

IMMSI Società per Azioni

Share capital €178,464,000 fully paid up

Registered office: Piazza Vilfredo Pareto, 3 – 46100 Mantova

Mantova Register of Companies – Tax code and VAT registration number

07918540019

Directors' Report and Financial Statements of the Immsi Group at 31 December 2022

This Annual Financial Report as of 31 December 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.

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



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This document was approved by the Board of Directors of Immsi S.p.A. on 23 March 2023 and is available for the public to consult at the Registered Office of the Company, on the website of the Borsa Italiana S.p.A. www.borsaitaliana.it, on the centralised storage system www.emarketstorage.it 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	<i>Chairman</i>
Daniele Discepolo	<i>Deputy Chairman</i>
Michele Colaninno	<i>Chief Executive Officer</i>
Matteo Colaninno	<i>Director</i>
Ruggero Magnoni	<i>Director</i>
Gianpiero Succi	<i>Director</i>
Patrizia De Pasquale	<i>Director</i>
Paola Mignani	<i>Director</i>
Alessandra Simonotto	<i>Director</i>
Giulia Molteni	<i>Director</i>
Rosanna Ricci	<i>Director</i>
Piercarlo Rossi	<i>Director</i>

BOARD OF STATUTORY AUDITORS

Antonella Giachetti	<i>Chairman</i>
Alessandro Lai	<i>Statutory Auditor</i>
Giovanni Barbara	<i>Statutory Auditor</i>
Gianmarco Losi	<i>Alternate Auditor</i>
Filippo Dami	<i>Alternate Auditor</i>

INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.	2021 - 2029
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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	<i>Chairman</i>
Paola Mignani	
Rosanna Ricci	

RELATED PARTIES COMMITTEE

Rosanna Ricci	<i>Chairman</i>
Paola Mignani	
Patrizia De Pasquale	

COMPLIANCE COMMITTEE

Marco Reboa	<i>Chairman</i>
Giovanni Barbara	
Maurizio Strozzi	

APPOINTMENT PROPOSAL AND REMUNERATION COMMITTEE

Daniele Discepolo	<i>Chairman</i>
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

Stefano Tenucci

INVESTOR RELATOR

Stefano Tenucci

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

Directors' Report on Operations

The present Financial Statements of the Immsi Group at 31 December 2022 were drawn up in compliance with the International Accounting Standards (IFRS), in force at the date, issued by the International Accounting Standards Board (IASB) and adopted by the European Union at that date. IFRS means all the International Financial Reporting Standards, the International Accounting Standards, all the interpretations of the IFRS Interpretation Committee (formerly IFRIC), previously called the Standing Interpretations Committee (SIC), approved by the European Union and contained in the relevant EU Regulations.

This Report also contains the consolidated financial statements and notes of the Immsi Group ("the Group"), and the financial statements and notes of the Parent Company Immsi S.p.A. (the "Company").

Furthermore, it should be noted that the data contained in this document may in some cases present rounding defects due to the representation in thousands and millions: in this regard, it should be noted that changes and percentages are generally calculated on data expressed in thousands.

Health emergency – Covid-19

At the end of 2022, 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.

With regard to the **Property and holding sector**, the subsidiary Is Molas S.p.A., in particular, resumed its commercial activities, which had been reported to have slowed down due to the health emergency, aimed at searching for potential buyers of both the villas completed to date and, possibly, those only partially completed ("at an advanced construction stage").

In terms of the **industrial sector**, with regard to the areas of greatest importance for the Piaggio group's activities, India completely lifted lockdown in May 2022.

The only area still giving cause for concern is China, where, during the last quarter, government authorities lifted lockdown measures, but cases of infection are again on the rise. The group is closely monitoring developments in the situation and will take all possible precautions to guarantee employees' health at its sites and its commitments made with the sales network and with customers. 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.

With regard to the subsidiary Intermarine SpA operating in the **marine sector**, the Covid-19 pandemic has led to the interruption or slowing down of sales programmes with potential customers. In 2022, contacts resumed with navies to evaluate possible supplies of minesweepers under the defence programmes of various countries.

Russia – Ukraine Crisis

In relation to the Russia-Ukraine conflict, the Immsi Group is carefully following the evolution of the crisis, which has begun to generate increases in the costs of raw materials and energy, with significant repercussions on the world economy and on renewed inflation, which Western central banks are attempting to control by increasing interest rates. The extreme geographical diversification of the Group's sales and purchases means that it has essentially no exposure in the conflict area. Regarding the indirect effects of the conflict, the Group was affected by the increase in the cost of energy – mainly in European plants – and of raw materials, which, in particular for the Piaggio group, were partially mitigated by agreements reached with suppliers.

These aspects were taken into account in the process of defining the main assumptions adopted by management for the purpose of preparing the forecast cash flows used in the impairment tests, described in greater detail in the notes to the financial statements in the goodwill section.

Information on operations and activities of the Immsi Group

In 2022, the Immsi Group showed a significant improvement in all key indicators compared to the previous year, with turnover increasing by 24.4%, Ebitda by 24.6% and the Group's net result amounting to €27.1 million compared to €12.3 million in the previous year. The net financial position also showed a positive result, with a decrease in net exposure of about €32.5 million to about €731.7 million (€764.2 million at 31 December 2021).

Earnings for the year report different trends with reference to the sectors comprising the Group, based on the different business trends of the period in question.

For a clearer interpretation, the following is reported on a preliminary basis:

- The “property and holding sector” consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l. in liquidation, Pietra Ligure S.r.l. (until 14 June 2022) and RCN Finanziaria S.p.A., as well as intergroup eliminations;
- the “industrial sector” includes the companies owned by the Piaggio group, while
- the “marine sector” includes Intermarine S.p.A.

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

Alternative non-GAAP performance indicators

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

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

A detailed table highlighting the items that contribute to the indicator is included in this Report.

Immsi Group at 31 December 2022

	<i>Property and holding sector</i>	<i>as a %</i>	<i>Industrial sector</i>	<i>as a %</i>	<i>Marine sector</i>	<i>as a %</i>	<i>Immsi Group</i>	<i>as a %</i>
In thousands of Euros								
Net revenues	4,626		2,087,443		34,058		2,126,127	
Operating income before depreciation and amortisation (EBITDA)	-6,185	n/m	298,142	14.3%	-4,659	-13.7%	287,298	13.5%
Operating income (EBIT)	-7,298	n/m	158,740	7.6%	-7,763	-22.8%	143,679	6.8%
Profit before tax	-19,881	n/m	127,219	6.1%	-10,489	-30.8%	96,849	4.6%
Profit (loss) for the period including minority interests	-13,161	n/m	84,889	4.1%	-7,830	-23.0%	63,898	3.0%
Group earnings for the period (which may be consolidated)	-10,162	n/m	42,926	2.1%	-5,677	-16.7%	27,087	1.3%
Net debt	-300,935		-368,228		-62,532		-731,695	
Personnel (number)	49		5,838		222		6,109	

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

Immsi Group at 31 December 2021

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

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

The property and holding sector

In thousands of Euros	31.12.2022	as a %	31.12.2021	as a %	Change	as a %
Net revenues	4,626		2,750		1,876	68.2%
Operating income before depreciation and amortisation (EBITDA)	-6,185	n/m	-7,260	n/m	1,075	14.8%
Operating income (EBIT)	-7,298	n/m	-8,384	n/m	1,086	13.0%
Profit before tax	-19,881	n/m	-23,133	n/m	3,252	14.1%
Profit (loss) for the period including minority interests	-13,161	n/m	-18,318	n/m	5,157	28.2%
Group earnings for the period (which may be consolidated)	-10,162	n/m	-13,314	n/m	3,152	23.7%
Net debt	-300,935		-323,805		22,870	7.1%
Personnel (number)	49		57		-8	-14.0%

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), RCN Finanziaria S.p.A., as well as intergroup eliminations.

Overall, in 2022 the **property and holding sector** showed a consolidated net loss for the Group of about €10.2 million, an improvement of about €3.2 million compared to the previous year, mainly due to the effect of the sale of residential units in the Le Ginestre di Is Molas complex and the operating capital gain generated by the sale of the Pietra Ligure S.r.l. equity investment in June 2022.

The net financial position of the sector was in debt by €300.9 million, improved compared to €323.8 million at the end of the previous year. The change of €22.9 million is mainly attributable to the receipt of €20 million as the balance of the sale of the Pietra Ligure S.r.l. shareholding.

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

The **Parent Company Immsi S.p.A.** recorded, in its separate financial statements, (gross of intergroup eliminations) a net profit for the year of approximately €20.4 million, compared to a net loss of approximately €31.3 million at 31 December 2021.

In 2022 the Company posted net financial income (difference between financial income and costs) of €24.6 million. This value was mainly impacted by the write-downs of financial receivables from subsidiaries and equity investments for a total of €3.2 million (€50.5 million in 2021) offset by the €26.9 million of dividends paid by the subsidiary Piaggio & C. S.p.A. (€19.9 million in 2021).

The net financial position as of 31 December 2022, gross of intragroup eliminations, was negative for €0.5 million, compared to about negative €23.6 million as of 31 December 2021, mainly due to higher dividends from Piaggio & C. S.p.A. and the collection of the payment on account from Pietra S.r.l..

With regard to initiatives in the **property sector** and in particular with reference to the subsidiary **Is Molas S.p.A.**, it should be noted that the company has promoted the rental of mockup villas in order to allow potential end customers, including investors, to better understand the product and the related services offered (e.g. wellness and home catering) in order to be able to assess the income

capacity of the same. At the same time in 2022, commercial activities aimed at identifying possible buyers of the villas, also at an international level, were carried out, and extraordinary maintenance work on the currently existing tourist-hotel facilities began. The company is also successfully taking measures to sell the “Le Ginestre” property complex, which consists of 50 residential units (residences) and several parking spaces, with the aim of rationalising its property portfolio. As of 31 December 2022, 19 real estate units including parking spaces had been sold. Between the end of 2022 and the beginning of 2023, a further 5 binding purchase offers were accepted.

With reference to the results for the year, the Covid-19 pandemic and the subsequent war in Ukraine significantly impacted the business in which Is Molas SpA operates and consequently also the economic-financial data for the current year. In particular, the situation has impacted on the opening period of the hotel and on the increase in energy and raw material costs.

Turnover from the tourist-hotel business, the golfing business and the sale of the “Le Ginestre” apartments amounted to approximately €4.6 million, compared to €2.8 million in 2021. In terms of margins, a negative operating result (EBIT) of €3.2 million was recorded, worsening by approximately €0.4 million compared to the previous year, mainly due to the recognition of losses on receivables following the Court of Cassation's rejection of the appeal filed with reference to the dispute concerning the “Le Ginestre” complex.

The net consolidated loss for the Immsi Group is equal to €3.9 million.

The company's net debt, gross of intercompany eliminations, shows a net debt of €78.3 million compared to €74.5 million at 31 December 2021. It should be noted that in 2022 the company benefited from the conversion of receivables into equity reserves for €6 million by the parent company ISM Investimenti SpA.

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 (of which €10 million paid in advance on signing of the preliminary contract in 2021) 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, which, as at 31 December 2022, had paid a total of €20.1 million in liquidation advances to shareholders.

With reference to the subsidiary **Apuliae S.r.l.**, renovation work that began in March 2005 is suspended, following investigations by the legal authorities and pending the final decision of outstanding matters. For updates on the matter, see the paragraph "Disputes in progress" below. At 31 December 2022, the company showed a slight loss in earnings (€0.1 million) and a net financial debt, gross of inter-company eliminations, of €0.9 million, in line with 2021.

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

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds a 72.51% stake, and sole shareholder of Intermarine S.p.A., reported a net loss for consolidation purposes for the Immsi Group equal to approximately €3 million (-€3.2 million in 2021) and net financial debt gross of inter-company eliminations at 31 December 2022 amounting to €129.2 million, an increase of approximately €1.7 million compared to 31 December 2021;
- **ISM Investimenti SpA**, held by Immsi S.p.A. with a share of 72.64% and parent company of Is Molas S.p.A. with a share of 92.59% as at 31 December 2022, showed a consolidated net loss for the Immsi Group, excluding write-downs of subsidiaries, of approximately €0.9 million

(-€5.9 million in the financial year 2021) and a net financial debt before intragroup eliminations as at 31 December 2022 of €93.1 million, down by approximately €41 million compared to the figure as at 31 December 2021 mainly as a result of the waiver by the shareholders of receivables from ISM Investimenti S. p.A. in the amount of approximately €45.4 million converted into an equity reserve intended for a future capital increase, partially offset by the capitalisation of interest expense on outstanding loans in the amount of approximately €4.4 million.

Industrial sector: Piaggio group

In thousands of Euros	31.12.2022	as a %	31.12.2021	as a %	Change	as a %
Net revenues	2,087,443		1,668,689		418,754	25.1%
Operating income before depreciation and amortisation (EBITDA)	298,142	14.3%	240,608	14.4%	57,534	23.9%
Operating income (EBIT)	158,740	7.6%	112,574	6.7%	46,166	41.0%
Profit before tax	127,219	6.1%	93,678	5.6%	33,541	35.8%
Profit (loss) for the period including minority interests	84,889	4.1%	60,054	3.6%	24,835	41.4%
Group earnings for the period (which may be consolidated)	42,926	2.1%	30,157	1.8%	12,769	42.3%
Net debt	-368,228		-380,322		12,094	3.2%
Personnel (number)	5,838		5,702		136	2.4%

As regards the **industrial sector**, the Piaggio group sold 625,500 vehicles worldwide in 2022, with a rise in volumes of approximately 16.7% compared to the previous year, when 536,000 vehicles were sold. Sales increased in all geographic segments. Regarding product type, sales of Two-Wheeler vehicles grew (+14.8%), as well as sales of Commercial Vehicles (+26.6%).

The Piaggio group closed the 2022 financial year with an increase in net revenues compared to the corresponding period of 2021 (+25.1%). All markets achieved positive performances, particularly significant in Asia Pacific (57.1%; 44.7% at constant exchange rates) and India (40.0%; 31.3% at constant exchange rates).

The growth was significant in both types of products sold (Commercial Vehicles +34.7% Two-wheelers +23%). The impact of Two-Wheeler vehicles on overall turnover went from 82.0% in 2021 to the current 80.7%; vice versa, the percentage of Commercial Vehicles rose from 18.0% in 2021 to the current figure of 19.3%.

Operating income including amortisation, depreciation and impairment costs of intangible assets and property, plant and equipment (EBITDA) for the year 2022 amounted to approximately €298.1 million (€240.6 million in 2021). In relation to turnover, EBITDA was equal to 14.3% (14.4% in 2021). In terms of Operating Income (EBIT), performance grew strongly in 2022 compared to 2021, with a consolidated EBIT equal to €158.7 million, up by €46.2 million compared to 2021; in relation to turnover, EBIT was equal to 7.6% (6.7% in 2021).

The result of financing activities deteriorated compared to the previous year by €12.6 million, with net expenses amounting to €31.5 million (€18.9 million in 2021). The deterioration compared to the values for the corresponding period of the previous year was essentially due to the negative contribution of

both currency management, impacted by the exceptional volatility on the foreign exchange market, and the result of equity investments. Net interest income rose modestly due to the impact of the rate hike limited to the fourth quarter.

Taxes for the period were equal to €42.3 million, while they amounted to €33.6 million in 2021. In 2022 the impact of taxes on profit before tax was estimated as equal to 33.3% (35.9% in 2021). The decrease is mainly connected to the growth of income produced in Vietnam.

Adjusted net profit stood at €84.9 million (4.1% of turnover), up on the figure for the previous year of €60.1 million (3.6% of turnover).

Net financial debt at 31 December 2022 amounted to €368.2 million, down €380.3 million compared to 31 December 2021. The reduction is a consequence of the positive trend in sales and the careful management of working capital.

Two-wheeler business

Two-wheeler vehicles can mainly be grouped into two product segments, scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.

The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).

During 2022, the Piaggio group sold a total of 516,200 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,683.8 million, including spare parts and accessories (€155.5 million, +11.6%). Overall, volumes grew by 14.8% while turnover grew by 23.0%. Noteworthy are the results achieved by the Asia Pacific area (+45.6% volumes; +57.1% turnover) and EMEA and Americas (+9.0% volumes; +13.2% turnover).

In India, thanks to a different product sales mix, a decline in volumes of 24.3% was matched by a smaller decline in turnover (-5.3%; -10.5% at constant exchange rates).

India, the most important two-wheeler market, reported an increase in 2022, closing with just over 15.6 million vehicles sold, up by 7.4% compared to 2021.

The People's Republic of China showed a significant drop (-16.5%) to just over 5.2 million units sold, due to the strict pandemic-related lockdown measures that remained in place in large cities for long periods of the year.

The Asian area, termed Asean 5, reported an increase in 2022 (+10.7% compared to 2021) ending the period with nearly 12.3 million units sold.

Volumes of other Asian area countries (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) decreased slightly in overall terms, compared to the previous year, with over 1.3 million units sold (-11.4%).

The North American market reported a decrease (-4.1%) compared to 2021 (603,348 vehicles sold in 2022).

Europe, the reference area for the Piaggio group's operations, was stable in 2022, recording overall sales in line with 2021 (-1.6% for motorcycle segment and +1.7% for scooters) and closing at 1,512,685 units sold.

Commercial vehicles business

The Commercial vehicles business includes three- and four-wheelers with a maximum mass below 3.5 tons (category N1 in Europe) designed for commercial and private use, and related spare parts and accessories.

The Commercial Vehicles business generated a turnover of some €403.7 million in 2022, an increase of 34.7% over last year.

The markets in the EMEA and Americas area showed contrasting trends in terms of volumes. The decrease recorded by the European markets (-35.5%) was partially attenuated by the growth of the Americas (+10.4%) while in Italy sales were substantially stable. On the other hand, thanks to the different product mix, turnover recorded an overall increase of 6.0%.

In strong growth are the results of the Indian region thanks to the exit from the pandemic phase in the second half of the year. The Indian subsidiary Piaggio Vehicles Private Limited (PVPL) in fact recorded an increase in both volumes (+40.2%) and turnover (+58.1%); +48.0% at constant exchange rates). The same company sold 71,898 units (51,166 in 2021) on the Indian three-wheeler market and also exported 23,605 three-wheelers (16,939 in 2021).

The Piaggio group operates in Europe and India on the light commercial vehicles market, with vehicles designed for short-range mobility in urban areas (European range) and suburban areas (the product range for India).

In Europe, the Group acts as operator on these markets in a niche segment (urban mobility), thanks to its range of low environmental impact products.

On the Indian three-wheeler market, Piaggio has a 18.0% market share (19.5% in 2021). Detailed analysis of the market shows that Piaggio lost its leadership position – albeit narrowly – in the goods transport segment (cargo segment) with a share of 32.9% (34.6% in 2021). In the Passenger segment, its share instead was 14.6%, as in 2021.

The Marine sector: Intermarine

In thousands of Euros	31.12.2022	as a %	31.12.2021	as a %	Change	as a %
Net revenues	34,058		38,133		-4,075	-10.7%
Operating income before depreciation and amortisation (EBITDA)	-4,659	-13.7%	-2,836	-7.4%	-1,823	-64.3%
Operating income (EBIT)	-7,763	-22.8%	-6,440	-16.9%	-1,323	-20.5%
Profit before tax	-10,489	-30.8%	-8,365	-21.9%	-2,124	-25.4%
Profit (loss) for the period including minority interests	-7,830	-23.0%	-6,312	-16.6%	-1,518	-24.0%
Group earnings for the period (which may be consolidated)	-5,677	-16.7%	-4,577	-12.0%	-1,101	-24.0%
Net debt	-62,532		-60,106		-2,426	-4.0%
Personnel (number)	222		238		-16	-6.7%

With reference to the **marine sector**, during 2022 there was a decrease in net revenues (consisting of turnover and changes in contract work in progress) which amounted to €34.1 million, compared to the previous year to €38.1 million. Production progress, including the completion of construction and deliveries, concerned in particular:

- Defence Sector: this sector realised a Production Value of €26.4 million (€33.8 million in 2021), mainly for the logistics package for the Guardia di Finanza (about €1.6 million), for the Gaeta MMI activities (about €6.9 million), for the construction of the integrated platform for an Italian group operating in the sector (€10.6 million), and for the development of studies and experimental tests for MMI on new-generation minesweepers (€6.5 million);
- Fast Ferries Sector: this sector achieved a Production Value of €7.6 million (€4.6 million in 2021) mainly due to the development at the Messina shipyard of the construction of the two units for the Port Authorities (€5.3 million), for the start of construction of a passenger ship for a leading shipowner in the Italian market (€1.3 million) and for repair activities and research projects; Provisions were also made for adjustments to the estimated realisable value of semi-finished goods in the amount of €2.0 million, which had a negative effect on the value of production.

The figures for the 2022 financial year show a negative EBITDA of €4.7 million, a negative EBIT of €7.8 million, a negative pre-tax result of €10.5 million and a net loss of €7.8 million. From an economic point of view, these figures reflect the production values and margins of the contract related to the production progress of contracts acquired and structural costs down on the previous year.

From a financial perspective, there was an increase in net financial exposure from €60.1 million at 31 December 2021 to €62.5 million at the end of 2022.

The total value of the order book at 31 December 2022 is €30.2 million (remaining part of the contracts in place that still needs to be implemented in terms of value of production) and may be broken down as follows:

- the Italian Navy, for a contract for 2 very high-speed multi-functional naval vessels for €4.4 million;
- Italian Navy, feasibility study contracts on new generation minesweepers for €1.5 million;
- Italian Navy, Experimental Trials and USV contracts for €7.9 million;
- Italian shipping company, contract for a TMV 58 construction for €13.3 million.

At the beginning of 2021, the Company signed a contract with Marina Militare Italiana - Navarm for the "Risk Reduction and Design Definition Study for the New Generation Offshore Mine Countermeasures Unit (CNG-A)". This contract is part of the modernisation programmes of the Italian Navy's Mine Countermeasures fleet, which include, also based on the Long-term Planning Documents of the Navy of recent years, the construction of 12 new vessels over the next few years, to replace the 4 Lerici-class minesweepers and 8 Gaeta-class minesweepers.

Financial position and performance of the Group

As already mentioned, the economic and financial data for 2022 show that all the main indicators have improved considerably compared to the previous year. The Immsi Group recorded positive results thanks to the various initiatives implemented, in a current scenario of international geopolitical tensions and a volatile macroeconomic environment.

The scope of consolidation has undergone the following changes compared to the consolidated financial statements at 31 December 2021:

- the consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.57% at 31 December 2022, was equal to 50.22% at 31 December 2021. The changes are due to the buyback of 3,521,595 own shares by the subsidiary Piaggio & C. S.p.A.;
- 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. (wholly owned by Polifin S.p.A.) for the sale of the entire equity investment held directly in Pietra Ligure S.r.l..

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

Financial performance of the Group

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

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

In thousands of Euros	31.12.2022		31.12.2021		Change	
Net revenues	2,126,127	100%	1,709,572	100%	416,555	24.4%
Costs for materials	1,363,309	64.1%	1,066,726	62.4%	296,583	27.8%
Costs for services, leases and rentals	317,979	15.0%	282,962	16.6%	35,017	12.4%
Employee costs	281,779	13.3%	256,181	15.0%	25,598	10.0%
Other operating income	154,860	7.3%	155,007	9.1%	-147	-0.1%
Net reversals (write-downs) of trade and other receivables	-3,151	-0.1%	-1,731	-0.1%	-1,420	-82.0%
Other operating costs	27,471	1.3%	26,467	1.5%	1,004	3.8%
OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)	287,298	13.5%	230,512	13.5%	56,786	24.6%
Depreciation and impairment costs of plant, property and equipment	64,135	3.0%	55,817	3.3%	8,318	14.9%
Impairment of goodwill	0	-	0	-	0	-
Amortisation and impairment costs of intangible assets with a finite useful life	79,484	3.7%	76,945	4.5%	2,539	3.3%
OPERATING INCOME (EBIT)	143,679	6.8%	97,750	5.7%	45,929	47.0%
Income/(loss) from investments	-892	0.0%	623	0.0%	-1,515	-
Financial income	57,171	2.7%	27,302	1.6%	29,869	109.4%
Borrowing costs	103,109	4.8%	63,495	3.7%	39,614	62.4%
PROFIT BEFORE TAX	96,849	4.6%	62,180	3.6%	34,669	55.8%
Taxes	32,951	1.5%	26,756	1.6%	6,195	23.2%
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	63,898	3.0%	35,424	2.1%	28,474	80.4%
Gain (loss) from assets held for sale or disposal	0	-	0	-	0	-
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	63,898	3.0%	35,424	2.1%	28,474	80.4%
Earnings for the period attributable to non-controlling interests	36,811	1.7%	23,157	1.4%	13,654	59.0%
GROUP PROFIT (LOSS) FOR THE PERIOD	27,087	1.3%	12,267	0.7%	14,820	120.8%

The consolidated net sales of the Immsi Group recorded an increase of €416.6 million (+24.4%) to around €2,126.1 million, referring to revenues from the industrial sector for approximately €2,087.4

million, the marine sector for approximately €34.1 million and the property and holding sector for approximately €4.6 million.

The growth of the industrial sector, amounting to €418.8 million (+25.1%), is the most significant component, while the marine sector decreased by approximately €4.1 million. The property sector also increased by approximately €1.9 million.

Operating costs and other net consolidated expenses of the Group in 2022 amounted to €1,838.8 million (86.5% of net sales), with €1,789.3 million (equal to approximately 85.7% of net sales of the sector) relative to the Piaggio group. Costs for materials totalled €1,363.3 million, equal to 64.1% of net revenues. The cost relating to the industrial sector amounted to €1,352.5 million, equal to 64.8% of net revenues of the sector. Personnel costs totalled €281.8 million, accounting for 13.3% of net sales. The largest portion, amounting to €264.6 million (12.7% of net sales of the sector), refers to the Piaggio group.

Operating income including amortisation, depreciation and impairment costs of intangible assets and property, plant and equipment (EBITDA) amounted to €287.3 million, equal to 13.5% of net sales, of which €298.1 million contributed by the industrial sector.

Depreciation and amortisation for the year stood at €143.6 million (of which €139.4 million relates to the industrial sector), representing 6.8% of turnover, up by around €10.9 million compared to 2021 (+18.2%). Depreciation of property, plant and equipment amounted to €64.1 million (+€8.3 million compared to the figure for 2021), while amortisation of intangible assets totalled €79.5 million (76.9 million in 2021).

Consolidated operating income (EBIT) does not include any impairment of goodwill because on the basis of results expected from long-term development plans prepared by Group companies and used in *impairment* testing, it was not considered necessary to carry out impairment, as this goodwill was considered recoverable through future financial flows of the *cash generating units* to which they are allocated.

As the analyses conducted to estimate the recoverable value of the goodwill of cash generating units of the Immsi Group (Industrial sector and Marine sector) were determined also based on estimates, the Group does not have the assurance that an impairment loss in goodwill will not occur in future periods.

Given the current context of continuing difficulties and uncertainty in the reference markets, the financial markets and the changed macroeconomic environment, the various factors - both internal and external to the identified cash-generating units - used in the preparation of the estimates may be revised in the future. The Group will constantly monitor these factors and the possible existence of future impairment losses.

EBIT amounted to €143.7 million compared to €97.8 million at 31 December 2021, equal to 6.8% of net sales.

The net balance of financial activities - including investments not fully consolidated - was negative by €46.8 million, comprising a net negative balance of €31.5 million for the industrial sector and a net negative balance of €2.7 million relative to the marine sector, while the property and holding sector registered a negative balance of approximately €12.6 million.

As a result of these trends, the pre-tax result was a positive €96.8 million, with the industrial sector contributing a positive €127.2 million, while the marine and property and holding sectors contributed negative €10.5 million and €19.9 million respectively.

After taxation for the year of €33 million and net of non-controlling interests of €36.8 million, consolidated net income attributable to the Group amounted to €27.1 million, compared to

consolidated net income attributable to the Group of €12.3 million at 31 December 2021.

Reclassified financial situation of the Group

In thousands of Euros	31.12.2022	as a %	31.12.2021	as a %
Current assets:				
Cash and cash equivalents	263,577	11.1%	290,373	12.6%
Financial assets	0	0.0%	0	0.0%
Operating activities	653,509	27.6%	547,368	23.7%
Total current assets	917,086	38.7%	837,741	36.3%
Non-current assets:				
Financial assets	0	0.0%	0	0.0%
Intangible assets	897,337	37.9%	888,962	38.5%
Property, plant and equipment	369,668	15.6%	355,284	15.4%
Other assets	186,229	7.9%	226,126	9.8%
Total non-current assets	1,453,234	61.3%	1,470,372	63.7%
TOTAL ASSETS	2,370,320	100.0%	2,308,113	100.0%
Current liabilities:				
Financial liabilities	400,096	16.9%	449,829	19.5%
Operating liabilities	895,063	37.8%	772,705	33.5%
Total current liabilities	1,295,159	54.6%	1,222,534	53.0%
Non-current liabilities:				
Financial liabilities	595,176	25.1%	604,777	26.2%
Other non-current liabilities	71,129	3.0%	89,935	3.9%
Total non-current liabilities	666,305	28.1%	694,712	30.1%
TOTAL LIABILITIES	1,961,464	82.8%	1,917,246	83.1%
TOTAL SHAREHOLDERS' EQUITY	408,856	17.2%	390,867	16.9%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,370,320	100.0%	2,308,113	100.0%

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

Current assets as of 31 December 2022 amounted to €917.1 million, up €79.4 million compared to 31 December 2021. This increase is substantially due to the positive change in operating assets, amounting to +€106.1 million, mainly related to the increase in inventories and tax receivables of the Piaggio group.

Non-current assets as at 31 December 2022 amounted to €1,453.2 million compared to €1,470.4 million as at 31 December 2021 (including €34.1 million in assets held for sale), a decrease of €17.2 million.

In particular, among non-current assets, intangible assets amounted to €897.3 million, up by €8.4 million compared to 31 December 2021, tangible assets amounted to €369.7 million (€355.3 million at the end of 2021) - mainly as a result of investments for the year whose value exceeded depreciation - and other assets amounted to €186.2 million (compared to €226.1 million at the end of 2021), which was mainly affected by the Group's sale in June of the equity investment in Pietra Ligure S.r.l., which was recognised in assets held for sale for €34.1 million.

Current liabilities at 31 December 2022 totalled €1,295.2 million, down by €72.6 million compared to 31 December 2021, of which €400.1 million attributable to financial liabilities and €895.1 million to current operating liabilities.

Non-Current liabilities at 31 December 2022 amounted to €666.3 million, compared to €694.7 million at 31 December 2021. The decrease is attributable to both the lower financial and operating liabilities.

At the end of 2022 total interest expense amounted to €5.3 million due to non-controlling interests of Group companies accrued on loans received. Despite the financial nature of this debt, the Group does not consider this amount in the determination of net financial debt as defined in the paragraph Alternative performance indicators.

Consolidated shareholders' equity attributable to the Group and non-controlling interests amounted to €408.9 million at 31 December 2022, of which €168.6 million attributable to non-controlling interests.

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

In thousands of Euros	31.12.2022	as a %	31.12.2021	as a %
Current operating assets	653,509	53.9%	547,368	44.0%
Current operating liabilities	-895,063	-73.9%	-772,705	-62.1%
Net operating working capital	-241,554	-19.9%	-225,337	-18.1%
Intangible assets	897,337	74.1%	888,962	71.4%
Property, plant and equipment	369,668	30.5%	355,284	28.5%
Other assets	186,229	15.4%	226,126	18.2%
Capital employed	1,211,680	100.0%	1,245,035	100.0%
Non-current non-financial liabilities	71,129	5.9%	89,935	7.2%
Capital and reserves of non-controlling interests	168,591	13.9%	158,919	12.8%
Consolidated Group shareholders' equity	240,265	19.8%	231,948	18.6%
Total non-financial sources	479,985	39.6%	480,802	38.6%
Net Financial debt	731,695	60.4%	764,233	61.4%

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

In thousands of Euros	31.12.2022	31.12.2021
Cash generated internally	233,896	197,025
Change in net working capital	-6,815	4,343
Net cash flow generated from operations	227,081	201,368
Payment of dividends by the Parent Company	-10,216	0
Payment of dividends to non-controlling interests by Group companies	-26,504	-19,733
Acquisition of intangible assets	-88,904	-97,848
Purchase of property, plant and equipment	-65,567	-67,175
Net decrease from property disposals	16,004	15,912
Acquisition of non-controlling investments, net of disposal	-8	0
Acquisition of controlling investments and business complexes, net of disposals	0	-10
Other net movements	-19,348	6,157
Change in net financial position	32,538	38,671
Initial net financial position	-764,233	-802,904
Closing net financial position	-731,695	-764,233

The Group's net financial debt as of 31 December 2022 amounted to a total of €731.7 million, a decrease (approximately €32.5 million) compared to the balance of €764.2 million as of 31 December 2021, mainly due to the positive flow of self-financing (+€233.9 million) and the net proceeds from the

sale of the Pietra Ligure real estate compendium for approximately €16 million, partially offset by the dynamics of working capital (-€6.8 million), investments in tangible and intangible fixed assets during the period, almost entirely referred to the Piaggio group (-€154.5 million) and the payment of dividends by Immsi for €10.2 million and dividends to third party shareholders of other Group companies for €26.5 million.

Group gross capex in the year totalled €154.5 million, divided as follows:

- €88.9 million in intangible assets, referring nearly entirely to the Piaggio group;
- €65.6 million in property, plant and equipment, referring nearly entirely to the Piaggio group.

The table below provides a breakdown of net financial debt at 31 December 2022 compared with the same figure at 31 December 2021.

Net financial debt is shown in accordance with ESMA Guidelines 32-382-1138 of 4 March 2021, adjusted as follows: financial assets and liabilities arising from the assessment at fair value, designated hedging and non-hedging derivative financial instruments, the fair value adjustment of the related hedged items, equal to 0 as at 31 December 2022; payables and accrued interest accrued on bank borrowings for a total of €3.5 million; interest accrued on loans to minority shareholders for a total of €5.3 million. For details, please refer to the Financial Liabilities section in the Notes to the Financial Statements.

In thousands of Euros	31.12.2022	31.12.2021
A Cash and cash equivalents	-263,577	-290,373
B Cash equivalents	0	0
C Other financial assets	0	0
D Total liquidity (A + B + C)	-263,577	-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	224,127	228,101
- Lease liabilities	11,611	8,204
- Amounts due to other lenders	59,077	67,230
F Current portion of non-current financial debt	105,281	146,294
G Total current financial debt (E + F)	400,096	449,829
H Net current financial debt (G + D)	136,519	159,456
I Non-current financial debt (excluding current portion and debt instruments)		
- Payables due to banks	330,344	344,469
- Lease liabilities	18,920	15,911
- Amounts due to other lenders	176	247
J Debt instruments	245,736	244,150
K Trade payables and other non-current payables	0	0
L Non-current financial debt (I + J + K)	595,176	604,777
M Net financial debt (H + L)	731,695	764,233

Financial position and performance of the Parent Company

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

In thousands of Euros	2022	2021
Earnings on financial operations	24,639	-26,618
Profit before tax	18,732	-31,449
Operating result	20,433	-31,264
Net operating working capital	62,162	66,161
Employed capital	359,410	374,381
Non-financial sources	358,874	350,816
Net Financial debt	536	23,565
Shareholders' equity	355,487	344,853
Personnel (number)	10	10

In 2022, the Parent Company recorded a profit from financing activities of €24,639 thousand compared to a loss of €26,618 thousand in the previous year; the 2022 result benefited from lower write-downs of financial receivables from subsidiaries and equity investments for a total of €3.2 million (€50.5 million in 2021), as well as higher dividends paid by the subsidiary Piaggio & C. S.p.A. (€26.5 million in 2022 compared to €19.7 million disbursed in 2021).

The pre-tax profit amounted to €18,732 thousand compared to a pre-tax loss of €31,449 thousand in 2021.

2022 closed with a profit of €20,433 thousand compared to a loss of €31,264 thousand in the previous year.

Net operating working capital went down from €66,161 thousand at 31 December 2021 to €62,162 thousand at the end of 2022.

Invested capital amounted to €359,410 thousand at 31 December 2022 compared with €374,381 thousand at 31 December 2021.

Non-financial sources at 31 December 2022 comprised €3,387 thousand (€5,963 thousand at the end of 2021) of non-current non-financial liabilities (mainly deferred tax liabilities) and €355,487 thousand of shareholders' equity (€344,853 thousand at the end of 2021).

The net financial debt at 31 December 2022 was negative for €536 thousand compared to €23,565 thousand at 31 December 2021; the reduction of around €23 million is mainly due to the receipt of higher dividends as mentioned above and the liquidation advance paid by Pietra S.r.l. in the amount of €15.6 million.

	31/12/2022	31/12/2021
Cash and cash equivalents	(6,309)	(13,944)
Other short-term financial assets	(1,143)	(1,119)
Medium/long-term financial assets	(224,718)	(216,228)
Short-term financial payables	191,182	214,066
Medium/long-term financial payables	41,524	40,790
Net Financial debt	536	23,565

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

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

In thousands of Euros		
	<i>Shareholders' equity</i>	<i>Earnings for the period</i>
Shareholders' equity and earnings for the period as recorded in the financial statements of the Parent Company Immsi S.p.A.	355,487	20,433
De-recognition of dividends from subsidiaries of the Parent Company	n/a	(26,899)
Pro rata earnings and shareholders' equity of investee companies	436,821	30,402
Elimination of the carrying amount of investments	(552,043)	3,151
TOTAL	240,265	27,087

Research, development and innovation activities

The Immsi Group carries out research, development and innovation activities through the Piaggio group which, in 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, readers are referred to the section on Products and Services in the Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016 of the Immsi Group and the Research, Development and Innovation Guidelines paragraph of the Piaggio Group 2022 Consolidated Non-Financial Statement.

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 2022 Consolidated Non-Financial Statement.

Strategic risks

Reputational and Corporate Social Responsibility risk – In carrying out its operations, the Group could be exposed to stakeholders' perception of the Group and its reputation and their loyalty changing for the worse because of the disclosure of detrimental information or due to sustainability requirements in the Non-financial Statement published by Immsi S.p.A. and Piaggio & C. S.p.A., 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 associated with the macroeconomic and geopolitical context – The Group, and the Piaggio group in particular, is exposed to risks deriving from the characteristics and evolutionary dynamics of the economic cycle and the national and international political context. To mitigate any negative effects arising from the macroeconomic and geopolitical context, it continued its strategic vision, diversifying operations at international level - in particular in Asia where growth rates of economies are still high, and consolidating the competitive positioning of its products.

The conflict between Russia and Ukraine has had major worldwide consequences for the economic effects on global markets, especially in terms of increased transport costs, raw material prices and energy prices. The geographical diversification of the Group's sales and purchases means that it has essentially no exposure in the conflict area. The indirect impacts of the conflict mainly concerned the increase in the cost of energy, especially for European plants, and the increase in the cost of raw materials, mitigated for the Piaggio group in part by the agreements entered into with suppliers. It is also reported that the extreme geographical diversification of the Group's sales and purchases means that it has essentially no exposure in the conflict area.

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

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

With reference to the subsidiary Intermarine, however, the success of the company in the different lines of business in which it operates depends on the ability to offer innovative and high quality products that guarantee the performance demanded by customers, in terms of lower fuel consumption, higher performance, greater passenger transport capacity, greater cruising comfort, handling and safety of the vessels used, among other things, in the defence and control of territories. If the products of the Immsi Group companies were not appreciated by customers, revenues or, further to more aggressive sales policies in terms of discount drives, margins would be lower, and this would have a negative impact on the related economic and financial situation. To tackle this risk, the Group has always invested in research, development and innovation activities to enable it to optimally meet customer needs and anticipate market trends by introducing innovative products.

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

Risks associated with the high degree of market competition – 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, reliable and safe, and by consolidating its presence in the geographic segments where it operates.

With reference to the marine sector, and the mine sweeping platforms segment, Intermarine has a considerable technological edge over the competition, while the Fast Ferries division is affected in particular by a context in which the owners prefer carrying out repairs on operating vessels rather than investing in new constructions. It has become apparent in the recent period that activities and prospects in the Fast Ferries market are reviving, in the light of the recent requests for tenders received from private shipowners and invitations to tender. The risk could derive from the uncertainties of fitting out the new prototypes and the lack of funds and programmes to renew the fleet on the part of Italian and international shipowners. In this respect, shipowners will now be able to verify and use the availability of financial resources under the NRP.

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

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 Piaggio group has always invested in research and development into innovative products, anticipating any restrictions on current regulations. Moreover, the Piaggio group is not only a member of Confindustria (Confederation of Italian Industry), but also adheres to the most important national and international associations in the automotive sector, such as ACEM, ANFIA and ANCMA, which represent and protect the economic, technical and regulatory interests of the automotive sector in institutional and political forums, with authorities, entities and associations with national and international competence in industrial policy and individual and collective mobility of people and goods.

Finally, the Piaggio group, as one of the sector's leading manufacturers, is often requested to be represented on parliamentary committees appointed to discuss and formulate new laws.

Intermarine is also a member of important trade associations such as Confindustria La Spezia and Messina as well as the AIAD Federation representing Italian Aerospace, Defence and Security Companies.

Risks associated with natural events - As part of the assessment of risks related to climate change, the Piaggio group has not currently identified as relevant risks related to the inability to achieve strategic objectives due to changes in the external context (also taking into account possible impacts on the supply chain) and possible inadequate management of atmospheric emissions.

The process of identifying these risks, as well as the assessments of their relevance and significance, were conducted both on the basis of the internal context as well as on the basis of the dynamics of the reference market, and current regulations.

In this context, it should be noted, however, that as of today the Piaggio group has not yet set specific quantitative targets in terms of reducing greenhouse gas emissions, both direct and indirect. At a strategic level, the Piaggio group intends in any event to pursue the integration of sustainable development principles into its vision and business model in an increasingly precise and consistent way.

In this context it should be noted that the Piaggio group operates through industrial plants located in Italy, India, Vietnam and Indonesia. 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.

In this respect, in 2022 the Piaggio group, with the support of a leading consulting firm, carried out a climate risk analysis for the plants in Pontedera (Italy) and Baramati (India). This analysis did not highlight any critical issues related to climatic factors for either production site.

Potential impacts related to the physical risks associated with climate change are managed by the Piaggio group through the continuous renovation of facilities as well as through the stipulation of specific insurance coverage divided among the various sites according to their relative importance. The outcome of the above-mentioned assessments of the significance of climate change risks was also duly taken into account in the process of defining the assumptions adopted for the preparation of the Business Plan.

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

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

- ☐ the procurement chain: suppliers might no longer be able to produce/deliver the components necessary to supply production sites;
- ☐ production activities: the Group might no longer be able to use the workforce, following government regulations limiting personal movement, or it might be impossible for the company to guarantee a healthy, protected work environment;
- ☐ the distribution of products: measures to contain the spread of the virus could require sales outlets to be closed, or the Group might not be able to supply the sales network.

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

As far as the marine sector is concerned, the continuation of the Covid-19 health emergency, in addition to the suspension and postponement of production activities and consequent delays to the operating stages of ongoing contracts, would also mean an interruption or slowing of sales activity with potential customers. The Company, while not ruling out the possibility that with the continuation of the critical health issues there may be slowdowns in some operational phases, believes that all the measures put in place to safeguard and protect the health of workers do not involve factors that could jeopardise the Company's operational continuity.

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

The Group carefully monitors the development of the health situation and implements all precautions to ensure the health and safety of employees within its plants and to be able to fulfil all its commitments.

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 deal with this risk, on the one hand, as regards products, the R&D centres in Pontedera, Noale and the PADc (Piaggio Advance Design Center) in Pasadena carry out research, development and testing of new technological solutions, such as those dedicated to electric vehicles. 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, to build a relationship of trust and lasting. The Piaggio group deals with this risk by defining compliance with certain technical/professional standards in contracts, and implementing periodic controls, reinforced by new IT systems designed to improve network monitoring activities and therefore the level of customer service.

Operating risks

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

The risk for the Piaggio group refers to consequent recall campaigns, that would exposed the Piaggio group to: the costs of managing campaigns, replacing vehicles, claims for compensation and above all if faults are not managed correctly and/or are recurrent, damage to its reputation. A product nonconformity may be due to potential errors and/or omissions of suppliers, or internal processes (i.e. during product development, production, quality control).

To mitigate these risks, the Piaggio group has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Piaggio group has also defined plans to manage recall events and has taken out insurance to protect the group against events attributable to product defects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Europe, the Piaggio group operates in an industrial context with a strong trade union presence, and is potentially exposed to the risk of strikes and interruptions to production activities. In the recent past, the Group was not affected by major interruptions to production because of strikes. To avoid the risk of interruptions to production activities, as far as possible, the Group bases its relations with trade union organisations on dialogue.

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

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

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

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

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

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

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

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

Financial risks

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

- debenture loans for a nominal amount of approximately €250 million issued by Piaggio & C. S.p.A.;
- bank loans for a nominal amount of approximately €663.8 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. €89.8 million.

The Group is exposed to the risk arising from the production of cash flows that are not sufficient to guarantee Group payments due, with effects on adequate profitability and growth such as to guarantee the pursuit of strategic objectives. Moreover, this risk is connected with the difficulty the Group may have in obtaining loans or a worsening in conditions of loans necessary to support Group operations in appropriate time frames. The debt indicated above could also negatively affect Group operations in the future, limiting its capacity to obtain further financing or to obtain it at more favourable conditions. In particular, over the next 12 months, together with the short-term instalments of medium- and long-term loans, several short-term credit lines will expire, the renewal of which is crucial to be able to continue operating. A detailed examination of these lines is provided in the Notes.

To face this risk, the Group's cash flows and credit line needs are monitored constantly by management or, in the case of the Piaggio group, managed centrally under the control of the Piaggio group's Treasury Department, in order to guarantee an effective and efficient management of financial resources, as well as optimise the debt's maturity standpoint. In addition, Piaggio & C., parent company of the Piaggio group, finances the temporary cash requirements of its subsidiaries through the direct provision of short-term loans regulated at market conditions or through guarantees.

To deal with this risk, Intermarine also monitors and strictly manages the company's cash flow and credit line needs with the aim of ensuring an effective and efficient management of financial resources as well as optimising the debt's maturity standpoint.

The Parent Company Immsi S.p.A. supports, where necessary, its subsidiaries in the "Property and Holding" and "Marine" sectors through credit lines in order to guarantee support for the implementation of their development plans.

Also with reference to the net financial indebtedness of the above-mentioned Sectors, reference should be made to the section of the Notes to the Financial Statements entitled "Accounting standards and measurement criteria".

Exchange rate risks – The Group, primarily through Piaggio group companies, undertakes operations in currencies other than the Euro and this exposes it to the risk of fluctuating exchange rates of different currencies. Exposure to business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis. With reference to the Piaggio group, the policy is to hedge at least 66% of the exposure of each reference month. Exposure to the settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency. In 2022, the exchange risk was managed in line with the current policy, which aims to neutralise the possible negative effects of exchange rate changes on company cash-flow, by hedging the business risk, which concerns changes in company profitability in relation to the annual business budget on the basis of a key change (the so-called "budget change") and of the settlement risk, which concerns the differences between the exchange rate recorded in the financial statements for receivables or payables in foreign currency and that recorded in the related receipt or payment.

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

Credit risk – The Group is exposed to the risk of late payments of receivables. This risk is connected with any downgrading of the credit rating of customers and consequent possibility of late payments, or the insolvency of customers and consequent failure to receive payments. To balance this risk, the

Group evaluates the financial reliability of its business partners. The Group, in particular the companies Piaggio & C. S.p.A. and Intermarine S.p.A., also stipulates contracts with important Italian and foreign factoring companies for the sale of trade receivables without recourse.

Risks related to deleverage – This risk is connected with compliance with covenants and targets to reduce loans, to maintain a sustainable debt/equity balance.

To offset this risk, the measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

Human resources

At 31 December 2022, Immsi Group employed 6,109 staff members, of which 49 in the property and holding sector, 5,838 in the industrial sector (Piaggio group) and 222 in the marine sector (Intermarine S.p.A.).

The following tables divide resources by category and geographic segment:

Human resources by category

numbers	31.12.2022			
	Property and holding sector	Industrial sector	Marine sector	Group total
Senior management	4	116	7	127
Middle managers and white-collar workers	24	2,284	132	2,440
Blue-collar workers	21	3,438	83	3,542
TOTAL	49	5,838	222	6,109
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	8	0	8
Middle managers and white-collar workers	-8	11	-6	-3
Blue-collar workers	0	117	-10	107
TOTAL	-8	136	-16	112

Human resources by geographic segment

numbers	31.12.2022			
	Property and holding sector	Industrial sector	Marine sector	Group total
Italy	49	2,989	222	3,260
Rest of Europe	0	159	0	159
Rest of the world	0	2,690	0	2,690
TOTAL	49	5,838	222	6,109
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	-8	-37	-16	-61
Rest of Europe	0	-7	0	-7
Rest of the world	0	180	0	180
TOTAL	-8	136	-16	112

At 31 December 2022 Group staff also included seasonal staff (with fixed-term contracts), mainly relating to the industrial sector.

For further information on Group employees (including salary and training policies, diversity and equal opportunities, safety, etc.), reference is made to the section Social Dimension of the Consolidated non-financial report at 31 December 2022, prepared pursuant to Legislative Decree 254/2016.

Group and Related-Party Transactions

As regards information concerning related-party transactions in accordance with *IAS 24 - Related Parties Disclosures*, undertaken by Group companies, such transactions took place as part of normal operations in market conditions or as established by specific laws. No atypical or unusual transactions were carried out during the period to 31 December 2022. In compliance with Consob Regulation No. 17221 on related party transactions, issued by Consob on 12 March 2010 and subsequently amended, the parent company Immsi S.p.A. has adopted a procedure aimed at regulating the approval of related party transactions, available from the Issuer's website at www.immsi.it in the section Governance/Procedures.

The main economic and financial effects of Related-Party transactions and their impact on financial statement items, resulting from consolidated data of the Immsi Group at 31 December 2022 are shown below: the financial effects arising from consolidated intergroup operations were eliminated during consolidation.

Main economic and financial items	Amounts in thousands of Euros 2022	% accounting for financial statement items	Description of the nature of transactions	Amounts in thousands of Euros 2021
Transactions with Related Parties:				
Current trade payables	111	0.0%	Tax advisory services provided by St. Girelli & Ass. to the Group	121
	40	0.0%	Legal advisory services provided to corporate bodies	38
Costs for services, leases and rentals	190	0.1%	Tax advisory services provided by St. Girelli & Ass. to the Group	198
	116	0.0%	Legal advisory services provided to corporate bodies	184
Transactions with Parent companies:				
Non-current financial liabilities	852	0.1%	Financial liabilities for rights of use on Omniaholding S.p.A. leases	529
Current financial liabilities	368	0.1%	Financial liabilities for rights of use on Omniaholding S.p.A. leases	715
Current trade payables	369	0.1%	Rental of offices provided by Omniaholding S.p.A. to the Group	395
Costs for services, leases and rentals	77	0.0%	Rental of offices provided by Omniaholding S.p.A. to the Group	65
Borrowing costs	47	0.0%	Finance costs for Omniaholding S.p.A. rights of use and security loan to Immsi	48
Transactions with Subsidiaries, Affiliated Companies, Joint Ventures:				
Current trade receivables and other receivables	1,003	0.9%	Trade receivables from Piaggio Foshan	1,490
Current trade payables	9,544	1.2%	Trade payables of Piaggio & C. to Piaggio Foshan and Fondazione Piaggio	16,623
	61	0%	Intermarine trade payables to the Consorzio CTMI	0
Other current payables	114	0.2%	Payables to the Piaggio Foundation	118
Costs for materials	38,069	2.8%	Purchases of Piaggio & C. S.p.A. from Piaggio	31,331
Costs for services, leases and rentals	81	0.0%	Costs for services from Fondazione Piaggio and Piaggio Foshan	7
	100	0.0%	Costs for services rendered by Consorzio CTMI	120
Other operating income	342	0.2%	Income from Piaggio Foshan	418
Other operating costs	121	0.4%	Charges from Piaggio Foshan and Fondazione Piaggio	0

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

Stock options

At the end of 2022, no stock option plans were adopted by the Immsi Group.

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

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

Other information

Own shares

At 31 December 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 Art. 132 of Legislative Decree 58/1998, with a gradual approach deemed appropriate to the interests of the Company and as permitted by current legislation, according to the procedures established in Art. 144-bis, paragraph 1, letter b) of Consob Regulation 11971/1999, as subsequently amended. Purchases should also take into account the conditions relating to negotiation referenced in Art. 3 of the Commission Delegated Regulation (EU) 1052/2016 ("Regulation 1052") in compliance with the MAR, as well as the practices accepted by Consob pursuant to Art. 13 MAR, where applicable (i) to a consideration that is no higher than the price of the last independent transaction or the price of the highest independent offer currently

available in the trading venues where the purchase is made (whichever is higher). The unit price cannot in any case be less than a minimum of 20% and a maximum of 10% higher than the arithmetic mean of the official Immsi share price in the ten trading days prior to each individual purchase; (ii) for volumes of more than 25% the average daily volume of Immsi S.p.A. shares traded on a regulated market on which the purchase is carried out, calculated according to the parameters as of Art. 3 of Regulation 1052;

- the purchase programme may also take place in several tranches, ending by 28 October 2023.

The subsidiary Piaggio & C. S.p.A. bought back 2,475,777 own shares in 2022; therefore, at 31 December 2022, Piaggio & C. held 3,521,595 treasury shares, equal to 0.983% of the shares issued.

Considerations on the share stock market value

Below are the main share data and price trend information:

Price as at 3 January 2022: Euros 0.443

Price as at 30 December 2022: Euros 0.41

Change during the year: -7.45%

Maximum price: Euros 0.47 (on 19 April 2022)

Minimum price: Euros 0.361 (on 10 March 2022)

Weighted average price for the financial year 2022: Euros 0.4195

Volume traded in 2022: 69,377 thousand shares

Stock market capitalisation at 30 December 2022: 139.617 million Euros

As of 22 March 2023 (last closing before the approval of the 2022 draft financial statements), the stock market price was 0.5740 Euros, corresponding to a capitalisation (to be calculated at 340,530,000 shares) of 195.5 million Euros.

Disclosure of payments

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

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

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

(in EUR)	Subject providing the service	Recipient	Fees for 2022
Auditing services	Deloitte & Touche S.p.A. Deloitte & Touche S.p.A. Deloitte Network Other auditors	Parent Company Immsi S.p.A. Subsidiaries Subsidiaries Subsidiaries	86,108 599,390 349,002 42,469
NFS Auditing services	Deloitte & Touche S.p.A. Deloitte & Touche S.p.A.	Parent Company Immsi S.p.A. Subsidiaries	13,452 41,518
Certification services	Deloitte & Touche S.p.A. Deloitte Network	Subsidiaries Subsidiaries	29,000 53,088
Other services	Deloitte & Touche S.p.A.	Subsidiaries	15,670
Total			1,229,697

The payments of subsidiaries operating in currencies other than the Euro and agreed in local currency have been translated at the average exchange rate for 2022.

The Shareholders' Meetings of Immsi S.p.A. and Piaggio & C. S.p.A., on 14 May and 22 April 2020 respectively, resolved to appoint Deloitte & Touche S.p.A. as independent auditors for the 2021-2029 financial years.

Report on corporate governance and ownership

The 2022 “Report on Corporate Governance and Ownership Structure” was approved by the Board of Directors called for the approval of the draft Financial Statements at 31 December 2022, on 23 March 2023, and is made available to Shareholders in accordance with the law. The Report will also be available on the Company's website (www.immsi.it Governance section).

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

The “Consolidated Non-Financial Statement” for the 2022 financial year was approved by the Board of Directors called for the approval of the draft Financial Statements at 31 December 2022, on 23 March 2023, and is made available to Shareholders in accordance with the law. The Report will also be available on the Company's website (www.immsi.it Investors section).

Management and coordination

The parent company, Immsi S.p.A., gives reasons why management and coordination activities were not performed by its parent company in section 2, letter I), of the Report on Corporate Governance and Ownership at 31 December 2022. Please refer to this for further information.

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

As regards obligations of applicable legislation on data privacy, Immsi S.p.A., as Controller, has adopted various security measures listed in this legislation.

Following the entry into force of Regulation (EU) 2016/679 on the protection of natural persons with

regard to the processing of personal data (GDPR), the Company has completed the process to align with regulations.

The Company is responsible, in accordance with law and in its capacity as "Controller", for all personal data processing it carries out and in view of this responsibility, adopts adequate security measures in relation to risks for the rights and freedoms of natural persons.

The company also deemed it appropriate to appoint a Data Protection Officer (DPO), who, as provided for in articles 37-39 of the GDPR, has the task of advising the company functions on privacy matters and inspecting personal data management activities, representing the point of reference within the company for everything concerning the processing of personal data and the liaison with the Data Protection Authority, as well as assisting the company in ensuring full compliance with the provisions of the legislation.

Disputes in progress

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

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

- On 20 May 2015, Is Molas filed a writ of summons requesting compensation for damages caused by Italiana Costruzioni's breach of its obligations under the signed tender contracts. At the first hearing, the judge set the deadlines for the filing of pleadings and set the hearing for the admission of preliminary motions for 30 November 2016. During this latter hearing, in consideration of the new documentary evidence and notes filed by the counterparties, the judge adjourned the hearing to 4 May 2017 for the same formalities. On this occasion, the judge called for a resolution through negotiation between the parties and adjourned the hearing to the 23 November 2017. Here, the parties having failed to reach agreement, the parties were invited by the Judge to file pleadings with a view to the hearing on 11 April 2018.
On 11.04.2018 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 attempt at conciliation was unsuccessful, the expert filed their report and expressly stated that they did not have the skills to calculate the amount of damages suffered by Is Molas; therefore, the legal team deem a further expert necessary. The next hearing, to examine the expert's report, is scheduled for 10 May 2023.
- With regard to the Order of 21 May 2014 in which the Administrative Appeals Court rejected the request for suspension of the measure of the Municipality of Pula, which declared that there were insufficient elements to determine the forfeiture of the authorisations. The Administrative Appeals

Court, in its ruling of 9 June 2016, declared the action brought by Italiana Costruzioni inadmissible and ordered the appellant to pay the costs of the proceedings in favour of the opposing parties. On 12 January 2017, Italiana Costruzioni was notified of its appeal to annul the Administrative Appeals Court ruling. On 14 February 2017 Is Molas filed the documents with the Council of State to oppose the appeal. The hearing for the discussion of the appeal was held on 26 January 2023; the company is currently awaiting the ruling.

- 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 its external lawyers, the company on 19 June 2017 filed its appeal to the Court of Cassation. On 9 May 2022, the Court of Cassation filed the order rejecting the appeal. The Company therefore recognised a loss on 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.
- Following checks carried out in cooperation with the Municipality of Pula, on 3 December 2018, Is Molas S.p.A. updated the declaration of surface areas for the purposes of waste tax. With this update, the company noted that it had overpaid for non-residential properties, and that it had to fulfil additional amounts to be paid for residential properties. For the year 2018, the Municipality of Pula, without inspection, acknowledged to the company the possibility of being able to offset credit amounts against debit amounts, which resulted in a credit total for the company of approximately €2,000 collected at the end of 2019. At the same time, on 17 December 2018, the Municipality of Pula served the company a waste tax (TARES) assessment notice for 2013, without allowing any offsetting against the amounts overpaid for the same year. The company, on the assumption that the offsetting for the 2018 accrual had been accepted, proceeded to make a request for reimbursement for the 2013 waste tax paid in excess for non-residential properties. Despite the attempt of compulsory complaint/mediation initiated with the Municipality of Pula with the request to be able to proceed with the offsets, in the absence of a response from the Municipality, Is Molas S.p.A., on 13 February 2019 proceeded to appeal against the assessment notice at the Provincial Tax Commission.

On 15 July 2019, the Provincial Tax Commission did not grant the suspension of the contested Assessment Notice, asking Is Molas S.p.A. to pay the amounts due without remission of penalties and interest; the date of the hearing for the discussion - in the Council Chamber - of the merits of the appeal was postponed to 16 September 2019. Following the hearing of 16 September 2019, the Cagliari Provincial Tax Commission issued a judgement filed on 07 July 2020 with a favourable outcome for Is Molas S.p.A., accepting the company's request to partially cancel the notice of assessment for 2013, limited to the amount of €7,932, in addition to the related penalties and interest not due, in relation to the higher waste tax paid by the company and not due, in consideration of the new declaration submitted on 03 December 2018 (before the issue and notification of the notice of assessment).

Legal costs were instead offset between the parties. The company asked the Municipality for an updated calculation of the sums to be paid, and therefore the sum of €1,000 remains set aside in the risk fund. On 12 October 2020 the company received notification of the Appeal filed by the Municipality of Pula against Is Molas S.p.A. against the sentence of the Cagliari Provincial Tax Commission in the context of the dispute. The company filed an application within the statutory time limit. To date, the hearing has not been set.

- There are also minor lawsuits against former employees of the company linked to the ongoing reorganisation process for which the external lawyers employed by Is Molas S.p.A. have assessed the possible risk of losing as unlikely.

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

- In fact, in those proceedings dating from 2005, between the State Property Agency and the Province of Lecce, and which Apuliae was also joined as a party to the action, the Lecce Court, with its decision of 25 October 2017, upheld the State Property Agency's counter-claim designed to obtain the declaration of termination, by law, of the agreement for the sale of the property complex in question, and also rejected Apuliae's application for contractual damages to be paid by the State Property Agency or the Province of Lecce. Moreover, in a judgment published on 20 August 2020, the Court of Appeal of Lecce (deciding on the appeal brought by Apuliae against the judgment of first instance and on a different appeal, joined together, brought by the Province of Lecce against the same judgment), upheld the Province's arguments limited to the part in which it had been ordered to pay the damages in favour of the State Property Agency, confirming the judgment of first instance both in the part contested by the Province with respect to the alleged occurrence of the termination effect, and in the part, contested by Apuliae, with respect to the claim for compensation that the company had brought against the Province and State Property Agency. On 11 March 2021, the cross-appeal was notified to the Court of Cassation for the purpose of ascertaining the incorrectness of the ruling of the Court of Appeal in so far as it held that Apuliae was not entitled to compensation for the damage suffered in view of the fact that it should have been aware of the non-conformity of its application to participate in the procedure for the valorisation of the former Colonia Scarciglia. Currently, as mentioned, this judgment is pending before the Court of Cassation RGN 4412/2021, with respect to which, given the particular complexity and new aspects of the legal issues addressed, it is not possible to make a prediction regarding the probable acceptance or not of the arguments put forward. However, it should be noted that the outcome of this judgment is without prejudice to the claim made by Apuliae in the 2011 proceedings, as explained below.
- In the proceedings before the Court of Lecce, instituted by summons of 6 October 2011 by Apuliae against the Province of Lecce, for the payment of the sum of €1,546,950, relating to the costs incurred and to the works carried out in relation to the building complex called former Colonia Scarciglia, the Judge, at the hearing of 13. January 2021, adjourned the case to 28 October 2022 and then to 24 May 2023 pending the settlement of the proceedings pending before the Court of Cassation. In particular, also in the light of what can be read in those judgments, which recognise the fact improvements have been made to the property, it is possible to predict, without prejudice to the complexity of the case, probable acceptance of the requests made by Apuliae pursuant to articles 2033 and 2041-2042 of the Italian Civil Code.

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

- Canadian Scooter Corp. Canadian Scooter Corp. (CSC), sole distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A to appear before the Court of Toronto (Canada) in August 2009 to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). The case is currently suspended due to no action being taken by the other party. Piaggio has assessed the possibility of filing a petition for an "order to dismiss" the proceedings, due to counterparty inactivity; However, it has decided not to proceed at the moment because the costs outweigh the possible benefits.
- Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned Piaggio & C. S.p.A. 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. 186ter of the code of civil procedure dated 7 June 2011, Piaggio was ordered to pay €109,586, 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 €7.6 million 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, 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 the 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. On 28 November 2022, the Court of Appeal of Florence partially upheld the main (Piaggio's) and incidental (Da Lio's) grounds for appeal and, as a result, (i) reduced Piaggio's sentence to the payment of the lower amount of approximately €3 million as regards the item "default interest and penalties on invoices paid late" compared to the previous amount of approximately €4.3 million (without prejudice to the other items of the ruling); (ii) declared that the sum owed by Piaggio for unpaid invoices amounts to approximately €0.36 million and (iii) declared that (only) interest is to be calculated on the sums owed by Piaggio as a penalty for invoices paid late legal with effect from the judicial request rather than from the ruling. The time limits for an appeal to the Court of Cassation now run.

- In June 2011 Elma S.r.l., a Piaggio dealer since 1995, brought two separate proceedings against Piaggio & C. S.p.A., claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged breach and abuse of economic dependence by the company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000. During the case, Piaggio requested the enforcement of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop enforcement of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments, which was adjourned to 3 March 2016 and was then not held as the judge was transferred. The case was reassigned to a new Judge, who set the hearing for 19 July 2018, which was adjourned to 10 October 2018 and then to 10 January 2019 to discuss arguments. In the latter hearing, although the parties had already filed their closing arguments, the Judge adjourned the case, for closing arguments to be made, to the hearing of 9 April 2019. In ruling No. 1211/2019, published on 25 November 2019, the Court of Pisa ruled in favour of Piaggio. The Judge threw out all claims made by Elma, ruling it to pay Piaggio the sum of €966,788 plus interest on arrears, deducting the amount of €419,874, already received by Piaggio through enforcing the guarantee. Piaggio has paid Elma (offsetting the amount) the sum of €58,313 plus legal interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma in relation to the sums to receive, while on 15 January 2020, Elma appealed against the above ruling with the Court of Appeal of Florence. At the first hearing held by way of written hearing on 2 March 2021, with the filing of authorised notes, the Court held the case for decision, assigning the parties legal deadlines for filing their final statements and respective replies, which were filed within the deadlines by both parties. Following the exchange of closing

arguments, as a result of the resignation of the Judge-Rapporteur, the case was returned to the register with the hearing for the statement of conclusions set for 5 April 2022. The parties then clarified the conclusions again and filed the closing notes. By judgment dated the 28 February 2023, the Court of Appeal of Florence rejected Elma's appeal in its entirety and upheld the first instance judgment. As regards the matter, Elma has also brought a case against a former senior manager of the Company before the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among other things, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments set for 21 December 2015 and subsequently adjourned, was not held as the Judge, on petition of Elma, re-opened the preliminary investigation, admitting testimonial evidence and setting the hearing for 25 May 2016. On this date, examination of the witnesses began and the hearing was adjourned to 24 October 2016 to continue the preliminary investigation. On 11 April 2017, the parties made an attempt at conciliation, initiated by the Judge, which was unsuccessful. The Judge admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed, adjourning the case to the hearing of 9 October 2018 for closing arguments. The expert's appraisal was filed in October 2018. The parties exchanged their closing arguments and respective rejoinders. In a ruling of 31 May 2019 (published on 3 June 2019) the Ordinary Court of Rome, Civil Section XII, rejected the claim made by Elma S.r.l., also ordering it to pay the expert's fees and legal fees. Elma appealed to the Court of Appeal of Rome, summoning Piaggio to a hearing on 15 April 2020, postponed to 31 March 2021 and again postponed to 6 April 2021, and held by written hearing with exchange of authorised notes. At this stage, the Court rejected the request for annulment of the technical appraisal carried out at first instance, formulated by Elma, deeming this decision to be strictly related to the examination of the appeal on merits, and therefore adjourned the case to the hearing of 10 October 2023 for closing arguments.

- The company TAIZHOU ZHONGNENG summoned Piaggio before the Court of Turin, requesting the annulment of the Italian part of the 3D trademark registered in Italy protecting the form of the Vespa, as well as a ruling denying the offence of the counterfeiting of the 3D trademark in relation to scooter models seized by the Italian tax police at the 2013 EICMA trade show, based on the petition filed by Piaggio, in addition to compensation for damages. At the first hearing for the parties to appear, set for 4 February 2015, adjourned to 5 February 2015, the Judge arranged for a technical appraisal to establish the validity of the Vespa 3D trademark and the infringement or otherwise of Znen scooter models. At the hearing of 29 May 2015, having appointed the expert, the Judge set 10 January 2016 as the deadline for filing the final appraisal report and 3 February 2016 as the date for the hearing to discuss it. During this hearing, the Judge, considering the preliminary investigation as completed, set the hearing for closing arguments for 26 October 2016. In a ruling of 6 April 2017, the Court of Turin upheld in full the validity of the 3D Vespa mark of Piaggio, and the counterfeiting of said by the "VES" scooter by Znen. The Court of Turin also recognised the protection of Vespa in accordance with copyright, confirming the creative nature and artistic value of its form, declaring that the scooter "VES" by Znen infringes Piaggio copyright. The other party appealed against the sentence at the Appeal Court of Turin, where the first hearing took place on 24 January 2018. The case was adjourned to the hearing of 13 June 2018 for the closing arguments, after which statements and rejoinders and replications were exchanged. The Court of Appeal of Turin rejected the appeal made by Zhongneng in a ruling published on 16 April 2019. The other party appealed to the Court of Cassation, to which Piaggio filed a counter-appeal on 5 September 2019. The Court of Cassation then set a hearing for 22 November 2022, after which it ordered a new hearing, in public session, on a date to be determined.
- 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 Companies 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 Peugeot on the grounds that the appeal was inadmissible, and set the hearing for closing arguments for 10 November 2021, adjourned to 23 March 2022, in which the deadlines for filing closing and reply statements, which were exchanged between the parties. Piaggio also insisted on a date being set for the oral hearing pursuant to Article 352(2) of the Code of Civil Procedure. A hearing was set for 14 September 2022, after which the Court would decide on the matter.

- PEUGEOT MOTOCYCLES SAS summoned Piaggio to appear before the Court of Milan, claiming that the patent based on which Piaggio filed a claim in Case 1 for counterfeiting would be voidable, due to a previously existing Japanese patent ("Case 2"). Piaggio appeared in court, claiming that the action taken by Peugeot could not proceed further and that the patent application referred to by Peugeot was irrelevant. During the hearing of 20 February 2018, the Judge established the deadlines for filing preliminary briefs and the case was adjourned to the hearing of 22 May 2018, after which an expert's appraisal was ordered, with the date of 15 January 2019 set for the filing. After the expert's appraisal was filed (confirming the validity of Piaggio's patent), and discussed during the hearing of 29 January 2019, the Judge requested further technical confirmations from the expert, establishing a deadline by which Peugeot must have requested additions to the appraisal. The Judge rejected Peugeot's request for clarification and considered that the case was ready for decision, adjourning the hearing to 15 December 2020 for the definition of the closing arguments of the joined cases (infringement and nullity). The Judge granted the time limits prescribed by law for the filing of closing statements, which were duly exchanged between the parties. At Peugeot's request pursuant to Art. 275, paragraph 2 of the Italian Code of Civil Procedure, the Court ordered the discussion of arguments of the case, setting the hearing for 24 June 2021, holding the case for decision. On 20 September 2021, the Court of Milan – Business Section – ruled in favour of Piaggio (i) rejecting the application for invalidity of the EP patent owned by Piaggio, (ii) ascertaining the infringement and inhibiting, limited to Italy, the production, import, export, marketing, advertising, also through the Internet, of the aforementioned motorcycles; (iii) ordering Peugeot Italia to withdraw the counterfeit motorcycles from the market; (iv) establishing a penalty of €6,000 to be paid by each of the defendants for each Metropolis motorcycle marketed after the expiry of the deadline of thirty days from the notification of this ruling and of €10,000 to be paid by Peugeot Italia and Peugeot Motocycles s.a.s. for each day's delay in implementing order sub 3, after the term of deadline of ninety days from the notification of this ruling; (v) charging Peugeot the costs of litigation and also ordering it to pay legal costs in favour of Piaggio. Peugeot appealed against the ruling, and against Piaggio, at the same time taking action to suspend the provisional effect of the ruling in the first instance. The latter appeal was dismissed by an Order of 6 December 2021 confirming the provisional effect of the ruling in the first against Peugeot Italia. 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. A hearing was set for 14 September 2022, after which the Court would decide on the matter. On 16 January 2023, the Court of Appeal of Milan ruled on case No. Rg. App. 3052/2021 (ie: the judgment of appeal on the joined cases of infringement and nullity) and: (i) upheld the judgment at first instance with reference to the finding of validity of EP'612 and the existence of the literal infringement of claims 1, 2 and 5 of the patent by Metropolis (ii) upheld the measures of the injunction and withdrawal from the market ordered by the Court of First Instance but, unlike the Court of First Instance, limited the order of withdrawal from the market only to Peugeot Motocycles Italia S. r.l. in liquidation (iii) also rejected Peugeot's sixth ground of appeal (iv) ordered the general order against Peugeot Motocycles Italia S.r.l. in liquidation (v) ordered, by separate order, the continuation of the case for the determination of the indemnifiable damage. In a ruling dated 18 January 2023, the same Court of Appeal upheld the first instance judgment in the appeal brought by Piaggio. In particular, it (i) ruled out the existence of infringement of the three patents, deeming the objections of invalidity of EP'794, EP'016 and IT'114 raised by Peugeot to be disregarded, and (ii) rejected Piaggio's claims of infringement of the Community design and unfair competition, considering that the Court of First Instance was correct in its ruling on this point. The time limits for any appeals to the Court of Cassation now run.

- 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 judgment of 7 September 2021, the Court of Paris ruled in favour of Piaggio ordering Peugeot Motocycles to pay compensation for damages amounting to €1,500,000, in addition to further fines for infringement and legal costs, ordering a ban on Peugeot Motocycles manufacturing, promoting, marketing, importing, exporting, using and / or possessing in French territory any three-wheeler scooter that uses the control system patented by Piaggio (including the Peugeot Metropolis). The ruling, however, is not provisionally enforceable. Piaggio appealed for the provisional enforceability of the judgment in the first instance with a hearing held on 8 February 2022. The 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. Peugeot therefore requested that a new technical appraisal be arranged; the request was rejected on 10 January 2023. The trial will then continue with the final hearing.
- On 28 September 2022, Piaggio Fast Forward (PFF) was sued by Hood Park, LLC ("Hood") before the Business Litigation Session of the Superior Court of Massachusetts, located in Suffolk County, in civil action No.: 2284CV02233 BLS2. Piaggio Group Americas Inc. ("PGA") is also defendant as guarantor. Hood owns a commercial property that PFF had planned to lease as its main operational headquarters. At Hood's request, PFF forwarded - via its broker - a copy of a page of the signed contract, but pointing out that PFF's acceptance of the entire contract would be subject to prior agreement on the termination clause now mentioned. Nevertheless, Hood asserted that this was now to be considered signed and, therefore, binding. Hood then sued PFF (as well as PGA as guarantor) demanding payment of the full amount of the lease payments,

amounting to \$24,831,856 plus any multiplication, interest and all costs, including legal fees. On 22 December 2022, the defendants PFF and PGA filed a motion to dismiss. The hearing, originally set for 10 January 2023, was later postponed to 20 March 2023 (but due to a rescheduling request by opposing counsel, it will be further postponed).

- On 7 December 2022, the French company SCOOTER CENTER S.à.r.l. notified Piaggio and Piaggio France of a writ of summons before the Tribunal de Commerce of Paris asking the two companies of the Piaggio group to be ordered to pay compensation for alleged damages caused by the (equally alleged) sudden termination of the sales concession agreement in place between Piaggio and the dealer Scooter Center without due notice. These damages were quantified in the court application at €4,150,000 (plus legal costs). At the first hearing, scheduled for 16 February 2023, the judge set the procedural schedule.

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

- With reference to tax disputes involving Piaggio, it should be noted that the dispute concerning the notices of assessment for regional production tax and corporate income tax notified to Piaggio on 22 December 2017, both relating to the 2012 tax period and containing findings on transfer pricing, is pending before the Regional Tax Tribunal of Tuscany. In this regard, it should be noted that the company was successful in the first instance before the Florence Provincial Tax Commission with a ruling filed on 15 January 2020; the Revenue Agency appealed against this decision before the Provincial Tax Commission with a summons issued to Piaggio on 12 October 2020; the company therefore appeared in court on 2 December 2020.
- With reference to the disputes arising from inspections relating to income produced by Piaggio & C. S.p.A. in India in the Indian tax years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, respectively involving claims for approximately €1.4 million, €1.3 million, €1.1 million and €0.9 million, inclusive of interest, the following is reported:
 - for all the years concerned, Piaggio was successful before the Income Tax Appellate Tribunal;
 - as regards disputes relative to the 2009-2010, 2010-2011, 2011-2012 and 2012-2013 periods, the Indian tax authorities filed an appeal against the first instance decision before the High Court;
 - the dispute relative to the 2009-2010 period can be considered as settled, as no reply was received from the local tax authorities within the deadlines established by local regulations in response to a request for clarifications made over 800 days previously by the ruling body. In this regard, the Indian tax authorities could request a remittal for the reply, but in the opinion of consultants assisting the Company the likelihood of the High Court granting this is remote;
 - in relation to the disputes relating to the tax periods 2010-2011, 2011-2012 and 2012-2013, the date of the hearing is pending.

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

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

- Furthermore, Piaggio received a VAT assessment order from the Indian tax authorities in relation to the 2010-2011 tax period, concerning the non-application of VAT on intergroup transactions with Piaggio Vehicles PVT Ltd regarding royalties. A similar order was also notified for the 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018 tax periods. The amount of the dispute including interest is approximately €0.8 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.

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

- With reference to the Indian subsidiary, some disputes concerning different tax years from 2003 to 2017 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.
- With reference to PT Piaggio Indonesia, the company has certain disputes outstanding relating to the 2015, 2017, 2018 and 2019 tax periods. In particular, in relation to the 2015 tax period, the company appealed against the notices concerning Withholding Taxes and Value Added Tax respectively. 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. The company appealed this judgment to the Supreme Court, which, in December 2022, definitively ruled against the company, limited to the dispute concerning the financial guarantees. This ruling relates to the periods March, May and July 2015, while the ruling for the period October 2015 is still pending. 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. The Tax Court ruled in favour of the Indonesian company in a judgment issued on 20 December 2022. The Indonesian tax authorities have the possibility to appeal this decision by 19 February 2023. 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 ruled against the company, which on 13 July, filed an appeal before the Supreme Court. 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. 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 decision. Finally, in relation to the 2019 tax year, the Indonesian tax authorities reiterate the same transfer pricing challenges made in 2018, as well as the tax claim made in previous years in relation to Withholding taxes. The total amount currently under dispute amounts to approximately €0.9 million. Against the assessment notice, the company filed an appeal on 15 September 2022 before the Tax Court and is awaiting the setting of the hearing date.
- 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 then filed an appeal with the Supreme Court. On 18 January 2023, a hearing was held before this body and the judgement is currently pending. The amount in question was paid in full to the Greek tax authorities. Based on positive opinions from professionals appointed as counsel, the company considers a favourable outcome and subsequent reimbursement of amounts paid as likely.

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

- With regard to the dispute with the subcontractor of the air-conditioning system of the Finnish order, as per the court's authorisation order, on 28 February 2020, Intermarine served a writ of summons on Gruppo PSC Spa, as the incorporating company of the newco Atisa Marine Srl,

formerly the assignee of the HVAC business unit of Atisa S.p.A. Gruppo PSC made an appearance on 20 May 2020, substantially recalling the defences and claims already filed by Atisa S.p.A. The hearing originally postponed due to the Covid19 emergency to 18 September 2020 was ex officio postponed by the G.I. to 20 May 2021 and then, at the request of the parties, again to 12 May 2022, then to 10 November 2022 and finally to 19 January 2023 for closing arguments. In this regard, it was learnt that Gruppo PSC requested and obtained from the Court of Lagonegro Bankruptcy Section an extension of 60 days for the filing of the plan, the deadline for which was therefore scheduled for the end of January 2023.

- Scoppa Charter S.r.l., the purchaser, through UniCredit Leasing, of a Conam 75 WB Alvadis II vessel delivered in 2010 for €2 million, had filed a summons with the Court of Naples for alleged non-compliance of the vessel with the sales specifications and the owner's manual and unsafe conditions of the vessel; at the end of September 2016, the Court of First Instance ruled in favour of Intermarine with respect to the counterparty's claim, but ordered the company to pay, on an equitable basis, €0.6 million in compensation. In 2017, Scoppa Charter filed an appeal against the first instance judgment, while Intermarine filed an appeal under Art. 351 for an injunction of the execution of the judgment; as a result of the injunction hearing, the Court of Appeal of Naples ordered the suspension of the enforceability of the 2016 judgment and set the hearing for the closing arguments for 10 September 2020; the same was subsequently postponed ex officio by the Court of Appeal of Naples to 3 March 2022 for the same purposes. The hearing as set out above for closing arguments was repeatedly postponed ex officio by the Court of Appeal of Naples set and most recently postponed to 23 November 2023 for the same purposes. According to the company's lawyers, the outcome of the appeal cannot be foreseen at the moment.
- With reference to the arbitration proceedings brought by the Taiwanese Banks, on 3 February 2023, the Court of Arbitration issued a partial award which - after declaring the default of Ching Fu - declared the lack of jurisdiction of the Court of Arbitration to rule on the claims of the Banks, accepting Intermarine's defence in its entirety. In summary, the Court of Arbitration confirmed that since the arbitration was based in France, the arbitration clause is governed by French law (whereas the substantive law governing the contracts concluded between Intermarine and Ching Fu is Italian law). Therefore, the Court of Arbitration found that it is French law that governs the validity, extension and applicability of the arbitration clause to parties (in this specific case, the Banks) that are not parties to the contracts (in this specific case, between Intermarine and Ching Fu) and have not signed the arbitration clause. According to the established jurisprudence of the Paris Court of Appeal, the arbitration clause must be interpreted according to the will of the contracting parties; In the present case, the contracting parties (Intermarine and Ching Fu) never intended to extend the effectiveness of the arbitration clause to third parties, much less to the Banks, who never participated in the negotiation, conclusion, execution or termination of the contracts; the Banks are, therefore, an "absolute third party" ("tiers absolus") with respect to the arbitration agreement. The partial award was therefore decided as follows: (a) the Court of Arbitration lacks jurisdiction over the Banks' claims, as the Banks cannot, either jointly or individually, rely on the arbitration clause; (b) the Banks' applications are rejected in full; (c) the Court of Arbitration reserves the right to decide later on Intermarine's counterclaim against Ching Fu, issuing a specific procedural order in this regard; (d) the decision on the final distribution of the costs of the proceedings between the parties is deferred to the final award. The Court of Arbitration then issued the procedural order with which it asked Intermarine to specify, by 10 March, whether it intends to pursue the counterclaim against Ching Fu. Intermarine - also considering the situation of substantial and irreversible insolvency of Ching Fu, which will not allow in practice to recover any sum that Ching Fu might be ordered to pay to Intermarine for damages suffered as a result of Ching Fu's breach of contract - intends to waive (with effects limited only to the arbitration proceedings) the counterclaim against Ching Fu. In this way, the Court of Arbitration (upon acceptance of the waiver of the counterclaim by Ching Fu, if necessary with silent consent) will be able to issue the final award in a short period of time, ruling on the allocation of the costs of the arbitration. In this regard, it is noted that there is no obligation for the Court of Arbitration to strictly apply the principle of loser pays, but it is known that the general rule

is that “costs follow the event” or “loser pays”. Since the Court of Arbitration, in the operative part of the partial award, has already rejected the Banks' claims in their entirety, it is reasonably foreseeable that Intermarine will recover a large part of its court costs, although the exact amount cannot be predicted.

- 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.
- With reference to the dispute with Monte dei Paschi di Siena (MPS) for compounding interest, advance capitalisation of interest expense, advance calculation of interest with debit, annual interest expense rates higher than contractual rates, maximum overdraft fees and application of interest expense to levels different from those agreed, a hearing in the Court of Cassation is pending.
- For other legal disputes with suppliers and customers and for labour disputes there were no significant developments in the year compared to that already described in the Financial Statements for 2021; however, according to the lawyers assisting the company, no significant liabilities and charges should arise in excess of the risk provisions already set aside in the Financial Statements.

As far as the tax dispute is concerned, it should be noted that on 26 May 2008, the Customs Agency of La Spezia served the Formal Notice of Assessment to the company, relative to the inspection which began in 24 April 2008 concerning excise on mineral oils. On the basis of the above-mentioned tax audit report, on 19 June 2008, the tax authorities notified the company of Notice to Pay No. 2008/A/2753 of 3 June 2008 requesting the payment of the above-mentioned excise duties, plus interest and late payment indemnity, for a total amount of €37,680. The company had to make the payment, but filed a timely appeal against the aforementioned Notice with the La Spezia Provincial Tax Commission. On 10 January 2012, the Judges of first instance handed down judgment No. 25/2012, filed on 6 March 2012, rejecting the appeal. In April 2013, the company filed a timely appeal against this judgment with the Genoa Regional Tax Commission: the discussion on the merits took place on 15 May 2015 and on 2 March 2016 the judgement was filed, which accepted the company's appeal without reservation. On 6 July 2016 the Office - defended by the State Attorney General - appealed to the Court of Cassation; the company promptly appeared before the court, submitting a specific counter-appeal. On 5 December 2019, judgement No. 31769/19 was filed at the Court of Cassation, which, despite the contrary opinion of the General Prosecutor who had found in favour of rejecting the appeal, decided instead to accept the two arguments put forward by the Customs Agency. In light of the above situation, on 4 August 2020, the company notified the Customs Office of La Spezia of the summons to appeal, pursuant to Art. 63, of Legislative Decree No. 546/1992, so that the proceedings would be resumed before the Regional Tax Commission of Liguria, with a different composition, to re-examine the merits of the case. On 24 October 2022, the judges of second instance filed judgement No. 818/2022 which (again) accepted all the grounds for appeal made by the company. Nonetheless, for the second time the Customs Agency challenged this last decision before the Court of Cassation (RG No. 400/2023); the company promptly appeared, submitting a specific counter-appeal. At today's date we are waiting for the hearing to be set for the related discussion.

Significant events occurring after the reporting period and outlook of operations for 2023

With reference to the **industrial sector**, thanks to a portfolio of globally unique brands, Piaggio will continue to grow in 2023, confirming planned investments in new products and new plants and strengthening its commitment to ESG issues, despite current international geopolitical tensions and a volatile macroeconomic context.

In this general framework, Piaggio will continue to work as always to meet its commitments and objectives, maintaining a constant focus on the efficient management of its economic and financial structure, to respond immediately and with agility to the challenges and uncertainties of 2023.

With reference to the **marine sector** (Intermarine S.p.A.), in 2023, production advances related to orders and feasibility studies acquired will be developed, carrying out various negotiations, in both the Defence sector and *Fast Ferries*, aimed at acquiring further orders that would allow the company to increase its order book and consequently guarantee conditions that will allow it to optimise its production capacity for the coming years.

The subsidiary will also pursue every opportunity to contain direct and indirect costs.

As regards the events subsequent to 31 December 2022, with reference to the arbitration proceedings brought by the Taiwanese Banks, on 3 February 2023, the Court of Arbitration issued a partial award which, after declaring the default of Ching Fu, declared the lack of jurisdiction of the Court of Arbitration to rule on the claims of the Banks, accepting Intermarine's defence in its entirety. For further information, please refer to the section relating to Disputes.

Finally, with reference to the **property and holding sector** and in particular the subsidiary Is Molas, during 2023, it is planned to continue the extraordinary maintenance work on the currently existing tourist-hotel structures, while waiting for the overall real estate project to be realised, in order to adapt the services to the standards of the target customers identified for the development.

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

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

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

With reference to the Organisational, Management and Control Models pursuant to Legislative Decree No. 231/2001 adopted by both the Parent Company and its main subsidiaries, please refer to the extensive comments in the Report on Corporate Governance and Shareholder Structure 2022 and the Consolidated Non-Financial Statement 2022, available on the Company's website.

Declaration by the Executive in charge of financial reporting

The Executive in Charge of Financial Reporting, Mr Stefano Tenucci, declares, pursuant to Art. 154-bis paragraph 2 of the Consolidated Law on Finance, that the accounting information contained in this Directors' Report on Operations as at 31 December 2022 corresponds to the documentary results, books and accounting records.

Secondary offices

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

For the Board of Directors

The Chairman
Roberto Colaninno

Immsi Group

Financial statements **as at** **31 December 2022**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

in thousands of Euros

ASSETS		31 December 2022	31 December 2021
NON-CURRENT ASSETS			
Intangible assets	F1	897,337	888,962
Property, plant and equipment	F2	369,668	355,284
Investment Property		0	0
Investments	F3	9,948	11,077
Other financial assets	F4	16	16
Tax receivables	F5	8,831	8,928
Deferred tax assets	F6	145,597	145,134
Trade receivables and other receivables	F7	21,837	26,838
- of which with Related Parties		0	67
TOTAL NON-CURRENT ASSETS		1,453,234	1,436,239
ASSETS HELD FOR DISPOSAL	F8	0	34,133
CURRENT ASSETS			
Trade receivables and other receivables	F7	112,400	131,570
- of which with Related Parties		1,003	1,495
Tax receivables	F5	46,246	19,176
Inventories	F9	491,093	392,659
Other financial assets	F4	3,770	3,963
Cash and cash equivalents	F10	263,577	290,373
TOTAL CURRENT ASSETS		917,086	837,741
TOTAL ASSETS		2,370,320	2,308,113
LIABILITIES			
SHAREHOLDERS' EQUITY			
Consolidated Group shareholders' equity		240,265	231,948
Capital and reserves of non-controlling interests		168,591	158,919
TOTAL SHAREHOLDERS' EQUITY	G1	408,856	390,867
NON-CURRENT LIABILITIES			
Financial liabilities	G2	595,176	604,777
- of which with Related Parties		852	529
Trade payables and other payables	G3	15,603	13,989
Provisions for severance liabilities and similar obligations	G4	28,123	36,074
Other long-term provisions	G5	18,603	20,098
Deferred tax liabilities	G6	8,800	13,438
TOTAL NON-CURRENT LIABILITIES		666,305	688,376
LIABILITIES ON DISCONTINUED OPERATIONS	F9	0	6,336
CURRENT LIABILITIES			
Financial liabilities	G2	405,443	454,940
- of which with Related Parties		374	722
Trade payables	G3	775,722	664,712
- of which with Related Parties		10,125	17,177
Current taxes	G7	22,491	21,581
Other payables	G3	73,645	64,491
- of which with Related Parties		123	118
Current portion of other long-term provisions	G5	17,858	16,810
TOTAL CURRENT LIABILITIES		1,295,159	1,222,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,370,320	2,308,113

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2022

in thousands of Euros

		31.12.2022	31.12.2021
Net revenues	H1	2,126,127	1,709,572
- of which with Related Parties		0	25
Costs for materials	H2	1,363,309	1,066,726
- of which with Related Parties		38,069	31,331
Costs for services, leases and rentals	H3	317,979	282,962
- of which with Related Parties		564	574
Employee costs	H4	281,779	256,181
Depreciation and impairment costs of plant, property and equipment	H5	64,135	55,817
Impairment of goodwill		0	0
Amortisation and impairment costs of intangible assets with a finite useful life	H6	79,484	76,945
Other operating income	H7	154,860	155,007
- of which with Related Parties		342	418
Net reversals (impairment) of trade and other receivables	H8	(3,151)	(1,731)
Other operating costs	H9	27,471	26,467
- of which with Related Parties		121	0
OPERATING INCOME (EBIT)		143,679	97,750
Income/(loss) from investments	H10	(892)	623
Financial income	H11	57,171	27,302
Borrowing costs	H12	103,109	63,495
- of which with Related Parties		47	48
PROFIT BEFORE TAX		96,849	62,180
Taxes	H13	32,951	26,756
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		63,898	35,424
Gain (loss) from assets held for sale or disposal	H14	0	0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS		63,898	35,424
Earnings for the period attributable to non-controlling interests		36,811	23,157
GROUP PROFIT (LOSS) FOR THE PERIOD	H15	27,087	12,267

EARNINGS PER SHARE

Amounts in Euros

From continuing and discontinued operations:	31.12.2022	31.12.2021
Basic	0.080	0.036
Diluted	0.080	0.036
From continuing operations:	31.12.2022	31.12.2021
Basic	0.080	0.036
Diluted	0.080	0.036
Average number of shares:	340,530,000	340,530,000

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2022

in thousands of Euros

	31.12.2022	31.12.2021
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	63,898	35,424
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")	(76)	1,649
Actuarial gains (losses) on defined benefit plans	4,171	(1,557)
Total	4,095	92
Items that may be reclassified in the income statement		
Effective portion of profit (losses) from instruments to hedge cash flows	(3,100)	5,757
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(12,251)	6,172
Share of subsidiaries/associates valued with the equity method	(228)	1,259
Total	(15,579)	13,188
Other Consolidated Comprehensive Income (Expense)	(11,484)	13,280
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	52,414	48,704
Comprehensive income of minority interests	30,878	28,979
COMPREHENSIVE GROUP PROFIT (LOSS) FOR THE PERIOD	21,536	19,725

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

STATEMENT OF CONSOLIDATED CASH FLOWS AT 31 DECEMBER 2022

in thousands of Euros

		31.12.2022	31.12.2021
Operating activities			
Profit before tax		96,849	62,180
Depreciation of property, plant and equipment (including investment property)	H5	63,435	55,642
Amortisation of intangible assets	H6	77,494	75,671
Provisions for risks and for severance indemnity and similar obligations	H4 - H9	25,876	25,425
Write-downs (reversals of fair value measurements)	H7 - H8 - H9	5,130	3,184
Losses / (Gains) on the disposal of property, plant and equipment (including investment property)	H7 - H9	(237)	(323)
Capital losses / (Gains) on the disposal of property, plant and equipment	H7 - H9	24	0
Financial income	H11	(1,821)	(959)
Dividend income	H11	(15)	(19)
Borrowing costs	H12	42,306	41,723
Amortisation of grants	H7	(11,190)	(5,660)
Portion of earnings before taxes of affiliated companies (and other companies valued using the equity method)	H10	907	(644)
Change in working capital:			
(Increase) / Decrease in trade receivables and other receivables	F8	15,195	(8,680)
(Increase)/Decrease in inventories	F10	(98,434)	(86,835)
Increase / (Decrease) in trade and other payables	G3	132,014	138,186
(Increase) / Decrease in contract work in progress	F8	6,539	(68)
Increase / (Decrease) in provisions for risks	G5	(16,385)	(18,267)
Increase/(Decrease) in provisions for severance liabilities and similar obligations	G4	(13,455)	(12,954)
Other changes		(37,334)	(8,410)
Cash generated from operating activities		286,898	259,192
Interest paid		(33,963)	(32,193)
Taxes paid		(33,312)	(28,678)
Cash flow from operations		219,623	198,321
Investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents	F4	(5,669)	(63)
Investment in property, plant and equipment (including investment property)	F2	(65,567)	(61,781)
Sale price, or repayment value, of plant, property and equipment (including investment property)	F2	357	5,352
Investment in intangible assets	F1	(88,904)	(97,848)
Sale price, or repayment value, of intangible assets	F1	0	61
Purchase of non-consolidated investments	F4 - F5	(8)	0
Collected interests		1,096	566
Sale price from assets held for sale or disposal		15,535	0
Other flows from assets held for disposal or sale		0	9,554
Public grants collected		1,741	1,421
Dividends from investments	H10 - H11	15	19
Cash flow from investing activities		(141,404)	(142,719)
Financing activities			
Loans received	G2	117,397	270,335
Outflow for repayment of loans	G2	(171,947)	(264,752)
Reimbursement of rights of use	G2	(12,201)	(10,385)
Outflow for dividends paid to Parent company Shareholders	G1 - N	(10,216)	0
Outflow for dividends paid to non-controlling interests		(26,504)	(19,733)
Cash flow from financing activities		(103,471)	(24,535)
Increase / (Decrease) in cash and cash equivalents		(25,252)	31,067
Opening balance		290,361	248,699
Exchange differences		(1,596)	10,595
Closing balance		263,513	290,361

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 DECEMBER 2022

In thousands of Euros						
	<i>Share capital</i>	<i>Reserves and retained earnings(losses)</i>	<i>Earnings for the period</i>	<i>Shareholders' equity attributable to the Group</i>	<i>Capital and reserves of non-controlling interests</i>	<i>Shareholders' equity attributable to the Group and non-controlling interests</i>
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	(19,733)	(19,733)
Allocation of Group earnings to Retained Earnings/Losses		9,510	(9,510)	0		0
Purchase of treasury shares by Piaggio & C. S.p.A.		(27)		(27)	(26)	(53)
Sale of treasury shares by Piaggio & C. S.p.A.				0		0
Notional cost of stock options				0		0
Other changes		(17,196)		(17,196)	17,196	0
Overall earnings for the period		7,458	12,267	19,725	28,979	48,704
Balances as of 31 December 2021	178,464	41,217	12,267	231,948	158,919	390,867

In thousands of Euros						
	<i>Share capital</i>	<i>Reserves and retained earnings(losses)</i>	<i>Earnings for the period</i>	<i>Shareholders' equity attributable to the Group</i>	<i>Capital and reserves of non-controlling interests</i>	<i>Shareholders' equity attributable to the Group and non-controlling interests</i>
Balances as of 31 December 2021	178,464	41,217	12,267	231,948	158,919	390,867
Allocation of Group earnings to the Legal Reserve				0		0
Allocation of Group earnings to Dividends			(10,216)	(10,216)	(26,504)	(36,720)
Allocation of Group earnings to Retained Earnings/Losses		2,051	(2,051)	0		0
Purchase of treasury shares by Piaggio & C. S.p.A.		(2,867)		(2,867)	(2,802)	(5,669)
Sale of treasury shares by Piaggio & C. S.p.A.				0		0
Notional cost of stock options				0		0
Other changes		(137)		(137)	8,101	7,964
Overall earnings for the period		(5,551)	27,087	21,536	30,878	52,414
Balances as of 31 December 2022	178,464	34,713	27,087	240,265	168,591	408,856

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2022

Note	Description
A	General aspects
B	Scope of consolidation
C	Consolidation principles
D	Accounting standards and measurement criteria
E	Segment reporting
F	Information on main assets
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F3	Investments
F4	Other financial assets
F5	Tax receivables
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F7	Trade receivables and other receivables
F8	Assets held for disposal
F9	Inventories
F10	Cash and cash equivalents
F11	Breakdown of receivables by valuation method
G	Information on main liabilities
G1	Shareholders' equity
G2	Financial liabilities
G3	Trade payables and other payables
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G8	Breakdown of payables by valuation method
H	Information on main Income Statement items
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H2	Costs for materials
H3	Costs for services, leases and rentals
H4	Employee costs
H5	Depreciation and impairment costs of plant, property and equipment
H6	Amortisation and impairment costs of intangible assets with a finite useful life
H7	Other operating income
H8	Net reversals (write-downs) of trade and other receivables
H9	Other operating costs
H10	Income/(loss) from investments
H11	Financial income
H12	Borrowing costs
H13	Taxes
H14	Gain/loss on the disposal of assets
H15	Earnings for the period
I	Commitments, risks and guarantees
L	Related Party Transactions
M	Financial debt
N	Dividends paid
O	Earnings per share
P	Additional information on financial instruments
Q	Information Pursuant To Law 124/2017
R	Events occurring after the end of the period
S	Disclosure of payments
T	Proposal for the allocation of the Parent Company's profit

- A - GENERAL ASPECTS

Immsi S.p.A. (the “Company” or the “Parent Company”) is a limited company established under Italian law and has registered offices in Mantua - P.zza Vilfredo Pareto, 3 Centro Direzionale Boma. The main activities of the Company and its subsidiaries (the “Immsi Group” and “the Group”), the information on relevant events after the end of the reporting period and on operating outlook are described in the Directors’ Report on Operations. At 31 December 2022, Immsi S.p.A. was directly and indirectly controlled, pursuant to Art. 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A. Pursuant to Art. 38 paragraph I of Legislative Decree 127/91, Omniaholding S.p.A., with registered office in Mantua - Via Marangoni 1/E - is the entity that prepares the consolidated financial statements of the largest group of companies to which the issuer belongs as a subsidiary. The consolidated financial statements of Omniaholding S.p.A. are filed in accordance with the law.

The consolidated financial statements of the Immsi Group include the financial statements of the Parent Company Immsi S.p.A. and the Italian and international companies directly and indirectly controlled by it, approved by the relevant corporate functions of the respective companies, the list of which is shown in the paragraph “List of companies included in the consolidated financial statements and investments” contained in this Report.

These financial statements are expressed in euros, which is the functional currency of the Parent Company Immsi S.p.A. and of the subsidiaries in which the Group operates primarily.

The amounts in the above schedules and in the Notes on the consolidated financial statements are stated in thousands of Euros (if not otherwise indicated).

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

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The consolidated financial statements of the Immsi Group at 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS), in force on the date, issued by International Accounting Standards Board (IASB) and adopted by the European Union. IFRS means all the International Financial Reporting Standards, the International Accounting Standards, all the interpretations of the IFRS Interpretation Committee (formerly IFRIC), previously called the Standing Interpretations Committee (SIC), approved by the European Union and contained in the relevant EU Regulations.

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

The financial statements are prepared under the historical cost convention, except for the fair value measurement of certain financial instruments, in accordance with IFRS 9 and IFRS 13, as described below. In addition, the financial statements have been prepared on a going concern basis in accordance with paragraphs 25 and 26 of IAS 1, taking into account a future period of 12 months from 31 December 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 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 uncertainty on the stock markets, with possible consequences on the size of credit lines currently granted to the parent company Immsi S.p.A., largely guaranteed by Piaggio shares held by the latter. In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2022, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

For the effects of the Covid-19 pandemic on final figures for 2022, please refer to the chapter “Health emergency - Covid-19” in the Report on Operations.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Consolidated income statement

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

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Financial Position

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

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is divided into cash-flow generating areas. The Consolidated Statement of Cash Flows model adopted by the Immsi Group has been prepared using

the indirect method. The cash and cash equivalents recorded in the Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Financial flows in foreign currency have been converted at the average exchange rate for the period. Income and costs related to interest, dividends received and income taxes are included in the cash flow generated from operations. The cash flows deriving from the purchase of treasury shares by subsidiaries are shown among the flows from investing activities.

The item "Sale price from assets held for sale or disposal" as of 31 December 2022, equal to €15.5 million, includes the collection by Pietra S.r.l. of the final balance of €20 million from Chorus Life Pietra Ligure S.p.A. on the sale of the Pietra Ligure S.r.l. shareholding net of the advance on liquidation paid, also by Pietra S.r.l., to the minority shareholder Intesa Sanpaolo S.p.A. amounting to approximately €4.5 million.

Statement of changes in consolidated shareholders' equity

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

There were no atypical or unusual transactions during 2022 and the corresponding period of the previous year, as defined in Consob Communication No. DEM/6037577 of 28 April 2006 and No. DEM/6064293 of 28 July 2006.

It should be noted that in both 2022 and 2021 there were no significant non-recurring transactions, as defined in Consob Communication No. DEM/6064293 of 28 July 2006.

- B - SCOPE OF CONSOLIDATION

The scope of consolidation has undergone the following changes compared to the consolidated financial statements at 31 December 2021:

- the consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.57% at 31 December 2022, was equal to 50.22% at 31 December 2021. The changes are due to the buyback of 3,521,595 own shares by the subsidiary Piaggio & C. S.p.A.;
- 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. (wholly owned by Polifin S.p.A.) for the sale of the entire equity investment held directly in Pietra Ligure S.r.l.;

For details of the Immsi Group structure at 31 December 2022, see the attachment at the end of these Notes, which is referred to herein.

- C - CONSOLIDATION PRINCIPLES

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

Subsidiaries

Subsidiaries are companies in which the Group exercises control. This control exists when the Group has direct or indirect power to determine the financial and operational policies of a company in order to gain benefits from its operations. The acquisition of subsidiaries is recorded on the basis of the method of acquisition. The cost of acquisition is determined by the sum of present values at the date control of the given assets was obtained, liabilities borne or undertaken and financial instruments issued by the Group in exchange for control of the acquired company.

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.

The financial statements of subsidiaries are included in the Consolidated Financial Statements starting from the date when control is acquired until control ceases.

The portions of shareholders' equity and income attributable to non-controlling interests are separately indicated in the Consolidated Statement of Financial Position and Consolidated Income Statement respectively.

Associates and joint arrangements

Associates are companies in which the Group has considerable influence but not control of financial and operational policies.

The Group adopts IFRS 11 for all joint arrangements. According to IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures depending on the contractual obligations and rights of each investor. The Group has classified the only joint arrangement agreement in place as being a joint venture.

In adopting the equity method, the investment in an associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the Group of profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the Group is recognised separately in consolidated profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the Group, is recognised under other components of consolidated comprehensive income. If the portion of losses of an entity in an associate or joint venture is equal to or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate, or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its portion of those profits

only after its portion of the profits equals the share of losses not recognised. Profit and losses arising from "upwards" or "downwards" transactions between a Group and an associate or joint venture are recognised in the consolidated financial statements only as regards the portion attributable to minority interest in the associate or joint venture. The Group's share of the profit or loss of the associate or joint venture arising from these transactions, attributable to the investor, is eliminated in the consolidated income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards" transactions.

Transactions eliminated during the consolidation process

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

Transactions in foreign currency

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

Consolidation of foreign companies

The separate financial statements of each company belonging to the Group are prepared in the currency of the primary economic environment in which they operate (the functional currency). For the purposes of the Consolidated Financial Statements, the financial statements of each foreign entity are in euro, which is the functional currency of the Group and the presentation currency of the Consolidated Financial Statements.

All assets and liabilities of foreign companies in a currency other than the euro which come under the scope of consolidation are translated, using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the adoption of this method, as well as the exchange differences arising from the comparison between the initial shareholders' equity converted at current exchange rates and the same translated at historical exchange rates, pass through the Statement of Comprehensive Income and are accumulated in a specific reserve of shareholders' equity until disposal of the investment: average exchange rates for translating the cash flows of foreign subsidiaries are used in preparing the Statement of Consolidated Cash Flows.

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

	Spot exchange rate at 31 December 2022	Average exchange rate 2022	Spot exchange rate at 31 December 2021	Average exchange rate 2021
US Dollar	1.0666	1.05305	1.1326	1.18274
Pound Sterling	0.88693	0.852761	0.84028	0.859604
Brazilian Real	5.6386	5.4399	6.3101	6.37789
Indian Rupee	88.1710	82.68639	84.2292	87.43916
Singapore Dollars	1.43	1.45116	1.5279	1.58910
Chinese Yuan	7.3582	7.07880	7.1947	7.62823
Croatian Kuna	7.5345	7.53487	7.5156	7.52841
Japanese Yen	140.66	138.02739	130.38	129.87671
Vietnamese Dong	25,183.00	24,630.01167	25,137.39	26,372.96376
Indonesian Rupiah	16,519.82	15,625.25113	16,166.73	16,914.56136

- D - ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

The accounting standards adopted in preparing these Consolidated Financial Statements of the Immsi Group are the same as those used for the Consolidated Financial Statements at 31 December 2021 with the exception of information in the section on new accounting standards.

The most significant accounting policies adopted to prepare the Consolidated Financial Statements at 31 December 2022 are outlined below:

INTANGIBLE ASSETS

As provided for in IAS 38, an intangible asset which is purchased or internally generated, is recognised as an asset only if it is identifiable, controllable and future economic benefits are expected and its cost may be measured reliably.

Intangible assets with a finite life are measured at acquisition cost or production cost net of amortisation and accumulated impairment losses. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

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

The amortisation periods of intangible assets are shown below:

Development costs	3 - 5 years
Industrial patents and rights of use for original works	3 - 5 years
Licences	10 years
Trademarks	Not depreciated/20 years
Environmental certificates	Not depreciated
Other	5 years

Goodwill

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.

Goodwill is not amortised but tested annually for impairment, or more frequently if specific events or changed circumstances indicate that an asset may be impaired, as provided for in IAS 36 - *Impairment of Assets*. After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.

At the disposal of part of or an entire company previously acquired from whose acquisition goodwill arose, the corresponding residual value of goodwill is considered when measuring the capital gain or loss of the disposal.

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

different values of shareholders' equity of the acquired companies in relation to provisions in IFRS 3.

Development costs

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

All other development costs are recorded in the Income statement when they are incurred.

Environmental certificates

Piaggio's Pontedera plant in Italy falls within the scope of application of the "Emission Trading" Directive (Directive 2003/87/EC), which provides for the allocation of a quantity of emission permits that is generally lower than the emissions recorded in the reference year, with the need for Piaggio to purchase the necessary quotas for compliance on the emissions market.

For the purpose of recognising the expenses arising from regulatory obligations relating to ETS certificates, the Group applies the net liability approach.

This accounting treatment provides that the certificates obtained free of charge from the Authority are accounted for at nominal value among intangible assets (nil).

In addition, charges for the acquisition for consideration of missing certificates to meet the obligation of the reporting period, i.e. those acquired in excess of the quantity required to meet regulatory obligations, are capitalised and recognised as intangible assets.

These intangible assets:

- are classified as assets with an indefinite useful life and are not subject to depreciation;
- after initial recognition, are maintained at cost;
- are reversed to Income Statement in the relevant period as part of sundry operating expenses, against the quantification required to meet the regulatory obligation of the reporting period.

Any provision for the estimated charges to be incurred for the acquisition for consideration of the missing certificates to meet the obligation accrued in the reporting period generates a cost to be recognised in the relevant period under sundry operating expenses with a contra-entry in the provision for risks.

In the event that the cost of the certificates to be returned to the Authority differs from what was assumed at the closing of the financial statements, any difference, if negative (higher cost), is recognised in the Income Statement under sundry operating expenses, as an out-of-period liability in the financial year in which this recognition was made. In the case of a positive difference (lower cost), the differential generates an out-of-period income.

Other intangible assets

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

Other intangible assets recognised following the acquisition of a company are accounted for separately from goodwill, if their fair value may be reliably measured. The amortisation period for an

intangible asset with a finite useful life is reviewed at least at the end of each reporting period: if the expected useful life proves different from previous estimates, the amortisation period is changed accordingly.

PROPERTY, PLANT AND EQUIPMENT

The Immsi Group opted for the cost method when first preparing its IAS/IFRS financial statements, as allowed by IFRS 1. For the measurement of property, plant and equipment, it was therefore decided not to use the fair value method. Property, plant and equipment were booked at the purchase or production cost and were not revalued. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recorded in the income statement when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.

Depreciation is determined, on a straight-line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life, while land is not depreciated.

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

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

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sales revenues and net carrying amount of the asset and are recognised in profit or loss for the period.

Assets to be given free of charge are assets held by Intermarine S.p.A. further to an agreement to lease and at the end thereof must be given free of charge and in perfect working order to the lessor. These assets are depreciated according to the duration of the concession.

Lease agreements as lessor

Lease agreements for property, plant and machinery and other assets entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, or if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.

The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.

The Group has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).

The Group – through the Piaggio group – has its own production plants even in countries where

ownership rights are not allowed. Rental paid in advance, to obtain the availability of land where own production sites are located, is recognised as a right of use.

Impairment

At the end of the reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets may be impaired (impairment test). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the asset's cash generating unit.

The recoverable amount is the higher of an asset's fair value less costs to sell (if available) and its value in use. In measuring the value in use, estimated future cash flows are discounted at their fair value, using a rate net of taxes, which reflects current market changes in the fair value of money and specific risks of the asset.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the relative carrying amount, the carrying amount of the asset is reduced to the lower recoverable value. An impairment loss is immediately recognised in profit or loss, unless the asset is land or buildings other than the property investments recognised at revalued amounts, in which case the loss is charged to the respective revaluation reserve.

When the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset (or of a cash generating unit), except for goodwill, is increased to the new value arising from an estimate of its recoverable amount, up to the net carrying amount applicable to the asset if no impairment loss had been recognised. The restored value is posted to the Income statement.

An intangible asset with an indefinite useful life is tested annually for impairment, or more frequently if there is an indication that an asset may be impaired.

NON-CURRENT ASSETS HELD FOR SALE

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

FINANCIAL ASSETS

Financial assets are recognised in and deleted from the financial statements based on the settlement date.

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

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

The financial asset is measured at amortised cost if both the following conditions are met:

- the business model holds the financial asset only to collect the relative cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that only represent the return on the financial asset.

According to the amortised cost method, the value of initial recognition is subsequently adjusted to take into account repayments of principal, any impairment and amortisation of the difference between the repayment value and value of initial recognition.

Amortisation is based on the internal effective interest rate that represents the rate which, at the time of initial recognition, makes the present value of expected cash flows equal to the value of initial recognition.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the relative provision for write-downs.

Financial assets representing debt instruments whose business model covers the possibility of collecting contractual cash flows and realising capital gains from sale (the hold to collect and sell business model), are measured at fair value, recognising the effects in OCI.

In this case, changes in fair value of the instrument are recognised as shareholders' equity in OCI. The total of changes in fair value, recognised in a shareholders' equity reserve that includes OCI, is reversed to profit or loss when the instrument is deleted from the accounts. Interest expense is recognised in profit or loss using the effective interest rate, exchange differences and write-downs. A financial asset representing a debt instrument that has not been measured at amortised cost or at fair value through other comprehensive income is measured at fair value with the effects recognised in profit or loss.

With reference to the classification and measurement of financial assets, the Group adopts the following business models:

- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the "hold to collect and sell" business model);
- a business model whose objective is to hold financial assets intended for collecting contractual cash flows (the "hold to collect" business model)".

For both types, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding..

Financial assets held by the group are recognised:

- at amortised cost in the case of financial assets related to the "hold to collect" business model;
- at fair value through other comprehensive income in the case of financial assets related to the "hold to collect and sell" business model.

INVENTORIES

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

RECEIVABLES

Trade receivables and other receivables are initially recognised at fair value and subsequently recognised based on the amortised cost method, net of the provisions for write-downs.

IFRS 9 has introduced the concept of "expected loss", which allows for the recognition of adjustments to receivables in proportion to the increase in risks. This model classifies financial assets into three

categories, each of which corresponds to a different risk level and specific procedures for calculating value adjustments. In particular: i) exposures with a good credit quality or low risk. Value adjustments correspond to expected credit losses that result from default events within 12 months after the reporting date; ii) exposures whose credit rating has significantly deteriorated but that do not have objective evidence of impairment. Value adjustments are calculated considering the expected loss of the exposure over its lifetime or the estimate of the current value of losses over the expected life of the financial instrument; iii) all impaired assets, i.e. exposures with objective evidence of impairment and that must be adjusted using the expected loss model.

For trade receivables, the Group adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but instead the recognition of an expected credit loss (ECL) calculated over the ECL lifetime. In particular, the policy adopted by the Group involves the stratification of trade receivables in categories based on past due days, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment. The Group measures the provision to hedge losses for an amount equal to full lifetime expected credit losses, using a method that considers whether, at the end of the reporting period, the credit risk relative to a financial instrument has increased considerably after initial recognition or otherwise.

Trade receivables are wholly written down in the absence of a reasonable expectation of their recovery, or in the case of inactive counterparties.

The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement.

When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

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

- building work for the company's own account and repair work, valued at the lower value between cost incurred and revenues achievable: To this end, they are entered as assets in the Statement of financial position net of the write-down fund for boats and semi-finished items likely to prove hard to sell;
- building work covered by standard contracts, valued in terms of revenues based on the status reached at the close of the year, calculated, as far as the materials and work contracted out are concerned, with reference to the costs actually incurred compared with the costs forecast on the basis of updated estimates and, with regard to labour, with reference to the direct hours actually worked compared with the direct hours forecast. The price revision is recognised based on a prudent basis taking into account the amounts recognisable by customers, in proportion to the value of the progress. Due to the features of the works in progress produced by the company, they also include parts of the assets the ownership of which was transferred in guarantee of payments received from customers. In fact assessment of proceeds takes place when the purchaser of the work accepts it, since the order is a unitary indivisible object.

FACTORING

The Group – mainly through the companies of the Piaggio group and Intermarine – sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.

In the case of transfers in which the risks and benefits are not transferred, the relative receivables remain in the statement of financial position until the transferred sum has been paid. In this case any advance payments collected by the factor are recognised under payables as amounts due to other lenders.

CASH AND CASH EQUIVALENTS

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

TREASURY SHARES

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

FINANCIAL LIABILITIES

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements. Pursuant to IFRS 9, they include trade and other payables. Financial liabilities are recognised at fair value net of additional transaction costs. After initial recognition, loans are measured at amortised cost and calculated using the effective interest rate.

With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement.

Financial liabilities hedged by derivatives are recognised at present value, according to procedures established for hedge accounting: gains and losses arising from subsequent measurements at present value are recognised in profit or loss and are offset by the effective portion of the loss and again arising from subsequent measurements at present value of the hedging instrument. On initial recognition, a liability may be designated at fair value recognised in profit or loss when this eliminates or considerably reduces a lack of uniformity in the measurement or recognition (sometimes defined as "asymmetric accounting") that would otherwise arise from the measurement of an asset or liability or recognition of relative profit and loss on different bases. This fair value designation is exclusively applied to some financial liabilities in currency subject to exchange risk hedging.

DERIVATIVES AND MEASUREMENT OF HEDGING OPERATIONS

Group assets are primarily exposed to financial risks from changes in exchange and interest rates. The Group uses derivatives to hedge risks arising from changes in foreign currency and interest rates in particular irrevocable commitments and planned future transactions. With particular reference to the Piaggio group, the use of these instruments is regulated by written procedures on the use of derivatives, in line with the risk management policies of the group.

As established by IFRS 9, derivatives are initially recognised at fair value, represented by the initial amount and aligned with the fair value at subsequent ends of reporting periods. Financial derivatives are used solely for hedging purposes, in order to reduce exchange risk, interest rate risk and the risk of changes in the market price.

Financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated. When financial instruments may be measured by hedge accounting, the following accounting treatment is adopted:

- **Fair value hedge:** if a financial derivative is designated as a hedge of the exposure to changes in present value of a recognised asset or liability, attributable to a particular risk and could affect profit or loss, the gain or loss from the subsequent change in present value of the

hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the hedged item and is recognised in profit or loss;

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

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

LONG-TERM PROVISIONS

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

RETIREMENT FUNDS AND EMPLOYEE BENEFITS

Liabilities relative to employee benefits paid on or after termination of employment for defined benefit plans are determined separately for each plan, based on actuarial hypotheses estimating the amount of future benefits that employees will accrue at the reporting date (the "projected unit credit method"). Liabilities, recognised in the financial statements net of any assets serving the plan, are entered for the period when the right accrues. Liabilities are measured by independent actuaries.

The cost components of defined benefits are recognised as follows:

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

TERMINATION BENEFITS

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

TAX ASSETS AND TAX LIABILITIES

Deferred taxes are determined based on the temporary taxable differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred tax liabilities are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income. In the case of reserves of undistributed profits of subsidiaries and since the Group is able to control distribution times, deferred taxes are allocated for the reserves when distribution is expected in the future.

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.

PAYABLES

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

REVERSE FACTORING

To guarantee suppliers easier credit conditions, the Group – mainly through the companies of the Piaggio group – has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Group to a lender and collect amounts before maturity.

In some cases, payment terms are extended further in agreements between the supplier and the Group; these extensions may be interest or non-interest bearing.

The Group has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differs by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IAS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IAS 9 B3.3.6.

In this context, relations, for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

RECOGNITION OF REVENUES

Based on the five-step model introduced by IFRS 15, the group measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).

In particular, the Group measures revenues only if the following requirements have been met (requirements to identify the "contract" with the customer):

a) the contract has been approved by the parties to the contract (in writing, verbally or in compliance with other standard business practices) and the parties undertake to meet their respective

obligations; an agreement therefore exists between the parties that establishes the rights and obligations to be met, regardless of the form by which the agreement is made;

- b) the Group can identify each party's rights in relation to the goods or services to be transferred;
- c) the Group can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the relative revenues are recognised when: (i) the Group has already transferred control of the goods and/or provided the services to the customer and all or nearly all of the consideration from the customer has been received and cannot be reimbursed; or (ii) the contract has ended and the consideration received by the Group from the customer cannot be reimbursed.

If the above requirements are instead met, the Group adopts the following rules for recognition.

Revenues for the sale of vehicles and spare parts are recognised when control of the good is transferred to the purchaser, or when the customer can use in full the good or substantially benefit from it.

Revenues are represented net of discounts, including, among others, sales incentive programmes and bonuses to customers, as well as taxes directly connected with the sale of the goods.

Revenues from the provision of services are recognised when the services are provided based on their progress.

Revenues also include lease payments recognised on a straight line basis for the duration of the contract.

GRANTS

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

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

FINANCIAL INCOME

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

BORROWING COSTS

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

DIVIDENDS

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

TAXES ON INCOME

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

Immsi S.p.A., with the subsidiaries Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Is Molas S.p.A., opted to be a part of the Group taxation system, as provided for by articles 117 and following of the Consolidated Income Tax Act (National Consolidated Tax Convention). In exercising this option, each company which is party to the National Consolidated Tax Convention transfers its tax income (taxable income or tax loss) to the consolidating company: the consolidating company therefore determines one taxable base for the group of companies that are party to the National Consolidated Tax Convention, and may therefore offset taxable income against tax losses in one tax return. The latter recognises a receivable from consolidated companies transferring taxable income, while for companies with tax losses, the consolidating company records a related payable equal to corporate income tax on the portion of the loss actually offset at a Group level.

EARNINGS PER SHARE

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

USE OF ESTIMATES

The preparation of the financial statements and notes in compliance with IFRS requires management to make estimates and assumptions which have an impact on the values of assets and liabilities and on disclosure regarding contingent assets and liabilities at the end of the reporting period. Actual results could differ from estimates.

Moreover, estimates are used to measure goodwill, intangible assets and property, plant and equipment tested for impairment and to identify allocations for bad debts, for obsolete inventories, amortisation and depreciation, impairment of assets, employee benefits, taxes (including early tax recoverability), restructuring provisions and other allocations and funds. Estimates and assumptions

are periodically revised and the effects of any change are immediately recognised in profit or loss.

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

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

- Recoverable value of non-current assets

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

- Recoverability of deferred tax assets

The Group has recognised deferred tax assets from deductible temporary differences and theoretical tax benefits from losses to be carried forward. In determining the estimate of the recoverable value, the Group took into account the results of the tax bases deriving from the business plans prepared for the purposes of the impairment and approved by the respective Board of Directors of the consolidated companies, or by the results of any estimates of Market Values (as in the case of the Group company, Is Molas S.p.A.). Net deferred tax assets refer to temporary differences and tax losses. It should be noted, however, that the deferred tax assets allocated can, by their nature, be recovered over an undefined period of time, given the uncertain macroeconomic environment. In relation to Immsi S.p.A., Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apulia S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. – in liquidation and Is Molas SpA it should be noted that, as part of the Group's National Consolidated Taxation System, the recoverability of deferred tax assets is also related to the taxable income of the companies participating in the National Consolidated Taxation System.

- Pension schemes and other termination benefits

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

- Provisions for bad debts

The provision for bad debts reflects management's estimate of expected losses related to receivables. The Group adopts the simplified approach of IFRS 9 and recognises expected

losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (*Expected Credit Loss* – ECL concept).

- Provision for obsolete inventories

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

- Provision for product warranties

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

- Potential liabilities

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

The Group monitors the status of ongoing proceedings and consults its legal and tax advisers.

- Depreciation

The cost of assets is depreciated on a straight line basis over their estimated useful life, which for rights of use coincides with the assumed contract duration. The economic useful life of Group assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of technological innovations that may make the asset obsolete and no longer economical.

The Group periodically evaluates technological and segment changes, in order to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

- Income tax

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

TRANSACTIONS WITH SUBSIDIARIES AND RELATED PARTIES

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

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 January 2022:

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

Annual Improvements 2018-2020: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments did not have any effects on the values of the Group's consolidated financial statements and their disclosure.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPROVED BY THE EUROPEAN UNION THAT ARE NOT YET COMPULSORY APPLICABLE AND HAVE NOT BEEN ADOPTED IN ADVANCE BY THE GROUP AS OF 31 DECEMBER 2022

- On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.
- On 9 December 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17. The directors do not expect a material effect in the Group's consolidated financial statements from the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments entitled "*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2*" and "*Definition of Accounting Estimates—Amendments to IAS 8*". The amendments are intended to improve the disclosure on accounting policy so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments will apply from 1 January 2023, but early application is permitted.

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

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

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

At the reference date of this document, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*". These documents aim to clarify how to classify debts and other short or long term liabilities. The amendments enter into force on 1 January 2024; although earlier application is permitted.
- On 7 May 2021, the IASB published an amendment called "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted
- On 9 December 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17.
- On 22 September 2022, the IASB published an amendment called "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but early application is permitted.

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

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

Primary sector: business areas

Income statement at 31 December 2022

	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Immsi Group</i>
In thousands of Euros				
Net sales to third parties	4,626	2,087,443	34,058	2,126,127
Intercompany net revenues				0
NET REVENUES	4,626	2,087,443	34,058	2,126,127
OPERATING INCOME (EBIT)	-7,298	158,740	-7,763	143,679
Income/(loss) from investments	0	-892	0	-892
Financial income				57,171
Borrowing costs				103,109
PROFIT BEFORE TAX				96,849
Taxes				32,951
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS				63,898
Gain (loss) from assets held for sale or disposal				0
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS				63,898
Earnings for the period attributable to non-controlling interests				36,811
GROUP PROFIT (LOSS) FOR THE PERIOD				27,087

Statement of financial position at 31 December 2022

	<i>Property and holding sector</i>	<i>Industrial sector</i>	<i>Marine sector</i>	<i>Immsi Group</i>
In thousands of Euros				
Segment assets	283,701	1,958,641	127,754	2,370,096
Investments in affiliated companies	0	206	18	224
TOTAL ASSETS	283,701	1,958,847	127,772	2,370,320
TOTAL LIABILITIES	302,279	1,541,036	118,149	1,961,464

Other information at 31 December 2022

In thousands of Euros	Property and holding sector	Industrial sector	Marine sector	Immsi Group
Investments in property, plant and equipment and intangible assets	1,995	151,675	801	154,471
Depreciation, amortisation and write-downs	1,119	141,795	3,145	146,059
Cash flow from operating activities	-18,371	239,495	-1,501	219,623
Cash flow from investing activities	13,577	-154,194	-787	-141,404
Cash flow from financing activities	-7,124	-102,009	5,662	-103,471

Secondary sector: geographic segments

The following table presents the financial position and performance of the Group for 2022 in relation to geographic segments “of origin”, that is, with reference to the country of the company which realised the revenues or which owns the assets.

The distribution of revenues by geographic segment of “destination”, that is, with reference to the customer’s country, is analysed in the Notes to the Consolidated Financial Statements at 31 December 2022, with reference to the item net sales in the Income Statement.

Income statement at 31 December 2022

In thousands of Euros	Italy	Rest of Europe	India	United States	Rest of the world	Immsi Group
Net sales to third parties	1,107,180	47,821	323,559	124,352	523,215	2,126,127
Intercompany net revenues						0
NET REVENUES	1,107,180	47,821	323,559	124,352	523,215	2,126,127

Statement of financial position at 31 December 2022

In thousands of Euros	Italy	Rest of Europe	India	United States	Rest of the world	Immsi Group
Segment assets	1,792,300	21,687	203,925	59,156	293,028	2,370,096
Investments in affiliated companies	196	28	0	0	0	224
TOTAL ASSETS	1,792,496	21,715	203,925	59,156	293,028	2,370,320

In thousands of Euros	Italy	Rest of Europe	India	United States	Rest of the world	Immsi Group
Total receivables *	56,663	12,018	44,032	7,187	10,618	130,518
Total payables **	554,926	21,535	139,215	6,171	143,123	864,970

*) Contract work in progress and Tax receivables are not included.

**) Payables for Current taxes and Financial liabilities are not included.

Other information at 31 December 2022

In thousands of Euros	Italy	Rest of Europe	India	United States	Rest of the world	Immsi Group
Investments in property, plant and equipment and intangible assets	94,966	1,279	20,441	3,704	34,081	154,471
Depreciation, amortisation and write-downs	111,168	1,670	19,570	2,971	10,680	146,059

For comparability, corresponding tables referring to 31 December 2021 are shown below:

Income statement at 31 December 2021

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

Statement of financial position at 31 December 2021

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

Other information at 31 December 2021

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

Secondary sector: geographic segments

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

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

Income statement at 31 December 2021

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

Statement of financial position at 31 December 2021

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

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

*) Contract work in progress and Tax receivables are not included.

**) Payables for Current taxes and Financial liabilities are not included.

Other information at 31 December 2021

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

- F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

- F1 - INTANGIBLE ASSETS	897,337
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Net intangible assets at 31 December 2022 amounted to €897,337 thousand, up by €8,375 thousand compared to 31 December 2021, mainly due to the capitalisation of development costs for new products and new engines, detailed below:

	Development costs	Concessions, patents, industrial and similar rights	Trademarks and licences	Goodwill	Other intangible assets	TOTAL
In thousands of Euros						
Gross amounts as of 31 December 2020	384,637	522,702	190,862	625,421	10,369	1,733,991
Increases	42,084	55,545	0	0	219	97,848
Other movements	7,778	(335)	0	0	687	8,130
Gross amounts at 31 December 2021	434,499	577,912	190,862	625,421	11,275	1,839,969
Accumulated amortisation at 31 December 2020	289,802	395,252	161,323	11,439	10,076	867,892
Depreciation	33,670	41,739	61	0	201	75,671
Write-downs	(717)	(557)	0	0	0	(1,274)
Other changes	7,258	762	0	0	698	8,718
Accumulated amortisation at 31 December 2021	330,013	437,196	161,384	11,439	10,975	951,007
Net amounts at 31 December 2021	104,486	140,716	29,478	613,982	300	888,962
Gross amounts at 31 December 2021	434,499	577,912	190,862	625,421	11,275	1,839,969
Increases	41,408	46,255	0	0	1,241	88,904
Other movements	(4,824)	(1,030)	0	0	76	(5,778)
Gross amounts as of 31 December 2022	471,083	623,137	190,862	625,421	12,592	1,923,095
Accumulated amortisation at 31 December 2021	330,013	437,196	161,384	11,439	10,975	951,007
Depreciation	33,149	44,161	66	0	118	77,494
Write-downs	(1,990)	0	0	0	0	(1,990)
Other changes	183	(962)	0	0	26	(753)
Accumulated depreciation as of 31 December 2022	361,355	480,395	161,450	11,439	11,119	1,025,758
Net amounts at 31 December 2022	109,728	142,742	29,412	613,982	1,473	897,337

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

Development costs

Development costs include costs for products, vessels and engines in projects for which there is an expectation, for the period of the useful life of the asset, to realise revenues that will allow for the recovery of the costs incurred. This item includes assets under construction for €32,001 thousand, mainly ascribable to the Piaggio group, which instead represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.

With particular reference to the **industrial sector** (Piaggio group), new projects capitalised during 2022 refer to the study of new vehicles and new engines which will feature as the top products in the 2022-2024 range.

Financial costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. In 2022, development costs of €23,578 thousand were directly expensed in the Income Statement. The write-downs related to the design of two new vehicles for which the production plans were revised as part of the Business Plan update prepared by the group.

As regards the **marine sector** (Intermarine S.p.A.), total development costs capitalised at 31 December 2022 under intangible assets, net of amortisation, amounted to €406 thousand.

For further details on the main research, development and innovation activities of companies belonging to the Immsi Group, see the 2022 Non-Financial Statement.

Concessions, patents, industrial and similar rights

The net balance of this item, amounting to €142,742 thousand at 31 December 2022, refers nearly entirely to the Piaggio group and chiefly to new calculation, design and production techniques and methodologies developed by the Group, of which €41,047 thousand are assets under construction.

Trademarks and licences

Trademarks and licenses, amounting to €29,412 thousand, are broken down as follows:

<i>In thousands of Euros</i>	Net value as at 31 December 2022	Net value as at 31 December 2021	Change
Guzzi trademark	9,750	9,750	0
Aprilia trademark	19,158	19,158	0
Foton licence	494	555	(61)
Other	10	15	(5)
Total brands	29,412	29,478	(66)

The Foton license is amortised over 10 years expiring in February 2031.

The Moto Guzzi and Aprilia brands, having an indefinite useful life from 2021, are no longer amortised, but are tested at least annually for impairment, in accordance with IAS 36 "Impairment of Assets" as part of the impairment test as better described in the "Goodwill" section. The results of the impairment tests conducted as at 31 December 2022 show no write-downs of the aforementioned brands with an indefinite useful life.

Goodwill

The goodwill recognised by the Group was unchanged compared to the balance at the end of 2021. The item in question is broken down in the following table:

<i>In thousands of Euros</i>	Net Balance at 31.12.2022
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 current value of future financial flows over a multi-year forecasting period that are estimated to be generated by the continuous use of the assets referred to the single cash-generating unit (“Unlevered” version of the “Discounted Cash Flow” method); and
- by the terminal value attributable to them (estimated according to the perpetual growth method), so as to reflect the residual value that each cash-generating unit is expected to generate beyond the planning timeframe and which is representative of the current value of future cash flows after the specific period of forecast financial data.

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

Goodwill was fully allocated to the cash generating units, “Piaggio group” (€579,492 thousand) and “Intermarine” (€34,428 thousand). The impairment testing for both the cash-generating units was conducted in-house by Immsi S.p.A.’s management, in order to support the Company’s Board of Directors in the application of the procedure set out in the accounting standard IAS 36.

The Group therefore subjected the carrying amounts of the Net capital employed (NCE) to a recoverability check at 31 December 2022 relating to both of the above mentioned CGUs; NCE, among other things, includes the value of goodwill.

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

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

As regards the figures as per point i), the analyses were based on a hypothesis of forecasted cash flows relative to a four-year time horizon inferable from the 2023 budget data (approved by the Board of Directors of Piaggio & C. S.p.A. on 26 January 2023) supplemented by forecast data for the period 2024-2026 (approved by the Board of Directors of Piaggio & C. S.p.A. on 24 February 2023). In the preparation of the 2023 budget and the 2024-2026 plan, management took into account the search for new technologies with the mobility of the future in mind, the significant increase in investments in electric vehicles (2-3-4 wheels), investments in active and passive safety for all vehicles, and the costs of the energy transition.

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

the cost of its equity ("K_e") according to the CAPM ("Capital Asset Pricing Model") a) a variable long-term risk-free rate for the different areas of operation of the Piaggio group was considered; b) a market risk premium in an unconditional form (normal long-term premium), in order to avoid the risk of running into a "double counting" of the country risk associated to the group's operational areas; c) Beta coefficients also taking into account the Beta coefficients of main listed companies that are comparable to the Piaggio group. The cost of debt ("K_d") net of taxes was estimated taking account of the target financial structure that can be related to main listed companies comparable to the Piaggio group as well as – prudentially in order to mitigate the positive impact of the current expansive monetary policy – a long-term risk-free rate. The average weighted discount rate ("WACC") used for impairment testing net of taxes is therefore estimated to be equal to approximately 8.02% up compared to the previous year (6.25% at 31 December 2021) in line with the changed reference scenarios.

As regards point iii) when processing the impairment test, the final value was determined using a weighted average perpetual growth rate ("g rate"), calculated starting from different "g rates", determined by the Piaggio group for its own internal cash-generating units: this weighted average "g rate" was estimated at approximately 1.51% (up from 1.37% used as of 31 December 2021), considered reasonable and conservative in light of analysts' expectations for the Piaggio group and the long-term real GDP growth trend forecast for the main countries in which the Group operates.

The analyses carried out, approved by the Parent Company's Board of Directors on 23 March 2023, did not lead to any impairment losses: therefore, no impairment loss was reflected in the data of the Consolidated Financial statements of the Immsi Group at 31 December 2022. With the above values of the basic assumptions considered, the goodwill test regarding the Piaggio group cash-generating unit was passed with a broad margin. Furthermore, as required by IAS 36 and the guidelines for impairment tests drawn up by the OIV, a sensitivity analysis was carried out on the test results compared to the basic assumptions used such as the perpetual growth rate used to process the final value ("g rate") and the discount rate ("WACC"), that affect the estimate of the value of use of the Piaggio group cash-generating unit: the impairment test did not show any loss in value even when predicting a positive and negative change of 0.5% in the WACC and the g rate.

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

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

With regard to the values under point i), the analyses were based on a hypothesis of forecast financial flows relative to a five-year time horizon inferable from the budget data for the financial year 2023 supplemented by forecast data relative to the period 2024-2027 prepared by the management of Intermarine S.p.A., as well as on the valuation of a non-recurring job order that will develop in the long term excluded from the perpetuity: the data processed as above were approved by the Board of Directors of the Intermarine S.p.A. company on 10 March 2023. In this regard, forecast data considered – uncertain and variable by nature – reflect the evolution of the company's order portfolio as well as its future industrial and commercial strategies: such data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way. Updates, revisions, delays or negative developments relative to the aforesaid assumptions and forecasts occurring after the reporting period of this evaluation could influence, even significantly, the results of impairment testing. In this regard, during preceding years, the final results of the marine sector showed deviations compared to estimates in financial forecasts used, even after several

exceptional and unforeseeable events: given the intrinsically uncertain nature of the forecast data considered, it cannot be excluded that these deviations may continue to take place even in the future, with respect to the forecast data used in the impairment test carried out at 31 December 2022.

With reference to the value referred to in point (ii), for the discounting of Intermarine's estimated expected cash flows, an average discount rate ("WACC") was adopted that took into account current market assessments of the cost of money, the specific risks of the business and the geographical area in which the company operates, and account was taken of the different operating risk profile that characterises the contract, which will be developed over the long term and is non-recurring in nature.

In particular, for the determination of the cost of equity, a) a medium- to long-term low risk-free rate was considered; b) a market risk premium considered indicative of the level of risk associated with the Italian market; c) a Beta coefficient calculated by taking into account also the Beta coefficient of a sample of companies comparable to the Company, operating in the leisure and defence shipbuilding sector, as well as the so-called operating leverage that distinguishes the above-mentioned non-recurring order; d) the prospective financial structure of a panel of listed companies comparable to Intermarine.

For the purposes of estimating the discount rates, an additional risk premium was also considered in order to incorporate - directly into the discount rate - the uncertainties of actual realisation of the forecast cash flows.

The after-tax cost of debt capital was estimated taking into account long-term risk-free rates increased by the credit spread of the Intermarine CGU calculated as a weighted average of current financial debt, as well as the prospective financial structure as defined above.

The average discount rate used for the purpose of the after-tax impairment test was therefore estimated to be approximately 9.22% (7.38% as at 31 December 2021) in line with the changed reference scenarios.

With regard to point iii), it should be noted that in the preparation of the impairment test, the expected growth rate (g rate) for the calculation of the perpetuity terminal value consistent with the "perpetuity annuity" discounting approach is 1.75% (lower than the inflation rate implicit in the discount rate of approximately 2%).

The analyses carried out, approved by the Parent Company's Board of Directors on 23 March 2023, did not lead to any impairment losses with reference to the goodwill test allocated to Intermarine cash-generating unit: therefore, no impairment of goodwill is reflected in the data of the Consolidated Financial statements of the Immsi Group at 31 December 2022. Furthermore, as required by IAS 36 and the guidelines for impairment tests drawn up by the OIV, a sensitivity analysis was carried out on the test results compared to the basic assumptions used such as the perpetual growth rate used to process the final value ("g rate") and the discount rate ("WACC"), that affect the estimate of the value of use of the Intermarine cash-generating unit: the goodwill test allocated to the cash-generating unit in question did not show any impairment losses even if it provided for a positive and negative change of 0.5% in WACC and in g rate. In fact, the average WACC that makes the recoverable amount equal to the carrying amount of the invested capital including goodwill is estimated to be over 28%.

Considering that the analyses conducted to estimate the recoverable value both for the Piaggio group cash-generating unit and for the Intermarine cash-generating unit has also been determined on the basis of estimates, the Group cannot assure that there will not be an impairment of goodwill in future periods.

Given the current market uncertainty, the various factors used in processing 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 the Immsi S.p.A. share presents at 31 December 2022 a market capitalisation lower than the value of Consolidated shareholders' equity; the Directors, on one hand,

on the basis of the results of the impairment tests conducted on the NCEs of the Piaggio group and Intermarine group CGUs, and on the other, of the fair value assessments of some assets belonging to the property and holding sectors (Is Molas), which together represent the substantial totality of the Group's assets, have concluded that on 31 December 2022 there were no impairment losses to be reflected in the consolidated financial statements of the Immsi Group.

Other intangible assets

The item "Other intangible assets with a finite life" totalling €1,473 thousand, mainly includes expenses incurred by Piaggio's Asia Pacific subsidiaries. This item also includes €70 thousand related to ETS certificates issued during the year and still in the portfolio. For a more detailed discussion of the accounting treatment and the Emission Trading Directive (Directive 2003/87/EC), which established the ETS, please refer to the section on Accounting Standards.

- F2 - PROPERTY, PLANT AND EQUIPMENT	369,668
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Net property, plant and equipment - which includes rights of use in accordance with IFRS 16 - as of 31 December 2022 amounted to €369,668 thousand, compared to €355,284 thousand as of 31 December 2021, and consisted of fixed assets owned by the Piaggio group for €328,227 thousand, of Intermarine S.p.A. for €18,041 thousand, of Is Molas S.p.A. for €22,355 thousand and Immsi S.p.A. for €938 thousand.

The following table details this item:

In thousands of Euros	<i>Land</i>	<i>Buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Assets to be given free of charge</i>	<i>Other assets</i>	<i>TOTAL</i>
Gross amounts as of 31 December 2020	46,009	228,922	539,473	539,889	16,517	74,166	1,444,976
Increases	4,344	11,303	20,973	18,665	0	11,890	67,175
Decreases	0	(1,044)	(15,123)	(26,964)	0	(10,742)	(53,873)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other movements	173	4,764	14,970	777	0	(288)	20,396
Gross amounts at 31 December 2021	50,526	243,945	560,293	532,367	16,517	75,026	1,478,674
Accumulated amortisation at 31 December 2020	0	109,040	418,627	505,215	14,750	60,494	1,108,126
Depreciation	0	11,372	23,207	11,704	271	9,024	55,578
Utilisation	0	0	0	(175)	0	0	(175)
Write-downs	0	(928)	(15,051)	(27,822)	0	0	(43,801)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	1,947	9,922	1,280	0	(9,487)	3,662
Accumulated amortisation at 31 December 2021	0	121,431	436,705	490,202	15,021	60,031	1,123,390
Net amounts at 31 December 2021	50,526	122,514	123,588	42,165	1,496	14,995	355,284
Gross amounts at 31 December 2021	50,526	243,945	560,293	532,367	16,517	75,026	1,478,674
Increases	6,231	26,276	21,553	16,558	15	12,011	82,644
Decreases	0	(913)	(7,556)	(4,076)	0	(1,340)	(13,885)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other movements	(412)	(3,235)	(5,562)	557	0	149	(8,503)
Gross amounts as of 31 December 2022	56,345	266,073	568,728	545,406	16,532	85,846	1,538,930
Accumulated amortisation at 31 December 2021	0	121,431	436,705	490,202	15,021	60,031	1,123,390
Depreciation	0	12,847	24,466	15,620	255	10,218	63,406
Write-downs	0	(700)	0	0	0	0	(700)
Utilisation	0	(658)	(7,479)	(4,734)	0	0	(12,871)
Change in the scope of consolidation	0	0	0	0	0	0	0
Other changes	0	1,034	(4,600)	685	0	(1,082)	(3,963)
Accumulated depreciation as of 31 December 2022	0	133,954	449,092	501,773	15,276	69,167	1,169,262
Net amounts at 31 December 2022	56,345	132,119	119,636	43,633	1,256	16,679	369,668

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

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

Property, plant and equipment at 31 December 2022 included approximately €1,256 thousand relative to freely transferable assets attributable to Intermarine, comprising light constructions, buildings and relative renovation costs, built on state-owned land in the Municipality of Messina. Buildings built on state-owned land are depreciated based on the remaining duration of the concession (expiring in 2028). These assets, held because of a concession agreement, at its expiry, must be freely and in a perfect state of operation transferred to the granting body.

Furthermore, finance costs on loans acquired to finance the building of assets that require a substantial period of time to be ready for use are capitalised as part of the cost of the assets themselves: in this regard, the Group capitalised finance costs for €644 thousand in the year, all belonging to the Piaggio group.

Land and buildings

Land and industrial property refer to production facilities of the Piaggio group located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Barcelona (Spain), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia), to the industrial complex of Intermarine S.p.A. in Sarzana (SP) and to the tourism/hotel structure managed by Is Molas S.p.A. in the Municipality of Pula (Cagliari).

The increase in the land item compared to the previous year relates to the land on which the new 2-wheeler plant for CKD assembly was built in Indonesia.

The item also includes a building located in Pisa, used as a warehouse by Piaggio & C. S.p.A.. The Group recognised €7,383 thousand for assets under construction at owned property.

Plant and machinery

The “Plant and machinery” item refers essentially to the production facilities of the Piaggio group located in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam), as well as the structures owned by Intermarine S.p.A. and the facilities located in the tourist/hotel complex managed by Is Molas S.p.A., for a net overall amount of €119,636 thousand. The Group has recognised €14,414 thousand for assets under construction.

Industrial and commercial equipment

The value of industrial and commercial equipment amounts to €43,633 thousand. The balance includes assets under construction for about €3,363 million, attributable to the Piaggio group.

Main investments in equipment were made by the Piaggio group and concerned moulds for new vehicles launched during the year or scheduled to be launched in the first half of next year, moulds for new engines and specific equipment for assembly lines, including those of the new plant in Indonesia.

Other assets

The “Other assets” item comprises vehicles, furniture, office fittings and EDP systems. Other assets are recognised for a total value of €16,679 thousand, net of relative depreciation. The Group has recognised assets under construction for €3,178 thousand.

Rights of use

Rights of use, which refer to operating leases, finance leases and prepaid rent for the use of property are included in the individual categories to which they refer.

The Group has stipulated rental/hire contracts for offices, plants, warehouses, company accommodation, cars and forklift trucks. The rental/lease agreements are typically for a fixed duration, but extension options are possible.

At 31 December 2022, the net value of right of use assets amounted to €38,515 thousand, broken down as follows: buildings for €26,621 thousand, plant and machinery for €7,275 thousand, equipment for €1,661 thousand, concessions for €558 thousand and other assets for €2,400 thousand. Commitments for leasing instalments falling due are detailed in the Financial Liabilities section.

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

	<i>Opening balance at 31.12.2021</i>	<i>Purchases and/or increases</i>	<i>Sales and/or decreases</i>	<i>Depreciation</i>	<i>Other changes</i>	<i>Closing balance 31.12.2022</i>
Historical cost	60,543	17,077	-1,167	0	-139	76,314
Depreciation	-27,868	0	818	-10,690	-59	-37,799
Total rights of use	32,675	17,077	-349	-10,690	-198	38,515

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

	2022	2021
Depreciation of rights of use	10,690	8,902
Financial charges for rights of use	1,635	1,285
Rental payments (not IFRS 16)	16,306	10,896

In 2022, leasing agreements subject to IFRS 16 resulted in a cash outflow of €12,201 thousand.

Guarantees

At 31 December 2022, the Group had land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank loans, to which reference is made in the paragraph I – *Commitments, risks and guarantees*.

- F3 - INVESTMENTS

9,948

The table below details the item Equity investments at 31 December 2022:

In thousands of Euros	<i>Balance as of 31.12.2021</i>	<i>Increases</i>	<i>Write-downs / Reversals</i>	<i>Reclassifications / Exchange differences</i>	<i>Balance as of 31.12.2022</i>
Equity investments in subsidiaries	22	8	(3)	0	27
Equity investments in affiliated companies and joint ventures	11,055	0	(907)	(227)	9,921
TOTAL	11,077				9,948

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

Below is the corresponding table related to changes that occurred during 2021:

In thousands of Euros					
	Balance as of 31/12/2020	Increases	Write-downs / Reversals	Reclassifications / Exchange differences	Balance as of 31.12.2021
Equity investments in subsidiaries	15	10	(3)	0	22
Equity investments in affiliated companies and joint ventures	9,142	0	644	1,269	11,055
TOTAL	9,157				11,077

The table below details Investments at 31 December 2022:

Investments	% Group	Carrying amount as of 31 December 2022
Accounted for using the equity method:		
Rodriguez Pietra Ligure S.r.l.	100.00%	17
Accounted for using the cost method:		
Circolo Golf Is Molas S.S.D. a R.L.	100.00%	10
Total subsidiaries		27
Accounted for using the equity method:		
Zongshen Piaggio Foshan Motorcycle Co. LTD.	45.00%	9,697
Total joint ventures		9,697
Accounted for using the equity method:		
S.A.T. Soci���� d'Automobiles et Triporteurs S.A.	20.00%	0
Depuradora d'Aig���� de Martorelles S.C.C.L.	22.00%	28
Pontedera & Tecnologia S.c.r.l.	22.23%	178
Accounted for using the cost method:		
Consorzio CTMI – Messina	34.21%	18
Total associates		224
TOTAL		9,948

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

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

figures in thousands of Euros	31.12.2022	31.12.2021
Working capital	5,856	7,493
Financial debt	0	0
Total assets	5,826	6,263
NET CAPITAL EMPLOYED	11,682	13,756
Provisions	198	267
Financial debt	589	1,131
Shareholders' equity	10,895	12,359
TOTAL SOURCES OF FINANCING	11,682	13,756
Shareholders' equity attributable to the Group	10,895	12,359
Elimination of margins on internal transactions	(1,198)	(1,509)
Value of the investment	9,697	10,850

The statement of changes and reconciliation of Shareholders' Equity at the end of 2021 and at 31 December 2022 is presented below:

Opening balance as of 1 January 2022	10,850
Profit (Loss) for the period	(1,236)
<i>Other comprehensive income</i>	(228)
Elimination of margins on internal transactions	311
Closing balance as of 31 December 2022	9,697

- F4 - OTHER FINANCIAL ASSETS	3,786
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- Non-current portion

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

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

- Current portion

Other current financial assets amounted to €3,770 thousand compared to €3,963 thousand at the end of the previous year.

The item mainly includes the equity investment (equal to 279,639 shares) held by Immsi S.p.A. in UniCredit S.p.A., measured, as required by IFRS 9, at fair value as of 31 December 2022 equal to €3,711 thousand, slightly decreasing compared to the figure as of 31 December 2021. The Parent Company adjusted the carrying amount of the investment to the value measured at 31 December 2022, recognising the adjustment in other comprehensive income. These adjustments will not be subsequently transferred to operating profit (loss), but the Group may transfer the accumulated loss or profit to shareholders' equity, when the investment is sold.

- F5 - TAX RECEIVABLES	55,077
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Current and non-current tax receivables amount to a total of €55,077 thousand, up on the previous year mainly due to the lower VAT receivables of Piaggio & C. S.p.A., and are detailed below:

- Non-current portion

In thousands of Euros	Balance as of 31.12.2022	Balance as of 31.12.2021
VAT receivables	741	543
Income tax receivables	6,270	7,333
Other tax receivables	1,820	1,052
TOTAL	8,831	8,928

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

- Current portion

In thousands of Euros		
	<i>Balance as of 31.12.2022</i>	<i>Balance as of 31.12.2021</i>
VAT receivables	34,456	12,572
Income tax receivables	3,043	2,431
Other tax receivables	8,747	4,173
TOTAL	46,246	19,176

Immsi S.p.A. has tax consolidation contracts with the subsidiaries Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Is Molas S.p.A.. As regards contracts signed with these companies, the Parent Company Immsi S.p.A., as consolidating entity, recognised tax receivables for €283 thousand in its financial statements, relative to withholding taxes transferred from companies of the agreement, recognised in the current portion as they concern disposal to subsidiaries pursuant to Art. 43-ter of Italian Presidential Decree No. 602/73 to be offset from 2023.

- F6 - DEFERRED TAX ASSETS	145,597
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At 31 December 2022, net deferred tax assets that will fall due within 12 months total €8,964 thousand (€12,763 thousand at 31 December 2021) while those falling due beyond 12 months amount to €136,633 thousand (€132,371 thousand at 31 December 2021): these values are recorded net of deferred tax liabilities which are uniform as regards maturity and nature. Deferred tax liabilities were determined applying the tax rate in effect in the year when temporary differences occur.

Deferred tax assets recognised mainly refer to the Piaggio group for €71,611 thousand (€72,479 thousand at 31 December 2021), Intermarine S.p.A. with €36,261 thousand (compared to €39,506 thousand at 31 December 2021) and Is Molas S.p.A. with €20,391 thousand (unchanged from 31 December 2021).

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

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

Gross deferred tax assets are as follows:

In thousands of Euros				
	<i>Taxable amount</i>	<i>Tax effect</i>	<i>Recognised</i>	<i>Not recognised</i>
Temporary differences for allocations to provisions	119,554	34,297	n/a	n/a
Other differences	99,168	18,373	n/a	n/a
Total of provisions and other changes	218,722	52,670	52,615	55
Tax losses	519,900	128,459	92,981	35,478
Grand total at 31 December 2022	738,622	181,130	145,597	35,533

Unrecognised deferred tax assets amount to €35,533 thousand and almost exclusively refer to prior year losses and other temporary differences attributable to the Piaggio group.

For comparability, the corresponding table at 31 December 2021 is shown below:

In thousands of Euros

	<i>Taxable amount</i>	<i>Tax effect</i>	<i>Recognised</i>	<i>Not recognised</i>
Temporary differences for allocations to provisions	101,347	26,560	n/a	n/a
Other differences	103,060	25,676	n/a	n/a
Total of provisions and other changes	204,407	52,236	52,047	189
Tax losses	491,535	120,978	93,086	27,892
Grand total at 31 December 2021	695,942	173,215	145,134	28,081

- F7 - TRADE RECEIVABLES AND OTHER RECEIVABLES	134,237
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- Non-current portion

Trade receivables and other receivables included under non-current assets total €21,837 thousand against €26,838 thousand at 31 December 2021. The item mainly includes prepaid expenses in the amount of €10,771 thousand and security deposits in the amount of €1,262 thousand.

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

- Current portion

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

In thousands of Euros

	<i>Balance as of 31.12.2022</i>	<i>Balance as of 31.12.2021</i>
Trade receivables	71,694	75,657
Amounts due from affiliated companies	0	5
Amounts due from joint ventures	544	1,490
Other receivables	40,162	54,418
TOTAL	112,400	131,570

The trade receivables and other receivables item as of 31 December 2022 is shown net of a write-down fund of €32,303 thousand (€32,133 thousand at 31 December 2021).

The following table shows the movements of the current and non-current provision in question during 2022:

In thousands of Euros

Balance as of 31.12.2021	32,133
Increases for allocations	1,376
Decreases for use	(3)
Balance as of 31.12.2022	33,506

The Piaggio group sells a large part of its trade receivables with and without recourse. The Piaggio group has signed contracts with some of the most important Italian and foreign factoring companies as a move to essentially optimise, monitor and manage its trade receivables, besides offering its customers an instrument for funding their own inventories, and, as regards factoring without recourse, the substantial transfer of risks and benefits.

At 31 December 2022, trade receivables still due, sold without recourse, totalled €168,249 thousand:

of this amount, the Piaggio group received advance payments for €167,027. At 31 December 2022, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €12,040 thousand, with a counter entry recorded in current liabilities.

The subsidiary Intermarine S.p.A. also signs contracts with major Italian factoring companies for the assignment of trade receivables without recourse. In particular, Banca IFIS granted a ceiling of €9.5 million for advances and/or assignments without recourse of contracts, outstanding as at 31 December 2022 for €6 million.

The balance of receivables from joint ventures relates to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

Other receivables include: advances to suppliers for €4,429 thousand, essentially recognised by the subsidiary Intermarine S.p.A., accrued income and deferred charges for a total of €14,048 thousand, advances to employees for €516 thousand, security deposits for €305 thousand, receivables concerning ministerial contributions for €1,024 thousand and other sundry receivables.

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

In thousands of Euros				
	<i>Balance as of 31.12.2021</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance as of 31.12.2022</i>
Contract work in progress gross of advances	114,800	13,561	(99,333)	29,028
Contractual advances received from customers	104,542			25,309
Contract work in progress net of advances	10,258			3,719
Costs sustained	82,309			23,954
Margins recognised (net of losses)	35,310			5,074

- F8 -	ASSETS / LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL	0
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The net book balance 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 during the 2021 financial year.

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.

- F9 -	INVENTORIES	491,093
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Inventories are measured at the lower of cost and market value and totalled €491,093 thousand at the end of the period, comprising:

In thousands of Euros	Balance as of 31.12.2022			Balance as of 31.12.2021		
	Cost	Write-down	Net	Cost	Write-down	Net
Consumables	42	0	42	48	0	48
Raw materials	209,104	(15,992)	193,112	174,423	(17,274)	157,149
Work in progress and semi-finished products	143,737	(14,404)	129,333	135,469	(12,505)	122,964
Finished products	188,944	(20,338)	168,606	131,429	(18,931)	112,498
TOTAL	541,827	(50,734)	491,093	441,369	(48,710)	392,659

The above write-downs were necessary due to stocks of raw materials no longer usable in the production process and obsolete or slow-moving finished products and goods.

At 31 December 2022, the Piaggio group recognised, net of write-downs, inventories for €379,678 thousand relating to components, accessories and two-wheeler, three-wheeler and four-wheeler vehicles. Intermarine S.p.A. contributed €43,593 thousand, mainly concerning raw materials and products in progress for prototypes, own construction and repairs. Finally, at year-end Is Molas S.p.A. recorded €67,822 thousand of final inventories related to the hotel business (residual value), work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the realisation of the property development project related to the subdivision in Is Molas - Cagliari, considered recoverable by the Directors on the basis of the results of an estimate of the market value of the property complex prepared by an independent expert of high standing.

- F10 - CASH AND CASH EQUIVALENTS

263,577

Cash and cash equivalents at the end of the period totalled €263,577 thousand against €290,373 thousand as of 31 December 2021, as detailed in the table below:

In thousands of Euros	Balance as of 31.12.2022	Balance as of 31.12.2021
Cash and cash equivalents	71	74
Receivable due from banks within 90 days	263,506	290,299
TOTAL	263,577	290,373

The aggregate in question refers to cash, current bank accounts, deposits refundable on demand and other short-term high-liquidity financial investments readily convertible into cash and subject to an insignificant risk of change in value.

Bank and postal deposits as of 31 December 2022 are attributable to the Piaggio group for €242,569 thousand.

For more details on changes in cash and cash equivalents during the financial year, please refer to the consolidated cash flow statement as at 31 December 2022.

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

In thousands of Euros	Balance as of 31.12.2022	Balance as of 31.12.2021
Cash and cash equivalents	263,577	290,373
Current account overdrafts	(64)	(12)
TOTAL	263,513	290,361

- F12 - BREAKDOWN OF RECEIVABLES BY VALUATION METHOD

Information on the carrying amount of financial assets and operating receivables at 31 December 2022 and 31 December 2021, with particular reference to the accounting standards adopted, is given below.

- Operating assets

In thousands of Euros

Values as of 31 December 2022	Assets measured at FVPL	Assets measured at FVOCI	Financial derivatives	Assets at amortised cost	Total
Non-current					
Tax receivables				8,831	8,831
Other receivables			970	21,837	22,807
Total non-current operating receivables	0	0	970	30,668	31,638
Current					
Trade receivables				72,238	72,238
Tax receivables				46,246	46,246
Other receivables	0		5,530	30,913	36,443
Total current operating receivables	0	0	5,530	149,397	154,927
Values as of 31 December 2021	Assets measured at FVPL	Assets measured at FVOCI	Financial derivatives	Assets at amortised cost	Total
Non-current					
Tax receivables				8,928	8,928
Other receivables				26,838	26,838
Total non-current operating receivables	0	0	0	35,766	35,766
Current					
Trade receivables				77,152	77,152
Tax receivables				19,176	19,176
Other receivables	0		8,326	35,834	44,160
Total current operating receivables	0	0	8,326	132,162	140,488

- Financial assets

In thousands of Euros

Values as of 31 December 2022	Assets measured at FVPL	Assets measured at FVOCI	Financial derivatives	Assets at amortised cost	Total
Non-current					
Other financial assets	16		0		16
Total non-current financial assets	16	0	0	0	16
Current					
Other financial assets		3,711	59		3,770
Cash and cash equivalents				263,577	263,577
Securities				0	0
Total current financial assets	0	3,711	59	263,577	267,347

In thousands of Euros

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

- G - INFORMATION ON THE MAIN LIABILITY ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

- G1 -	SHAREHOLDERS' EQUITY	408,856
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Shareholders' equity as at 31 December 2022 amounted to €408,856 thousand (€390,867 thousand as at 31 December 2021), of which €240,265 thousand referred to the Group's consolidated shareholders' equity and €168,591 thousand referred to minority interests in capital and reserves.

Share capital

At 31 December 2022, the share capital of Immsi S.p.A., fully subscribed and paid up, comprised 340,530,000 ordinary shares with no nominal value, for a total of €178,464,000.00.

As already stated, at 31 December 2022, Immsi S.p.A. held no treasury shares. Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders' equity resulting from any liquidation, as well as unlimited voting rights.

Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits of Immsi S.p.A., in accordance with provisions of law and totalled €9,222 thousand at the end of the 2022 financial year.

Other reserves

The details of the item Other reserves are shown in the table, amounting at end 2022 to €75,499 thousand.

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								(137)	(137)
Overall earnings for the period					(6,302)	2,178	(1,427)		(5,551)
Balances as of 31 December 2022	94,874	5,300	4,602	1,153	(22,596)	(4,466)	(26,482)	23,114	75,499

The share premium reserve includes the consideration for the shares subscribed following the Immsi S.p.A. capital increases finalised in 2005 and 2006, net of utilisations to cover losses of €342 thousand, for a total value of €94,874 thousand. Other reserves also include the reserve generated by the transition to international accounting standards made by the Group at 1 January 2004, amounting to €5,300 thousand, details of which are provided in the Report on the Financial Statements at 31 December 2005, also available at www.immsi.it. The reserve for the measurement of financial instruments was negative by €26,482 thousand, mainly due to: €1,351 thousand for the recognition of profits (losses) on financial hedging instruments, the recognition in the Statement of Comprehensive Income of the fair value adjustment of equity financial instruments held by the Parent

Company, such as the equity investment in UniCredit, amounting to a negative €12,097 thousand after the adjustment in 2022 of a negative €76 thousand, and Alitalia - CAI, amounting to €14,778 thousand. Included in the item "other changes" is also the effect of the Parent Company's waiver of receivables in favour of certain subsidiaries in order to strengthen their equity.

Retained earnings

Retained earnings amount to €50,008 thousand negative and refer to cumulative Group earnings.

Capital and reserves of non-controlling interests

At 31 December 2022 the balance of share capital and reserves attributable to third party shareholders totalled €168,591 thousand, up by €158,919 thousand compared to 31 December 2021.

Statement of Comprehensive Income

At 31 December 2022, the overall result for the period showed a profit of €52,414 thousand, of which €30,878 thousand pertaining to non-controlling interests, against the recognition of positive components that may not be reclassified in future in profit or loss for a total of €4,095 thousand, mainly due to the fair value adjustment of actuarial losses on defined benefit plans, as well as negative components which may be reclassified in future in profit or loss, amounting to €15,579 thousand, chiefly relating to translation losses recognised by the Piaggio group.

- G2 -	FINANCIAL LIABILITIES	1,000,619
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Financial liabilities at 31 December 2022 amounted to €1,000,619 thousand: the portion recognised as non-current liabilities amounted to €595,176 thousand, compared to 604,777 at 31 December 2021, while the portion recognised as current liabilities amounted to €405,443 thousand, compared to €454,940 thousand at 31 December 2021.

At 31 December 2022, total interest expense was recognised by the Group, amounting to €5,347 thousand due to non-controlling interests of Group companies accrued on loans received.

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

Therefore, as of 31 December 2022, the Immsi Group's net financial debt amounted to a total of €731.7 million, a decrease (approximately €32.5 million) compared to the balance of €764.2 million as of 31 December 2021. The Group's net financial debt includes €368.2 million in the "Industrial" Sector (Piaggio group) and the remaining €363.5 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 in financial debt during the last year:

In thousands of Euros								
	Net balance at 31.12.2021	Movements	Repayments	New issues	Reclassifications	Exchange delta	Other changes	Net balance at 31.12.2022
Liquidity	(290,373)	25,200				1,596	0	(263,577)
Payables due to banks for current account overdrafts	12		(12)	64	0	0	0	64
Payables due to banks within 1 year	228,089		(23,557)	19,861	0	(330)	0	224,063
Current portion of non-current financial debt	146,294		(138,505)	4,152	93,176	0	164	105,281
Current payables to banks	374,395	0	(162,074)	24,077	93,176	(330)	164	329,408
Bonds	0		0	0	0	0	0	0
Financial liabilities for rights of use	8,204		(11,912)		15,249	0	70	11,611
Amounts due to subsidiaries	7		(1)	0	0	0	0	6
Amounts due to other lenders	67,223		(9,884)	14,090	0	0	71	59,071
Current financial debt	449,829	0	(183,871)	38,167	108,425	(330)	305	400,096
Net current financial debt	159,456	25,200	(183,871)	38,167	108,425	1,266	305	136,519
Non-current payables to banks	344,469		0	79,294	(93,176)	0	(243)	330,344
Bonds	244,150		0	0	0	0	1,586	245,736
Financial liabilities for rights of use	15,911		(289)		(15,249)	(111)	18,658	18,920
Amounts due to subsidiaries	0		0	0	0	0	0	0
Amounts due to other lenders	247		0	0	0	0	(71)	176
Non-current financial debt	604,777	0	(289)	79,294	(108,425)	(111)	19,930	595,176
NET FINANCIAL DEBT	764,233	25,200	(184,160)	117,461	0	1,155	20,235	731,695

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

- Non-current portion

In thousands of Euros		
	Balance as of 31.12.2022	Balance as of 31.12.2021
Bonds	245,736	244,150
Payables due to banks	330,344	344,469
Financial liabilities for rights of use	18,920	15,911
Amounts due to other lenders	176	247
TOTAL	595,176	604,777

- Current portion

In thousands of Euros		
	Balance as of 31.12.2022	Balance as of 31.12.2021
Bonds	0	0
Payables due to banks	329,408	374,395
Financial liabilities for rights of use	11,611	8,204
Amounts due to subsidiaries *)	6	7
Amounts due to other lenders	59,071	67,223
TOTAL	400,096	449,829

*) not consolidated on a global integration basis

The composition of gross financial debt is as follows:

In thousands of Euros				
	Carrying amount as of 31.12.2022	Carrying amount as of 31.12.2021	Nominal value as of 31.12.2022	Nominal value as of 31.12.2021
Bonds	245,736	244,150	250,000	250,000
Payables due to banks	659,752	718,864	663,788	720,675
Financial liabilities for rights of use	30,531	24,115	30,531	24,115
Amounts due to subsidiaries *)	6	7	6	7
Amounts due to other lenders	59,247	67,470	59,248	67,470
TOTAL	995,272	1,054,606	1,003,573	1,062,267

*) not consolidated on a global integration basis

The following table shows the reimbursement plan for gross financial debt at 31 December 2022 of the Group:

In thousands of Euros							
	Nominal value as of 31.12.2022	Portions falling due within 12 months	Portions falling due by 31.12.2024	Portions falling due by 31.12.2025	Portions falling due by 31.12.2026	Portions falling due by 31.12.2027	Portions falling due later
Bonds	250,000	0	0	250,000	0	0	0
Payables due to banks	663,788	329,499	100,791	52,947	96,776	38,308	45,467
Financial liabilities for rights of use	30,531	11,611	6,356	4,887	2,533	1,168	3,976
Amounts due to subsidiaries *)	6	6	0	0	0	0	0
Amounts due to other lenders	59,248	59,072	71	71	34	0	0
TOTAL	1,003,573	400,188	107,218	307,905	99,343	39,476	49,443

*) not consolidated on a global integration basis

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

In thousands of Euros				
	Carrying amount as of 31.12.2021	Carrying amount as of 31.12.2022	Nominal value as of 31.12.2022	Interest rate at 31.12.2022
Euros	1,015,127	954,370	962,670	3.34%
Vietnamese Dong	13,523	7,873	7,873	4.30%
Japanese Yen	1,841	2,417	2,417	3.19%
Indian Rupee	0	81	81	0.00%
TOTAL	1,030,491	964,741	973,041	3.35%

Amounts due to banks mainly include the following loans:

Immsi S.p.A.

- a loan from Banca Popolare dell'Emilia Romagna for a nominal amount of €10 million maturing on 31 December 2025, secured by a pledge on Piaggio shares up to a Collateral Value, and a benchmark rate equal to the Euribor increased by a spread. The agreements provide for repayment in six-monthly instalments and are accounted for using the amortised cost method, amounting to €7,487 thousand, of which €2,475 thousand for instalments repayable within 12 months. This line of credit has two covenants, to be verified at 31 December of each year. To hedge the risk of interest rate fluctuations on cash flows, 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 value of €30 million, guaranteed by a pledge on Piaggio shares up to a

Guarantee Value and outstanding for €25 million. This line was extended until December 2023, as provided for in the contract, and envisages a reference rate equal to the variable Euribor plus a spread. 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 with expiry repositioned following the moratorium, in June 2023 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 recorded according to the amortised cost method equal to €3.5 million, entirely referring to the last instalment;
- credit lines, renewed in February 2023 and maturing in January 2024 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. It should be noted that, at the time of the sale of the equity investment in the company Pietra Ligure S.r.l., the Parent Company Immsi repaid in advance a portion equal to €5 million on the Bullet - Multi Borrower loan, whose portion was therefore equal to a total of €77.7 million as of 31 December 2022, compared to the €82.7 million initially granted;
- a partially amortised revolving credit line of €20 million granted in December 2022 by UniCredit and used as of 31 December 2022 for €15 million, at a rate equal to the variable Euribor plus a spread, expiring at the end of 2023 and guaranteed by a pledge on Piaggio shares up to a Collateral Value. The agreements include a covenant to be verified quarterly;
- three amortised credit lines granted between March and July 2019 by Banco BPM for a nominal €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 December 2022 for a total of €2,790 thousand;
- 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 the aforementioned loan operations with cash collateral;
- 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 31 December 2022 for €3,478 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 December 2022 for €3,489 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 €14,952 thousand, of which €4 million for instalments repayable in the next 12 months;
- a medium-term loan granted in September 2021 by Banca Carige (now Bper Banca) 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 €3,027 thousand, of which €788 thousand for instalments repayable in the next 12 months;
- a medium-term loan granted in July 2022 by Banco di Desio e della Brianza expiring in August 2026 for a nominal €5 million, amortised in half-yearly 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 €4,970 thousand, of which €1,207 thousand for instalments repayable in the next 12 months;
- a medium-term loan granted in September 2022 by BCC Carate Brianza expiring in September 2026 for a nominal €5 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 €4,672 thousand, of which €1,222 thousand for instalments repayable in the next 12 months;
- medium-term loan signed in October 2022 with Santander Consumer Bank maturing at the end of 2025 for a nominal €15 million. This loan provides for a reference rate equal to the 2yrs Swap increased by a spread and was not utilised at 31 December 2022.

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 (now Bper Banca) were not used as of 31 December 2022.

Piaggio group

- €9,986 thousand (nominal value of €10,000 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 €58,274 (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 revolving syndicated loan used for €1,662 thousand (nominal value of €2,000 thousand) for a total of €200,000 thousand maturing on 5 January 2024 (with a one-year extension at the borrower's discretion). The contractual terms envisage loan covenants;

- a €114,272 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 €22,404 thousand medium-term loan (nominal value of €22,500 thousand) granted by Bper Banca. The loan will fall due on 31 December 2027 and has a repayment schedule of six-monthly instalments;
- a €19,938 loan (nominal value of €20,000) 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 €26,667 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;
- €3,486 thousand (nominal value €3,500 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 €6,990 thousand (with a nominal value of €7,000 thousand) granted by Cassa di Risparmio di Bolzano, maturing in 30 June 2026 and with a quarterly repayment schedule;
- a medium-term loan of €4,825 thousand (with a nominal value of €4,830 thousand) granted by the former Banca Carige, now Bper Banca, maturing in 31 December 2026 and with a quarterly repayment schedule;
- a medium-term loan of €14,976 thousand (with a nominal value of €15,000 thousand) granted by Oldenburgische Landensbank Aktiengesellschaft expiring on 30 September 2027.

Piaggio & C. S.p.A. also has the following revolving credit lines and loans unused at 31 December 2022:

- revolving credit line of €20,000 thousand granted by Banca Intesa San Paolo expiring on 31 January 2024;
- revolving credit line of €10,000 thousand granted by Banca del Mezzogiorno expiring on 1 July 2026;
- revolving credit line of €12,500 thousand granted by Bper Banca expiring on 2 August 2026;
- loan of €60,000 thousand granted by the European Investment Bank with a maturity of 9 years from the disbursement.

All the financial liabilities noted here referred to the Piaggio group are unsecured.

Intermarine S.p.A.

- a loan granted by Intesa Sanpaolo for €12,300 thousand as part of the multi-line credit facility obtained by Immsi S.p.A., guaranteed by a lien on Piaggio shares; this loan falling due at the end of January 2023 has been extended until the end of January 2024;
- a revolving credit line with Intesa Sanpaolo up to a maximum of €18 million, fully drawn at 31 December 2022, expiring at the end of January 2023 and extended until the end of January 2024; the line is secured by a lien on Piaggio shares;
- a mortgage loan for a residual amount of €5,714 thousand, signed with Banca Bper at the end of 2018, with a five-year maturity, 18 months of pre-amortisation, repayments in semi-annual instalments, secured by a first mortgage on the Sarzana site for €18,000 thousand, an insurance bond and a comfort letter from Immsi for €13,000 thousand. The maturity date is set for December 2024;
- financial payables to Banca IFIS for the advance on the Gaeta contract used for €300 thousand at 31 December 2022, with repayment due by the end of December 2023 based

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

- financial payables to Banca IFIS for the advance on the Studi Cacciamine contract used for €775 thousand at 31 December 2022, with repayment due by the end of June 2023 based on the advances invoiced to the customer. The contract advance line is assisted by a comfort letter from Immsi;
- credit line with Banca IFIS for an advance on a contract for an original amount of €6 million, utilised as at 31 December 2022 for €5 million, assisted by a comfort letter from Immsi, with repayment in annual instalments by July 2024, through 40% of the value that will be gradually invoiced until the completion of the contract;
- amortised loan from Banca IFIS for €3,000 thousand signed in November 2021 with a maturity of six years and 24 months of pre-amortisation, supported by Immsi's comfort letter;
- €5,000 thousand loan granted by Banca Nazionale del Lavoro, revolving for assistance in the management of working capital, fully used as at 31 December 2022, with individual drafts maturing at 180 days, guaranteed by a comfort letter from Immsi;
- unsecured loan granted by former Banca Carige, now Bper Banca, of €2,500 thousand, with maturity date October 2023, with pre-amortisation and monthly repayments starting from May 2021, and a residual value as of 31 December 2022 of €0.8 million. This loan is backed by a comfort letter from Mediocredito Centrale Guarantee Fund and Immsi;
- loans of €2.3 million and €5.0 million issued on 3 March and 12 April 2022 by Banca Monte dei Paschi di Siena, for site adjustments for the component identified as "Green", expiring at the end of 2028 and the end of 2029, respectively, with quarterly repayments, secured by a SACE 80% "Green" guarantee and an Immsi 100% surety. The contractual terms envisage loan covenants. As at 31 December 2022, a waiver of compliance with the covenants was granted by the bank;
- a 1/2/3 month revolving credit line granted by UniCredit for €1 million, fully drawn at the end of 2022;
- a loan of €399 thousand issued by Medio Credito Centrale for a research project, maturing in June 2031 with six-monthly repayments starting in December 2023 and with a guarantee pursuant to the Decree of 6 August 2015;

Intermarine has short-term credit lines for cash overdrafts of €1.2 million, a credit line with Banca IFIS with a ceiling of €3.5 million for advances on invoices, a BNL credit line with a ceiling of €4.2 million for advances on invoices, unutilised as at 31 December 2022.

Is Molas S.p.A.

- a loan at a variable rate granted by Monte dei Paschi di Siena in December 2017 maturing at the end of December 5, for €7,125 million at 31 December 2022, with pre-amortisation and subsequent repayment in six-monthly instalments. The contractual terms envisage loan covenants. Following the moratorium request for the Covid-19 emergency, the deadline was extended to the end of June 2024. This loan is assisted by a guarantee issued by Immsi S.p.A.;
- mortgage loan granted in September 2022 by Banca Sella for €8,500 thousand with a maturity of 2039 and a grace period of 24 months. The loan is secured by a first mortgage registered on some structures in the complex including the hotel and club house. In relation to this loan, Immsi S.p.A. acted as guarantor towards Is Molas S.p.A. and provided collateral with a pledge on Piaggio shares.

As part of the indebtedness of the Parent Company and its subsidiaries Intermarine S.p.A., ISM Investimenti S.p.A. and Is Molas S.p.A., as of 31 December 2022, Immsi S.p.A. pledged approximately 170.8 million Piaggio shares to guarantee loans and credit lines for a total of €296.6 million, while a further approximately 8.5 million Piaggio shares are free of encumbrances.

In this regard, it should be noted that the current Piaggio share prices make it possible to confirm the existing guarantees, and therefore compliance with the Guarantee Values.

The item Bonds for €245,736 thousand (nominal value equal to €250,000 thousand) refers to the high yield debenture loan issued in late April 2018 for €250,000 thousand maturing in April 2025 and with semi-annual coupon at a fixed annual nominal rate.

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

Amounts due to other lenders, totalling €59,247 thousand, of which €59,071 falling due within the year, are broken down mainly as follows:

- two shareholder loans for €6,000 and €10,401 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; at the end of 2022, 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 €30,559 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 (expiring on 31 January 2023 and subsequently renewed until 31 January 2024), 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, it is noted that, in order to ensure the future financial stability of the Company, with the framework agreement dated 27 May 2022, the Shareholders, Immsi S.p.A. and Intesa Sanpaolo S.p.A. agreed to suspend the accrual of the financial charges of the Intesa Shareholders' Loan and the Immsi Loans as of 30 April 2022 and, therefore, as of that date, the accrual of interest on the amounts disbursed was suspended until the moment in which a so-called "Liquidity Event" (as defined in the above-mentioned agreements) occurs. As of the date of these financial statements, the Directors have assessed the occurrence of a liquidity event as not probable and therefore no liability has been provided for interest expenses on the aforementioned shareholder loans after 30 April 2022;
- financial advances from factoring companies and banks for trade receivables assigned with recourse, totalled €12,040 thousand and refer to the Piaggio group.

Covenants

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 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 and net debt to shareholders' equity, measured on a company and/or consolidated basis according to definitions agreed with the lenders;
- 2) negative pledges according to which the company that contracted such loans may not establish collaterals 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;
- 4) change of control clauses, which are effective if the majority shareholder loses control of the company;
- 5) the cross default clauses, based on which, in the event of default on a loan, the default automatically extends to the other lines;
- 6) 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 all Group companies on an ongoing basis. At 31 December 2022, the assessment of compliance with these requirements did not reveal any critical issues. Any failure to comply with these covenants and other contractual commitments applied to the loans mentioned above - if not adequately remedied within the agreed time - could result in the requirement of early repayment of the related outstanding debt. It should be noted that according to the results as at 31 December 2022, all covenants outstanding on the above-mentioned loans have been fulfilled.

- G3 -	TRADE PAYABLES AND OTHER PAYABLES	864,970
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Trade payables and other payables totalled €864,970 thousand, of which €849,367 thousand due after the year and €15,603, thousand maturing beyond the financial year.

Trade and other non-current payables mainly refer to deferred income in the amount of €4,068 thousand related to grants to be charged to the Income Statement in connection with depreciation, €2,232 thousand to income related to the extension of the warranty on vehicles pertaining to years beyond 2022, and €4,087 thousand to security deposits.

Trade payables and other current payables are detailed below:

In thousands of Euros	<i>Balance as of 31.12.2022</i>	<i>Balance as of 31.12.2021</i>
Trade payables	765,778	647,756
Deferred income to affiliated companies	87	0
Amounts due to parent companies	339	334
Amounts due to joint ventures	9,518	16,622
Other payables	73,645	64,491
TOTAL	849,367	729,203

With particular reference to the Piaggio group, to facilitate credit conditions for its suppliers, it has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements.

These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.

At 31 December 2022, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €238,280 thousand (€258,667 thousand at 31 December 2021). Amounts due to joint ventures at 31 December 2022, equal to €9,518 thousand, mainly refer to purchases made by Piaggio Foshan Motorcycles of the Piaggio group.

The “Other current payables” item is detailed below:

In thousands of Euros		
	Balance as of 31.12.2022	Balance as of 31.12.2021
Amounts due to employees	30,425	20,973
Liabilities connected to hedging instruments	3,062	217
Advances from customers	26	64
Amounts due to company boards	878	777
Amounts due to social security institutions	10,222	9,770
Other amounts due to third parties	554	480
Other amounts due to affiliated companies	114	118
Accrued expenses	5,491	5,452
Deferred income	4,788	4,602
Other payables	18,085	22,038
TOTAL	73,645	64,491

Amounts due to employees include holidays accrued and not taken and other remuneration to pay as at 31 December 2022, the increase of which is mainly attributable to the increase in the workforce, while amounts due to social security institutions basically refer to amounts owing for items payable by companies and employees relative to salaries and wages as well as sums accrued and not paid. Liabilities related to hedging instruments include the fair value of hedging derivatives, in particular for foreign exchange and commodities risk, as well as the fair value of an interest rate swap designated as a hedge (recognised in accordance with the cash flow hedge principle).

- G4 -	PROVISIONS FOR SEVERANCE LIABILITIES AND SIMILAR OBLIGATIONS	28,123
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The reserve for pensions and similar obligations at 31 December 2022 amounted to €28,123 thousand, down by €7,951 thousand compared to the figure at 31 December 2021.

Below is the breakdown of its composition and movements:

In thousands of Euros						
	Balance as of 31.12.2021	Provisions Service cost	Actuarial (gain) loss	Interest cost	Uses and other changes	Balance as of 31.12.2022
Termination benefits	35,263	10,000	4,928	563	(23,402)	27,352
Other funds	811	0	0	0	(40)	771
TOTAL	36,074	10,000	4,928	563	(23,442)	28,123

The item Other provisions is entirely attributable to the Piaggio group and includes i) provisions for personnel set aside by foreign companies of the group; and ii) the supplementary indemnity fund for customers, that represents the indemnities owing to the agents of the Piaggio group in case of the agency contract winding up due to events not ascribable to them.

Uses and other changes refer to the payment of benefits already accrued in previous years and transfers of pension funds, while allocations refer to benefits accrued in the period.

The item Provision for termination benefits comprises termination benefits for employees of Italian companies belonging to the Immsi Group and includes post-employment benefits identified as defined benefit plans.

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

- Technical annual discount rate from +3.57% to +3.77%;
- Annual inflation rate 2.30%;
- Annual rate of increase in termination benefit 3.225%.

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

The table below shows the effects, in absolute terms, at 31 December 2022, which would have occurred following changes in reasonably possible actuarial assumptions:

	Termination benefits provision
<i>In thousands of Euros</i>	
Turnover rate +2%	27,404
Turnover rate -2%	26,878
Inflation rate +0.25%	27,505
Inflation rate - 0.25%	26,824
Discount rate +0.50%	26,151
Discount rate -0.50%	28,237

The average duration of the bond ranges from 5.5 to 25 years, while future payments estimated in the Group are equal to:

Year	Future amounts
<i>In thousands of Euros</i>	
1	3,031
2	1,474
3	1,466
4	2,011
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 German and Indonesian subsidiaries of the Piaggio group have provisions for employees identified as defined benefit plans: their value outstanding at 31 December 2022 is €77 thousand and €334 thousand, respectively. The amount of gains/(losses) recognised in the Statement of Comprehensive Income relating to foreign companies is €40 thousand.

- G5 -	OTHER LONG-TERM PROVISIONS	36,461
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The balance of other long-term provisions, including the portion due within 12 months, totalled €36,461 thousand at the end of December 2022, registering a decrease of €447 thousand 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	Utilisation	Other movements	Balance as of 31.12.2022	Of which current
Provision for product warranties	22,756	11,729	(11,213)	(64)	23,208	14,242
Provisions for risk on investments	17	0	0	0	17	0
Provision for contractual risks	8,085	3,000	(4,127)	54	7,012	1,012
Other provisions for risks and charges	6,050	621	(1,008)	561	6,224	2,604
TOTAL	36,908	15,350	(16,348)	551	36,461	17,858

The provision for product warranties relates to allocations for technical warranties on products covered by the warranty, which are estimated to be made within the contractual warranty period, and refers to the Piaggio group for €21,057 thousand and Intermarine S.p.A. for €2,151 thousand for technical warranties on products covered by the warranty, which are estimated to be made within the contractual warranty period. As regards – in particular – the forecasts made by the Piaggio group, this period varies according to the type of goods sold and the market, and is also determined by the customer take-up to commit to planned maintenance.

With reference to Intermarine S.p.A., the company allocates this reserve for maintenance under warranty to be carried out in the future years on naval vessels under construction, delivered during the year and/or in previous years, determined on the basis of the estimate of costs incurred in the past for similar vessels.

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

Other provisions for risks and charges include the provision for litigation, both labour disputes and other legal and tax disputes, and the provision for ETS certificates, which refers to the allocation made by Piaggio for the charges it will have to incur to acquire ETS certificates to be returned to the Authority by 30 April 2023. For more details on the functioning of the Emission Trading Directive (Directive 2003/87/EC), which established the ETS certificate trading system, please refer to the section Accounting standards and measurement criteria.

- G6 -	DEFERRED TAX LIABILITIES	8,800
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The item deferred tax liabilities, down on figures for 2021 by €4,638 thousand, was equal to €8,800 thousand and referred to provisions made by individual companies based on applicable national laws. The balance was offset by €341 thousand by deferred tax assets, of a uniform maturity and type.

Deferred tax assets were recognised by the Piaggio group for €5,173 thousand, by the Parent Company Immsi S.p.A. for €3,056 thousand (mainly concerning the capital gain realised on the sale of the property situated in Rome, taxable for corporate income tax purposes over several financial years) and by Intermarine S.p.A. for €571 thousand.

- G7 -	CURRENT TAXES	22,491
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The item Current taxes - which includes tax payables recognised in the financial statements of individual consolidated companies, allocated as regards taxes based on applicable national legislation - increased by €910 thousand compared to 2021, and is broken down as follows:

In thousands of Euros		
	Balance as of 31.12.2022	Balance as of 31.12.2021
Due for income tax	13,819	12,829
VAT payables	1,498	1,007
Amounts due for withholding tax	6,396	5,785
Amounts due for local taxes	227	188
Other payables	551	1,772
TOTAL	22,491	21,581

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

- G8 - BREAKDOWN OF PAYABLES BY VALUATION METHOD

Information on the carrying amount of financial liabilities and operating payables at 31 December 2022 and 31 December 2021, with particular reference to the accounting standards adopted, is given below.

- Operating liability

In thousands of Euros				
Values as of 31 December 2022	Liabilities measured at FVPL	Financial derivatives	Liabilities at amortised cost	Total
Non-current				
Tax payables				0
Other payables		0	15,603	15,603
Total non-current operating payables	0	0	15,603	15,603
Current				
Trade payables			775,722	775,722
Tax payables			22,491	22,491
Other payables		3,062	70,583	73,645
Total current operating payables	0	3,062	868,796	871,858
In thousands of Euros				
Values as of 31 December 2021	Liabilities measured at FVPL	Financial derivatives	Liabilities at amortised cost	Total
Non-current				
Tax payables				0
Other payables		34	13,955	13,989
Total non-current operating payables	0	34	13,955	13,989
Current				
Trade payables			664,712	664,712
Tax payables			21,581	21,581
Other payables		217	64,274	64,491
Total current operating payables	0	217	750,567	750,784

- Financial liability

In thousands of Euros

Values as of 31 December 2022	Liabilities measured at FVPL	FV adjustment	Financial derivatives	Liabilities at amortised cost	Total
Non-current					
Bank loans				330,344	330,344
Bonds				245,736	245,736
Other loans				176	176
Leases				18,920	18,920
Hedging derivatives					0
Total non-current financial liabilities	0	0	0	595,176	595,176
Current					
Bank loans				329,408	329,408
Bonds		0		0	0
Other loans				64,424	64,424
Leases				11,611	11,611
Total current financial liabilities	0	0	0	405,443	405,443

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

- H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

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

- H1 - NET REVENUES

2,126,127

Revenues from sales and services at 31 December 2022 amounted to €2,126,127 thousand, up 24.4% (+€416,555 thousand) compared to the previous year. The growth is attributable to the industrial sector (+€418,754 thousand, +25.1%) to which is added the growth of the property and holding sector (+€1,876 thousand) while the marine sector showed a decline a €4,075 thousand. This item is stated net of premiums given to the customers of the Piaggio group (dealer) and it does not include transport costs recharged to customers and the recovery of advertising costs invoiced, which are shown under other operating income.

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

By business segment

In thousands of Euros	2022		2021	
	Amount	%	Amount	%
Property and holding sector	4,626	0.2%	2,750	0.2%
Industrial sector	2,087,443	98.2%	1,668,689	97.6%
of which Two-Wheeler business	1,683,743	79.2%	1,368,989	80.1%
of which Commercial Vehicle business	403,700	19.0%	299,700	17.5%
Marine sector	34,058	1.6%	38,133	2.2%
TOTAL	2,126,127	100.0%	1,709,572	100.0%

By geographic segment

In thousands of Euros	2022		2021	
	Amount	%	Amount	%
Italy	350,643	16.5%	339,742	19.9%
Other European countries	793,629	37.3%	710,589	41.6%
Rest of the world	981,855	46.2%	659,241	38.6%
TOTAL	2,126,127	100.0%	1,709,572	100.0%

- H2 - COSTS FOR MATERIALS

1,363,309

Costs for materials totalled €1,363,309 thousand, compared to €1,066,726 thousand for the previous year. The percentage of costs accounting for net sales went up compared to the previous year, from

62.4% in 2021 to 64.1% in the current period.

The item includes €38,069 thousand (€31,331 thousand in 2021) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, that are sold on European and Asian markets.

The item in question does not include costs recharged to customers and tenants, for an equal amount, and costs related to assets held for disposal, which are recognised separately in a specific item in the Income Statement. The following table details the content of this item:

In thousands of Euros	2022	2021
Change in inventories of finished products, work in progress and semi-finished products	(70,282)	(28,336)
Purchase of raw materials and consumables	1,464,232	1,147,861
Change in raw materials and consumables	(30,641)	(52,799)
TOTAL	1,363,309	1,066,726

- H3 - COSTS FOR SERVICES, LEASES AND RENTALS	317,979
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Cost of services and use of third-party assets totalled €317,979 thousand, up by €35,017 thousand over the previous year. Below is a breakdown of this item:

In thousands of Euros	2022	2021
Transport costs	58,185	48,693
Product warranty costs	2,039	2,100
Advertising and promotion	44,583	53,646
Outsourced manufacturing	38,799	36,981
External maintenance and cleaning costs	11,087	12,046
Employee costs	14,356	10,939
Technical, legal, tax, administrative consultancy, etc.	30,325	25,237
Sundry commercial expenses	8,293	7,341
Energy, telephone, postage costs, etc.	28,869	14,376
Services provided	849	712
Insurance	5,855	5,326
Cost of company boards	6,187	5,412
Sales commissions	1,596	555
Part-time staff and staff of other companies	1,654	1,309
Bank charges and commission	7,287	6,428
Quality-related events	3,271	5,805
Expenses for public relations	3,730	2,737
Expenses for outsourced services	18,112	16,594
Other expenses	16,596	15,829
TOTAL COSTS FOR SERVICES	301,673	272,066
Rental instalments of business property	16,080	10,725
Lease rentals for motor vehicles, office equipment, etc.	221	164
Other instalments	5	7
TOTAL COSTS FOR LEASES AND RENTALS	16,306	10,896
TOTAL COSTS FOR SERVICES, LEASES AND RENTALS	317,979	282,962

The increase in the item Costs for services, lease and rental in the financial year 2022 compared to the previous year, particularly in the industrial segment, is consistent with the increase in sales volumes and substantially lower than the growth in revenues.

The item under review includes Related Party Transactions for €564 thousand, which are detailed in a paragraph contained within this Report.

- H4 - EMPLOYEE COSTS**281,779**

Employee costs are broken down as follows:

In thousands of Euros

	2022	2021
Salaries and wages	215,809	194,138
Social security contributions	52,771	50,231
Termination benefits	10,000	9,068
Pensions and the like	0	0
Personnel restructuring costs	2,106	1,536
Other costs	1,093	1,208
TOTAL	281,779	256,181

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

	2022	2021
Senior management	122	120
Middle managers and white-collar workers	2,457	2,464
Blue-collar workers	4,218	3,898
TOTAL	6,798	6,482

Personnel costs increased in absolute terms by €25,598 thousand compared to the values recorded in the previous financial year (+10%), mainly due to the higher number of employees.

It should be noted that, in 2022, employee costs included €2,106 thousand related to charges connected with the mobility plans applied mainly to the Pontedera and Noale production sites, while in 2021 these charges, related to the same production sites, amounted to €1,536 thousand.

The average number of employees was affected by seasonal workers in the summer months (with fixed-term contracts and fixed-term service contracts) used to deal with typical peaks in demand in the summer months.

The Group's average number of employees in 2022 was 6,798, up by 316 (+4.9%) compared to 2021.

As required by international accounting standards, no costs for stock options were recognised under employee costs, as in 2021.

- H5 - DEPRECIATION AND IMPAIRMENT COSTS OF PROPERTY, PLANT AND EQUIPMENT**64,135**

Depreciation recognised at 31 December 2022 for property, plant and equipment is listed below, with depreciation rates indicated in the section on accounting standards adopted by the Group:

In thousands of Euros

	2022	2021
Depreciation of buildings	13,547	11,372
Depreciation of plant and machinery	24,466	23,207
Depreciation of industrial and commercial equipment	15,620	11,879
Depreciation of assets to be given free of charge	284	335
Depreciation of other assets	10,218	9,024
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	64,135	55,817

Impairment analyses did not lead to the recognition of charges relating to industrial and commercial

equipment, while in 2021 €175 thousand were recognised.

Depreciation and impairment costs of property, plant and equipment include depreciation for rights of use in 2022 amounting to €10,690 thousand (€8,902 thousand in 2021).

- H6 -	AMORTISATION AND IMPAIRMENT COSTS OF FINITE LIFE INTANGIBLE ASSETS	79,484
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The amortisation and impairment costs of finite life intangible assets are broken down as follows:

In thousands of Euros	2022	2021
Amortisation of development costs	35,139	34,387
Amortisation of concessions, patents, industrial and similar rights	44,032	42,176
Amortisation of trademarks and licences	66	61
Amortisation of software	129	120
Amortisation of other intangible assets with a finite life	118	201
AMORTISATION OF INTANGIBLE ASSETS	79,484	76,945

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

Amortisation of intangible assets does not include impairment of goodwill during 2022 or in the previous year, as – based on tests carried out – it was not necessary to carry out impairment because goodwill was considered recoverable through future financial flows relative to the cash generating units the goodwill was allocated to.

In 2022, the item includes impairment costs of €1,990 thousand (€1,274 thousand in 2021) and refers to the Piaggio group, in particular, to the projects for two new vehicles for which production plans were revised as part of the business plan update prepared.

- H7 -	OTHER OPERATING INCOME	154,860
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The “Other operating income” item comprises:

In thousands of Euros	2022	2021
Gains on the disposal of property, plant and equipment	239	352
Sponsorships	5,364	2,749
Grants	11,190	5,660
Recovery of sundry costs	52,144	42,943
Licence rights	4,088	2,534
Sale of materials and sundry equipment	1,567	1,302
Insurance settlements	1,340	9,914
Increases in fixed assets from internal work	59,721	57,724
Reversal of provisions for risks and other provisions	37	606
Rents received	8	5,634
Other operating income	19,162	25,589
TOTAL	154,860	155,007

The grants item, mainly related to the Piaggio group, includes:

- €3,349 thousand for tax credits recognised mainly on electricity and gas consumption;
- €1,587 thousand in public and EU grants to support research projects and government grants related to Research and Development, Technological Innovation and Design and Aesthetic Concepts. These contributions are recognised in profit or loss, with reference to the

- amortisation and depreciation of capitalised costs for which the grants were received;
- €1,721 thousand for export grants received by the Indian subsidiary of the Piaggio group;
- €2,994 thousand for grants for the Piaggio group's participation in the MotoGP Championship races paid by the organisers;
- €416 thousand for funding for professional training provided by trade associations of the Piaggio group;
- €335 thousand for the plant grants recognised on investments in tangible assets and Industry 4.0.

The reduction in the item Rents received is related to the Piaggio group's decision to participate directly in the MotoGP Championship in 2022 and no longer give it to external teams.

Revenues include €3,727 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in during previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

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

The item under review includes Related Party Transactions for €342 thousand, which are detailed in a paragraph contained within this Report.

- H8 -	NET REVERSALS (IMPAIRMENT) OF TRADE AND OTHER RECEIVABLES	(3,151)
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The item amounted to €3,151 thousand at 31 December 2022 for net impairment, and is broken down as follows:

In thousands of Euros		
	2022	2021
Release of provisions	0	384
Losses on receivables	(714)	(383)
Write-downs of receivables in working capital	(2,437)	(1,732)
TOTAL	(3,151)	(1,731)

- H9 -	OTHER OPERATING COSTS	27,471
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The item Other operating expense at 31 December 2022 amounted to €27,471 thousand and is broken down as follows:

In thousands of Euros		
	2022	2021
Losses on the disposal of property, plant and equipment	2	29
Losses on the disposal of intangible assets	24	0
Duties and taxes not on income	6,370	5,749
Provisions for product warranty	11,728	11,373
Provisions for future and other risks	3,622	4,330
Other operating expense	5,725	4,986
TOTAL	27,471	26,467

-H10- INCOME/(LOSS) FROM INVESTMENTS	(892)
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The item recorded a negative balance at 31 December 2022 of €892 thousand and mainly refers to the equity measurement of the investment held by the Piaggio group in the joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd..

-H11 - FINANCIAL INCOME	57,171
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Financial income recognised by the Group in 2022 is detailed below:

In thousands of Euros		
	2022	2021
Interest income	1,556	923
Exchange gains	55,350	26,324
Income from fair value hedging and interest rates	13	0
Dividends	0	19
Other items	249	36
TOTAL	57,171	27,302

The increase in financial income in 2022 is mainly attributable to higher foreign exchange gains, which are, however, more than offset by higher foreign exchange losses recognised in financial expenses.

- H12 - BORROWING COSTS	103,109
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Finance costs at 31 December 2022 are broken down as follows:

In thousands of Euros		
	2022	2021
Interest payable on bank loans	19,391	17,734
Interest payable on loans from third parties	6,981	7,727
Interest payable on debenture loans	10,838	11,437
Other interest payable	3,176	1,985
Commissions payable	1,683	1,958
Exchange losses	60,803	21,772
Fair value and interest rate hedging charges	0	17
Charges from "amortisation/depreciation/write-downs" of equity investments (except for associates and others at "FV to equity")	3	3
Financial component of retirement funds and termination benefits	527	57
Financial charges for rights of use	1,635	1,285
Other charges	(1,928)	(480)
TOTAL	103,109	63,495

The increase in Financial Expenses was mainly attributable in 2022 to the negative contribution of currency management, which was impacted by the exceptional volatility in the foreign exchange market.

Interest expenses increased modestly due to the impact of the rate hike limited mainly to the fourth quarter of the year.

- H13 - TAXES	32,951
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Taxation on the income of companies consolidated on a line-by-line basis recognised in the Financial Statements at 31 December 2022 amounted to €32,951 thousand, and is broken down as follows:

In thousands of Euros		
	2022	2021
Current taxes	41,210	31,664
Deferred tax liabilities	(8,259)	(4,908)
TOTAL	32,951	26,756

Taxes for the period fell by €6,195 thousand compared to 31 December 2021. The tax rate was 34% compared to 43% in 2021.

The Parent Company Immsi S.p.A., Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Intermarine S.p.A., Apuliae S.r.l., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l., Is Molas S.p.A. and Aprilia Racing S.r.l. are party to the National Consolidated Tax Convention, and were therefore able to offset approximately 12.5 million of losses for the year with equal amounts of taxable income.

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

	TOTAL
Profit before tax	96,849
Theoretical rate (24%)	
Theoretical income taxes	23,244
Effect arising from tax differences and the difference between foreign tax rates and the theoretical rate.	-2,354
Tax effect arising from losses for the year not offset	8,311
Tax effect arising from deferred taxes	-1,285
Taxes on income generated abroad	5,817
Expenses (income) from the Consolidated Tax Convention	-935
Other differences	-3,331
Income tax recognised in the financial statements (IRES)	29,467
IRAP	3,484
Income taxes recognised in the financial statements	32,951

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

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

- H14 - GAIN/LOSS ON THE DISPOSAL OF ASSETS	0
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At the end of the reporting date, there were no gains or losses from assets held for sale or disposal, as well as for the previous year.

- H15 - EARNINGS FOR THE PERIOD	27,087
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At 31 December 2022, the Immsi Group posted a profit for the period of €27,087 thousand, after allocation profit to non-controlling interests of €36,811 thousand.

- I - COMMITMENTS, RISKS AND GUARANTEES

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

Type	In thousands of Euros
Guarantee of BCC-Fornacette issued in favour of Motoride SpA to reimburse VAT following the deductible tax surplus	298
Guarantee of Banco di Brescia issued in favour of the Municipality of Scorzè, to guarantee the urbanisation and construction of the plant in Scorzè	166
Guarantee of Banca Intesa Sanpaolo issued to the Ministry of the Defence National Algeria, to guarantee contract obligations for the supply of vehicles	158
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane – Rome to guarantee contract obligations for the supply of vehicles	469

The main guarantees given to third parties recorded by **Intermarine S.p.A.** are detailed below:

Subject	In thousands of Euros
Italian public entities for minesweepers and lookouts	20,156
Italian operator for the supply of integrated minesweeper platforms	5,353
Private operator for passenger ship construction	3,789
Various minor items	2,009

Guarantees to third parties referred to above are mainly relate to guarantees issued for contracts ongoing with the following customers:

A guarantee of the amount owing to Bper of €5.7 million was secured by a first mortgage on the Sarzana shipyard for €18 million.

With reference to the company **Is Molas S.p.A.**, €4.5 million were recognised relative to the value of the commitments undertaken with the Municipality of Pula on 26 March 2015 and 16 October 2020, following the stipulation of the New Additional Planning Act.

With reference to the **Parent Company Immsi S.p.A.**, and the guarantees issued in favour of Group companies, see the section “Commitments, risks and guarantees” in the “Notes to the Financial Statements at 31 December 2022” of the separate financial statements of Immsi S.p.A..

- L - TRANSACTIONS WITH RELATED PARTIES

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

- M - NET FINANCIAL POSITION

Net financial debt of the Immsi Group at 31 December 2022 is shown below. Further details of the main components are provided in the tables in the Report on Operations and the related information below them:

(in thousands of Euros)	31.12.2022	31.12.2021
Total liquidity	-263,577	-290,373
Total current financial debt	400,096	449,829
Net current financial debt	136,519	159,456
Non-current financial debt	595,176	604,777
Net Financial debt	731,695	764,233

Net financial debt is shown in accordance with ESMA Guidelines 32-382-1138 of 4 March 2021, adjusted as follows: financial assets and liabilities arising from the assessment at fair value, designated hedging and non-hedging derivative financial instruments, the fair value adjustment of the related hedged items, equal to 0 as at 31 December 2022; payables and accrued interest accrued on bank borrowings for a total of €3.5 million; interest accrued on loans to minority shareholders for a total of €5.3 million. For details, please refer to the Financial Liabilities section in the Notes to the Financial Statements.

- N - DIVIDENDS PAID

During the financial year 2022, the Parent Company distributed a dividend of 3 eurocents before tax, to all ordinary shares entitled (340,530 thousand) for a total of a maximum of €10,215,900, through the use of available earnings reserves. No dividends had been distributed in the 2021 financial year.

- O - EARNINGS PER SHARE

Earnings per share

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

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

	2022	2021
Net profit attributable to ordinary shareholders (in thousands of Euro)	27,087	12,267
Average weighted number of shares in circulation during the year	340,530,000	340,530,000
Basic earnings per share	0.080	0.036

Diluted earning per share

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

The Company had no category of potential ordinary shares at 31 December 2022, therefore the diluted income per share coincides with the basic earning per share indicated above.

- P - INFORMATION ON FINANCIAL INSTRUMENTS

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

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

Lines of credit

At 31 December 2022 the Immsi Group had irrevocable credit lines available until maturity amounting to €1,317.7 million. For further details reference is made to the Note G2 on Financial liabilities.

Management of financial risks

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

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

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

Capitals management and liquidity risk

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

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

With particular reference to the **Piaggio group**, to face such a risk, cash flows and the company’s credit line needs are monitored and/or managed centrally under the control of the Group’s Treasury Department, in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt’s maturity standpoint. Moreover, Piaggio & C. S.p.A. finances the temporary cash requirements of group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees. A cash pooling zero balance system is used between Piaggio & C. S.p.A. and European subsidiaries to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.

For greater coverage of the risk of liquidity, at 31 December 2022 the Immsi Group had unused credit lines available for €536 million (€486.9 million at 31 December 2021) of which €220.5 million maturing within 12 months and €315.5 million maturing at a later date.

In relation to the forecasts drawn up concerning the financial requirements expected for the next 12 months, deriving mainly from investment activities and the management of net working capital, taking into account the credit lines expiring during the year and the financial commitments that the Group has undertaken to meet in order to support the development of its initiatives, the Directors have taken, and will take in the coming months, actions aimed at finding solutions that will guarantee financial balance, including the renewal of short-term credit lines, also taking into consideration the risk of a possible scenario of uncertainty on the stock markets, with possible consequences on the size of credit lines currently granted to the parent company Immsi S.p.A., largely guaranteed by Piaggio shares held by the latter. In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2022, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

Exchange rate risk management

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

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

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

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

Cash flow hedging related to the Piaggio group

As of 31 December 2022, the Group had undertaken the following futures transactions (recognised based on the regulation date) relative to payables and receivables already recognised to hedge the transaction exchange risk:

In thousands of Euros

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
Piaggio & C.	Purchase	CNY	182,000	25,166	02/02/2023
Piaggio & C.	Purchase	JPY	480,000	3,354	10/02/2023
Piaggio & C.	Purchase	SEK	14,000	1,285	29/01/2023
Piaggio & C.	Purchase	USD	31,550	30,506	15/02/2023
Piaggio & C.	Sale	CAD	650	467	07/02/2023
Piaggio & C.	Sale	CNY	65,000	8,837	01/03/2023
Piaggio & C.	Sale	USD	65,410	61,289	23/04/2023
Piaggio Vietnam	Purchase	€	2,218	57,902,983	16/01/2023
Piaggio Vietnam	Sale	JPY	171,831	29,786,732	20/02/2023
Piaggio Vietnam	Sale	USD	17,532	422,892,203	14/02/2023
Piaggio Vespa BV	Sale	USD	29,464	27,535	24/04/2023
Piaggio Indonesia	Sale	USD	14,610	229,073,941	27/02/2023
Piaggio Vehicles Limited	Private Sale	USD	6,100	505,613	17/02/2023

At 31 December 2022, the group had the following transactions to hedge the business risk:

In thousands of Euros

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
Piaggio & C.	Purchase	CNY	1,420,000	193,515	24/11/2023
Piaggio & C.	Purchase	USD	20,000	18,681	04/03/2023
Piaggio & C.	Sale	USD	90,000	88,404	26/08/2023

To hedge the business risk, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.

At 31 December 2022, the total fair value of hedging instruments for exchange risk recognised on an hedge accounting basis was positive by €3,198 thousand. During 2022, gains were recognised in other comprehensive income for €3,198 thousand and losses from other comprehensive income were reclassified to profit/loss for the year for €8,305 thousand.

The net balance of cash flows during 2022 is shown below, divided by main currency:

	Cash Flow 2022
<i>In millions of Euros</i>	
Canadian Dollar	17.5
Pound Sterling	34.8
Swedish Krone	-1.6
Japanese Yen	-1.9
US Dollar	133.7
Indian Rupee	-68.6
Chinese Yuan*	-121.1
Vietnamese Dong	-205.2
Singapore Dollar	-3.1
Indonesian Rupiah	91.7
Total cash flow in foreign currency	-123.8

* Cash flow partially in euro

The subsidiary **Intermarine** also hedges risks deriving from exchange rate fluctuations through specific transactions linked to individual job orders with invoicing in currencies other than the euro. In particular, the exchange rate risk policy adopted by the group has resulted in the total elimination of all risk through the definition of a fixed-term exchange rate to hedge exchange rate fluctuations. At 31 December 2022 there was no hedging on interest or exchange rates.

In view of the above, a hypothetical 3% appreciation/depreciation of the Euro would generate, respectively, potential profits of €3,601 thousand and losses of €3,824 thousand.

Management of the interest rate risk

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

With reference to the **Piaggio group**, at 31 December 2022, the following hedging derivative instruments were recognised:

Cash flow hedge derivatives

an interest rate swap to hedge the variable-rate loan for a nominal amount of €26,667 thousand from Banco BPM to Piaggio & C. S.p.A.. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; at 31 December 2022, the fair value of the instrument was negative by €873 thousand; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on equity, net of the related tax effect, of €137 thousand and €-140 thousand respectively.

It should also be noted that the Parent Company Immsi S.p.A. has entered into an interest rate swap contract to change the interest flows on the financing line with Bper from variable to fixed. At 31 December 2022, the notional amount of this contract was €7,552 thousand and the fair value of the instrument was positive and equal to €388 thousand. In 2022, profits of €438 thousand were recognised in the statement of other comprehensive income.

Commodity price risk

This risk arises from the possibility of changes in company profitability due to fluctuations in the price of metals and energy (specifically platinum, palladium, aluminium and gas). The Group's objective is therefore to neutralise such possible adverse changes deriving from highly probable future transactions by compensating them with opposite variations related to the hedging instrument.

Cash flow hedging is adopted with this type of hedging, 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 31 December 2022, the total fair value of hedging instruments on Commodities price risk, held by the Piaggio group, accounted for under hedge accounting was negative for €671 thousand. During the 2022 financial year, losses were recognised in the statement of other components of the Comprehensive Income Statement for €671 thousand and losses were reclassified from other components of the Comprehensive Income Statement to profit/loss for the year for €184 thousand.

Credit risk management

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

In thousands of Euros	31 December 2022	31 December 2021
Bank funds and securities	263,506	290,300
Financial assets	3,786	3,979
Tax receivables	55,077	28,104
Trade and other receivables	134,237	158,408
Total	456,606	480,791

In particular, the **Piaggio group** monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of its own licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, Piaggio & C. S.p.A. has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.

With reference to the subsidiary **Intermarine**, whose business typically means that receivables are concentrated with a few customers, the most significant customers in quantitative terms are public organisations: moreover, in general production to order requires substantial advance payments by the customer as works progress, thereby reducing the credit risk. To minimise credit risk, Intermarine also signs contracts with major Italian factoring companies for the assignment of trade receivables without recourse.

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

Hierarchical fair value valuation levels

IFRS 13 – Fair value measurement applies as from 1 January 2013. The Standard defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an

orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

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

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

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

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

	Nominal value	Carrying amount	Fair Value(*)
High yield debenture loan	250,000	245,736	247,230
EIB RDI	58,333	58,274	53,670
EIB RDI step up	30,000	30,000	27,009
Loan from B. Pop. Emilia Romagna	22,500	22,404	21,612
Loan from CDP	26,667	26,667	24,994
Loan from Banco BPM	20,000	19,938	19,196
Loan from Banca CARIGE	4,830	4,825	5,137
Loan from BPop Sondrio	3,500	3,486	3,386
Loan from CariBolzano	7,000	6,990	6,657
OLB Loan	15,000	14,976	16,223
SSD loans	115,000	114,272	101,920

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

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

The table below shows the assets and liabilities valued at fair value at 31 December 2022, by fair value measurement hierarchical level.

In thousands of Euros	Level 1	Level 2	Level 3
Assets measured at fair value	3,711	0	0
Hedging financial derivatives		6,500	0
Investment property		0	0
Other assets		0	16
Total assets	3,711	6,500	16
Liabilities measured at fair value		0	0
Hedging financial derivatives		(3,063)	0
Other liabilities		0	0
Total liabilities	0	(3,063)	0
Balance as of 31 December 2022	3,711	3,437	16

Hierarchical level 1 includes the carrying amount of the investment held by Immsi S.p.A. in UniCredit S.p.A., up by €76 thousand compared to 31 December 2021 following an increase in the share price recorded during the year.

Hierarchical level 2 includes under assets the positive value of hedging derivative financial

instruments pertaining to the Piaggio group and the positive value of derivative financial instruments (Interest Rate Swaps) pertaining to the Parent Company Immsi S.p.A., while under liabilities the negative value of hedging derivative financial instruments pertaining to the Piaggio group.

Lastly, it should be noted that hierarchical level 3 includes the fair value of equity investments in other companies pertaining to the Piaggio group.

The following table highlights changes that occurred within various levels during 2022:

In thousands of Euros	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<i>Balance as of 31 December 2021</i>	3,787	8,025	16
Gain and (loss) recognised in profit or loss		(350)	0
Gain (loss) recognised in the statement of comprehensive income	(76)	(4,238)	0
Increases/(Decreases)	0	0	0
<i>Balance as of 31 December 2022</i>	3,711	3,437	16

Q - INFORMATION PURSUANT TO LAW 124/2017

Law 124 of 4 August 2017 requires disclosure to be provided on funding, contributions, paid appointments and financial benefits of any kind received at national level from the public administration. In this regard, the next table shows the funding received by the Immsi Group during 2022:

Beneficiary body	Project	Funding entity	Funds (in thousands of Euros)
Piaggio group	C-Mobile	European Commission	1.0
Piaggio group	I_HeERO	Inea	0.5
Piaggio group	Pioneer	European Commission	1.3
Piaggio group	Lens	European Commission	104.5
Intermarine	training	Fondimpresa	6.0
Intermarine	training	Fondimpresa	16.0
Total			126.3

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

Beneficiary body	Funding entity	Economic Effect (in thousands of Euros)
Piaggio group	Italian local authorities	198.8
Piaggio group	Carabinieri	284.0
Piaggio group	Local health authorities	1.5
Intermarine	Fondimpresa	22.0
Intermarine	MIUR - Ministry of Education, University and Research	2.0
Intermarine	MIUR - Ministry of Education, University and Research	413.0
Total		921.3

With reference to the Piaggio group, during the year, grants were also acquired for investments in tangible assets financed by the National Industry 4.0 Plan of €1,286 thousand, for investments in advertising of €94 thousand, and for investments in Research, Development, Innovation and Design of €2,687 thousand.

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

- from MCC an aid from the Guarantee Fund, Law 662/96 on the loan disbursed by Banca Carige under the Guarantee Fund, with an aid valuation pursuant to section 3.1 of the Temporary Aid Framework of €29.9 thousand.
- by Banca IFIS Loan of €3,000 thousand assisted by Sace Guarantee free of charge under the Decree with Gross Grant Equivalent ("GSE") of €90,017.01 (Aid Identification Code: 6298829).
- from MCC a Subsidised loan of €399 thousand as part of the DASPHANTOMSHIFFE research project, Fondo Crescita Sostenibile - Sportello Fabbrica Intelligente Ministerial Decree 5/3/2018.

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

- R - SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

- S – DISCLOSURE OF PAYMENTS

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

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

For details of the fees, please refer to the table in the Directors' Report on Operations.

- T – PROPOSAL FOR THE ALLOCATION OF THE PARENT COMPANY'S PROFIT

For the proposal for the allocation of the parent company's profit for the year, please refer to "Note I Proposal for the allocation of the parent company's profit" of the financial statements of the Parent Company Immsi S.p.A.

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND INVESTMENTS AT 31 DECEMBER 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. in liquidation 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%	

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				
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	12,166,000.00	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: 83.91%	USD	15,135.98	83.91%	
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	10,254,550,000.00	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%
Rodriguez 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. Société d'Automobiles et Triporteurs S.A. Tunis – Tunisia Piaggio Vespa B.V. investment: 20.00%	TND	210,000.00	20.00%
EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD			
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%
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

* * *

This document was published on 6 April 2023 by authorisation of the Chairman of the Company, Roberto Colaninno.

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

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

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

of the administrative and accounting procedures for preparing the consolidated financial statements at 31 December 2022.

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

In addition, it is certified that the consolidated financial statements at 31 December 2022:

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

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

23 March 2023

The Chairman
Roberto Colaninno

Executive in Charge of
Financial Reporting
Stefano Tenucci

Chief Executive Officer
Michele Colaninno

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

**To the Shareholders of
Immsi S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Immsi S.p.A. and its subsidiaries (the "Group"), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of comprehensive income, the consolidated statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Immsi S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Verification of capitalization criteria related to investments in development costs, industrial patent and intellectual property rights

Description of the key audit matter

The Group has accounted as of December 31, 2022 activities relating to development costs, industrial patent and intellectual property rights for € 252.4 million, of which € 251.7 million related to “industrial” sector. With reference to the “industrial” sector, the related investments made in 2022 amount to € 87.4 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2022 - 2024 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard “IAS 38 – Intangible assets”, Management has established a procedure to verify the technical feasibility of the projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold.

The Group’s procedure also includes the estimation of expected future cash flows from the sales of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least one per year.

Given the magnitude of the value of the related assets, considering the complexity of the related procedures and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter.

Note F.1 “Intangible assets” within the Group consolidated financial statements provides a disclosure on this caption.

Audit procedures performed

In the context of our audit, we have carried out, among others, the following procedures:

- understanding of the procedure for capitalizing development costs, industrial patent and intellectual property rights adopted by the Group;
- understanding of the relevant controls implemented by the Group;
- discussion with Management and obtaining supporting documentation to understand the characteristics of the projects;
- obtaining details of the cost capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year;
- verification for a sample of projects, of compliance with the requirements outlined in “IAS 38 – Intangible assets” for capitalization of internally generated intangible assets;
- analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year.

Assessment of the recoverability of Goodwill

Description of the key audit matter

The Group's consolidated financial statements include Goodwill amounting to € 614.0 million, unchanged from the previous year. This goodwill has been allocated to the cash generating unit ("CGU") "Piaggio Group" – industrial sector – for € 579.5 million and "Intermarine" – marine sector – for € 34.5 million.

The recoverability of the goodwill is verified by the Directors at least annually and whenever indicators of potential impairment occur by comparing the carrying amount with the estimate of the recoverable amounts through an impairment test.

The Directors performed impairment test on goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each CGU identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows, the discounting rate (WACC) and the long term growth rate (g-rate). With reference to "Piaggio Group", the Directors estimated the expected future cash flows included in a four-year period, on the basis of budget data for the financial year 2023, supplemented by forecast data for the period 2024-2026. With reference to "Intermarine", the Directors estimated the expected future cash flows included in a five-year period, on the basis of budget data for the financial year 2023, supplemented by forecast data for the period 2024 - 2027, as well as by the valuation of a non-recurring contract which the Directors expect will develop in a long period, and whose cash flows have been excluded for the purposes of estimating perpetuity.

Based on the result of impairment test, the Directors did not identified any impairment losses.

Considering the relevant amount of the goodwill accounted for in the financial statements relative to the CGUs, the judgement and the nature of the estimates used to determine cash flows, the key variables of the impairment test, the recoverability of the goodwill has been considered a key audit matter of the Group's consolidated financial statements.

Note F1 "Intangible Assets" within the consolidated financial statements provides a disclosure on the goodwill.

Audit procedures performed	<p>In the context of our audit we carried out, among others, the following procedures, also relying on the support of experts within our Network:</p> <ul style="list-style-type: none"> • assessment of the method used by Directors for the determination of the value in use of each CGU, analyzing the methods and assumptions used by Management for the development of the impairment test; • assessment of the reasonableness of the main assumptions adopted to develop cash flow forecasts and the parameters used by the Directors for the impairment test. In this context, we have examined industry studies and sector analysis and retraced the methods used by the Directors to estimate WACC and g-rate; • verification of the correct determination of the carrying amount of the assets and liabilities attributed to each CGU; • verification of the sensitivity analysis carried out by Directors with reference to the main assumptions used carrying out the impairment test of goodwill, also developing own sensitivity analysis; • assessment of the adequacy and compliance, in relation with the accounting standard, of the disclosure provided by the Directors in the Group financial statements as of December 31, 2022.
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Assessment of the recoverability of Deferred Tax Assets

Description of the key audit matter	<p>Deferred tax assets recognized in the Group consolidated financial statements as at December 31, 2022 amount to € 145.6 million and are related to prior year's tax losses as well as temporary differences, mainly due to provisions on taxed funds.</p> <p>The main Italian companies of the Group adhere to the National Consolidation Tax Convention. The recoverability of the deferred tax assets of the Group depends on the future results of these companies as well as of those that don't adhere to the National Consolidation Tax Convention that account deferred tax assets. Consequently, the recognition and the recoverability of the deferred tax assets require the Directors to carry out an estimation process with the objective of forecasting the future taxable incomes of these companies.</p> <p>Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter.</p> <p>Note F6 "Deferred tax assets" within the consolidated financial statements provides a disclosure of deferred tax assets.</p>
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Audit procedures performed	<p>As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network:</p> <ul style="list-style-type: none"> • evaluation of the reasonableness of the assumptions formulated by Directors and by Management in forecasting the future taxable incomes of the companies of the Group that adhere to the National Consolidation Tax Convention and of those companies of the Group that account deferred tax assets; • examination of the National Consolidation Tax Convention of the Group; • examination of the methods used by Management to verify the recoverability of deferred tax assets, regarding the capacity of future taxable incomes expected at consolidated level; • examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12.
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Analysis of the short-term financial debt of Immsi S.p.A.

Description of the key audit matter	<p>Immsi S.p.A. presents financial debt towards the banking system for a total of € 230.2 million, of which € 189.8 million of short-term financial debt.</p> <p>As of December 31, 2022, Immsi S.p.A. deposited no. 170.8 million of Piaggio & C. S.p.A. shares to guarantee loans and credit lines for € 296.6 million (of which € 227.8 million referring to Immsi S.p.A.), whose agreements provide for compliance with guarantee values and, for some loans, with financial parameters (so-called financial covenants).</p> <p>The total number of Piaggio & C. S.p.A. shares held by Immsi S.p.A. at December 31, 2022 is equal to no. 179.3 million.</p> <p>The forecasts prepared by the Directors regarding the financial needs of the Immsi S.p.A., including financial support for some direct and indirect subsidiaries, for the next 12 months, take into account, inter alia, the effects of the actions aimed at guaranteeing financial balance as well as the renewal of the short-term credit lines guaranteed by the aforementioned share pledge.</p> <p>The market value of the shares pledged as collateral is subject to constant monitoring by the Management and periodic verifications in order to ensure compliance with the guarantee values, with consequent adjustment of the number of shares pledged. The market value of these securities is subject to the trend of the financial markets, which has shown a tendency to present relevant fluctuations over time, especially in relation to the uncertainty of the general economic situation.</p> <p>In consideration of the significance of the Group's financial debt to the banking system guaranteed by Piaggio & C. S.p.A. shares, of the risk of a possible scenario of weakness in the stock markets and of the relevance of the disclosure provided in the notes of the financial statements on these aspects, we have considered the understanding and analysis of the forecasts made by the Directors regarding the financial needs and related short-term</p>
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indebtedness of Immsi S.p.A. a key audit matter of the Group consolidated financial statements.

Notes A "General aspects " and G2 "Financial liabilities" within the consolidated financial statements provides a disclosure on the short-term financial debt exposure of Immsi S.p.A. guaranteed by Piaggio & C. S.p.A. shares.

Audit procedures performed

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

- identification and understanding of the significant controls put in place by the Directors on the process of monitoring of the financial debt exposure guaranteed by Piaggio & C. S.p.A. shares;
- acquisition of documentation relating to short-term credit lines and guaranteed medium / long-term loan agreements existing at December 31, 2022, analyzing the contractual clauses including guarantee clauses, also by obtaining data and information obtained directly from banks;
- review of the analysis prepared by the Management relating to guaranteed financial debt, compliance with the guarantee values and, where applicable, the financial covenants as at December 31, 2022;
- analysis of the evolution of financial debt expected in the next 12 months and of the related guarantee values;
- analysis of the reasonableness of the Directors' forecasts regarding the financial needs of Immsi S.p.A., acquiring, inter alia, audit evidence regarding the renewals of the short-term credit lines obtained;
- assessment of the adequacy of the disclosure provided by the Directors in the notes of the financial statements.

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

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Immsi S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Immsi S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Immsi Group as at December 31, 2022,

including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Immsi Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Immsi Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Immsi S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, Italy
April 5, 2023

As disclosed by the Directors, the accompanying consolidated financial statements of Immsi S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

IMMSI S.p.A.

Financial statements
as at
31 December 2022

Immsi S.p.A. Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Shareholders' Equity, detailing amounts attributable to Related-Party and intergroup transactions:

Statement of Financial Position

In thousands of Euros

ASSETS	Notes	31/12/2022	31/12/2021
NON-CURRENT ASSETS			
Intangible assets		0	0
Property, plant and equipment	C1	938	837
Investment Property	C2	0	0
Equity investments in subsidiaries and associates	C3	293,800	305,392
Other financial assets	C4	272,578	265,823
- of which related parties and intergroup		272,578	265,823
Tax receivables	C5	0	0
Deferred tax assets	C6	1,587	1,573
Trade receivables and other receivables	C7	13,580	13,059
- of which related parties and intergroup		13,063	12,931
TOTAL NON-CURRENT ASSETS		582,483	586,684
ASSETS HELD FOR DISPOSAL		0	0
CURRENT ASSETS			
Trade receivables and other receivables	C7	3,138	4,752
- of which related parties and intergroup		2,164	3,759
Tax receivables	C5	486	407
Inventories		0	0
Works in progress to order		0	0
Other financial assets	C4	4,854	4,906
- of which related parties and intergroup		1,143	1,119
Cash and cash equivalents	C8	6,309	13,944
TOTAL CURRENT ASSETS		14,787	24,009
TOTAL ASSETS		597,270	610,693
LIABILITIES	Notes	31/12/2022	31/12/2021
SHAREHOLDERS' EQUITY			
Share capital		178,464	178,464
Reserves and retained earnings		156,591	197,653
Net profit for the period	E10	20,433	(31,264)
TOTAL SHAREHOLDERS' EQUITY	D1	355,487	344,853
NON-CURRENT LIABILITIES			
Financial liabilities	D2	41,524	40,790
- of which related parties and intergroup		413	223
Trade payables and other payables	D5	0	49
Provisions for severance liabilities and similar obligations	D3	330	403
Other long-term provisions		0	0
Deferred tax liabilities	D4	3,057	5,511
TOTAL NON-CURRENT LIABILITIES		44,910	46,753
LIABILITIES ON DISCONTINUED OPERATIONS		0	0
CURRENT LIABILITIES			
Financial liabilities	D2	191,182	214,066
- of which related parties and intergroup		121	122
Trade payables	D5	1,159	1,033
- of which related parties and intergroup		151	159
Current taxes	D6	2,406	2,467
Other payables	D5	2,125	1,521
- of which related parties and intergroup		141	0
Current portion of other long-term provisions		0	0
TOTAL CURRENT LIABILITIES		196,872	219,087
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		597,270	610,693

Income Statement

In thousands of Euros

	Notes	2022	2021
Financial income	E1	37,289	32,734
- of which related parties and intergroup		37,132	32,697
Borrowing costs	E2	(12,650)	(59,352)
- of which related parties and intergroup		(3,177)	(50,527)
Income/(loss) from investments		0	0
Operating income	E3	0	515
- of which related parties and intergroup		0	515
Costs for materials		(25)	(23)
Costs for services, leases and rentals	E4	(3,665)	(3,432)
- of which related parties and intergroup		(336)	(396)
Employee costs	E5	(1,756)	(1,340)
Depreciation of property, plant and equipment	E6	(384)	(401)
Amortisation of goodwill		0	0
Amortisation of intangible assets with a definite life		0	0
Other operating income	E7	205	126
- of which related parties and intergroup		107	80
Net reversals (write-downs) of trade and other receivables			
Other operating costs	E8	(282)	(276)
PROFIT BEFORE TAX		18,732	(31,449)
Taxes	E9	1,701	185
EARNINGS AFTER TAX FROM OPERATING ACTIVITIES		20,433	(31,264)
Gain (loss) from assets held for sale or disposal		0	0
NET PROFIT FOR THE PERIOD	E10	20,433	(31,264)

Statement of Comprehensive Income

In thousands of Euros

	Notes	2022	2021
NET PROFIT FOR THE PERIOD	E10	20,433	(31,264)
Items that may be reclassified to profit or loss:			
Effective portion of profit (losses) from instruments to hedge cash flows		438	(45)
Items that may not be reclassified to profit or loss:			
Gains (losses) from the fair value measurement of financial assets		(76)	1,649
Actuarial gains (losses) on defined benefit plans		56	(9)
TOTAL GAINS (LOSSES) OF THE PERIOD	D1	20,851	(29,669)

The figures in the above table are net of the corresponding tax effect.

Cash Flow Statement

In thousands of Euros

This table shows the changes in cash and cash equivalents, net of short-term bank overdrafts not present either at the end of December 2022 or at the end of December 2021.

	Notes	31/12/2022	31/12/2021
Operating activities			
Profit before tax	E10	18,732	(31,448)
Depreciation of property, plant and equipment	E6	384	400
Provisions for risks and for severance indemnity and similar obligations	D3	103	71
Write-downs / (Reversals)	C3-C4	3,151	50,506
Capital losses / (Gains) on the disposal of property, plant and equipment	C2	(21)	-
Financial income (1)	E1	(10,389)	(12,828)
Dividend income (2)		(26,899)	(19,906)
Borrowing costs	E2	9,789	8,846
Change in working capital			
(Increase) / Decrease in trade receivables (3)	C7	659	274
Increase / (Decrease) in trade payables (4)	D5	742	(1,298)
Increase / (Decrease) in provisions for severance liabilities and similar obligations	D3	(176)	(41)
Other changes		(641)	(663)
Cash generated from operating activities		(4,566)	(6,087)
Net finance costs paid	E2	(8,557)	(8,434)
Taxes paid		-	(30)
Cash flow from operations		(13,123)	(14,551)
Investing activities			
Sale price of subsidiaries, net of cash and cash equivalents	C3	15,626	-
Investment in property, plant and equipment (including investment property)	C1-C2	(163)	(12)
Sale price, or repayment value, of property, plant and equipment	C2	37	-
Loans provided (5)	C4	(13,233)	(12,522)
Repayment of loans provided (5)	C4	6,204	-
Financial income received (5)		1,777	-
Dividends from investments (2)		26,899	19,906
Cash flow from investing activities		37,147	7,372
Financing activities			
Loans received	D2	20,238	49,284
Outflow for repayment of loans	D2	(41,267)	(36,521)
Rimborso Rights of use	D2	(414)	(100)
Outflow for dividends paid by the Company	D1	(10,216)	-
Cash flow from financing activities		(31,659)	12,663
Increase / (Decrease) in cash and cash equivalents		(7,635)	5,484
Opening balance		13,944	8,460
Exchange differences		-	-
Closing balance		6,309	13,944

(1) of which €10,233 thousand deriving from loans, subleases of rights of use and guarantees granted to Group companies;

(2) dividends paid out by Piaggio & C. S.p.A.;

(3) of which €609 thousand increase for receivables from companies in the Group;

(4) of which a €8 thousand decrease related to payables to companies in the Group and other Related Parties;

(5) entirely relating to loans granted to subsidiaries

Changes in Shareholders' Equity

Note D1

In thousands of Euros													
	Share capital	Share premium reserve A - B	Reserves for the fair value measurement of financial assets	Reserves for the fair value measurement of hedging instruments	Reserve for the measurement of entities under common control	Actuarial evaluation reserve on defined benefit plans	Revaluation reserve A - B - D	Legal reserve A	Other legal reserves A - B - D	IAS transition reserve	Earnings reserves A - B - C	Earnings for the period	Shareholders' equity
Balances as of 31 December 2020	178,464	94,874	(27,503)	(5)	65,087	(57)	4,602	8,978	1,153	(1,614)	45,653	4,891	374,522
Allocation of earnings to the Legal Reserve								245				(245)	0
Allocation of earnings to the Dividends													0
Allocation of earnings to retained earnings/losses											4,646	(4,646)	0
Net comprehensive earnings for the period			1,649	(45)		(9)						(31,264)	(29,669)
Balances as of 31 December 2021	178,464	94,874	(25,854)	(50)	65,087	(66)	4,602	9,223	1,153	(1,614)	50,299	(31,264)	344,853
In thousands of Euros													
	Share capital	Share premium reserve A - B	Reserves for the fair value measurement of financial assets	Reserves for the fair value measurement of hedging instruments	Reserve for the measurement of entities under common control	Actuarial evaluation reserve on defined benefit plans	Revaluation reserve A - B - D	Legal reserve A	Other legal reserves A - B - D	IAS transition reserve	Earnings reserves A - B - C	Earnings for the period	Shareholders' equity
Balances as of 31 December 2021	178,464	94,874	(25,854)	(50)	65,087	(66)	4,602	9,223	1,153	(1,614)	50,299	(31,264)	344,853
Allocation of earnings to the Legal Reserve													0
Allocation of earnings to the Dividends											(10,217)		(10,217)
Allocation of earnings to retained earnings/losses											(31,264)	31,264	0
Net comprehensive earnings for the period			(76)	438		56						20,433	20,851
Balances as of 31 December 2022	178,464	94,874	(25,930)	388	65,087	(10)	4,602	9,223	1,153	(1,614)	8,818	20,433	355,487

Available for:

A: Cover losses

B: Share capital increase

C: Distribution to shareholders

D: Distribution to shareholders under tax suspension

Notes to the financial statements at 31 December 2022

Note	Description
A	General aspects
B	Accounting standards and measurement criteria
C	Information on main assets
C1	Property, plant and equipment
C2	Investment Property
C3	Equity investments in subsidiaries and associates
C4	Other financial assets
C5	Tax receivables
C6	Deferred tax assets
C7	Trade receivables and other receivables
C8	Cash and cash equivalents
D	Information on main liabilities
D1	Shareholders' equity
D2	Financial liabilities
D3	Provisions for severance liabilities and similar obligations
D4	Deferred tax liabilities
D5	Trade payables and other payables
D6	Current taxes
E	Information on main Income Statement items
E1	Financial income
E2	Borrowing costs
E3	Operating income
E4	Costs for services, leases and rentals
E5	Employee costs
E6	Depreciation of property, plant and equipment
E7	Other operating income
E8	Other operating costs
E9	Taxes
E10	Net profit for the period
F	Commitments, risks and guarantees
G	Net debt
H	Dividends paid
I	Proposal to allocate profit for the period
L	Group and Related-Party Transactions
M	Risks and uncertainties
N	Auditing costs
O	Events occurring after the end of the period

A – General aspects

Immsi S.p.A. (the “Company” or the “Parent Company”) is a limited company established under Italian law and has registered offices in Mantua - P.zza Vilfredo Pareto, 3 and sub-offices in via Abruzzi, 25 – Rome and via Broletto, 13 – Milan. The main activities of the Company and its subsidiaries (the “Immsi Group” or the “Group”), the information on relevant events after the end of the reporting period and on operating outlook are described in the Directors’ Report on Operations.

At 31 December 2022, Immsi S.p.A. was directly and indirectly controlled, pursuant to Art. 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A. Pursuant to Art. 2427 paragraph I of the Civil Code, Omniaholding S.p.A., with registered office in Mantua - Via Marangoni 1/E - is the entity that prepares the consolidated financial statements of the largest group of companies to which the Company belongs as a subsidiary. The consolidated financial statements of Omniaholding S.p.A. are available at the registered office of the company.

Following the entry into force of European Regulation No. 1606 of July 2002, Immsi S.p.A. adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union. IFRS means all the International Financial Reporting Standards, the International Accounting Standards, all the interpretations of the IFRS Interpretation Committee (formerly IFRIC), previously called the Standing Interpretations Committee (SIC), approved by the European Union and contained in the relevant EU Regulations.

The financial statements of Immsi S.p.A. are drawn up in compliance with the provisions of Legislative Decree 58/1998, as well as in compliance with provisions issued pursuant to Art. 9 of Legislative Decree 38/2005 (Consob Resolution No. 15519 dated 27/07/06 containing “Provisions for the presentation of financial statements”, Consob Resolution No. 15520 dated 27/07/06 containing “Changes and additions to the Regulation on Issuers” adopted by Resolution No. 11971/99”, Consob communication No. 6064293 dated 28/07/06 containing “Corporate reporting required in accordance with Art. 114, paragraph 5 of Legislative Decree 58/98”). The Company did not consider presentation of segment reporting, as established in IFRS 8, as significant.

The currency used in preparing these financial statements is the euro and amounts are expressed in and rounded to thousands of Euro (unless otherwise indicated).

Information regarding important events after the close of the period and the foreseeable development of operations is set out, as mentioned, in the Directors Report on Operations as at 31 December 2022.

The directors of the Company are responsible for the application of the European Commission's Delegated Regulation (EU) 2019/815 on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF) (hereinafter the “Delegated Regulation”) to the financial statements, which are included in the annual financial report.

The financial statements of Immsi S.p.A. were prepared in XHTML format in accordance with the provisions of the Delegated Regulations and were approved by the Board of Directors on 23 March 2023.

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

Presentation of Financial Statements

The Financial Statements of Immsi S.p.A. consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Shareholders’ Equity and the Notes.

As provided for by Consob Ruling No. 15519 of 27 July 2006, the financial statements include specific evidence of related-party and intergroup transactions.

In relation to options in IAS 1 "Presentation of Financial Statements", Immsi S.p.A. opted to present the following types of accounting statements:

- **Statement of Financial Position:** The Statement of Financial Position is presented in sections with Assets, Liabilities and Shareholders' Equity indicated separately. Assets and Liabilities are shown in the financial statements on the basis of their classification as current and non-current. In addition, Assets held for sale and Liabilities associated with assets held for sale are recognised in a separate item;
- **The Income Statement** is presented with the items classified by nature of costs. The Company, in view of the economic importance of the financial component in relation to the property and services component, has adopted a format for the Income Statement which shows the main activity of Immsi S.p.A. at the top of the statement;
- **The Statement of Comprehensive Income** is presented in accordance with the provisions of IAS 1 revised, net of a possible tax component. Items presented in "Other comprehensive income(expense)" are grouped based on whether they are potentially reclassifiable to profit or loss.
- **Cash Flow Statement:** The Cash Flow Statement is presented divided into areas generating cash flows, as indicated by international accounting standards. The Statement adopted by Immsi has been prepared using the indirect method;
- **Statement of Changes in Shareholders' Equity:** the Statement of Changes in Shareholders' Equity is presented, as required by the revised version of IAS 1. It includes the Statement of Comprehensive Income. Reconciliation between the opening and closing balance of each item for the period is presented.

B - Accounting standards and measurement criteria

The financial statements are prepared under the historical cost convention, except for the fair value measurement of certain financial instruments, in accordance with IFRS 9 and IFRS 13, as described below. In addition, the financial statements have been prepared on a going concern basis in accordance with paragraphs 25 and 26 of IAS 1, taking into account a future period of 12 months from 31 December 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 year and the financial commitments that the Company 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 uncertainty on the stock markets, with possible consequences on the size of credit lines currently granted to the Company, largely guaranteed by Piaggio shares held by the latter.

In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2022, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

However, the future dynamics of these factors require that the circumstances be constantly monitored by Company Management.

The accounting policies used to prepare these financial statements are the same as those used to prepare the financial statements for the year ended 31 December 2021.

There were no atypical or unusual transactions during 2022 and the corresponding period of the previous year, as defined in Consob Communication No. DEM/6037577 of 28 April 2006 and No. DEM/6064293 of 28 July 2006.

It should be noted that in 2022 as in 2021 there were no significant non-recurring transactions.

The international accounting standards adopted are listed and summarised below.

Intangible assets

An intangible asset is recorded only if it is identifiable, verifiable and it is likely to generate future economic benefits and its costs can be reliably determined.

These assets are recognised at acquisition or production cost and amortised on a straight line basis over their estimated useful life, if they have a definite useful life. Intangible assets with an indefinite useful life are not amortised but are subject to impairment testing.

The amortisation period for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period: if the expected useful life proves different from previous estimates, the amortisation period is changed accordingly.

Property, plant and equipment

Property, plant and equipment are recorded at purchase cost, including directly related charges, net of accumulated depreciation and impairment losses. For an asset that justifies capitalisation, the cost also includes any borrowing costs that are directly attributable to acquisition, construction or production of the asset.

The costs incurred following the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer. All other costs are recorded in the income statement when they are incurred.

Property, plant and equipment in progress are valued at cost and are depreciated from the period in which they come into operation.

Depreciation is determined on a straight-line basis over the estimated useful life of the assets or, in the case of disposal, until the end of the previous year.

Land is not depreciated.

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sales revenues and net carrying amount of the asset and are recognised in profit or loss for the period.

Other property, plant and equipment are depreciated applying the rates indicated below, reduced by half for fixed assets acquired during the year:

Plant and machinery	from 15% to 30%
Furniture and fittings, electrical machines	12%
Personal computers, hardware, EDP and telephone systems	20%
Vehicles	25%
Other equipment	15%

Lease agreements as lessor

Lease agreements for property, plant and machinery entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, or if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.

The right of use, recognised in the item "Property, plant and equipment", is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.

The Company has opted for some simplifications, allowed by the Standard, excluding agreements

of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).

In the case of partial subleases of property leases, the Company does not recognise the related right of use in 'Property, plant and equipment' but recognises a finance lease asset corresponding to the portion of the main contract subleased to a third party.

Investment Property

As provided for by IAS 40, a non-instrumental property owned in order to obtain rent and/or for the appreciation of the property is measured at fair value.

Investment property is not amortised and is eliminated from the financial statements when sold or when the investment property is unusable in the longer term and no future economic benefits are expected from its sale.

The Company annually revises the carrying amount of investment property held or more frequently if required by facts or circumstances.

Investments

Investments in subsidiaries and associates are accounted for at cost.

Under IFRS 10, a company is considered to be a subsidiary when the investor is exposed to variable returns (or has rights to such returns) from its relationship with the company and at the same time has the ability to affect those returns by exercising power over the company. An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the asset's returns.

An associate is a company over which the Company exerts significant influence, understood as power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies. Significant influence is presumed to exist where the Company owns, directly or indirectly, 20% or more of the voting power of the investee, unless the contrary can be clearly demonstrated. The carrying amount of investments is reviewed for impairment when events or changes in circumstances indicate that the carrying amount exceeds the estimated realisable value. In this case the investments are written down to reflect the latter value, which is the higher of the asset's net selling price and its value in use.

The value in use is determined by applying the "Discounted Cash Flow - equity side" criterion, which consists in calculating the present value of the future cash flows expected to be generated by the subsidiary, including cash flows from operating activities and the terminal value, which has been determined using the "perpetuity" method, net of the subsidiary's net financial position at the reporting date.

Impairment

At each reporting date, the carrying amount of its property, plant and equipment, intangible assets, goodwill (if any) and investments is reviewed for indications that these assets are impaired. The recoverable amount is determined for each asset where possible, or the recoverable amount of the cash-generating unit to which the asset relates is estimated. In particular, the recoverable amount is the higher of fair value less costs to sell and value in use, where for the latter the cash flows are estimated based on the discounted value, at a specific rate, of future cash flows attributable to the asset or cash-generating unit to which it belongs.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount is reduced to the lower recoverable amount. The impairment loss is recognised immediately in the Income Statement.

Subsequently, if the impairment loss for an asset no longer exists or decreases, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (which cannot exceed the amount that would have been determined had no impairment loss been recognised). The restoration

of an impairment loss is immediately recorded in the Income Statement.

Receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently recognised based on the amortised cost method, net of the provisions for write-downs. The provisions of IFRS 9 introduce a new method of impairment that takes account of expected credit losses.

For trade receivables, the Company adopts the simplified approach allowed by the new standard, measuring the credit loss allowance for an amount equal to the losses expected over the full lifetime of the credit.

Cash and cash equivalents

This item includes cash in hand, on demand deposit accounts and other highly-liquid short-term financial investments, which are readily convertible into cash and have an insignificant risk of losing value.

Financial assets

Financial assets are recognised in and deleted from the financial statements based on the settlement date.

IFRS 9 requires the entity to test the business model relative to financial management and contractual cash flows and classify financial assets accordingly. The standard defines the three categories in which financial assets are classified:

- a) financial assets measured at amortised cost (AC);
- b) financial assets measured at fair-value-through-other comprehensive income (FVTOCI);
- c) financial assets measured at fair-value-through-profit-or-loss (FVTPL).

Under IFRS 9, the requirements for classifying a financial asset at AC or FVTOCI are tested; if a financial asset cannot be classified as either AC or FVTOCI, it is classified as FVTPL.

Immsi S.p.A. adopts the following business models:

- a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the “hold to collect and sell” business model);
- a business model whose objective is to hold financial assets intended for collecting contractual cash flows (the “hold to collect” business model), measured at fair value through other comprehensive income.

As regards the procedure for the impairment of financial assets established by IFRS 9, the provision to recognise to hedge losses is determined considering full lifetime expected credit losses, using a method that considers whether, at the end of the reporting period, the credit risk relative to a financial instrument has increased considerably after initial recognition or otherwise.

Financial liabilities

Financial liabilities include loans that are recognised at the original sums received and are recognised and reversed from the financial statements on the basis of their trade date. Non-current financial liabilities which differ from financial liabilities measured at fair value and recognised in the Income statement, are entered net of the accessory acquisition fees and, subsequently, are measured with the amortised cost method, using the effective interest rate.

The Company's activities are exposed primarily to financial risks from changes in interest rates. The Company uses derivative instruments to hedge risks arising from changes in interest rates on certain irrevocable commitments and planned future transactions. Derivatives are initially measured at fair value represented by the initial amount.

Derivative financial instruments are used solely for hedging purposes, in order to hedge against fluctuations in interest rates. In line with IAS 39, financial derivatives may qualify for hedge

accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated.

Financial liabilities hedged with derivative instruments are booked according to the methods established for hedge accounting, applicable to the cash flow hedge: the profit and loss portion on the hedging instrument that is considered actual coverage is charged in the prospectus of the Statement of Comprehensive Income, the aggregate gain or loss is removed from Shareholders' equity and recognised in profit or loss in the same period during which the hedged transaction is recognised. The ineffective portion of the profits and losses on the hedging instrument is entered in the Comprehensive Income.

If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been completed, the aggregate gains and losses, up to that moment recorded in Shareholders' equity, are recognised in profit or loss at the moment when the related transaction takes place. If the hedged transaction is no longer expected to occur, the unrealised gains or losses suspended in Shareholders' equity are recognised immediately in the Income statement.

Payables

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

Employee benefits

With the adoption of the IFRS, termination benefits accrued up to 31 December 2006, that will now be held by the company, is considered a defined benefit obligation to be recorded in accordance with IAS 19 "Employee Benefits", consequently, it must be recalculated using the projected unit credit method, by undertaking actuarial valuations at the end of each period.

Liabilities for employee termination benefits recognised in the financial statements represent the present value of liabilities for defined benefit plans adjusted to take account of actuarial gains and losses and unrecorded costs related to previous employment services.

The cost components of defined benefits are recognised as follows:

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

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on all temporary taxable differences between the carrying amount and their tax value.

Deferred tax assets on tax losses are recognised only to the extent that the existence of adequate future taxable income of the Group against which to use this positive balance is considered likely. The value of deferred tax assets is revised annually and is reduced to the extent to which the existence of sufficient taxable income to allow the whole or partial recovery of such assets is no longer probable.

Deferred tax assets and the provision for deferred tax liabilities are offset when there is a legal right to offset them and when the taxes are due to the same tax authority.

Deferred taxation is determined on the basis of the tax rates which are expected to be applied in the periods in which such temporary differences will occur or be extinguished.

Deferred taxes may not be discounted and are classified as non-current assets and liabilities.

Finance income and costs

Finance income and costs are recorded on an accrual basis.

Financial income includes dividends, interest income on invested funds and income arising from financial instruments.

Interest income is recognised in profit or loss when it matures, considering the actual return. Interests due on financial payables are calculated using the effective interest rate method.

Dividends in the Income statement are recognised when, following the resolution by an investee company to distribute a dividend, the relative credit right arises.

Operating revenues and costs

Costs and revenues from the sale of assets are recognised in the financial statements only when the risks and related benefits of ownership of the assets are transferred while, as concerns services, costs and revenues, they are recognised in profit or loss with reference to their progress and the benefits achieved at the date of the financial statements.

The reporting criteria required by IFRS 15 are applied to one or more operations as a whole when they are so closely connected that the commercial result cannot be valued without making reference to such operations as to a single whole, therefore the income from re-charging costs for materials and services sustained by Immsi S.p.A. on behalf of companies in the Group or third parties is not recognised in profit or loss as it is offset against the relative costs that generated it.

Current taxes

Income taxes for the year are calculated using the tax rates in force at end of the reporting period and are recognised in profit or loss, except for items directly charged or debited to Shareholders' equity, in which case the tax effect is recognised directly as a reduction or increase in the Shareholders' equity item.

Other taxation unrelated to income is included in other operating expense.

Income tax for regional production tax is recognised in the amounts due to the tax authorities net of advances. While as for Italian Tax on Corporate Income it is noted, that since 2007 the Company has signed a national consolidated tax convention with some companies of the Group, therefore the payables, advance payments and withholdings suffered were transferred at the end of the year to the fiscal consolidated company. Immsi, as the consolidating company, has recognised in its own financial statements the net effect of the amount due to companies transferring tax losses and tax receivables, and the receivable due from companies transferring a taxable amount with a counter entry of the cumulative receivable or payable vis-à-vis the tax authorities.

Use of estimates

The preparation of the financial statements and notes in compliance with IAS/IFRS requires Management to make estimates and assumptions that have an impact on the values of assets and liabilities in the financial statements and on disclosure relating to contingent assets and liabilities at the reporting date. Actual results could differ from estimates.

Estimates are used, among other things, to measure assets subject to impairment testing (including, therefore, equity investments), as well as to recognise provisions for bad debts, depreciation, asset write-downs, employee benefits, taxes (including the recoverability of deferred tax assets), other

provisions and reserves. Estimates and assumptions are periodically revised and the effects of any change are recognised in profit or loss.

It should be noted that, particularly in the current situation of global economic and financial crisis, with reference to the ongoing pandemic and the present crisis between Russia and Ukraine, assumptions made as to future trends are marked by a high degree of uncertainty. Consequently, the Group cannot rule out the possibility that next year's results will differ from estimates and may require adjustments that are even considerable and which are not foreseeable and cannot be estimated at present.

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

- Recoverable value of non-current assets

Non-current assets include property, plant and equipment, investments and receivables from subsidiaries. Immsi periodically reviews the carrying amount of non-current assets whenever facts and circumstances make it necessary.

Investments in subsidiaries, for which estimates are used to a significant extent in order to determine possible impairment losses and reversals of impairment losses, were carefully analysed by the Company's Management to identify possible elements of impairment. In particular, equity investments in subsidiaries subject to impairment testing include the investments in Piaggio & C. S.p.A. and RCN Finanziaria S.p.A., whose valuation was based on the "discounted cash flow - equity side" criterion, through the estimate of expected cash flows deducible from the most recent industrial plans approved by the Boards of Directors of Piaggio & C. S.p.A. and Intermarine S.p.A., the only company held by Piaggio & C. S.p.A. and RCN Finanziaria S.p.A.. S.p.A. and Intermarine S.p.A., the only company held by RCN Finanziaria S.p.A. - which acts as an investment holding company -, an appropriate discount rate (WACC) and long-term growth rate (g-rate), net of their net financial position.

With reference to the investment held in ISM Investimenti S.p.A. – which carries out investment holding activities – the Management's assessment process about the recoverability of the related assets (investments and financial receivables) recorded in the assets of the Company's financial statements, was conducted by comparison with the market value ("fair value") of the assets related to property development (fixed assets and inventories) of Is Molas S.p.A. (the sole investment of ISM Investimenti S.p.A.).

With reference, however, to the investment held in Pietra Srl, it should be noted that on the basis 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.. As at 31 December 2022, the Company valued the investment in Pietra S.r.l. at the corresponding share of equity held in the subsidiary.

- Recoverability of deferred tax assets

Immsi S.p.A. recognises deferred tax assets on temporary differences and tax losses. In determining the estimate of the recoverable amount, Immsi S.p.A., adhering to the National Tax Consolidation as consolidator, has taken into consideration the results of taxable income deriving from its own projections and from the business plans prepared for the purpose of

impairment tests and approved by the respective Boards of Directors of the companies consolidated for tax purposes. However, it is necessary to report how the deferred tax assets allocated can be recovered, by their nature, even in an undefined period of time, therefore compatible with a possible context in which the exit from the current situation of difficulty and uncertainty and the economic recovery should extend beyond the time horizon explicit in the aforementioned forecasts.

- Pension schemes and other termination benefits

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

- Provisions for bad debts

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

- Potential liabilities

Immsi recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements.

Immsi monitors the status of ongoing proceedings and consults its legal and tax advisers.

- Depreciation

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

- Income tax

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

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company as of 1 January 2022:

- On 14 May 2020, the IASB published the following amendments entitled:
 - *Amendments to IFRS 3 Business Combinations*: The amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.

- *Amendments to IAS 16 Property, Plant and Equipment*: the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and the related costs will therefore be recognised in the income statement.
- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that all costs directly attributable to the contract should be taken into account when estimating whether a contract is onerous. Accordingly, the assessment of whether a contract is burdensome includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g. the portion of depreciation of machinery used to perform the contract).
- *Annual Improvements 2018-2020*: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments had no impact on the Company's separate financial statements.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPROVED BY THE EUROPEAN UNION THAT ARE NOT YET COMPULSORY APPLICABLE AND HAVE NOT BEEN ADOPTED BY THE COMPANY IN ADVANCE AT 31 DECEMBER 2022

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

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

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

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

The main features of the General Model are:

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

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at initial recognition, the entity expects that the liability is a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim is made.

An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

Directors do not expect a significant effect on the Company's separate financial statements from the adoption of this standard.

- On 9 December 2021, the IASB published an amendment called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*". The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17.
Directors do not expect a significant effect on the Company's separate financial statements from the adoption of this standard.
- On 12 February 2021, the IASB published two amendments entitled "*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2*" and "*Definition of Accounting Estimates—Amendments to IAS 8*". The amendments are intended to improve the disclosure on accounting policy so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments will apply from 1 January 2023, but early application is permitted. Directors do not expect a significant effect on the Company's separate financial statements from the adoption of these amendments.
- On 7 May 2021, the IASB published an amendment called "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted. Directors do not expect a significant effect on the Company's separate financial statements from the adoption of these amendments.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

At the reference date of this document, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 published an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*". These documents aim to clarify how to classify debts and other short or long term liabilities. The amendments enter into force on 1 January 2024; although earlier application is permitted.

- On 22 September 2022, the IASB published an amendment called "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but early application is permitted.
- On 30 January 2014, the IASB published *IFRS 14 - Regulatory Deferral Accounts*, which allows only first-time adopters to continue to recognise amounts relating to rate-regulated activities under their previous accounting policies. As the Company is not a first-time adopter, this standard is not applicable.

The Company will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

C – Information on main assets

C1	Property, plant and equipment	938
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Changes in property, plant and equipment are broken down as follows:

Amount as of 31.12.21	837
- Capital amount	3,276
- Accumulated depreciation	-2,439
Increases for rights of use	345
Increases for investments	156
Decreases for depreciation	-384
Decreases for disposals	-16
- (Capital amount)	-129
- Accumulated depreciation	113
Amount as of 31.12.22	938
- Capital amount	3,648
- Accumulated depreciation	-2,710

The item includes rights of use, plant, furniture and fittings, office and electronic machinery, cars and various equipment.

Changes in the item rights of use, almost entirely related to leased offices, are detailed below:

	Opening balance As of 31.12.2021	Purchases and/or increases	Sales and/or decreases	Depreciation	Other changes	Closing balance as at 31.12.2022
Historical cost	1,863	345	0	0	0	2,208
Depreciation	-1,073	0	0	-358	0	-1,431
Total rights of use	790	345	0	-358	0	777

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

	2022	2021
Depreciation of rights of use	358	359
Financial charges for rights of use	83	106
Rental payments (not IFRS 16)	66	56

In 2022, leasing agreements subject to IFRS 16 resulted in a gross cash outflow of €1,516 thousand (€1,551 thousand in the previous year).

C2	Investment Property	-
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The Company did not hold any investment property at 31 December 2022, or at 31 December of the previous period.

At the end of December 2019, the Company sold the property located in Via Abruzzi, Rome, to the property fund Investire SGR S.p.A.. The sale price was €62.5 million.

As part of the sale agreements, it was contractually agreed to deposit part of the sale price (€1.5 million) in an escrow account in the name of and managed by the notary, to serve as a guarantee on post-sale obligations borne entirely by the Company. At 31 December 2022, the notary released a total of €0.8 million in favour of the Company following the fulfilment of part of the agreed obligations within the established deadlines. The formalities for the release of the remaining €0.7

million are in progress and are expected to be formalised within the deadline agreed between the parties.

C3	Equity investments in subsidiaries and associates	293,800
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The total value of equity investments in subsidiaries and associated companies amounted to €293,800 thousand and a decrease of approximately €11.6 million compared to the value recognised as of 31 December 2021, mainly due to the collection of €15.6 million of the advance on liquidation paid by the subsidiary Pietra S.r.l. following the resolution of the Extraordinary Shareholders' Meeting of 15 June 2022, in which the shareholders Immsi S.p.A. and Intesa Sanpaolo S.p.A. placed the subsidiary in voluntary liquidation, pursuant to Art. 2484, paragraph 1, No. 6 of the Italian Civil Code, since it had exhausted its corporate purpose with the sale of the equity investment held in Pietra Figure S.r.l., which took place in the first few days of June 2022.

As at 31 December 2022, Immsi adjusted the carrying value of the investee Pietra S.r.l. to the corresponding portion of shareholders' equity held and, on the basis of an appraisal drawn up by an independent third party, reduced the carrying value of the investment in ISM Investimenti S.p.A. to zero. The overall negative effect on the Income Statement amounted to €291 thousand, which was recorded under "Borrowing costs".

The above-mentioned decreases in the item "Investments" were partially offset by the parent company's waiver of receivables with conversion into reserves for future capital increases (for a total of €4.3 million) in favour of the subsidiaries Apuliae S.r.l., ISM Investimenti S.p.A. and RCN Finanziaria S.p.A..

The main data from the last financial statements (2022) approved by the Boards of subsidiaries are given below.

Company Name and Head office	Share capital	Shareholders' equity	Net profit	% of Share Capital owned	Pro rata shareholders' equity	Difference between pro rata shareholders' equity and carrying amount	No. of shares	Carrying amount
Apuliae S.r.l. Lecce	220	264	-156	85.69%	226	-1,304	n/a	1,530
ISM Investimenti S.p.A. Mantova	6,655	-2,860	-	72.64%	-2,078	-2,078	6,654,902	0
Piaggio & C. S.p.A. Pontedera (Pisa) *	207,614	346,867	75,057	50.57%	175,402	-67,853	358,153,644	243,255
RCN Finanziaria S.p.A. Mantova*	1,000	2,807	-4,189	72.51%	2,035	-45,971	2,000,000	48,006
Pietra S.r.l. Milan	40	1,284	-201	77.78%	999	0	n/a	999
Immsi Audit S.C. a R.L. Mantova	40	40	0	25.00%	10	0	n/a	10

* percentage investment net of treasury shares

APULIAE S.r.l.

The investment in the company Apuliae S.r.l. is recorded in the financial statements at the value subscribed at the time of incorporation, which took place in December 2003 and increased by the amount paid in for a future capital increase in January 2004 for €2 million, in December 2012 for €92 thousand and in December 2022 for €191 thousand following the waiver of receivables for interest accrued on loans granted in favour of the subsidiary. Following the prolonged suspension of

restructuring activities on the "ex Colonia Scarciglia" building located in Santa Maria di Leuca (LE), Immsi wrote down the investment by €2,453 thousand in 2006. The Extraordinary Shareholders' Meeting of Apuliae in 2008 resolved to partially cover the accumulated losses as at 31 December 2007 of €2,490 thousand by reducing the share capital and reducing to zero the reserve of €2 million paid by Immsi. The General Meeting in late 2012 resolved to partially cover the accumulated losses at 30 September 2012 amounting to €620 thousand through a reduction of the share capital. In light of the losses due to the continuing suspension of activities, the Extraordinary Shareholders Meeting of Apuliae S.p.A. held in February 2017 decided on a further reduction in share capital by a sum corresponding to the losses as at 31 December 2016 of €497 thousand and simultaneously to transform the company into a Private Limited Company pending the potentially positive outcome of ongoing disputes and the resumption of business. On 9 March 2020, the Extraordinary Shareholders' Meeting of the company resolved to further reduce the share capital from €500 thousand to €220 thousand, corresponding to the amount of accumulated losses at 31 December 2019 of €272 thousand, as well as an allocation of the remaining €8 thousand to the balance sheet item "Other Reserves".

For an update on the progress of the assessment ordered by the Judicial Authorities leading to the suspension of restructuring activities in March 2005, see the sections dealing with the Property sector and holding company as well as Ongoing disputes in the Directors Report as at 31 December 2022.

ISM INVESTIMENTI S.p.A.

The company ISM Investimenti S.p.A., whose minority shareholder is Intesa San paolo (formerly IMI Investimenti S.p.A.), following a capitalisation transaction, acquired from Immsi S.p.A. the shares, equal to 60% of the capital, relating to the investment in Is Molas S.p.A., previously held directly by Immsi S.p.A., paying a sum of €84 million. The transaction was in line with Immsi's strategy of concentrating part of the Group's tourism and property development activities in an ad hoc company, with the aim of associating partners that would strengthen the Group's capital capacity with these initiatives. On the basis of agreements between the shareholders, Immsi S.p.A. has maintained control of Is Molas S.p.A..

Following the conversion into shares in 2013 of the convertible financial instruments issued and subscribed by shareholders in 2010, Immsi S.p.A. holds 4,834,175 category A shares, while IMI Investimenti S.p.A. holds 1,820,727 category B shares and the investment (in terms of voting rights) comprises 72.64% and 27.36% respectively.

With the intention of consolidating ISM Investimenti S.p.A.'s capital base, in December 2019 the Company waived an amount of €2 million (receivables for accrued interest), and in March, May and December 2020 an overall amount of €15.8 million, of which €11.7 million for capital shares of loans granted and €4.1 million for receivables for accrued interest, in June 2021 for a total amount of €8.8 million, of which €7.5 million for capital from loans granted and €1.3 million for receivables for accrued interest, in March 2022 to a total amount of €33 million relating to capital portions of loans granted contributing to the subsidiary's shareholders' equity such waivers (€59.6 million cumulative at 31 December 2022), recorded in a specific reserve for the subscription of a future capital increase by Immsi.

As at 31 December 2022, the subsidiary ISM Investimenti S.p.A. had a negative shareholders' equity of €2,860 thousand determined by a loss for the year of €15,424 thousand, which includes for an amount of approximately €14.1 million the write-down of the investment in the subsidiary IS Molas S.p.A.. The Directors of the subsidiary ISM Investimenti S.p.A. verified the recoverability of the book value of the equity investment held in Is Molas S.p.A. through a comparison with the market value ("fair value"), conferring a mandate to a leading third party appraiser to prepare an assessment of the Market Value of the real estate compendium (i.e. the set of buildings - land, buildings, fixed assets and external construction works), recorded in the financial statements of Is Molas S. p.A. as of 31 December 2022, and taken as the basis for determining the recoverable value of the equity investment recorded in the Company's financial statements referred to ISM Investimenti S.p.A..

The subject of the independent expert's valuation is the Market Value, which "represents the estimated amount for which a property should be sold and purchased, by an unconnected seller and an unconnected buyer, both interested in buying and selling, on competitive terms, after proper marketing in which the parties have both acted in an informed, knowledgeable and uncoerced manner". Specifically, the market value was estimated on the basis of the "Transformation Method", which is based on discounting, at the valuation date, the cash flows generated by the real estate transaction (relating to the property) over the period of time corresponding to its duration. This method can be associated with a financial valuation model (discounting of cash flows) based on a development project defined in terms of building quantities, uses, transformation costs and sustainable revenues. In other words, a cost/revenue analysis is used to identify the market value of the property under investigation. The model consists of a scheme of cash flows (income and expenditure) related to the transformation building project. Expenditure consists of the costs of construction, demolition, urbanisation, design, construction management, profit of the property developer and other possible costs. Revenues are made up of revenues from sales of the intended uses. The temporal distribution of costs and revenues makes it possible to obtain a pattern of cash flows, net of the property developer's profit, which must be brought up to date with an appropriate discount rate representing the cost of capital. According to this methodology, the key factors of the assessment are:

- the amount of net cash flow, i.e. estimated construction costs net of proceeds from sales and other incidental charges
- the distribution over time of these flows;
- the discount rate;
- the capitalisation rate (exit cap-rate).

From the analysis of the results it emerges that, adjusting the shareholders' equity of the subsidiary Is Molas S.p.A. in order to incorporate the market value of the real estate and tourist-hotel assets as defined above, net of the corresponding tax effects, the pro-rata value of the Is Molas investment held by ISM Investimenti is lower than the carrying amount recorded in the latter.

Based on the above considerations, the Company wrote off the carrying value of the investment in ISM Investimenti S.p.A. at 31 December 2022, recording a write-down of €135 million in the income statement.

Immsi S.p.A., having expressed its intention to restore the equity and financial balance of the subsidiary by committing to recapitalise ISM Investimenti S.p.A. in the first months of 2022 in order to avoid the occurrence of the conditions set forth in articles 2446 and 2447 of the Italian Civil Code, recorded at 31 December 2022 a provisions for write-downs on financial receivables due from the subsidiary for an amount of €2.9 million, representing the receivables that it intends to waive and add to ISM's shareholders' equity in order to achieve the above.

With particular regard to the valuation of the above-mentioned investment property, it should be noted that the fair value valuation, carried out with the support of independent experts, derives from variables and assumptions regarding future performance that may vary significantly and therefore produce variations - on the market value of the investment property and therefore on the carrying value of the investment - that today cannot be foreseen or estimated.

The main variables and assumptions characterised by uncertainty are:

- The net cash flows expected from the properties and the relative timing of realisation and absorption;
- Inflation rates, discount rates and capitalisation rates.

Furthermore, it should be noted that the current market uncertainty could have a significant impact, as of today not quantifiable, on the inputs used by the independent expert for the valuation of Is Molas' real estate assets as of 31 December 2022. In particular, the most significant inputs, which could undergo significant changes also due to the uncertainties described above, are the discount rates and the absorption times of the property project.

Therefore, it is possible that in future years, if results differ from the estimates made for the financial statements at 31 December 2022, adjustments may be required to the carrying amounts measured.

Reference is made to the sections on the Property and holding sector and Disputes in progress in the Directors' Report and the Financial Statements of the Immsi Group at 31 December 2022 for an update on the Is Molas real estate project.

PIAGGIO & C. S.p.A.

Immsi S.p.A.'s investment in Piaggio & C. S.p.A. was recognised under assets at 31 December 2022 for €243,255 thousand, and remained unchanged compared to 31 December of the previous year. As a result of the buyback of 2,475,777 shares by Piaggio & C. S.p.A. in 2022, Immsi's ownership stake changed from 50.22% on 31 December 2021 to 50.57% on 31 December 2022.

The value of the investment calculated based on the specific price of the Piaggio share at December 2022 amounted to €502,837 thousand.

The portion of share capital at 31 December 2022 was €67,853 thousand more than the pro-rata shareholders' equity. This difference is considered by the Directors to be recoverable in relation to the development plans of the Piaggio group as backed up by the impairment test (conducted as *"discounted cash flow – Equity side"*) carried out as of 31 December 2022. Analyses conducted did not highlight any impairment loss as regards the carrying amount of the investment held by Immsi S.p.A. in Piaggio & C. S.p.A..

With regard to the use of the Piaggio group's forecasted economic, equity and financial data, analyses were based on predicted financial flows relative to a four-year period assumed from 2023 budget data (approved by the Board of Directors of Piaggio & C. S.p.A. on 26 January 2023) supplemented by forecast data relative to 2024-2026 (approved by the Board of Directors of Piaggio & C. S.p.A. on 24 February 2023).

With reference to the discount rate ("WACC") used to discount estimated expected cash flows, a weighted average discount rate was adopted, calculated starting from the various discount rates determined by the Piaggio group - in continuity with the previous year - for its internal cash-generating units: The average weighted discount rate used for impairment testing net of taxes is therefore estimated to be equal to approximately 8.02% up compared to the previous year (6.25% at 31 December 2021).

Finally, it should be noted that in processing the impairment test, the final value was determined using a weighted average perpetual growth rate ("g rate"), calculated starting from different "g rates", determined by the Piaggio group for its own internal cash-generating units: this weighted average "g rate" was estimated to be approximately 1.51% (1.37% as at 31 December 2021).

As noted, the analyses carried out, approved by the Company's Board of Directors on 23 March 2023, did not lead to any impairment losses.

Furthermore, as required by IAS 36 and the guidelines for impairment tests drawn up by the OIV, a sensitivity analysis was carried out on the test results compared to the basic assumptions used such as the perpetual growth rate used to process the final value ("g rate") and the discount rate ("WACC"), that affect the estimate of the value of use of the Piaggio group cash-generating unit: the impairment test did not show any loss in value even when predicting a positive and negative change of 0.5% in the WACC and the g rate.

Given the current market uncertainty, the various factors used in processing estimates could require revision; the Company will constantly monitor these factors as well as any impairment losses.

Lastly, of the 179,328,621 Piaggio shares held by Immsi S.p.A. at 31 December 2022, 170,840,962 thousand Piaggio shares were filed to guarantee loans granted by banks to Group companies.

RCN Finanziaria S.p.A.

The equity investment in RCN Finanziaria S.p.A. was recognised at the end of the period at a value of €48,006 thousand, equal to 72.51%, an increase of €4 million compared to the value recorded at 31 December 2021.

In order to strengthen RCN Finanziaria S.p.A.'s capital position, in December 2019 the Company waived an amount of €1 million (accrued interest receivables), in March and December 2020 an overall amount of €6.5 million (also accrued interest receivables) and in June 2021 to a total amount of €4.5 million (again, accrued interest receivables) and September 2022 to a total amount of €4 million (again, accrued interest receivables) adding these waivers (€16 million in total at 31 December 2022) to the subsidiary's shareholders' equity, which were recorded in a specific reserve for future Immsi capital increase subscription.

The portion of share capital at 31 December 2022 was €45,971 thousand more than the pro-rata shareholders' equity. This difference is considered by the Directors to be recoverable in relation to the development plans of the indirect subsidiary Intermarine S.p.A., as backed up by the impairment test (conducted as "discounted cash flow – Equity side") carried out as of 31 December 2022.

In this regard, the Company has verified the recoverability of the carrying amount of the aforementioned investment by comparing the related carrying amount with the recoverable value (value in use): the latter was calculated by discounting Intermarine S.p.A.'s expected cash flows in continuity with the methodological model used in previous years (Discounted Cash Flow). The Company Management then prepared a report to support its Board of Directors in verifying the aforementioned carrying amount. The main assumptions and hypotheses used to determine the future cash flows and the consequent recoverable amount of the investee relate to:

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

With regard to the values under point i), the analyses were based on a hypothesis of forecast financial flows relative to a five-year time horizon inferable from the budget data for the financial year 2023 supplemented by forecast data relative to the period 2024-2027 prepared by the management of Intermarine S.p.A., as well as on the valuation of a non-recurring job order that will develop in the long term excluded from the perpetuity: the data processed as above were approved by the Board of Directors of the company on 10 March 2023. In this regard, forecast data considered – uncertain and variable by nature – reflect the evolution of the company's order portfolio as well as its future industrial and commercial strategies: such data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way. Updates, revisions, delays or negative developments relative to the aforesaid assumptions and forecasts occurring after the reporting period of this evaluation could influence, even significantly, the results of impairment testing. In this regard, during preceding years, the final results of the marine sector showed deviations compared to estimates in financial forecasts used, even after several exceptional and unforeseeable events: given the intrinsically uncertain nature of the forecast data considered, it cannot be excluded that these deviations may continue to take place even in the future, with respect to the forecast data used in the impairment test carried out at 31 December 2022.

With reference to the value referred to in point (ii), for the discounting of Intermarine's estimated expected cash flows, an average discount rate ("WACC") was adopted that took into account current market assessments of the cost of money, the specific risks of the business and the geographical area in which the company operates, and account was taken of the different operating risk profile that characterises the contract, which will be developed over the long term and is non-recurring in nature.

In particular, for the determination of the cost of equity, a) a medium- to long-term low risk-free rate was considered; b) a market risk premium considered indicative of the level of risk associated with the Italian market; c) a Beta coefficient calculated by taking into account also the Beta coefficient of a sample of companies comparable to the Company, operating in the leisure and defence shipbuilding sector, as well as the so-called operating leverage that distinguishes the above-mentioned non-recurring order; d) the prospective financial structure of a panel of listed companies comparable to Intermarine.

For the purposes of estimating the discount rates, an additional risk premium was also considered in order to incorporate - directly into the discount rate - the uncertainties of actual realisation of the forecast cash flows.

The after-tax cost of debt capital was estimated taking into account long-term risk-free rates increased by the credit spread of the Intermarine CGU calculated as a weighted average of current financial debt, as well as the prospective financial structure as defined above.

The average discount rate used for the purpose of the after-tax impairment test was therefore estimated to be approximately 9.22% (7.38% as at 31 December 2021) in line with the changed reference scenarios.

With regard to point iii), it should be noted that in the preparation of the impairment test, the expected growth rate (g rate) for the calculation of the perpetuity terminal value consistent with the "perpetuity annuity" discounting approach is 1.75% (lower than the inflation rate implicit in the discount rate of approximately 2%).

The analyses conducted showed that the value in use of the equity investment in question was higher than its carrying value as of 31 December 2022, and therefore no reduction in the carrying amount of the investment held by Immsi S.p.A. in RCN Finanziaria S.p.A. was deemed necessary.

In addition, a sensitivity analysis was performed on the results of the test with respect to the variation of relevant assumptions such as the average discount rate ("WACC") and the expected perpetual growth rate ("g-rate"), which condition the estimate of the value in use of the tested investment. The above-mentioned sensitivity analyses did not reveal any indicators of impairment even in the presence of a 0.50% increase/decrease in both the average discount rate and the "g-rate", in particular, the average WACC that makes the recoverable value equal to the carrying value of the investment is about 10.4%.

Without prejudice to the foregoing, it must be borne in mind that the analyses conducted to determine the recoverable value were carried out on the basis of estimates and that the existence of cash flows adequate to permit the recovery of the carrying amount of the investment, as well as the period within which these flows will be generated, depends on the outcome of the initiatives envisaged within the forecast data of Intermarine S.p.A. In this regard, it is emphasised that the forecast data considered - uncertain and variable by nature - reflect the evolution of the subsidiary's order portfolio as well as its future industrial and commercial strategies: such data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently under way. Updates, revisions or negative developments relative to the aforesaid assumptions and forecasts occurring after the reporting period of this evaluation, could influence the results of impairment testing. In this regard, during preceding years, the final results of the marine sector showed deviations compared to estimates in financial forecasts used, even after several exceptional and unforeseeable events: given the intrinsically uncertain nature of the forecast data considered, it cannot be excluded that these deviations may continue to take place even in the future, with respect to the forecast data used in the impairment test carried out at 31 December 2022.

Given the uncertainty inherent in the forecasting process, the Company's management cannot guarantee that there will be no impairment of the investment in future periods: in view also of the fact that a number of factors - both internal and external to Intermarine - considered in the calculation of the estimates could be revised in the future, the Company will constantly monitor these factors and the possible existence of future impairment losses.

Lastly, an impairment loss for the investment was recorded in the past amounting to €22.6 million, based on the results of impairment testing carried out in 2010, 2011, 2012 and 2013, reinstated in 2017 and 2018 for a total amount of €11.5 million.

PIETRA S.r.l.

At the end of 2006, Immsi S.p.A. acquired a 77.78% shareholding in the company Rodriguez Pietra Ligure S.r.l., later transformed into Pietra S.r.l., recorded in the financial statements as at 31 December 2022 at a total value of €999 thousand, corresponding to the pro-rata equity in the

investee company. During the year 2022, the Company adjusted the carrying amount of the investment, as mentioned, to the pro rata share of equity held at 31 December 2022 and recognised a write-down of €156 thousand in the income statement.

This company, originally established by Rodriquez Cantieri Navali S.p.A. (now Intermarine S.p.A.), was then sold to the two current shareholders (Immsi S.p.A. and Intesa San Paolo S.p.A.), in order to sign an agreement to sell the future receivable relating to the Pietra Ligure shipyard project with Rodriquez Cantieri Navali S.p.A..

At the same time as the sale of the receivable, Rodriquez Cantieri Navali S.p.A. granted Pietra S.r.l. subscription rights for the acquisition of the entire stake in the Pietra Ligure S.r.l, the newco assigned the industrial complex along with the area transferred from the State, at the price of €300 thousand. The option was exercised in late May 2015.

This project referred to the shipyard area located in Pietra Ligure (Savona) that – in the intentions of the subsidiary – to be turned into a property complex with apartments, a hotel, mooring places, shops and other services. The area concerned was acquired during a public auction in 2007.

Based on the preliminary contract signed by the parties last July 2021, Pietra S.r.l. (77.78% owned by the Company 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.

Immsi S.p.A., together with the other minority shareholder Intesa Sanpaolo S.p.A., by resolution of the Extraordinary Shareholders' Meeting of 15 June 2022, placed the subsidiary Pietra S.r.l. in voluntary liquidation, pursuant to Art. 2484, paragraph 1, No. 6 of the Italian Civil Code, having deemed its corporate purpose exhausted with the sale of the 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 Company and distributed to the two shareholders a liquidation advance totalling €20.1 million, of which €15.6 million to the Company and €4.5 million to Intesa Sanpaolo.

Lastly, in 2008, a company was established called IMMSI Audit Società Consortile di Internal Auditing del Gruppo Immsi a R.L. (IMMSI Audit S.c.a r.l.), with Immsi S.p.A. subscribing 25% of the share capital, equal to €10 thousand.

C4	Other financial assets	277,432
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Below is a breakdown of other financial assets held by Immsi S.p.A.:

	2022	2021
Other non-current financial assets:	272,578	265,823
Financial receivables due from Group companies	275,438	298,688
Provisions for write-downs financial receivables	- 2,860	- 32,865
Other current financial assets:	4,854	4,906
Financial assets fair value to OCI	3,711	3,787
Financial receivables due from Group companies	1,143	1,119
Total other financial assets	277,432	270,729

Non-current financial assets chiefly include the reclassification of the loans granted by Immsi S.p.A. to Group companies, in addition to the related accrued interest, for which the budget forecasts of these same subsidiaries do not allow for repayment in the course of 2023. These financial receivables amounted to €272,578 thousand and included €50,721 thousand from interest accrued and not paid at the end of 2022.

The interest receivable at the end of 2022 on loans granted to Group companies, despite their financial nature, do not contribute to the determination of the net financial position.

As of 31 December 2022 the Company recorded a provision for financial receivables held from the subsidiary ISM Investimenti S.p.A. of approximately €2.9 million, representing the amount that Immsi S.p.A. expressed its intention to waive and contribute to shareholders' equity, in the first few months of 2023, to restore the equity and financial balance of the subsidiary and avoid the occurrence of the conditions set forth in articles 2446 and 2447 of the Italian Civil Code.

As at 31 December 2022, the Company has gross receivables from ISM of €39,185 thousand, of which €31.8 million granted to enable the subsidiary to join in the operations to increase the share capital of Is Molas S.p.A., and including €6,644 thousand related to interest accrued on the loans granted. The latter include €6 million of interest receivables waived by the Company from Is Molas S.p.A. and paid in the month of December 2022 to ISM; the subsidiary holding 92.6% of the capital of Is Molas waived these receivables, contributing them to the shareholders' equity of Is Molas by setting up an optional reserve for the subscription of future capital increases.

The shareholders' loan (originally €18 million) is contractually due at the end of 2018 but is not due as it is subject, together with the loan of the other minority shareholder Intesa Sanpaolo S.p.A. (formerly IMI Investimenti S.p.A.), as per the clause included in the respective contracts, to the repayment of the bank loan of €30 million granted to ISM Investimenti by Intesa Sanpaolo S.p.A..

As commented under "Investments" above, in March 2022 the Company waived principal portions of loans granted for a total amount of €33 million (written down by €32.9 million as of 31 December 2021), contributing the same to the subsidiary's shareholders' equity as a subscription account for a future capital increase.

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;

The Company has receivables amounting to €141,485 thousand due from RCN Finanziaria S.p.A. (including €29,771 thousand maturing on agreed loans) which include, among others, two convertible shareholder loans subscribed by the Immsi S.p.A., of €32.9 million and €12 million respectively, maturing in June 2022 on the basis of shareholders' agreements signed in June 2019 with the minority shareholder Intesa Sanpaolo S.p.A. (formerly IMI Investimenti S.p.A.); to date, negotiations are ongoing between the shareholders to regularise the position of RCN Finanziaria S.p.A.. In September 2022, the Company waived €4 million in receivables due for interest accrued on existing loans to RCN Finanziaria, contributing it to the subsidiary's shareholders' equity to underwrite future capital increases.

Receivables from Is Molas S.p.A. amount to €81,774 thousand (of which €67,846 thousand for loans and €13,928 thousand for interest accrued on the loans granted).

In addition, as of 31 December 2022, the Company had receivables from Intermarine S.p.A. for a total nominal value of €11.4 million, of which €0.4 million for accrued interest, and receivables from Apuliae S.r.l. for €981 thousand (of which €960 thousand for loans and €61 thousand for interest).

As commented in the previous item "Investments", in June 2022 the Company cashed in financial receivables it had from Pietra S.r.l. for a total amount of about €7.9 million.

Other non-current financial assets include €657 thousand in financial receivables due from the subsidiaries Piaggio & C. S.p.A. and Intermarine S.p.A. which, by virtue of the application of IFRS16 "Leases", represent the discounted value of sub-lease payments for property rights-of-use due after 31 December 2023.

It should be noted that the value of sub-rentals, relating to contracts to which IFRS 16 has been applied, amounted to €1,176 thousand in 2022.

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 relative to the airline company and in particular the compulsory administration ordered in May 2017 and the full write-down of the investment in Alitalia – SAI by Alitalia – CAI, Company management decided to reset the carrying amount.

Other-current financial assets amounting to €4,854 thousand at 31 December 2022 include €1,143 thousand in financial receivables due from the subsidiaries Piaggio & C. S.p.A. and Intermarine S.p.A. which, by virtue of the application of IFRS16 "Leases", represent the discounted value of sub-lease payments for property rights-of-use due before 31 December 2022, and €3,711 for an investment in UniCredit.

In relation to the investment in Unicredit, at 31 December 2022 the Company holds 279,639 shares and has adjusted the carrying amount of the holding to the value at 31 December 2022, equal to €3,711 thousand, recognising the negative adjustment in other comprehensive income for €76 thousand — valuation at FVTOCI. As per IFRS 9, these adjustments will not be subsequently transferred to operating profit (loss), but the Company may transfer the accumulated loss or profit to shareholders' equity, when the investment is sold.

Lastly, it should be pointed out that Unicredit shares referred to above are bound up to 31 December 2022 as a result of a security loan contract guaranteed by cash collateral that the Company undersigned with Banca Akros as from December 2007 and periodically renewed. Contractually the agreements between the parties only transfer the rights and duties deriving from their possession for the duration of the contract, therefore the shareholding is registered in the assets of Immsi for a liability equal to the liquidity disbursed by the Bank as collateral.

C5	Tax receivables	486
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The Company opted to be a part of the Group taxation system, as provided for by articles 117 et seq. of the Consolidated Income Tax Act (National Consolidated Tax Convention) along with the subsidiaries Piaggio & C. S.p.A., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l., Is Molas S.p.A. and Piaggio Concept Store Mantova S.r.l.. For the agreements underwritten with these companies, as the consolidating company, Immsi S.p.A., included in its financial statements current tax receivables of €283 thousand and the withholding tax paid and transferred by the companies involved. The remainder is made up of VAT receivables of €113 thousand and IRAP receivables of €89 thousand.

C6	Deferred tax assets	1,587
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The Company recognised gross deferred tax assets totalling €1,927 thousand, of which €340 thousand related to temporary differences for costs deductible in subsequent years, offset against deferred tax liabilities as they relate to the same income taxes payable to the tax authorities and recoverable on a forward-looking basis with similar timing, as well as €1,587 thousand corresponding to the Company's past tax losses recoverable on the basis of estimates of future taxable income that will be contributed by the companies participating in the Immsi Group's domestic tax consolidation system.

C7	Trade receivables and other receivables	16,718
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Current trade receivables and other receivables refer to trade receivables from third parties and from

Group companies for service contracts, fees paid for positions held by employees of the Company, interest, fees on guarantees and expenses charged for activities managed by Immsi S.p.A. on behalf of subsidiaries. This item includes receivables due from companies belonging to the Immsi Group for €14,680 thousand, and namely Is Molas for €6,305 thousand, RCN Finanziaria for €6,054 thousand, Piaggio for €231 thousand, ISM Investimenti for €691 thousand, Intermarine for €1,380 thousand and the remainder from other group companies.

The Company prudently recognised trade receivables and other receivables for €13,063 thousand from other Group companies, whose budget estimates did not reasonably expect repayment during 2022, in the non-current portion.

Other current receivables of Immsi S.p.A., as the consolidating company, defined in the national consolidated tax convention, include the net receivable from companies party to the convention, for a total amount of €552 thousand.

Trade receivables are recorded net of a bad debt reserve prudently allocated for €703 thousand against the uncertain recoverability of approximately €690 thousand receivables due to Immsi S.p.A. from Volare Group relative to the rental of a portion of the property of Via Pirelli – Milan sold by Immsi during 2005. In this respect, the Volare Group has been in receivership since the end of 2004 and Immsi, proving its debts, has been admitted to the benefit. The filing of the plan to distribute assets relative to privileged creditors pursuant to Art. 2764 of the Italian Civil Code (receivables of lessors of property) is pending.

Other non-current receivables include the positive fair value, amounting to €388 thousand, of an IRS contract signed in December 2021 with Banca Bper to specifically hedge the risk of interest rate changes with reference to 100% of the loan contract also signed with Bper. since the contract is designated as hedge accounting, the related change in fair value is recorded in the Statement of Comprehensive Income in a specific equity reserve.

As indicated in the previous note "Investment property", at 31 December 2022, part of the sale price of the property located in Via Abruzzi, Rome, was deposited in an escrow account in the name of and managed by the notary public (€0.7 million out of the original €1.5 million) as security for post-closing obligations of the Company to be fulfilled within December 2023 and recognised under other current receivables.

The Company does not have any receivables from foreign companies and receivables with a residual duration of more than 5 years.

C8	Cash and cash equivalents	6,309
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This item covers cash and current bank accounts. The decrease from the balance at 31 December 2021 (€13.9 million) is mainly due to the outlay for dividends paid to the Company's shareholders, amounting to approximately €10.2 million, only partially offset by net cash flows generated by the Company's operating, investing and financing activities.

D - Information on main liabilities

D1	Shareholders' equity	355,487
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Share capital

At 31 December 2022, the share capital of Immsi S.p.A. totalled €178,464,000.00, fully subscribed and paid up, and represented by 340,530,000 ordinary shares with no nominal value.

Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders' equity resulting from any liquidation, as well as unlimited voting rights.

As regards proxies to increase share capital and authorisations to purchase treasury shares, see the Report on Corporate Governance and Ownership.

Other reserves and retained earnings

The item Other reserves at 31 December 2022 is broken down as follows:

- legal reserve comprising provisions approved following the distribution of the profit for the year for €9,223 thousand;
- legal reserves for a total of €1,153 thousand;
- revaluation reserve for property, plant and equipment, established in accordance with Law No. 413/91 by Sirti and transferred to Immsi following the demerger for €4,602 thousand;
- share premium reserve that includes the increases in share capital of €44,880 thousand in early 2005, as well as €50,336 thousand in 2006, net of uses of €342 thousand to cover losses in 2014;
- evaluation reserve under common control equal to €65,087 thousand, in compliance with guidelines as of OPI (Assirevi preliminary guidelines on IFRS) No. 1, whose underlying operation, concerning the subsidiaries Is Molas S.p.A. and ISM Investimenti S.p.A., is commented on in the Investments item.

Other reserves include, on the negative side, the component arising from the retrospective valuation of actuarial profit/loss regarding bonds with defined benefits of €10 thousand, revision according to fair value of financial assets of €25,930 thousand, the reserve for the transition to international accounting standards of €1,614 thousand, as well as, with a positive sign, the reserve relating to fair value of the interest rate swap hedging instruments of €388 thousand.

As a result, the Shareholders' Equity of the Company includes profits carried forward for €8,818 thousand; the decrease compared to the balance as of 31 December 2021 (€50,299 thousand) is due to the Shareholders' Meeting resolution, approved last April 2022, which allocated to fully cover the 2021 financial year loss of €31.2 million with the use of the available result reserves, as well as approved the payment of a dividend of 3 cents per share, totalling €10.2 million, again with withdrawal from the available result reserves.

Statement of Comprehensive Income

In the 2022, the Statement of Comprehensive Income recorded a profit for the period of €20,851 thousand, which includes, in addition to the profit for the year recorded in the Income Statement and amounting to €20,433 thousand, the positive change in the fair value of interest swap hedging instruments in the amount of €438 thousand, the positive adjustment of €56 thousand in the assessment of defined benefit plans in relation to the actuarial profit generated in 2022, and the lower value of the investment held in UniCredit compared to the value recorded at the end of the previous year in the amount of €76 thousand.

D2	Financial liabilities	232,705
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The item at 31 December 2022 included bank borrowings of €230,186 thousand, of which €189,804 thousand recognised under current liabilities, and payables for rights of use, recognised in accordance with the new IFRS16 "Leases", totalling €2,519 thousand, of which €1,378 thousand due by 31 December 2023.

Below is the detail of the breakdown of bank debt:

- a loan from Banca Popolare dell'Emilia Romagna for a nominal amount of €10 million maturing on 31 December 2025, secured by a pledge on Piaggio shares up to a Collateral Value, and a benchmark rate equal to the Euribor increased by a spread. The agreements provide for repayment in six-monthly instalments and are accounted for using the amortised cost method, amounting to €7,487 thousand, of which €2,475 thousand for instalments repayable within 12 months. This line of credit has two covenants, to be verified at 31 December of each year. To hedge the risk of interest rate fluctuations on cash flows, 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 value of €30 million, guaranteed by a pledge on Piaggio shares up to a Guarantee Value and outstanding for €25 million. This line was extended until December 2023, as provided for in the contract, and envisages a reference rate equal to the variable Euribor plus a spread. 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 with expiry repositioned following the moratorium, in June 2023 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 recorded according to the amortised cost method equal to €3.5 million, entirely referring to the last instalment;
- credit lines, renewed in February 2023 and maturing in January 2024 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. It should be noted that, at the time of the sale of the equity investment in the company Pietra Ligure S.r.l., the Company repaid in advance a portion equal to €5 million on the Bullet - Multi Borrower loan, whose portion was therefore equal to a total of €77.7 million as of 31 December 2022, compared to the €82.7 million initially granted;
- a partially amortised revolving credit line of €20 million granted in December 2022 by UniCredit and used as of 31 December 2022 for €15 million, at a rate equal to the variable Euribor plus a spread, expiring at the end of 2023 and guaranteed by a pledge on Piaggio shares up to a Collateral Value. The agreements include a covenant to be verified quarterly;
- three amortised credit lines granted between March and July 2019 by Banco BPM for a nominal €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 December 2022 for a total of €2,790 thousand;
- 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 the aforementioned loan operations with cash collateral;
- 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 31 December 2022 for €3,478 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 December 2022 for €3,489 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 €14,952 thousand, of which €4 million for instalments repayable in the next 12 months;
- a medium-term loan granted in September 2021 by Banca Carige (now Bper Banca) 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 €3,027 thousand, of which €788 thousand for instalments repayable in the next 12 months;
- a medium-term loan granted in July 2022 by Banco di Desio e della Brianza expiring in August 2026 for a nominal €5 million, amortised in half-yearly 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 €4,970 thousand, of which €1,207 thousand for instalments repayable in the next 12 months;
- a medium-term loan granted in September 2022 by BCC Carate Brianza expiring in September 2026 for a nominal €5 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 €4,672 thousand, of which €1,222 thousand for instalments repayable in the next 12 months;
- medium-term loan signed in October 2022 with Santander Consumer Bank maturing at the end of 2025 for a nominal €15 million. This loan provides for a reference rate equal to the 2yrs Swap increased by a spread and was not utilised at 31 December 2022.

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 (now Bper Banca) were not used as of 31 December 2022.

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

Company on an ongoing basis. At 31 December 2022, the assessment of compliance with these requirements did not reveal any critical issues. Any failure to comply with these covenants and other contractual commitments applied to the loans mentioned above - if not adequately remedied within the agreed time - could result in the requirement of early repayment of the related outstanding debt.

As part of the indebtedness of the Company and its subsidiaries Intermarine S.p.A. and ISM Investimenti S.p.A., as of 31 December 2022, Immsi S.p.A. pledged approximately 170.8 million Piaggio shares to guarantee loans and credit lines for a total of €296.6 million, of which €227.8 million relate to loans of the Parent Company alone, while a further approximately 8.5 million Piaggio shares are free of encumbrances.

In this regard, it should be noted that the current Piaggio share prices make it possible to confirm the existing guarantees, and therefore compliance with the Guarantee Values.

Nominal financial payables, by contractual due date, are shown below:

In thousands of Euros	In 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	After 5 years	Total
Payables to banks	189,813	21,800	11,903	6,884			230,400
Payables for rights of use	1,378	474	473	110	63	21	2,519
Total	191,191	22,274	12,376	6,994	63	21	232,919

D3	Provisions for severance liabilities and similar obligations	330
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Liabilities only include the reserve for termination benefits totalling €330 thousand at the end of 2022. As provided for by Legislative Decree 252/2005 and by Law 296 of 27 December 2006, since Immsi has fewer than 50 employees, the termination benefit of employees that did not opt to assign the benefit to other types of supplementary welfare schemes, continued to be managed by the company, unless otherwise indicated by personnel.

New IFRS identify the liability relating to termination benefits using the actuarial measurement method. An estimate is made of the probable employment period in the company for each employee. For this period, annual salaries were revalued based on an inflation rate of 2.30% and a quota (at the legal rate) was set aside for TFR.

The portion of termination benefit already accrued, and which will accrue at the foreseeable date of termination of employment, is revised as required by law and discounted by a rate equal to 3.77%. As regards the discount rate, the iBoxx Corporates A rating with a 10+ duration at 31 December 2022 was used as the valuation reference.

The annual rate used for the increase in TFR was 3.225%, and the rate for the increase in salaries was 1.50%.

The table below shows the effects, at 31 December 2022, which would have occurred following changes in reasonably possible actuarial assumptions:

In thousands of Euros	Termination benefits provision
Turnover rate +2%	331
Turnover rate -2%	328
Inflation rate +0.25%	335
Inflation rate - 0.25%	325
Discount rate +0.50%	323
Discount rate -0.50%	337

Estimated future payments are shown below:

<i>In thousands of Euros</i>	Future amounts
Year 1	23
Year 2	24
Year 3	24
Year 4	104
Year 5	18

The average duration of the bond is 10.7 years.

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

Movements in the fund during the year are shown below:

<i>In thousands of Euros</i>	
Balance as of 31.12.2021	403
Service cost	19
Interest cost	4
Benefits paid	(40)
Actuarial (gain)/loss	(56)
Balance as of 31.12.2022	330

As foreseen by the amendment to IAS 19, the cost components relating to the provision of work and net borrowing costs, equal to €23 thousand, were directly recognised in profit or loss, whereas the recognition of actuarial gain arising from the remeasurement each year of liabilities, equal to €56 thousand, was recorded in the Statement of Comprehensive Income.

D4	Deferred tax liabilities	3,057
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Deferred tax liabilities at 31 December 2022 totalled €3,397 thousand, net of the portion of deferred tax assets allocated for temporary differences in that they are consistent by nature and tax authority. Gross deferred tax liabilities primarily consist of €2,512 thousand for IRES (Italian Tax on Corporate Income) for the last remaining fifth of the tax gain realised on the sale of the investment property in Via Abruzzi, Rome, which is taxable in future years in accordance with the law.

D5	Trade payables and other payables	3,284
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Current trade payables refer to invoices received and not yet paid and to invoices to be received recognised on an accrual basis and total €1,159 thousand, of which €151 thousand to Related Parties and other companies of the Group.

Other current payables mainly include payables to social security institutes for €240 thousand, payables to employees and company bodies for €1,193 thousand, accrued liabilities and deferred income for €689 thousand.

At the end of 2022, no trade payables and other payables due to foreign companies or payables due after 5 years were recognised.

D6	Current taxes	2,406
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Current taxes at 31 December 2022 are represented by withholding taxes on income from employment and self-employment for €355 thousand and for €2,051 thousand by the estimate at 31 December 2022 of the IRES payable arising from the net excess taxable income not offset by losses contributed by the companies participating in the tax consolidation of the Immsi Group.

E - Information on the main Income Statement items

E1	Financial income	37,289
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Details of financial income for 2022 and a relative comparison with the previous year are given below:

	2022	2021
Dividends from subsidiaries	26,899	19,906
Interests and commission from subsidiaries	10,234	12,792
Other financial income	156	36
Total	37,289	32,734

The decrease in financial income compared to the previous year is mainly due to the higher flow of dividends paid by the subsidiary Piaggio & C. S.p.A.. The decrease in the item "Interest and commissions from subsidiaries" is mainly attributable to the framework agreement signed with ISM Investimenti that stopped interest accruing on shareholder loans granted and on the Immsi credit line disbursed as of 30 April 2022, binding ISM Investimenti S. p.A. to recognise them in the future in the event that certain liquidity events occur in ISM Investimenti S.p.A. itself, as provided for in the agreement, that result in the existence of sufficient funds to fully cover all suspended interest.

E2	Borrowing costs	12,650
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Borrowing costs as at 31 December 2022 totalled €12,650 thousand (€59,352 thousand as at 31 December 2021) and include, as previously commented under "Investments" and "Other financial assets", adjustments to the value of investments totalling €291 thousand (€17.6 million in 2021) of the subsidiaries Pietra S.r.l. and ISM investimenti S.p.A., as well as the write-down of financial receivables held from the subsidiary ISM investimenti S.p.A. for €2.9 million (€32.9 million in 2021). The amount of interest expenses and other financial charges in the financial year 2022 of approximately €9.5 million, an increase compared to the previous year's figure (€8.8 million).

E3	Operating income	-
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In the financial year 2021, operating income amounted to €515 thousand and related entirely to service contracts in place with Group companies terminated during the previous year.

Revenues from recharging costs for materials and services sustained by Immsi S.p.A. on behalf of Group companies are not recognised in profit or loss as they are offset by relative costs generating them, as provided for by IFRS 15, according to which the commercial result of operations that in their entirety are strictly related, may not be measured without referring to such operations as a whole.

E4	Costs for services, leases and rentals	3,665
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Cost of services and use of third-party assets, net of costs recharged in accordance with IFRS 15 as described above, total €3,665 thousand (€3,432 thousand in the previous year), of which about €336 thousand deriving from intergroup transactions and with related parties, the details of which are provided at the end of these Notes.

Cost of services and use of third-party assets are broken down as follows:

	2022	2021
External maintenance and cleaning expenses	113	117
Employee costs	228	90
Technical, legal, tax, administrative consultancy, etc.	611	792
Energy, telephone, postal costs, etc.	65	62
Insurance	43	42
Board of Directors operating costs	2,035	1,795
Board of Statutory Auditors operating costs	148	149
Communication and publication costs	11	10
Listing rights and Securities Centralised Administration	139	113
Building service fees, security and porter costs	45	37
Bank charges	17	19
Expenses for website handling and maintenance	10	10
Charges for property rentals	2	2
Charges for rents and other rentals	64	54
Miscellaneous expenses	134	140
Total	3,665	3,432

E5	Employee costs	1,756
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Personnel costs recorded in 2022 refer to salaries for about €1,286 thousand, social security charges for €367 thousand and provisions for termination benefits for €103 thousand. For further details on this last item, please refer to the item Provisions for pensions and similar obligations.

Immsi S.p.A. currently has no employee stock option plan.

As required by paragraph 1-bis of Art. 78 of the Consob Regulation on Issuers, the Company did not carry out operations for the purchase or subscription of shares by employees pursuant to Art. 2358 of the Italian Civil Code.

The average workforce paid in the year is 10 employees, of which 2 senior managers.

E6	Depreciation of property, plant and equipment	384
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Depreciation of property, plant and equipment recognised in 2022 amounted to €384 thousand and refers to electronic machines, hardware, vehicles, furniture and fittings and miscellaneous equipment as well as the depreciation of rights of use (€358 thousand) recognised in accordance with the application of the new accounting standard IFRS 16 "Leases".

As regards investments during the year, it was deemed appropriate to apply the depreciation rates reduced by 50% due to their limited use. The Company also fully depreciated those assets of minor value whose use had essentially ended during the year.

E7	Other operating income	205
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This item amounted to €205 thousand, net of income generated from recharged costs as provided for by IFRS 15, and basically refers to income for fees repaid by Company employees for corporate offices held within the Group, contingent items and capital gains on the sale of real estate.

E8	Other operating costs	282
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Details of other operating expense are indicated below:

	2022	2021
ancillary charges for the sale of the investment property	6	23
other taxes and duties	238	211
other operating charges	38	42
Total	282	276

E9	Taxes	(1,701)
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In 2022, the Company recorded a net income of €1,701 thousand under "Taxes".

The estimate at 31 December 2022 of the Company's IRES resulted in the recognition of current tax liabilities of approximately €1.5 million in the income statement, offset for €2.5 million by the reversal to the income statement of deferred taxes allocated in previous years. In particular, it should be noted that the tax gain realised on the sale of the property in Rome at the end of 2019, amounting to €52.3 million, is taxable only for IRES purposes in equal instalments spread over five tax years from 2019 to 2023.

The item profit before tax, in terms of the portion comprising financial items, accounted for a minimum part of taxable income as regards income tax, because most components comprise tax-neutral items; these are commented on under the item Financial Income.

By participating in the Group's national tax consolidation as consolidating company, the Company has aggregated its income taxable for IRES purposes, as mentioned above, with taxable income and tax losses contributed by the other participating subsidiaries.

In the financial year 2022, the Company recognised income in the Income Statement of about €0.7 million accrued in connection with the tax consolidation convention and recognised for the transfer of tax surpluses to the companies involved, which allowed the deduction of otherwise non-deductible net financial expenses at group level.

The reconciliation between the theoretical tax burden and actual tax burden is shown below:

TAXES	Income		Taxes	
	Earnings	Temporary components	Current	Deferred
Profit before tax	18,732			
Theoretical tax charge (benefit)			4,496	
Temporary differences taxable in subsequent years	0	0	0	0
Temporary differences deductible in subsequent years	320	-320	77	-77
Tax effect of disposal of investment property	10,465	-10,465	2,512	-2,512
Reversal of temporary differences arising in previous years	-559	559	-134	134
Permanent differences that will not be annulled in subsequent years	-22,849	0	-5,484	0
Total differences	-12,623	-10,226	-3,030	-2,454
Taxable income	6,109			
Total tax expense (benefit) on income for the period			1,466	-2,454
Other amendments			-712	0
Total tax expense (benefit) on income recognised in the financial statements			754	-2,454

E10	Net profit for the period	20,433
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Immsi S.p.A. realised a net profit of €20,433 thousand (net loss of €31,264 thousand in 2021). As commented in the previous items, the better result with respect to the previous year was mainly due to lower write-downs of equity investments and financial receivables and higher dividends paid by the subsidiary Piaggio & C. S.p.A..

F – Commitments, risks and guarantees

As part of the sale agreement for the Rome property with the counterparty Investire SGR S.p.A., it was contractually agreed to deposit part of the sale price (€1.5 million) in an escrow account in the name of and managed by the notary, to serve as a guarantee on post-sale obligations borne entirely by the Company. In case of fulfilment or non-fulfilment of the above obligations, the amount will be released by the notary public either to the Company or to the acquiring counterparty. €0.8 million was released in favour of the Company in 2020.

In December 2019, the Company signed a lease agreement with Investire SGR S.p.A. for a portion of the property (for office use) located on the 4th floor of the building in Rome - Via Abruzzi; as a security deposit, the Company paid Investire SGR S.p.A. €125 thousand, corresponding to four months' rent.

Intesa Sanpaolo issued a revocable signed credit line equal to €400 thousand, of which Immsi used €350 thousand for the Defined Benefits Pension Scheme of the Intesa Sanpaolo Group with which Immsi stipulated a lease contract in December 2008 for the property located in Milan – via Broletto 13.

As part of the indebtedness of the Company and its subsidiaries Intermarine S.p.A., ISM Investimenti S.p.A. and Is Molas S.p.A., as of 31 December 2022, Immsi S.p.A. pledged approximately 170.8 million Piaggio shares to guarantee loans and credit lines for a total of €296.6 million, of which €227.8 million related to loans of the Parent Company alone, while a further approximately 8.5 million Piaggio shares are unencumbered.

Immsi also issued a surety in favour of Banco BPM for advances on a contract and as a counter guarantee for the post delivery sureties that this bank has issued to the Italian Navy. The total guaranteed amount at the end of 2022 is €1.1 million.

A comfort letter was issued by Immsi in favour of Banca Carige (now Bper Banca) in relation to the line for advances on invoices and to guarantee the loan granted to Intermarine S.p.A., used at the end of 2022 for €0.8 million. A similar guarantee was issued in favour of Banca Bper for the loan granted to Intermarine and outstanding at the end of 2022 for €5.7 million.

Immsi S.p.A. also issued a comfort letter to guarantee the loans granted by BNL to Intermarine outstanding at 31 December 2022 for a total of €5 million.

In relation to the credit lines existing between Intermarine S.p.A. and Banca IFIS, in the form of advances on contracts with the Italian Navy arising from the Gaeta contract and with Marininvest for the Snav order, a comfort letter was issued to Banca IFIS by the direct parent company RCN Finanziaria S.p.A., confirmed by Immsi S.p.A.. The value of the guarantees at the end of 2022 was €5.3 million in total. A further credit line for advances on the Cacciamine Studies contract utilised at 31 December 2022 for €0.8 million and an amortised loan of €3 million are supported by a comfort letter issued by Immsi.

Immsi issued two guarantees for two loans granted by Banca Monte dei Paschi di Siena to Intermarine for site adjustments for the component identified as "Green" amounting to €2.3 million and €5 million.

The subsidiary pays remuneration to Immsi for the issue of these guarantees, in proportion to the amounts guaranteed.

In December 2017, Immsi issued a guarantee for €10 million in favour of MPS to guarantee the loan

granted by the same bank to Is Molas for €20 million.

In September 2022, Immsi issued a guarantee for €8.5 million in favour of Banca Sella to guarantee the loan of the same amount granted by the same bank to Is Molas.

The subsidiary pays Immsi a remuneration proportionate to the amounts guaranteed for both guarantees issued.

Lastly, Immsi, in relation to the €30 million loan granted to ISM Investimenti S.p.A. by Intesa Sanpaolo, undertook, in the interests of IMI Investimenti S.p.A. (now Intesa Sanpaolo SpA), to grant a shareholder loan for the amount necessary to enable ISM to repay its debt in full, if it fails to refinance this amount due to Intesa Sanpaolo on the market.

G – Net financial position

Immsi S.p.A.'s net financial debt as of 31 December 2022, presented in accordance with the provisions of ESMA Guidelines 32-382-1138 of 4 March 2021, is analysed below and compared with the same figure as of 31 December 2021.

Net financial position is represented by (current and non-current) financial liabilities, minus cash on hand and other cash and cash equivalents, as well as other current financial assets. In this regard, it should be noted that the indicator thus formulated represents that monitored by the Company's management and that it also includes the non-current portion of financial receivables, as suggested by ESMA Guidelines 32-382-1138 of 4 March 2021; unpaid interest expense accrued on loans, which amounted to €546 thousand as at 31 December 2022, is not included.

In thousands of Euros	31.12.2022	31.12.2021
A Cash and cash equivalents	-6,309	-13,944
B Cash equivalents		
C Other financial assets	-1,143	-1,119
D Total liquidity (A + B + C)	-7,452	-15,063
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)		
- Bonds		
- Payables due to banks	146,821	141,821
- Lease liabilities	1,378	1,433
- Amounts due to other lenders		
F Current portion of non-current financial debt	42,983	70,811
G Total current financial debt (E + F)	191,182	214,065
H Net current financial debt (G + D)	183,730	199,002
I Non-current financial debt (excluding current portion and debt instruments)- Payables due to banks	40,383	38,583
- Lease liabilities	1,141	2,208
- Amounts due to other lenders		
J Debt instruments		
K Trade payables and other non-current payables		
L Non-current financial debt (I + J + K)	41,524	40,791
M Net financial debt (H + L)	225,254	239,793
Medium- and long-term financial receivables from subsidiaries	-224,718	-216,228
Net financial debt of the Parent Company	536	23,565

The net financial position at 31 December 2022 was negative for €536 thousand, an improvement on the figure of €23,565 thousand recorded at the end of the previous year.

In thousands of Euros	31/12/2022	31/12/2021
Cash generated internally	17,876	57,589
Change in net working capital	25	(80,443)
Net cash flow generated from operations	17,901	(22,854)
Payment of dividends by the Company	(10,216)	0
Purchase of property, plant and equipment	(163)	(12)
Net decrease from property disposals	16	0
Acquisition of controlling investments, net of disposal	15,491	(7,500)
Change in net financial position	23,029	(30,366)
Initial net financial position	(23,565)	6,801
Closing net financial position	(536)	(23,565)

H - Dividends paid

During the financial year 2022, Immsi S.p.A. distributed a dividend of 3 eurocents before tax, to all ordinary shares entitled (340,530 thousand) for a total of a maximum of €10,215,900, through the use of available earnings reserves. No dividends had been distributed in the 2021 financial year.

I - Proposed allocation of the profit/loss for the year

The Financial Statements as of 31 December 2022 record a profit for the period equal to €20,432,649.

The Board of Directors of Immsi S.p.A. proposes allocating profit as follows:

- 5%, equal to €1,021,632 to the Legal Reserve; and
- for €13,280,670 to shareholders as a dividend, and
- for the residual part, equal to €6,130,347, to the Earnings Reserves.

The Board of Directors proposes to distribute a dividend of 3.9 euro cents, before tax, to all the ordinary shares having the right (340,530,000) for a total maximum of €13,280,670; as well as to set the detachment date of coupon No. 14 as 22 May 2023, the dividend record date on 23 May 2023 and the dividend payment date as 24 May 2023.

L - Group and Related-Party Transactions

As regards disclosure on related-party transactions as of IAS 24 undertaken by Immsi S.p.A., the transactions undertaken with these entities were carried out in normal market conditions or according to specific regulatory provisions.

Pursuant to Regulation No. 17221 regarding transactions with Related Parties issued by Consob on 12 March 2010 and subsequently integrated and amended, the Company adopted a procedure aimed at governing the approval process for transactions with Related Parties, as set out in greater detail on the website www.immsi.it under Governance.

The main economic effects (excluding revenues to deduct from subsidiaries and parent companies in compliance with IAS 15) and financial effects of Related-Party transactions and their impact on financial statement items of Immsi S.p.A. at 31 December 2022, compared to the amount recognised for the same related parties in 2021, are shown below:

Main economic and financial items	2022 amounts in thousands of Euros	% accounting for financial statement items	Description of the nature of transactions	2021 amounts in thousands of Euros
Transactions with Related Parties:				
Current trade payables	27 40	2.3% 3.5%	Tax advisory services provided by Studio Girelli e Associati Legal advisory services provided to corporate bodies	26 38
Costs for services, leases and rentals	57 116	1.6% 3.2%	Tax advisory services provided by Studio Girelli e Associati Legal advisory services provided to corporate bodies	56 184
Transactions with Parent companies:				
Non-current financial liabilities	413	0.5%	Financial liabilities on Omniaholding S.p.A. lease rights-of-use	223
Current financial liabilities	121	0.1%	Financial liabilities on Omniaholding S.p.A. lease rights-of-use	122
Trade payables and other current payables	11	0.9%	Security Loan Fees	10
Costs for services, leases and rentals	30	0.8%	Building service fees for offices in Mantova provided by Omniaholding S.p.A.	25
Borrowing costs	26	0.2%	Finance costs for rights of use and Commission on the Loan of Securities	21
Transactions with Subsidiaries:				
Trade receivables and other receivables	6,054 6,305	44.6% 46.4%	Amounts due from RCN Finanziaria S.p.A. for recharged costs Receivables due from Is Molas S.p.A. for recharged costs, consulting agreement	5,641 6,280
non-current	691 12	5.1% 0.1%	Amounts due from ISM Investimenti S.p.A. for recharged costs and interest Amounts due from Apuliae S.r.l. for recharged costs	962 48
Current trade receivables and other receivables	1,380 231 552	44.0% 7.4% 17.6%	Amounts due from Intermarine S.p.A. for recharged costs, rental of offices in Rome, interest, fees and a consultancy contract Receivables due from Piaggio & C. S.p.A. for expenses charged, advisory contracts and the payment of fees Amounts due from the national consolidated tax convention	1,118 167 2,473
Other non-current financial assets	141,485 81,774 36,325 981 11,357 657	51.9% 30.0% 14.4% 0.4% 4.2% 0.2%	Loans granted to RCN Finanziaria S.p.A. and interest Loans granted to Is Molas S.p.A. and interest Loans granted to ISM Investimenti S.p.A. and interest Loans granted to Apuliae S.r.l. and interest Loans granted to Intermarine SpA and interest Financial receivables ob sublease rights of use from Piaggio & C. S.p.A. and Intermarine S.p.a.	140,774 80,196 30,343 1,064 1,014 1,730
Current financial assets	1,143	23.5%	Financial receivables ob sublease rights of use from Piaggio & C. S.p.A. and Intermarine S.p.a.	1,119
Trade payables and other current payables	200 14	17.3% 1.2%	Payables due to Piaggio & C. S.p.A. for expenses charged Amounts due to Immsi Audit S.c. a r.l. for internal audit activities	70 14

Main economic and financial items	2022 amounts in thousands of Euros	% accounting for financial statement items	Description of the nature of transactions	2021 amounts in thousands of Euros
<i>Financial income</i>	26,899	72.1%	<i>Dividends from Piaggio & C. S.p.A.</i>	19,905
	56	0.2%	<i>Interest on sublease rights of use from Piaggio & C. S.p.A.</i>	80
	5,056	13.6%	<i>Interest income from RCN Finanziaria S.p.A.</i>	4,657
	583	1.6%	<i>Interest on sublease rights of use, interest income and guarantee fees from Intermarine S.p.A.</i>	223
	2,977	8.0%	<i>Interest income and guarantee fees from Intermarine S.p.A.</i>	2,949
	1,397	3.7%	<i>Interest income from ISM Investimenti S.p.A.</i>	4,581
	123	0.3%	<i>Interest income from Pietra S.r.l.</i>	264
	40	0.1%	<i>Interest income from Apulia S.r.l.</i>	38
<i>Borrowing costs</i>	3,151	24.9%	<i>Write-downs in investments and financial receivables from subsidiaries</i>	50,506
<i>Costs for services, leases and rentals</i>	74	2.0%	<i>Internal auditing services by Immsi Audit S.c.a r.l.</i>	73
	59	1.6%	<i>Amounts recharged from Piaggio & C. S.p.A.</i>	59
<i>Other operating income</i>	104	60.5%	<i>Payment of fees from subsidiaries</i>	80

Figures including non-deductible VAT.

As regards relations, guarantees and commitments ongoing with Group companies, see item F - Commitments, Risks and Guarantees.

M - Risks and uncertainties

Financial instruments

With reference to financial instruments, already commented on in the Notes, the Parent Company did not recognise any differences between the fair value and the carrying amount for all items in question, excluding investments in Unicredit, the details of which are included in the section on financial assets. At 31 December 2022, the Company had no long-term fixed rate assets and/or liabilities for which it is necessary to recalculate the relative value according to current market rates.

In thousands of Euros	31.12.2022	31.12.2021
ASSETS		
NON-CURRENT ASSETS		
Other financial assets	272,578	265,823
Financial receivables	272,578	265,823
Financial assets	0	0
CURRENT ASSETS		
Other financial assets	4,854	4,906
Financial receivables	1,143	1,119
Financial assets	3,711	3,787
LIABILITIES		
NON-CURRENT LIABILITIES		
Financial liabilities	41,523	40,790
Payables due to banks	40,382	38,582
Other financial payables	1,141	2,208
CURRENT LIABILITIES		
Financial liabilities	191,182	214,066
Payables due to banks	189,804	212,633
Other financial payables	1,378	1,433

Interest Rate Risk

Variations in interest rates on the market can impact the fair value of a financial asset or liability. Exposure to market risk arising from the variation in interest rates is mainly connected to medium and long-term loans.

The following table shows the nominal value of the Company's financial assets and liabilities, that are exposed to interest rate risk, divided depending on whether they are contractually subject to fixed or variable rates (net of any specific hedging instruments for interest rate changes).

In thousands of Euros	Total
Total fixed rate	-7,552
Total variable rate	-31,327

An increase or decrease of 1% of the Euribor with reference to the net specific exposure of Immsi S.p.A. would have produced greater or lesser interest for approx. €313 thousand per year.

Price Risk

Concerning the price risk on investments held by the Company and classified as other financial assets available for sale, see the comments in this Note.

Credit risk

The following table analyse by maturity the item of Trade receivables, including written-down or guaranteed payables, with comments in the Notes to the financial statements.

In thousands of Euros	31.12.2022	31.12.2021
Receivables past due:		
0-30 days	184	427
30-60 days	1	0
60-90 days	4	0
> 90 days	1,960	1,466
Total receivables past due	2,149	1,893
Total receivables maturing	175	101
Total	2,324	1,994

Other receivables mainly comprised accruals and deferrals and €700 thousand by the escrow deposit set up with the notary public to guarantee post-sale obligations on the sale of the investment property in Via Abruzzi in Rome.

Liquidity Risk

The Company could suffer from possibly critical situations concerning the subsidiaries, especially those for which it has granted financing. Immsi S.p.A. in fact provides loans and issues guarantees in favour of the Group's subsidiaries to facilitate their funding; these operations are regulated under normal market conditions.

With reference to the debt position, the Company in the course of 2022, as well as in the course of 2021, renewed expired credit lines and signed new medium- and long-term loans.

Liquidity risk arises from the possibility of the available financial resources being insufficient to meet future payments under financial obligations at the scheduled time and in the specified manner.

At the end of 2022, the Company has unused credit lines for a total of €25.1 million relating to credit lines granted by Intesa Sanpaolo, UniCredit, Santander and Banca Carige.

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 Company 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 uncertainty on the stock markets, with possible consequences on the size of credit lines currently granted to the Company, largely guaranteed by Piaggio shares held by the latter.

In this regard, it should be noted that the current share price of the Piaggio stock makes it possible to confirm the guarantees in place for all related loans. Furthermore, as of 31 December 2022, approximately 8.5 million Piaggio shares remain free of guarantee and can therefore potentially be used to obtain new credit lines.

However, the future dynamics of these factors require that the circumstances be constantly monitored by Company Management.

Hierarchical fair value valuation levels

As regards financial instruments recognised at fair value in the Statement of Financial Position, IFRS 7 requires these values to be classified on the basis of hierarchical levels which reflect the significance of the inputs used in determining fair value. These levels are as follows:

- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

With reference to the assets measured at fair value that are listed on an active market, held by Immsi S.p.A. (level 1), the UniCredit shares held in portfolio at 31 December 2022, amounting to 279,639 securities, for a total value at that date of €3,711 thousand, are reported. The fair value of the investment, represented by the share price at the end of 2022, decreased by approximately €76 thousand compared to the end of the previous year.

As of 31 December 2022, non-current assets included the positive fair value, totalling €388 thousand, of an interest rate swap (IRS) contract signed in December 2021 with Banca Bper for an initial notional amount of €10 million and currently outstanding for €7,552 million to specifically hedge the risk of interest rate changes with reference to 100% of the loan contract also signed with Bper.

Financial assets measured at fair value for which there are no observable market data include the investment held in Alitalia - Compagnia Aerea Italiana S.p.A., whose value has been fully written down as described above.

As per IFRS 7, which requires the fair value of debts recognised to be measured on a amortised cost basis for disclosure purposes only, it is believed that this fair value substantially equals the nominal value of the liability.

N - Auditing costs

In relation to the reporting obligations pursuant to section 149-*duodecies* of the Consob Regulation on Issuers, regarding fees for the period for the appointment by Immsi S.p.A. of an independent auditor, in 2022 fees paid to Deloitte & Touche S.p.A. amounted to €99,560, of which €86,108 for the auditing of the accounts and €13,452 for the Consolidated Non-financial Statement. The Shareholders' Meeting of 14 May 2020 appointed Deloitte & Touche S.p.A. as independent auditors for the 2021-2029 period.

O - Significant events after the reporting period

No significant events are reported occurring after the end of the period.

The Company is monitoring its reference markets, however, making forecasts for the near future remains complex.

* * *

This document was published on 6 April 2023 by authorisation of the Chairman of the Company, Roberto Colaninno.

Certification of the financial statements pursuant to Art. 154-bis of the Legislative Decree No. 58/98

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

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

of the administrative and accounting procedures for preparing the financial statements during 2022.

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

In addition, it is certified that the Financial Statements at 31 December 2022:

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

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

23 March 2023

The Chairman
Roberto Colaninno

Executive in Charge of
Financial Reporting
Stefano Tenucci

Chief Executive Officer
Michele Colaninno

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

**To the Shareholders of
Immsi S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Immsi S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test on equity investments in subsidiaries

Description of the key audit matter

The Company's financial statements includes as of December 31, 2022 equity investments in subsidiaries for a total of € 293.8 million, valued according to the cost method.

The Company's Management performed an impairment test to determine whether the equity investments in subsidiaries (together with the financial receivables of the Company in respect to its subsidiaries) are recognised in the financial statements at December 31, 2022 at a value no higher than their recoverable amount, if it believes there are the presence of possible impairment indicators. Equity investments in subsidiaries whose book values include the goodwill identified at the time of acquisition are subjected to an impairment test at least annually.

After the conclusion of the impairment tests, approved by the Board of Directors of Immsi S.p.A. on March 23, 2023, the Company recognised a write-off for € 3.2 million attributable for € 3 million to the equity investment and the net interest in ISM Investimenti S.p.A. (of which € 2.9 million attributed to the non-current financial receivables included in the balance "Other non-current financial assets") and for € 0.2 million to the equity investment in Pietra S.r.l. in liquidation.

The impairment process carried out by Management of assessing the recoverability of the aforementioned values recognized in the financial statements was conducted for some equity investments in subsidiaries by determining the value in use, while for others by comparing the market value ("fair value") inferable for the equity investment in ISM Investimenti S.p.A. from the appraisal issued by an independent expert appointed by ISM Investimenti S.p.A. to determine the market value of the development area and other properties held by the indirect investee Is Molas S.p.A. - the only investment of ISM Investimenti S.p.A..

The impairment process, both with reference to value in use and fair value, is complex and based on assumptions regarding, inter alia, the forecast of expected cash flows from the subsidiaries, the determination of an appropriate discounting rate (WACC) and a long-term growth rate (g-rate). These assumptions are influenced by future expectations about market conditions.

Considering the relevant amount of the equity investments in subsidiaries and the net interests, the judgement of the estimates used to determine the fair value, the cash flows and the key variables of the impairment models considered by Directors, we considered the impairment test a key audit matter of the Immsi S.p.A. financial statements.

Note C.3 "Equity Investments in subsidiaries" within the separate financial statements provides a disclosure on the impairment test.

Audit procedures performed	<p>As part of our audit we, inter alia, performed the following procedures, also relying on the support of experts within our Network:</p> <ul style="list-style-type: none"> • identification and understanding of the significant controls put in place by the Company on the process of performing the impairment test on the equity investments in subsidiaries; • assessment of the reasonableness of the main assumptions adopted by the Management to develop cash flow forecasts and collection of other relevant information obtained by management; • assessment of variances in actual data with respect to original plans, so as to evaluate the nature of the variances and the reliability of the process of preparing the plans; • evaluation of the methods for determining the discounting rate (WACC) by analysing its individual elements and their consistency with generally used valuation practices and analysis of the reasonableness of the long-term growth rate (g-rate); • assessment of the sensitivity analysis prepared by the Management, and, for some equity investments in subsidiaries, development of own sensitivity analysis; • comparison between the recoverable amount and the carrying amount of such investments and the other long-term interests (i.e. net financial position) in such subsidiaries; • evaluation of the methods and assumptions used in the appraisal prepared by the independent expert to determine the market value of the development area and the other properties held by Is Molas S.p.A., including the assessment of skills, abilities and objectivity of the expert; • assessment of the adequacy of the disclosure provided by the Company on the impairment test with what is provided for in IAS 36.
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Analysis of the short-term financial debt of the Company

Description of the key audit matter	<p>The Company's financial statements includes financial debt towards the banking system for a total of € 230.2 million, of which € 189.8 million of short-term financial debt.</p> <p>As of December 31, 2022, the Company deposited no. 170.8 million of Piaggio & C. S.p.A. shares to guarantee loans and credit lines for € 227.8 million referring to Immsi S.p.A. and for € 68.8 million referring to some direct and indirect subsidiaries, whose agreements provide for compliance with guarantee values and, for some loans, with financial parameters (so-called financial covenants).</p> <p>The total number of Piaggio & C. S.p.A. shares held by the Company at December 31, 2022 is equal to no. 179.3 million.</p> <p>The forecasts prepared by the Directors regarding the financial needs of the Company, including financial support for some direct and indirect subsidiaries, for the next 12 months, take into account, inter alia, the effects of the actions aimed at guaranteeing financial balance as well as the renewal</p>
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of the short-term credit lines guaranteed by the aforementioned share pledge.

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

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

Notes B "Accounting principles and valuation criteria" and D2 "Financial liabilities" within the separate financial statements provides a disclosure on the Company's short-term financial debt exposure guaranteed by Piaggio & C. S.p.A. shares.

Audit procedures performed

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

- identification and understanding of the significant controls put in place by the Directors on the process of monitoring of the financial debt exposure guaranteed by Piaggio & C. S.p.A. shares;
- acquisition of documentation relating to short-term credit lines and guaranteed medium / long-term loan agreements existing at December 31, 2022, analyzing the contractual clauses including guarantee clauses, also by obtaining data and information obtained directly from banks;
- review of the analysis prepared by the Management relating to guaranteed financial debt, compliance with the guarantee values and, where applicable, the financial covenants as at December 31, 2022;
- analysis of the evolution of financial debt expected in the next 12 months and of the related guarantee values;
- analysis of the reasonableness of the Directors' forecasts regarding the financial needs of the Company, acquiring, inter alia, audit evidence regarding the renewals of the short-term credit lines obtained;
- assessment of the adequacy of the disclosure provided by the Directors in the notes of the financial statements.

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

The Directors are responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Immsi S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Immsi S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Immsi S.p.A. as at December 31, 2022, including their consistency with the related separate financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Immsi S.p.A. as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Immsi S.p.A. as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, Italy
April 5, 2023

As disclosed by the Directors, the accompanying financial statements of Immsi S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Report of the Board of Statutory Auditors to the Shareholders' Meeting
of IMMSI S.p.A.

pursuant to Art. 153 of Legislative Decree 58/98 and Art. 2429, second paragraph, of the
Italian Civil Code

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Dear Shareholders,

The Board of Statutory Auditors of IMMSI S.p.A, pursuant to Art. 153, Legislative Decree 58/1998, and Art. 2429, paragraph 2, of the Italian Civil Code, is required to report to the Shareholders' Meeting called to approve the financial statements as at 31 December 2022, on the supervisory activity carried out during the year in the performance of its duties, on any omissions and censurable facts detected, and on the results of the company's financial year, as well as to make proposals regarding the financial statements, their approval and matters within its remit.

During the financial year ended 31 December 2022 and up to the present date, the Board of Statutory Auditors has carried out its supervisory activities in compliance with the provisions of the law, the CONSOB regulations on corporate controls and the provisions contained in Art. 19 of Legislative Decree No. 39/2010.

The separate and consolidated financial statements as at 31.12.22 of IMMSI S.p.A. that have been presented for your approval have been prepared in accordance with the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union, as well as with the provisions issued by CONSOB in implementation of Art. 9, paragraph 3 of Legislative Decree No. 38/2005.

The financial statements of IMMSI S.p.A. as at 31.12.22 show a net profit of €20,432,649, compared to a net loss of €31,264,275 in the previous year.

You are also presented with the Consolidated Financial Statements for the year ended 2022, which show a profit of €63,898,000 (compared to €35,424,000 in the previous year), broken down into profit attributable to minority interests of €36,811,000 and profit attributable to the Group of €27,087,000. The Company has also prepared the "Consolidated Non-Financial Statement", prepared in accordance with Legislative Decree 254/2016.

The Company's Financial Statements and the Group's Consolidated Financial Statements as well as the Consolidated Non-Financial Statement, prepared by the Directors in accordance with the law, have been duly communicated by them to the Board of Statutory Auditors together with the Directors' Report on Operations, the Report on Corporate Governance and Ownership Structure and the Report on Remuneration. The Board has also received the reports of the independent auditors.

The general principles adopted in drawing up the financial statements are explained in detail in the Notes to the Financial Statements.

To the best of our knowledge, the Directors have not departed from the legal provisions relating to the preparation of the financial statements and have taken into account, in preparing the financial reports, the provisions issued in implementation of Art. 9 of Legislative Decree 38/2005, the interpretations of IFRIC (formerly "SIC") and the Bank of Italy/Consob/Isvap Documents 2 of 6 February 2009 and 4 of 3 March 2010. With reference to the consolidated non-financial statement, the Board of Statutory Auditors, based on the provisions of Art. 3, paragraph 4, of Legislative Decree 254/2016, verified - also in light of indications from the independent auditors in their report issued on 5 April 2023, pursuant to Art. 3, paragraph 10, of Legislative Decree 254/2016 and Art. 5 of Consob Regulation 20267/2018 - that provisions and criteria for presentation, also regarding the guidance on this statement, were complied with in full, and did not identify any elements requiring disclosure in this report.

The Board of Statutory Auditors has acquired the information needed to perform its duties through participation in the meetings of the Board of Directors and the Board Committees, meetings with the

Company's management, information acquired from the relevant company structures and meetings with the independent auditors Deloitte & Touche S.p.A., as well as other control activities.

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The Board of Statutory Auditors in office at the date of this report was appointed by the Shareholders' Meeting on 30 April 2021. It is composed of Antonella Giachetti (Chairman), Giovanni Barbara and Alessandro Lai (Standing Auditors), as well as Gianmarco Losi and Filippo Dami (Substitute Auditors). The term of office of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting that will approve the Company's financial statements for the year 2023.

In the course of the meetings held, the Board of Statutory Auditors undertook self-assessment activities; the outcomes were recorded and reported to the Board of Directors.

The composition of the Board of Statutory Auditors complies with the gender distribution rules set out in Art. 148 of Legislative Decree No. 58/98 (Consolidated Law on Finance).

The Board of Statutory Auditors checked compliance with the independence requirement upon appointment and annually during its term of office.

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In carrying out its duties, the Board of Statutory Auditors has performed the supervisory activities prescribed by Art. 2403 of the Italian Civil Code and Art. 149 of Legislative Decree No. 58/1998, the CONSOB recommendations on corporate controls and activities of the Board of Statutory Auditors, and has also complied with the guidelines contained in the Corporate Governance Code. It therefore monitored: (i) compliance with the law and deed of incorporation, (ii) compliance with principles of proper administration, (iii) the adequacy of the Company's organisational structure for those aspects under its responsibility, the internal control system and the administrative and accounting system, as well as the reliability of the latter in correctly representing operations, (iv) procedures for the actual adoption of the corporate governance rules set out in the Corporate Governance Code of the

Committee for Corporate Governance of listed companies which the Company is party to, and (v) the adequacy of the instructions given to subsidiaries pursuant to Art. 114, paragraph 2, of the Consolidated Law on Finance. In addition, the Board of Statutory Auditors, in its capacity as the "Internal Control and Audit Committee" pursuant to Art. 19 of Legislative Decree 39 of 27 January 2010, has put in place the supervision provided for in the first paragraph of that article - in letters a), b), c), d), e), f) - as amended by Legislative Decree 135/2016.

In drafting this Report, due notice was taken of CONSOB communications No. 1025564 of 6 April 2001, No. 3021582 of 4 April 2003 and No. 6031329 of 7 April 2006, concerning the content of the reports of the Boards of Statutory Auditors of companies with listed shares at the Shareholders' Meetings.

As part of its duties, therefore, the Board of Statutory Auditors reports as follows:

1. The most important economic and financial operations carried out by the Company in the 2022 financial year have been fully described by the Directors in the Report on Operations. The Board of Statutory Auditors became aware of this through its participation in Board meetings and through meetings with the Company's management. The Board of Statutory Auditors was able to ascertain that the operations carried out were not imprudent, risky, in conflict of interest, contrary to the resolutions of the Shareholders' Meeting and the Articles of Association or such as to compromise the integrity of the company's assets.

2. No atypical and/or unusual transactions were carried out in the 2022 financial year, either with third parties, or Group companies, or related parties, as also attested by the Directors in the Notes, paragraph "A - Content and form of the consolidated financial statements" of the notes to the consolidated financial statements; for a list of ordinary transactions that the Group or the Parent Company IMMSI had with related parties or with other Group companies, reference should first be made to the description in the Directors' Report on Operations in the paragraph "Group and Related Parties Transactions" as regards the Group and to the Notes to section "L - Transactions with

Related Parties" of the consolidated financial statements as regards the Group and to the Notes to section "L - Group and Related Party Transactions " of the IMMSI spa financial statements as regards IMMSI alone. These transactions mainly concern trade and financial receivables/payables, supplies of materials, financial, tax and contractual consulting services, leases, and financial charges. These documents also describe in detail the related economic effects, stating that the transactions take place in normal market conditions or according to specific regulatory provisions. The Board of Statutory Auditors considers that these transactions are suitable and in the company's interest. The Report also states that, in accordance with Regulation 17221 on related party transactions issued by Consob on 12 March 2010 and subsequently amended, the Company has adopted the procedure governing the approval of related party transactions. The Directors' Report on Operations and the Notes to the Consolidated Financial Statements, as well as the Notes to the Separate Financial Statements, state that there were no non-recurring transactions in the 2022 financial year.

3. The Board of Statutory Auditors considers the information provided by the Directors in the Report on Operations and in the notes to the separate financial statements on intra-group transactions and transactions with related parties to be adequate.

4. The independent auditors Deloitte & Touche S.p.A. audited the financial statements and issued their reports on 5 April 2023, which were unqualified, with no emphasis of matter. The independent auditors declare that the financial statements and the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as of 31 December 2022, of the results of their operations and of their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures implementing Art. 9 of Legislative Decree 38/05. Each of these documents also contains the "Report on other legal and regulatory provisions" with the related opinions pursuant to Art. 14, paragraph 2, letter e), of Legislative Decree 39/10 and Art. 123-bis, paragraph 4, of Legislative Decree 58/98, which are unqualified. In addition, an opinion on compliance with the provisions of Delegated Regulation (EU) 2019/815 has been issued certifying that the financial statements have been prepared in XHTML format in accordance with the provisions of the European Regulation and

the consolidated financial statements have been prepared in XHTML format, and have been tagged in all material respects in accordance with the provisions of the European Regulation. The "Report on Other Legal and Regulatory Provisions" also specifies that certain information contained in the notes to the consolidated financial statements when extracted from the XHTML format in an XBRL instance, due to certain technical limitations, may not be reproduced identically to the corresponding information that can be displayed in the consolidated financial statements in XHTML format.

Finally, the Board of Statutory Auditors examined the content of the Report of Deloitte & Touche S.p.A. on the consolidated non-financial statement issued on 5 April 2023 pursuant to Art. 3, paragraph 10, of Legislative Decree 254/2016 and Art. 5 of Consob Regulation 20267/2018, which does not contain any findings or emphasis of matter.

5. No reports pursuant to Art. 2408 were received by the Board of Statutory Auditors during the 2022 financial year.

6. No complaints were received by the Board of Statutory Auditors during the 2022 financial year.

7. The independent auditors PricewaterhouseCoopers S.p.A. issued the statement pursuant to Art. 6 paragraph 2) letter a) of European Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260. The Board of Statutory Auditors has carried out checks - also at Group level. These show that "statutory audit services" resulted in fees paid to Deloitte & Touche S.p.A. of €86,108 for IMMSI alone and €599,390 for the rest of the Group (of which €370,972 refer to the subsidiary Piaggio & C. S.p.A.). The analysis also shows that the independent auditors provided - on behalf of Group subsidiaries - "certification services" for €29,000 (entirely attributable to Piaggio & C. S.p.A.), audit services for the "Consolidated Non-Financial statement" (concerning IMMSI S.p.A. for €13,452 and Piaggio & C. S.p.A. and its subsidiaries for €41,518), as well as "other services" for €15,670 (relative to Piaggio & C. S.p.A.). In the aforementioned statement, the independent auditors certified that in the period from 1 January 2022 to the date of the statement, the ethical principles set out in articles 9 and 9 bis of Legislative Decree 39/2010 had been complied with and no situations were found that compromised its independence pursuant to articles 10 and 17 of Legislative Decree 39/2010 and

articles 4 and 5 of European Regulation 537/2014.

In addition, the Board of Auditors has taken note of the Transparency Report prepared by the independent auditors and published on its website pursuant to Art. 13 of European Regulation 537/2014.

7. The checks carried out show that the Deloitte & Touche network has been entrusted with assignments consisting of fees for "Legal audit services" for €349,002 (for Piaggio subsidiaries) and "Certification services" for €53,088 (also for Piaggio subsidiaries). It should also be noted that there are costs relating to assignments given to PWC S.p.A., for auditing services for Piaggio France, which under French law cannot be revoked and therefore continue until the expiry of the appointment given to PWC at the time when the same auditing firm was auditor of the entire group; there are also costs relating to appointments made to ACT Audit Limited for auditing services for Piaggio Limited UK: the fees relating to all these "audit services" amounted to €42,469.

In light of the above observations and those contained in point 7 above, and considering the international dimension of the Group, the Board of Statutory Auditors believes that no critical aspects have emerged regarding the independence of the independent auditors.

8. During the 2022 financial year, the Board of Statutory Auditors provided, where necessary, the opinions and observations required by law. The content of these opinions did not conflict with subsequent resolutions passed by the Board of Directors.

9. The Board of Directors met 7 times in 2022, and the Board of Statutory Auditors always attended the meetings; the Control and Risks Committee met six times; the Remuneration and Appointment proposals Committee met once, while the Board of Statutory Auditors held 15 meetings, during which it also met with the Independent Auditors Deloitte & Touche S.p.A.. The meetings of the Internal Control Risk and Sustainability Committee are normally extended to the entire Board of Statutory Auditors, in order to ensure the sharing of intra-company information flows.

10. It is considered that the Company has complied with principles of proper administration and that the resolutions of the Board of Directors have been taken in the interest of the company.

11. The Board of Statutory Auditors, for those aspects under its responsibility, monitors the

adequacy of the Company's organisational structure and considers it to be adequate, also with regard to its actual business operations, mainly as the holding of a group comprising approximately 39 companies in diversified sectors, (of which 31 are consolidated in the group's financial statements) in particular the industrial sector (especially in the "two-wheeler" and "commercial vehicles" business), the marine sector and property/holding sector. Operations are mainly focused on the financing of subsidiaries, as well as on the management and optimisation of these investments. As regards this activity, the direct presence of IMMSI Directors on the Boards of Group companies strengthens their control. The Board of Statutory Auditors monitored the Company's organisational structure as part of its periodic audits and also verified the organisational of the Group's organisation chart, with particular regard to those of the administrative area. The Board of Statutory Auditors - together with the Internal Control Risk and Sustainability Committee - receives periodic and systematic information from the Group Internal Audit Department, also concerning the subsidiaries. The Board of Statutory Auditors liaises with the Boards of Statutory Auditors of subsidiaries, for the company Piaggio & C., also facilitated by a member of the Parent Company's Board of Statutory Auditors being present: this facilitated the exchange of useful information on issues of common interest. The Board of Statutory Auditors has received information on financial positions of the subgroups, some of which (the marine and property sectors), have been provided with financial support or the necessary financial guarantees from IMMSI to carry out their respective activities, as explained in the chapter "marine sector: Intermarine", and in the chapter "The property and holding sector" in the Directors' Report on Operations. The evolution of net debt and of the financial situation as a whole - as summarised in the section "Economic performance and financial position of the Group" (in the same Directors' Report) - have been systematically monitored by the Board in its meetings, also in relation to the hedging provided to lending institutions with securities owned by IMMSI and also in relation to the evolution recorded in the measure of interest rates on the financial markets. The Board was regularly updated during the year on the evolution of this situation and the aforementioned hedge arrangements and had specific meetings to that effect with the CFO of IMMSI, in order to ascertain the Group's financial strategy, as well as the outcome of net

debt monitoring and the liquidity situation, also by business segment. These meetings were usually attended by the Chairman of the Internal Control Risk and Sustainability Committee, who is also Deputy Chairman of the Company, and/or by the entire Internal Control Risk and Sustainability Committee. The Board of Statutory Auditors was informed about these aspects by the Chief Executive Officer, who gave evidence of the dialogue established with financial institutions. The Board confirms the attention paid by Directors to this issue and the adequacy of the organisational and administrative structure with regard to the monitoring process. The Notes to the Consolidated Financial Statements, in paragraph G2 Financial liabilities, and the Notes to the Separate Financial Statements, in paragraph D2 Financial liabilities, provide a breakdown of bank debt by institution and credit line, also indicating the related due dates. These paragraphs provide both a summary and an analytical view of the situation, the conditions for compliance with applicable covenants and - for the Parent Company in the aforementioned section E2 - the amount of payables due to banks and liabilities for rights of use, broken down by contractual maturity (within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, over 5 years), which shows the overall composition of the Parent Company's debt as of 31 December 2022. Lastly, it should be noted that the Report on Operations gives, in summary and in several parts thereof, an account of the measures and precautions taken by the Group with respect to the direct and indirect consequences arising from the ongoing geo-political conflict and the inflationary trend in the raw materials and energy commodities markets.

12. The Board monitored the adequacy of the internal control system, gathering information from, among others, the Directors, the independent auditors and the head of the internal audit department and CEO of IMMSI Audit S.C. a r.l.. IMMSI outsourced internal audit services to IMMSI Audit S.C. a r.l., as did other Group companies and in particular the main subsidiary Piaggio & C. S.p.A.. IMMSI Audit S.C. a r.l. also monitored the organisational and management model in support of the Supervisory Board pursuant to Legislative Decree 231/01 and outsourced controls, functional to the checks required by Law 262/05 and the activities of the Executive in Charge of Financial Reporting. The Board of Statutory Auditors systematically interacted with the head of the audit department, with positive findings (as already noted in previous years) concerning activities carried out and their

effectiveness, and in respect of which - regarding the cycles and business functions audited during the 2022 financial year - no inefficiencies of the Company were identified requiring disclosure in this report. The Board of Statutory Auditors continuously monitored risk control system, which the head of the internal audit department reported on in the Internal Audit Report for the year 2022. The Head of Internal Audit prepared a new audit plan with annual validity for the financial year 2023 only, taking into account the instabilities related to the current geo-political environment and the continuing uncertainties regarding the possibility of residual effects of the SARS-COV-2 pandemic. This plan will then be linked to a three-year planning period, as is standard practice. The criteria for defining the 2023 plan appear to have a continuity with previous years, also taking into account the advisability of configuring the plan dynamically, i.e. adapting it to needs that may arise due to developments in the aforementioned emergency. The new plan was approved by IMMSI's Board of Directors on 14 March 2023. It should be noted that at Group level - for the same reasons related to the current geo-political context and the persisting uncertainties over the possibility of residual effects of the SARS-COV-2 pandemic - annual plans were also opted for in the subsidiaries, including the listed Piaggio & C. S.p.A.

The activities actually carried out in 2022 - discussed in a detailed final report examined by the Internal Control Risk and Sustainability Committee and the Board of Statutory Auditors, and also monitored during the year - were positively assessed by the Board, which received summary feedback on the audit activities carried out for the benefit of both the Parent Company and the subsidiaries, also with an opinion provided on the problems indicated and their resolution or mitigation.

The Board of Statutory Auditors therefore considered the controls system to be adequate. The Board of Statutory Auditors, in its capacity as "Internal Control and Audit Committee", worked positively with the Internal Control Risk and Sustainability Committee, comprised of Directors, continually exchanging information, and all members of the Board of Statutory Auditors were invited to attend related meetings.

Lastly, the Board of Statutory Auditors interfaced with the Supervisory Board - which has a member of the Board of Statutory Auditors - also interacting with regard to updating the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

During the meetings of the Internal Control Risk and Sustainability Committee, no issues emerged that require disclosure in this report.

Taking the above into account, the Board of Statutory Auditors considers that the internal control system is, at present, adequate.

14. The Board has assessed and monitored the adequacy of the administrative and accounting system, as well as the reliability of the latter in providing a fair representation of the Company's operations. In this regard, the Board of Statutory Auditors was periodically informed of the support activities provided to the Manager in charge of preparing the company accounts and documents (for which the Company also used IMMSI Audit S.c. a r.l. in relation to checks to be carried out in compliance with Law 262/2005, as mentioned above), that involved an analysis of the corporate areas considered strategic and an assessment of related risks, including a review of the processes to mitigate such risks. From the exchange of information with the head of administration and from meetings with the independent auditors, the Board of Statutory Auditors noted the validity of this system's operation. The Chairman of the Company, the Chief Executive Officer and the Manager in charge of preparing the company accounts and documents issued the certification required by Art. 154-bis, paragraph 5, of Legislative Decree 58/1998. In advance of the Board meeting approving the financial statements, the Control and Risks Committee examined the results of impairment procedures, in the presence of the Board of Statutory Auditors. The results of the impairment tests are adequately explained in the notes to the financial statements.

15. The Board of Statutory Auditors has monitored the adequacy of the reciprocal flow of information between the Company and its subsidiaries pursuant to Art. 114, paragraph 2 of Legislative Decree No. 58/1998, consisting of the instructions given by the parent company in order to obtain the

information necessary to comply with the disclosure obligations set out by law. It should also be noted that the Company's Directors are present in the main subsidiaries.

16. During 2022 and afterwards, up to the date of this report, the Board of Statutory Auditors periodically invited the independent auditors Deloitte & Touche to exchange data and information relevant to their respective duties as required by point 3 of Art. 150 of Legislative Decree 58/98; no findings came to light during these meetings. The Board of Statutory Auditors acknowledges that it has had the opportunity to analyse with the independent auditors aspects (also in the context of "key aspects", identified as such in the Report to the "Internal Control and Audit Committee" referred to below) concerning, among others: i) the verification of the criteria for capitalisation relating to investments in development costs, industrial patents and intellectual property rights; ii) the assessment of the recoverability of goodwill and the valuation of investments in subsidiaries for the Parent Company's financial statements; iii) the assessment of the recoverability of deferred tax assets; iv) the analysis of the Parent Company's short-term borrowings, including those of the Group. Moreover, in order to review the aspects referred to in Art. 19, paragraph 1, point *c*) of Legislative Decree 39/2010 (as amended by Legislative Decree 135/2016), the Board of Statutory Auditors also examined the relevant aspects of the audit plan, including, among others, significant risks and related audit responses. This examination also included a discussion - with the independent auditors - of the main risk cases. In addition to the above, the Board considered the "Additional Areas of Concern" examined by the Independent Auditors with reference to the Priorities on the 2022 Financial Statements published by ESMA represented by climate-related matters, Russia's invasion of Ukraine, Macroeconomic environment, Taxonomy-related disclosures. The Board of Statutory Auditors also examined the report of the independent auditors in accordance with Art. 11 of European Regulation 537/2014 - also discussing it with said independent auditors - in which Deloitte & Touche S.p.A. declares the following: a) no deficiencies were identified in the internal control system in relation to the financial reporting process (including the process of preparing the separate and consolidated

financial statements in XHTML format in line with Delegated Regulation (EU) 815/2019) that - in the professional judgement of this Company - are sufficiently important to be brought to the attention of the Internal Control and Audit Committee; b) the Board of Directors' assessment of the application of the going concern principle in the preparation of the financial statements was noted as, despite the general economic and financial context that is characterised by volatility, there are no significant uncertainties regarding the company's ability to continue as a going concern; b) no matters were identified related to non conformities, effective or presumed, with laws and regulations or statutory provisions. The Board of Statutory Auditors has carefully examined this Report - including the "key aspects" of the audit of the financial statements and the consolidated financial statements mentioned above. This report is forwarded to the Directors by the Board, together with its observations.

17. The Company adheres to the Corporate Governance Committee's Code of Conduct, declaring that it does not qualify as a "Large Company" and does qualify as a "Concentrated Ownership Company", as adequately represented in the Report on Corporate Governance and Ownership Structure, in compliance with Art. 124-ter, Legislative Decree No. 58/1998, and Art. 89-bis of the Issuers' Regulations. In the "Report on Corporate Governance and Ownership Structure" pursuant to Art. 123-bis of the Consolidated Law on Finance, accompanying the financial statements, the Directors provide detailed information on the corporate governance system, highlighting the degree of compliance with the indications provided by the Corporate Governance Code issued 31 January 2020 (in force from 1 January 2021). In particular, please note that the Company has the following Committees in place: the Directors' Remuneration and Appointment proposals Committee, the Internal Risk Control and Sustainability Committee and the Related Party Transactions Committee. The Company has a "procedure for the public disclosure of inside information", a "procedure for the management of the insider list" and a "procedure for compliance with insider trading obligations". The Related Parties Committee is in place when it has at least three independent directors: this circumstance occurred at all times during the 2022 financial year.

The eligibility of independent directors, in terms of their independence, as set out in Art. 2 of the Corporate Governance Code and Art. 148, paragraph 3, letters b) and c) of Legislative Decree 58/98, was reviewed during the 2022 financial year by the Board of Directors on 23 March 2022 and again verified during the approval of the Governance Report, on 23 March 2023, with confirmation by the Independent Directors within the Board of Directors' meeting of 23 March 2023 of compliance with the independence requirements on the same date. On these occasions, the Board of Statutory Auditors acknowledged that the criteria and review procedures used by the Board of Directors to evaluate independence requirements had been correctly adopted. The Board of Statutory Auditors also verified the independence requirements of its members on the basis of the same criteria, notifying the Board of Directors on 23 March 2023. In this regard, it is acknowledged that the Board, in its meetings of 16 March 2015, 13 May 2015, 23 March 2016, 23 March 2017, 21 March 2018, 10 May 2018, 25 March 2019, 25 March 2020, 19 March 2021, 4 May 2021, 23 March 2022- and most recently 23 March 2023, also pursuant to the new Corporate Governance Code - with reference to the members of the control body, resolved on the following, without prejudice to assessments made by the Board of Statutory Auditors regarding its composition: (i) to consider it appropriate, in the interest of the Company, not to apply the rule under Art. 2, Recommendation 7, letter e) of the Corporate Governance Code (previously provided for in a similar way by the Self-Regulatory Code) with regard to the Statutory Auditor Alessandro Lai; (ii) to recognise that the requirements of independence pursuant to Art. 148, paragraph 3, of the TUF and Art. 2, Recommendation 7 of the Corporate Governance Code had been met by all the members of the Board of Statutory Auditors. The individual members of the Board of Statutory Auditors also certify compliance with limits on the number of positions that may be held, as indicated in Art. 148-bis, paragraph 1, of Legislative Decree 58/98. The members of the Board of Statutory Auditors have shared the need, in the event of transactions in which they may have an interest on their own behalf or on behalf of others, to report this situation to the Board of Directors and to other members of the Board of Statutory Auditors. The Company has a

well-established Code of Ethics, Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 and Supervisory Board, of which a standing member of the Board of Statutory Auditors was a member in 2022. The Company ensures it updates these documents, in particular aligning with Legislative Decree 231/2001 in relation to provisions on new offences included in the law.

The Company proposes to the Shareholders' Meeting a Report on the remuneration policy and compensation paid to Immsi S.p.A. (the "Remuneration Report") prepared in accordance with Art. 123-ter of Legislative Decree 58/1998 and Art. 84-quater of Consob Regulation 11971/1999 and in compliance with Annex 3A, tables 7-bis and 7-ter of the same regulation.

The Remuneration Report takes into account the amendments introduced by Legislative Decree 49 of 10 May 2019 - implementing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the so-called "Shareholders' Rights Directive II"), amending Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies with regard to the encouragement of long-term shareholder engagement. Lastly the Board of Statutory Auditors notes that the Shareholders' Meeting of 14 May 2020 resolved to appoint Deloitte & Touche S.p.A. for the statutory auditing of the accounts for the period 2021-2029.

18. The Board of Statutory Auditors, in the course of the audit activities carried out during the year, did not identify any omissions, reprehensible facts or serious irregularities and therefore does not deem it necessary to provide any disclosure to the Control Bodies or to the Shareholders' Meeting as provided for by paragraph 1 of Art. 153 of Legislative Decree 58/98.

19. The Board of Statutory Auditors has no proposal to submit to the Shareholders' Meeting, pursuant to Art. 153, paragraph 2 of Legislative Decree 58/98, other than the indication below regarding the approval of the financial statements.

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The Board of Statutory Auditors notes that in the chapter "Significant events occurring after the

reporting period and outlook of operations for 2023” of the Directors' Report on Operations, the Directors state that despite the current international geopolitical tensions and a volatile macroeconomic context, the Group is continuing its growth and development path by reinforcing its commitment to ESG issues, giving widespread coverage to the various areas in which the Group operates and the different development profiles. As regards the events subsequent to 31 December 2022, the Directors note that, with reference to the arbitration proceedings brought by the Taiwanese Banks, on 3 February 2023, the Court of Arbitration issued a partial award which, after declaring the default of Ching Fu, declared the lack of jurisdiction of the Court of Arbitration to rule on the claims of the Banks, accepting subsidiary Intermarine S.p.A.'s defence in its entirety.

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On the basis of the foregoing summary of the supervisory activities carried out during the year, also taking into account the findings of the Independent Auditors' report, and in the light of the statements issued by the Manager in charge of drawing up the corporate accounting documents, the Board of Statutory Auditors, to the extent of its remit, sees no reason to object to the approval of the financial statements as at 31 December 2022 and the proposal by the Board of Directors to the Shareholders' Meeting on the allocation of the result for the year.

Mantua, 5 April 2023.

For the Board of Statutory Auditors - The Chairman