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

Half-Yearly Financial Report of the Immsi Group as of 30 June 2022

This Half-Yearly Financial Report as of 30 June 2022 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.

Immsi

Contents:

This document was approved by the Board of Directors of Immsi S.p.A. on 2 September 2022 and is available for the public to consult at the Registered Office of the Company, in the centralised storage system www.emarketstorage.com and on the Issuer's website www.immsi.it (section: "Investors/Financial statements and reports/2022") 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

Brenda Rossi

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.

Half-Yearly Financial Report of the Immsi Group

The Half-Yearly Financial Report for the six months to 30 June 2022 was prepared in accordance with article 154-ter of Legislative Decree 58/1998 as amended, and the Consob Regulation on Issuers.

This Report was prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and according to IAS 34 – Interim Financial Reporting, applying the same accounting standards as those adopted when preparing the Consolidated Financial Statements as of 31 December 2021 of the Immsi Group – the “Group” – (to which reference is made for further details), excluding the indications in the Accounting standards and measurement criteria section, if applicable. The information in this Report is not therefore similar to the information of complete financial statements prepared in accordance with IAS 1.

The Group also considered IASB amendments and interpretations applicable as from 1 January 2022 (for more details, reference is made to the Notes to this document), and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”).

Health emergency – Covid-19; Russia-Ukraine crisis

Health emergency – Covid-19

At the end of the half-year period, the epidemiological situation had generally improved, with various governments gradually withdrawing the extraordinary measures adopted in the last few years to counteract the spread of the virus. The only geographical area which is currently still a cause for concern is China, where, in the face of an increase in cases, government authorities have issued lockdown measures in some regions. With regard to the geographical areas of greatest importance for the Piaggio group's activities, India completely lifted lockdown in May 2022.

The Group is closely monitoring developments in the situation and has taken all possible precautions to guarantee employees’ health at its offices and its commitments made with the sales network and with customers.

With particular regard to the Piaggio group, it is worth noting that 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 will continue to work to seize the opportunities presented by potential growth in demand, offering products that guarantee safe travel with low or no environmental impact.

The subsidiary Intermarine S.p.A., which operates in the marine sector, is also maintaining the measures it 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.

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 Covid-19 pandemic and the subsequent war in Ukraine have had a significant impact on the business in which Is Molas S.p.A. operates, and therefore also on the company's results in the first half of 2022. This was particularly evident in the hotel's opening period (only from 28 May 2022) and the rise in energy and raw material costs, as well as in the search for potential buyers of the above-mentioned villas. In response to this situation, a number of cost-cutting actions were taken, including the optimisation of existing resources.

Russia – Ukraine Crisis

The Immsi Group is following the development of the crisis between Russia and Ukraine very closely. The conflict has begun to generate increases in the costs of raw materials and energy, with significant repercussions on the world economy and on rising inflation, leading central banks in Western countries to start raising interest rates.
The extreme geographical diversification of the Group's sales and purchases – especially in the industrial sector – means that there is essentially no exposure in the conflict area.
Also in the industrial sector, during the first half, the indirect impacts of the conflict were an increase in the cost of energy, which mainly impacted the European plants of the Piaggio group, and an increase in the cost of raw materials that was partially mitigated by agreements with suppliers.
It is also reported that the Immsi Group has no subsidiaries, associates and/or other legal, manufacturing or commercial entities in areas affected by the conflict.

Information on operations

The Immsi Group's first half of 2022 was characterised by a generally very positive recovery, with volumes and financial indicators up on the corresponding period of the previous year.
All indicators were up on the figures for the first half of 2021: Turnover increased by 17%, EBITDA by 6.3% and net profit, including the portion attributable to non-controlling interests, was €34.4 million in the first half of 2022, compared to €31.2 million in the same period of 2021. Net financial debt as of 30 June 2022 was equal to €758.3 million, down by 4.3% compared to the first half of the previous year (€792.3 million).

Earnings for the period 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. (until 14 June 2022) 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 summary data of the Immsi Group, divided by segment of activity, are reported below.

Immsi Group as of 30 June 2022

In thousands of Euros	*Property and holding sector*	*as a %*	*Industrial sector*	*as a %*	*Marine sector*	*as a %*	*Immsi Group*	*as a %*
Net revenues	1,550		1,053,078		22,893		1,077,521	
Operating income before depreciation and amortisation (EBITDA)	-2,821	n/m	152,185	14.5%	46	0.2%	149,410	13.9%
Operating income (EBIT)	-3,395	n/m	85,778	8.1%	-1,147	-5.0%	81,236	7.5%
Profit before tax	-9,702	n/m	72,884	6.9%	-2,313	-10.1%	60,869	5.6%
Earnings for the period including non-controlling interests	-8,978	n/m	45,188	4.3%	-1,813	-7.9%	34,397	3.2%
Group earnings for the period (which may be consolidated)	-6,752	n/m	22,790	2.2%	-1,315	-5.7%	14,723	1.4%
Net debt	-304,600		-397,406		-56,251		-758,257	
Personnel (number)	98		6,762		228		7,088	

The same table referring to the first half of the previous year is presented below. A comparison between the two periods is made in the specific comment presented below regarding each business sector:

Immsi Group as of 30 June 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	533		901,671		18,477		920,681	
Operating income before depreciation and amortisation and impairment costs (EBITDA)	-3,601	n/m	144,551	16.0%	-355	-1.9%	140,595	15.3%
Operating income (EBIT)	-4,166	n/m	80,361	8.9%	-2,138	-11.6%	74,057	8.0%
Profit before tax	-11,407	n/m	70,163	7.8%	-3,162	-17.1%	55,594	6.0%
Earnings for the period including non-controlling interests	-9,881	n/m	43,501	4.8%	-2,393	-13.0%	31,227	3.4%
Group earnings for the period (which may be consolidated)	-5,464	n/m	21,845	2.4%	-1,735	-9.4%	14,646	1.6%
Net debt	-334,965		-401,859		-55,504		-792,328	
Personnel (number)	97		6,348		250		6,695	

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.

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 are presented to allow a better assessment of the Group's operating performance and 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 as of 31 December 2021 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 (not present as of 30 June 2022).
  A detailed table highlighting the items that contribute to the indicator is included in this Report.

The property and holding sector

In thousands of Euros	30.06.2022	as a %	30.06.2021	as a %	Change	as a %
Net revenues	1,550		533		1,017	190.8%
Operating income before depreciation and amortisation (EBITDA)	-2,821	n/m	-3,601	n/m	780	21.7%
Operating income (EBIT)	-3,395	n/m	-4,166	n/m	771	18.5%
Profit before tax	-9,702	n/m	-11,407	n/m	1,705	14.9%
Earnings for the period including non-controlling interests	-8,978	n/m	-9,881	n/m	903	9.1%
Group earnings for the period (which may be consolidated)	-6,752	n/m	-5,464	n/m	-1,288	-23.6%
Net debt	-304,600		-334,965		30,365	9.1%
Personnel (number)	98		97		1	1.0%

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. (until 14 June 2022) and RCN Finanziaria S.p.A.;

Overall, in the first half of 2022, the **property and holding sector** generated a consolidated net loss of approximately €6.8 million, a deterioration on the loss recorded in the same period of last year. This was mainly due to the higher percentage of consolidation of the profit and loss of the direct and indirect subsidiaries ISM Investimenti S.p.A. and Is Molas S.p.A., in consideration of the different equity rights due to ISM Investimenti S.p.A. shareholders in the two periods of comparison, as better described in the following paragraph Financial situation and financial performance.
The segment's net financial position was negative €304.6 million, an improvement compared to both -€335 million as of 30 June 2021 (mainly due to the collection of €30 million from the sale of the Pietra Ligure S.r.l. equity investment) and -€323.8 million as of 31 December 2021.

The **Parent Company Immsi S.p.A.** recorded a net profit for the period of approximately €10.3 million, compared to €4.6 million as of 30 June 2021; the increase is manly due to higher dividends (€7 million) distributed by the subsidiary Piaggio & C. S.p.A. during the first half of 2022 compared to the same period of the previous year (€5.2 million).
The net financial position, before intragroup eliminations, amounted to a negative €11.7 million, compared to a net debt of €23.6 million as of 31 December 2021, mainly due to the Piaggio dividends mentioned above and to the receipt of liquidation advances received from Pietra S.r.l. following the sale of the equity investment held by the latter in Pietra Ligure S.r.l., only partially offset by the dividends paid by Immsi S.p.A. in May 2022 (€10.2 million).
The shareholders' equity of the Parent Company Immsi S.p.A. as of 30 June 2022 amounted to €344 million, substantially in line with the year-end 2021 figure of €344.9 million. The change was mainly due to the result for the period offset by the aforementioned dividend distribution and the fair value adjustment of the Unicredit shares held in the portfolio, recognised in the relevant equity reserve.

Lastly, it should be noted that in preparing this Half-Yearly Financial Report as of 30 June 2022, the Parent Company carried out analyses of current and prospective cash flows per CGU in the industrial and marine sector, also considering the trend in interest rates. The Parent concluded that there is no need to update the impairment tests conducted for the purposes of the consolidated financial statements as of 31 December 2021, the results of which are therefore considered to remain valid as of 30 June 2022, also in consideration of the extent of the coverage at that date. The Parent did not carry out impairment testing on the carrying value of investments held in companies consolidated on a line-by-line basis, as these investments and any changes arising from relative impairment testing would have been entirely eliminated during consolidation. For further details on the analyses performed as of 30 June 2022, please refer to the Notes to the Consolidated Financial Statements as of 30 June 2022 (paragraph F1 “Intangible Assets”).

With regard to the real-estate activities of the subsidiary **Is Molas S.p.A.**, it should be noted that commercial activities aimed at identifying possible buyers, including at an international level, are proceeding. It should also be noted that, after evaluation, the company has decided to allow the mock-up villas to be rented out again in 2022 (as in previous years) in order to allow end customers – including any investors – to better understand the product and the associated services offered (e.g. wellness and home catering), so as to be able to assess their profitability.
The revenues generated by the hotel and golf business in the first six months of 2022 (equal to €1.5 million), were up by approximately €1 million compared to the same period of the previous year. This increase was mainly due to the longer opening period of the hotel compared to the first half of 2021 and the capital gain related to the sale of 9 real estate units in the “Le Ginestre” property complex.
In terms of margins, the company recorded an operating loss of approximately €2.4 million and a net loss for consolidation purposes equal to €1.9 million, down on the figure recorded for the same period of 2021.
The net debt of the company amounted to €76.3 million, with a cash flow absorption of €1.7 million compared to 31 December 2021 (when it stood at €74.5 million) due to net cash flows used by operations and investments in property, plant and equipment.

With reference to the **Pietra Ligure** project, following the preliminary agreement signed last July 2021, the direct parent company Pietra S.r.l, signed the closing of the sale agreement with Chorus Life Pietra Ligure S.p.A. (a wholly-owned subsidiary of Polifin S.p.A.), for a total consideration of €30 million for the entire equity investment held in Pietra Ligure S.r.l., into which the Pietra Ligure real estate complex, with the relevant Planning Permission, has been transferred. The contract for the sale of the equity investment was executed in June 2022 and generated an operating gain of about €2.2 million at consolidated level. Following the completion of this sale, the process of putting **Pietra S.r.l.** into liquidation was started.

With reference to the subsidiary **Apuliae S.r.l.**, there are no further updates since the Report of Directors and Financial Statements of the Immsi Group as of 31 December 2021, to which reference is made. As of 30 June 2022, the company posted a substantial break-even position and net debt that was more or less unchanged compared to 31 December 2021, at a negative value of €0.9 million.

The other major companies falling within the property and holding sector also include RCN Finanziaria S.p.A. and ISM Investimenti S.p.A.. With reference to main financial data of the company:

- **RCN Finanziaria S.p.A**., in which Immsi S.p.A. holds 72.51% and Intermarine S.p.A. is the sole member, recorded a net loss for consolidation purposes for the Immsi Group of approximately €1.9 million (broadly in line with the first half of 2021), and net financial debt of €127.6 million as of 30 June 2022, largely unchanged compared to 31 December 2021;

- **ISM Investimenti S.p.A.**, which is 72.64% owned by Immsi S.p.A. and is the parent of Is Molas S.p.A. with a stake of 92.59%, recorded a net loss for consolidation purposes for the Immsi Group of approximately €2.4 million (substantially in line with the figure recognised for the first half of 2021), and net financial debt as of 30 June 2022 equal to €89.3 million, down by approximately €44.8 million compared to the figure as of 31 December 2021, mainly due to the partial waiver of financial receivables by the owners, converting them into reserves for future capital increases.

Industrial sector: Piaggio group

In thousands of Euros	*30.06.2022*	*as a %*	*30.06.2021*	*as a %*	*Change*	*as a %*
Net revenues	1,053,078		901,671		151,407	16.8%
Operating income before depreciation and amortisation (EBITDA)	152,185	14.5%	144,551	16.0%	7,634	5.3%
Operating income (EBIT)	85,778	8.1%	80,361	8.9%	5,417	6.7%
Profit before tax	72,884	6.9%	70,163	7.8%	2,721	3.9%
Earnings for the period including non-controlling interests	45,188	4.3%	43,501	4.8%	1,687	3.9%
Group earnings for the period (which may be consolidated)	22,790	2.2%	21,845	2.4%	945	4.3%
Net debt	-397,406		-401,859		4,453	1.1%
Personnel (number)	6,762		6,348		414	6.5%

In terms of consolidated turnover, the Piaggio group ended the first half of 2022 with net revenues up 16.8% compared to the same period in 2021 (+12.9% at constant exchange rates).
In terms of geographical areas, the increase affected all markets: EMEA and Americas (+8.1%), India, (+31.4%; +23.3% at constant exchange rates) and Asia Pacific (40.3%; +29.2% at constant exchange rates).
As regards the product type, the growth concerned both two-wheeler vehicles (+15.1%) and commercial vehicles (+26.0%). As a result, the percentage of commercial vehicles accounting for overall turnover went up from 15.6% in the first half of 2021 to the current figure of 16.8%; vice versa, the percentage of two-wheeler vehicles fell from 84.4% in the first six months of 2021 to the current figure of 83.2%.
During the first half of 2022, the Piaggio group sold 320,600 vehicles worldwide, recording an increase of 11.7% compared to the first six months of the previous year, when vehicles sold amounted to 287,100. As mentioned, sales increased in all geographic segments.
As regards product type, sales units of Two-Wheeler vehicles grew (+11.8%), as well as sales of Commercial Vehicles (+10.8%).

Operating income before depreciation, amortisation and impairment costs (EBITDA) of the Piaggio group increased to €152.2 million (from €144.6 million in the first half of 2021). In relation to turnover, EBITDA was equal to 14.5% (16% in the first half of 2021). Operating income (EBIT), which amounted to €85.8 million, also showed a clear improvement compared to the first half of 2021 (€80.4 million); in relation to turnover, EBIT was equal to 8.1% (8.9% in the first half of 2021).

Financial activities showed a net expense of €12.3 million (€10.2 million as of 30 June 2021), a deterioration compared to the first six months of last year, mainly due to the negative contribution of foreign currency operations, partially mitigated by the reduction in the average cost of debt and the greater capitalisation of interest tied to long-term investments.

Net profit stood at €45.2 million (4.3% of turnover), up on the figure for the same period of the previous financial year, when it amounted to €43.5 million (4.8% of turnover).

Net financial debt as of 30 June 2022 of the Piaggio group was equal to €397.4 million, compared to €380.3 million as of 31 December 2021. The increase of approximately €17.1 million is mainly due to the seasonal nature of two-wheelers which, as is well-known, uses resources in the first part of the year and generates them in the second half.
Net financial debt however decreased by approximately €4.5 million compared to 30 June 2021.

The market

Two-wheeler business

In the first six months of 2022, the Piaggio group sold a total of 271,600 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €875.8 million, including spare parts and accessories (€73.9 million, +6.3%).
Overall, volumes grew by 11.8% while turnover grew by 15.1%.

All markets showed positive trends except Italy (-9.5% volumes; -9.2% turnover) and India in terms of volumes (-7.4%). Sales in the Indian market were up 11.2% (+4.8% at constant exchange rates).

Commercial Vehicles *business*

During the first six months of 2022, the Commercial Vehicles business generated a turnover of approximately €177.3 million, up by 26.0% compared to the same period of the previous year.
In terms of turnover, all markets showed positive trends. With regard to volumes, on the other hand, the positive performance of the Italian (+19.2%), American (+2.0%) and Indian (+20.7%) markets was partially offset by the decline in EMEA (-35.1%).
With regard to the Indian region, turnover was up 39.2% (+30.4% at constant exchange rates).
The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 31,645 three-wheelers on the Indian market (26,107 in the first six months of 2021).
The Indian affiliate also exported 10,412 three-wheeler vehicles (8,736 in the first half of 2021).

The Marine sector: Intermarine

In thousands of Euros	*30.06.2022*	*as a %*	*30.06.2021*	*as a %*	*Change*	*as a %*
Net revenues	22,893		18,477		4,416	23.9%
Operating income before depreciation and amortisation (EBITDA)	46	0.2%	-355	-1.9%	401	113.0%
Operating income (EBIT)	-1,147	-5.0%	-2,138	-11.6%	991	46.4%
Profit before tax	-2,313	-10.1%	-3,162	-17.1%	849	26.9%
Earnings for the period including non-controlling interests	-1,813	-7.9%	-2,393	-13.0%	580	24.2%
Group earnings for the period (which may be consolidated)	-1,315	-5.7%	-1,735	-9.4%	421	24.2%
Net debt	-56,251		-55,504		-747	-1.3%
Personnel (number)	228		250		-22	-8.8%

With reference to the economic data of the marine sector, the first half of 2022 saw an increase of 23.9% in net revenues (composed of turnover and changes in contract work in progress) compared with the same period of the previous year; this figure stood at €22.9 million, compared with €18.5 million in the first half of 2021.
Production progress, including completion of construction and deliveries, included:

- the Defence division, with €18.2 million (€15.6 million in the first half of 2021), mainly due to progress with the job order for the modernisation of Gaeta Class minesweepers for the Italian Navy, and the third integrated minesweeper platform for an Italian sector operator;
- the Fast Ferries and Yachts divisions, with a total of €4.7 million (2.9 million during the first half of 2020), mainly for activities at the Messina shipyard.

This resulted in a negative EBIT in the first half of 2022 of €1.1 million (-€2.1 million in the corresponding period of 2021), with an EBIT margin on revenues of -5%, and a pre-tax loss of €2.3 million, down from the €3.2 million recorded in the first half of 2021. The net loss for consolidation purposes for the Immsi Group amounted to €1.3 million as of 30 June 2022, compared to a loss of €1.7 million recorded in the first half of 2021.

The total value of the orders portfolio of the company amounted to €38.5 million as of 30 June 2022 (mainly relating to the Defence division), referring to the remaining part of existing contracts still to be developed in terms of revenues.

In terms of capital, net financial debt, equal to €56.3 million as of 30 June 2022, was up slightly compared to the balance as of 31 December 2021 and 30 June 2021, equal to €60.1 and €55.5 million respectively.

Financial situation and financial performance

As described above, in the first six months of 2022, the Immsi Group's indicators showed an improvement on the corresponding period of the previous year.

As of 30 June 2022 the structure of the Immsi Group was that attached to this Half-Yearly Financial Report, to which reference is made. The scope of consolidation changed as follows:

- the consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.43% as of 30 June 2022, was equal to 50.22% as of 30 June 2021 and 31 December 2021. The changes are due to the buyback of 1,528,130 own shares by the subsidiary Piaggio & C. S.p.A.;
- in view of the different capital rights held by the two owners of ISM Investimenti S.p.A. - namely Immsi S.p.A. and Intesa Sanpaolo S.p.A. -, the consolidated share of shareholders' equity in ISM Investimenti S.p.A. was 72.64% (Immsi S.p.A. legal ownership percentage), unchanged compared to 31 December 2021, but up on 30 June 2021 when it was 47.64%;
- on 14 June 2022, the direct subsidiary Pietra S.r.l. (77.78% owned by Immsi S.p.A. and 22.22% by Intesa Sanpaolo S.p.A.), signed the definitive contract with Chorus Life Pietra Ligure S.p.A. (formerly Polifin S.p.A.) for the sale of the entire equity investment held directly in Pietra Ligure S.r.l.

For further details of changes, see section B of the Notes.

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. Further information on these items may be found in the Notes to the consolidated financial statements. Specific notes referring to the mandatory schedule items are omitted since the main aggregates coincide.

Financial performance of the Group

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

In thousands of Euros	*30.06.2022*		*30.06.2021*		*Change*	
Net revenues	**1,077,521**	**100%**	**920,681**	**100%**	**156,840**	**17.0%**
Costs for materials	688,035	63.9%	560,404	60.9%	127,631	22.8%
Costs for services, leases and rentals	159,979	14.8%	145,433	15.8%	14,546	10.0%
Employee costs	143,126	13.3%	134,606	14.6%	8,520	6.3%
Other operating income	78,858	7.3%	76,183	8.3%	2,675	3.5%
Net reversals (write-downs) of trade and other receivables	-1,976	-0.2%	-1,299	-0.1%	-677	-52.1%
Other operating costs	13,853	1.3%	14,527	1.6%	-674	-4.6%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	**149,410**	**13.9%**	**140,595**	**15.3%**	**8,815**	**6.3%**
Depreciation and impairment costs of plant, property and equipment	30,587	2.8%	27,955	3.0%	2,632	9.4%
Impairment of goodwill	0	-	0	-	0	-
Amortisation and impairment costs of intangible assets with a finite useful life	37,587	3.5%	38,583	4.2%	-996	-2.6%
OPERATING INCOME (EBIT)	**81,236**	**7.5%**	**74,057**	**8.0%**	**7,179**	**9.7%**
Income/(loss) from investments	-80	0.0%	412	0.0%	-492	-
Financial income	26,981	2.5%	12,031	1.3%	14,950	124.3%
Financial costs	47,268	4.4%	30,906	3.4%	16,362	52.9%
PROFIT BEFORE TAX	**60,869**	**5.6%**	**55,594**	**6.0%**	**5,275**	**9.5%**
Taxes	26,472	2.5%	24,367	2.6%	2,105	8.6%
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**34,397**	**3.2%**	**31,227**	**3.4%**	**3,170**	**10.2%**
Gain (loss) from assets held for sale or disposal	0	-	0	-	0	-
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	**34,397**	**3.2%**	**31,227**	**3.4%**	**3,170**	**10.2%**
Earnings for the period attributable to non-controlling interests	19,674	1.8%	16,581	1.8%	3,093	18.7%
GROUP PROFIT (LOSS) FOR THE PERIOD	**14,723**	**1.4%**	**14,646**	**1.6%**	**77**	**0.5%**

The Immsi Group's consolidated net revenues increased by approximately €156.8 million (+17%) to €1,077.5 million, mainly due to the contribution of the industrial sector (approximately €1,053.1 million) and the marine sector (approximately €22.9 million). Net revenues from the property and holding sector saw an improvement of around €1.6 million compared with the same period of the previous year.

Operating costs and other consolidated Group net costs in the first half of 2022 totalled €928.1 million (equal to 86.1% of net revenues), of which €900.9 million relating to the Piaggio group (85.5% of Piaggio group net revenues).
Costs for materials totalled €688 million, equal to 63.9% of net revenues. The cost relating to the industrial sector amounted to €682.1 million, equal to 64.8% of net revenues of the sector.
Employee costs totalled €143.1 million, equal to 13.3% of net revenues. The largest part, €134.5 million (12.8% of net revenues of the sector), is attributable to the Piaggio group. The average paid workforce amounted to 6,748 employees compared to 6,674 in the first half of 2021, mainly attributable to the industrial sector. Average employee numbers were affected by seasonal

workers in the summer (on fixed-term employment contracts). The Group effectively hires temporary staff to cover peaks in demand typical of the summer months.

EBITDA in the first half of 2022 was approximately €149.4 million, equal to 13.9% of net revenues, compared to €140.6 million in the first half of 2021 (15.3% of net revenues for the period), an increase of €8.8 million (+6.3%).
Depreciation and amortisation for the period stood at €68.2 million (€66.4 million of which related to the industrial sector), representing 6.3% of turnover, down on the figure of 7.2% for the first half of 2021. Depreciation of property, plant and equipment amounted to €30.6 million (+€2.6 million compared to the figure for the first half of 2021), while amortisation of intangibles, excluding value adjustments on goodwill, totalled €37.6 million (€38.6 in the first half of 2021).

EBIT amounted to €81.2 million (+€7.2 million compared to the first half of 2021), equal to 7.5% of net revenues, substantially in line with the figure for the same period of 2021.
EBIT did not include any impairment of goodwill in the first six months of 2022, nor in the same period of the previous year. In particular, as described in the Notes to the consolidated financial statements as of 30 June 2022 (section F1 "Intangible Assets"), with reference to goodwill relating to the Piaggio group CGU, the management of the Immsi Group – also in the light of the analyses carried out by the group in terms of the projected current and future cash flows for the current year and a reconciliation of the same with the budget and plan data approved at the beginning of 2022, as well as in view of the trend in interest rates, which led to a 1.2% increase in the WACC compared to the figures as of 31 December 2021 – found that there was no need to update the impairment test carried out for the purposes of the consolidated financial statements as of 31 December 2021, the results of which are therefore still considered valid as of 30 June 2022, also in light of the extent of the coverage in place as of that date.
Likewise, with reference to the goodwill pertaining to the Intermarine CGU, the Immsi Group's management – in light of the sensitivity analyses carried out by the company's management, as approved by the Board of Directors of Intermarine S.p.A. on 29 July 2022, in terms of the projected current and prospective cash flows linked to the evolution of the order book and the changing macroeconomic scenario, and also in consideration of the trend in interest rates which led to a 2% increase in WACC compared to the values considered as of 31 December 2021 – found that there was no need to update the impairment test conducted for the purposes of the 2021 consolidated financial statements, thereby confirming its results, also in consideration of the extent of the existing coverage at that date.
Considering that the abovementioned analyses conducted by the Immsi Group cash-generating unit were also determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current climate of uncertainty on core and financial markets, the various factors – both inside and outside the cash-generating units identified – used in preparing the above estimates could be revised in the future. the Group will constantly monitor these factors and the possible existence of future impairment losses.

Net financial expense amounted to €20.4 million, equal to 1.9% of the Group's net revenues (compared to a net expense of €18.5 million in the first half of 2021), and consists of negative balances of €12.9 million relating to the industrial sector (compared to €-10.2 million in the first half of 2021), €1.2 million relating to the marine sector (largely unchanged compared to the first half of 2021) and €6.3 million relating to the property and holding sector (down on €7.2 million in the first half of 2021). Net financial expense increased compared to the first six months of last year, mainly due to the lower contribution of foreign currency management (mainly pertaining to the industrial sector), which was only partially mitigated by the effects of the decrease in the average cost of debt and the higher capitalisation of interest related to long-term investments in the industrial sector.

Profit before tax stood at €60.9 million as of 30 June 2022, or 5,6% of net revenues, compared to €55.6 million (6% of net revenues) as of 30 June 2021, with the industrial sector contributing a profit of €72.9 million, the marine sector a loss of €2.3 million and the property and holding sector a loss of €9.7 million.

Taxes for the period totalled approximately €26.5 million, compared to 24.4 million as of 30 June 2021.

Net profit for the period, after taxation and net of non-controlling interests, totalled €14.7 million (1.4% of net revenues), largely in line with the figure as of 30 June 2021.

Reclassified statement of financial position of the Group

In thousands of Euros	*30.06.2022*	*as a %*	*31.12.2021*	*as a %*	*30.06.2021*	*as a %*
Current assets:						
Cash and cash equivalents	251,174	10.4%	290,373	12.6%	232,935	10.3%
Financial assets	0	0.0%	0	0.0%	0	0.0%
Operating activities	720,385	29.9%	547,368	23.7%	611,390	27.0%
Total current assets	**971,559**	**40.3%**	**837,741**	**36.3%**	**844,325**	**37.2%**
Non-current assets:						
Financial assets	0	0.0%	0	0.0%	0	0.0%
Intangible assets	891,599	37.0%	888,962	38.5%	875,945	38.6%
Property, plant and equipment	368,935	15.3%	355,284	15.4%	336,530	14.8%
Other assets	176,382	7.3%	226,126	9.8%	211,241	9.3%
Total non-current assets	**1,436,916**	**59.7%**	**1,470,372**	**63.7%**	**1,423,716**	**62.8%**
TOTAL ASSETS	**2,408,475**	**100.0%**	**2,308,113**	**100.0%**	**2,268,041**	**100.0%**
Current liabilities:						
Financial liabilities	420,175	17.4%	449,829	19.5%	485,374	21.4%
Operating liabilities	919,441	38.2%	772,705	33.5%	764,253	33.7%
Total current liabilities	**1,339,616**	**55.6%**	**1,222,534**	**53.0%**	**1,249,627**	**55.1%**
Non-current liabilities:						
Financial liabilities	589,256	24.5%	604,777	26.2%	539,889	23.8%
Other non-current liabilities	70,718	2.9%	89,935	3.9%	83,695	3.7%
Total non-current liabilities	**659,974**	**27.4%**	**694,712**	**30.1%**	**623,584**	**27.5%**
TOTAL LIABILITIES	**1,999,590**	**83.0%**	**1,917,246**	**83.1%**	**1,873,211**	**82.6%**
TOTAL SHAREHOLDERS' EQUITY	**408,885**	**17.0%**	**390,867**	**16.9%**	**394,830**	**17.4%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,408,475**	**100.0%**	**2,308,113**	**100.0%**	**2,268,041**	**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 sale and liabilities related to assets held for sale, which were only present in the comparative figures as of 31 December 2021 and 30 June 2021, have been reclassified to other assets and other non-current liabilities, respectively.

Current assets as of 30 June 2022 amounted to €971.6 million, up €133.8 million compared to 31 December 2021, and up €127.2 million compared to 30 June 2021. The increase compared to the end of 2021 is attributable to the growth in trade and other receivables (+€65 million) and inventories (+€98.7 million), mainly in relation to the Piaggio group due to the seasonality of the business. It was partially offset by the reduction in cash and cash equivalents.

Non-current assets as of 30 June 2022 stood at €1,436.9 million against 1,470.4 million as of 31 December 2021, a decrease equal to €33.5 million.
n particular, among non-current assets, intangible assets amounted to €891.6 million, up by €2.6 million compared to 31 December 2021, mainly due to the capitalisation in the industrial sector of development costs and know-how for new products and new engines. Tangible assets amounted to €368.9 million (increase of €13.7 million compared to the end of 2021) and other assets amounted to €176.4 million (compared to €226.1 million at the end of 2021). This was mainly impacted by the sale in June of the Pietra Ligure real-estate complex, recognised in assets held for disposal.

Current liabilities as of 30 June 2022 amounted to €1,339.6 million, an increase compared to 31 December 2021 of €117.1 million, compared to the increase mainly in operating liabilities

(+€146.7 million), partially offset by the decrease in current financial liabilities from €449.8 million to €420.2 million.
Non-current liabilities as of 30 June 2022 stood at €660 million, down by approximately €34.7 million from €694.7 million as of 31 December 2021. Consolidated shareholders' equity attributable to the Group and non-controlling interests totalled €408.9 million as of 30 June 2022, of which €173.3 million was attributable to non-controlling interests.

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

In thousands of Euros	*30.06.2022*	*as a %*	*31.12.2021*	*as a %*	*30.06.2021*	*as a %*
Current operating assets	720,385	58.2%	547,368	44.0%	611,390	48.1%
Current operating liabilities	-919,441	-74.3%	-772,705	-62.1%	-764,253	-60.1%
Net operating working capital	**-199,056**	**-16.1%**	**-225,337**	**-18.1%**	**-152,863**	**-12.0%**
Intangible assets	891,599	72.0%	888,962	71.4%	875,945	68.9%
Property, plant and equipment	368,935	29.8%	355,284	28.5%	336,530	26.5%
Other assets	176,382	14.2%	226,126	18.2%	211,241	16.6%
Capital employed	**1,237,860**	**100.0%**	**1,245,035**	**100.0%**	**1,270,853**	**100.0%**
Non-current non-financial liabilities	70,718	5.7%	89,935	7.2%	83,695	6.6%
Capital and reserves of non-controlling interests	173,320	14.0%	158,919	12.8%	153,042	12.0%
Consolidated Group shareholders' equity	235,565	19.0%	231,948	18.6%	241,788	19.0%
Total non-financial sources	**479,603**	**38.7%**	**480,802**	**38.6%**	**478,525**	**37.7%**
Net Financial debt	**758,257**	**61.3%**	**764,233**	**61.4%**	**792,328**	**62.3%**

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

In thousands of Euros	*30.06.2022*	*31.12.2021*	*30.06.2021*
Cash generated internally	129,810	197,025	131,597
Change in net working capital	-46,316	4,343	-50,277
Net cash flow generated from operations	**83,494**	**201,368**	**81,320**
Payment of dividends by the Parent Company	-10,216	0	0
Payment of dividends to non-controlling interests by Group companies	-11,547	-19,733	-4,622
Acquisition of intangible assets	-39,269	-97,848	-47,919
Purchase of property, plant and equipment	-28,397	-67,175	-25,996
Net decrease from property sales and assets held for disposal	16,382	15,912	5,700
Acquisition of non-controlling investments, net of disposal	-8	-10	0
Other net movements	-4,463	6,157	2,093
Change in net financial position	**5,976**	**38,671**	**10,576**
Initial net financial position	**-764,233**	**-802,904**	**-802,904**
Closing net financial position	**-758,257**	**-764,233**	**-792,328**

Net financial debt went down from €764.2 million as of 31 December 2021 to 758.3 million as of 30 June 2022, mainly due to cash generated internally (+€129.8 million) and the net income from the sale of the Pietra Ligure real estate complex for €16.4 million. This was partially offset by fluctuations in working capital (-€46.3 million), net investments in property, plant and equipment and intangible assets for the period, almost entirely relating to the Piaggio group (-€67.7 million), and dividends paid to non-controlling interests (-€21.8 million).

Net debt, shown in accordance with the ESMA guidelines 32-382-1138 of 4 March 2021, is analysed below and compared with the same figures as of 31 December 2021, adjusted as follows: it 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 as of 30 June 2022 was negative by approximately €0.8 million; fair value adjustments of financial liabilities, payables and accrued interest on bank loans totalling €3 million; interest accrued on loans to minority shareholders totalling €6.8 million;

In thousands of Euros	***30.06.2022***	***31.12.2021***
A Cash and cash equivalents	-251,174	-290,373
B Cash equivalents	0	0
C. Other financial assets	0	0
D Total liquidity (A + B + C)	**-251,174**	**-290,373**
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)		
- Bonds	0	0
- Payables due to banks	230,285	228,101
- Lease liabilities	8,923	8,204
- Amounts due to other lenders	57,541	67,230
F Current portion of non-current financial debt	123,426	146,294
G Total current financial debt (E + F)	**420,175**	**449,829**
H Net current financial debt (G + D)	**169,001**	**159,456**
I Non-current financial debt (excluding current portion and debt instruments		
- Payables due to banks	321,243	344,469
- Lease liabilities	22,911	15,911
- Amounts due to other lenders	211	247
J Debt instruments	244,891	244,150
K Trade payables and other non-current payables	0	0
L Non-current financial debt (I + J + K)	**589,256**	**604,777**
M Net financial debt (H + L)	**758,257**	**764,233**

With reference to the breakdown of debt, compared to 31 December 2021, short-term financial debt went up from a balance of €159.5 million to a balance of €169 million (i.e. +€9.5 million), with a decrease in medium-to-long term financial debt from €604.8 million to €589.3 million (-€15.5 million). Further details are provided in the notes to the Condensed Interim Financial Statements.

Activities relating to research, development and innovation

The Immsi Group carries out research, development and innovation activities through the Piaggio group which, in the first half of 2022, 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, please refer to the Products and Services Dimension paragraph in the Consolidated non-financial statement pursuant to Legislative Decree 254/2016 of the Immsi Group contained in the Directors Report and Financial Statements as of 31 December 2021 and the Product Dimension paragraph of the Piaggio group's 2022 Corporate Social Responsibility report.

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 Consolidated Non-Financial Statement as of 31 December 2021.

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 (including the ongoing effects of the pandemic and the emerging effects of the Russia-Ukraine war) 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 Group focuses on research activities, and in particular on the development of engines with a low consumption and a low or zero environmental impact.

The Immsi Group is following the evolution of the war between Russia and Ukraine particularly closely. The war is already having significant repercussions on the world economy, not least as a result of the international sanctions imposed on Russia by other countries. The macroeconomic picture is quite complex, with challenges stemming from rising prices in raw materials, utilities, logistics and transport.

The extreme geographical diversification of sales means that as of 30 June 2022 the Group's exposure in this area is modest.
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.

<u>Risks related to consumer purchasing habits</u> – 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.

<u>Risks related to the high level of market competition</u> – 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.
In the industrial sector, 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 currently prefer carrying out repairs on operating vessels rather than investing in new constructions. Pending the identification of ship owners that have investment plans to replace vessels in operation, the company has reduced the activity of this division to the minimum while remaining in the market. 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.

<u>Risk related to the regulatory and legal framework</u> – 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, development and product innovation to anticipate any tightening of current regulations. Moreover, representatives from the Piaggio group, as one of the sector's leading manufacturers, are often requested to participate on parliamentary committees appointed to discuss and formulate new regulation.

<u>Risks related to natural events and climate change</u> – 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.

<u>Risks related to the pandemic</u> - 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.
the Piaggio group 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 across 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 any support measures made available by the government. The company has also continuously searched for potential buyers using mock-up and ‘unfinished’ villas, using various channels to reach the target customers identified for these offers.

In addition, during the Covid-19 pandemic, measures were adopted in the Group’s plants, as well as in the administrative offices of the 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 Advance 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

Product-related risks – The Group has to deal with risks related to product defects due to non-conforming quality and safety levels.

The risk for the Piaggio group relates to consequent recall campaigns, that would expose Piaggio 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 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 Intermarine S.p.A. subsidiary 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, the Intermarine S.p.A. subsidiary acquires raw materials, contracts and services from a large number of external suppliers with specific expertise, 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.

<u>Risks related to processes and procedures adopted</u> – 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 relating 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.

<u>Risks related to delays in the completion of orders</u> – With particular reference to the subsidiary Intermarine S.p.A. operating in the marine sector, 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.

<u>Risks related to human resources</u> – 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 this Report.

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, it is exposed to the 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 this Half-Yearly Financial Report, 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 €676.8 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. €89.6 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 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 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.
For further information on the net financial debt of the above-mentioned sectors, please refer to the Notes to the Financial Statements.

Exchange rate risks – The Group, primarily through Piaggio group companies and the Intermarine S.p.A. subsidiary, undertakes operations in currencies other than the Euro and this exposes it to the risk of fluctuating exchange rates across 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. Over the course of the period, the exchange risk has been 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 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. 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

As of 30 June 2022, the Immsi Group employed 7,088 staff, of which 98 in the property and holding sector, 6,762 in the industrial sector (Piaggio group) and 228 in the marine sector (Intermarine S.p.A.). The following tables divide resources by category and geographic segment:

Human resources by category

numbers	30.06.2022			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	4	111	7	122
Middle managers and white-collar workers	34	2,278	135	2,447
Blue-collar workers	60	4,373	86	4,519
TOTAL	**98**	**6,762**	**228**	**7,088**

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	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Senior management	0	3	0	3
Middle managers and white-collar workers	2	5	-3	4
Blue-collar workers	39	1,052	-7	1,084
TOTAL	**41**	**1,060**	**-10**	**1,091**

Human resources by geographic segment

numbers	30.06.2022			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	98	3,839	228	4,165
Rest of Europe	0	166	0	166
Rest of the world	0	2,757	0	2,757
TOTAL	**98**	**6,762**	**228**	**7,088**

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	Changes			
	Property and holding sector	**Industrial sector**	**Marine sector**	**Group total**
Italy	41	813	-10	844
Rest of Europe	0	0	0	0
Rest of the world	0	247	0	247
TOTAL	**41**	**1,060**	**-10**	**1,091**

Employee numbers were also affected by seasonal workers in the summer (on fixed-term employment contracts). The Group effectively hires temporary staff to cover peaks in demand typical of the summer months.

For further information on Group employees (such as remuneration and training policies, diversity and equal opportunities, safety, etc.), reference is made to the section on the Social Dimension in the Consolidated Non-Financial Statement as of 31 December 2021 prepared pursuant to Legislative Decree 254/2016.

Stock options

As of 30 June 2022, Immsi S.p.A. had no existing stock option plan.

With reference also to the subsidiary Piaggio & C. S.p.A., as of 30 June 2022 there were no incentive plans based on the allocation of financial instruments.

Own shares

As of 30 June 2022, 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 29 April 2022 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 30 April 2021.
On 12 May 2022, 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 Article 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 Article 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 Article 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 Article 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 28 October 2023.

With reference to the subsidiary Piaggio & C. S.p.A., as of 30 June 2022, the subsidiary held 2,573,948 treasury shares, equal to 0.719% of shares issued.

Management and coordination

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

Related Party Transactions

Revenues, costs, payables and receivables as of 30 June 2022 involving parent, subsidiary and associate companies, refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006, is presented in the notes to the Condensed consolidated interim financial statements as of 30 June 2022.

Disputes in progress

For information on disputes taking place at a Group level, reference is made to the Directors' Report on Operations of the Immsi Group as of 31 December 2021, in the section entitled "Disputes in progress", with the exception of more important aspects, which are reported below.

With reference to the property sector (Is Molas S.p.A.):

- 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 11.04.2018 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 30.01.2018, 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 8.11.2012 (or 02.12.2012), as requested by the counterparty in the memoranda filed on 30.01.2018. 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 as of 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 29 November 2021 the hearing was postponed to 1 June 2022 to verify the outcome of the conciliation attempt by the expert. The conciliation attempt was unsuccessful, the expert opinion is pending and the party's advisors are waiting for the draft to give their comments.

- 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 in 2007 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. On 09.05.2022, the Court of Cassation filed its order rejecting the appeal. The Company therefore recognised a loss on net receivables from Bianchi Antonio S.p.A. and Avalon Immobiliare S.r.l. totalling €683,677. This loss has no financial repercussions outside of legal expenses, as double the amount of the deposit collected had already been paid at the time of the preliminary ruling in 2012.

As regards the **industrial sector** (Piaggio group):

- 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. At the end of this hearing, the Court held the case for decision, assigning to the parties the deadline for the filing of the final and reply statements on 7 and 27.09.2022, respectively.

- 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 10.11.2021 for the closing arguments, adjourned to 23.03.2022; deadlines were then set for the filing of closing pleadings and respective replies, which were duly exchanged between the parties. Piaggio also insisted on the setting of the oral hearing pursuant to Article 352, paragraph 2, of the Code of Civil Procedure, set for 14.09.2022.

- 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 instance against Peugeot Italia. In the appeal judgment, during the first hearing held on 23 March 2022, the parties stated their findings at the request of the Court, which granted the legal deadlines for filing their final statements. The parties exchanged their briefs and Piaggio insisted on a date being set for the oral hearing pursuant to Article 352(2) of the Code of Civil Procedure, set for 14.09.2022.
- 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 €1.5 million, 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 Court rejected the application to grant Piaggio provisional enforceability with a decision on 08.03.2022. At the same time, Peugeot appealed against the ruling in the first instance and Piaggio appeared in the appeal proceedings. On 11.06.2022, Piaggio filed the first defence brief in which it insisted on rejecting the appeal presented by Peugeot.

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.

- As regards tax proceedings, 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 relative to the 2010-2011 tax period before the High Court, filing its appeal on 17.06.2019; 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 21.06.2021 in relation to the dispute concerning the 2012-2013 tax period and on 28.04.2022 for the remaining tax periods.
- 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 reference to the dispute relating to transfer pricing, on 22.09.2021, the Supreme Court issued a final ruling against the company, limited to the dispute concerning the deduction of 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 08.09.2020 against the transfer pricing and withholding tax notice. The Tax Court expressed an unfavourable opinion regarding the Company, which filed an appeal with the Supreme Court on 13 July.

The total amount currently in question amounts to €0.1 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 17.09.2021, the company appealed against filed action against the notice of assessment before the Tax Court and is waiting for the date of the hearing to be set.

- 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 to the Supreme Court. The hearing is currently set for 30.11.2022. 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), it is noted that:

- 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 a preliminary 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 addressing the issues identified by the Arbitration Panel. The arbitration hearing was held at the end of April and the parties filed their final briefs (only the rebuttal briefs remain to be filed). In its submissions and in its presentation at the arbitration hearing, Intermarine also extensively examined the merits of the protection sought by the foreign banks (given that they had disbursed the credit to the client in violation of the relevant banking and regulatory laws). The deadline for issuing the partial award is currently set as of 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 contingent liabilities and the lawyers have classified the risk as “low”.
In terms of legal fees and expenses for participation in the arbitration proceedings, the company incurred costs of approximately €1.8 million between 2020 and 30.06.2022 for the services of the legal team and for the specific opinions requested on the Italian, Taiwanese and French legal proceedings; Intermarine also filed a memorandum summarising the fees and expenses incurred, in which it requested – in addition to the rejection of all of the banks' claims – the full reimbursement of legal fees and arbitration costs, plus interest on those sums from the issuance of the award to actual payment.

- For the disputes in which Intermarine 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.
  In one particular case, the company, with the assistance of its lawyers, carefully assessed the risk of losing the case with a possible significant impact, agreeing to settle the dispute with a settlement that minimises the economic and financial effect in the amount of €95 thousand, duly provisioned for as of 30 June 2022.
- For other legal disputes with suppliers and customers and for labour disputes there were no significant developments in the first half compared to that already described in the Financial Statements for 2021; however, according to the lawyers assisting Intermarine, no significant liabilities and charges should arise in excess of the risk provisions already set aside in the Financial Statements.
- As far as the tax dispute is concerned, it should be noted that, on 27.06.2022, Intermarine received €328 thousand relating to the registration tax (€264 thousand) paid at the time on the purchase of the Pietra Ligure real estate complex in respect of the portion of the property recognised as being of historical-artistic-archaeological value, plus interest of €64 thousand accrued from the original payment to the date of reimbursement; the amounts correspond exactly to the provisions made in the Intermarine financial statements.
  This collection is the final act in a litigation process in which Intermarine was victorious at all three levels of judgement, including the Court of Cassation.
- Referring to a report of verification, on 19.06.2008 the Customs Office of La Spezia served to Intermarine the Payment Order no. 2008/A/2753 of 03.06.2008 requesting the payment of the excise duties, plus interest and penalties for late payment, for a total amount of €37,680; the company had to make the payment, but appealed against the Order before the Provincial Tax Commission of La Spezia, which on 10.01.2012 issued ruling no. 25, filed on 06.03.2012, rejecting the appeal.
  In November 2013, the company filed an appeal against this judgment with the Genoa Regional Tax Commission for the reimbursement of the amount paid: 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.
  Following the appeal to the Court of Cassation by the Customs Office, on 05.12.2019 the Court of Cassation filed its judgment no. 31769/19, which, despite the contrary opinion of the Attorney General's Office, which had concluded that the appeal should be dismissed, upheld two arguments put forward by the Customs Office.
  On 04.08.2020, the company served the Customs Office of La Spezia with the Notice

of Appeal, pursuant to Article 63 of Legislative Decree no. 546/1992, for the resumption of the proceedings before the Regional Tax Commission of Liguria, with a different composition, in order to re-examine the merits of the case.
On 07.07.2022, a hearing was held in connection with this dispute; The hearing went well, partly because the judge pressed the Office both on the inaccuracy of the rates applied and on the exemption of diesel fuel supplies to the Italian financial police (*Guardia di Finanza*); The tax firm assisting Intermarine believes that the commission could conclude with a partial acceptance in order to satisfy both parties and avoid a new, unnecessary and costly passage through the Court of Cassation; the ruling is currently pending.

Events occurring after 30 June 2022 and operating outlook

Despite forecasts remaining complex due to uncertainties over how the pandemic will evolve and the war in Ukraine, the Immsi Group will continue to work to meet its commitments and objectives, maintaining all the necessary measures to respond flexibly and immediately to unexpected and difficult situations that may still arise, thanks to a careful and efficient management of its economic and financial structure.

Regarding the **real-estate and hotel and tourism sector**, despite the persistence of some restrictions related to the Covid-19 pandemic, a gradual return to normalcy is now expected in the real estate business and (especially) in the hotel and tourism business. The subsidiary Is Molas S.p.A. is also proceeding with the commercial activities to identify potential buyers, including internationally, of the mock-up villas and/or the 'unfinished' villas.

On 19 July 2022, the Parent Company Immsi S.p.A. took out a loan with Banco Desio for €5 million with half-yearly repayments and a final maturity in October 2026, secured by Piaggio shares.

As regards the outlook for the **industrial sector**, in this complex macroeconomic environment with a number of challenges arising (as mentioned, from the increase in the price of raw materials, transport logistics, the Russia-Ukraine war and consequent international geopolitical tensions and the evolution of the pandemic), the Piaggio Group will continue to leverage its unique brand portfolio to continue growing in the second half of 2022, confirming the planned investments in new products and factories, and strengthening its commitment to ESG issues.

With reference to **Intermarine**, despite the difficult general outlook, production progress will be made in the next few months on job orders acquired, and commercial activities in all the company's business sectors will continue, seeking favourable business opportunities; management will continue to take all actions to keep costs down, and will carry out all activities necessary to obtain further job orders enabling it to increase its orders portfolio and consequently optimise production capacity over the next few years. Contacts also resumed with foreign navies to evaluate possible supplies of minesweepers under the Defence Programmes of the various countries.
In relation to expected future commercial developments in the Defence sector, the company has planned a major Investment Plan to upgrade its production capacity.

Mantova, 2 September 2022

for the Board of Directors
Chief Executive Officer

Michele Colaninno

Immsi Group

Condensed Interim Financial Statements

as of

30 June 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

in thousands of Euros

ASSETS		*30 June 2022*	*31 December 2021*
NON-CURRENT ASSETS			
Intangible assets	*F1*	891,599	888,962
Property, plant and equipment	*F2*	368,935	355,284
Investment Property	*F3*	0	0
Investments	*F4*	11,413	11,077
Other financial assets	*F5*	16	16
Tax receivables	*F6*	10,929	8,928
Deferred tax assets	*F7*	129,170	145,134
Trade receivables and other receivables	*F8*	24,854	26,838
- of which with Related Parties		*0*	*67*
TOTAL NON-CURRENT ASSETS		1,436,916	1,436,239
ASSETS HELD FOR DISPOSAL	*F9*	0	34,133
CURRENT ASSETS			
Trade receivables and other receivables	*F8*	196,598	131,570
- of which with Related Parties		*942*	*1,495*
Tax receivables	*F6*	29,868	19,176
Inventories	*F10*	491,384	392,659
Other financial assets	*F5*	2,535	3,963
Cash and cash equivalents	*F11*	251,174	290,373
TOTAL CURRENT ASSETS		971,559	837,741
TOTAL ASSETS		2,408,475	2,308,113

LIABILITIES		*30 June 2022*	*31 December 2021*
SHAREHOLDERS' EQUITY			
Consolidated Group shareholders' equity		235,565	231,948
Capital and reserves of non-controlling interests		173,320	158,919
TOTAL SHAREHOLDERS' EQUITY	*G1*	408,885	390,867
NON-CURRENT LIABILITIES			
Financial liabilities	*G2*	589,256	604,777
- of which with Related Parties		*1,026*	*529*
Trade payables and other payables	*G3*	13,337	13,989
Provisions for severance liabilities and similar obligations	*G4*	30,043	36,074
Other long-term provisions	*G5*	16,802	20,098
Deferred tax liabilities	*G6*	10,536	13,438
TOTAL NON-CURRENT LIABILITIES		659,974	688,376
LIABILITIES ON DISCONTINUED OPERATIONS	*F9*	0	6,336
CURRENT LIABILITIES			
Financial liabilities	*G2*	425,284	454,940
- of which with Related Parties		*388*	*722*
Trade payables	*G3*	799,845	664,712
- of which with Related Parties		*24,056*	*17,177*
Current taxes	*G7*	27,362	21,581
Other payables	*G3*	68,851	64,491
- of which with Related Parties		*10*	*118*
Current portion of other long-term provisions	*G5*	18,274	16,810
TOTAL CURRENT LIABILITIES		1,339,616	1,222,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,408,475	2,308,113

CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2022

in thousands of Euros

		30.06.2022	30.06.2021
Net revenues	*H1*	1,077,521	920,681
- of which with Related Parties		*0*	*8*
Costs for materials	*H2*	688,035	560,404
- of which with Related Parties		*26,120*	*12,724*
Costs for services, leases and rentals	*H3*	159,979	145,433
- of which with Related Parties		*344*	*192*
Employee costs	*H4*	143,126	134,606
Depreciation and impairment costs of plant, property and equipment	*H5*	30,587	27,955
Impairment of goodwill		0	0
Amortisation and impairment costs of intangible assets with a finite useful life	*H6*	37,587	38,583
Other operating income	*H7*	78,858	76,183
- of which with Related Parties		*232*	*201*
Net reversals (impairment) of trade and other receivables	*H8*	(1,976)	(1,299)
Other operating costs	*H9*	13,853	14,527
- of which with Related Parties		*0*	*22*
OPERATING INCOME (EBIT)		81,236	74,057
Income/(loss) from investments	*H10*	(80)	412
Financial income	*H11*	26,981	12,031
Financial costs	*H12*	47,268	30,906
- of which with Related Parties		*22*	*49*
PROFIT BEFORE TAX		60,869	55,594
Taxes	*H13*	26,472	24,367
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		34,397	31,227
Gain (loss) from assets held for sale or disposal	*H14*	0	0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS		34,397	31,227
Earnings for the period attributable to non-controlling interests		19,674	16,581
GROUP PROFIT (LOSS) FOR THE PERIOD	*H15*	14,723	14,646

EARNINGS PER SHARE

In Euros

From continuing and discontinued operations:	*1st half of 2022*	*1st half of 2021*
Basic	0.043	0.043
Diluted	0.043	0.043

From continuing operations:	*1st half of 2022*	*1st half of 2021*
Basic	0.043	0.043
Diluted	0.043	0.043

Average number of shares:	340,530,000	340,530,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30 JUNE 2022

in thousands of Euros

	30.06.2022	*30.06.2021*
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	34,397	31,227
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")	(1,252)	685
Actuarial gains (losses) on defined benefit plans	3,549	210
Total	2,297	895
Items that may be reclassified in the income statement		
Effective portion of profit (losses) from instruments to hedge cash flows	(1,317)	3,104
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(416)	1,837
Share of subsidiaries/associates valued with the equity method	408	493
Total	(1,325)	5,434
Other Consolidated Comprehensive Income (Expense)	972	6,329
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	35,369	37,556
Comprehensive income of minority interests	20,573	19,376
COMPREHENSIVE GROUP PROFIT (LOSS) FOR THE PERIOD	14,796	18,180

The values presented in the table are all stated net of the corresponding fiscal effect.

STATEMENT OF CONSOLIDATED CASH FLOWS AT 30 JUNE 2022
in thousands of Euros

		30.06.2022	30.06.2021
Operating activities			
Profit before tax		60,869	55,594
Depreciation of property, plant and equipment (including investment property)	H5	30,587	27,955
Amortisation of intangible assets	H6	37,167	38,583
Provisions for risks and for severance indemnity and similar obligations	H4 - H9	11,971	12,692
Write-downs (reversals of fair value measurements)	H7 – H8 – H9	1,706	1,300
Losses / (Gains) on the disposal of property, plant and equipment (including investment property)	H7 - H9	(164)	(46)
Financial income	H11	(825)	(577)
Financial costs	H12	19,465	21,556
Amortisation of grants	H7	(3,144)	(1,922)
Portion of earnings before taxes of affiliated companies (and other companies valued using the equity method)	H10	80	(433)
Change in working capital:			
(Increase) / Decrease in trade receivables and other receivables	F8	(66,799)	(80,915)
(Increase)/Decrease in inventories	F10	(98,725)	(72,734)
Increase / (Decrease) in trade and other payables	G3	148,839	127,703
(Increase) / Decrease in contract work in progress	F8	2,469	3,062
Increase / (Decrease) in provisions for risks	G5	(9,427)	(11,035)
Increase/(Decrease) in provisions for severance liabilities and similar obligations	G4	(6,463)	(6,338)
Other changes		(20,407)	(3,319)
Cash generated from operating activities		107,199	111,126
Interest paid		(16,568)	(17,718)
Taxes paid		(12,586)	(11,291)
Cash flow from operations		78,045	82,117
Investment activities			
Acquisition of subsidiaries, net of cash and cash equivalents	F4	(3,552)	(53)
Investment in property, plant and equipment (including investment property)	F2	(28,397)	(22,711)
Sale price, or repayment value, of plant, property and equipment (including investment property)	F2	697	5,627
Investment in intangible assets	F1	(39,269)	(47,919)
Sale price, or repayment value, of intangible assets	F1	24	57
Purchase of non-consolidated investments	F4 - F5	(8)	0
Collected interests		564	306
Sale price from assets held for sale or disposal (*)		15,535	0
Other flows from assets held for disposal or sale		0	108
Public grants collected		579	889
Cash flow from investing activities		(53,827)	(63,696)
Financing activities			
Loans received	G2	60,499	99,653
Outflow for repayment of loans	G2	(101,842)	(126,784)
Reimbursement of rights of use	G2	(5,602)	(6,271)
Outflow for dividends paid to Parent company Shareholders	G1 - N	(10,216)	0
Outflow for dividends paid to non-controlling interests		(11,547)	(4,622)
Cash flow from financing activities		(68,708)	(38,024)
Increase / (Decrease) in cash and cash equivalents		(44,490)	(19,603)
Opening balance		290,361	248,699
Exchange differences		5,303	3,839
Closing balance		251,174	232,935

*) The amount corresponds to the receipt by Pietra S.r.l. of the final balance of €20 million from Chorus Life Pietra Ligure S.p.A. for the sale of the shareholding in Pietra Ligure S.r.l. net of the liquidation advance paid by Pietra S.r.l. to the minority shareholder Intesa Sanpaolo S.p.A. of approximately €4.5 million.

CHANGES IN CONSOLIDATED SHAREHOLDERS’ EQUITY AT 30 JUNE 2022

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 as of 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	(4,622)	(4,622)
Allocation of Group earnings to Retained Earnings/Losses		9,510	(9,510)	0		0
Purchase of treasury shares by Piaggio & C. S.p.A.		(27)		(27)	(26)	(53)
Other changes		(5,810)		(5,810)	5,810	0
Overall earnings for the period		3,534	14,646	18,180	19,376	37,556
Balances as of 30 June 2021	***178,464***	***48,679***	***14,646***	***241,789***	***153,041***	***394,830***

	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 as of 31 December 2021	***178,464***	***41,217***	***12,267***	***231,947***	***158,920***	***390,867***
Allocation of Group earnings to the Legal Reserve				0		0
Allocation of Group earnings to Dividends			(10,216)	(10,216)	(11,547)	(21,763)
Allocation of Group earnings to Retained Earnings/Losses		2,051	(2,051)	0		0
Purchase of treasury shares by Piaggio & C. S.p.A.		(1,791)		(1,791)	(1,761)	(3,552)
Other changes		828		828	7,136	7,964
Overall earnings for the period		73	14,723	14,796	20,573	35,369
Balances as of 30 June 2022	***178,464***	***42,377***	***14,723***	***235,564***	***173,321***	***408,885***

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2022

- 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" or the "Group"), and information on significant events after 30 June 2022 and operating outlook are described in the Half-Yearly Financial Report. As of 30 June 2022, Immsi S.p.A. was directly and indirectly controlled, pursuant to article 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A.

The condensed interim 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 where required by the relevant corporate functions of the respective companies, suitably reclassified and adjusted where necessary to adapt them to the Group's accounting principles.
The financial statements are expressed in Euro since that is the currency in which most of the Group's transactions take place.
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).

It should be noted that the Group's business presents significant seasonal variations in sales over the course of the year, especially in the industrial sector and, to a limited extent, in the tourist-hotel sector.

These condensed interim financial statements are subject to limited review by the independent auditors Deloitte & Touche S.p.A. pursuant to the mandate granted by the Shareholders' Meeting on 14 May 2020 for the period 2021-2029.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and endorsed by the European Commission, in particular IAS 34 "Interim Financial Reporting", as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (CONSOB Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", CONSOB Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", CONSOB communication no. 6064293 of 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

The information provided in the Half-Yearly Report should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2021, prepared in accordance with IFRS, as they do not include all of the information required by IFRS in the preparation of the annual financial statements.

The financial statements have been prepared on a going concern basis with reference to a future period of 12 months from 30 June 2022. 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 next 12 months 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 30 June 2022, approximately 6.2 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

The preparation of the interim financial statements requires the company Management to make estimates and assumptions that affect, among other things, the reported amounts of revenues, expenses, assets and liabilities recorded and disclosure of contingent assets and liabilities at the date of the end of the period. If in the future such estimates and assumptions, carried out by the management, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances may occur to change.
For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "*Accounting standards and measurement criteria – Use of estimates*" in the Consolidated Financial Statements of the Immsi Group as of 31 December 2021.

In addition, some evaluative processes, particularly the more complex ones such as the determination of any losses in value of fixed assets ("impairment"), are generally carried out completely only at the time of drawing up the annual financial statements, when all the potentially necessary information is available, saving the cases in which there are indicators that require immediate evaluation of possible losses of value.
In this regard, it should be noted that when preparing this Half-Yearly Financial Report as of 30 June 2022, the Group's management carried out consolidated-level sensitivity analyses and specific calculations on the impairment tests concerning the carrying value of the goodwill recognised. These showed that there was no need to update the impairment test prepared as of 31 December 2021 for any of the CGUs under assessment.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". These Condensed Interim Financial Statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in 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 it is pointed out that, as regards the financial schedules, specific Income statement and Statement of financial position schedules have been inserted with the evidence of significant Related Party transactions.

No significant, non-recurring operations, as defined by Consob Communication DEM/6064293 of 28 July 2006 took place during the first half of 2021 and in 2022.

Moreover, there were no significant atypical transactions during the first half of 2022 and of 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.

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 as provided for in IAS 1 revised. It requires income attributable to owners of the parent and to non-controlling interests to be recognised net of the corresponding tax effect. In this respect, it should be noted that on 16 June 2011, the IASB issued an amendment to IAS 1 – *Presentation of financial statements* to require entities to group all items presented in Other comprehensive income based on whether they are potentially reclassifiable to profit or loss.

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.

Other information

The following exchange rates were used to translate the financial statements of companies included in the scope of consolidation into Euros:

	Exchange rate as of 30 June 2022	Average exchange rate 1st half of 2022	Exchange rate as of 31 December 2021	Average exchange rate 1st half of 2021
US Dollar	1.0387	1.09339	1.1326	1.20535
Pound Sterling	0.85820	0.842397	0.84028	0.868010
Indian Rupee	82.1130	83.31790	84.2292	88.41259
Singapore Dollars	1.4483	1.49208	1.5279	1.60594
Chinese Yuan	6.9624	7.08226	7.1947	7.79599
Croatian Kuna	7.5307	7.54145	7.5156	7.55041
Japanese Yen	141.54	134.30709	130.38	129.86810
Vietnamese Dong	24,170.00	25,059.33071	25,137.39	26,948.81627
Indonesian Rupiah	15,552.00	15,798.55102	16,166.73	17,211.97706
Brazilian Real	5.4229	5.55648	6.3101	6.49017

- B - SCOPE OF CONSOLIDATION

As of 30 June 2022, the Immsi Group structure was that attached at the end of these Notes. The scope of consolidation as of 30 June 2022 had not significantly changed compared to the Consolidated Financial Statements as of 31 December 2021 and 30 June 2021:

- the consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.43% as of 30 June 2022, was equal to 50.22% as of 30 June 2021 and 31 December 2021. The changes are due to the buyback of 1,528,130 own shares by the subsidiary Piaggio & C. S.p.A.;
- in view of the different capital rights held by the two owners of ISM Investimenti S.p.A. - namely Immsi S.p.A. and Intesa Sanpaolo S.p.A. -, the consolidated share of shareholders' equity in ISM Investimenti S.p.A. was 72.64% (Immsi S.p.A. legal ownership percentage), unchanged compared to 31 December 2021, but up on 30 June 2021 when it was 47.64%;
- on 14 June 2022, the direct subsidiary Pietra S.r.l. (77.78% owned by Immsi S.p.A. and 22.22% by Intesa Sanpaolo S.p.A.), signed the definitive contract with Chorus Life Pietra Ligure S.p.A. (formerly Polifin S.p.A.) for the sale of the entire equity investment held directly in Pietra Ligure S.r.l.

These changes are limited and did not affect the comparability of the balance sheet and income statement between the two reporting periods.

- C - CONSOLIDATION PRINCIPLES

In preparing these Condensed Interim Financial Statements of the Immsi Group, drawn up, as mentioned, in compliance with IAS 34 – Interim Financial Reporting, the accounting standards used to prepare the Consolidated Financial Statements as of 31 December 2021, to which reference is made for more details, were adopted, save for information in the next section on Accounting standards and measurement criteria.

- D - ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

New accounting standards, amendments and interpretations adopted from 1 January 2022

On 14 May 2020, the IASB published the following amendments entitled:

- o *Amendments to IFRS 3 Business Combinations*.
- o *Amendments to IAS 16 Property, Plant and Equipment*.
- o *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*
- o *Annual Improvements 2018-2020*: amendments were made to IFRS 1, IFRS 9, IAS 41 and the Illustrative Examples of IFRS 16.

The application of the above did not have a significant impact on values or on the financial statements.

Accounting standards, amendments and IFRS and IFRIC interpretations approved by the European Union that are not yet compulsory applicable and have not been adopted in advance

In May 2017, the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard replacing the IFRS 4 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.

In February 2021, the IASB published narrow-scope amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve disclosure of accounting standards and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting standards. The amendments will be applicable effective 1 January 2023, but early application is permitted.

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

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:

- In January 2020, the IASB published some amendments to IAS 1 that clarify the definition of "current" or "non-current" liabilities based on rights existing at the reporting date. These amendments will apply from 1 January 2023. Early adoption is permitted.
- In May 2021, the IASB issued amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred taxes when an asset or liability is initially recognised in a transaction that results in equal amounts of temporary deductible and taxable differences. These amendments will apply from 1 January 2023. Early adoption is permitted.
- In 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. The amendments will apply from 1 January 2023, together with the application of IFRS 17.

The Group 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.

- E - SEGMENT REPORTING

The information for operating segments presented below reflects the internal reporting system used by management for making strategic decisions, as provided for by IFRS 8, in line with the management and control model used. Information is provided, where available, on the three identified segments: property and holding, industrial and marine.

Information by business areas

Income statement

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Net sales to third parties	1,550	1,053,078	22,893	1,077,521
Intercompany net revenues				0
NET REVENUES	**1,550**	**1,053,078**	**22,893**	**1,077,521**
OPERATING INCOME (EBIT)	**-3,395**	**85,778**	**-1,147**	**81,236**
Income/(loss) from investments	0	-80	0	-80
Financial income				26,981
Financial costs				47,268
PROFIT BEFORE TAX				**60,869**
Taxes				26,472
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS				**34,397**
Gain (loss) from assets held for sale or disposal				0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS				**34,397**
Earnings for the period attributable to non-controlling interests				19,674
GROUP PROFIT (LOSS) FOR THE PERIOD				**14,723**

Statement of Financial Position

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Segment assets	284,959	1,990,105	133,206	2,408,270
Investments in affiliated companies	0	187	18	205
TOTAL ASSETS	**284,959**	**1,990,292**	**133,224**	**2,408,475**
TOTAL LIABILITIES	**315,950**	**1,566,019**	**117,621**	**1,999,590**

Other information

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Investments in property, plant and equipment and intangible assets	**824**	**66,642**	**200**	**67,666**
Depreciation, amortisation and write-downs	**574**	**67,693**	**1,193**	**69,460**
Cash flow from operating activities	**-8,533**	**82,395**	**4,183**	**78,045**
Cash flow from investing activities	**14,711**	**-68,348**	**-190**	**-53,827**
Cash flow from financing activities	**-23,502**	**-43,553**	**-1,653**	**-68,708**

Information by geographic segments

The following table presents the Group income statement and balance sheet figures or the first half of 2022 in relation to the geographic segments "of origin", that is, with reference to the country of the company which received the revenues or which owns the assets.

It should be noted that the breakdown of revenues by geographic "destination" segment, i.e. with reference to the customer's nationality, is analysed under net revenues in the income statement.

Income statement

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Net sales to third parties	604,329	23,257	140,116	76,361	233,458	1,077,521
Intercompany net revenues						0
NET REVENUES	**604,329**	**23,257**	**140,116**	**76,361**	**233,458**	**1,077,521**

Statement of Financial Position

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Segment assets	1,844,350	26,431	214,865	64,856	257,768	2,408,270
Investments in affiliated companies	188	17	0	0	0	205
TOTAL ASSETS	**1,844,538**	**26,448**	**214,865**	**64,856**	**257,768**	**2,408,475**

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Total receivables *	**122,947**	**17,086**	**51,865**	**9,017**	**12,748**	**213,663**
Total payables **	**576,284**	**23,178**	**147,014**	**10,115**	**125,442**	**882,033**

* Contract works in progress and tax receivables are not included.
** Financial liabilities and current tax payables are not included.

Other information

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	**38,419**	**316**	**11,669**	**638**	**16,624**	**67,666**
Depreciation, amortisation and write-downs	**52,283**	**702**	**9,966**	**1,422**	**5,087**	**69,460**

For comparability, the corresponding tables referring to 30 June 2021 are shown below:

Information by business areas

Income statement

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Net sales to third parties	533	901,671	18,477	920,681
Intercompany net revenues				0
NET REVENUES	**533**	**901,671**	**18,477**	**920,681**
OPERATING INCOME (EBIT)	**-4,166**	**80,361**	**-2,138**	**74,057**
Income/(loss) from investments	0	412	0	412
Financial income				12,031
Borrowing costs				30,906
PROFIT BEFORE TAX				**55,594**
Taxes				24,367
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS				**31,227**
Gain (loss) from assets held for sale or disposal				0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS				**31,227**
Earnings for the period attributable to non-controlling interests				16,581
GROUP PROFIT (LOSS) FOR THE PERIOD				**14,646**

Statement of Financial Position

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Segment assets	314,092	1,811,948	141,806	2,267,846
Investments in affiliated companies	0	177	18	195
TOTAL ASSETS	**314,092**	**1,812,125**	**141,824**	**2,268,041**
TOTAL LIABILITIES	**358,151**	**1,400,325**	**114,735**	**1,873,211**

Other information

In thousands of Euros	*Property and holding sector*	*Industrial sector*	*Marine sector*	*Immsi Group*
Investments in property, plant and equipment and intangible assets	**659**	**69,051**	**920**	**70,630**
Depreciation, amortisation and write-downs	**565**	**65,490**	**1,783**	**67,838**
Cash flow from operating activities	**-13,837**	**95,404**	**-4,113**	**77,454**
Cash flow from investing activities	**4,127**	**-62,240**	**-920**	**-59,033**
Cash flow from financing activities	**3,503**	**-39,468**	**-2,059**	**-38,024**

Information by geographic segments

Income statement

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Net sales to third parties	577,568	17,758	106,595	52,329	166,431	920,681
Intercompany net revenues						0
NET REVENUES	**577,568**	**17,758**	**106,595**	**52,329**	**166,431**	**920,681**

Statement of Financial Position

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Segment assets	1,793,804	21,163	193,648	50,031	209,200	2,267,846
Investments in affiliated companies	178	17	0	0	0	195
TOTAL ASSETS	**1,793,982**	**21,180**	**193,648**	**50,031**	**209,200**	**2,268,041**

In thousands of Euros	*Italy*	*Rest of Europe*	*India*	*United States*	*Rest of the World*	*Group Immsi*
Total receivables *	**116,904**	**11,389**	**64,369**	**10,784**	**17,371**	**220,817**
Total payables **	**494,129**	**21,665**	**107,337**	**5,302**	**91,747**	**720,180**

* Contract works in progress and tax receivables are not included.
** Financial liabilities and current tax payables are not included.

Other information

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	**60,855**	**221**	**4,253**	**2,813**	**2,488**	**70,630**
Depreciation, amortisation and write-downs	**52,088**	**745**	**9,416**	**1,242**	**4,347**	**67,838**

E-MARKET SDIR CERTIFIED

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

- F1 - INTANGIBLE ASSETS 891,599

Net intangible assets as of 30 June 2022 amounted to €891,599 thousand, up by €2,637 thousand compared to 31 December 2021. Investments made during the half year, mainly by the Piaggio group, were partially offset by amortisation.
Changes in this item are presented below:

In thousands of Euros	*Development costs*	*Concessions, patents, industrial and similar rights*	*Trademarks and licences*	*Goodwill*	*Other intangible assets*	*TOTAL*
Gross amounts as of 31 December 2020	**384,637**	**522,702**	**190,862**	**625,421**	**10,369**	**1,733,991**
Increases	22,747	25,092	0	0	80	47,919
Change in the scope of consolidation	0	0	0	0	0	0
Other movements	2,104	(780)	0	0	264	1,588
Gross amounts as of 30 June 2021	**409,488**	**547,014**	**190,862**	**625,421**	**10,713**	**1,783,498**
Accumulated amortisation as of 31 December 2020	**289,802**	**395,252**	**161,323**	**11,439**	**10,076**	**867,892**
Amortisation	16,889	21,545	28	0	121	38,583
Write-downs	0	0	0	0	0	0
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	1,553	(759)	0	0	284	1,078
Accumulated amortisation as of 30 June 2021	**308,244**	**416,038**	**161,351**	**11,439**	**10,481**	**907,553**
Net amounts as of 30 June 2021	**101,244**	**130,976**	**29,511**	**613,982**	**232**	**875,945**
Gross amounts as of 31 December 2021	**434,499**	**577,912**	**190,862**	**625,421**	**11,275**	**1,839,969**
Increases	19,330	19,724	0	0	215	39,269
Change in the scope of consolidation	0	0	0	0	0	0
Other movements	3,952	277	0	0	250	4,479
Gross amounts as of 30 June 2022	**457,781**	**597,913**	**190,862**	**625,421**	**11,740**	**1,883,717**
Accumulated amortisation as of 31 December 2021	**330,013**	**437,196**	**161,384**	**11,439**	**10,975**	**951,007**
Amortisation	15,518	21,553	33	0	63	37,167
Write-downs	(420)	0	0	0	0	(420)
Change in the scope of consolidation	0	0	0	0	0	0
Other changes	3,849	280	0	0	235	4,364
Accumulated amortisation as of 30 June 2022	**348,960**	**459,029**	**161,417**	**11,439**	**11,273**	**992,118**
Net amounts as of 30 June 2022	**108,821**	**138,884**	**29,445**	**613,982**	**467**	**891,599**

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 of €108,821 thousand mainly include costs for products and engines in projects for which there is an expectation for the period of the useful life of the asset to see net sales at such a level as to allow the recovery of the costs incurred. This item includes assets under construction for €31.5 million which instead represent costs for which the conditions for capitalisation exist, but refer to products that will go into production in future years.

With regard to the Piaggio group, during the first half of 2022, development costs of approximately €30.4 million were charged directly to the income statement.
Borrowing costs related to loans for the development of long-term products are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over 5 years (founding products) or 3 years, in consideration of their remaining useful life.

With reference to the marine sector, the item as of 30 June 2022 includes investments in development projects, under intangible assets, net of amortisation, for €0.7 million.

Concessions, patents, industrial and similar rights

The net balance of this item, equal to €138,884 thousand as of 30 June 2022 including assets under construction for €40,795 thousand, mainly refers to the Piaggio group (€138,495 thousand). Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the Piaggio group, referring to main new products in the 2022-2023 range. Costs for industrial patent and intellectual property rights are amortised over a period of three to five years, in consideration of their remaining useful life.

Trademarks and licences

Trademarks and licenses, amounting to €29,445 thousand, are broken down as follows:

In thousands of Euros	**As of 30 June 2022**	**As of 30 June 2021**	**Change**
Guzzi trademark	9,750	9,750	-
Aprilia trademark	19,158	19,158	-
Foton licence	525	586	(61)
Minor trademarks	12	17	(5)
Total Trademark	**29,445**	**29,511**	**(66)**

As they have an indefinite useful life as of 2021, the Moto Guzzi and Aprilia brands are no longer amortised but are subjected annually, or more frequently if specific events take place or changed circumstances indicate that the asset may have been affected by impairment, to identify impairment as provided for by IAS 36 - Impairment of Assets.
The Foton licence is amortised over a 10-year period expiring in 2031.

Goodwill

The goodwill registered by the Group is unchanged compared to 31 December 2021 and is broken down in the following table:

In thousands of Euros	*Net Balance at 30.06.2022*
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 present value of future financial flows over a multi-year forecasting period that are estimated to be generated by the continuous use of the assets relating to individual cash generating units ("Discounted Cash Flow" method in its "Unlevered" version); 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.

The recoverability of goodwill is verified at least once a year (as of 31 December), even in the absence of possible impairment indicators.

In preparing the condensed financial statements of the Immsi Group as of 30 June 2022, with reference to the cash-generating units of the **Piaggio group**, the management of the Immsi Group – also in the light of the analyses carried out by the group in terms of the projected current and future cash flows for the current year and a reconciliation of the same with the budget and plan data approved at the beginning of 2022, as well as in view of the trend in interest rates, which led to a 1.2% increase in the WACC compared to the figures as of 31 December 2021 – found that there was no need to update the impairment test carried out for the purposes of the consolidated financial statements as of 31 December 2021, the results of which are therefore still considered valid as of 30 June 2022, also in light of the extent of the coverage in place as of that date.

As regards the **cash-generating unit Intermarine** 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 the cash-generating unit is equal to approximately €34.4 million. The Immsi Group's management – in light of the sensitivity analyses carried out by the company's management, as approved by the Board of Directors of Intermarine S.p.A. on 29 July 2022, in terms of the projected current and prospective cash flows linked to the evolution of the order book and the changing macroeconomic scenario, and also in consideration of the trend in interest rates which led to a 2% increase in WACC compared to the values considered as of 31 December 2021 – found that there was no need to update the impairment test conducted for the purposes of the 2021 consolidated financial statements, thereby confirming its results, also in consideration of the extent of the existing coverage at that date.
The forecast data – uncertain and variable by nature – reflect the evolution of the company's order portfolio as well as its future industrial and commercial strategies. This data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently underway. Given the intrinsically uncertain nature of the forecast data, possible deviations from these forecast data may occur in the future, resulting in possible future impairments.

Considering that the abovementioned analyses conducted by the Immsi Group cash-generating unit were, as mentioned, determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current climate of uncertainty on core and financial markets, the complex macroeconomic environment with some issues arising from rising commodity prices, commodities, transportation logistics, the Russia-Ukraine war and consequent international geopolitical tensions, and the evolution of the pandemic, the various factors – both inside and outside the cash-generating units identified – used in preparing estimates could 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 Immsi S.p.A.'s share as of 30 June 2022 presents a market capitalisation lower than the value of consolidated shareholders' equity; the Directors concluded that, as of 30 June 2022, there were no impairment losses to be recognised in the consolidated financial statements of the Immsi Group, based on the one hand on the results of the above-mentioned analyses with reference to the Piaggio group and Intermarine CGUs, and based on the other hand on the fair value measurements of the assets relating in particular to the company Is Molas, carried out by an independent expert appraiser as of 31 December 2021, which again showed a significant coverage arising from the difference between appraised values and book values.

- F2 - PROPERTY, PLANT AND EQUIPMENT 368,935

Net property, plant and equipment as of 30 June 2022 totalled €368,935 thousand, including assets under construction for approximately €30.7 million, compared to €355,284 thousand as of 31 December 2021, and comprise assets mainly recognised by the Piaggio group for €327.2 million, Intermarine S.p.A. for €19 million, and Is Molas S.p.A. for €21.6 million.

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 as of 31 December 2020	**46,009**	**228,922**	**539,473**	**539,889**	**16,517**	**74,166**	**1,444,976**
Increases	281	3,820	6,719	9,846	0	5,330	25,996
Decreases	0	(59)	(12,086)	(24,574)	0	(6,779)	(43,498)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other movements	0	1,812	4,581	0	0	61	6,454
Gross amounts as of 30 June 2021	**46,290**	**234,495**	**538,687**	**525,161**	**16,517**	**72,778**	**1,433,928**
Accumulated depreciation as of 31 December 2020	**0**	**109,040**	**418,627**	**505,215**	**14,750**	**60,494**	**1,108,126**
Depreciation	0	5,717	11,391	5,856	135	4,824	27,923
Uses	0	0	(12,025)	(24,505)	0	0	(36,530)
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	870	3,069	0	0	(6,060)	(2,121)
Accumulated depreciation as of 30 June 2021	**0**	**115,627**	**421,062**	**486,566**	**14,885**	**59,258**	**1,097,398**
Net amounts as of 30 June 2021	**46,290**	**118,868**	**117,625**	**38,595**	**1,632**	**13,520**	**336,530**
Gross amounts as of 31 December 2021	**50,526**	**243,945**	**560,293**	**532,367**	**16,517**	**75,026**	**1,478,674**
Increases	5,874	12,750	7,704	8,019	13	6,451	40,811
Decreases	0	(862)	(101)	(1,203)	0	(978)	(3,144)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other movements	245	1,798	6,814	36	0	750	9,643
Gross amounts as of 30 June 2022	**56,645**	**257,631**	**574,710**	**539,219**	**16,530**	**81,249**	**1,525,984**
Accumulated depreciation as of 31 December 2021	**0**	**121,431**	**436,705**	**490,202**	**15,021**	**60,031**	**1,123,390**
Depreciation	0	6,140	12,132	7,694	130	4,462	30,558
Write-downs	0	0	0	0	0	0	0
Utilisation	0	(641)	(19)	(1,844)	0	0	(2,504)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	138	4,677	673	0	117	5,605
Accumulated depreciation as of 30 June 2022	**0**	**127,068**	**453,495**	**496,725**	**15,151**	**64,610**	**1,157,049**
Net amounts as of 30 June 2022	**56,645**	**130,563**	**121,215**	**42,494**	**1,379**	**16,639**	**368,935**

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

Property, plant and equipment primarily relate to the Intermarine S.p.A. industrial facility at Sarzana (La Spezia), the hotel and resort managed by Is Molas S.p.A. in Pula (Cagliari) and the Piaggio group’s production plants located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam). The increases mainly relate to the construction of a new Piaggio group factory for the assembly of CKD vehicles in Indonesia and moulds for new vehicles

launched during the period.
Financial costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During the first half of 2022, borrowing costs of €388 thousand were capitalised in the Piaggio group.

Property, plant and equipment as of 30 June 2022 included approximately €1,379 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.

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.
The Group opted to use the optional exemption provided for by IFRS16 for low-value and short-term lease agreements.

The changes in the first half of 2022 are detailed below:

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 as of 31 December 2021	**0**	**38,381**	**12,840**	**0**	**1,110**	**8,212**	**60,543**
Increases	0	8,650	0	1,953	0	1,811	12,414
Decreases	0	(862)	0	0	0	(161)	(1,023)
Other movements	0	515	(1)	0	0	(51)	463
Gross amounts as of 30 June 2022	**0**	**46,684**	**12,839**	**1,953**	**1,110**	**9,811**	**72,397**
Accumulated depreciation as of 31 December 2021	**0**	**16,991**	**4,709**	**0**	**396**	**5,772**	**27,868**
Depreciation	0	3,337	428	114	81	1,022	4,982
Utilisation	0	(641)	0	0	0	(69)	(710)
Other changes	0	(333)	(1)	0	0	(58)	(392)
Accumulated depreciation as of 30 June 2022	**0**	**19,354**	**5,136**	**114**	**477**	**6,667**	**31,748**
Net amounts as of 30 June 2022	**0**	**27,330**	**7,703**	**1,839**	**633**	**3,144**	**40,649**

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

	1st half of 2022
Depreciation of rights of use	4,982
Financial charges for rights of use	665
Rental payments (not IFRS 16)	8,070

In the first half of 2022 the leases subject to IFRS 16 resulted in a cash outflow of €5,602 thousand, while the commitments for lease payments falling due amount to €31,834 thousand, as detailed in the Financial liabilities section.

Guarantees

As of 30 June 2022, the Group had land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank borrowings. For more information, reference is made to the Annual Report of the Immsi Group as of 31 December 2021, in the section on "Commitments, risks and guarantees".

- F3 - INVESTMENT PROPERTY 0

There was no investment property as of 30 June 2022 (unchanged from 30 June and 31 December 2021).

- F4 - EQUITY INVESTMENTS 11,413

The table below details the item Equity investments as of 30 June 2022:

In thousands of Euros	*Balance as of 31.12.2021*	*Increases*	*Decreases*	*Reversals / Write-downs*	*Reclassifications / Exchange differences*	*Balance as of 30.06.2022*
Equity investments in subsidiaries	22	8	0	0	0	30
Equity investments in affiliated companies and joint ventures	11,055	0	0	(80)	408	11,383
TOTAL	**11,077**					**11,413**

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

Main financial data of the joint venture

	Accounts as of 30 June 2022		Accounts As of 31 December 2021	
In thousands of Euros		45%		45%
Working capital	16,377	7,369	16,651	7,493
Financial debt	0	0	0	0
Total assets	14,020	6,309	13,918	6,263
Net Invested Capital	**30,397**	**13,678**	**30,569**	**13,756**
Provisions	612	275	592	267
Financial debt	1,938	872	2,513	1,131
Shareholders' equity	27,847	12,531	27,464	12,359
Total sources of financing	**30,397**	**13,678**	**30,569**	**13,756**

Shareholders' equity attributable to the Group	12,531	12,359
Elimination of margins on internal transactions	(1,353)	(1,509)
Value of the investment	**11,178**	**10,850**

Statement of changes and reconciliation of Shareholders' Equity

In thousands of Euros	
Opening balance as of 1 January 2022	**10,850**
Profit (Loss) for the period	(236)
Statement of Comprehensive Income	408
Elimination of margins on internal transactions	156
Closing balance as of 30 June 2022	**11,178**

The item Investments includes other investments in associates for €205 thousand, the corresponding equity value of which is unchanged compared to 31 December 2021.

- F5 - OTHER FINANCIAL ASSETS 2,551

- 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 31 December 2021 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 totalled €2,535 thousand as of 30 June 2022, a decrease of €1,428 thousand compared to 31 December 2021.
This item consists of the equity investment (279,639 shares) held by Immsi S.p.A. in Unicredit S.p.A.. As provided for by IFRS 9, the Group measured at fair value the equity package as of 30 June 2022, recognising the adjustment, up by €1,252 thousand compared to the end of 2021, 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 40,797

Current and non-current tax receivables total €40,797 thousand, up by €12,693 thousand compared to the end of 2021, due mainly to higher current VAT receivables recognised by the Piaggio group.

- Non-current portion

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
VAT receivables	795	543
Income tax receivables	9,200	7,333
Other tax receivables	934	1,052
TOTAL	**10,929**	**8,928**

- Current portion

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
VAT receivables	19,004	12,572
Income tax receivables	2,917	2,431
Other tax receivables	7,947	4,173
TOTAL	**29,868**	**19,176**

- F7 - DEFERRED TAX ASSETS 129,170

Deferred tax assets as of 30 June 2022 amounted to €129,170 thousand, a decrease of €16 million compared to 31 December 2021. The portion expected to be reversed within 12 months amounts to €7,991 thousand, while the portion expected to be reversed beyond 12 months amounts to €121,179 thousand. These amounts are recorded net of deferred tax liabilities of a similar nature and maturity.
Deferred tax assets have been recorded by the Piaggio group for €56.2 million, €34.4 million by the subsidiary Intermarine S.p.A., and €21.3 million by the subsidiary Is Molas S.p.A.. The remaining amount of €17.3 million refers to other companies in the property and holding sector.

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 six-year time horizon (until 2027), 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.
Based on a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences. For details of unrecognised deferred tax assets, please refer to the notes to the financial statements as of 31 December 2021.

However, the future dynamics of various factors – including the evolution of the global health, economic and financial context, due also to the Russia-Ukraine war – 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 companies, both adhering and not adhering to the national tax consolidation.

- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES 221,452

Trade receivables and other receivables included under non-current assets total €24,854 thousand (net of the corresponding provisions for write-down of €1,203 thousand), against €26,838 thousand as of 31 December 2021.

Trade receivables and other receivables (including the value of work in progress) included under current assets are as follows:

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
Trade receivables	153,684	75,657
Amounts due from affiliated companies	0	5
Amounts due from joint ventures	941	1,490
Other receivables	41,973	54,418
TOTAL	**196,598**	**131,570**

Current third party trade receivables amounted to €196,598 thousand as of 30 June 2022, an increase of around €65,028 thousand compared to the value recorded as of 31 December 2021: as already mentioned, the increase in this value is mainly linked to the seasonality of Piaggio group sales, which are mainly concentrated in the spring and summer months.
The item Trade receivables comprises amounts due from normal sales transactions, stated net of a provision for write-downs of €31,677 thousand, up by €747 thousand compared to 31 December 2021.

The balance of receivables from associated companies refers entirely to receivables from Consorzio CTMI, while receivables from joint ventures (equal to €941 thousand as of 30 June 2022) refer to receivables from Zongshen Piaggio Foshan Motorcycle Co. Ltd., as detailed in the statement of intercompany and related party transactions at the end of this document.

It should also be remembered that the Piaggio group transfers on a regular basis a large part of its trade receivables mainly with "without recourse" and "with recourse" clauses. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. As of 30 June 2022, trade receivables not yet due and assigned without recourse totalled €254,178 thousand (€123,459 thousand as of 31 December 2021). Of these amounts, Piaggio received payment prior to natural expiry of €232,066 thousand. As of 30 June 2022, advances received – both from factoring firms and from banks – on "with recourse" disposals of trade receivables totalled €12,553 thousand and are offset in current liabilities.
In June 2022, the subsidiary Intermarine sold receivables without recourse to Banca Ifis, with inflows of €12.7 million.

Other receivables mainly include advances to suppliers of €4,984 thousand, largely recorded by the subsidiary Intermarine S.p.A., accrued income and prepaid expenses for a total of €14,375 thousand, and the fair value of exchange rate risk hedging on forecast transactions accounted for by Piaggio using the cash flow hedge principle for €5,571 thousand.
Other receivables also include €2,899 thousand (€5,419 thousand as of 31 December 2021) relating to a receivable for the grant by the Indian Government on investments made in previous years. This receivable is recognised in the income statement in proportion to the depreciation of the assets on which the grant was made. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

This item includes approximately €0.7 million relating to receivables with a maturity of more than 5 years recognised by the subsidiary Intermarine S.p.A..

Finally the other receivables include the equivalent value of the works in progress to order net of the advance payments received, referable entirely to the subsidiary Intermarine S.p.A., whose composition is detailed as follows:

In thousands of Euros	*Balance as of 31.12.2021*	*Increases*	*Decreases*	*Balance as of 30.06.2022*
Contract work in progress gross of advances	**114,800**	10,359	(80,113)	**45,046**
Contractual advances received from customers	104,542			37,257
Contract work in progress net of advances	**10,258**			**7,789**
Costs sustained	82,309			39,528
Margins recognised (net of losses)	35,310			6,934

- F9 - ASSETS/LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL 0

The net book value of assets held for disposal amounted to €27,797 thousand as of 31 December 2021 and related exclusively to the Pietra Ligure S.r.l. real estate portfolio.
Based on the preliminary contract signed by the parties last July 2021, Pietra S.r.l. (77.78% owned by Immsi and 22.22% owned by Intesa Sanpaolo S.p.A.), signed the closing of the sale transaction for the entire equity investment held directly in Pietra Ligure S.r.l. with Chorus Life Pietra Ligure S.p.A. (wholly owned by Polifin S.p.A.) on 14 June 2022, for a total consideration of €30 million, of which €10 million had been received as a down payment upon signing the preliminary agreement.
The shareholders Immsi S.p.A. and Intesa Sanpaolo S.p.A., by resolution of the extraordinary shareholders' meeting of 15 June 2022, placed Pietra S.r.l. in voluntary liquidation, pursuant to Article 2484, paragraph 1, no. 6 of the Italian Civil Code, having deemed its corporate purpose to have been discharged with the sale of the equity investment held in Pietra Ligure S.r.l..
Accordingly, during the second half of June 2022, Pietra S.r.l. repaid the debts owed to the parent company Immsi S.p.A. and distributed to the two shareholders a liquidation advance totalling €20.1 million, of which €15.6 million to Immsi and €4.5 million to Intesa Sanpaolo.

- F10 - INVENTORIES 491,384

Inventories are measured at the lower of cost and market value and totalled €491,384 thousand at the end of the period, comprising:

In thousands of Euros	*Balance as of 30.06.2022*			*Balance as of 31.12.2021*		
	Cost	***Write-down***	***Net***	***Cost***	***Write-down***	***Net***
Consumables	72	0	72	48	0	48
Raw materials	242,766	(17,625)	225,141	174,423	(17,274)	157,149
Work in progress and semi-finished products	131,367	(13,268)	118,099	135,469	(12,505)	122,964
Finished products	167,867	(19,795)	148,072	131,429	(18,931)	112,498
TOTAL	**542,072**	**(50,688)**	**491,384**	**441,369**	**(48,710)**	**392,659**

The increase compared to the figure as of 31 December 2021 (+€98,725 thousand) is mainly attributable to the Piaggio group, which, in an international context characterised by a number of difficulties in the procurement of certain components and in transport logistics, decided to take precautions by increasing stock levels, in order to be able to guarantee production and sales in the months to come.
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.

As of 30 June 2022, the Piaggio group recognised, net of write-downs, inventories for €378,168 thousand referred to components, accessories, two-wheeler, three-wheeler and four-wheeler vehicles.
Intermarine S.p.A. contributed €45,379 thousand, mainly concerning raw materials and products in progress for prototypes, own construction and repairs. Finally, Is Molas S.p.A. recorded €67,837 thousand of inventories at the half-year end, including financial expenses and capitalised employee costs, relating to the hotel business, as well as work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the property development project relating to the allotment located in Is Molas - Cagliari.

- F11 - CASH AND CASH EQUIVALENTS 251,174

Cash and cash equivalents at the end of the period totalled €251,174 thousand against €290,373 thousand as of 31 December 2021, as detailed in the table below:

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
Cheques	0	1
Cash and cash equivalents	93	73
Receivable due from banks within 90 days	251,081	290,299
TOTAL	**251,174**	**290,373**

This item covers 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 variation in value. For details of changes during the first half of 2022 in the item in question, reference is made to the Statement of Consolidated Cash Flows as of 30 June 2022.

The subsidiary Intermarine S.p.A. recognised approximately €4.9 million in term bank deposits for future "green" investments.

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 30.06.2022*	*Balance as of 31.12.2021*
Cash and cash equivalents	251,174	290,373
Current account overdrafts	0	(12)
TOTAL	**251,174**	**290,361**

- G - INFORMATION ON THE MAIN LIABILITY ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

- G1 - SHAREHOLDERS' EQUITY 408,885

Shareholders' equity as of 30 June 2022 amounted to €408,885 thousand, of which €235,565 thousand relating to consolidated shareholders' equity attributable to the Group and €173,320 thousand to capital and reserves of non-controlling interests.

Share capital

As of 30 June 2022, the share capital of the parent company Immsi S.p.A., fully subscribed and paid up, is composed of 340,530,000 ordinary shares without par value, for a total of €178,464,000.00. As of 30 June 2022, Immsi S.p.A. does not hold any 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 to unlimited voting rights. as well as unlimited voting rights.

Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits from the year, in accordance with provisions of law and totalled €9,222 thousand at the end of June 2022, unchanged compared to 31 December 2021.

Other reserves

Other reserves attributable to the Group totalled €82,087 thousand, up by €900 thousand compared to the figure as of 31 December 2021.
The details of the item "Other reserves" are shown below:

In thousands of Euros

	Share premium reserve / share capital increase	*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 as of 31 December 2021	***94,874***	***5,300***	***4,602***	***1,153***	***(16,294)***	***(6,644)***	***(25,055)***	***23,251***	***81,187***
Other changes								828	828
Overall earnings for the period					8	1,851	(1,786)		73
Balances as of 30 June 2022	***94,874***	***5,300***	***4,602***	***1,153***	***(16,286)***	***(4,793)***	***(26,841)***	***24,079***	***82,087***

The share premium reserve includes the consideration of the shares underwritten following the increase in share capital of Immsi S.p.A. in 2005 and 2006 for an overall amount of

€95,216 thousand, net of uses of €342 thousand.
Other reserves included the reserve created by the transition to international accounting standards made by the Group on 1 January 2004, totalling €5,300 thousand at the end of June 2022 and unchanged since 31 December 2021. For more details, reference is made to the Financial Statements as of 31 December 2005, available on the website www.immsi.it.
The reserve for the measurement of financial instruments was negative by €26,841 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 €12,329 thousand, and Alitalia - CAI, amounting to €14,778 thousand.

Retained earnings

Losses carried forward total €48,933 thousand and represent the accumulated losses of the Group.

Capital and reserves of non-controlling interests

As of 30 June 2022 the balance of share capital and reserves attributable to non-controlling interests totalled €173,320 thousand, a €14,401 thousand increase compared to 31 December 2021.
This increase can also be attributed to Intesa Sanpaolo's waiver of a portion of the shareholders' loan outstanding with ISM Investimenti for €12.4 million, transferring it to ISM's future capital increase reserve, partially offset by Pietra S.r.l.'s payment of €4.5 million in liquidation advances to the minority shareholder Intesa Sanpaolo.

Statement of Comprehensive Income

As of 30 June 2022, the overall result for the period showed a profit of €35,369 thousand, of which €20,573 thousand pertaining to minority interests, including net positive components that cannot be reclassified in future to the income statement for a total of €2,297 thousand, mainly due to actuarial gains on defined benefit plans partially offset by the fair value adjustment of equity instruments held by the Parent Company, as well as net negative components which can be reclassified to the income statement for €1,325 thousand recorded by the Piaggio group, essentially relating to translation losses and the effective portion of losses on cash flow hedges.

- G2 - FINANCIAL LIABILITIES 1,014,540

Financial liabilities totalled €1,014,540 thousand as of 30 June 2022, down by €45,177 thousand compared to the value recorded as of 31 December 2021. The portion recorded under non-current liabilities amounts to €589,256 thousand, against 604,777 as of 31 December 2021, while the portion included among current liabilities totals €425,284 thousand, compared to €454,940 thousand at the end of 2021.
As of 30 June 2022, total interest expense was recognised by the Group, amounting to €5,109 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 30 June 2022, the Immsi Group's net financial debt totalled €758.3 million, a decrease of approximately €6 million compared to 31 December 2021. The Group's net financial debt includes €397.4 million in the “Industrial” Sector (Piaggio group) and the remaining €360.9 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 changes that occurred in the first half of 2022:

In thousands of Euros	*Net Balance at 31.12.2021*	*Movements*	*Repayments*	*New issues*	*Reclassifications*	*Exchange delta*	*Other changes*	*Net Balance at 30.06.2022*
Liquidity	***(290,373)***	***39,199***				***0***	***0***	***(251,174)***
Payables due to banks for current account overdrafts	12		(12)				0	0
Payables due to banks within 1 year	228,089		(21,633)	23,415			414	230,285
Current portion of non-current financial debt	146,294		(67,905)	103	13,047		31,887	123,426
Current payables to banks	*374,395*	*0*	*(89,550)*	*23,518*	*13,047*	*0*	*32,301*	*353,711*
Financial liabilities for rights of use	8,204		(5,453)		5,843	0	329	8,923
Amounts due to subsidiaries	7							7
Amounts due to other lenders	67,223		(22,278)	12,553	0		36	57,534
Current financial debt	***449,829***	***0***	***(117,281)***	***36,071***	***18,890***	***0***	***32,666***	***420,175***
Net current financial debt	***159,456***	***39,199***	***(117,281)***	***36,071***	***18,890***	***0***	***32,666***	***169,001***
Non-current payables to banks	344,469		(2,345)	24,318	(13,047)		(32,152)	321,243
Bonds	244,150		0	0	0		741	244,891
Financial liabilities for rights of use	15,911		(149)		(5,843)	464	12,528	22,911
Amounts due to other lenders	247						(36)	211
Non-current financial debt	***604,777***	***0***	***(2,494)***	***24,318***	***(18,890)***	***464***	***(18,919)***	***589,256***
NET FINANCIAL DEBT	**764,233**	**39,199**	**(119,775)**	**60,389**	**0**	**464**	**13,747**	**758,257**

The attached tables summarise the financial liabilities by type of financial debt:

- Non-current portion

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
Bonds	244,891	244,150
Payables due to banks	321,243	344,469
Financial liabilities for rights of use	22,911	15,911
Amounts due to other lenders	211	247
TOTAL	**589,256**	**604,777**

- Current portion

In thousands of Euros	Balance as of 30.06.2022	Balance as of 31.12.2021
Payables due to banks	353,711	374,395
Financial liabilities for rights of use	8,923	8,204
Amounts due to subsidiaries (*)	7	7
Amounts due to other lenders	57,534	67,223
TOTAL	**420,175**	**449,829**

*) not consolidated on a global integration basis

The composition of the gross Financial debt is the following:

In thousands of Euros	Balance at 30.06.2022	Balance at 31.12.2021	Nominal value at 30.06.2022	Nominal value at 31.12.2021
Bonds	244,891	244,150	250,000	250,000
Payables due to banks	674,954	718,864	676,842	720,675
Financial liabilities for rights of use	31,834	24,115	31,834	24,115
Amounts due to subsidiaries (*)	7	7	7	7
Amounts due to other lenders	57,745	67,470	57,745	67,470
TOTAL	**1,009,431**	**1,054,606**	**1,016,428**	**1,062,267**

*) not consolidated on a global integration basis

The following schedule shows the repayment plan for the gross financial debt of the Immsi Group as of 30 June 2022:

In thousands of Euros	Nominal value at 30.06.2022	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	250,000	0	0	0
Payables due to banks	676,842	353,881	87,223	75,311	41,327	81,156	37,944
Financial liabilities for rights of use	31,834	8,923	4,517	6,847	4,178	2,727	4,642
Amounts due to subsidiaries (*)	7	7	0	0	0	0	0
Amounts due to other lenders	57,745	57,534	71	70	70	0	0
TOTAL	**1,016,428**	**420,345**	**91,811**	**332,228**	**45,575**	**83,883**	**42,586**

*) not consolidated on a global integration basis

The following table analyses the gross Financial debt, excluding rights of use, by currency and interest rate:

In thousands of Euros	Balance at 31.12.2021	Balance at 30.06.2022	Nominal value at 30.06.2022	Interest rate at 30.06.2022
Euros	1,015,127	956,927	966,299	3.05%
Vietnamese Dong	13,523	17,702	17,702	3.30%
Japanese Yen	1,841	2,968	2,968	2.60%
TOTAL	**1,030,491**	**977,597**	**986,969**	**3.05%**

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 €11,203 thousand, of which €4,965 thousand for instalments repayable within 12 months. This line of credit has two covenants, to be verified as of 31 December of each year; 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 €27,433 thousand, repayable in December 2022. Intangible assets with an indefinite useful life are not amortised but are subject to impairment testing. Moreover, it provides for a minimum Piaggio share price and compliance with two covenants, to be verified as of 31 December of each year;
- 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 plus a spread and two covenants to verify as of 31 December each year. The loan is recognised according to the amortised cost equal to €7 million, with reference to instalments repayable within the next 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 €1,538 thousand for instalments repayable by the end of the current year. This loan has two covenants, to be verified as of 31 December of each year;
- 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 initially 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, have a benchmark rate equal to the Euribor increased by a spread. In connection with the sale of the equity investment in Pietra Ligure S.r.l. and the consequent liquidation advance paid by Pietra S.r.l. to the Parent Company Immsi S.p.A., which took place in June 2022 and is commented on in the previous item "Assets held for sale", the Parent Company Immsi made an early repayment of €5 million on the Bullet - Multi Borrower loan, which therefore amounted to €77.7 million as of 30 June 2022, compared to the €82.7 million initially approved;
- a revolving credit line of €20 million granted in December 2021 by Unicredit and used as of 30 June 2022 for €10 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 include a covenant to be verified quarterly;
- 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 limit, are at Euribor plus a spread, require compliance with a set collateral value and are recognised at amortised cost at June 2022 for a total of €6,119 thousand, of which €5,583 thousand repayable within 12 months. To cover the risk of interest rate fluctuation for cash flows, Immsi S.p.A. initially signed four interest rate swap hedging contracts; the only contract still in place as of 30 June 2022 changes the variable rate into a fixed rate on approximately 4% of the nominal amount of the relevant loans;

- a bullet loan granted by ING Bank in December 2020, initially falling due in July 2022 and further extended in July until January 2024 for €10 million, with a benchmark rate equal to the Euribor plus a spread, secured by a pledge on Piaggio shares up to a Value to Loan*;*
- 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 Ester 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 as of 30 June 2022 for €3,972 thousand, of which €1 million for instalments repayable in the next 12 months;
- 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 June 2022 for €3,985 thousand, of which €1 million for instalments repayable in the next 12 months. This line of credit also has two covenants, to be verified as of 31 December of each year;
- 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 June 2022 for €16,939 thousand, of which €4 million for instalments repayable in the next 12 months;
- 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 June 2022 for €3,412 thousand, of which €780 thousand for instalments repayable in the next 12 months.

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 as of 30 June 2022.

Piaggio group

- a €15,692 thousand (nominal value of €15,715 thousand) medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan is divided into two disbursements with a final maturity in

February and December 2023 and a repayment schedule of 7 annual fixed-rate instalments. The contractual terms envisage loan covenants;

- a €58,267 (nominal value €58,333) 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;
- a €24,006 thousand (nominal value of €24,500 thousand) syndicated loan agreed in June 2018 and amended in June 2022. The new structure confirms the tranche of initial €62,500 thousand in the form of a five-year loan with amortisation, in place as of 30 June 2022 for a nominal amount of €22,500 thousand, and increases the tranche granted in the form of a revolving loan facility from €187,500 thousand to €200,000 thousand maturing on 5 January 2024 (with a one-year extension at the borrower's discretion) (used as of 30 June 2022 for a nominal amount of €2 million). The contractual terms envisage loan covenants;
- a €114,169 thousand (nominal value of €115,000 thousand) “Schuldschein” loan issued between October 2021 and February 2022 and subscribed by leading market participants. It consists of 7 tranches with maturities of 3, 5 and 7 years at fixed and variable rates;
- a €7,986 thousand medium-term loan (nominal value of €8,000 thousand) granted by Banca Popolare Emilia Romagna. The loan will fall due on 1 December 2023 and has a repayment schedule of six-monthly instalments;
- a €23,260 loan (nominal value of €23,333) 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;
- a €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 5 years expiring on 30 August 2026. It entails a repayment plan with six-monthly instalments and a 12-month grace period. The contractual terms envisage loan covenants;
- €3,984 thousand (nominal value €4,000 thousand) medium-term loan granted by Banca Popolare di Sondrio with maturity at 1 June 2026 and with a quarterly repayment schedule;
- a medium-term loan of €7,988 thousand (with a nominal value of €8,000 thousand) granted by Cassa di Risparmio di Bolzano, maturing in 30 June 2026 and with a quarterly repayment schedule.
- a medium-term loan of €5,411 thousand (with a nominal value of €5,417 thousand) granted by Banca Carige, maturing in 31 December 2026 and with a quarterly repayment schedule.

Piaggio & C. S.p.A. also has a revolving credit line for €20 million (undrawn as of 30 June 2022) granted by Banca Intesa San Paolo maturing on 31 January 2024 and a revolving credit line for €10 million (undrawn as of 30 June 2022) granted by Banca del Mezzogiorno maturing on 1 July 2026.
All the above financial liabilities referred to the Piaggio group are unsecured.

Intermarine S.p.A.

- a Bullet – Multi Borrower loan from Intesa Sanpaolo granted to Immsi S.p.A. for a total of €125 million, guaranteed by a pledge on Piaggio shares up to a Collateral Value, of which €12,300 thousand granted to Intermarine S.p.A., maturing in January 2023; These loans have a benchmark rate equal to the variable Euribor plus a spread;
- a revolving credit line from Intesa Sanpaolo for €18,000 thousand, fully drawn down as of 30 June 2022, guaranteed by Piaggio & C. S.p.A. shares up to a Collateral Value, held by Immsi S.p.A. and maturing in January 2023;
- a mortgage loan for €7.2 million, signed with Banca Popolare dell'Emilia Romagna maturing in December 2024, 18 months' grace, six-monthly repayments starting from 1 December 2021, secured by a first-level mortgage on the Sarzana shipyard for €18,000 thousand, an insurance constraint and comfort letter issued by Immsi for €13,000 thousand. The loan also has a covenants to be verified as of 31 December of each year;
- a credit line granted by Banca Ifis for the remaining approx. €300 thousand for a contract advance, with a comfort letter issued by RCN Finanziaria and Immsi, with repayment in annual instalments by December 2022, based on works' progress invoiced to the customer;
- a credit line granted by Banca Ifis for the remaining approx. €1,800 thousand for a contract advance, with a comfort letter issued by RCN Finanziaria and Immsi, with repayment in annual instalments by December 2022, based on works' progress invoiced to the customer;
- a credit line granted by Banca Ifis for €1.1 million for a contract advance, with a comfort letter issued by Immsi, with repayment in annual instalments by June 2023, based on works' progress invoiced to the customer;
- a €3 million instalment repayment loan signed with Banca Ifis at the end of November 2021 with a maturity of 6 years and 24 months grace period, supported by a letter of patronage from Immsi;
- a credit line granted by Banca Ifis with a limit of €25,500 thousand, for advances and/or sales without recourse on contract invoices, used as of 30 June 2022 for €12.7 million, mainly for sales without recourse;
- an unsecured loan with Banca Carige for €2,500 thousand maturing in October 2023, backed by the Mediocredito Centrale guarantee fund and Immsi comfort letter, with monthly repayments starting in May 2021. As of 30 June 2022, the residual amount was €1.3 million;
- credit line granted by Banca Carige with a ceiling of €3,000 thousand, for advances on invoices, fully available as of 30 June 2022, covered by an Immsi letter of comfort;
- a €5,000 thousand loan granted by Banca Nazionale del Lavoro, for working capital management, of which €2 million used as of 30 June 2022, with individual repayments maturing at 180 days, secured by a comfort letter from Immsi;
- a loan for an original amount of €4,000 thousand granted by Banca Nazionale del Lavoro, used as of 30 June 2022 for €500 thousand, guaranteed by a comfort letter issued by Immsi, with repayment in quarterly instalments and final maturity in August 2022;
- a loan for an original amount of €5,000 thousand granted by Credite Agricole Italia, backed by an Immsi guarantee, outstanding as of 30 June 2022 for €600 thousand, with repayment in quarterly instalments and final maturity in April 2022;
- a loan of €400 thousand issued by Medio Credito Centrale for a research project, maturing in June 2031 with six-monthly repayments starting from the end of December 2023 and with a guarantee pursuant to the Decree of 6 August 2015;
- loans of €2.3 million and €5 million issued on 3 March and 12 April 2022 by Banca Monte dei Paschi di Siena, for site upgrades and "green" investments, the first maturing in December 2028 and the second in March 2029, both with quarterly instalment repayments starting from the end of June and the end of September 2024. Both loans are backed by an 80% SACE guarantee and a 100% Immsi surety;

- a 1/2/3 month revolving credit line granted by Unicredit for €1 million, undrawn as of 30 June 2022;
- the short-term account overdrafts with various banks for a total amount of approximately €1,200 thousand, undrawn at the end of June 2022.
- an unsecured bank loan based on a contract guaranteed by Banco BPM, backed by an Immsi guarantee, with an original value of €2,100 thousand and a residual value of €800 thousand as of 30 June 2022, as well as a credit line of €3,700 thousand for post-delivery guarantees, of which €300 thousand had been used as of 30 June 2022.

Is Molas S.p.A.

- a floating rate loan granted by Monte dei Paschi di Siena to Is Molas S.p.A., with a nominal value of €9,500 thousand as of 30 June 2022, expiring in December 2023, with repayment in six-monthly instalments. This loan is guaranteed by a surety issued by Immsi and requires verification of two covenants annually;

The item Bonds recognised by the PIaggio group for €244,891 thousand (nominal value equal to €250,000 thousand) refers to the high yield debenture loan issued on 30 April 2018 for €250,000 thousand maturing as of 30 April 2025 and with semi-annual coupon at a fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a BB- rating with a stable outlook and a Ba3 rating with a stable outlook respectively.
It should be noted that Piaggio & C. S.p.A. may repay in advance all or part of the High Yield bond issued on 30 April 2018 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;

Lease liabilities total €31,834 thousand, and break down as follows:

- finance leases for €5,020 thousand (of a nominal value of €5,026 thousand) granted by Albaleasing as a Sale&Lease back on a production site of Piaggio & C. S.p.A. The agreement is for ten years, with quarterly repayments (non-current portion equal to €3,823 thousand);
- a finance lease for €55 thousand granted by VFS Servizi Finanziari for the use of vehicles (non-current portion equal to €45 thousand);
- financial liabilities for a total of €26,759 thousand (non-current portion of €19,043 thousand) related to future payments of operating lease agreements.

Overall, amounts due to other lenders are equal to €65,223 thousand, nearly entirely falling due within the year. The main components are the following:

- two shareholder loans for €6,000 and €10,005 thousand respectively granted to RCN Finanziaria S.p.A. by Intesa Sanpaolo (shareholder of the company) renewed on June 2019 and repayable within 3 years based on agreements signed between shareholders; As of 30 June, discussions were ongoing between the company and the shareholder Intesa Sanpaolo for the possible renewal of the two above-mentioned loans;
- a shareholders' loan of €28,904 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 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; With a view to strengthening the capital base of ISM Investimenti S.p.A., in April 2022 Intesa Sanpaolo partially waived €12.4 million of the

shareholders' loan by transferring it to ISM Investimenti S.p.A.'s shareholders' equity in a reserve for a future capital increase by Intesa. Furthermore, with effect from 30 April 2022, in order to ensure future capital stability for ISM Investimenti S.p.A, the shareholders Immsi S.p.A. and Intesa Sanpaolo S.p.A. signed a framework agreement that stops interest accruing on the shareholder loans granted and on the Immsi credit line as of the aforementioned date, binding ISM Investimenti S.p.A. to pay it in the future if certain liquidity events, specified in the agreement, occur at ISM Investimenti S.p.A. that would imply sufficient funds to fully cover all suspended interest;

- financial advances from factoring companies and banks for trade receivables assigned with recourse, totalled €12,553 thousand and refer to the Piaggio group;

As part of the indebtedness of the Parent Company and its subsidiaries Intermarine S.p.A. and ISM Investimenti S.p.A., as of 30 June 2022, Immsi S.p.A. pledged approximately 173.2 million Piaggio shares to guarantee loans and credit lines for a total of €295.9 million, while a further approximately 6.2 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.

For a more detailed description of the financial instruments used to hedge these liabilities and of any covenants imposed, reference is made to section P – Information on financial instruments.

- G3 - TRADE PAYABLES AND OTHER PAYABLES 882,033

Trade payables and other payables amounted to €882,033 thousand (compared to €743,192 thousand as of 31 December 2021), of which €868,696 thousand (€729,203 thousand as of 31 December 2021) due within a year.
The non-current portion, amounting to €13,337 thousand, mainly comprises security deposits and deferred income, while trade and other current payables are detailed below:

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
Trade payables	775,993	647,756
Deferred income to affiliated companies	16	0
Amounts due to parent companies	381	334
Amounts due to joint ventures	23,455	16,622
Other payables	68,851	64,491
TOTAL	**868,696**	**729,203**

To facilitate credit conditions for its suppliers, the Group has always used some indirect factoring agreements, mainly supply chain financing and reverse factoring agreements. These operations have not changed the primary obligation or substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 30 June 2022, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €292,464 thousand (€258,667 thousand as of 31 December 2021).
Amounts due to joint ventures as of 30 June 2022 primarily refer to the purchase of vehicles by the Piaggio group from the Chinese joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd.

The “Other current payables” item is detailed below:

In thousands of Euros	*Balance as of 30.06.2022*	*Balance as of 31.12.2021*
Amounts due to employees	34,744	20,973
Liabilities connected to hedging instruments	149	217
Advances from customers	182	64
Amounts due to company boards	456	777
Amounts due to social security institutions	7,065	9,770
Other amounts due to third parties	557	480
Other amounts due to affiliated companies	10	118
Accrued expenses	6,653	5,452
Deferred income	7,327	4,602
Other payables	11,708	22,038
TOTAL	**68,851**	**64,491**

Amounts due to employees mainly refer to holidays accrued and not taken and other salary components to pay.
Liabilities related to hedging derivatives mainly refer to the fair value of hedging derivatives for the exchange risk on forecast transactions recognised on a cash flow hedge basis.
Except as noted in the financial liabilities section, there are no other long-term liabilities due in more than five years.

- G4 - PROVISIONS FOR SEVERANCE LIABILITIES AND SIMILAR OBLIGATIONS 30,043

The reserve for pension and similar obligations amounted to €30,043 thousand as of 30 June 2022, a decrease of €6,031 thousand compared to the figure as of 31 December 2021.

The reserve is detailed below:

In thousands of Euros	*Balance as of 31.12.2021*	*Service cost*	*Actuarial (gain) loss*	*Interest cost*	*Uses and other movements*	*Balance as of 30.06.2022*
Termination benefits	35,263	4,646	(4,549)	138	(6,321)	29,177
Other funds	811	0	0	0	55	866
TOTAL	**36,074**	**4,646**	**(4,549)**	**138**	**(6,266)**	**30,043**

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 item “Other provisions” is entirely attributable to the Piaggio group and includes i) provisions for personnel made by international companies of the Piaggio group and ii) additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.

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 2.56% - 3.22%;
- Annual inflation rate 2.10%
- Annual rate of increase in termination benefit 3.075%

As regards the discount rate, the iBoxx Corporates AA or iBoxx Corporates A with a duration from 5 a 10+ were considered.

The table below shows the effects, in absolute terms, as of 30 June 2022, which would have occurred following changes in reasonably possible actuarial assumptions:

	Termination benefits provision
In thousands of Euros	
Turnover rate +2%	29,050
Turnover rate -2%	28,991
Inflation rate +0.25%	29,401
Inflation rate - 0.25%	28,648
Discount rate +0.50%	28,433
Discount rate -0.50%	29,630

The average duration of the bond ranges from 6 to 25 years, while future payments estimated in the Group are equal to:

Year	Future amounts
In thousands of Euros	
1	3,180
2	1,705
3	1,673
4	1,588
5	790

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 affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. Their value outstanding as of 30 June 2022 is €115 thousand and €269 thousand, respectively.

- G5 - OTHER LONG-TERM PROVISIONS 35,076

The balance of other long-term provisions, including the portion falling due within 12 months, totalled €35,076 thousand at the end of June 2022, a €1,832 thousand decrease compared to 31 December 2021.
The other provisions recognised in the financial statements are detailed below:

In thousands of Euros	*Balance as of 31.12.2021*	*Allocations*	*Uses*	*Others movements*	*Balance as of 30.06.2022*	*of which current*
Provision for product warranties	22,756	6,205	(4,620)	232	24,573	14,733
Provisions for risk on investments	17	0	0	0	17	0
Provision for contractual risks	8,085	0	(4,124)	80	4,041	1,041
Other provisions for risks and charges	6,050	1,065	(683)	13	6,445	2,500
TOTAL	**36,908**	**7,270**	**(9,427)**	**325**	**35,076**	**18,274**

The Provision for product warranties refers to allocations recognised as of 30 June 2022 by the

Piaggio group for €22,169 thousand and by Intermarine S.p.A. for €2,404 thousand for technical warranty operations on products covered by warranties, which are expected to be carried out in 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 10,536

The "Deferred tax liabilities" item refers to tax payables provisioned by the individual companies on the basis of applicable national laws. The balance is offset by deferred tax assets of the same type and maturity.
Deferred tax liabilities stood at €5,710 thousand for the Piaggio group, €4,332 thousand for the Parent Company Immsi S.p.A. and €494 thousand for Intermarine S.p.A..

- G7 - CURRENT TAXES 27,362

The item Current taxes, which includes tax payables allocated in relation to tax charges for individual companies under applicable national laws, increased by €5,781 thousand compared to the end of 2021. A breakdown of this item is given below:

In thousands of Euros	***Balance as of 30.06.2022***	***Balance as of 31.12.2021***
Due for income tax	17,086	12,829
VAT payables	4,729	1,007
Amounts due for withholding tax	4,127	5,785
Amounts due for local taxes	150	188
Other payables	1,270	1,772
TOTAL	**27,362**	**21,581**

The item in question, which refers for €23,638 thousand to the Piaggio group, which as mentioned mainly comprises tax payables recorded in the financial statements of each consolidated company, allocated in relation to tax charges referring to individual companies on the basis of applicable national laws, whereas amounts due for withholding tax are mainly recorded against withholdings on employee salaries, termination payments and self-employed income.

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- 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 net revenues is contained in the Half-Yearly Financial Report, in accordance with art.2428 of the Italian civil code.

- H1 - NET REVENUES 1,077,521

The Immsi Group's revenues from sales and services as of 30 June 2022 amounted to €1,077,521 thousand (an increase of €156,840 thousand compared to the same period last year, equal to +17%). This increase is mainly attributable to the industrial sector which generated revenues of €1,053,078 thousand (+ €151,407 thousand or +16.8%); the marine sector reported revenues of €22,893 thousand, up on the same period of the previous year (+€4,416 thousand or +23.9%), while the property and holding sector reported revenues of €1,550 thousand, up €1,017 thousand on 30 June 2021.
This item is stated net of premiums given to the customers of the Piaggio group (dealers) and it does not include transport costs recharged to customers by the Piaggio group (€23,889 thousand) and the recovery of advertising costs invoiced by the Piaggio group (€2,797 thousand), which are shown under Other operating income.
Below is a division of the revenues by business sectors and by geographical area of destination, that is, referring to the nationality of the customer.

By business segment

In thousands of Euros	*First half of 2022*		*First half of 2021*	
	Amount	*%*	*Amount*	*%*
Property and holding sector	1,550	0.1%	533	0.1%
Industrial sector	1,053,078	97.7%	901,671	97.9%
of which Two-Wheeler business	875,778	81.3%	761,000	82.7%
of which Commercial Vehicle business	177,300	16.5%	140,671	15.3%
Marine sector	22,893	2.1%	18,477	2.0%
TOTAL	**1,077,521**	**100.0%**	**920,681**	**100.0%**

By geographic segment

In thousands of Euros	*First half of 2022*		*First half of 2021*	
	Amount	*%*	*Amount*	*%*
Italy	188,535	17.5%	184,963	20.1%
Other European countries	434,167	40.3%	406,294	44.1%
Rest of the world	454,819	42.2%	329,424	35.8%
TOTAL	**1,077,521**	**100.0%**	**920,681**	**100.0%**

The type of products sold and the sectors in which the Group operates are such that revenues are seasonal (notwithstanding exceptional situations), the first six months being generally more favourable than the second six-month period.

- H2 - COSTS FOR MATERIALS 688,035

At the end of the first half, the cost for materials totalled €688,035 thousand, compared with €560,404 thousand as of 30 June 2021.
The percentage accounting for net revenues as of 30 June 2022 is slightly higher than the same period of the previous year, accounting for 63.9% (60.9% as of 30 June 2021).
In the Piaggio group, the increase as of 30 June 2022 in this item of €682,144 thousand (+€124,667 thousand compared to the same period of the previous year) was due to the increase in production volumes and the cost of raw materials.
The item includes €26,120 thousand (€12,724 thousand in the first half of 2021) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets.
The table below details the contents of the item under examination:

In thousands of Euros	***First half of 2022***	***First half of 2021***
Change in inventories of finished products, work in progress and semi-finished products	(53,390)	(43,453)
Purchase of raw materials and consumables	782,580	631,399
Change in raw materials and consumables	(41,155)	(27,542)
TOTAL	**688,035**	**560,404**

- H3 - COSTS FOR SERVICES, LEASES AND RENTALS 159,979

Costs for services and use of third-party assets totalled €159,979 thousand. This item is broken down as follows:

In thousands of Euros	***First half of 2022***	***First half of 2021***
Transport costs	30,224	24,982
Product warranty costs	881	825
Advertising and promotion	23,388	28,412
Outsourced manufacturing	23,166	19,924
External maintenance and cleaning costs	5,532	6,047
Employee costs	6,818	4,956
Technical, legal, tax, administrative consultancy, etc.	13,425	11,442
Sundry commercial expenses	4,168	4,268
Energy, telephone, postage costs, etc.	14,462	7,528
Services provided	305	302
Insurance	2,986	2,545
Cost of company boards	3,220	2,833
Sales commissions	600	259
Part-time staff and staff of other companies	2,035	853
Bank charges and commission	3,678	3,467
Quality-related events	128	2,494
Expenses for public relations	1,642	1,570
Expenses for outsourced services	8,999	8,330
Other expenses	6,252	8,648
TOTAL COSTS FOR SERVICES	**151,909**	**139,685**
Rental instalments of business property	7,974	5,674
Lease rentals for motor vehicles, office equipment, etc.	92	71
Other instalments	4	3
TOTAL COSTS FOR LEASES AND RENTALS	**8,070**	**5,748**
TOTAL COSTS FOR SERVICES, LEASES AND RENTALS	**159,979**	**145,433**

The increase is mainly related to rising energy and transportation costs that have impacted the entire world economy.

- H4 - EMPLOYEE COSTS 143,126

Employee costs are broken down as follows:

In thousands of Euros	*First half of 2022*	*First half of 2021*
Salaries and wages	109,282	102,317
Social security contributions	27,921	26,704
Termination benefits	4,646	4,190
Personnel restructuring costs	376	530
Other costs	901	865
TOTAL	**143,126**	**134,606**

In the first half of 2022, employee costs went up by €8.5 million (+6.3%) compared to the same period of the previous year.
Under employee costs as of 30 June 2022, €376 thousand was recorded for charges related to mobility plans applied to the Piaggio group production sites in Pontedera and Noale.
Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts). The Group effectively hires temporary staff to cover peaks in demand typical of the summer months.

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

	First half of 2022	*First half of 2021*
Senior management	120	118
Middle managers and white-collar workers	2,439	2,463
Blue-collar workers	4,189	4,029
TOTAL	**6,748**	**6,611**

- H5 - DEPRECIATION AND IMPAIRMENT COSTS OF PROPERTY, PLANT AND EQUIPMENT 30,587

The depreciation of property, plant and equipment as of 30 June 2022 is summarised below:

In thousands of Euros	*First half of 2022*	*First half of 2021*
Depreciation of buildings	6,140	5,717
Depreciation of plant and machinery	12,132	11,391
Depreciation of industrial and commercial equipment	7,694	5,856
Depreciation of assets to be given free of charge	159	167
Depreciation of other assets	4,462	4,824
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	**30,587**	**27,955**

The above item includes depreciation for rights of use in the first half of 2022 equal to €4,982 thousand (€4,408 thousand as of 30 June 2021).

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- H6 - AMORTISATION AND IMPAIRMENT COSTS OF FINITE LIFE INTANGIBLE ASSETS 37,587

During the first half of 2022, amortisation of intangible assets with a finite life amounted to €37,587 thousand.

In thousands of Euros	*First half of 2022*	*First half of 2021*
Amortisation of development costs	15,938	16,889
Amortisation of concessions, patents, industrial and similar rights	21,486	21,494
Amortisation of trademarks and licences	33	28
Amortisation of software	67	51
Amortisation of other intangible assets with a finite life	63	121
AMORTISATION OF INTANGIBLE ASSETS	**37,587**	**38,583**

Since 1 January 2004, goodwill has no longer been amortised but has been subjected to impairment tests at least annually: see the note on intangible assets for details of the activities carried out. It should be noted that amortisation of intangible assets did not include any impairment of goodwill in the first six months of 2022 or in the corresponding period of the previous year, as this goodwill was deemed recoverable through future cash flows.

- H7 - OTHER OPERATING INCOME 78,858

The “Other operating income” item comprises:

In thousands of Euros	*First half of 2022*	*First half of 2021*
Gains on the disposal of property, plant and equipment	166	49
Sponsorships	2,842	1,287
Grants	3,144	1,922
Recovery of sundry costs	28,616	23,708
Licence rights	1,552	865
Sale of materials and sundry equipment	836	589
Insurance settlements	404	779
Increases in fixed assets from internal work	28,843	29,995
Reversal of provisions for risks and other provisions	0	257
Rents received	1	2,889
Other operating income	12,454	13,843
TOTAL	**78,858**	**76,183**

Other operating income increased by €2,675 thousand (or +3.5%) compared with the same period of the previous year, mainly due to the Industrial sector.
The item “Grants” includes €2,057 thousand for government and community grants for research projects and capex, and export subsidies of €727 thousand received from the Indian affiliate. The former are recognised in profit or loss, strictly relating to the amortisation and depreciation of capitalised costs for which they were received. Revenues include €2,264 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, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.
The item Sponsorships relates to the activities of the Aprilia Racing team.

- H8 - IMPAIRMENT REVERSALS (LOSSES) NET OF TRADE AND OTHER RECEIVABLES (1,976)

As of 30 June 2022 this item amounted to €1,976 thousand for net write-downs and is broken down as follows:

In thousands of Euros	First half of 2022	First half of 2021
Release of provisions	0	89
Losses on receivables	(690)	(88)
Write-downs of receivables in working capital	(1,286)	(1,300)
TOTAL	**(1,976)**	**(1,299)**

- H9 - OTHER OPERATING COSTS 13,853

The item Other operating costs totalled €13,853 thousand as of 30 June 2022 and comprises the following:

In thousands of Euros	First half of 2022	First half of 2021
Losses on the disposal of property, plant and equipment	2	3
Duties and taxes not on income	3,185	2,776
Provisions for product warranty	6,205	6,537
Provisions for future and other risks	1,065	1,965
Other operating expense	3,396	3,246
TOTAL	**13,853**	**14,527**

- H10 - INCOME/(LOSS) FROM INVESTMENTS (80)

Income from investments refers to the portion of income attributable to the Group from the Zongshen Piaggio Foshan Motorcycle Co. Ltd joint venture, measured at equity.

- H11 - FINANCIAL INCOME 26,981

Financial income recognised by the Group as of 30 June 2022 is detailed below:

In thousands of Euros	First half of 2022	First half of 2021
Interest income	602	543
Commission receivable	157	0
Exchange gains	26,156	11,454
Oth rvns	66	34
TOTAL	**26,981**	**12,031**

The increase is mainly attributable to higher foreign exchange gains offset by higher realised foreign exchange losses as of 30 June 2022 as shown below.

- H12 - BORROWING COSTS 47,268

Borrowing costs as of 30 June 2022 are detailed below:

In thousands of Euros		
	First half of 2022	***First half of 2021***
Interest payable on bank loans	8,857	9,198
Interest payable on loans from third parties	2,046	3,807
Interest payable on debenture loans	5,297	6,045
Other interest payable	2,950	876
Commissions payable	1,012	1,252
Exchange losses	27,803	9,350
Financial component of retirement funds and termination benefits	132	14
Financial charges for rights of use	665	560
Other charges	(1,494)	(211)
TOTAL	**47,268**	**30,906**

Borrowing Costs as of 30 June 2022 increased by €16,362 thousand compared to the same period of the previous year. As already mentioned, this change is mainly attributable to higher exchange rate losses only partially offset by exchange rate gains. Interest expense decreased compared to the same period last year due to a reduction in the average cost of debt and higher capitalisation of interest related to long-term investments.

- H13 - TAXES 26,472

The expected tax expense on the income of companies consolidated with the line by line consolidation method in the financial statements as of 30 June 2022 amounted to €26,472 thousand, with a percentage of income before taxes of 43.5% (43.8% in the first half of 2021).

- H14 - GAIN/(LOSS) FROM ASSETS HELD FOR DISPOSAL OR SALE 0

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

- H15 - GROUP PROFIT (LOSS) FOR THE PERIOD 14,723

Earnings for the period of the Immsi Group were positive amounting to €14,723 thousand, after allocating a profit of €19,674 thousand to non-controlling interests.

- I - COMMITMENTS, RISKS AND GUARANTEES

For main commitments, risks and guarantees, where not specifically updated in these Notes, reference is made to the Notes to the Consolidated Financial Statements as of 31 December 2021 for a general overview of the Group.

- L - TRANSACTIONS WITH RELATED PARTIES

As regards information to be provided on related party transactions of the Group, in accordance with IAS 24 – *Related Parties Disclosures*, related party transactions took place in normal market conditions or as laid down by specific laws. No atypical or unusual transactions were carried out during the period to 30 June 2022. In compliance with Regulation no. 17221 on transactions with Related Parties issued by Consob on 12 March 2010 as amended, the Group adopted a new procedure to regulate procedures to approve related-party transactions, available on the website of the Issuer www.immsi.it, in the section *Governance - Procedures*.
The following table shows the main financial effects of related party transactions and their impact on each financial statement item as of consolidated data of the Immsi Group as of 30 June 2022: the financial effects arising from consolidated intergroup operations were eliminated during consolidation.
For comparative purposes, the following table shows income statement data as of 30 June 2022 and balance sheet data as of 31 December 2021.

Main economic and financial items	Amounts in thousands of Euros 30.06.2022	% accounting for financial statement items	Description of the nature of transactions	Comparable amounts in thousands of Euros
Transactions with Related Parties:				
Current trade payables	*83*	*0.0%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*	*121*
	136	*0.0%*	*Legal advisory services provided to corporate bodies*	*38*
Costs for services, leases and rentals	*98*	*0.1%*	*Tax advisory services provided by St. Girelli & Ass. to the Group*	*99*
	136	*0.1%*	*Legal advisory services provided to corporate bodies*	*0*
Transactions with Parent companies:				
Non-current financial liabilities	*1,026*	*0.2%*	*Financial liabilities for rights of use on Omniaholding S.p.A. leases*	*529*
Current financial liabilities	*381*	*0.1%*	*Financial liabilities for rights of use on Omniaholding S.p.A. leases*	*715*
Current trade payables	*342*	*0.0%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*	*395*
Costs for services, leases and rentals	*31*	*0.0%*	*Rental of offices provided by Omniaholding S.p.A. to the Group*	*29*
Financial costs	*22*	*0.0%*	*Finance costs for Omniaholding S.p.A. rights of use and security loan to Immsi*	*22*
Transactions with Subsidiaries, Affiliated Companies, Joint Ventures:				
Current trade receivables and other receivables	*941*	*0.5%*	*Trade receivables from Piaggio Foshan*	*841*
Current financial liabilities	*7*	*0.0%*	*Financial payables to Rodriquez Pietra Ligure S.r.l.*	*7*
Current trade payables	*23,455*	*2.9%*	*Trade payables of Piaggio & C. S.p.A. due to Piaggio Foshan*	*16,623*
Other current payables	*10*	*0.0%*	*Payables to the Piaggio Foundation*	*118*
Costs for materials	*26,120*	*3.8%*	*Purchases of Piaggio & C. S.p.A. from Piaggio Foshan*	*12,724*
Costs for services, leases and rentals	*30*	*0.0%*	*Costs for services from Piaggio Foshan and Fondazione Piaggio*	*0*
	50	*0.0%*	*Costs for services rendered by Consorzio CTMI*	*60*
Other operating income	*232*	*0.3%*	*Income from Piaggio Foshan*	*201*

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 Intermarine S.p.A..

M - NET FINANCIAL POSITION

The Immsi Group net financial debt as of 30 June 2022 is shown below, compared with corresponding data as of 31 December 2021 and as of 30 June 2021. Further details of the main components are provided in the tables in the Half-Yearly Financial Report and related information below them:

(in thousands of Euros)	*30.06.2022*	*31.12.2021*	*30.06.2021*
Total liquidity	-251,174	-290,373	-232,935
Total current financial debt	420,175	449,829	485,374
Net current financial debt	169,001	159,456	252,439
Non-current financial debt	589,256	604,777	539,889
Net Financial debt	**758,257**	**764,233**	**792,328**

Net debt as of 31 June 2021 – analysed below and compared with the same figures as of 31 December 2021 and 30 June 2021 – is shown in accordance with the ESMA guidelines 32-382-1138 of 4 March 2021, adjusted as follows: it 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 as of 30 June 2022 was negative by approximately €0.8 million; fair value adjustments of financial liabilities, payables and accrued interest on bank loans totalling €3 million; interest accrued on loans to minority shareholders for a total of €6.8 million. For details, please refer to the Financial Liabilities section in the Notes to the Financial Statements.

- N - DIVIDENDS PAID

As proposed by the Board of Directors on 23 March 2022 and as approved by the Ordinary Shareholders’ Meeting on 29 April 2022, the Parent Company Immsi S.p.A. distributed dividends in May 2022 of €0.03 per eligible ordinary share, for a total of €10.2 million; no dividends were distributed in the first six months of 2021.

- O - EARNINGS PER SHARE

Earnings per share

Earnings per share are calculated by dividing the consolidated net profit for the period attributable to Parent Company ordinary 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.

	First half of 2022	*First half of 2021*
Net profit attributable to ordinary shareholders (in thousands of Euro)	14,723	14,646
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	**0.043**	**0.043**

Diluted earning per share

Diluted earnings per share is calculated by dividing the net consolidated profit for the year attributable to Parent Company ordinary shareholders by the average weighted number of shares in circulation during the year, taking account of the diluting effect of potential shares. Excluded from this calculation are any treasury shares held.

The Company has no category of potential ordinary shares as of 30 June 2022, therefore the diluted income per share coincides with the above basic earning per share.

- P - INFORMATION ON FINANCIAL INSTRUMENTS

Below we summarise the information on financial instruments, the risks connected with them, as well as the "sensitivity analysis" in accordance with the requirements of IFRS 7.

Financial assets

The current and non-current financial assets are fully commented upon in Note F5 – *Other financial assets*, which reference is made to.

Financial liabilities

Current and non-current liabilities are fully commented on in Note G2 – *Financial liabilities*, to which reference is made. In this section the debt is divided by type and detailed by maturity.

The main loan agreements entered into by Group companies (fully described in the above-mentioned note), require – in line with market practices for borrowers with a similar credit standing – compliance with:

1) financial covenants based on which the debtor company is committed to meeting certain contractually agreed financial ratios. The most common and significant covenants include the ratio of net financial debt to EBITDA, net debt to shareholders' equity and EBITDA/net borrowing costs, measured on a company and/or consolidated basis according to definitions agreed with the lenders;
2) negative pledges that limit the Company's capacity to establish collateral or other constraints on company assets;
3) "*pari passu*" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4) limitations on the extraordinary operations the company may carry out.

The high yield debenture loan issued by Piaggio in April 2018 provides for compliance with covenants which are typical of international practices on the high yield market. In particular, the company must observe the EBITDA/Net borrowing 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:

1) pay dividends or distribute capital;
2) make some payments;
3) grant collaterals for loans;
4) merge with or establish some companies;
5) sell or transfer own assets.

The measurement of financial covenants and other contract commitments is monitored by the

Group on an ongoing basis, in particular, based on results as of 30 June 2022, all covenants had been fully met. The Group does not expect to fail to meet its financial parameters as of 31 December 2022, based on the forecasts available to date.
Given that the analyses were carried out on the basis of estimates and taking into account the current climate of uncertainty on core and financial markets, the various factors used in preparing estimates could be revised in the future.
Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan. For more details, see the information in Note G2 – *Financial liabilities*.

Lines of credit

As of 30 June 2022 the Immsi Group had irrevocable credit lines up to expiry amounting to €1,235.2 million (€1,246.3 million as of 31 December 2021), details of which are given in the Note G2 – *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 Piaggio group.

<u>*Capitals management and liquidity risk*</u>

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 for the Group's subsidiaries 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, the group companies' cash flows and credit-line needs are monitored and/or managed centrally under the control of the Piaggio 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 Piaggio group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees. Between Piaggio & C. S.p.A. and the European subsidiaries of the Piaggio group, there is also an active cash pooling zero balance system that enables the asset and liability balances of the subsidiaries to be reset daily, resulting in more effective and efficient management of liquidity in the Euro area.

For a greater coverage of liquidity risk, as of 30 June 2022 the Immsi Group had unused credit lines available for €497.1 million (€486.9 million as of 31 December 2021), of which €254.7 million due within 12 months and €242.4 million due after 12 months.

In particular, as of 30 June 2022, the Piaggio group had unused credit lines irrevocable until maturity of €242.4 million and €227.2 million of revocable credit lines.

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 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 30 June 2022, approximately 6.2 million Piaggio shares remain unpledged 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 Piaggio group does not require hedging of this type of exposure;
- 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 relating to the Piaggio group

As of 30 June 2022, the Group had undertaken the following futures operations (recognised based on the settlement date), in relation to payables and receivables already recognised to hedge the transaction exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CAD	4,850	3,561	12/07/2022
Piaggio & C.	Purchase	CNY	226,500	31,960	06/08/2022
Piaggio & C.	Purchase	GBP	500	584	22/07/2022
Piaggio & C.	Purchase	JPY	705,000	5,286	16/08/2022
Piaggio & C.	Purchase	SEK	9,000	855	23/08/2022
Piaggio & C.	Purchase	USD	38,500	35,740	31/07/2022
Piaggio & C.	Sale	CAD	8,750	6,347	16/07/2022
Piaggio & C.	Sale	CNY	25,000	3,528	25/07/2022
Piaggio & C.	Sale	IDR	5,800,000	369	27/07/2022
Piaggio & C.	Sale	JPY	80,000	565	08/07/2022
Piaggio & C.	Sale	USD	110,210	104,146	10/09/2022
Piaggio Vietnam	Sale	JPY	355,158	62,811,581	08/09/2022
Piaggio Vietnam	Sale	USD	40,495	938,873,982	15/08/2022
Piaggio Indonesia	Sale	USD	8,660	128,321,720	23/07/2022
Piaggio Vespa BV	Sale	CNY	24,997	3,566	27/07/2022
Piaggio Vespa BV	Sale	IDR	14,778,390	938	27/07/2022
Piaggio Vespa BV	Sale	USD	10,700	9,929	24/04/2023
Piaggio Vehicles Private Limited	Sale	USD	6,300	495,630	08/08/2022

As of 30 June 2022, the Piaggio group had undertaken the following hedging transactions on the exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	332,500	41,212	04/10/2022
Piaggio & C.	Sale	CNY	18,500	2,646	30/07/2022
Piaggio & C.	Sale	USD	2,300	2,101	18/07/2022
Piaggio & C.	Sale	GBP	5,200	6,115	24/09/2022

To hedge the economic exchange risk alone, 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. As of 30 June 2022, the total fair value of hedging instruments for exchange risk recognised on a hedge accounting basis was positive at €5,496 thousand. During the first half of 2022, gains were recognised in the Statement of Comprehensive Income for €1,815 thousand, while €4,623 thousand in losses from the Statement of Comprehensive Income were reclassified to profit/loss for the year.

The net balance of cash flows during the first half of 2022 is shown below in the main currencies:

In millions of Euros	Cash flow for the 1st half of 2022
Canadian Dollar	12.1
Pound Sterling	19.6
Swedish Krone	(0.5)
Japanese Yen	(0.9)
US Dollar	57.9
Indian Rupee	(32.5)
Croatian Kuna	0.8
Chinese Yuan*	(53.8)
Vietnamese Dong	(86.6)
Singapore Dollar	(1.5)
Indonesian Rupiah	35.9
Total cash flow in foreign currency	**(49.5)**

*cash flow partially in USD

The subsidiary **Intermarine S.p.A.** generally hedges the risks deriving from exchange rate fluctuations through specific operations linked to individual orders that require billing in currencies other than the Euro. As of 30 June 2022, there were no forward sales contracts in place.

In view of the above, a hypothetical 3% appreciation/depreciation of the Euro would generate, respectively, potential profits of €1,441 thousand and losses of €1,531 thousand.

Management of the interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase 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**, as of 30 June 2022, the following cash flow hedge was in place: An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €30,000 thousand from Banco BPM. 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; as of 30 June 2022 the fair value of the instrument was positive €552 thousand. The sensitivity analysis of the instrument, assuming a shift in the interest rate curve of 1% upwards and downwards, shows a potential impact on shareholders' equity, net of the related tax effect, of €201 thousand and -€207 thousand, respectively.

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 Banca from a variable to a fixed rate. In the half year, profit amounting to €263 thousand was recognised in other components of the statement of comprehensive income.

In thousands of Euros	FAIR VALUE
Piaggio & C. S.p.A.	
Interest Rate Swap	552
Immsi S.p.A.	
Interest Rate Swap	213

Credit risk management

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

In thousands of Euros	*30 June 2022*	*30 June 2021*
Bank funds and securities	251,081	232,851
Financial assets	2,551	5,283
Tax receivables	40,797	36,079
Trade and other receivables	221,452	227,945
Total	***515,881***	***502,158***

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 S.p.A.**, which in view of the nature of its business can present receivables concentrated among a few customers, it is noted that the most significant customers in quantitative terms are represented by public bodies: 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.

Commodity Price Risk

This risk arises from the possibility of changes in company profitability due to fluctuations in commodity prices (specifically platinum and palladium, used mainly by the Piaggio group).
The Piaggio group has set up hedging contracts to neutralise these possible adverse variations deriving from highly probable future transactions by offsetting them with the opposite variations through the hedging instrument; the cash flow hedge accounting principle is applied, with the effective portion of profits and losses recorded in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.
As of 30 June 2022, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative at €74 thousand. During the first half of 2022, gains were recognised in the Statement of Comprehensive Income for €172 thousand, while €50 thousand in gains from the Statement of Comprehensive Income were reclassified to profit/loss for the period.

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: 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.

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 principle 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 the Group.

IFS 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 these values, with reference to the Piaggio group:
[3]

	Nominal value	Carrying amount	*Fair Value**
In thousands of Euros			
High yield debenture loan	250,000	244,891	238,568
EIB (R&D loan 2016-2018)	15,715	15,692	15,656
EIB (R&D loan 2019-2021)	58,333	58,267	54,724
BEI (fin. R&D 2019-2021) T*op-up*	30,000	30,000	27,667
BPER Bank loan	8,000	7,986	8,084
Loan from CDP	30,000	30,000	32,990
Revolving syndicated loan 2024	2,000	1,551	2,033
Syndicated loan 2023	22,500	22,455	22,869
Loan from Banco BPM	23,333	23,260	22,826
Loan from Banca CARIGE	5,417	5,411	5,137
Loan from CariBolzano	8,000	7,988	7,716
Loan from B.Pop. Sondrio	4,000	3,984	4,362
Schuldschein loan	115,000	114,169	131,641

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

For the liabilities maturing within 18 months and the other financial liabilities of the Immsi Group, the book value is deemed to be essentially equivalent to the fair value.

The table below shows the assets and liabilities measured at fair value as of 30 June 2022, based on fair value hierarchical levels:

In thousands of Euros	*Level 1*	*Level 2*	*Level 3*
Assets measured at fair value	2,535		
Hedging financial derivatives		213	
Other assets		6,123	16
Total assets	***2,535***	***6,336***	***16***
Liabilities measured at fair value			
Hedging financial derivatives			
Other liabilities		(149)	
Total liabilities	***0***	***(149)***	***0***
Balance as of 30 June 2022	***2,535***	***6,187***	***16***

Level 1 includes the carrying amount of the investment held by Immsi S.p.A. in Unicredit S.p.A., down by €1,252 thousand compared to 31 December 2021 following the deterioration in the share price recorded at the end of June 2022.

Level 2 assets include the fair value recorded by Piaggio of exchange rate risk hedging transactions on forecast transactions, recognised according to the cash flow hedge principle for €5,571 thousand, the fair value of an Interest Rate Swap designated as a hedge and recognised according to the cash flow hedge principle for €552 thousand, and the fair value of the Interest Rate Swap designated as a hedge recognised by Immsi S.p.A. for €213 thousand. The liabilities are largely composed of the fair value of exchange-rate hedging transactions for forecast transactions accounted for according to the cash flow hedge principle (€75 thousand) and the fair value of commodity hedging transactions accounted for according to the cash flow hedge principle (€74 thousand).

Lastly, level 3 includes the value of investments held in other minor companies by the Piaggio group.

The following table highlights the changes that occurred during the first half of 2022:

In thousands of Euros	*Level 1*	*Level 2*	*Level 3*
Balance as of 31 December 2021	*3,787*	8,025	*16*
Gain and (loss) recognised in profit or loss			
Gain (loss) recognised in the statement of comprehensive income	(1,252)	(1,838)	
Increases/(Decreases)			
Balance as of 30 June 2022	***2,535***	***6,187***	***16***

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND INVESTMENTS AT 30 JUNE 2022

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. Mantova (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. Mantova (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%	
Immsi Audit S.c.a r.l. Mantova (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. Mantova (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%	

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	100.00%
Piaggio Concept Store Mantova S.r.l. Mantova - 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: 86.99%	USD	14,599.12	86.99%
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			n/a

Mantova, 2 September 2022

for the Board of Directors
Chief Executive Officer

Michele Colaninno

E-MARKET SDIR CERTIFIED

Certification of the condensed interim financial statements pursuant to article 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 Brenda Rossi, 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 the preparation of the condensed interim financial statements in the course of the first half of 2022.

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

In addition, it is certified that the condensed interim financial statements:

- were drawn up in conformity with the applicable international accounting standards recognised by the European Union in accordance with the regulation (CE) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to accounting records;
- are suited to provide a truthful and correct representation of the issuer's assets and liabilities, profit and loss and financial situation, as well as its consolidated subsidiaries.

The Half-Yearly Financial Report includes an analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed interim financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to an analysis of the information on the significant related party transactions.

2 September 2022

The Chairman
Roberto Colaninno

Executive in Charge of
Financial Reporting
Brenda Rossi

Chief Executive Officer
Michele Colaninno

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REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
IMMSI S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of IMMSI S.p.A. and subsidiaries (the "IMMSI Group"), which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholder's equity, the statement of cash flows for the six month period then ended and the explanatory notes. The Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (CONSOB) for the review of the interim financial statements under Resolution n° 10867 of July 31, 1997. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of IMMSI Group as at June 30, 2022 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.
Signed by
Gianni Massini
Partner

Florence, Italy
September 14, 2022

This report has been translated into the English language solely for the convenience of international readers.