variables of the impairment test, the recoverability of the goodwill has been considered a key audit matter of the Group's consolidated financial statements. Note F1 "Intangible Assets" within the consolidated financial statements provides a disclosure on the goodwill.

Audit procedures performed	As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network: • assessment of the method used by Directors for the determination of the value in use of each CGU, analyzing the methods and assumptions used by Management for the development of the impairment tes; • assessment of the reasonableness of the main assumptions adopted to develop cash flow forecasts and the parameters used by the Directors for the impairment test. In this context, we have examined industry studies and sector analysis and retraced the methods used by the Directors to estimate WACC and g-rate; • verification of the correct determination of the carrying amount of the assets and liabilities attributed to each CGU; • verification of the sensitivity analysis carried out by Directors with reference to the main assumptions used carrying out the impairment test of goodwill, also developing own sensitivity analysis; • assessment of the adequacy and compliance, in relation with the accounting standard, of the disclosure provided by the Directors in the Group financial statements as of December 31, 2021.

Other matter – Corresponding data

The consolidated financial statements of the Group for the year ended December 31, 2020, were audited by other auditor who expressed their unqualified opinion on 8 April 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors 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 have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, 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 International Standards on Auditing (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 consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Conclude on the appropriateness of management's 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.

- Evaluate 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.

- Obtain 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.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine 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 describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Immsi S.p.A. has appointed us on May 14, 2020 as auditors of the Group for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Immsi S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Immsi S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Immsi Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Immsi Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Immsi Group as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Immsi S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Milan, Italy
April 7, 2022

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of Immsi S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

IMMSI S.p.A.

Financial Statements at 31 December 2021

Immsi S.p.A. Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Shareholders' Equity, detailing amounts attributable to Related-Party and intergroup transactions:

Statement of Financial Position

In thousands of Euros

ASSETS	Notes	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Intangible assets		0	0
Property, plant and equipment	C1	837	1,225
Investment Property	C2	0	0
Equity investments in subsidiaries and associates	C3	305,392	309,780
Other financial assets	C4	265,823	288,062
- of which related parties and intergroup		*265,823*	*288,062*
Tax receivables	C5	0	0
Deferred tax assets	C6	1,573	1,624
Trade receivables and other receivables	C7	13,059	13,017
- of which related parties and intergroup		*12,931*	*12,889*
TOTAL NON-CURRENT ASSETS		**586,684**	**613,708**
ASSETS HELD FOR DISPOSAL		0	0
CURRENT ASSETS			
Trade receivables and other receivables	C7	4,752	5,069
- of which related parties and intergroup		*3,759*	*4,045*
Tax receivables	C5	407	413
Inventories		0	0
Works in progress to order		0	0
Other financial assets	C4	4,906	3,593
- of which related parties and intergroup		*1,119*	*1,455*
Cash and cash equivalents	C8	13,944	8,460
TOTAL CURRENT ASSETS		**24,009**	**17,535**
TOTAL ASSETS		**610,693**	**631,243**

LIABILITIES	Notes	31/12/2021	31/12/2020
SHAREHOLDERS' EQUITY			
Share capital		178,464	178,464
Reserves and retained earnings		197,653	191,167
Net profit for the period	E10	(31,264)	4,891
TOTAL SHAREHOLDERS' EQUITY	D1	**344,853**	**374,522**
NON-CURRENT LIABILITIES			
Financial liabilities	D2	40,790	71,226
- of which related parties and intergroup		*223*	*345*
Trade payables and other payables	D5	49	4
Provisions for severance liabilities and similar obligations	D3	403	373
Other long-term provisions		0	0
Deferred tax liabilities	D4	5,511	8,033
TOTAL NON-CURRENT LIABILITIES		**46,753**	**79,636**
LIABILITIES ON DISCONTINUED OPERATIONS		0	0
CURRENT LIABILITIES			
Financial liabilities	D2	214,066	172,312
- of which related parties and intergroup		*122*	*161*
Trade payables	D5	1,033	1,915
- of which related parties and intergroup		*159*	*782*
Current taxes	D6	2,467	876
Other payables	D5	1,521	1,982
- of which related parties and intergroup		*0*	*139*
Current portion of other long-term provisions		0	0
TOTAL CURRENT LIABILITIES		**219,087**	**177,085**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**610,693**	**631,243**

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Income Statement

In thousands of Euros

	Notes	2021	2020
Financial income	E1	32,734	29,192
- of which related parties and intergroup		*32,697*	*29,189*
Borrowing costs	E2	(59,352)	(23,647)
- of which related parties and intergroup		*(50,527)*	*(15,020)*
Income/(loss) from investments		0	0
Operating income	E3	515	2,015
- of which related parties and intergroup		*515*	*2,015*
Costs for materials		(23)	(18)
Costs for services, leases and rentals	E4	(3,432)	(3,155)
- of which related parties and intergroup		*(396)*	*(422)*
Employee costs	E5	(1,340)	(1,271)
Depreciation of property, plant and equipment	E6	(401)	(401)
Amortisation of goodwill		0	0
Amortisation of intangible assets with a definite life		0	0
Other operating income	E7	126	187
- of which related parties and intergroup		*80*	*80*
Net reversals (write-downs) of trade and other receivables			
Other operating costs	E8	(276)	(277)
PROFIT BEFORE TAX		**(31,449)**	**2,625**
Taxes	E9	185	2,266
- of which related parties and intergroup		*0*	*0*
EARNINGS AFTER TAX FROM OPERATING ACTIVITIES		**(31,264)**	**4,891**
Gain (loss) from assets held for sale or disposal		0	0
NET PROFIT FOR THE PERIOD	E10	**(31,264)**	**4,891**

Statement of Comprehensive Income

In thousands of Euros

	Notes	2021	2020
NET PROFIT FOR THE PERIOD	E10	**(31,264)**	**4,891**
Items that may be reclassified to profit or loss:			
Effective portion of profit (losses) from instruments to hedge cash flows		(45)	8
Items that may not be reclassified to profit or loss:			
Gains (losses) from the fair value measurement of financial assets		1,649	(1,502)
Actuarial gains (losses) on defined benefit plans		(9)	(13)
TOTAL GAINS (LOSSES) OF THE PERIOD	D1	**(29,669)**	**3,384**

The figures in the above table are net of the corresponding tax effect.

Cash Flow Statement

In thousands of Euros

This table shows the changes in cash and cash equivalents, net of short-term bank overdrafts not present either at the end of December 2021 or at the end of December 2020.

	Notes	31/12/2021	31/12/2020
Operating activities			
Profit before tax	E10	(31,448)	2,625
Depreciation of property, plant and equipment	E6	400	401
Provisions for risks and for severance indemnity and similar obligations	D3	71	68
Write-downs / (Reversals)	C3-C4	50,506	15,000
Financial income (1)	E1	(12,828)	(12,694)
Dividend income (2)		(19,906)	(16,498)
Borrowing costs	E2	8,846	8,647
Change in working capital			
(Increase) / Decrease in trade receivables (3)	C7	274	1,486
Increase / (Decrease) in trade payables (4)	D5	(1,298)	(1,327)
Increase / (Decrease) in provisions for severance liabilities and similar obligations	D3	(41)	(75)
Other changes		(663)	(1,940)
Cash generated from operating activities		**(6,087)**	**(4,307)**
Net finance costs paid	E2	(8,434)	(7,572)
Taxes paid		(30)	(2,829)
Cash flow from operations		**(14,551)**	**(14,708)**
Investing activities			
Investment in property, plant and equipment (including investment property)	C1-C2	(12)	(17)
Loans provided and interest accrued (5)	C4	(12,522)	(8,342)
Financial income received		-	3
Dividends from investments (2)		19,906	16,498
Cash flow from investing activities		**7,372**	**8,142**
Financing activities			
Loans received	D2	49,284	29,840
Outflow for repayment of loans	D2	(36,521)	(28,110)
Rimborso Rights of use	D2	(100)	(625)
Cash flow from financing activities		**12,663**	**1,105**
Increase / (Decrease) in cash and cash equivalents		5,484	(5,461)
Opening balance		8,460	13,921
Exchange differences		-	-
Closing balance		**13,944**	**8,460**

(1) of which €12,792 thousand deriving from loans, subleases of rights of use and guarantees granted to Group companies;

(2) dividends paid out by Piaggio & C. S.p.A.;

(3) of which €241 thousand increase for receivables from companies in the Group;

(4) of which a €762 thousand decrease related to payables to companies in the Group and other Related Parties;

(5) entirely relating to loans granted to subsidiaries;

Changes in Shareholders' Equity

Note D1

In thousands of Euros	Share capital	Share premium reserve A - B	Reserves for the fair value measurement of financial assets	Reserves for the fair value measurement of hedging instruments	Reserve for the measurement of entities under common control	Investment Property Revaluation reserve	Actuarial evaluation reserve on defined benefit plans	Revaluation reserve A - B - D	Legal reserve A	Other legal reserves A - B - D	IAS transition reserve	Earnings reserve	Earnings for the period	Shareholders' equity
Balances at 31 December 2019	**178,464**	**94,874**	**(26,001)**	**(13)**	**65,087**	**0**	**(44)**	**4,602**	**8,528**	**1,153**	**(1,614)**	**37,109**	**8,994**	**371,138**
Allocation of earnings to legal reserve									450				(450)	0
Allocation of earnings to dividends														0
Allocation of earnings to retained earnings/losses												8,544	(8,544)	0
Net profit income			(1,502)	8			(13)						4,891	3,384
Balances at 31 December 2020	**178,464**	**94,874**	**(27,503)**	**(5)**	**65,087**	**0**	**(57)**	**4,602**	**8,978**	**1,153**	**(1,614)**	**45,653**	**4,891**	**374,522**

In thousands of Euros	Share capital	Share premium reserve A - B	Reserves for the fair value measurement of financial assets	Reserves for the fair value measurement of hedging instruments	Reserve for the measurement of entities under common control	Investment Property Revaluation reserve	Actuarial evaluation reserve on defined benefit plans	Revaluation reserve A - B - D	Legal reserve A	Other legal reserves A - B - D	IAS transition reserve	Earnings reserve	Earnings for the period	Shareholders' equity
Balances at 31 December 2020	**178,464**	**94,874**	**(27,503)**	**(5)**	**65,087**	**0**	**(57)**	**4,602**	**8,978**	**1,153**	**(1,614)**	**45,653**	**4,891**	**374,522**
Allocation of earnings to legal reserve									245				(245)	0
Allocation of earnings to dividends														0
Allocation of earnings to retained earnings/losses												4,646	(4,646)	0
Net profit income			1,649	(45)			(9)						(31,264)	(29,669)
Balances at 31 December 2021	**178,464**	**94,874**	**(25,854)**	**(50)**	**65,087**	**0**	**(66)**	**4,602**	**9,223**	**1,153**	**(1,614)**	**50,299**	**(31,264)**	**344,853**

Available for:
A: Cover losses B: Share capital increase
C: Distribution to shareholders D: Distribution to shareholders under tax suspension

Notes to the financial statements at 31 December 2021

Note	Description
A	**General aspects**
B	**Accounting standards and measurement criteria**
C	**Information on main assets**
C1	Property, plant and equipment
C2	Investment Property
C3	Equity investments in subsidiaries and associates
C4	Other financial assets
C5	Tax receivables
C6	Deferred tax assets
C7	Trade receivables and other receivables
C8	Cash and cash equivalents
W	**Information on main liabilities**
D1	Shareholders' equity
D2	Financial liabilities
D3	Provisions for severance liabilities and similar obligations
D4	Deferred tax liabilities
D5	Trade payables and other payables
D6	Current taxes
E	**Information on main Income Statement items**
E1	Financial income
E2	Borrowing costs
E3	Operating income
E4	Costs for services, leases and rentals
E5	Employee costs
E6	Depreciation of property, plant and equipment
E7	Other operating income
E8	Other operating costs
E9	Taxes
E10	Net profit for the period
F	**Commitments, risks and guarantees**
G	**Net debt**
H	**Dividends paid**
I	**Proposal to allocate profit for the period**
L	**Group and Related-Party Transactions**
M	**Risks and uncertainties**
N	**Auditing costs**
O	**Events occurring after the end of the period**

A – General aspects

Immsi S.p.A. (the “Company” or the “Parent Company”) is a limited company established under Italian law and has registered offices in Mantua - P.zza Vilfredo Pareto, 3 and sub-offices in via Abruzzi, 25 – Rome and via Broletto, 13 – Milan. The main activities of the Company and its subsidiaries (the “Immsi Group” or the “Group”), the information on relevant events after the end of the reporting period and on operating outlook are described in the Directors’ Report on Operations.
At 31 December 2021, Immsi S.p.A. was directly and indirectly controlled, pursuant to Art. 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A. Pursuant to Art. 2427 paragraph I of the Civil Code, Omniaholding S.p.A., with registered office in Mantua - Via Marangoni 1/E - is the entity that prepares the consolidated financial statements of the largest group of companies to which the Company belongs as a subsidiary. The consolidated financial statements of Omniaholding S.p.A. are available at the registered office of the company.

Following the entry into force of European Regulation No. 1606 of July 2002, Immsi S.p.A. adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. IFRS means all the International Financial Reporting Standards, the International Accounting Standards, all the interpretations of the IFRS Interpretation Committee (formerly IFRIC), previously called the Standing Interpretations Committee (SIC), approved by the European Union and contained in the relevant EU Regulations.
Decree 58/1998, as well as in compliance with provisions issued pursuant to Art. 9 of Legislative Decree 38/2005 (Consob Resolution No. 15519 dated 27/07/06 containing “Provisions for the presentation of financial statements", Consob Resolution No. 15520 dated 27/07/06 containing “Changes and additions to the Regulation on Issuers” adopted by Resolution No. 11971/99”, Consob communication No. 6064293 dated 28/07/06 containing “Corporate reporting required in accordance with Art. 114, paragraph 5 of Legislative Decree 58/98”). The Company did not consider presentation of segment reporting, as established in IFRS 8, as significant.
The currency used in preparing these financial statements is the euro and amounts are expressed in and rounded to thousands of Euro (unless otherwise indicated).
Information regarding important events after the close of the period and the foreseeable development of operations is set out, as mentioned, in the Directors Report on Operations as at 31 December 2021.
The directors of the Company are responsible for the application of the European Commission's Delegated Regulation (EU) 2019/815 on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF) (hereinafter the "Delegated Regulation") to the financial statements, which are included in the annual financial report.
The financial statements of Immsi S.p.A. were prepared in XHTML format in accordance with the provisions of the Delegated Regulations and were approved by the Board of Directors on 23 March 2022.
These Financial Statements are audited by Deloitte & Touche S.p.A. pursuant to the appointment granted by the Shareholders’ Meeting on 14 May 2020 for the period 2021-2029.

Presentation of Financial Statements

The Financial Statements of Immsi S.p.A. consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Shareholders’ Equity and the Notes.
As provided for by Consob Ruling No. 15519 of 27 July 2006, the financial statements include specific evidence of related-party and intergroup transactions.

In relation to options in IAS 1 “Presentation of Financial Statements”, Immsi S.p.A. opted to present the following types of accounting statements:

- **Statement of Financial Position:** The Statement of Financial Position is presented in sections with Assets, Liabilities and Shareholders' Equity indicated separately. Assets and Liabilities are shown in the financial statements on the basis of their classification as current and non-current. In addition, Assets held for sale and Liabilities associated with assets held for sale are recognised in a separate item;
- **The Income Statement** is presented with the items classified by nature of costs. The Company, in view of the economic importance of the financial component in relation to the property and services component, has adopted a format for the Income Statement which shows the main activity of Immsi S.p.A. at the top of the statement;
- **The Statement of Comprehensive Income** is presented in accordance with the provisions of IAS 1 revised, net of a possible tax component. Items presented in "Other comprehensive income(expense)" are grouped based on whether they are potentially reclassifiable to profit or loss.
- **Cash Flow Statement:** The Cash Flow Statement is presented divided into areas generating cash flows, as indicated by international accounting standards. The Statement adopted by Immsi has been prepared using the indirect method;
- **Statement of Changes in Shareholders' Equity:** the Statement of Changes in Shareholders' Equity is presented, as required by the revised version of IAS 1. It includes the Statement of Comprehensive Income. Reconciliation between the opening and closing balance of each item for the period is presented.

B - Accounting standards and measurement criteria

The financial statements are prepared under the historical cost convention, except for the fair value measurement of certain financial instruments, in accordance with IFRS 9 and IFRS 13, as described below. In addition, the financial statements have been prepared on a going concern basis in accordance with paragraphs 25 and 26 of IAS 1, taking into account a future period of 12 months from 31 December 2021.
In relation to the forecasts drawn up concerning the financial requirements expected for the next 12 months, deriving mainly from the Company's operating activities, taking into account the credit lines expiring during the year and the financial commitments that the Group has undertaken to meet in order to support the development of its initiatives - including the financial support declared for some subsidiaries -, the Directors have taken, and will take in the coming months, actions aimed at finding solutions that will guarantee financial balance, including the renewal of short-term credit lines, also taking into consideration the risk of a possible scenario of weakness in the stock markets, deriving from the Covid-19 pandemic still underway and the recent crisis involving Russia and Ukraine, which represent an element of high uncertainty on the trend of market values of shares, with possible consequences on the size of credit lines currently granted to the Company, largely guaranteed by Piaggio shares held by the latter.
In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2021, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.
However, the future dynamics of these factors require that the circumstances be constantly monitored by Company Management.

The accounting policies used to prepare these financial statements are the same as those used to prepare the financial statements for the year ended 31 December 2020.

There were no atypical or unusual transactions during 2021 and the corresponding period of the previous year, as defined in Consob Communication No. DEM/6037577 of 28 April 2006 and No.

DEM/6064293 of 28 July 2006.
It should be noted that in 2021 as in 2020 there were no significant non-recurring transactions.

The international accounting standards adopted are listed and summarised below.

Intangible assets

An intangible asset is recorded only if it is identifiable, verifiable and it is likely to generate future economic benefits and its costs can be reliably determined.
These assets are recognised at acquisition or production cost and amortised on a straight line basis over their estimated useful life, if they have a definite useful life. Intangible assets with an indefinite useful life are not amortised but are subject to impairment testing.
The amortisation period for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period: if the expected useful life proves different from previous estimates, the amortisation period is changed accordingly.

Property, plant and equipment

Property, plant and equipment are recorded at purchase cost, including directly related charges, net of accumulated depreciation and impairment losses. For an asset that justifies capitalisation, the cost also includes any borrowing costs that are directly attributable to acquisition, construction or production of the asset.
The costs incurred following the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer. All other costs are recorded in the income statement when they are incurred.
Property, plant and equipment in progress are valued at cost and are depreciated from the period in which they come into operation.
Depreciation is determined on a straight-line basis over the estimated useful life of the assets or, in the case of disposal, until the end of the previous year.
Land is not depreciated.
Profits and losses arising from the sale or disposal of assets are measured as the difference between the sales revenues and net carrying amount of the asset and are recognised in profit or loss for the period.
Other property, plant and equipment are depreciated applying the rates indicated below, reduced by half for fixed assets acquired during the year:

Plant and machinery	from 15% to 30%
Furniture and fittings, electrical machines	12%
Personal computers, hardware, EDP and telephone systems	20%
Vehicles	25%
Other equipment	15%

Lease agreements as lessor

Lease agreements for property, plant and machinery entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, of if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.
The right of use, recognised in the item "Property, plant and equipment", is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.

The Company has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).
In the case of partial subleases of property leases, the Company does not recognise the related right of use in 'Property, plant and equipment' but recognises a finance lease asset corresponding to the portion of the main contract subleased to a third party.

Investment Property

As provided for by IAS 40, a non-instrumental property owned in order to obtain rent and/or for the appreciation of the property is measured at fair value.
Investment property is not amortised and is eliminated from the financial statements when sold or when the investment property is unusable in the longer term and no future economic benefits are expected from its sale.
The Company annually revises the carrying amount of investment property held or more frequently if required by facts or circumstances.

Investments

Investments in subsidiaries and associates are accounted for at cost.
Under IFRS 10, a company is considered to be a subsidiary when the investor is exposed to variable returns (or has rights to such returns) from its relationship with the company and at the same time has the ability to affect those returns by exercising power over the company. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities , i.e. the activities that significantly affect the asset’s returns.
An associate is a company over which the Company exerts significant influence, understood as power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies. Significant influence is presumed to exist where the Company owns, directly or indirectly, 20% or more of the voting power of the investee, unless the contrary can be clearly demonstrated. The carrying amount of investments is reviewed for impairment when events or changes in circumstances indicate that the carrying amount exceeds the estimated realisable value. In this case the investments are written down to reflect the latter value, which is the higher of the asset's net selling price and its value in use.
The value in use is determined by applying the "Discounted Cash Flow - equity side" criterion, which consists in calculating the present value of the future cash flows expected to be generated by the subsidiary, including cash flows from operating activities and the terminal value, which has been determined using the "perpetuity" method, net of the subsidiary's net financial position at the reporting date.

Impairment

At each reporting date, the carrying amount of its property, plant and equipment, intangible assets, goodwill (if any) and investments is reviewed for indications that these assets are impaired. The recoverable amount is determined for each asset where possible, or the recoverable amount of the cash-generating unit to which the asset relates is estimated. In particular, the recoverable amount is the higher of fair value less costs to sell and value in use, where for the latter the cash flows are estimated based on the discounted value, at a specific rate, of future cash flows attributable to the asset or cash-generating unit to which it belongs.
If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the lower recoverable amount. The impairment loss is recognised immediately in the Income Statement.
Subsequently, if the impairment loss for an asset no longer exists or decreases, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (which cannot exceed the amount that would have been determined had no impairment loss been recognised). The restoration of an impairment loss is immediately recorded in the Income Statement.

Receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently recognised based on the amortised cost method, net of the provisions for write-downs. The provisions of IFRS 9 introduce a new method of impairment that takes account of expected credit losses.
For trade receivables, the Company adopts the simplified approach allowed by the new standard, measuring the credit loss allowance for an amount equal to the losses expected over the full lifetime of the credit.

Cash and cash equivalents

This item includes cash in hand, on demand deposit accounts and other highly-liquid short-term financial investments, which are readily convertible into cash and have an insignificant risk of losing value.

Financial assets

Financial assets are recognised in and deleted from the financial statements based on the settlement date.
IFRS 9 requires the entity to test the business model relative to financial management and contractual cash flows and classify financial assets accordingly. The standard defines the three categories in which financial assets are classified:

a) financial assets measured at amortised cost (AC);
b) financial assets measured at fair-value-through-other comprehensive income (FVTOCI);
c) financial assets measured at fair-value-through-profit-or-loss (FVTPL).

Under IFRS 9, the requirements for classifying a financial asset at AC or FVTOCI are tested; if a financial asset cannot be classified as either AC or FVTOCI, it is classified as FVTPL.
Immsi S.p.A. adopts the following business models:
- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the “hold to collect and sell” business model);
- a business model whose objective is to hold financial assets intended for collecting contractual cash flows (the “hold to collect” business model), measured at fair value through other comprehensive income.
As regards the procedure for the impairment of financial assets established by IFRS 9, the provision to recognise to hedge losses is determined considering full lifetime expected credit losses, using a

method that considers whether, at the end of the reporting period, the credit risk relative to a financial instrument has increased considerably after initial recognition or otherwise.

Financial liabilities

Financial liabilities include loans that are recognised at the original sums received and are recognised and reversed from the financial statements on the basis of their trade date. Non-current financial liabilities which differ from financial liabilities measured at fair value and recognised in the Income statement, are entered net of the accessory acquisition fees and, subsequently, are measured with the amortised cost method, using the effective interest rate.
The Company's activities are exposed primarily to financial risks from changes in interest rates. The Company uses derivative instruments to hedge risks arising from changes in interest rates on certain irrevocable commitments and planned future transactions. Derivatives are initially measured at fair value represented by the initial amount.
Derivative financial instruments are used solely for hedging purposes, in order to hedge against fluctuations in interest rates. In line with IAS 39, financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated.
Financial liabilities hedged with derivative instruments are booked according to the methods established for hedge accounting, applicable to the cash flow hedge: the profit and loss portion on the hedging instrument that is considered actual coverage is charged in the prospectus of the Statement of Comprehensive Income, the aggregate gain or loss is removed from Shareholders' equity and recognised in profit or loss in the same period during which the hedged transaction is recognised. The ineffective portion of the profits and losses on the hedging instrument is entered in the Comprehensive Income.
If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been completed, the aggregate gains and losses, up to that moment recorded in Shareholders' equity, are recognised in profit or loss at the moment when the related transaction takes place. If the hedged transaction is no longer expected to occur, the unrealised gains or losses suspended in Shareholders' equity are recognised immediately in the Income statement.

Payables

Payables are shown at fair value and subsequently valued on the basis of the amortised cost method, which coincides with the nominal value of trade payables with due dates within the norm for commercial transactions.

Employee benefits

With the adoption of the IFRS, termination benefits accrued up to 31 December 2006, that will now be held by the company, is considered a defined benefit obligation to be recorded in accordance with IAS 19 "Employee Benefits", consequently, it must be recalculated using the projected unit credit method, by undertaking actuarial valuations at the end of each period.
Liabilities for employee termination benefits recognised in the financial statements represent the present value of liabilities for defined benefit plans adjusted to take account of actuarial gains and losses and unrecorded costs related to previous employment services.
The cost components of defined benefits are recognised as follows:

- costs relative to services are recognised in profit or loss under employee expense;
- net borrowing costs of liabilities or assets with defined benefits are recognised in profit or loss as financial income/(borrowing costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
- the re-measurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the assets, are immediately recognised as "Other comprehensive income (expense)". These components must not be reclassified to the Income Statement in a subsequent period.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on all temporary taxable differences between the carrying amount and their tax value.
Deferred tax assets on tax losses are recognised only to the extent that the existence of adequate future taxable income of the Group against which to use this positive balance is considered likely.
The value of deferred tax assets is revised annually and is reduced to the extent to which the existence of sufficient taxable income to allow the whole or partial recovery of such assets is no longer probable.
Deferred tax assets and the provision for deferred tax liabilities are offset when there is a legal right to offset them and when the taxes are due to the same tax authority.
Deferred taxation is determined on the basis of the tax rates which are expected to be applied in the periods in which such temporary differences will occur or be extinguished.
Deferred taxes may not be discounted and are classified as non-current assets and liabilities.

Finance income and costs

Finance income and costs are recorded on an accrual basis.
Financial income includes dividends, interest income on invested funds and income arising from financial instruments.
Interest receivable is recognised in profit or loss when it matures, considering the actual return. Interests due on financial payables are calculated using the effective interest rate method.
Dividends in the Income statement are recognised when, following the resolution by an investee company to distribute a dividend, the relative credit right arises.

Operating revenues and costs

Costs and revenues from the sale of assets are recognised in the financial statements only when the risks and related benefits of ownership of the assets are transferred while, as concerns services, costs and revenues, they are recognised in profit or loss with reference to their progress and the benefits achieved at the date of the financial statements.

The reporting criteria required by IFRS 15 are applied to one or more operations as a whole when they are so closely connected that the commercial result cannot be valued without making reference to such operations as to a single whole, therefore the income from re-charging costs for materials and services sustained by Immsi S.p.A. on behalf of companies in the Group or third parties is not recognised in profit or loss as it is offset against the relative costs that generated it.

Current taxes

Income taxes for the year are calculated using the tax rates in force at end of the reporting period and are recognised in profit or loss, except for items directly charged or debited to Shareholders' equity, in which case the tax effect is recognised directly as a reduction or increase in the Shareholders' equity item.
Other taxation unrelated to income is included in other operating expense.
Income tax for regional production tax is recognised in the amounts due to the tax authorities net of advances. While as for Italian Tax on Corporate Income it is noted, that since 2007 the Company has signed a national consolidated tax convention with some companies of the Group, therefore the payables, advance payments and withholdings suffered were transferred at the end of the year to the fiscal consolidated company. Immsi, as the consolidating company, has recognised in its own financial statements the net effect of the amount due to companies transferring tax losses and tax receivables, and the receivable due from companies transferring a taxable amount with a counter entry of the cumulative receivable or payable vis-à-vis the tax authorities.

Use of estimates

The preparation of the financial statements and notes in compliance with IAS/IFRS requires Management to make estimates and assumptions that have an impact on the values of assets and liabilities in the financial statements and on disclosure relating to contingent assets and liabilities at the reporting date. Actual results could differ from estimates.
Estimates are used, among other things, to measure assets subject to impairment testing (including, therefore, equity investments), as well as to recognise provisions for bad debts, depreciation, asset write-downs, employee benefits, taxes (including the recoverability of deferred tax assets), other provisions and reserves. Estimates and assumptions are periodically revised and the effects of any change are recognised in profit or loss.
It should be noted that, particularly in the current situation of global economic and financial crisis, with reference to the ongoing pandemic and the present crisis between Russia and Ukraine, assumptions made as to future trends are marked by a high degree of uncertainty. Consequently, the Group cannot rule out the possibility that next year's results will differ from estimates and may require adjustments that are even considerable and which are not foreseeable and cannot be estimated at present.

The critical measurement processes and key assumptions used by Immsi in adopting IFRS and that may have a significant impact on figures in the Financial Statements or for which a risk exists that significant differences in value may arise in relation to the carrying amount of assets and liabilities in the future are summarised below.

- Recoverable value of non-current assets

Non-current assets include property, plant and equipment, investments and receivables from

subsidiaries. Immsi periodically reviews the carrying amount of non-current assets whenever facts and circumstances make it necessary.
Investments in subsidiaries, for which estimates are used to a significant extent in order to determine possible impairment losses and reversals of impairment losses, were carefully analysed by the Company's Management to identify possible elements of impairment. In particular, equity investments in subsidiaries subject to impairment testing include the investments in Piaggio & C. S.p.A. and RCN Finanziaria S.p.A., whose valuation was based on the "discounted cash flow - equity side" criterion, through the estimate of expected cash flows deducible from the most recent industrial plans approved by the Boards of Directors of Piaggio & C. S.p.A. and Intermarine S.p.A., the only company held by Piaggio & C. S.p.A. and RCN Finanziaria S.p.A.. S.p.A. and Intermarine S.p.A., the only company held by RCN Finanziaria S.p.A. - which acts as an investment holding company -, an appropriate discount rate (WACC) and long-term growth rate (g-rate), net of their net financial position.
With reference to the investments held in Pietra S.r.l. and ISM Investimenti S.p.A. — both of which carry out investment holding activities —, the Management's assessment process about the recoverability of the related assets (investments and financial receivables) recorded in the assets of the Company's financial statements, was conducted by comparison with the market value (“fair value”) respectively of the company Pietra Ligure S.r.l. (the sole investment of Pietra S.r.l.) and the assets related to property development (fixed assets and inventories) of Is Molas S.p.A. (the sole investment of ISM Investimenti S.p.A.).

- Recoverability of deferred tax assets

Immsi S.p.A. recognises deferred tax assets on temporary differences and tax losses. In determining the estimate of the recoverable amount, Immsi S.p.A., adhering to the National Tax Consolidation as consolidator, has taken into consideration the results of taxable income deriving from its own projections and from the business plans prepared for the purpose of impairment tests and approved by the respective Boards of Directors of the companies consolidated for tax purposes. However, it is necessary to report how the deferred tax assets allocated can be recovered, by their nature, even in an undefined period of time, therefore compatible with a possible context in which the exit from the current situation of difficulty and uncertainty - due to the ongoing pandemic and the current crisis between Russia and Ukraine - and the economic recovery should extend beyond the time horizon explicit in the aforementioned forecasts.

- Pension schemes and other termination benefits

Provisions for employee benefits and net borrowing costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements. The assumptions used for the valuation are explained in detail in the paragraph Provisions for pensions and similar obligations.

- Provisions for bad debts

The provision for bad debts reflects management's estimate of expected losses related to receivables. Immsi adopts the simplified approach of IFRS 9 and recognises expected losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (*Expected Credit Loss* – ECL concept).

- Potential liabilities

Immsi recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements.
Immsi monitors the status of ongoing proceedings and consults its legal and tax advisers.

- Amortisation

The cost of assets is depreciated on a straight line basis over their estimated useful life, which for rights of use coincides with the assumed contract duration. The economic useful life of assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of technological innovations that may make the asset obsolete and no longer economical. Immsi periodically assesses these circumstances to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

- Income tax

The tax liabilities of Immsi are determined based on management valuations referred to transactions of which the tax effect is not certain at the end of the reporting period. Immsi recognises the liabilities that could arise from future inspections of tax authorities based on an estimate of taxes that will be due. If the outcome of inspections differs from management's estimates, significant effects on current and deferred taxes could arise.

New accounting standards applicable as from 1 January 2021

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company as of 1 January 2021:

- On 31 March 2021, the IASB issued an amendment entitled "***Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)***" extending by one year the period of application of the amendment issued in 2020, which provided lessees with the ability to account for Covid-19 related rent reductions without having to assess, through contract review, whether they met the definition of a lease modification in IFRS 16. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of rent reductions directly in the income statement at the effective date of the reduction. The 2021 Amendment, which is only available to entities that have already adopted the 2020 Amendment, applies from 1 April 2021 and early adoption is permitted. The introduction of this amendment did not have any effects on the Company's separate financial statements.

- On 25 June 2020, the IASB published an amendment entitled 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)'. The amendments allow the temporary exemption from IFRS 9 to be extended until 1 January 2023 for insurance companies. The introduction of this amendment did not have any effects on the Company's separate financial statements.

- On 27 August 2020, in light of the reform on interbank interest rates such as IBOR, the IASB published "***Interest Rate Benchmark Reform—Phase 2***" which contains amendments to the following standards:
  - IFRS 9 *Financial Instruments*;
  - IAS 39 *Financial Instruments: Recognition and Measurement*;
  - IFRS 7 *Financial Instruments: Disclosures*;
  - IFRS 4 *Insurance Contracts*; and
  - IFRS 16 *Leases*.

  All amendments became effective on 1 January 2021. The adoption of this amendment had no impact on the Company's separate financial statements.

Accounting standards, amendments and IFRS interpretations approved by the European Union that are not yet compulsory applicable and have not been adopted by the Company in advance at 31 December 2021

- On 14 May 2020, the IASB published the following amendments entitled:
  - ***Amendments to IFRS 3 Business Combinations***: The amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
  - ***Amendments to IAS 16 Property, Plant and Equipment***: the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and the related costs will therefore be recognised in the income statement.
  - ***Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that all costs directly attributable to the contract should be taken into account when estimating whether a contract is onerous. Accordingly, the assessment of whether a contract is burdensome includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g. the portion of depreciation of machinery used to perform the contract).
  - ***Annual Improvements 2018-2020***: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

  All amendments became effective on 1 January 2022. Directors do not expect a significant effect on the Company's separate financial statements from the adoption of these amendments

- On May 18, 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts.

  The objective of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from the insurance contracts it issues. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

  The new standard also includes presentation and disclosure requirements to improve comparability among entities in this segment.

  The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").

  The main features of the General Model are:
  - the estimates and assumptions of future cash flows are always current ones;
  - the measurement reflects the time value of money;
  - the estimates envisage an extensive use of information observable on the market;
  - there is a current and explicit measurement of risk;
  - the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and
  - the expected profit is recognised over the contractual coverage period taking into account adjustments for changes in cash flow assumptions related to each group of contracts.

  The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at initial recognition, the entity expects that the liability is a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising

from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim is made.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. Directors do not expect a significant effect on the Company's separate financial statements from the adoption of this standard.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- On January 23, 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements**: **Classification of Liabilities as Current or Non-current**". The document aims to clarify how to classify debts and other short or long term liabilities. The amendments enter into force on 1 January 2023; although earlier application is permitted.

- On 12 February 2021, the IASB published two amendments entitled "***Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2***" *and* "***Definition of Accounting Estimates—Amendments to IAS 8***". *The* amendments are intended to improve the *disclosure* on *accounting policy* so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in *accounting policy.* The amendments will apply from 1 January 2023, but early application is permitted.

- On May 7, 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.

- On December 9, 2021, the IASB published an amendment called "**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"**. The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements.

Directors do not expect a significant effect on the Company's separate financial statements from the adoption of these amendments

- On 30 January 2014, the IASB published **IFRS 14 - Regulatory Deferral Accounts**, which allows only first-time adopters to continue to recognise amounts relating to rate-regulated activities under their previous accounting policies. As the Company is not a first-time adopter, this standard is not applicable.

The Company will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

C – Information on main assets

C1	Property, plant and equipment	837

Changes in property, plant and equipment are broken down as follows:

Assets at 31/12/20	**1,225**
- Capital amount	3,264
- Accumulated depreciation	-2,039
Increases for rights of use	**0**
Increases for investments	**12**
Decreases for depreciation	**-400**
Decreases for disposals	**0**
- (Capital amount)	0
- Accumulated depreciation	0
Amount as of 31/12/21	**837**
- Capital amount	3,276
- Accumulated depreciation	-2,439

The item includes rights of use, plant, furniture and fittings, office and electronic machinery, cars and various equipment.
Changes in the item rights of use, almost entirely related to leased offices, are detailed below:

	Opening balance at 31/12/2020	*Purchases and/or increases*	*Sales and/or decreases*	*Depreciation*	*Other changes*	*Closing balance at 31/12/2021*
Historical cost	1,863	0	0	0	0	1,863
Depreciation	-714	0	0	-359	0	-1,073
Total rights of use	**1,149**	**0**	**0**	**-359**	**0**	**790**

The Income Statement includes the following amounts relating to lease agreements:

	2021	*2020*
Depreciation of rights of use	359	359
Financial charges for rights of use	106	135
Rental payments (not IFRS 16)	56	61

In 2021, leasing agreements subject to IFRS 16 resulted in a cash outflow of €1,551 thousand (€1,587 thousand in the previous year).

C2	Investment Property	-

The Company did not hold any investment property at 31 December 2021, or in the previous period. At the end of December 2019, the Company sold the property located in Via Abruzzi, Rome, to the property fund Investire SGR S.p.A.. The sale price was €62.5 million.
As part of the sale agreements, it was contractually agreed to deposit part of the sale price (€1.5 million) in an escrow account in the name of and managed by the notary, to serve as a guarantee on post-sale obligations borne entirely by the Company. At 31 December 2021, the notary released a total of €0.8 million in favour of the Company following the fulfilment of part of the agreed obligations within the established deadlines. The formalities for the release of the remaining €0.7

million are in progress and are expected to be formalised within the deadline agreed between the parties.

C3	Equity investments in subsidiaries and associates	305,392

The total value of equity investments in subsidiaries and associates amounted to €305,392 thousand, down by approximately €4.4 million compared to the value recognised at 31 December 2020 due to write-downs totalling €17.6 million on the investee companies ISM Investimenti S. p.A. and Pietra S.r.l. partially offset by waivers of receivables by the Parent Company with conversion into reserves for future capital increase (€13.2 million) in favour of the subsidiaries ISM Investimenti S.p.A. and RCN Finanziaria S.p.A.

The main data from the last financial statements (2021) approved by the Boards of subsidiaries are given below.

Company Name and Head office	Share capital	Shareholders' equity	Net profit	% of Share Capital owned	Pro rata shareholders' equity	Difference between pro rata shareholders' equity and carrying amount	No. of shares	Carrying amount
Apuliae S.r.l. Lecce	220	72	-84	85.69%	62	-1,277	n/a	1.339
ISM Investimenti S.p.A. Mantua	6.655	-32,865	-49,818	72.64%	-23,873	-23,873	6,654,902	0
Piaggio & C. S.p.A. Pontedera (Pisa) *	207,614	333,527	58,032	50.22%	167,487	-75,768	358,153,644	243,255
RCN Finanziaria S.p.A. Mantova *	1,000	2,996	-4,438	72.51%	2,172	-41,834	2,000,000	44,006
Pietra S.r.l. Milan	40	21,576	-3,153	77.78%	16,782	0	n/a	16,782
Immsi Audit S.C. a R.L. Mantova	40	40	0	25.00%	10	0	n/a	10

*) percentage net of treasury shares.

APULIAE S.r.l.

The investment in Apuliae S.r.l. is recognised in the financial statements at the value underwritten at the time of incorporation, which took place in December 2003 and increased by the amount paid for a future capital increase in January 2004 for €2 million and in December 2012 for €92 thousand. Following the prolonged suspension of the refurbishment of the building "former Colonia Scarciglia" located in Santa Maria di Leuca (Lecce), Immsi wrote down the investment by € 2,453 thousand in 2006. The Extraordinary Shareholders' Meeting of Apuliae in 2008 resolved to partially cover the accumulated losses at 31 December 2007 equal to €2,490 thousand by reducing the share capital and cancelling the reserve of €2 million paid in by Immsi. The General Meeting in late 2012 resolved to partially cover the accumulated losses at 30 September 2012 amounting to €620 thousand through a reduction of the share capital. In light of the losses due to the continuing suspension of activities, the Extraordinary Shareholders Meeting of Apuliae S.p.A. held in February 2017 decided on a further reduction in share capital by a sum corresponding to the losses as at 31 December 2016 of €497 thousand and simultaneously to transform the company into a Private Limited Company pending the potentially positive outcome of ongoing disputes and the resumption of business. On 9 March 2020, the Extraordinary Shareholders' Meeting of the company resolved to further reduce the share capital from €500 thousand to €220 thousand, corresponding to the amount of accumulated losses at 31 December 2019 of €272 thousand, as well as an allocation of the remaining €8 thousand to the balance sheet item "Other Reserves".

For an update on the progress of the assessment ordered by the Judicial Authorities leading to the suspension of restructuring activities in March 2005, see the sections dealing with the Property sector and holding company as well as Ongoing disputes in the Directors Report as at 31 December 2021.

ISM INVESTIMENTI S.p.A.

The company ISM Investimenti S.p.A., whose minority shareholder is IMI Investimenti S.p.A., following a capitalisation transaction, acquired from Immsi S.p.A. the shares, equal to 60% of the capital, relating to the investment in Is Molas S.p.A., previously held directly by Immsi S.p.A., paying a sum of €84 million. The transaction was in line with Immsi's strategy of concentrating part of the Group's tourism and property development activities in an ad hoc company, with the aim of associating partners that would strengthen the Group's capital capacity with these initiatives. On the basis of agreements between the shareholders, Immsi S.p.A. has maintained control of Is Molas S.p.A..

Following the conversion into shares in 2013 of the convertible financial instruments issued and subscribed by shareholders in 2010, Immsi S.p.A. holds 4,834,175 category A shares, while IMI Investimenti S.p.A. holds 1,820,727 category B shares and the investment (in terms of voting rights) comprises 72.64% and 27.36% respectively.

With the intention of consolidating ISM Investimenti's capital base, in December 2019 the Company waived an amount of €2 million (receivables for accrued interest), and in March, May and December 2020 an overall amount of €15.8 million, of which €11.7 million for capital shares of loans granted and €4.1 million for receivables for accrued interest, in June 2021 for a total amount of €8.8 million, of which €7.5 million for capital from loans granted and €1.3 million for receivables for accrued interest, contributing to the subsidiary's shareholders' equity such waivers (€26.6 million cumulative at 31 December 2021), recorded in a specific reserve for the subscription of a future capital increase by Immsi.

As at 31 December 2021, the subsidiary ISM Investimenti S.p.A. had a negative shareholders' equity of €32,865 thousand determined by a loss for the year of €49,818 thousand, which includes for an amount of approximately €41.6 million the write-down of the investment in the subsidiary IS Molas S.p.A.. The Directors of the subsidiary, in consideration of the economic imbalance deriving from the effects of the pandemic, which had a significant impact on the hotel and tourism sector and which produced a significant difference in sales with respect to forecasts, verified the recoverability of the carrying amount of the investment held in Is Molas S.p.A. by comparing it with the market value ("fair value"). by comparing it with the market value ("fair value"), giving a mandate to a third party valuer of primary importance to prepare an assessment of the Market Value of the property investment (i.e. of all the properties - land, buildings, fixed installations and external building works), recorded in the financial statements of Is Molas S.p.A. as at 31 December 2021, and taken as the basis for determining the recoverable value of the investment recorded in the financial statements of the Company referred to ISM Investimenti S.p.A..

The subject of the independent expert's valuation is the Market Value, which "represents the estimated amount for which a property should be sold and purchased, by an unconnected seller and an unconnected buyer, both interested in buying and selling, on competitive terms, after proper marketing in which the parties have both acted in an informed, knowledgeable and uncoerced manner". Specifically, the market value was estimated by the independent expert on the basis of the "Transformation Method", which is based on discounting, at the valuation date, the cash flows

generated by the real estate transaction (relating to the property) over the period of time corresponding to its duration. This method can be associated with a financial valuation model (discounting of cash flows) based on a development project defined in terms of building quantities, uses, transformation costs and sustainable revenues. In other words, a cost/revenue analysis is used to identify the market value of the property under investigation. The model consists of a scheme of cash flows (income and expenditure) related to the transformation building project. Expenditure consists of the costs of construction, demolition, urbanisation, design, construction management, profit of the property developer and other possible costs. Revenues are made up of revenues from sales of the intended uses. The temporal distribution of costs and revenues makes it possible to obtain a pattern of cash flows, net of the property developer's profit, which must be brought up to date with an appropriate discount rate representing the cost of capital. According to this methodology, the key factors of the assessment are:
- the amount of net cash flow, i.e. estimated construction costs net of proceeds from sales and other incidental charges
- the distribution over time of these flows;
- the discount rate;
- the capitalisation rate (exit cap-rate).

From the analysis of the results it emerges that, adjusting the shareholders' equity of the subsidiary Is Molas S.p.A. in order to incorporate the market value of the real estate and tourist-hotel assets as defined above, net of the corresponding tax effects, the pro-rata value of the Is Molas investment held by ISM Investimenti is lower than the carrying amount recorded in the latter.
Based on the above considerations, the Company wrote off the carrying value of the investment in ISM Investimenti S.p.A. at 31 December 2021, recording a write-down of approximately €15.7 million in the income statement.
Immsi S.p.A., having expressed its intention to restore the equity and financial balance of the subsidiary by committing to recapitalise ISM Investimenti S.p.A. in the first months of 2022 in order to avoid the occurrence of the conditions set forth in articles 2446 and 2447 of the Italian Civil Code, recorded at 31 December 2021 a provisions for write-downs on financial receivables due from the subsidiary for an amount of €32.9 million, representing the receivables that it intends to waive and add to ISM's shareholders' equity in order to achieve the above.
With particular regard to the valuation of the above-mentioned investment property, it should be noted that the fair value valuation, carried out with the support of independent experts, derives from variables and assumptions regarding future performance that may vary significantly and therefore produce variations - on the market value of the investment property and therefore on the carrying value of the investment - that today cannot be foreseen or estimated.
The main variables and assumptions characterised by uncertainty are:
- The net cash flows expected from the properties and the relative timing of realisation and absorption;
- Inflation rates, discount rates and capitalisation rates.

In addition, there is the additional uncertainty that the progressive spread of Covid-19 creates in the assessment of national macroeconomic scenarios, together with the recent geopolitical tensions regarding the crisis between Russia and Ukraine. In particular, the current market uncertainty could have a significant impact, as of today not quantifiable, on the inputs used by the independent expert for the valuation of Is Molas' real estate assets as of 31 December 2021. In particular, the most significant inputs, which could undergo significant changes also due to the uncertainties described above, are the discount rates and the absorption times of the property project.
Therefore, it is possible that in future years, if results differ from the estimates made for the financial statements at 31 December 2021, adjustments may be required to the carrying amounts measured.

Reference is made to the sections on the Property and holding sector and Disputes in progress in the Directors' Report and the Financial Statements of the Immsi Group at 31 December 2021 for an update on the Is Molas real estate project.

PIAGGIO & C. S.p.A.

Immsi S.p.A.'s investment in Piaggio & C. S.p.A. was recognised under assets at 31 December 2021 for €243,255 thousand, and remained unchanged compared to 31 December of the previous year. As a result of the buyback of 17,000 shares by Piaggio & C. S.p.A. in 2021, Immsi's ownership stake changed from 50.21% on 31 December 2020 to 50.22% on 31 December 2021.

The value of the investment calculated based on the specific price of the Piaggio share at December 2021 amounted to €515,390 thousand.

The portion of share capital at 31 December 2021 was €75,768 thousand more than the pro-rata shareholders' equity. This difference is considered by the Directors to be recoverable in relation to the development plans of the Piaggio group as backed up by the impairment test (conducted as *"discounted cash flow – Equity side"*) carried out as of 31 December 2021. Analyses conducted did not highlight any impairment loss as regards the carrying amount of the investment held by Immsi S.p.A. in Piaggio & C. S.p.A..

With regard to the use of the Piaggio Group's forecasted economic, equity and financial data, analyses were based on predicted financial flows relative to a four-year period assumed from 2022 budget data (approved by the Board of Directors of Piaggio & C. S.p.A. on 4 February 2022) supplemented by forecast data relative to 2023-2025 (approved by the Board of Directors of Piaggio & C. S.p.A. on 21 February 2022)

With reference to the discount rate ("WACC") used to discount estimated expected cash flows, a weighted average discount rate was adopted, calculated starting from the various discount rates determined by the Piaggio group - in continuity with the previous year - for its internal cash-generating units: The average weighted discount rate used for impairment testing net of taxes is therefore estimated to be equal to approximately 6.25% down compared to the previous year (7.12% at 31 December 2020).

Finally, it should be noted that in processing the impairment test, the final value was determined using a weighted average perpetual growth rate ("g rate"), calculated starting from different "g rates", determined by the Piaggio group for its own internal cash-generating units: this average weighted "g rate" was estimated as being equal to 1.37% (broadly in line with the figure used at 31 December 2020).

As noted, the analyses carried out, approved by the Company's Board of Directors on 23 March 2022, did not lead to any impairment losses.

Furthermore, as required by IAS 36 and the guidelines for impairment tests drawn up by the OIV, a sensitivity analysis was carried out on the test results compared to the basic assumptions used such as the perpetual growth rate used to process the final value ("g rate") and the discount rate ("WACC"), that affect the estimate of the value of use of the Piaggio Group cash-generating unit: the impairment test did not show any loss in value even when predicting a positive and negative change of 0.5% in the WACC and the g rate.

In addition, on the basis of the requirements of Consob warning No. 1/21 of 16 February 2021 and the recommendations provided by ESMA in the Public Statement "European common enforcement priorities for 2020 annual financial reports", besides the base scenario just commented on, a scenario was developed that continues to be further penalised by the continuation of the pandemic, notwithstanding the excellent performance achieved by the Group in the second half of 2021, with the exception of India, as proof of the resilience of the business. Despite the consideration of factors of severe penalisation (-15% of EBITDA per year for EMEA and Americas and for Asia Pacific and decreasing EBITDA from 47% in 2022 to around 8% in 2025 for India), the value of use is higher than the net carrying amount of the investment recorded in the Company's financial statements at 31 December 2021.

Given the current context of weakness in the reference markets, with reference to the ongoing pandemic and the current crisis between Russia and Ukraine, the different factors used in preparing estimates may be revised; the Company will constantly monitor these factors as well as any impairment losses.

Lastly, of the 179,328,621 Piaggio shares held by Immsi S.p.A. at 31 December 2021, 155,820,962 thousand Piaggio shares were filed to guarantee loans granted by banks to Group companies.

RCN Finanziaria S.p.A.

The equity investment in RCN Finanziaria S.p.A. was recognised at the end of the period at a value of €44,006 thousand, equal to 72.51%, an increase of €4.5 million compared to the value recorded at 31 December 2020.

In order to strengthen RCN Finanziaria S.p.A.'s capital position, in December 2019 the Company waived an amount of €1 million (accrued interest receivables), in March and December 2020 an overall amount of €6.5 million (also accrued interest receivables) and in June 2021 a further total amount of €12.31 million (also accrued interest receivables), adding these waivers (€4,5 million in total at 31 December 2021) to the subsidiary's shareholders' equity, which were recorded in a specific reserve for future Immsi capital increase subscription.

The portion of share capital at 31 December 2021 was €41,834 thousand more than the pro-rata shareholders' equity. This difference is considered by the Directors to be recoverable in relation to the development plans of the indirect subsidiary Intermarine S.p.A., as backed up by the impairment test (conducted as “discounted cash flow – Equity side”) carried out as of 31 December 2021.

The main assumptions and hypotheses used to determine the future cash flows and the consequent recoverable amount of the investment relate to: i) the use of forecast economic and financial data of Intermarine S.p.A. approved by its Board of Directors on 4 March 2022, a wholly-owned subsidiary of RCN Finanziaria S.p.A.; ii) the discount rate used for discounting estimated expected cash flows; and iii) the expected growth rate for calculating the terminal value, consistently with the approach of discounting back the “perpetual growth”.

With regard to the values under point i), the analyses were based on a hypothesis of forecast financial flows relative to a five-year time horizon inferable from the budget data for the financial year 2022 supplemented by forecast data relative to the period 2023-2026 prepared by the management of Intermarine S.p.A., as well as on the valuation of a non-recurring job order that will develop in the long term excluded from the perpetuity; the data processed as above were approved by the Board of Directors of the subsidiary on 4 March 2022.

With reference to the value referred to in point ii), for the discounting of the estimated expected cash flows of Intermarine S.p.A., a discount rate ("WACC") net of taxes estimated at approximately 7.38% (7.78% at 31 December 2020) was adopted; this rate also includes a specific risk premium of 2.5%.

As regards point iii) when processing the impairment test, the final value was determined using a perpetual growth rate (“g rate”), prudentially estimated as being equal to 0.25%.

The analyses conducted, which were approved by the Board of Directors of Immsi S.p.A. on 23 March 2022, did not lead to any impairment losses with reference to the carrying amount of the investment held in RCN Finanziaria S.p.A. at 31 December 2021.

In addition, a sensitivity analysis was carried out on the results of the test with respect to the variation of relevant assumptions such as the discount rate ("WACC") and the expected perpetual growth rate ("g rate"), which condition the estimate of the value in use of the tested equity investment. The above-mentioned sensitivity analyses did not show any impairment even in the presence of an increase in the discount rate. In particular, the discount rate that makes the recoverable amount equal to the carrying amount of the investment is approximately 10%. Without prejudice to the above, it should be taken into account that the analyses conducted to determine the recoverable amount were carried out on the basis of estimates, and that the existence of adequate cash flows to allow the recovery of the carrying amount of the equity investment, as well as the period within which those flows will be produced, is dependent on the outcome of initiatives provided within the forecast data of Intermarine

S.p.A.. In this regard, forecast data considered – uncertain and variable by nature – reflect the evolution of the subsidiary's order portfolio as well as its future industrial and commercial strategies: such data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way. Updates, revisions or negative developments relative to the aforesaid assumptions and forecasts occurring after the reporting period of this evaluation, could influence the results of impairment testing. In this regard, during preceding years, the final results of the marine sector showed deviations compared to estimates in financial forecasts used, even after several exceptional and unforeseeable events: given the intrinsically uncertain nature of the forecast data considered, it cannot be excluded that these deviations may continue to take place even in the future, with respect to the forecast data used in the impairment test carried out at 31 December 2021. Given the uncertainty inherent in the process of preparing forecasting data, also considering the unpredictability of the impacts that the conflict in Ukraine generates in the assessment of national and international macroeconomic scenarios, together with the lingering effects of the Covid-19 pandemic, the Company's management cannot guarantee that there will be no impairment of the investment in future periods: in view also of the fact that a number of factors - both internal and external to Intermarine - considered in the calculation of the estimates could be revised in the future, the Management will constantly monitor these factors and the possible existence of future impairment losses.

Lastly, an impairment loss for the investment was recorded in the past amounting to €22,607 thousand, based on the results of impairment testing carried out in 2010, 2011, 2012 and 2013, reinstated in 2017 and 2018 for a total amount of €11.5 million.

PIETRA S.r.l.

At the end of 2006, Immsi S.p.A. acquired a 77.78% shareholding in the company Rodriquez Pietra Ligure S.r.l., later transformed into Pietra S.r.l., recorded in the financial statements as at 31 December 2021 at a total value of €16,782 thousand, corresponding to the pro-rata equity in the investee company. During the year 2021, the Company adjusted the carrying amount of the investment, as mentioned, to the pro rata share of equity held at 31 December 2021 and recognised a write-down of €1,979 thousand in the income statement.
This company, originally established by Rodriquez Cantieri Navali S.p.A. (now Intermarine S.p.A.), was then sold to the two current shareholders (Immsi S.p.A. and Intesa San Paolo S.p.A.), in order to sign an agreement to sell the future receivable relating to the Pietra Ligure shipyard project with Rodriquez Cantieri Navali S.p.A..
At the same time as the sale of the receivable, Rodriquez Cantieri Navali S.p.A. granted Pietra S.r.l. subscription rights for the acquisition of the entire stake in the Pietra Ligure S.r.l, the newco assigned the industrial complex along with the area transferred from the State, at the price of €300 thousand. The option was exercised in late May 2015.
This project refers to the shipyard area located in Pietra Ligure (Savona) that – in the intentions of the subsidiary – would be turned into a property complex with apartments, a hotel, mooring places, shops and other services. The area concerned was acquired during a public auction in 2007.
In July 2021, the subsidiary Pietra S.r.l. signed a preliminary purchase and sale agreement for 100% of the shares held in Pietra Ligure S.r.l. for a consideration of €30 million. The preliminary contract was subject to the fulfilment of the conditions precedent consisting of: 1) authorisation by the Municipality of Pietra Ligure to transfer the shareholding in Pietra Ligure S.r.l.; 2) provision to extend the EIA - Environmental Impact Assessment of the development project; conditions that occurred within the month of February 2022; the sale of Pietra Ligure S.r.l.'s shareholding is therefore expected within the first half of 2022.
The subsidiary Pietra S.r.l., in turn, included in its financial statements as at 31 December 2021 the alignment of the carrying amount held in Pietra Ligure S.r.l., together with that of the receivables due from the same subsidiary, to the contractually envisaged realisation value (to be understood as the fair value of Pietra Ligure S.r.l.), recognising in its financial statements a write-down of approximately € 2.9 million.

Lastly, in 2008, a company was established called IMMSI Audit Società Consortile di Internal Auditing del Gruppo Immsi a R.L. (IMMSI Audit S.c.a r.l.), with Immsi S.p.A. subscribing 25% of the share capital, equal to €10 thousand.

C4	Other financial assets	270,729

Below is a breakdown of other financial assets held by Immsi S.p.A.:

	2021	2020
Other non-current financial assets:	**265,823**	**288,062**
Financial receivables due from Group companies	298,688	288,062
Provisions for write-downs financial receivables	- 32,865	-
Other current financial assets:	**4,906**	**3,593**
Financial assets fair value to OCI	3,787	2,138
Financial receivables due from Group companies	1,119	1,455
Total other financial assets	**270,729**	**291,655**

Non-current financial assets chiefly include the reclassification of the loans granted by Immsi S.p.A. to Group companies, in addition to the related accrued interest, for which the budget forecasts of these same subsidiaries do not allow for repayment in the course of 2022. These financial receivables amounted to €265,823 thousand and included €51,325 thousand from interest accruing at the end of 2021.
As commented on the previous item "Equity investments", as of 31 December 2021 the Company recorded a provision for financial receivables held from the subsidiary ISM Investimenti S.p.A. of approximately €32.9 million, representing the amount that Immsi S.p.A. expressed its intention to waive and contribute to shareholders' equity, in the first few months of 2022, to restore the equity and financial balance of the subsidiary and avoid the occurrence of the conditions set forth in articles 2446 and 2447 of the Italian Civil Code.
As at 31 December 2021, the Company has gross receivables from ISM of €63,208 thousand, of which €31.8 million granted to enable the subsidiary to join in the operations to increase the share capital of Is Molas S.p.A., and including €428 thousand for interest accrued on the loans granted. The shareholders' loan (originally €18 million) is contractually due at the end of 2018 but is not due as it is subject, together with the loan of the other minority shareholder Intesa Sanpaolo S.p.A. (formerly IMI Investimenti S.p.A.), as per the clause included in the respective contracts, to the repayment of the bank loan of €30 million granted to ISM Investimenti by Intesa Sanpaolo S.p.A..
As commented on the previous item "Investments", in June 2021, the Company waived a total of €8.8 million, of which €7.5 million for the principal of loans granted and €1.3 million for receivables for interest accrued, contributing it to the subsidiary's shareholders' equity to underwrite future capital increases.

The Company has receivables amounting to €140,774 thousand due from RCN Finanziaria S.p.A. (including €30,376 thousand maturing on agreed loans) which include, among others, two convertible shareholder loans subscribed by the Immsi S.p.A., of €31.7 million and €12 million respectively, maturing in June 2022 on the basis of shareholders' agreements signed in June 2019 with the minority shareholder Intesa Sanpaolo S.p.A. (formerly IMI Investimenti S.p.A.). As commented on the previous item "Investments", in June 2021, the Company waived €4.5 million in receivables due for interest accrued on existing loans to RCN Finanziaria, contributing it to the subsidiary's shareholders' equity to underwrite future capital increases.

Receivables from Is Molas S.p.A. amount to €80,196 thousand (of which € 63,246 thousand for loans and €16,950 thousand for interest accrued on the loans granted).

In November and December 2021, the Company disbursed a loan with a total nominal value of €4 million in favour of Intermarine S.p.A. for the purpose of supporting the subsidiary's operating activities. At 31 December 2021, €14 thousand of accrued interest receivables were also recorded.

Lastly receivables referring to Pietra S.r.l. amounted to €7,693 thousand (of which €6,038 thousand for loans and €1,655 thousand for interest accrued) and to Apuliae S.r.l. for €1.072 thousand (of which €900 thousand for loans and €172 thousand for interest).
The interest receivable at the end of 2021 on loans granted to Group companies, despite their financial nature, do not contribute to the determination of the net financial position.

Other non-current financial assets include €1,730 thousand in financial receivables due from the subsidiaries Piaggio & C. S.p.A. and Intermarine S.p.A. which, by virtue of the application of IFRS16 "Leases", represent the discounted value of sub-lease payments for property rights-of-use due after 31 December 2021.
It should be noted that the value of sub-rentals, relating to contracts to which IFRS 16 has been applied, amounted to €1,176 thousand in 2021.

Non-current financial assets also include the investment held in Alitalia – CAI by Immsi S.p.A., which has remained unchanged compared to 31 December 2020, at 2.18%. Considering events relative to the airline company and in particular the compulsory administration ordered in May 2017 and the full write-down of the investment in Alitalia – SAI by Alitalia – CAI, Company management decided to reset the carrying amount.

Other-current financial assets amounting to €4,906 thousand at 31 December 2021 include €1,119 thousand in financial receivables due from the subsidiaries Piaggio & C. S.p.A. and Intermarine S.p.A. which, by virtue of the application of IFRS16 "Leases", represent the discounted value of sub-lease payments for property rights-of-use due before 31 December 2022, and €3,787 for an investment in UniCredit.

In relation to the investment in UniCredit, at 31 December 2021 the Company holds 279,639 shares and has adjusted the carrying amount of the holding to the value at 31 December 2021, equal to €3,787 thousand, recognising the positive adjustment in other comprehensive income for €1,649 thousand — valuation at FVTOCI. As per IFRS 9, these adjustments will not be subsequently transferred to operating profit (loss), but the Company may transfer the accumulated loss or profit to shareholders' equity, when the investment is sold.
Lastly, it should be pointed out that UniCredit shares referred to above are bound up to 31 December 2021 as a result of a security loan contract guaranteed by cash collateral that the Company undersigned with Banca Akros as from December 2007 and periodically renewed. Contractually the agreements between the parties only transfer the rights and duties deriving from their possession for the duration of the contract, therefore the shareholding is registered in the assets of Immsi for a liability equal to the liquidity disbursed by the Bank as collateral.

C5	Tax receivables	407

The Company opted to be a part of the Group taxation system, as provided for by articles 117 et seq. of the Consolidated Income Tax Act (National Consolidated Tax Convention) along with the subsidiaries Piaggio & C.. S.p.A., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l., Pietra Ligure S.r.l. and Piaggio Concept Store Mantova S.r.l.. For the agreements underwritten with these companies, as the consolidating company, Immsi S.p.A., included in its financial statements current tax receivables of €163 thousand and the withholding tax paid and transferred by the companies involved. The remainder is made up of VAT receivables of €128 thousand and IRAP receivables of €116 thousand.

C6	Deferred tax assets	1,573

The Company recognised gross deferred tax assets totalling €1,873 thousand, of which €300 thousand related to temporary differences for costs deductible in subsequent years, offset against deferred tax liabilities as they relate to the same income taxes payable to the tax authorities and recoverable on a forward-looking basis with similar timing, as well as €1,573 thousand corresponding to the Company's past tax losses recoverable on the basis of estimates of future taxable income that will be contributed by the companies participating in the Immsi Group's domestic tax consolidation system.

C7	Trade receivables and other receivables	17,811

Current trade receivables and other receivables refer to trade receivables from third parties and from Group companies for service contracts, fees paid for positions held by employees of the Company, interest, fees on guarantees and expenses charged for activities managed by Immsi S.p.A. on behalf of subsidiaries. This item includes receivables due from companies belonging to the Immsi Group for €16,690 thousand, and namely Is Molas for €6,280 thousand, RCN Finanziaria for €5,641 thousand, Piaggio for €167 thousand, ISM Investimenti for €962 thousand, Intermarine for €1,119 thousand and the remainder from other group companies.
The Company prudently recognised trade receivables and other receivables for €12,931 thousand from other Group companies, whose budget estimates did not reasonably expect repayment during 2022, in the non-current portion.
Other current receivables of Immsi S.p.A., as the consolidating company, defined in the national consolidated tax convention, include the net receivable from companies party to the convention, for a total amount of €2,473 thousand.
Trade receivables are recorded net of a bad debt reserve prudently allocated for €703 thousand against the uncertain recoverability of approximately €690 thousand receivables due to Immsi S.p.A. from Volare Group relative to the rental of a portion of the property of Via Pirelli – Milan sold by Immsi during 2005. In this respect, the Volare Group has been in receivership since the end of 2004 and Immsi, proving its debts, has been admitted to the benefit. The filing of the plan to distribute assets relative to privileged creditors pursuant to Art. 2764 of the Italian Civil Code (receivables of lessors of property) is pending.

As indicated in the previous note "Investment property", at 31 December 2021, part of the sale price of the property located in Via Abruzzi, Rome, was deposited in an escrow account in the name of and managed by the notary public (€0.7 million out of the original €1.5 million) as security for post-closing obligations of the Company to be fulfilled within December 2022 and recognised under other current receivables.

The Company does not have any receivables from foreign companies and receivables with a residual duration of more than 5 years.

C8	Cash and cash equivalents	13,944

This item covers cash and current bank accounts. The increase compared to the balance at 31 December 2020 is mainly due to the drawdown of new loans and bank credit lines granted to the Company during the year 2021, net of the financial support given to the subsidiaries in terms of loans granted.

D - Information on main liabilities

D1	Shareholders' equity	344,853

Share capital

At 31 December 2021, the share capital of Immsi S.p.A. totalled €178,464,000.00, fully subscribed and paid up, and represented by 340,530,000 ordinary shares with no nominal value.

Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders' equity resulting from any liquidation, as well as unlimited voting rights.

As regards proxies to increase share capital and authorisations to purchase treasury shares, see the 2020 Report on Corporate Governance and Ownership.

Other reserves and retained earnings

The item Other reserves at 31 December 2021 is broken down as follows:

- legal reserve comprising provisions approved following the distribution of the profit for the year for €9,223 thousand;
- legal reserves for a total of €1,153 thousand;
- revaluation reserve for property, plant and equipment, established in accordance with Law No. 413/91 by Sirti and transferred to Immsi following the demerger for €4,602 thousand;
- share premium reserve that includes the increases in share capital of €44,880 thousand in early 2005, as well as €50,336 thousand in 2006, net of uses of €342 thousand to cover losses in 2014;
- evaluation reserve under common control equal to €65,087 thousand, in compliance with guidelines as of OPI (Assirevi preliminary guidelines on IFRS) No. 1, whose underlying operation, concerning the subsidiaries Is Molas S.p.A. and ISM Investimenti S.p.A., is commented on in the Investments item.

Other reserves include, on the negative side, the component arising from the retrospective valuation of actuarial profit/loss regarding bonds with defined benefits of €66 thousand, revision according to fair value of financial assets of €25,854 thousand, the reserve for the transition to international accounting standards of €1,614 thousand and the reserve relating to fair value of the interest rate swap hedging instruments of €50 thousand.

No other changes are recorded in the three previous years' reserves to cover losses, increase capital or distribute profit to shareholders.

As a result, the Shareholders' Equity of the Company includes profits carried forward for €50,299 thousand. the increase compared to the balance at 31 December 2020 is due to the resolution to allocate the previous year's result (positive €4,646 thousand).

Statement of Comprehensive Income

In 2021, the Statement of Comprehensive Income recorded a loss for the period of €29,669 thousand, which included, in addition to the loss for the year recognised in the income statement of €31,264 thousand, the negative change in the fair value of interest swap hedging instruments of €45 thousand, the negative adjustment of €9 thousand in the valuation of defined benefit plans in respect of the actuarial loss generated in 2021 and the higher value of the investment held in UniCredit compared to the value recognised at the end of the previous year of €1,649 thousand.

D2	Financial liabilities	254,856

The item at 31 December 2021 included bank borrowings of €251,215 thousand, of which €212,632 thousand recognised under current liabilities, and payables for rights of use, recognised in accordance with the new IFRS16 "Leases", totalling €3,641 thousand, of which €1,433 thousand due by 31 December 2022.

Below is the detail of the breakdown of bank debt:

- two loans received from Banca Popolare dell'Emilia Romagna for a nominal amount of €15 million maturing on 31 December 2022, repositioned following a moratorium, and for a nominal amount of €10 million maturing on 31 December 2025, guaranteed by a pledge on Piaggio shares up to a Collateral Value and a reference rate equal to Euribor plus a spread. The agreements provide for repayment in six-monthly instalments and are accounted for using the amortised cost method, amounting to €14,895 thousand, of which €7.4 million for instalments repayable within 12 months. These lines provide for two *covenants* to be verified on 31 December each year, complied with at the end of 2021, as well as the Collateral Value also complied with at the end of 2021. To hedge the risk of interest rate fluctuations on the cash flows for the loan of €10 million, Immsi S.p.A. entered into a Interest Rate Swap (IRS) hedging contract that provides for the transformation of the variable rate into a fixed rate on the entire nominal value of the related loan;
- a partially amortised line of credit granted until December 2022 by Banca Nazionale del Lavoro for a nominal amount of €30 million, secured by a pledge on Piaggio shares up to a Collateral Value, and recognised at amortised cost of €29,856 thousand, of which €5 million repayable within 12 months. Intangible assets with an indefinite useful life are not amortised but are subject to impairment testing. Moreover, it provides for a minimum listing of the Piaggio share and compliance with two covenants, to be assessed at 31 December of each year, contractually met at the end of 2021 as the pledge was reinstated within the terms provided for in the contract;
- an amortised credit line with Istituto Monte dei Paschi di Siena for a total of €30 million maturing in June 2023, repositioned following a moratorium and guaranteed by a pledge on Piaggio shares up to a Collateral Value. The agreements have a benchmark rate equal to the Euribor increased by a spread, two covenants and the Value to Loan to verify, and met at 31 December 2021. The loan is recognised according to the amortised cost equal to €10,458 thousand, of which €7 million for instalments repayable within 12 months;
- a loan from Banca Ifis for a nominal amount of €10 million maturing on 31 December 2022, repositioned following a moratorium, secured by a pledge on Piaggio shares up to a Collateral Value, with a benchmark rate equal to the Euribor increased by a spread. The agreement provides for the repayment of constant quarterly instalments, and is recognised according to the amortised cost method, equal to €3,074 thousand for instalments repayable within 12 months. This loan provides for two covenants to be verified at 31 December each year and respected at the end of 2021 as well as the Loan to Value also respected at 31 December 2021;
- credit lines, renewed in January 2022 and maturing in January 2023 with Intesa Sanpaolo for €15 and €25 million, besides a Bullet – Multi Borrower line with Intesa Sanpaolo, granted for €125 million, of which €82.7 million to Immsi S.p.A., €30 million to ISM Investimenti S.p.A. and €12.3 million to Intermarine S.p.A. and two credit lines for advances granted (former UBI Banca), of €5 million each. These loans, guaranteed by a pledge on Piaggio shares up to a Collateral Value, envisage a reference rate equal to Euribor plus a spread and compliance with the Collateral Value, verified and respected as of 31 December 2021;
- a revolving credit line of €20 million granted in December 2021 by UniCredit and used as of 31 December 2021 for €5 million, at a rate equal to the variable Euribor plus a spread, expiring at the end of 2022 and guaranteed by a pledge on Piaggio shares up to a Collateral

Value. The agreements provide for the verification of a covenant to be met on a quarterly basis, which was respected at 31 December 2021, as is the Collateral Value;

- four amortised credit lines granted between December 2018 and July 2019 by Banco BPM for a nominal amount of €4.5 million falling due in December 2022, €4 million falling due in March 2023, €5 million falling due in June 2023 and €6.5 million falling due in September 2023; all final maturities have been repositioned following a moratorium. The credit lines granted, guaranteed by a pledge on Piaggio shares up to a Collateral Value respected as of 31 December 2021, have a reference rate equal to Euribor plus a spread and are recorded at amortised cost at the end of 2021 for a total of €9,445 thousand, of which €6.7 million for instalments repayable in 2022. To cover the risk of interest rate fluctuation for cash flows, Immsi S.p.A. signed four interest rate swap hedging contracts, which at 31 June 2021 change the variable rate into a fixed rate on approximately 15% of the nominal amount of the relevant loans;
- bullet loan of €10 million granted by ING Bank in December 2020 maturing in July 2022 at Euribor plus a spread*,* requiring compliance with a set collateral value, plus a spread, guaranteed by a pledge on Piaggio shares up to a Collateral Value, met as at 31 December 2021;
- a securities loan agreement between Immsi S.p.A. and Banca Akros, which – against a loan of 580,491 UniCredit shares, envisages a cash collateral from the bank of approximately €4,122 thousand equivalent to the market value of the share at the date of subscription net of a spread, which takes into account any downward fluctuations in the share. The contract, which expires on withdrawal, envisages a fee equal to 0.05% and interest expense equal to the EONIA increased by a spread, calculated on the cash collateral disbursed by Banca Akros. Immsi received 300,852 UniCredit shares as a loan without cash collateral from Omniaholding S.p.A.. The latter were used in loan operations with cash collateral undertaken with Banca Akros;
- a medium-term loan granted in May 2021 by Banca Popolare di Sondrio for a nominal amount of €5 million, maturing in June 2026, with an amortisation plan based on quarterly instalments, a reference rate equal to Euribor plus one *spread* and is recognised at amortised cost at the end of 2021 for €4,465 thousand, of which €1 million for instalments repayable in 2022;
- medium-term loan granted in June 2021 by Cassa di Risparmio di Bolzano - Sparkasse for a nominal amount of €5 million maturing in June 2026, amortised in quarterly instalments and secured by a pledge on Piaggio shares up to a Collateral Value. This loan provides for a reference rate equal to Euribor plus one spread and is recognised at amortised cost at the end of 2021 for €4,482 thousand, of which €1 million for instalments repayable in 2022. It also provides for two covenants, to be verified at 31 December each year and respected at the end of 2021, as well as a Collateral Value also respected at 31 December 2021;
- a medium-term loan granted in July 2021 by MedioCredito Centrale - Banca del Mezzogiorno expiring in July 2026 for a nominal amount of €20 million, amortised in quarterly instalments and guaranteed by a pledge on Piaggio shares up to a Collateral Value. This loan provides for a reference rate equal to Euribor plus one *spread* and is recognised at amortised cost at the end of 2021 for €18,924 thousand, of which €4 million for instalments repayable in 2022. Value to Loan, to be verified quarterly, is met as of 31 December 2021;
- a medium-term loan granted in September 2021 by Banca Carige expiring in September 2026 for a nominal €4 million, amortised in quarterly instalments and guaranteed by a pledge on Piaggio shares up to the Value to Loan. This loan provides for a reference rate equal to Euribor plus one *spread* and is recognised at amortised cost at the end of 2021 for €3,794 thousand, of which €772 million for instalments repayable in 2022. Value to Loan, to be verified monthly, is met as of 31 December 2021.

An additional €4.6 million related to a revolving credit line granted by Intesa Sanpaolo S.p.A. and €500 thousand granted by Banca Carige were not used at year-end.

The measurement of financial covenants and other contract commitments is monitored by the Company on an ongoing basis. At 31 December 2021, the assessment of compliance with these requirements did not reveal any critical issues. Any failure to comply with these covenants and other contractual commitments applied to the loans mentioned above - if not adequately remedied within the agreed time - could result in the requirement of early repayment of the related outstanding debt.

As part of the indebtedness of the Company and its subsidiaries Intermarine S.p.A. and ISM Investimenti S.p.A., as of 31 December 2021, Immsi S.p.A. pledged approximately 170.8 million Piaggio shares to guarantee loans and credit lines for a total of €302.9 million, while a further approximately 8.5 million Piaggio shares are free of encumbrances.
In this regard, it should be noted that the current Piaggio share prices make it possible to confirm the existing guarantees, and therefore compliance with the Guarantee Values.

Nominal financial payables, by contractual due date, are shown below:

In thousands of Euros	Within 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
Payables to banks	212,785	15,562	9,321	9,372	4,626	-	251,666
Payables for rights of use	1,433	1,324	419	415	50	-	3,641
Total	**214,218**	**16,886**	**9,740**	**9,787**	**4,676**	**-**	**255,307**

D3	Provisions for severance liabilities and similar obligations	403

Liabilities only include the reserve for termination benefits totalling €403 thousand at the end of 2021. As provided for by Legislative Decree 252/2005 and by Law 296 of 27 December 2006, since Immsi has fewer than 50 employees, the termination benefit of employees that did not opt to assign the benefit to other types of supplementary welfare schemes, continued to be managed by the company, unless otherwise indicated by personnel.

New IFRS identify the liability relating to termination benefits using the actuarial measurement method. An estimate is made of the probable employment period in the company for each employee. For this period, annual salaries were revalued based on an inflation rate of 1.75% and a quota (at the legal rate) was set aside for TFR.
The portion of termination benefit already accrued, and which will accrue at the foreseeable date of termination of employment, is revised as required by law and discounted by a rate equal to 0.98%. As regards the discount rate, the iBoxx Corporates A rating with a 10+ duration at 31 December 2021 was used as the valuation reference.

The annual rate used for the increase in TFR was 2.813%, and the rate for the increase in salaries was 1.50%.
The table below shows the effects, at 31 December 2021, which would have occurred following changes in reasonably possible actuarial assumptions:

In thousands of Euros	**Termination benefits provision**
Turnover rate +2%	398
Turnover rate -2%	409
Inflation rate +0.25%	410
Inflation rate - 0.25%	396
Discount rate +0.50%	393
Discount rate -0.50%	413

Estimated future payments are shown below:

In thousands of Euros	**Future amounts**
1	23
2	23
3	23
4	23
5	92

The average duration of the bond is 12.6 years.

Being an actuarial valuation, the results depend on the technical bases adopted such as, among others, the interest rate, the inflation rate and the expected turnover. A variation of these parameters could lead to a significant change in the liability estimated to date; similar impacts may be caused by unexpected changes in other technical bases.

Movements in the fund during the year are shown below:

In thousands of Euros	
Balance as of 31/12/2020	**373**
Service cost	71
Interest cost	3
Benefits paid	(53)
Actuarial (gain)/loss	9
Balance as of 31/12/2021	**403**

As foreseen by the amendment to IAS 19, the cost components relating to the provision of work and net borrowing costs, equal to €21 thousand, were directly recognised in profit or loss, whereas the recognition of actuarial loss arising from the remeasurement each year of liabilities, equal to €9 thousand, was recorded in the Statement of Comprehensive Income.

D4	Deferred tax liabilities	5,511

Deferred tax liabilities at 31 December 2021 totalled €5,811 thousand, net of the portion of deferred tax assets allocated for temporary differences in that they are consistent by nature and tax authority. Gross deferred tax liabilities primarily consist of €5,023 thousand for IRES (Italian Tax on Corporate Income) for two-fifths of the tax gain realized on the sale of the investment property in Via Abruzzi, Rome, which is taxable in future years in accordance with the law.

D5	Trade payables and other payables	2,603

The item Trade payables and other payables, includes a total of €50 thousand for the mark to market at the end of 2021 of four interest rate swap (IRS) contracts, three of which were initially entered into in 2019 with Banco BPM to specifically hedge the risk of interest rate changes with reference to 50% of the original loan contracts with Banco BPM expiring between 31 March 2022 and 30 September 2022. At 31 December 2021, the total notional value of the IRS contracts was €1,396 thousand, representing around 15% of the residual nominal value of the loan contracts with Banco BPM, as well as a notional value of €10 million for an IRS contract signed in December 2021 with Banca BPER to specifically hedge the risk of interest rate changes with reference to 100% of the loan contract, also signed with BPER. since the contracts are designated as hedge accounting, the related change in fair value is recorded in the Statement of Comprehensive Income in a specific equity reserve.

Current trade payables refer to invoices received and not yet paid and to invoices to be received recognised on an accrual basis and total €1,033 thousand, of which €159 thousand to Related Parties and other companies of the Group.

Other current payables mainly include payables to social security institutes for €90 thousand, payables to employees and company bodies for €847 thousand, accrued liabilities and deferred income for €583 thousand.

At the end of 2021, no trade payables and other payables due to foreign companies or payables due after 5 years were recognised.

D6	Current taxes	2,467

Current taxes at 31 December 2021 are represented by withholding taxes on income from employment and self-employment for €175 thousand and for €2,292 thousand by the estimate at 31 December 2021 of the IRES payable arising from the net excess taxable income not offset by losses contributed by the companies participating in the tax consolidation of the Immsi Group.

E - Information on the main Income Statement items

E1	Financial income	32,734

Details of financial income for 2021 and a relative comparison with the previous year are given below:

In thousands of Euros	2021	2020
Dividends from subsidiaries	19,906	16,498
Interests and commission from subsidiaries	12,792	12,691
Other financial income	36	3
Total	**32,734**	**29,192**

The decrease in financial income compared to the previous year is mainly due to the higher flow of dividends paid by the subsidiary Piaggio & C. S.p.A..

E2	Borrowing costs	59,352

Financial charges as at 31 December 2021 amounted to a total of €59,352 thousand (€23,647 thousand as at 31 December 2020) and include, as previously commented under the item "Equity investments" and "Other financial assets", value adjustments for a total of €17.6 million of the subsidiaries Pietra S.r.l. and ISM investimenti S.p.A. as well as the recognition of a provision for impairment of financial receivables held with the subsidiary ISM investimenti S.p.A. for €32.9 million. In the previous year, on the basis of the impairment test conducted at 31 December 2020, the Company had adjusted the carrying amount of the investment in ISM investimenti S.p.A. by recording a write-down of €15 million in the income statement.
The amount of interest expenses and other financial charges in the financial year 2021 of approximately €8.8 million is substantially in line with the previous year's figure (€8.6 million).

E3	Operating income	515

In the financial year 2021, operating income amounted to €515 thousand (€2,015 thousand in the previous year) and related entirely to service contracts in place with Group companies. The decrease from the previous year is due to fewer services requested and provided to subsidiaries during the 2021 financial year.
Revenues from recharging costs for materials and services sustained by Immsi S.p.A. on behalf of Group companies are not recognised in profit or loss as they are offset by relative costs generating them, as provided for by IFRS 15, according to which the commercial result of operations that in their entirety are strictly related, may not be measured without referring to such operations as a whole.

E4	Costs for services, leases and rentals	3,432

Cost of services and use of third-party assets, net of costs recharged in accordance with IFRS 15 as described above, total €3,432 thousand (€3,155 thousand in the previous year), of which about €396 thousand deriving from intergroup transactions and with related parties, the details of which are provided at the end of these Notes.

Cost of services and use of third-party assets are broken down as follows:

In thousands of Euros	2021	2020
External maintenance and cleaning expenses	117	89
Employee costs	90	79
Technical, legal, tax, administrative consultancy, etc.	792	842
Energy, telephone, postal costs, etc.	62	57
Insurance	42	29
Board of Directors operating costs	1,795	1,584
Board of Statutory Auditors operating costs	149	148
Communication and publication costs	10	10
Certification fees	122	73
Listing rights and Securities Centralised Administration	113	112
Building service fees, security and porter costs	37	36
Bank charges	19	10
Expenses for website handling and maintenance	10	11
Charges for property rentals	2	2
Charges for rents and other rentals	54	59
Miscellaneous expenses	18	14
Total	**3,432**	**3,155**

E5	Employee costs	1,340

Personnel costs recorded in 2021 refer to salaries for about €892 thousand, social security charges for €377 thousand and provisions for termination benefits for €71 thousand. For further details on this last item, please refer to the item Provisions for pensions and similar obligations.

Immsi S.p.A. currently has no employee stock option plan.
As required by paragraph 1-bis of Art. 78 of the Consob Regulation on Issuers, the Company did not carry out operations for the purchase or subscription of shares by employees pursuant to Art. 2358 of the Italian Civil Code.

The average workforce paid in the year is 10 employees, of which 2 senior managers.

E6	Depreciation of property, plant and equipment	401

Depreciation of property, plant and equipment recognised in 2021 amounted to €401 thousand and refers to electronic machines, hardware, vehicles, furniture and fittings and miscellaneous equipment as well as the depreciation of rights of use (€359 thousand) recognised in accordance with the application of the new accounting standard IFRS 16 "Leases".
As regards investments during the year, it was deemed appropriate to apply the depreciation rates reduced by 50% due to their limited use. The Company also fully depreciated those assets of minor value whose use had essentially ended during the year.

E7	Other operating income	126

This item amounted to €126 thousand, net of income generated from recharged costs as provided for by IFRS 15, and basically refers to income for fees repaid by Company employees for corporate offices held within the Group, contingent items and the recovery of insurance costs and compensation.

E8	Other operating costs	276

Details of other operating expense are indicated below:

In thousands of Euros	2021	2020
ancillary charges for the sale of the investment property	23	36
other taxes and duties	211	184
other operating charges	42	57
Total	**276**	**277**

E9	Taxes	(185)

In 2021, the Company recorded a net income of €185 thousand under "Taxes".
The estimate at 31 December 2021 of the Company's IRES resulted in the recognition of current tax liabilities of approximately €2.2 million in the income statement, offset for €2.5 million by the reversal to the income statement of deferred taxes allocated in previous years. In particular, it should be noted that the tax gain realised on the sale of the property in Rome at the end of 2019, amounting to €52.3 million, is taxable only for IRES purposes in equal instalments spread over five tax years from 2019 to 2023.
The estimated IRAP for 2021 resulted in current tax liabilities of approximately €0.1 million being recognised in the income statement.

The item profit before tax, in terms of the portion comprising financial items, accounted for a minimum part of taxable income as regards income tax, because most components comprise tax-neutral items; these are commented on under the item Financial Income.

By participating in the Group's national tax consolidation as consolidating company, the Company has aggregated its income taxable for IRES purposes, as mentioned above, with taxable income and tax losses contributed by the other participating subsidiaries.

The reconciliation between the theoretical tax burden and actual tax burden is shown below:

IRES In thousands of Euros	**Income**		**Taxes**	
	Earnings	**Temporary components**	**Current**	**Deferred**
Profit before tax	-31,449			
Theoretical tax charge (benefit)			-7,548	
Temporary differences taxable in subsequent years	-	-	-	-
Temporary differences deductible in subsequent years	503	-503	121	-121
Tax effect of disposal of investment property in 2019	10,465	-10,465	2,512	-2,512
Reversal of temporary differences arising in previous years	-457	457	-110	110
Permanent differences that will not be annulled in subsequent years	30,315	-	7,276	-
Total differences	40,826	-10,511	9,798	-2,523
Taxable income	9,377			
Total tax expense (benefit) on income for the period			2,250	-2,523
Other amendments			-	-
Total tax expense (benefit) on income recognised in the financial statements			**2,250**	**-2,523**

IRAP In thousands of Euros	**Income**		**Taxes**	
	Earnings	**Temporary components**	**Current**	**Deferred**
Value of gross production	494			
Theoretical tax charge (benefit)			28	
Finance income/costs	354	-	20	-
Timing differences taxable / deductible in later years	-	-	-	-
Reversal of temporary differences arising in previous years	-	-	-	-
Permanent differences that will not be annulled in subsequent years	717	-	40	-
Total differences	1,071	-	60	-
Taxable income/Value of net production	1,565			
Total tax expense (benefit) on income for the period			**87**	**-**
Other amendments			-	-
Total tax expense (benefit) on income recognised in the financial statements			**87**	**-**

E10	Net profit for the period	(31,264)

Immsi S.p.A. realised a net loss of €31,264 thousand (net profit of €4,891 thousand in 2020). As commented in the previous items, the decrease compared to the previous year is mainly due to the higher write-downs of investments and financial receivables, only partially offset by the higher dividends paid by the subsidiary Piaggio & C.. S.p.A.. The result for the year was also affected by lower revenues for services provided to subsidiaries.

F – Commitments, risks and guarantees

As part of the sale agreement for the Rome property with the counterparty Investire SGR S.p.A., it was contractually agreed to deposit part of the sale price (€1.5 million) in an escrow account in the name of and managed by the notary, to serve as a guarantee on post-sale obligations borne entirely by the Company. In case of fulfilment or non-fulfilment of the above obligations, the amount will be released by the notary public either to the Company or to the acquiring counterparty. €0.8 million was released in favour of the Company in 2020.

In December 2019, the Company signed a lease agreement with Investire SGR S.p.A. for a portion of the property (for office use) located on the 4th floor of the building in Rome - Via Abruzzi; as a security deposit, the Company paid Investire SGR S.p.A. €125 thousand, corresponding to four months' rent.

Intesa Sanpaolo issued a revocable signed credit line equal to €400 thousand, of which Immsi used €350 thousand for the Defined Benefits Pension Scheme of the Intesa Sanpaolo Group with which Immsi stipulated a lease contract in December 2008 for the property located in Milan – via Broletto 13.

As part of the indebtedness of the Company and its subsidiaries Intermarine S.p.A. and ISM Investimenti S.p.A., as of 31 December 2021, Immsi S.p.A. pledged approximately 170.8 million Piaggio shares to guarantee loans and credit lines for a total of €302.9 million, while a further approximately 8.5 million Piaggio shares are free of encumbrances.

Immsi also issued a surety in favour of Banco BPM for advances on a contract and as a counter guarantee for the post delivery sureties that this bank has issued to the Italian Navy. The total guaranteed amount at the end of 2021 is €1.4 million.

Another comfort letter was issued by Immsi in favour of Banca Carige in relation to the line for advances on invoices and to guarantee the loan granted to Intermarine S.p.A., used at the end of 2021 for €1.8 million. A similar guarantee was issued in favour of Banca Bper for the loan granted to Intermarine and outstanding at the end of 2021 for €8.6 million.

Immsi S.p.A. also issued a comfort letter to guarantee the loans granted by BNL to Intermarine outstanding at 31 December 2021 for a total of €6.5 million.

In relation to the credit lines existing between Intermarine S.p.A. and Banca IFIS S.p.A., in the form of advances on contracts for 3 Minesweeper Platforms with the Italian Navy arising from the Gaeta contract, a comfort letter was issued to Banca IFIS by the direct parent company RCN Finanziaria S.p.A., confirmed by Immsi S.p.A.. The value of the guarantees at the end of 2021 was €6.6 million in total. A further credit line for advances on the Cacciamine Studies contract utilised at 31 December 2021 for €2 million and an amortised loan of €3 million are supported by a comfort letter issued by Immsi.

Immsi issued a guarantee in favour of Credit Agricole to guarantee the loan granted by the same bank to Intermarine S.p.A. for €5 million. As at 31 December 2021, the amount of the guarantee was €1.3 million.
The subsidiary pays remuneration to Immsi for the issue of these guarantees, in proportion to the amounts guaranteed.

In December 2017, Immsi issued a guarantee for €10 million in favour of MPS to guarantee the loan it furnished to Is Molas for €20 million, for which the subsidiary paid remuneration to Immsi in proportion to the guaranteed amount.

Lastly, Immsi, in relation to the €30 million loan granted to ISM Investimenti S.p.A. by Intesa Sanpaolo, undertook, in the interests of IMI Investimenti S.p.A. (now Intesa Sanpaolo SpA), to grant a shareholder loan for the amount necessary to enable ISM to repay its debt in full, if it fails to refinance this amount due to Intesa Sanpaolo on the market.

G – Net financial position

Immsi S.p.A.'s net financial debt as of 31 December 2021, presented in accordance with the provisions of ESMA Guidelines 32-382-1138 of 4 March 2021, is analysed below and compared with the same figure as of 31 December 2020.
Net financial position is represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other current financial assets. In this regard, it should be noted that the indicator thus formulated represents that monitored by the Company's management and that it also includes the non-current portion of financial receivables, as suggested by ESMA Guidelines 32-382-1138 of 4 March 2021. In addition, derivative financial instruments designated as hedging instruments, which were negative at 31 December 2021 for €50 thousand, and unsettled interest expense accrued on loans, which amounted to €583 thousand at 31 December 2021, are not included in the calculation of the net financial position.

In thousands of Euros	***31/12/2021***	***31/12/2020***
A Cash and cash equivalents	-13,944	-8,460
B Cash equivalents		
C. Other financial assets	-1,119	-1,455
D Total liquidity (A + B + C)	**-15,063**	**-9,915**
E Current financial payables (including debt instruments, but not including current portion of non-current financial debt		
- Payables due to banks	141,821	151,821
- Lease liabilities	1,433	1,433
F Current portion of non-current financial debt	70,811	19,058
G Total current financial debt (E + F)	**214,065**	**172,312**
H Net current financial debt (G + D)	**199,002**	**162,397**
I Non-current financial debt (excluding current portion and debt instruments		
- Payables due to banks	38,583	67,573
- Lease liabilities	2,208	3,653
J Debt instruments		
K Trade payables and other non-current payables		
L Non-current financial debt (I + J + K)	**40,791**	**71,226**
M Net financial debt (H + L)	**239,793**	**233,623**
Medium- and long-term financial receivables from subsidiaries	-216,228	-240,424
Net financial debt of the Parent Company	**23,565**	**-6,801**

The net financial position at 31 December 2021 was negative for €23,565, down from the positive figure of €6,801 thousand recorded at the end of the previous year.

In thousands of Euros	31/12/2021	31/12/2020
Cash generated internally	57,589	18,649
Change in net working capital	(80,443)	(12,589)
Net cash flow generated from operations	**(22,854)**	**6,060**
Acquisition of intangible assets	0	0
Purchase of property, plant and equipment	(12)	(17)
Net decrease from property disposals	0	0
Acquisition of controlling investments, net of disposal	(7,500)	(11,700)
Change in net financial position	**(30,366)**	**(5,657)**
Initial net financial position	**6,801**	**12,458**
Closing net financial position	**(23,565)**	**6,801**

H - Dividends paid

Immsi S.p.A. did not distribute dividends in 2021 or 2020.

I - Proposed allocation of the profit/loss for the year

The draft Financial Statements show a loss for the year amounting to €31,264,275;
The Board of Directors therefore proposes to cover this loss in full through the use of the result reserves available in the Company's equity as at 31 December 2021.
In addition, considering the reserves available in the financial statements for €24,789,506, net of the coverage of the above-mentioned loss for the year, of which €19,034,232 comes from the earnings reserve and €5,755,274 from reserves of withheld taxes, the Board of Directors proposes to distribute a dividend of 3 euro cents before tax to all eligible ordinary shares (340,530,000) for a maximum total of €10,215,900, using the available earnings reserve.

L - Group and Related-Party Transactions

As regards disclosure on related-party transactions as of IAS 24 undertaken by Immsi S.p.A., the transactions undertaken with these entities were carried out in normal market conditions or according to specific regulatory provisions.

Pursuant to Regulation No. 17221 regarding transactions with Related Parties issued by Consob on 12 March 2010 and subsequently integrated and amended, the Company adopted a procedure aimed at governing the approval process for transactions with Related Parties, as set out in greater detail on the website www.immsi.it under Governance.

The main economic effects (excluding revenues to deduct from subsidiaries and parent companies in compliance with IAS 15) and financial effects of Related-Party transactions and their impact on financial statement items of Immsi S.p.A. at 31 December 2021, compared to the amount recognised for the same related parties in 2020, are shown below:

Main economic and financial items	2021 amounts in thousands of Euros	% accounting for financial statement items	Description of the nature of transactions	2020 amounts in thousands of Euros
Transactions with Related Parties:				
Current trade payables	*26*	*2.5%*	*Tax advisory services provided by Studio Girelli e Associati*	*32*
	38	*3.7%*	*Legal advisory services provided to corporate bodies*	*216*
Costs for services, leases and rentals	*56*	*1.6%*	*Tax advisory services provided by Studio Girelli e Associati*	*60*
	184	*5.3%*	*Legal advisory services provided to corporate bodies*	*216*
Transactions with Parent companies:				
Non-current financial liabilities	*223*	*0.5%*	*Financial liabilities on Omniaholding S.p.A. lease rights-of-use*	*345*
Current financial liabilities	*122*	*0.1%*	*Financial liabilities on Omniaholding S.p.A. lease rights-of-use*	*161*
Current trade payables	*10*	*1.0%*	*Security Loan Fees*	*7*
Costs for services, leases and rentals	*25*	*0.7%*	*Building service fees for offices in Mantova provided by Omniaholding S.p.A.*	*25*
Borrowing costs	*21*	*0.3%*	*Finance costs for rights of use and Commission on the Loan of Securities*	*20*
Transactions with Subsidiaries:				
Trade receivables and other receivables non-current	*5,641*	*43.3%*	*Amounts due from RCN Finanziaria S.p.A. for recharged costs*	*5,633*
	6,280	*48.2%*	Receivables due from Is Molas S.p.A. for recharged costs, consulting agreement	*6,270*
	962	*7.1%*	Amounts due from ISM Investimenti S.p.A. for recharged costs and interest	*926*
	48	*0.5%*	*Receivables from Pietra S.r.l., Pietra Ligure S.r.l. and Apuliae S.r.l. for recharged costs*	*60*
Current trade receivables and other receivables	*1,118*	*29.7%*	*Amounts due from Intermarine S.p.A. for recharged costs, rental of offices in Rome, interest, fees and a consultancy contract*	*640*
	167	*1.8%*	*Receivables due from Piaggio & C. S.p.A. for expenses charged, advisory contracts and the payment of fees*	*558*
	2,473	*65.8%*	*Amounts due from the national consolidated tax convention*	*2,840*
Other non-current financial assets	*140,774*	*47.6%*	*Loans granted to RCN Finanziaria S.p.A. and interest*	*140,557*
	80.196	*27.1%*	*Loans granted to Is Molas S.p.A. and interest*	*75,347*
	30,343	*11.41%*	*Loans granted to ISM Investimenti S.p.A. and interest*	*61,292*
	7,693	*2.6%*	*Loans granted to Pietra S.r.l. and Pietra Ligure S.r.l. and interest*	*7,055*
	1,064	*0.4%*	*Loans granted to Apuliae S.r.l. and interest*	*962*
	1,014	*0.3%*	*Loans granted to Intermarine SpA and interest*	*0*
	1,730	*0.6%*	*Financial receivables ob sublease rights of use from Piaggio & C. S.p.A. and Intermarine S.p.a.*	*2,849*
Current financial assets	*1,119*	*22.8%*	*Financial receivables ob sublease rights of use from Piaggio & C. S.p.A. and Intermarine S.p.a.*	*1,455*
Current trade payables	*70*	*6.8%*	*Payables due to Piaggio & C. S.p.A. for expenses charged*	*497*
	14	*1.4%*	*Amounts due to Immsi Audit S.c. a r.l. for internal audit activities*	*29*

Main economic and financial items	2021 amounts in thousands of Euros	% accounting for financial statement items	Description of the nature of transactions	2020 amounts in thousands of Euros
Financial income	*19,905*	*60.8%*	*Dividends from Piaggio & C. S.p.A.*	*16,498*
	80	*0.2%*	*Interest on sublease rights of use from Piaggio & C. S.p.A.*	*106*
	4,657	*14.2%*	*Interest income from RCN Finanziaria S.p.A.*	*4,722*
	223	*0.7%*	*Interest on sublease rights of use, interest income and guarantee fees from Intermarine S.p.A.*	*222*
	2,949	*9.0%*	*Interest income and guarantee fees from Intermarine S.p.A.*	*2,663*
	4,581	*14.0%*	*Interest income from ISM Investimenti S.p.A.*	*4,708*
	264	*0.8%*	*Interest income from Pietra S.r.l.*	*235*
	38	*0.1%*	*Interest income from Apuliae S.r.l.*	*35*
Borrowing costs	*50,506*	*85.0%*	*Write-downs in investments and financial receivables from subsidiaries*	*15,000*
Operating income	*250*	*48.5%*	*Consultancy and assistance contract for Piaggio & C. S.p.A.*	*1,000*
	250	*48.5%*	*Consultancy and assistance contract for Intermarine S.p.A.*	*1,000*
	15	*2.9%*	*Service contract with Immsi Audit S.c.a.r l.*	*15*
Costs for services, leases and rentals	*73*	*2.1%*	*Internal auditing services by Immsi Audit S.c.a r.l.*	*64*
	59	*1.7%*	*Amounts recharged from Piaggio & C. S.p.A.*	*58*
Other operating income	*80*	*63.5%*	*Payment of fees from Piaggio & C. S.p.A.*	*80*

Figures including non-deductible VAT.

As regards relations, guarantees and commitments ongoing with Group companies, see item F - Commitments, Risks and Guarantees.

M - Risks and uncertainties

Financial instruments

With reference to financial instruments, already commented on in the Notes, the Parent Company did not recognise any differences between the fair value and the carrying amount for all items in question, excluding investments in UniCredit, the details of which are included in the section on financial assets. At 31 December 2021, the Company had no long-term fixed rate assets and/or liabilities for which it is necessary to recalculate the relative value according to current market rates.

In thousands of Euros	31/12/2021	31/12/2020
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	**265,823**	**288,062**
Financial receivables	265,823	288,062
Financial assets	0	0
CURRENT ASSETS		
Other financial assets	**4,906**	**4,886**
Financial receivables	1,119	1,455
Financial assets	3,787	2,138
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	**40,790**	**71,226**
Payables due to banks	38,582	67,574
Other financial payables	2,208	3,652
CURRENT LIABILITIES		
Financial liabilities	**214,066**	**172,312**
Payables due to banks	212,633	170,879
Other financial payables	1,433	1,433

Interest Rate Risk

Variations in interest rates on the market can impact the fair value of a financial asset or liability.
Exposure to market risk arising from the variation in interest rates is mainly connected to medium and long-term loans.

The following table shows the nominal value of the Company's financial assets and liabilities, that are exposed to interest rate risk, divided depending on whether they are contractually subject to fixed or variable rates (net of any specific hedging instruments for interest rate changes).

In thousands of Euros	Total
Total fixed rate	**-11,396**
Total variable rate	**-25,773**

An increase or decrease of 1% of the Euribor with reference to the net specific exposure of Immsi S.p.A. would have produced greater or lesser interest for approx. €258 thousand per year.

Price Risk
Concerning the price risk on investments held by the Company and classified as other financial assets available for sale, see the comments in this Note.

Credit risk
The following table analyse by maturity the item of Trade receivables, including written-down or guaranteed payables, with comments in the Notes to the financial statements.

In thousands of Euros	31/12/2021	31/12/2020
Receivables past due:		
0-30 days	427	360
30-60 days	0	19
60-90 days	0	8
> 90 days	1,466	1,268
Total receivables past due	**1,893**	**1,655**
Total receivables maturing	101	271
Total	**1,994**	**1,926**

Receivables from the tax authorities have been used in the first months of 2021 for an amount of €148 thousand, while other receivables are mainly represented by accruals and deferrals and for €700 thousand by the escrow deposit set up with the notary to guarantee post-closing fulfilments of the sale of the property investment in Via Abruzzi in Rome.

Liquidity Risk
The Company could suffer from possibly critical situations concerning the subsidiaries, especially those for which it has granted financing. Immsi S.p.A. in fact provides loans and issues guarantees in favour of the Group's subsidiaries to facilitate their funding; these operations are regulated under normal market conditions.
With reference to the debt position, in 2021 the Company renewed the expired credit lines and underwrote new medium/long-term loans, while in 2020 a moratorium was agreed with certain banks with which there are amortising credit lines for a period of 12 months on the expiring instalments and the consequent repositioning of the same at the end of the repayment schedule, in line with arrangements provided by the banking system for the majority of companies with credit lines.
Liquidity risk arises from the possibility of the available financial resources being insufficient to meet future payments under financial obligations at the scheduled time and in the specified manner.

At the end of 2021, the Company has unused credit lines for a total of €20.1 million relating to credit lines granted by Intesa Sanpaolo, UniCredit and Banca Carige.

In relation to the forecasts drawn up concerning the financial requirements expected for the next 12 months, deriving mainly from the Company's operating activities, taking into account the credit lines expiring during the year and the financial commitments that the Group has undertaken to meet in order to support the development of its initiatives - including the financial support declared for some subsidiaries -, the Directors have taken, and will take in the coming months, actions aimed at finding solutions that will guarantee financial balance, including the renewal of short-term credit lines, also taking into consideration the risk of a possible scenario of weakness in the stock markets, deriving from the Covid-19 pandemic still underway and the recent crisis involving Russia and Ukraine, which represent an element of high uncertainty on the trend of market values of shares, with possible consequences on the size of credit lines currently granted to the Company, largely guaranteed by Piaggio shares held by the latter.
In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2021, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.
However, the future dynamics of these factors require that the circumstances be constantly monitored by Company Management.

Hierarchical fair value valuation levels
As regards financial instruments recognised at fair value in the Statement of Financial Position, IFRS 7 requires these values to be classified on the basis of hierarchical levels which reflect the significance of the inputs used in determining fair value. These levels are as follows:

- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

With reference to the assets measured at fair value that are listed on an active market, held by Immsi S.p.A. (level 1), the UniCredit shares held in portfolio at 31 December 2021, amounting to 279,639 securities, for a total value at that date of €3,787 thousand, are reported. The fair value of the investment, represented by the share price at the end of 2021, decreased by approximately €1,649 thousand compared to the end of the previous year.

At 31 December 2021, current and non-current liabilities include the fair value, negative for a total of €50 thousand, of four interest rate swap (IRS) contracts, three of which were initially entered into in 2019 with Banco BPM to specifically hedge the risk of interest rate changes with reference to 50% of the original loan agreements with Banco BPM maturing between 31 March 2022 and 30 September 2022. At 31 December 2021, the total notional value of the IRS contracts was € 1,396 thousand, representing around 15% of the residual nominal value of the loan contracts with Banco BPM, as well as a notional value of € 10 million for an IRS contract signed in December 2021 with Banca BPER to specifically hedge the risk of interest rate changes with reference to 100% of the loan contract, also signed with BPER.

Financial assets measured at fair value for which there are no observable market data include the investment held in Alitalia - Compagnia Aerea Italiana S.p.A., whose value has been fully written down as described above.

As per IFRS 7, which requires the fair value of debts recognised to be measured on a amortised cost basis for disclosure purposes only, it is believed that this fair value substantially equals the nominal value of the liability.

N - Auditing costs

In relation to the reporting obligations pursuant to section 149-*duodecies* of the Consob Regulation on Issuers, regarding fees for the period for the appointment by Immsi S.p.A. of an independent auditor, in 2021 fees paid to Deloitte & Touche S.p.A. amounted to €88,781, of which €75,329 for the auditing of the accounts and €13,452 for the Consolidated Non-financial Statement.
The Shareholders' Meeting of 14 May 2020 appointed Deloitte & Touche S.p.A. as independent auditors for the 2021-2029 period.

O - Significant events after the reporting period

It should be noted that at the date of preparation of these financial statements, the Company is monitoring the evolution of certain instability factors that have emerged, such as the evolution of the Covid-19 pandemic and the geopolitical tensions between Ukraine and Russia.
However, making forecasts for the near future remains complex.

* * *

This document was published on 8 April 2022 by authorisation of the Chairman of the Company, Roberto Colaninno.

Certification of the financial statements pursuant to Art. 154-bis of the Legislative Decree No. 58/98

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Michele Colaninno, as Chief Executive Officer and Andrea Paroli, Executive in Charge of Financial Reporting of Immsi S.p.A., certify, also taking account provisions of Art. 154-bis, paragraphs 3 and 4 of the Italian Legislative Decree No. 58 of 24 February 1998:

- the appropriateness with regard to the company's characteristics and
- effective application

of the administrative and accounting procedures for preparing the financial statements during 2021.

With regard to the above, no relevant aspects are to be reported.

In addition, it is certified that the Financial Statements at 31 December 2021:

- were drawn up in compliance with applicable international accounting standards recognised by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to accounting records;
- are adequate for giving a true and fair view of the financial position, performance and cash flows of the Issuer.

The Report on Operations includes reliable analysis of operations, as well as the situation of the Issuer, along with a description of the main risks and uncertainties to which they are exposed.

23 March 2022

The Chairman
Roberto Colaninno

Executive in Charge of
Financial Reporting
Andrea Paroli

Chief Executive Officer
Michele Colaninno

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Immsi S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Immsi S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, 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 and the requirements of national regulations issued pursuant to art. 9 of Italian 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 requirements applicable under Italian law to the audit of the 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Analysis of the short-term financial debt of the Company	
Description of the key audit matter	The Company's financial statements includes financial debt towards the banking system for a total of € 251.2 million, of which € 212.8 million of short-term financial debt.

	As of December 31, 2021, the Company deposited no. 170.8 million of Piaggio & C. S.p.A. shares to guarantee loans and credit lines for € 242.6 million referring to Immsi S.p.A. and for € 60.3 million referring to some direct and indirect subsidiaries, whose agreements provide for compliance with guarantee values and, for some loans, with financial parameters (so-called financial covenants). The total number of Piaggio & C. S.p.A. shares held by the Company at 31 December 2021 is equal to no. 179.3 million. The forecasts prepared by the Directors regarding the financial needs of the Company, including financial support for some direct and indirect subsidiaries, for the next 12 months, take into account, inter alia, the effects of the actions aimed at guaranteeing financial balance as well as the renewal of the short-term credit lines guaranteed by the aforementioned share pledge. The market value of the shares pledged as collateral is subject to constant monitoring by the Management and periodic verifications in order to ensure compliance with the guarantee values, with consequent adjustment of the number of shares pledged. The market value of these securities is subject to the trend of the financial markets, which has shown a tendency to present relevant fluctuations over time, especially in relation to the uncertainty of the general economic situation, accentuated by the Covid-19 pandemic and from the recent crisis involving Russia and Ukraine. In consideration of the significance of the Company's financial debt to the banking system guaranteed by Piaggio & C. S.p.A. shares, of the risk of a possible scenario of weakness in the stock markets and of the relevance of the disclosure provided in the notes of the financial statements on these aspects, we have considered the understanding and analysis of the forecasts made by the Directors regarding the financial needs and related short-term indebtedness of the Company a key audit matter of the financial statements of Immsi S.p.A.. Notes B "Accounting principles and valuation criteria" and D2 "Financial liabilities" within the separate financial statements provides a disclosure on the Company's short-term financial debt.
Audit procedures performed	As part of our audit we, inter alia, performed the following procedures: • identification and understanding of the significant controls put in place by the Directors on the process of monitoring of the financial debt exposure guaranteed by Piaggio & C. S.p.A. shares; • acquisition of documentation relating to short-term credit lines and guaranteed medium / long-term loan agreements existing at 31 December 2021, analyzing the contractual clauses including guarantee clauses, also by obtaining data and information obtained directly from banks;

- review of the analysis prepared by the Management relating to guaranteed financial debt, compliance with the guarantee values and, where applicable, the financial covenants as at 31 December 2021;
- analysis of the evolution of financial debt expected in the next 12 months and of the related guarantee values;
- analysis of the reasonableness of the Directors' forecasts regarding the financial needs of the Company, acquiring, inter alia, audit evidence regarding the renewals of the short-term credit lines obtained;
- assessment of the adequacy of the disclosure provided by the Directors in the notes of the financial statements.

Impairment test on equity investments in subsidiaries	
Description of the key audit matter	The Company's financial statements includes as of December 31, 2021 equity investments in subsidiaries for a total of € 305.4 million, valued according to the cost method. The Company's Management performed an impairment test to determine whether the equity investments in subsidiaries (together with the financial receivables of the Company in respect to its subsidiaries) are recognised in the financial statements at 31 December 2021 at a value no higher than their recoverable amount, if it believes there are the presence of possible impairment indicators. Equity investments in subsidiaries whose book values include the goodwill identified at the time of acquisition are subjected to an impairment test at least annually. After the conclusion of the impairment tests, approved by the Board of Directors of Immsi S.p.A. on 23 March 2022, the Company recognised a write-off for € 50.5 million attributable for € 48.5 million to the equity investment and the net interest in ISM Investimenti S.p.A. (of which € 32.8 million attributed by Management to the non-current financial receivables included in the balance "Other non-current financial assets") and for € 2.0 million to the equity investiment in Pietra S.r.l.. The impairment process carried out by Management of assessing the recoverability of the aforementioned values recognized in the financial statements was conducted for some equity investments in subsidiaries by determining the value in use, while for others by comparing the market value ("fair value") inferable for the equity investment in ISM Investimenti S.p.A. from the appraisal issued by an independent expert appointed by ISM Investimenti S.p.A. to determine the market value of the development area and other properties held by the indirect investee Is Molas S.p.A. - the only investment of ISM Investimenti S.p.A. and, for the equity investment in Pietra S.r.l., by the binding purchase offer signed on 22 July 2021 by Pietra S.r.l. for the sale of Pietra Ligure S.r.l. - the only investment held by the same - subject to certain conditions precedent which were fulfilled by February 2022.

	The impairment process, both with reference to value in use and fair value, is complex and based on assumptions regarding, inter alia, the forecast of expected cash flows from the subsidiaries, the determination of an appropriate discounting rate (WACC) and a long-term growth rate (g-rate). These assumptions are influenced by future expectations about market conditions. Considering the relevant amount of the equity investments in subsidiaries and the net interests, the judgement of the estimates used to determine the fair value, the cash flows and the key variables of the impairment models considered by Directors, we considered the impairment test a key audit matter of the Immsi S.p.A. financial statements. Note C.3 "Equity Investments in subsidiaries" within the separate financial statements provides a disclosure on the impairment test.
Audit procedures performed	As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network: • identification and understanding of the significant controls put in place by the Company on the process of performing the impairment test on the equity investments in subsidiaries; • assessment of the reasonableness of the main assumptions adopted by the Management to develop cash flow forecasts and collection of other relevant information obtained by management; • assessment of variances in actual data with respect to original plans, so as to evaluate the nature of the variances and the reliability of the process of preparing the plans; • evaluation of the methods for determining the discounting rate (WACC) by analysing its individual elements and their consistency with generally used valuation practices and analysis of the reasonableness of the long-term growth rate (g-rate); • assessment of the sensitivity analysis prepared by the Management, and, for some equity investments in subsidiaries, development of own sensitivity analysis; • comparison between the recoverable amount and the carrying amount of such investments and the other long-term interests (i.e. net financial position) in such subsidiaries; • evaluation of the methods and assumptions used in the appraisal prepared by the independent expert to determine the market value of the development area and the other properties held by Is Molas S.p.A., including the assessment of skills, abilities and objectivity of the expert; • evaluation of the binding purchase offer relating to Pietra Ligure S.r.l.; • assessment of the adequacy of the disclosure provided by the Company on the impairment test with what is provided for in IAS 36.

Other matter – Corresponding data

The financial statements of Immsi S.p.A. for the year ended December 31, 2020, were audited by other auditor who expressed their unqualified opinion on 8 April 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, 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 separate 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 International Standards on Auditing (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 separate financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's 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 separate 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.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Immsi S.p.A. has appointed us on May 14, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Immsi S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Immsi S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Immsi S.p.A. as at December 31, 2021, including their consistency with the related separate financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Immsi S.p.A. as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Immsi S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Milan, Italy
April 7, 2022

As disclosed by the Directors on page 1, the accompanying financial statements of Immsi S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Report of the Board of Statutory Auditors to the Shareholders' Meeting

of IMMSI S.p.A.

pursuant to Article 153 of Legislative Decree 58/98 and Article 2429, second paragraph, of the Italian Civil Code.

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Dear Shareholders,

The Board of Statutory Auditors of IMMSI S.p.A, pursuant to art. 153, Legislative Decree 58/1998, and art. 2429, paragraph 2, of the Italian Civil Code, is required to report to the Shareholders' Meeting called to approve the financial statements as at 31 December 2021, on the supervisory activity carried out during the year in the performance of its duties, on any omissions and censurable facts detected, and on the results of the company's financial year, as well as to make proposals regarding the financial statements, their approval and matters within its remit.

During the financial year ended 31 December 2021 and up to the present date, the Board of Statutory Auditors has carried out its supervisory activities in compliance with the provisions of the law, the CONSOB regulations on corporate controls and the provisions contained in art. 19 of Legislative Decree no. 39/2010.

The separate and consolidated financial statements as at 31.12.21 of IMMSI S.p.A. that have been presented for your approval have been prepared in accordance with the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as with the provisions issued by CONSOB in implementation of Art. 9, paragraph 3 of Legislative Decree no. 38/2005.

The financial statements of IMMSI S.p.A. as at 31.12.21 show a net loss of €31,264,275, compared to a net profit of €4,890,551 in the previous year.

You are also presented with the Consolidated Financial Statements for the year ended 2021, which show a profit of €35,424,000 (compared to €15,806,000 in the previous year), broken down into profit attributable to minority interests of €23,157,000 and profit attributable to the Group of €12,267,000. The Company has also prepared the "Consolidated Non-Financial Statement", prepared in accordance with Legislative Decree 254/2016.

The Company's Financial Statements and the Group's Consolidated Financial Statements as well as the Consolidated Non-Financial Statement, prepared by the Directors in accordance with the law, have been duly communicated by them to the Board of Statutory Auditors together with the Directors' Report on Operations, the Report on Corporate Governance and Ownership Structure and the Report on Remuneration. The Board has also received the reports of the independent auditors.

The general principles adopted in drawing up the financial statements are explained in detail in the Notes to the Financial Statements.

To the best of our knowledge, the Directors have not departed from the legal provisions relating to the preparation of the financial statements and have taken into account, in preparing the financial reports, the provisions issued in implementation of Article 9 of Legislative Decree 38/2005, the interpretations of IFRIC (formerly "SIC") and the Bank of Italy/Consob/Isvap Documents 2 of 6 February 2009 and 4 of 3 March 2010.

With reference to the consolidated non-financial statement, as a section of the Directors' Report on Operations, the Board of Statutory Auditors, based on the provisions of Article 3, paragraph 4, of Legislative Decree 254/2016, verified - also in light of indications from the independent auditors in their report issued on 7 April 2022, pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016 and Article 5 of Consob Regulation 20267/2018 - that provisions and criteria for presentation, also regarding the guidance on this statement, were complied with in full, and did not identify any elements requiring disclosure in this report.

The Board of Statutory Auditors has acquired the information needed to perform its duties through participation in the meetings of the Board of Directors and the Board Committees, meetings with the Company's management, information acquired from the relevant company structures and meetings with the independent auditors Deloitte & Touche S.p.A., as well as other control activities.

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The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on 30 April 2021. It is composed of Antonella Giachetti (Chairman), Giovanni Barbara and Alessandro Lai (Standing Auditors), as well as Gianmarco Losi and Filippo Dami (Substitute Auditors). The term of office of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting that will approve the Company's financial statements for the year 2023.

In the course of the meetings held, the Board of Statutory Auditors undertook self-assessment activities; the outcomes were recorded and reported to the Board of Directors.

The composition of the Board of Statutory Auditors complies with the gender distribution rules set out in Art. 148 of Legislative Decree no. 58/98 (Consolidated Law on Finance).

The Board of Statutory Auditors checked compliance with the independence requirement upon appointment and during its term of office.

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In carrying out its duties, the Board of Statutory Auditors has performed the supervisory activities prescribed by Article 2403 of the Italian Civil Code and Article 149 of Legislative Decree no. 58/1998, the CONSOB recommendations on corporate controls and activities of the Board of Statutory Auditors, and has also complied with the guidelines contained in the Corporate Governance Code. It therefore monitored: (i) compliance with the law and deed of incorporation, (ii) compliance with principles of proper administration, (iii) the adequacy of the Company's organisational structure for those aspects under its responsibility, the internal control system and the administrative and accounting system, as well as the reliability of the latter in correctly representing operations, (iv) procedures for the actual adoption of the corporate governance rules set out in the Corporate Governance Code of the Committee for Corporate Governance of listed companies which the Company is party to, and (v) the adequacy of the instructions given to subsidiaries pursuant to Article 114, paragraph 2, of the Consolidated Law on Finance. In addition, the Board of Statutory Auditors, in its capacity as the "Internal Control and Audit Committee" pursuant to Article 19 of Legislative Decree 39 of 27 January 2010, has put in place the supervision provided for in the first paragraph of that article - in letters a), b), c), d), e), f) - as amended by Legislative Decree 135/2016.

In drafting this Report, due notice was taken of CONSOB communications no. 1025564 of 6 April 2001, n. 3021582 of 4 April 2003 and no. 6031329 of 7 April 2006, concerning the content of the reports of the Boards of Statutory Auditors of companies with listed shares at the Shareholders' Meetings.

As part of its duties, therefore, the Board of Statutory Auditors reports as follows:

1. The most important economic and financial operations carried out by the Company in the 2021 financial year have been fully described by the Directors in the Report on Operations. The Board of Statutory Auditors became aware of this through its participation in Board meetings and through meetings with the Company's management. The Board of Statutory Auditors was able to ascertain that the operations carried out were not imprudent, risky, in conflict of interest, contrary to the resolutions of the Shareholders' Meeting and the Articles of Association or such as to compromise the integrity of the company's assets.

2. No atypical and/or unusual transactions were carried out in the 2021 financial year, either with third parties, or Group companies, or related parties, as also attested by the Directors in the Notes, paragraph "A - Content and form of the consolidated financial statements" of the notes to the consolidated financial statements; for a list of ordinary transactions that the Group or the Parent Company IMMSI has undertaken with related parties or other Group companies, reference is made to the section "L - Transactions with Group companies and Related Parties", in the Directors Report, as regards the Group; reference is also made to the Notes to the Financial Statements, section "L - Transactions with Group companies and Related Parties", only as regards IMMSI. These transactions mainly concern trade and financial receivables/payables, supplies of materials, financial, tax and contractual consulting services, leases, and financial charges. These documents also describe in detail the related economic effects, stating that the transactions take place in normal market conditions or according to specific regulatory provisions. The Board of Statutory Auditors considers that these transactions are suitable and in the company's interest. The Report also states that, in accordance with Regulation 17221 on related party transactions issued by Consob on 12 March 2010 and subsequently amended, the Company has adopted the procedure governing the approval of related party transactions. The Directors' Report on Operations and the Notes to the Consolidated Financial Statements, as well as the Notes to the Separate Financial Statements, state that there were no non-recurring transactions in the 2021 financial year.

3. The Board of Statutory Auditors considers the information provided by the Directors in the Report on Operations and in the notes to the separate financial statements on intra-group transactions and transactions with related parties to be adequate.

4. The independent auditors Deloitte & Touche S.p.A. audited the financial statements and issued their reports on 7 April 2022, which were unqualified, with no emphasis of matter. The independent auditors declare that the financial statements and the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as of 31 December 2021, of the results of their operations and of their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures implementing Article 9 of Legislative Decree 38/05. Each of these documents also contains the "Report on other legal and regulatory provisions" with the related opinions pursuant to Article 14, paragraph 2, letter e), of Legislative Decree 39/10 and Article 123-bis, paragraph 4, of Legislative Decree 58/98, which are unqualified. In addition, an opinion on compliance with the provisions of Delegated Regulation (EU) 2019/815 has been issued certifying that the financial statements have been prepared in XHTML format in accordance with the provisions of the European Regulation and the consolidated financial statements have been prepared in XHTML format, and have been tagged in all material respects in accordance with the provisions of the European Regulation. Finally, the Board of Statutory Auditors examined the content of the Report of Deloitte & Touche S.p.A. on the consolidated non-financial statement issued on 07 April 2022 pursuant to Article 3, paragraph 10, of Legislative Decree 254/2016 and Article 5 of Consob Regulation 20267/2018, which does not contain any findings or emphasis of matter.

5. No reports pursuant to Article 2408 were received by the Board of Statutory Auditors during the 2021 financial year.

6. No complaints were received by the Board of Statutory Auditors during the 2021 financial year.

7. The independent auditors PricewaterhouseCoopers S.p.A. issued the statement pursuant to Article 6 paragraph 2) letter a) of European Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260. The Board of Statutory Auditors has carried out checks - also at Group level. These show that "statutory audit services" resulted in fees paid to Deloitte & Touche S.p.A. of €75,329 for IMMSI alone and €557,065 for the rest of the Group (of which € 347,240 refer to the subsidiary Piaggio & C. S.p.A.). The analysis also shows that the independent auditors provided - on behalf of Group subsidiaries - "certification services" for €17,000 (entirely attributable to Piaggio & C. S.p.A.), audit services for the "Consolidated Non-Financial statement" and the "Corporate Social Responsibility Report" (concerning IMMSI S.p.A. for €13,452 and Piaggio & C. S.p.A. and its subsidiaries for €50,000), as well as “other services” for €15,000 (relative to Piaggio & C. S.p.A.). In the aforementioned statement, the independent auditors certified that in the period from 1 January 2021 to the date of the statement, the ethical principles set out in Articles 9 and 9 bis of Legislative Decree 39/2010 had been complied with and no situations were found that compromised independence pursuant to Articles 10 and 17 of Legislative Decree 39/2010 and Articles 4 and 5 of European Regulation 537/2014.

In addition, the Board of Auditors has taken note of the Transparency Report prepared by the independent auditors and published on its website pursuant to Article 13 of European Regulation 537/2014.

8. The checks carried out show that the Deloitte & Touche network has been entrusted with assignments consisting of fees for "Legal audit services" for €314,862 (for Piaggio subsidiaries) and "Certification services" for €39,575 (also for Piaggio subsidiaries). It should also be noted that there are costs relating to assignments given to PWC S.p.A., for auditing services for Piaggio France, which under French law cannot be revoked and therefore continue until the expiry of the appointment given to PWC at the time when the same auditing firm was auditor of the entire group; there are also costs relating to appointments made to ACT Audit Limited for auditing services for Piaggio Limited UK: the fees relating to all these "audit services" amounted to €41,450.

In light of the above observations and those contained in point 7 above, and considering the international dimension of the Group, the Board of Statutory Auditors believes that no critical aspects have emerged regarding the independence of the independent auditors.

9. During the 2021 financial year, the Board of Statutory Auditors provided, where necessary, the opinions and observations required by law. The content of these opinions did not conflict with subsequent resolutions passed by the Board of Directors.

10. The Board of Directors met 10 times in 2021, and the Board of Statutory Auditors always attended the meetings; the Control and Risks Committee met 7 times (of which 5 meetings under the current title of the Internal Control Risk and Sustainability Committee); the Remuneration Committee met once; the Appointments Committee met once; the Remuneration and Appointment proposals Committee met once (the merger of functions into a single committee was approved during the Board meeting held on 4 May 2021), while the Board of Statutory Auditors held 14 meetings, during which it also met with the Independent Auditors Deloitte & Touche S.p.A.. The meetings of the Internal Control Risk and Sustainability Committee are normally extended to the entire Board of Statutory Auditors, in order to ensure the sharing of intra-company information flows.

11. It is considered that the Company has complied with principles of proper administration and that the resolutions of the Board of Directors have been taken in the interest of the company.

12. The Board of Statutory Auditors, for those aspects under its responsibility, monitors the adequacy of the Company's organisational structure and considers it to be adequate, also with regard to its actual business operations, mainly as the holding of a group comprising approximately 39 companies in diversified sectors, (of which 32 are consolidated in the group's financial statements) in particular the industrial sector (especially in the "two-wheeler" and "commercial vehicles" business), the marine sector and property/holding sector. Operations are mainly focused on the financing of subsidiaries, as well as on the management and optimisation of these investments. As regards this activity, the direct presence of IMMSI Directors on the Boards of Group companies strengthens their control. The Board of Statutory Auditors monitored the Company's organisational structure as part of its periodic audits and also verified the organisational of the Group's organisation chart, with particular regard to those of the administrative area. The Board of Statutory Auditors - together with the Internal Control Risk and Sustainability Committee - receives periodic and systematic information from the Group Internal Audit Department, also concerning the subsidiaries. The Board of Statutory Auditors liaises with the Boards of Statutory Auditors of subsidiaries, for the company Piaggio & C., also facilitated by a member of the Parent Company's Board of Statutory Auditors being present: this facilitated the exchange of useful information on issues of common interest. The Board of Statutory Auditors has received information on financial positions of the subgroups, some of which (the marine and property sectors), have been provided with financial support or the necessary financial guarantees from IMMSI to carry out their respective activities, as explained in the chapter "marine sector:

Intermarine", and in the chapter "The property and holding sector" in the Directors' Report on Operations. The evolution of net debt and of the financial situation as a whole - as summarised in the section "Economic performance and financial position of the Group" (in the same Directors' Report) - have been systematically monitored by the Board in its meetings, also in relation to the hedging provided to lending institutions with securities owned by IMMSI. The Board was regularly updated during the year on the evolution of this situation and the aforementioned hedge arrangements and had specific meetings to that effect with the CFO of IMMSI, in order to ascertain the Group's financial strategy, as well as the outcome of net debt monitoring and the liquidity situation, also by business segment. These meetings were usually attended by the Chairman of the Internal Control Risk and Sustainability Committee, who is also Deputy Chairman of the Company, and/or by the entire Internal Control Risk and Sustainability Committee. The Board of Statutory Auditors was informed about these aspects by the Chief Executive Officer, who gave evidence of the dialogue established with financial institutions. The Board confirms the attention paid by Directors to this issue and the adequacy of the organisational and administrative structure with regard to the monitoring process. The Notes to the Consolidated Financial Statements, in paragraph G2 Financial liabilities, and the Notes to the Separate Financial Statements, in paragraph D2 Financial liabilities, provide a breakdown of bank debt by institution and credit line, also indicating the related due dates. These paragraphs provide both a summary and an analytical view of the situation, the conditions for compliance with applicable covenants and - for the Parent Company in the aforementioned section D2 - the amount of payables due to banks and liabilities for rights of use, broken down by contractual maturity (within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, over 5 years), which shows the overall composition of the Parent Company’s debt as of 31 December 2021. Finally, it should be noted that the Report on Operations provides an overview, and information in several parts, on the measures that the Group continues to take to combat the health emergency, including in the workplace.

13. The Board monitored the adequacy of the internal control system, gathering information from, among others, the Directors, the independent auditors and the head of the internal audit department and Managing Director of IMMSI Audit S.C. a r.l.. IMMSI outsourced internal audit services to IMMSI Audit S.C. a r.l., as did other Group companies and in particular the main subsidiary Piaggio & C. S.p.A.. IMMSI Audit S.C. a r.l. also monitored the organisational and management model in support of the Supervisory Board pursuant to Legislative Decree 231/01 and outsourced controls, functional to the checks required by Law 262/05 and the activities of the Executive in Charge of Financial Reporting. The Board of Statutory Auditors systematically interacted with the head of the audit department, with positive findings (as already noted in previous years) concerning activities carried out and their effectiveness, and in respect of which - regarding the cycles and business functions audited during the 2021 financial year - no inefficiencies of the Company were identified requiring disclosure in this report. The Board of Statutory Auditors continuously monitored risk control system, which the head of the internal audit department reported on in the Internal Audi Report for the year 2021. The head of internal audit has prepared a new audit plan with annual validity for the year 2022 only, taking into account the persistence of the Sars COV 2 emergency at the time of its drafting. This plan will then be linked to a three-year planning period, as is standard practice. The criteria for defining the 2022 plan appear to have a continuity with previous years, also taking into account the advisability of configuring the plan dynamically, i.e. adapting it to needs that may arise due to developments in the aforementioned health emergency and the geopolitical conflict that was ongoing at the date of approval of the 2022 plan. The new plan was approved by IMMSI's Board of Directors on 3 March 2022. It should be noted that at Group level - for the same reasons related to the health emergency - annual plans were also adopted at subsidiaries, including the listed subsidiary Piaggio & C. S.p.A.

The activities actually carried out in 2021 - discussed in a detailed final report examined by the Internal Control Risk and Sustainability Committee and the Board of Statutory Auditors, and also monitored during the year - were positively assessed by the Board, which received summary feedback on the audit activities carried out for the benefit of both the Parent Company and the subsidiaries, also with an opinion provided on the problems indicated and their resolution or mitigation.

The Board of Statutory Auditors therefore considered the controls system to be adequate. The Board of Statutory Auditors, in its capacity as "Internal Control and Audit Committee", worked positively with the Internal Control Risk and Sustainability Committee, comprised of Directors, continually exchanging information, and all members of the Board of Statutory Auditors were invited to attend related meetings.

Lastly, the Board of Statutory Auditors interfaced with the Supervisory Board - which has a member of the Board of Statutory Auditors - also interacting with regard to updating the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

During the meetings of the Internal Control Risk and Sustainability Committee, no issues emerged that require disclosure in this report.

Taking the above into account, the Board of Statutory Auditors considers that the internal control system is, at present, adequate.

14. The Board has assessed and monitored the adequacy of the administrative and accounting system, as well as the reliability of the latter in providing a fair representation of the Company's operations. In this regard, the Board of Statutory Auditors was periodically informed of the support activities provided to the Manager in charge of preparing the company accounts and documents (for which the Company also used IMMSI Audit S.c. a r.l. in relation to checks to be carried out in compliance with Law 262/2005, as mentioned above), that involved an analysis of the corporate areas considered strategic and an assessment of related risks, including a review of the processes to mitigate such risks. From the exchange of information with the head of administration and from meetings with the independent auditors, the Board of Statutory Auditors noted the validity of this system's operation. The Chairman of the Company, the Chief Executive Officer and the Manager in charge of preparing the company accounts and documents issued the certification required by Article 154-bis*,* paragraph 5, of Legislative Decree 58/1998. In advance of the Board meeting approving the financial statements, the Control and Risks Committee examined the results of impairment procedures, in the presence of the Board of Statutory Auditors. The results of the impairment tests are adequately explained in the notes to the financial statements.

15. The Board of Statutory Auditors has monitored the adequacy of the reciprocal flow of information between the Company and its subsidiaries pursuant to Art. 114, paragraph 2 of Legislative Decree no. 58/1998, consisting of the instructions given by the parent company in order to obtain the information necessary to comply with the disclosure obligations set out by law. It should also be noted that the Company's Directors are present in the main subsidiaries.

16. During 2021 and afterwards, up to the date of this report, the Board of Statutory Auditors periodically invited the independent auditors Deloitte & Touche to exchange data and information relevant to their respective duties as required by point 3 of Article 150 of Legislative Decree 58/98; no findings came to light during these meetings. The Board of Statutory Auditors acknowledges that it has had the opportunity to analyse with the independent auditors aspects (also in the context of "key aspects", identified as such in the Report to the "Internal Control and Audit Committee" referred to below) concerning, among others: i) the assessment of the recoverability of the book value of equity investments in subsidiaries and assessment of the recoverability of goodwill; ii) the verification of the criteria for capitalisation relating to investments in development costs, industrial patents and intellectual property rights; iii) the assessment of the recoverability of deferred tax assets; iv) the analysis of the Parent Company's short-term borrowings, including those of the Group. Moreover, in order to review the aspects referred to in Article 19, paragraph 1, point *c)* of Legislative Decree 39/2010 (as amended by Legislative Decree 135/2016), the Board of Statutory Auditors also examined the relevant aspects of the audit plan, including, among others, significant risks and related audit responses. This examination also included a discussion - with the independent auditors - of the main risk cases. In addition to the above, the Board of Statutory Auditors considered the other "significant aspects" indicated by the independent auditors, and namely: (a) the examination of the process to assess the recoverability of the equity investment held in ISM Investimenti S.p.A. carried out by means of comparison with the market value ("fair value") inferable for the equity investment itself from the appraisal report issued by an independent expert appointed by the latter to determine the market value of the development area and other properties held by the indirect subsidiary Is Molas S.p.A. - the only investment of ISM Investimenti S.p.A.; (b) the examination of the process to assess the recoverability of the equity investment held in Pietra S.r.L. conducted by comparison with the market value that can be inferred from the binding purchase offer signed on 22 July 2021 by Pietra S.r.l. for the sale of Pietra Ligure S.r.l. - the only investment held by the same - subject to certain conditions precedent that were fulfilled by February 2022. The Board of Statutory Auditors also examined the report of the independent auditors in accordance with Article 11 of European Regulation 537/204 - also discussing it with said independent auditors - in which Deloitte & Touche S.p.A. declares the following: a) no significant deficiencies were identified in the internal control system in relation to the financial reporting process (including the process of preparing the separate and consolidated financial statements in XHTML format in line with Delegated Regulation (EU) 815/2019) that - in the professional judgement of this Company - are sufficiently important to be brought to the attention of the Internal Control and Audit Committee; b) the Board of Directors' assessment was acknowledged, stating that, despite the general economic and financial context that is characterised by volatility, there are no significant uncertainties regarding the company's ability to continue as a going concern; b) no matters were identified related to non conformities, effective or presumed, with laws and regulations or statutory provisions. The Board of Statutory Auditors has carefully examined this Report - including the "key aspects" of the audit of the financial statements and the consolidated financial statements mentioned above. This report is forwarded to the Directors by the Board, together with its observations.

17. The Company adheres to the Corporate Governance Committee's Code of Conduct, declaring that it does not qualify as a "Large Company" and does qualify as a "Concentrated Ownership Company", as adequately represented in the Report on Corporate Governance and Ownership Structure, in compliance with art. 124-ter, Legislative Decree no. 58/1998, and art. 89-bis of the Issuers' Regulations. In the "Report on Corporate Governance and Ownership Structure" pursuant to Article 123-bis of the Consolidated Law on Finance, accompanying the financial statements, the Directors provide detailed information on the corporate governance system, highlighting the degree of compliance with the indications provided by the Corporate Governance Code issued 31 January 2020 (in force from 1 January 2021). In particular, please note that the Company has the following Committees in place: the Directors' Remuneration and Appointment proposals Committee, the Internal Risk Control and Sustainability Committee and the Related Party Transactions Committee. The Company has a "procedure for the public disclosure of inside information", a "procedure for the management of the insider list" and a "procedure for compliance with insider trading obligations". The Company has updated the procedure governing the approval and management of transactions with Related Parties, pursuant to Article 4 of Consob Regulation 17221 of 12 March 2010, overseen by IMMSI also through its subsidiaries. The Related Parties Committee is in place when it has at least three independent directors: this circumstance occurred at all times during the 2021 financial year.

The eligibility of independent directors, in terms of their independence, as set out in Article 2 of the Corporate

Governance Code and Article 148, paragraph 3, letters b) and c) of Legislative Decree 58/98, was reviewed during the 2021 financial year by the Board of Directors on 19 March 2021 and again verified during the approval of the Governance Report, on 23 March 2022, with confirmation by the Independent Directors within the Board of Directors' meeting of 23 March 2022 of compliance with the independence requirements on the same date. On these occasions, the Board of Statutory Auditors acknowledged that the criteria and review procedures used by the Board of Directors to evaluate independence requirements had been correctly adopted. The Board of Statutory Auditors also verified the independence requirements of its members on the basis of the same criteria, notifying the Board of Directors on 23 March 2022. In this regard, it is acknowledged that the Board, in its meetings of 16 March 2015, 13 May 2015, 23 March 2016, 23 March 2017, 21 March 2018, 10 May 2018, 25 March 2019, 25 March 2020, 19 March 2021, 4 May 2021 - and most recently 23 March 2022, also pursuant to the new Corporate Governance Code - with reference to the members of the control body, resolved on the following, without prejudice to assessments made by the Board of Statutory Auditors regarding its composition: (i) to consider it appropriate, in the interest of the Company, not to apply the rule under art. 2, Recommendation 7, letter e) of the Corporate Governance Code (previously provided for in a similar way by the Self-Regulatory Code) with regard to the Statutory Auditor Alessandro Lai; (ii) to recognise that the requirements of independence pursuant to article 148, paragraph 3, of the TUF and Article 2, Recommendation 7 of the Corporate Governance Code had been met by all the members of the Board of Statutory Auditors. The individual members of the Board of Statutory Auditors also certify compliance with limits on the number of positions that may be held, as indicated in Article 148-bis, paragraph 1, of Legislative Decree 58/98. The members of the Board of Statutory Auditors have shared the need, in the event of transactions in which they may have an interest on their own behalf or on behalf of others, to report this situation to the Board of Directors and to other members of the Board of Statutory Auditors. The Company has a well-established Code of Ethics, Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 and Supervisory Board, of which a standing member of the Board of Statutory Auditors was a member in 2021. The Company ensures it updates these documents, in particular aligning with Legislative Decree 231/2001 in relation to provisions on new offences included in the law.

The Company proposes to the Shareholders' Meeting a Report on the remuneration policy and compensation paid to Immsi S.p.A. (the "Remuneration Report") prepared in accordance with Article 123-ter of Legislative Decree 58/1998 and Article 84-quater of Consob Regulation 11971/1999 and in compliance with Annex 3A, tables 7-bis and 7-ter of the same regulation.

The Remuneration Report takes into account the amendments introduced by Legislative Decree 49 of 10 May 2019 - implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the so-called "Shareholders' Rights Directive II"), amending Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies with regard to the encouragement of long-term shareholder engagement.

Lastly the Board of Statutory Auditors notes that the Shareholders' Meeting of 14 May 2020 resolved to appoint Deloitte & Touche S.p.A. for the statutory auditing of the accounts for the period 2021-2029.

18. The Board of Statutory Auditors, in the course of the audit activities carried out during the year, did not identify any omissions, reprehensible facts or serious irregularities and therefore does not deem it necessary to provide any disclosure to the Control Bodies or to the Shareholders' Meeting as provided for by paragraph 1 of Article 153 of Legislative Decree 58/98.

19. The Board of Statutory Auditors has no proposal to submit to the Shareholders' Meeting, pursuant to Article 153, paragraph 2 of Legislative Decree 58/98, other than the indication below regarding the approval of the financial statements.

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The Board of Statutory Auditors notes that in the chapter "Significant events occurring after the end of the financial year and outlook for 2022", the Directors state that the Group is carefully monitoring the evolution of the Russia-Ukraine crisis; the Report on Operations provides detailed information of this matter, with regard to the various areas in which the Group operates and the different impact profiles.

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On the basis of the foregoing summary of the supervisory activities carried out during the year, also taking into account the findings of the Independent Auditors' report, and in the light of the statements issued by the Manager in charge of drawing up the corporate accounting documents, the Board of Statutory Auditors, to the extent of its remit, sees no reason to object to the approval of the financial statements as at 31 December 2021 and the proposal by the Board of Directors to the Shareholders' Meeting concerning the coverage of the loss for the year and the distribution of dividends through the use of the profit reserves available in the Company's shareholders' equity.

Mantua, 08 April 2022.

For the Board of Statutory Auditors - The Chairman