

Risks

The Immsi Group has perfected procedures both in the Parent Company and in the main subsidiaries for risk management.

Strategic risks

Reputational and Corporate Social Responsibility risk exposed to stakeholders' perception of the Group and its reputation. **Risks related to strategic strategies**, the Group could make errors of judgement with a consequent impact on its reputation. **Risks related to adoption strategies** Group could be exposed to risks from the wrong or incomplete adoption of strategies.

External risks

Risks related to the negative effects arising from the economic and geopolitical context, the Group and in particular the Piaggio group, are exposed to risks arising from the effects of the global "Covid 19" pandemic that developed during the first months of 2020. As regards Great Britain's decision to leave the European Community, the Group considers the effects on global operations. **Risks related to the Group's business balance** depends on its ability to manufacture products that cater for consumer expectations. With reference to the subsidiary Intermarine, however, the success of the company in the different lines of business depends on its ability to meet customer expectations and emerging needs, with reference to its product range and customer experience. **Risks related to the high level of market competition** dynamics of the competitive background of markets on which the Piaggio group has tried to tackle this risk, which could have a negative impact on the financial position and profitability. With reference to the marine sector, and the mine sweeping platforms segment, Intermarine has a considerable presence. **Risks related to national and international regulations** on safety, noise levels, consumption and the emissions of pollutants. Unfavourable changes in the regulatory and/or legal framework at a national and international level could mean additional costs. To deal with these risks, the group has always invested in research and development into innovative products, services and technologies.

Risks related to the Group's industrial sites located in Italy, India and Vietnam. These sites could be affected by natural disasters, such as earthquakes, fires, floods, etc. Continual renewal of the sites prevents these risk scenarios. The potential impact of these risks is mitigated by the adoption of new technologies. **Risks related to the sales network** closely related to the sales network's ability to guarantee end customers a high level of service. **Risks related to the category of services** main potential risks refer to fraudulent events connected with cyber-attacks. The Group has implemented measures to mitigate these risks.

Operating risks

Risks related to the production process with risks related to product defects due to nonconforming quality and safety levels. The risk for the Piaggio group refers to consequent recall campaigns that would expose the group to: the costs of the campaigns, the loss of reputation, etc. To deal with product risk, the subsidiary Intermarine normally adopts a type of contract that also includes assistance and warranty.

Risks related to the production process with possible interruptions to company production, due to the unavailability of raw materials, machinery, etc. To deal with these risks, the Group has necessary maintenance plans, invests in upgrading machinery, has a flexible production process. Moreover, the operating risks related to industrial sites in Italy and other countries, as regards the Piaggio group, are mitigated by the operations, the Group sources raw materials, semi-finished products and components from a large number of suppliers.

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Legal risks Group legally protects its products and brands throughout the world. In some countries where the Group is present, its employees committing offences, such as fraud, active and passive corruption, etc. **Risks related to the production process** with possible interruptions to company production, due to the unavailability of raw materials, machinery, etc. To deal with these risks, the Group has necessary maintenance plans, invests in upgrading machinery, has a flexible production process. Moreover, the operating risks related to industrial sites in Italy and other countries, as regards the Piaggio group, are mitigated by the operations, the Group sources raw materials, semi-finished products and components from a large number of suppliers.

Risks related to possible inadequacies in its procedures that are intended to ensure compliance with the law.
To deal with these risks, the financial statements are audited by Independent Auditors. Moreover, the control and

On this specific case of the Parent Company Immsi S.p.A., in consideration of its nature as a holding company

Financial risks

Risks related to insufficient cash flows and access to the credit market ? At the end of the reporting period, the Group has outstanding debt consisting of debenture loans for a nominal amount of approximately €302.1 million issued by Piaggio & C., S.p.A.; bank loans for a nominal amount of approximately €627.1 million. The type, rates and maturities of the

In addition, the Group has outstanding amounts due for finance leases, amounts due to subsidiaries not fully covered by cash flows.

The Group is exposed to liquidity risk arising from the production of cash flows that are not sufficient to guarantee the payment of its liabilities.

To face this risk, the Group's cash flows and credit line needs are monitored constantly by management or, in the case of the Parent Company Immsi S.p.A. where necessary assists its subsidiaries with credit lines, in order to guarantee the Group's liquidity.

External risks
The Group operates primarily through the companies of Piaggio group and Intermarine, undertakes operations in currencies other than the Euro.

Interest rate risks
The Group has assets and liabilities which are sensitive to changes in interest rates and are necessary to manage the Group's liquidity.

Credit risk
The Group is exposed to the risk of late payments of receivables. This risk is connected with any downgrading of the creditworthiness of the counterparties.

Risks related to leverage
The Group is exposed to the risk of non-compliance with covenants and targets to reduce loans, to maintain a sustainable level of debt.

To offset this risk, the measurement of financial covenants and other contract commitments is monitored by the management.

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