



**Share capital €178,464,000 fully paid up**  
**Registered office: Piazza Vilfredo Pareto, 3 – 46100 Mantova**  
**Mantova Register of Companies – Tax code and VAT registration number**  
**07918540019**

**Half-Yearly Financial Report**  
*of the*  
***Immsi Group***  
*at*  
***30 June 2021***

*This Half-Yearly Financial Report at 30 June 2021 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.*

**Immsi**

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This document was approved by the Board of Directors of Immsi S.p.A. on 2 September 2021 and is available for the public to consult at the Registered Office of the Company, in the centralised storage system [www.emarketstorage.com](http://www.emarketstorage.com) and on the Issuer's website [www.immsi.it](http://www.immsi.it) (section: "Investors/Financial statements and reports/2021") according to legislation.

## **COMPANY BOARDS**

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

### **BOARD OF DIRECTORS**

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

### **BOARD OF STATUTORY AUDITORS**

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

### **INDEPENDENT AUDITORS**

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|                          |                    |
|--------------------------|--------------------|
| Deloitte & Touche S.p.A. | <b>2021 - 2029</b> |
|--------------------------|--------------------|

### **GENERAL MANAGER**

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Michele Colaninno

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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**

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|   |                 |
|---|-----------------|
| Daniele Discepolo<br>Paola Mignani<br>Rosanna Ricci | <b>Chairman</b> |
|---|-----------------|

**RELATED PARTIES COMMITTEE**

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|  |                 |
|--|-----------------|
| Rosanna Ricci<br>Paola Mignani<br>Patrizia De Pasquale | <b>Chairman</b> |
|--|-----------------|

**COMPLIANCE COMMITTEE**

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|   |                 |
|---|-----------------|
| Marco Reboa<br>Giovanni Barbara<br>Maurizio Strozzi | <b>Chairman</b> |
|---|-----------------|

**APPOINTMENT PROPOSAL AND REMUNERATION COMMITTEE**

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|   |                 |
|---|-----------------|
| Daniele Discepolo<br>Paola Mignani<br>Rosanna Ricci | <b>Chairman</b> |
|---|-----------------|

**LEAD INDEPENDENT DIRECTOR**

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Daniele Discepolo

**CHIEF EXECUTIVE OFFICER**

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Michele Colaninno

**INTERNAL AUDIT MANAGER**

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Maurizio Strozzi

**EXECUTIVE IN CHARGE OF FINANCIAL REPORTING**

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Andrea Parioli

**INVESTOR RELATOR**

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Andrea Paroli

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

## ***Half-Yearly Financial Report of the Immsi Group***

The Half-Yearly Financial Report for the six months to 30 June 2021 was prepared in accordance with article 154-ter of Legislative Decree 58/1998 as amended, and the Consob Regulation on Issuers.

This Report was prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and according to IAS 34 – Interim Financial Reporting, applying the same accounting standards as those adopted when preparing the Consolidated Financial Statements at 31 December 2020 of the Immsi Group (to which reference is made for further details), excluding the indications in the Accounting standards and measurement criteria section, if applicable. The information in this Report is not therefore similar to the information of complete financial statements prepared in accordance with IAS 1.

The Group also considered IASB amendments and interpretations applicable as from 1 January 2021 (for more details, reference is made to the Notes to this document), and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”).

### ***Health emergency – Covid-19***

During the first half of 2021, the public health situation remained a cause for concern throughout the world. Overall, the key to ending the crisis worldwide appears to be the rapid distribution of the vaccine among the population and its effectiveness against any new variants.

With regard to the **Property and holding sector**, it should be noted that the Parent Company Immsi S.p.A. is continuing to adopt operating procedures for its personnel in line with the general measures for the protection of public health and, at the same time, guaranteeing the continuity of its activities. This is also the case for its subsidiary Is Molas S.p.A., which, despite the limitations imposed by the health emergency, is continuing its commercial activities to seek potential villa buyers. The pandemic has had a significant impact on Is Molas S.p.A.’s business, in particular on the period in which the hotel has been open to the public (limited to 1 June 2021 onwards), on the general reduction in the flow of customers during the opening periods compared to pre-pandemic periods, and on the intermittent availability of its services. In response to the situation, a series of actions were taken to reduce costs (in view of postponing the hotel’s opening), including optimising existing resources and utilising the support measures made available by the government. This made it possible to apply for access to welfare payments and protect existing jobs.

In regards to the industrial sector, since the virus first spread, the **Piaggio group** has taken all possible precautions to guarantee the safety of its employees’ health at its sites.

Restricting the analysis to the most significant markets for the Piaggio group, it should be noted that in Europe and in the western world, while seasonal factors and the vaccination campaign have greatly reduced infections, there is still a risk that new variants could increase the transmissibility of the virus. New variants of the virus are spreading to countries such as the UK, Israel, Australia and Vietnam, which until recently seemed on the verge of overcoming the health emergency. What is currently more concerning is the situation in India, which is suffering from the lack of a mass vaccination plan.

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 Piaggio group continues to work to seize the opportunities presented by

potential growth in demand, offering products that guarantee safe travel with low or no environmental impact.

The Piaggio group continues to manage the current scenario very carefully in terms of its commercial network of distributors and dealers, and in terms of its customers, to meet its commitments and to continue to offer maximum support.

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

### ***Information on operations***

A recovery seen over the first half of 2021 was extremely positive for the Immsi Group. Volumes and financial indicators both showed growth compared to the same period of the previous year when the world first began to be affected by the Covid-19 virus, leading to the temporary shutdown of production activities, sales and services to customers – particularly in the industrial sector and tourist/hospitality industry.

All indicators were up on the figures for the first half of 2020: Turnover increased by 46.2%, EBITDA by 68.1% and net profit, including the portion attributable to non-controlling interests, was €31.2 million in the first half of 2021, compared to €0.9 million in the same period of 2020. Net financial debt at 30 June 2021 was equal to €792.3 million, down by 11.8% compared to the first half of the previous year (€898.8 million).

Moreover, even when compared to the first half of 2019, which was not impacted by the pandemic, turnover grew by 8.2%, EBITDA by 2.9% and profit, including non-controlling interests, by +21.6%. Net financial debt also decreased by €45.8 million compared to 30 June 2019.

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

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

- The “property and holding sector” consolidated the financial position and performance of Immsi S.p.A., Immsi Audit S.c.a r.l., ISM Investimenti S.p.A., Is Molas S.p.A., Apuliae S.r.l., Pietra S.r.l., Pietra Ligure S.r.l. and RCN Finanziaria S.p.A.;
- the “industrial sector” includes the companies owned by the Piaggio group, while
- the “marine sector” includes Intermarine S.p.A..

Some of the main summary data of the Immsi Group, divided by segment of activity, are reported below.

### Immsi Group at 30 June 2021

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

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

### Immsi Group at 30 June 2020

| In thousands of Euros   | <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> |
|---|------------------------------------|---------------|--------------------------|---------------|----------------------|---------------|--------------------|---------------|
| Net revenues  | 221                                |               | 600,084                  |               | 29,640               |               | 629,945            |               |
| Operating income before depreciation and amortisation and impairment costs (EBITDA) | -3,230                             | n/m           | 83,088                   | 13.8%         | 3,787                | 12.8%         | 83,645             | 13.3%         |
| Operating income (EBIT)   | -3,721                             | n/m           | 24,686                   | 4.1%          | 2,035                | 6.9%          | 23,000             | 3.7%          |
| Profit before tax   | -10,887                            | n/m           | 15,123                   | 2.5%          | 965                  | 3.3%          | 5,201              | 0.8%          |
| Earnings for the period including non-controlling interests                         | -8,717                             | n/m           | 9,074                    | 1.5%          | 515                  | 1.7%          | 872                | 0.1%          |
| Group earnings for the period (which may be consolidated)                           | -3,420                             | n/m           | 4,556                    | 0.8%          | 373                  | 1.3%          | 1,510              | 0.2%          |
| Net debt  | -319,372                           |               | -528,548                 |               | -50,852              |               | -898,772           |               |
| Personnel (number)  | 79                                 |               | 6,155                    |               | 261                  |               | 6,495              |               |

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



## Alternative non-GAAP performance indicators

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

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

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

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

- **EBITDA:** defined as operating income before amortisation/depreciation and impairment costs of intangible assets and plant, property and equipment, as reported in the consolidated income statement;
- **Net financial debt (or net financial position):** equal to financial liabilities (current and non-current) including trade payables and other non-current payables that include a significant component of implicit (or explicit) finance, minus cash and cash equivalents, and other current financial receivables. In derogation from the ESMA Guidelines 2021 / 32-382-1138, described above, the Immsi Group has determined that net financial debt does not include other financial assets and liabilities arising from fair value measurements, interest accrued on loans to third party shareholders and financial liabilities related to assets held for sale. A detailed table highlighting the items that contribute to the indicator is included in this Report.

## The property and holding sector

| In thousands of Euros   | 30.06.2021 | as a % | 30.06.2020 | as a % | Change  | as a % |
|---|------------|--------|------------|--------|---------|--------|
| Net revenues  | 533        |        | 221        |        | 312     | 141.2% |
| Operating income before depreciation and amortisation and impairment costs (EBITDA) | -3,601     | n/m    | -3,230     | n/m    | -371    | -11.5% |
| Operating income (EBIT)   | -4,166     | n/m    | -3,721     | n/m    | -445    | -12.0% |
| Profit before tax   | -11,407    | n/m    | -10,887    | n/m    | -520    | -4.8%  |
| Earnings for the period including non-controlling interests                         | -9,881     | n/m    | -8,717     | n/m    | -1,164  | -13.4% |
| Group earnings for the period (which may be consolidated)                           | -5,464     | n/m    | -3,420     | n/m    | -2,044  | -59.8% |
| Net debt  | -334,965   |        | -319,372   |        | -15,593 | -4.9%  |
| Personnel (number)  | 97         |        | 79         |        | 18      | 22.8%  |

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

Overall, in the first half of 2021 the **property and holding sector** recorded a consolidated net loss of approximately €5.5 million, a worsening compared to the loss of €3.4 million reported in the same period of last year. The latter result benefited from the reversal of deferred tax assets on tax losses by the parent company Immsi S.p.A. of approximately €1.6 million allocated on the basis of forecasts calculating the likelihood of recovery.

Net debt of the sector was negative at €335 million, compared to €319.4 million at 30 June 2020.

The **Parent Company Immsi S.p.A.** recorded a net profit for the period of approximately €4.6 million, compared to €11.9 million at 30 June 2020; the decrease is mainly due to lower dividends (€5.2 million) distributed by the subsidiary Piaggio & C. S.p.A. during the first half of 2021 compared to the same period of the previous year.

The net financial position showed net debt of €3.6 million, compared to approximately €6.8 million net cash at 31 December 2020, mainly because of the capital consolidation of the subsidiaries RCN Finanziaria S.p.A. and ISM Investimenti S.p.A. with reserves for the subscription of future capital increases through waivers of financial receivables with subsidiaries, for a total of €13.3 million, only partially offset by cash flows from dividends, as shown above.

The shareholders' equity of the Parent Company Immsi S.p.A. as at 30 June 2021 amounted to €379.8 million, an increase on the balance at the end of 2020, equal to €374.5 million, thanks mainly to the results for the period as well as the fair value adjustment of the Unicredit shares in the portfolio, recognised in the relevant equity reserve.

When preparing this Half-Yearly Financial Report at 30 June 2021, the Parent Company conducted specific impairment analyses and consideration, at a consolidated level, of the carrying amount of goodwill recognised, which did not result in any impairment to enter in the income statement. It did not conduct specific impairment analyses on the carrying amount of investments held in companies consolidated on a line-by-line basis, as these investments and amendments mainly arise from associated impairment tests that would have been eliminated in full during consolidation.

With regard to the real-estate activities of the subsidiary **Is Molas S.p.A.**, it should be noted that commercial activities aimed at identifying possible buyers, including at an international level, are proceeding. It should also be noted that, after evaluation, the company has decided to allow the mock-up villas to be rented out in order to allow end customers – including investors – to better understand the product and the associated services offered (e.g. wellness and home catering), so as to be able to assess their profitability.

Revenues generated by the tourist-hotel and golf business in the first six months of 2021 (amounting to €0.5 million), increased by approximately €0.3 million compared to the same period of the previous year, an increase driven by the earlier opening of the hotel – from June 2021 compared to July last year. In terms of margins, the company recorded an operating loss of approximately €1.8 million and a net loss for consolidation purposes of €0.9 million, an improvement on the figure recorded for the same period of 2020.

The net debt of the company amounted to €77.2 million, with a cash flow absorption of €2.2 million compared to 31 December 2020 (when it stood at €75.1 million) due to net cash flows used by operations and investments in property, plant and equipment.

The consolidated net result of **Pietra S.r.l.** for the first half of 2021 is overall largely unchanged and in line with the result for the same period last year; net financial debt also remains broadly in line with 31 December 2020, at €2.8 million. **Pietra Ligure S.r.l.**, a subsidiary of Pietra S.r.l. and which incorporates the property complex of Pietra Ligure with related Planning Permissions and Agreements, recorded an operating loss of €0.2 million (in line with the first half of 2020), and net financial debt amounted to €3.1 million (€2.8 million at 31 December 2020), in addition to financial debt relating to the discounting of cash flows related to the above concession (as provided for in IFRS 16) amounting to approximately €6.1 million.

With reference to the subsidiary **Apuliae S.r.l.**, there are no further updates since the Report of Directors and Financial Statements of the Immsi Group at 31 December 2020, to which reference is made. At 30 June 2021, the company posted a substantial break-even position and net debt that was more or less unchanged compared to 31 December 2020, at a negative value of €0.8 million.

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

- **RCN Finanziaria S.p.A.**, in which Immsi S.p.A. holds 72.51% and Intermarine S.p.A. is the sole member, recorded a net loss for consolidation purposes for the Immsi Group of approximately €1.9 million (broadly in line with the first half of 2020), and net financial debt of €125.9 million at 30 June 2021, largely unchanged compared to 31 December 2020;
- **ISM Investimenti S.p.A.** recorded a net loss for consolidation purposes for the Immsi Group of approximately €2.3 million (down by approximately €0.3 million compared to the first half of 2020), and net financial debt at 30 June 2021 equal to €121.2 million, down by approximately €6.9 million compared to the figure at 31 December 2020, mainly due to Immsi S.p.A.'s waiver of financial receivables, converting them into reserves for future capital increases.

The company, which is the parent of Is Molas S.p.A., with a 92.59% stake at the end of June, is an investee of Immsi S.p.A. which holds a 72.64% share and of Intesa Sanpaolo S.p.A. which holds 27.36% in terms of voting rights. In this regard, considering the *impairment testing* at the end of 2020 and the different equity rights of the two shareholders established by the co-investment and shareholders' agreement signed at the time of the initial investment as supplemented and amended in 2013 – the portion of shareholders'

equity of ISM Investimenti S.p.A. consolidated by Immsi S.p.A. was estimated to be 47.64%, unchanged compared to 31 December 2020 and an increase on the 41.81% consolidated at 30 June 2020.

## Industrial sector: Piaggio group

| In thousands of Euros   | 30.06.2021 | as a % | 30.06.2020 | as a % | Change  | as a % |
|---|------------|--------|------------|--------|---------|--------|
| Net revenues  | 901,671    |        | 600,084    |        | 301,587 | 50.3%  |
| Operating income before depreciation and amortisation and impairment costs (EBITDA) | 144,551    | 16.0%  | 83,088     | 13.8%  | 61,463  | 74.0%  |
| Operating income (EBIT)   | 80,361     | 8.9%   | 24,686     | 4.1%   | 55,675  | 225.5% |
| Profit before tax   | 70,163     | 7.8%   | 15,123     | 2.5%   | 55,040  | 363.9% |
| Earnings for the period including non-controlling interests                         | 43,501     | 4.8%   | 9,074      | 1.5%   | 34,427  | 379.4% |
| Group earnings for the period (which may be consolidated)                           | 21,845     | 2.4%   | 4,556      | 0.8%   | 17,288  | 379.4% |
| Net debt  | -401,859   |        | -528,548   |        | 126,689 | 24.0%  |
| Personnel (number)  | 6,348      |        | 6,155      |        | 193     | 3.1%   |

In terms of consolidated turnover, the group ended the first half of 2021 with net revenues up compared to the same period in 2020 (+50.3%). It should be noted that production and sales were shut down in the first half of last year due to the public health emergency, which affected markets in EMEA, Americas and India.

At a geographic level, growth concerned, in particular, EMEA and Americas (+60.6%) and Asia Pacific (+64.0%; +74.1% at constant exchange rates), while in India, still negatively impacted by the pandemic, there was a very slight decline (-0.5%; -7.8% at constant exchange rates).

As regards the type of products sold, the increase mainly referred to two-wheeler vehicles (+62.7%). Commercial Vehicles, on the other hand, saw a slight increase (+6.2%) due to the difficulties encountered on the Indian market caused by the tough economic situation of the industrial and transport sector created by the pandemic. As a result, the percentage of Commercial Vehicles accounting for overall turnover dropped from 22.1% in the first half of 2020 to the current figure of 15.6%; vice versa, the percentage of two-wheeler vehicles went up from 77.9% in the first six months of 2020 to the current figure of 84.4%.

During the first half of 2021, the Piaggio group sold 287,100 vehicles worldwide, recording an increase of 36.5% compared to the first six months of the previous year, when vehicles sold amounted to 210,300. Sales increased in all geographic segments.

As regards product type, sales of Two-Wheeler vehicles grew (+49.0%) while sales of Commercial Vehicles fell (-6.5%).

Operating income before depreciation, amortisation and impairment costs (EBITDA) of the Piaggio group increased to €144.6 million (from €83.1 million in the first half of 2020). In relation to turnover, EBITDA was equal to 16.0% (13.8% in the first half of 2020). Operating income (EBIT), which amounted to €80.4 million, also showed a clear improvement compared to the first half of

2020; in relation to turnover, EBIT was equal to 8.9% (4.1% in the first half of 2020).

The result for **financing activities** recorded net charges amounting to €10.2 million (€9.6 million as of 30 June 2020), worse than the first six months of the previous year, despite a lower debt exposure, due to the reduced contribution from currency management.

Net profit stood at €43.5 million (4.8% of turnover), up on the figure for the same period of the previous financial year, when it amounted to €9.1 million (1.5% of turnover).

Net financial debt at 30 June 2021 of the Piaggio group was equal to €401.9 million, compared to €423.6 million at 31 December 2020. The decrease of approximately €21.8 million is attributable to cash flow from operating activities, and comes from the net profit adjusted for non-monetary costs and income, reduced by the absorption of cash by working capital and investment activities in capitalised development costs and property, plant and equipment and intangible assets. Borrowing decreased by approximately €126.7 million compared to 30 June 2020.

## **The market**

### Two-wheeler business

In the first six months of 2021, the Piaggio group sold a total of 242,800 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €761.0 million, including spare parts and accessories (€69.5 million, +29.6%). All markets recorded positive performances. Overall, volumes grew by 49.0% while turnover grew by 62.7%.

On the European market, the Piaggio group attained an overall share of 13.0% in the first half of 2021, compared to 13.4% in the first half of 2020, confirming its leadership position in the scooter segment (23.0% in the first half of 2021 compared to 24.0% in the first half of 2020).

In Italy, the Piaggio group had a 17.7% share (16.9% in the first half of 2020), which is higher for the scooter segment, at 27.7% (27.0% in the first half of 2020).

In India, in the first half of 2021, the group recorded a considerable increase in sell-out volumes compared to the same period of the previous year, closing at 26,597 vehicles (+82.0%).

The group's position on the North American scooter market is growing, where it ended the period with a share of 35.1% (23.9% in the first half of 2020).

### Commercial Vehicles business

During the first six months of 2021, the Commercial Vehicles business generated a turnover of approximately €140.7 million, up by 6.2% compared to the same period of the previous year.

All markets in EMEA and Americas reported a positive trend (+72.3% volumes; +57.1% turnover). In particular, the Italian market benefited from the sales launch of the new Porter NP6.

The Indian region, on the other hand, recorded a decrease (-16.3%; -9.2% at constant exchange rates) following a 16.8% drop in volumes.

The Indian subsidiary Piaggio Vehicles Private Limited (PVPL) sold 26,107 three-wheelers on the Indian market (36,946 in the first six months of 2020).

The Indian subsidiary also exported 8,736 three-wheeler vehicles (4,868 in the first half of 2020).

## The Marine sector: Intermarine

| In thousands of Euros   | 30.06.2021 | as a % | 30.06.2020 | as a % | Change  | as a %  |
|---|------------|--------|------------|--------|---------|---------|
| Net revenues  | 18,477     |        | 29,640     |        | -11,163 | -37.7%  |
| Operating income before depreciation and amortisation and impairment costs (EBITDA) | -355       | -1.9%  | 3,787      | 12.8%  | -4,142  | -109.4% |
| Operating income (EBIT)   | -2,138     | -11.6% | 2,035      | 6.9%   | -4,173  | -205.1% |
| Profit before tax   | -3,162     | -17.1% | 965        | 3.3%   | -4,127  | -427.7% |
| Earnings for the period including non-controlling interests                         | -2,393     | -13.0% | 515        | 1.7%   | -2,908  | -564.7% |
| Group earnings for the period (which may be consolidated)                           | -1,735     | -9.4%  | 373        | 1.3%   | -2,109  | -564.7% |
| Net debt  | -55,504    |        | -50,852    |        | -4,652  | -9.1%   |
| Personnel (number)  | 250        |        | 261        |        | -11     | -4.2%   |

With reference to the economic data of the marine sector, the first half of 2021 saw a decrease of 37.7% in net revenues (composed of turnover and changes in contract work in progress) compared with the same period of the previous year; this figure stood at €18.5 million, compared with €29.6 million in the first half of 2020.

Production progress, including completion of construction and deliveries, included:

- the Defence division, with €15.6 million (€21.5 million in the first half of 2020), mainly due to progress with the job order for the modernisation of Gaeta Class minesweepers for the Italian Navy, and the third integrated minesweeper platform for an Italian sector operator;
- the Fast Ferries and Yachts divisions, with a total of €2.9 million (8.1 million during the first half of 2020), mainly for activities at the Messina shipyard.

This led to negative EBIT in the first half of 2021 of €2.1 million (compared to a positive figure of €2 million in the same period in 2020), with its share of revenues down 11.6%, and a loss before taxes of €3.2 million, a decrease on the positive €1 million figure recorded in the first half of 2020. The net loss for consolidation purposes for the Immsi Group at 30 June 2021 amounted to €1.7 million, compared to a profit of €0.4 million during the first half of 2020.

The total value of the orders portfolio of the company amounted to €49.4 million at 30 June 2021 (mainly relating to the Defence division), referring to the remaining part of existing contracts still to be developed in terms of revenues.

In terms of capital, net financial debt, equal to €55.5 million at 30 June 2021, was up slightly compared to the balance at 31 December 2020 and 30 June 2020, equal to €50.5 and €50.9 million respectively.

## **Financial situation and financial performance**

As described previously in the section “Health emergency – Covid-19”, during the first half of 2021, the Immsi Group reported that all indicators had recovered from the previous reporting period, which was more adversely affected by the Covid-19 health emergency, leading to production and sales activities closing for several weeks.

At 30 June 2021 the structure of the Immsi Group was that attached to this Half-Yearly Financial Report, to which reference is made. The only change to the scope of consolidation has arisen due to Piaggio & C. S.p.A.’s buyback of 17,000 shares. The consolidated portion of shareholders’ equity of the Piaggio group, which amounted to 50.21% at 30 June and 31 December 2020, was equal to 50.22% at 30 June 2021. For further details of changes, see section B of the Notes.

The Group prepares reclassified figures as well as the financial statement schedules required by law. A short description of the main balance sheet and income statement items is provided below the reclassified schedules. Further information on these items may be found in the Notes to the consolidated financial statements. Specific notes referring to the mandatory schedule items are omitted since the main aggregates coincide.

## Financial performance of the Group

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

| In thousands of Euros  | 30.06.2021     |              | 30.06.2020     |              | Change         |                |
|--|----------------|--------------|----------------|--------------|----------------|----------------|
| <b>Net revenues</b>  | <b>920,681</b> | <b>100%</b>  | <b>629,945</b> | <b>100%</b>  | <b>290,736</b> | <b>46.2%</b>   |
| Costs for materials  | 560,404        | 60.9%        | 375,996        | 59.7%        | 184,408        | 49.0%          |
| Costs for services, leases and rentals   | 145,433        | 15.8%        | 98,697         | 15.7%        | 46,736         | 47.4%          |
| Employee costs   | 134,606        | 14.6%        | 111,218        | 17.7%        | 23,388         | 21.0%          |
| Other operating income   | 76,183         | 8.3%         | 51,720         | 8.2%         | 24,463         | 47.3%          |
| Net reversals (write-downs) of trade and other receivables                       | -1,299         | -0.1%        | -1,277         | -0.2%        | -22            | -1.7%          |
| Other operating costs  | 14,527         | 1.6%         | 10,832         | 1.7%         | 3,695          | 34.1%          |
| <b>OPERATING EARNINGS BEFORE AMORTISATION AND DEPRECIATION (EBITDA)</b>          | <b>140,595</b> | <b>15.3%</b> | <b>83,645</b>  | <b>13.3%</b> | <b>56,950</b>  | <b>68.1%</b>   |
| Depreciation and impairment costs of plant, property and equipment               | 27,955         | 3.0%         | 25,171         | 4.0%         | 2,784          | 11.1%          |
| Impairment of goodwill   | 0              | -            | 0              | -            | 0              | -              |
| Amortisation and impairment costs of intangible assets with a finite useful life | 38,583         | 4.2%         | 35,474         | 5.6%         | 3,109          | 8.8%           |
| <b>OPERATING INCOME (EBIT)</b>   | <b>74,057</b>  | <b>8.0%</b>  | <b>23,000</b>  | <b>3.7%</b>  | <b>51,057</b>  | <b>222.0%</b>  |
| Income/(loss) from investments   | 412            | 0.0%         | 564            | 0.1%         | -152           | -              |
| Financial income   | 12,031         | 1.3%         | 14,108         | 2.2%         | -2,077         | -14.7%         |
| Borrowing costs  | 30,906         | 3.4%         | 32,471         | 5.2%         | -1,565         | -4.8%          |
| <b>PROFIT BEFORE TAX</b>   | <b>55,594</b>  | <b>6.0%</b>  | <b>5,201</b>   | <b>0.8%</b>  | <b>50,393</b>  | <b>968.9%</b>  |
| Taxes  | 24,367         | 2.6%         | 4,329          | 0.7%         | 20,038         | 462.9%         |
| <b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>                   | <b>31,227</b>  | <b>3.4%</b>  | <b>872</b>     | <b>0.1%</b>  | <b>30,355</b>  | <b>3481.1%</b> |
| Gain (loss) from assets held for sale or disposal                                | 0              | -            | 0              | -            | 0              | -              |
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>                 | <b>31,227</b>  | <b>3.4%</b>  | <b>872</b>     | <b>0.1%</b>  | <b>30,355</b>  | <b>3481.1%</b> |
| Earnings for the period attributable to non-controlling interests                | 16,581         | 1.8%         | -638           | -0.1%        | 17,219         | 2698.9%        |
| <b>GROUP PROFIT (LOSS) FOR THE PERIOD</b>  | <b>14,646</b>  | <b>1.6%</b>  | <b>1,510</b>   | <b>0.2%</b>  | <b>13,136</b>  | <b>869.9%</b>  |

The Immsi Group's consolidated net revenues increased by approximately €290.7 million (+46.2%) to €920.7 million, mainly due to the contribution of the industrial sector (approximately €901.7 million) and the marine sector (approximately €18.5 million). Net revenues from the property and holding sector saw an improvement of around €0.5 million compared with the same period of the previous year.

Operating costs and other consolidated Group net costs in the first half of 2021 totalled €780.1 million (equal to 84.7% of net revenues), of which €757.1 million relating to the Piaggio group (84% of group net revenues).

Costs for materials totalled €560.4 million, equal to 60.9% of net revenues. The cost relating to the industrial sector amounted to €557.5 million, equal to 61.8% of net revenues of the sector.

Employee costs totalled €134.6 million, equal to 14.6% of net revenues. The largest part, €125.5 million (13.9% of net revenues of the sector), is attributable to the Piaggio group. The average paid workforce amounted to 6,674 employees compared to 6,690 in the first half of 2020, mainly attributable to the industrial sector. Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts). The Group effectively hires temporary staff to cover peaks in demand typical of the summer months.

EBITDA in the first half of 2021 was approximately €140.6 million, equal to 15.3% of net revenues, compared to €83.6 million in the first half of 2020 (13.3% of net revenues for the period), an increase of €57 million (+68.1%).



Depreciation and amortisation for the period stood at €66.5 million (€64.2 million of which related to the industrial sector), representing 7.2% of turnover, down on the figure of 9.6% for the first half of 2020. Depreciation of property, plant and equipment amounted to €28 million (+€2.8 million compared to the figure for the first half of 2020), while amortisation of intangibles, excluding value adjustments on goodwill, totalled €38.6 million (€35.5 in the first half of 2020).

EBIT amounted to €74.1 million (+€51.1% compared to the first half of 2020), equal to 8% of net revenues, an increase on the figure of 3.7% for the same period of 2020.

EBIT did not include any impairment of goodwill in the first six months of 2021, nor in the same period of the previous year. In particular – as described in greater detail in the Notes to the Consolidated Financial Statements as of 30 June 2021 (paragraph F1 “Intangible Assets”) with reference to goodwill pertaining to the Piaggio group CGU – the analysis carried out by management to compare the actual result and the budgeted data for 2021, supplemented by forecast data for the 2022-2024 period, did not reveal any indicators that would require an update of the impairment test conducted for the purposes of the consolidated financial statements at 31 December 2020, thus confirming the results. As regards the goodwill pertaining to the Intermarine CGU, given the postponement of certain assumptions envisaged in the 2021-2025 business plan, management deemed it appropriate to carry out a sensitivity analysis approved by the Intermarine S.p.A. Board of Directors on 29 July 2021. This updates the 2021 data projections and the 2022-2025 forecast and extends the evaluation to 2026, thus updating the related impairment test of the net capital employed of the Intermarine CGU at 31 December 2020. The analysis found write-downs unnecessary.

Considering that the analyses conducted to determine the recoverable value of Immsi Group cash-generating units has also been determined based on estimates, the Group cannot guarantee that there will be no goodwill impairment losses in future periods. Owing to the current climate of uncertainty on core and financial markets, the various factors – both inside and outside the cash-generating units identified – used in preparing estimates could be revised in the future. The Group will constantly monitor these factors and the possible existence of future impairment losses.

Net financial expense amounted to €18.5 million, equal to 2.0% of the Group’s net revenues (compared to a net expense of €17.8 million in the first half of 2020), and consists of negative balances of €10.2 million relating to the industrial sector (compared to €-9.6 million in the first half of 2020), €1 million relating to the marine sector (largely unchanged compared to the first half of 2020) and €7.2 million relating to the property and holding sector (the same figure as the first half of 2020). Net financial expense deteriorated compared to the first six months of the previous reporting period, due mainly to a reduction in the contribution from currency transactions (mainly in the industrial sector), which was offset only in part by a decrease in average indebtedness.

Profit before tax stood at €55.6 million at 30 June 2021, or 6% of net revenues, compared to €5.2 million (0.8% of net revenues) at 30 June 2020, with the industrial sector contributing €70.2 million, the marine sector a loss of €3.2 million and the property and holding sector a loss of €11.4 million.

Taxes for the period totalled approximately €24.4 million, compared to 4.3 million at 30 June 2020.

Net profit for the period, after taxation and net of non-controlling interests, totalled €14.6 million (1.6% of net revenues), an increase on the figure of €1.5 million at 30 June 2020 (0.2% of net revenues).

## Reclassified statement of financial position of the Group

| In thousands of Euros                             | 30.06.2021       | as a %        | 31.12.2020       | as a %        | 30.06.2020       | as a %        |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>Current assets:</b>                            |                  |               |                  |               |                  |               |
| Cash and cash equivalents                         | 232,935          | 10.3%         | 249,886          | 11.7%         | 179,910          | 8.4%          |
| Financial assets                                  | 0                | 0.0%          | 0                | 0.0%          | 0                | 0.0%          |
| Operating activities                              | 611,390          | 27.0%         | 447,339          | 21.0%         | 558,128          | 26.1%         |
| <b>Total current assets</b>                       | <b>844,325</b>   | <b>37.2%</b>  | <b>697,225</b>   | <b>32.8%</b>  | <b>738,038</b>   | <b>34.6%</b>  |
| <b>Non-current assets:</b>                        |                  |               |                  |               |                  |               |
| Financial assets                                  | 0                | 0.0%          | 0                | 0.0%          | 0                | 0.0%          |
| Intangible assets                                 | 875,945          | 38.6%         | 866,099          | 40.7%         | 848,889          | 39.7%         |
| Property, plant and equipment                     | 336,530          | 14.8%         | 336,850          | 15.8%         | 332,267          | 15.6%         |
| Other assets                                      | 211,241          | 9.3%          | 227,731          | 10.7%         | 216,553          | 10.1%         |
| <b>Total non-current assets</b>                   | <b>1,423,716</b> | <b>62.8%</b>  | <b>1,430,680</b> | <b>67.2%</b>  | <b>1,397,709</b> | <b>65.4%</b>  |
| <b>TOTAL ASSETS</b>                               | <b>2,268,041</b> | <b>100.0%</b> | <b>2,127,905</b> | <b>100.0%</b> | <b>2,135,747</b> | <b>100.0%</b> |
| <b>Current liabilities:</b>                       |                  |               |                  |               |                  |               |
| Financial liabilities                             | 485,374          | 21.4%         | 481,273          | 22.6%         | 455,470          | 21.3%         |
| Operating liabilities                             | 764,253          | 33.7%         | 629,755          | 29.6%         | 612,110          | 28.7%         |
| <b>Total current liabilities</b>                  | <b>1,249,627</b> | <b>55.1%</b>  | <b>1,111,028</b> | <b>52.2%</b>  | <b>1,067,580</b> | <b>50.0%</b>  |
| <b>Non-current liabilities:</b>                   |                  |               |                  |               |                  |               |
| Financial liabilities                             | 539,889          | 23.8%         | 571,517          | 26.9%         | 623,212          | 29.2%         |
| Other non-current liabilities                     | 83,695           | 3.7%          | 83,411           | 3.9%          | 85,896           | 4.0%          |
| <b>Total non-current liabilities</b>              | <b>623,584</b>   | <b>27.5%</b>  | <b>654,928</b>   | <b>30.8%</b>  | <b>709,108</b>   | <b>33.2%</b>  |
| <b>TOTAL LIABILITIES</b>                          | <b>1,873,211</b> | <b>82.6%</b>  | <b>1,765,956</b> | <b>83.0%</b>  | <b>1,776,688</b> | <b>83.2%</b>  |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>394,830</b>   | <b>17.4%</b>  | <b>361,949</b>   | <b>17.0%</b>  | <b>359,059</b>   | <b>16.8%</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>2,268,041</b> | <b>100.0%</b> | <b>2,127,905</b> | <b>100.0%</b> | <b>2,135,747</b> | <b>100.0%</b> |

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

Current assets at 30 June 2021 amounted to €844.3 million, up €147.1 million compared to 31 December 2020, and up €106.3 million compared to 30 June 2020. The increase compared to the end of 2020 is attributable to the growth in trade and other receivables (+€79.9 million) and inventories (+€72.7 million), mainly in relation to the Piaggio group due to the seasonality of the business. It was partially offset by the reduction in cash and cash equivalents.

Non-current assets at 30 June 2021 stood at €1,423.7 million against 1,430.7 million at 31 December 2020, a decrease equal to €7 million.

In particular, among non-current assets, intangible assets amounted to €875.9 million, up by €9.8 million compared to 31 December 2020, mainly due to the capitalisation in the industrial sector of development costs and know-how for new products and new engines. Tangible assets amounted to €336.5 million (in line with the end of 2020) and other assets amounted to €211.2 million (compared to €227.7 million at the end of 2020). This was mainly impacted by the Piaggio group selling the Martorelles site, listed under investment property, for €4.6 million in February.

Current liabilities at 30 June 2021 amounted to €1,249.6 million, up by €138.6 million compared to 31 December 2020, due to the increase in operating liabilities (+€134.5 million with +€139.3 million accounted for by the Piaggio group, primarily related to fluctuations in purchases), and current financial liabilities, which went from €481.3 million to €485.4 million.

Non-current liabilities at 30 June 2021 stood at €23.3 million, down by approximately €31.3 million from €54.9 million at 31 December 2020. Consolidated shareholders' equity attributable to the Group and non-controlling interests totalled €394.8 million at 30 June 2021, of which €153 million was attributable to non-controlling interests.

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

| In thousands of Euros                             | 30.06.2021       | as a %        | 31.12.2020       | as a %        | 30.06.2020       | as a %        |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| Current operating assets                          | 611,390          | 48.1%         | 447,339          | 35.8%         | 558,128          | 41.5%         |
| Current operating liabilities                     | -764,253         | -60.1%        | -629,755         | -50.5%        | -612,110         | -45.6%        |
| <b>Net operating working capital</b>              | <b>-152,863</b>  | <b>-12.0%</b> | <b>-182,416</b>  | <b>-14.6%</b> | <b>-53,982</b>   | <b>-4.0%</b>  |
| Intangible assets                                 | 875,945          | 68.9%         | 866,099          | 69.4%         | 848,889          | 63.2%         |
| Property, plant and equipment                     | 336,530          | 26.5%         | 336,850          | 27.0%         | 332,267          | 24.7%         |
| Other assets                                      | 211,241          | 16.6%         | 227,731          | 18.2%         | 216,553          | 16.1%         |
| <b>Capital employed</b>                           | <b>1,270,853</b> | <b>100.0%</b> | <b>1,248,264</b> | <b>100.0%</b> | <b>1,343,727</b> | <b>100.0%</b> |
| Non-current non-financial liabilities             | 83,695           | 6.6%          | 83,411           | 6.7%          | 85,896           | 6.4%          |
| Capital and reserves of non-controlling interests | 153,042          | 12.0%         | 132,504          | 10.6%         | 125,742          | 9.4%          |
| Consolidated Group shareholders' equity           | 241,788          | 19.0%         | 229,445          | 18.4%         | 233,317          | 17.4%         |
| <b>Total non-financial sources</b>                | <b>478,525</b>   | <b>37.7%</b>  | <b>445,360</b>   | <b>35.7%</b>  | <b>444,955</b>   | <b>33.1%</b>  |
| <b>Net Financial debt</b>                         | <b>792,328</b>   | <b>62.3%</b>  | <b>802,904</b>   | <b>64.3%</b>  | <b>898,772</b>   | <b>66.9%</b>  |

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

| In thousands of Euros  | 30.06.2021      | 30.06.2020      |
|--|-----------------|-----------------|
| Cash generated internally  | 131,597         | 68,268          |
| Change in net working capital  | -50,277         | -101,412        |
| <b>Net cash flow generated from operations</b>                       | <b>81,320</b>   | <b>-33,144</b>  |
| Payment of dividends to non-controlling interests by Group companies | -4,622          | -9,779          |
| Acquisition of intangible assets                                     | -47,919         | -36,284         |
| Purchase of property, plant and equipment                            | -25,996         | -18,204         |
| Net decrease from property disposals                                 | 5,700           | 309             |
| Other net movements  | 2,093           | -5,274          |
| <b>Change in net financial position</b>                              | <b>10,576</b>   | <b>-102,376</b> |
| <b>Initial net financial position</b>                                | <b>-802,904</b> | <b>-796,396</b> |
| <b>Closing net financial position</b>                                | <b>-792,328</b> | <b>-898,772</b> |

**Net financial debt** went down from €802.9 million at 31 December 2020 to 792.3 million at 30 June 2021, mainly due to cash generated internally (+€131.6 million) and the disposal of property, plant and equipment (+€5.7 million). This was partially offset by fluctuations in working capital (-€50.3 million), net investments in property, plant and equipment and intangible assets for the period, almost entirely relating to the Piaggio group (-€73.9 million), and dividends paid to non-controlling interests (-€4.6 million).

Net debt at 30 June 2021, shown in accordance with the ESMA guidelines 32-382-1138 of 4 March 2021, is analysed below and compared with the same figures at 31 December 2020 and 30 June 2020.

| In thousands of Euros |  | 30.06.2021      | 31.12.2020      | 30.06.2020      |
|-----------------------|--|-----------------|-----------------|-----------------|
| A                     | Cash and cash equivalents  | -232,935        | -249,886        | -179,910        |
| B                     | <b>Cash equivalents</b>  | 0               | 0               | 0               |
| C                     | Other financial assets   | 0               | 0               | 0               |
| <b>D</b>              | <b>Total liquidity (A + B + C)</b>   | <b>-232,935</b> | <b>-249,886</b> | <b>-179,910</b> |
| E                     | Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) |                 |                 |                 |
|                       | - Bonds  | 11,047          | 11,038          | 11,031          |
|                       | - Payables due to banks  | 287,196         | 276,816         | 334,531         |
|                       | - Lease liabilities  | 8,194           | 8,850           | 1,170           |
|                       | - Amounts due to other lenders   | 64,948          | 62,364          | 68,181          |
| F                     | Current portion of non-current financial debt  | 113,989         | 122,205         | 40,557          |
| <b>G</b>              | <b>Total current financial debt (E + F)</b>  | <b>485,374</b>  | <b>481,273</b>  | <b>455,470</b>  |
| <b>H</b>              | <b>Net current financial debt (G + D)</b>  | <b>252,439</b>  | <b>231,387</b>  | <b>275,560</b>  |
| I                     | Non-current financial debt (excluding current portion and debt instruments)  |                 |                 |                 |
|                       | - Payables due to banks  | 277,053         | 278,633         | 316,378         |
|                       | - Lease liabilities  | 19,216          | 19,987          | 6,275           |
|                       | - Amounts due to other lenders   | 282             | 318             | 17,729          |
| J                     | Debt instruments   | 243,338         | 272,579         | 282,830         |
| K                     | Trade payables and other non-current payables  | 0               | 0               | 0               |
| <b>L</b>              | <b>Non-current financial debt (I + J + K)</b>  | <b>539,889</b>  | <b>571,517</b>  | <b>623,212</b>  |
| <b>M</b>              | <b>Net financial debt (H + L)</b>  | <b>792,328</b>  | <b>802,904</b>  | <b>898,772</b>  |

In derogation from the above mentioned ESMA Guidelines, the net financial debt calculated by the Immsi Group does not include the following other financial assets and liabilities arising from fair value measurement: shares valued at FVTOCI of €2.8 million relating to the investment in Unicredit; designated hedging and non-hedging derivatives, the fair value adjustment of the related hedged items and the associated accruals, with particular reference to the fair value of the cross currency swap hedging the bond for a positive €2.4 million and the fair value of the instrument hedging the foreign exchange and interest rate risk and the adjustment of the related hedged items for a negative €2.4 million; interest accrued on loans to minority shareholders totalling €7.3 million; financial liabilities related to assets held for sale totalling €6.1 million, referring to the present value of future lease payments by Pietra Ligure S.r.l.. For details, please refer to the paragraph Financial liabilities in these notes.

With reference to the breakdown of debt, compared to 31 December 2020, short-term financial debt went up from a balance of €231.4 million to a balance of €252.4 million (i.e. +€21.1 million), with a decrease in medium-to-long term financial debt from €571.5 million to €539.9 million (-€31.6 million). Further details are provided in the notes to the Condensed Interim Financial Statements.

## Activities relating to research, development and innovation

The Immsi Group carries out research, development and innovation activities through the Piaggio group which, in the first half of 2021, continued its commitment to maintaining technological leadership in the sector, and through subsidiary Intermarine S.p.A., whose research and development activities mainly concern new projects for vessels and prototypes, production technologies, plant innovations and innovative materials.

For an in-depth analysis of the projects supported by the Group and the resources allocated to them, please refer to the Products and Services Dimension paragraph in the Consolidated non-financial statement pursuant to Legislative Decree 254/2016 of the Immsi Group contained in the Directors Report and Financial Statements at 31 December 2020 and the Product Dimension paragraph of the Piaggio group's 2020 Corporate Social Responsibility report.

## Risk factors

Due to the nature of its business, the Group is exposed to different types of risks. For this reason, the Group has developed procedures at both the Parent Company level and in its main subsidiaries to manage risks in the most exposed areas. These risks are identified at a strategic, external, operational and financial level, and also take into consideration sustainability issues, in particular so-called "ESG" (Environmental, Social and Governance related) risks, i.e. those related to environmental factors, personnel, social aspects and human rights and the fight against active and passive corruption. Details are provided in the Consolidated Non-Financial Statement at 31 December 2020.

### Strategic risks

Reputational and Corporate Social Responsibility risk – In carrying out its operations, the Group could be exposed to stakeholders' perception of the Group and its reputation and their loyalty changing for the worse because of the disclosure of detrimental information or due to sustainability requirements in the Non-financial Statement published by Immsi S.p.A. and Piaggio & C. S.p.A. and in the CSR Report published by Piaggio & C. S.p.A. not being met, as regards economic, environmental, social and product-related aspects.

Risks related to defining strategies – In defining its strategic objectives, the Group could make errors of judgment with a consequent impact on its image and financial performance.

Risks related to adopting strategies – In carrying out its operations, the Group could be exposed to risks from the wrong or incomplete adoption of strategies, with a consequent negative impact on achieving the Group's strategic objectives.

### External risks

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

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

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

If the products of the Immsi Group companies were not appreciated by customers, revenues or, further to more aggressive sales policies in terms of discount drives, margins would be lower, and this would have a negative impact on the related economic and financial situation. To tackle this risk, the Group has always invested in research, development and innovation activities to enable it to optimally meet customer needs and anticipate market trends by introducing innovative products. Levering customer expectations and emerging needs, with reference to its product range and customer experience is essential for the Piaggio group to maintain a competitive edge. Through market analysis, focus groups, concept and product testing, investments in research, development and innovation and sharing its roadmap with suppliers and partners, Piaggio aims to capitalise on emerging market trends to renew its own product range. Customer feedback enables Piaggio to evaluate customer satisfaction levels and fine tune its own sales and after-sales service model.

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

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

With reference to the marine sector, and the mine sweeping platforms segment, Intermarine has a considerable technological edge over the competition, while the Fast Ferries division is affected in particular by a context in which the owners currently prefer carrying out repairs on operating vessels rather than investing in new constructions. Pending the identification of ship owners that have investment plans to replace vessels in operation, the company has reduced the activity of this division to the minimum while remaining in the market.

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

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

To deal with these risks, the Group has always invested in research, development and product innovation to anticipate any tightening of current regulations. Moreover, representatives from the Piaggio group, as one of the sector's leading manufacturers, are often requested to participate on parliamentary committees appointed to discuss and formulate new regulation.

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

down/interrupt production and sales.

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

Pandemic-related risks – If a pandemic spreads and measures are adopted by various governments to contain the virus, the Group (in particular the industrial sector) could be negatively affected following interruptions to:

- 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;
- sales activity: measures to contain the spread of the virus could require sales outlets to be closed, or the Group might not be able to supply the sales network.

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

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

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

In addition, during the Covid-19 pandemic, measures were adopted in the Group's plants, as well as in the administrative offices of the companies belonging to the Group, to ensure: social distancing; the sanitisation of workstations and common areas; the adoption of specific PPE; and the introduction of smart working. These measures remain partially in force.

The activity is overseen by anti-Covid committees at a company level throughout the Group.

Risk related to the adoption of new technologies – The risk related to the adoption of new technologies is associated above all with the Piaggio group, which is exposed to risk arising from the difficulty of keeping abreast with new technologies, both in terms of products and the production process. To tackle this risk, departments at Pontedera in Italy and PADc – the Piaggio Advance Design Center in Pasadena are dedicated to research, development and trialling new technological solutions (thanks also to Aprilia Racing's experience in MotoGP racing), while Piaggio Fast Forward in Boston is studying innovative solutions to anticipate and meet future mobility needs.

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

## **Operating risks**

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

The risk for the Piaggio group relates to consequent recall campaigns, that would expose Piaggio to: the costs of managing campaigns, replacing vehicles, claims for compensation and above all if faults are not managed correctly and/or are recurrent, damage to its reputation. 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 group has also defined plans to manage recall events and has taken out insurance to protect the group against events attributable to product defects.

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

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

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

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

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

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

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

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



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

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

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

These commitments are set out in the Codes of Ethics of Group companies. For the Piaggio group, these commitments are also stated by top management in the group's "environmental policy" which is the basis for environmental certification (ISO 14001) and health and safety certification (ISO 45001 for Italian sites and BSOHSAS 18001 for India) already awarded and maintained at production sites. The commitments are an important benchmark for all company sites, no matter where they are operating.

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 relating to group processes and procedures are part of the single group Document Information System, with access that is regulated and managed on the company intranet.

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. As regards legal proceedings, please refer to the “Disputes in progress” section.

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

Risks related to financial disclosure – The Group is exposed to the risk of possible inadequacies in its procedures that are intended to ensure compliance with main Italian and foreign regulations applicable to financial disclosure, running the risk of receiving fines and other sanctions. In particular, it is exposed to the risk that financial reporting for Group stakeholders is not accurate and reliable due to significant errors or the omission of material facts and that the Group provides disclosure required by applicable laws in a manner which is inadequate, inaccurate or untimely. To deal with these risks, the financial statements are audited by Independent Auditors. Moreover, the control activities required by Law 262/2005 were extended to the most important subsidiaries.

Risks relating to ICT Systems – In regards to this area, the main risk factors that could compromise the availability of the Group’s ICT systems include *cyber* attacks. These attacks could stop activities that support production and sales or compromise the confidentiality of personal data managed by the Group. In order to mitigate the occurrence of these risks, the Piaggio group in particular has developed operating policies and technical security measures to ensure adequate protection of company data and information; it has also implemented a centralised control system 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 – The Group is exposed to the risk arising from the production of cash flows that are not sufficient to guarantee payments due, or adequate profitability and growth to achieve 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 several credit lines whose renewal is critical in order to continue operating will reach maturity. A detailed examination of these lines is provided in the Notes.

To face this risk, the Group's cash flows and credit line needs are monitored constantly by management or, in the case of the Piaggio group, managed centrally under the control of the group's Treasury Department, in order to guarantee an effective and efficient management of financial resources, as well as optimise the debt's maturity standpoint.

The Parent Company Immsi S.p.A. where necessary assists its subsidiaries with credit lines, in order to guarantee support for implementing development plans. Piaggio & C. also finances the temporary cash requirements of group companies by providing direct short-term loans regulated in market conditions or through guarantees.

In addition, the Parent Company, Immsi S.p.A., constantly monitors the share prices of Piaggio securities in its portfolio or those pledged as guarantees for existing loans. Due to market volatility, these could affect its ability to obtain new liquidity and/or renew existing lines of credit.

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

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. Piaggio & C. S.p.A. also stipulates agreements with leading factoring companies in Italy and other countries, 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 30 June 2021, the Immsi Group employed 6,695 staff, of which 97 in the property and holding sector, 6,348 in the industrial sector (Piaggio group) and 250 in the marine sector (Intermarine S.p.A.). The following tables divide resources by category and geographic segment:

### Human resources by category

| numbers                                  | 30.06.2021                  |                   |               |              |
|--|-----------------------------|-------------------|---------------|--------------|
|  | Property and holding sector | Industrial sector | Marine sector | Group total  |
| Senior management                        | 5                           | 111               | 7             | 123          |
| Middle managers and white-collar workers | 35                          | 2,297             | 144           | 2,476        |
| Blue collars                             | 57                          | 3,940             | 99            | 4,096        |
| <b>TOTAL</b>                             | <b>97</b>                   | <b>6,348</b>      | <b>250</b>    | <b>6,695</b> |
| numbers                                  | 31.12.2020                  |                   |               |              |
|  | Property and holding sector | Industrial sector | Marine sector | Group total  |
| Senior management                        | 5                           | 107               | 6             | 118          |
| Middle managers and white-collar workers | 31                          | 2,286             | 142           | 2,459        |
| Blue-collar workers                      | 22                          | 3,463             | 105           | 3,590        |
| <b>TOTAL</b>                             | <b>58</b>                   | <b>5,856</b>      | <b>253</b>    | <b>6,167</b> |
| numbers                                  | Changes                     |                   |               |              |
|  | Property and holding sector | Industrial sector | Marine sector | Group total  |
| Senior management                        | 0                           | 4                 | 1             | 5            |
| Middle managers and white-collar workers | 4                           | 11                | 2             | 17           |
| Blue collars                             | 35                          | 477               | -6            | 506          |
| <b>TOTAL</b>                             | <b>39</b>                   | <b>492</b>        | <b>-3</b>     | <b>528</b>   |

### Human resources by geographic segment

| numbers           | 30.06.2021                  |                   |               |              |
|-------------------|-----------------------------|-------------------|---------------|--------------|
|                   | Property and holding sector | Industrial sector | Marine sector | Group total  |
| Italy             | 97                          | 3,489             | 250           | 3,836        |
| Rest of Europe    | 0                           | 171               | 0             | 171          |
| Rest of the world | 0                           | 2,688             | 0             | 2,688        |
| <b>TOTAL</b>      | <b>97</b>                   | <b>6,348</b>      | <b>250</b>    | <b>6,695</b> |
| numbers           | 31.12.2020                  |                   |               |              |
|                   | Property and holding sector | Industrial sector | Marine sector | Group total  |
| Italy             | 58                          | 3,057             | 253           | 3,368        |
| Rest of Europe    | 0                           | 171               | 0             | 171          |
| Rest of the world | 0                           | 2,628             | 0             | 2,628        |
| <b>TOTAL</b>      | <b>58</b>                   | <b>5,856</b>      | <b>253</b>    | <b>6,167</b> |
| numbers           | Changes                     |                   |               |              |
|                   | Property and holding sector | Industrial sector | Marine sector | Group total  |
| Italy             | 39                          | 432               | -3            | 468          |
| Rest of Europe    | 0                           | 0                 | 0             | 0            |
| Rest of the world | 0                           | 60                | 0             | 60           |
| <b>TOTAL</b>      | <b>39</b>                   | <b>492</b>        | <b>-3</b>     | <b>528</b>   |

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

For further information on Group employees (such as remuneration and training policies, diversity and equal opportunities, safety, etc.), reference is made to the section on the Social Dimension in the Consolidated Non-Financial Statement at 31 December 2020 prepared pursuant to Legislative Decree 254/2016.

## ***Stock options***

At 30 June 2021, Immsi S.p.A. had no existing stock option plan.

With reference also to the subsidiary Piaggio & C. S.p.A., at 30 June 2021 there were no incentive plans based on the allocation of financial instruments.

## **Treasury shares**

At 30 June 2021, Immsi S.p.A. held no treasury shares. The share capital of Immsi S.p.A. is unchanged at €178,464,000.00, represented by 340,530,000 ordinary shares with no nominal value.

Furthermore, the Ordinary Shareholders' Meeting of Immsi S.p.A. of 30 April 2021 approved a plan for the purchase and disposal of ordinary shares of the Company, revoking the previous authorisation of the Ordinary Shareholders' Meeting of Immsi S.p.A. of 14 May 2020.

On 14 May 2021, following the aforementioned approval at the Shareholders' Meeting, the Board of Directors of Immsi S.p.A. resolved to start a treasury share purchase programme; this is a useful strategic investment opportunity for all purposes allowed under applicable laws, including those envisaged in Article 5 of Regulation (EU) 596/2014 (Market Abuse Regulation, "MAR") and in the practices permitted by Consob pursuant to Article 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 Article 2357, paragraph 3, of the Italian Civil Code);
- the purchase of treasury shares must be within the limits of profit that may be distributed and available reserves as resulting from the last, also interim, financial statements approved at the time the operation takes place;
- purchases of treasury shares will be made on the regulated market in such a way as to ensure equal treatment of shareholders pursuant to Article 132 of Legislative Decree 58/1998, with a gradual approach deemed appropriate to the interests of the Company and as permitted by current legislation, according to the procedures established in Article 144-bis, paragraph 1, letter b) of Consob Regulation 11971/1999, as subsequently amended. Purchases should also take into account the conditions relating to negotiation referenced in Article 3 of the Commission Delegated Regulation (EU) 1052/2016 ("Regulation 1052") in compliance with the MAR, as well as the practices accepted by Consob pursuant to Article 13 MAR, where applicable (i) to a consideration that is no higher than the price of the last independent transaction or the price of the highest independent offer currently available in the trading venues where the purchase is made (whichever is higher). The unit price cannot in any case

be less than a minimum of 20% and a maximum of 10% higher than the arithmetic mean of the official Immsi share price in the ten trading days prior to each individual purchase; (ii) for volumes of more than 25% the average daily volume of Immsi S.p.A. shares traded on a regulated market on which the purchase is carried out, calculated according to the parameters as of Article 3 of Regulation 1052;

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

With reference to the subsidiary Piaggio & C. S.p.A., at 30 June 2021, the subsidiary held 1,045,818 treasury shares, equal to 0.292% of shares issued.

## **Management and coordination**

The parent company, Immsi S.p.A., gives reasons why management and coordination activities were not performed by its parent company Omniaholding S.p.A (also via the subsidiary Omniainvest S.p.A) in section 2, letter I), of the Report on Corporate Governance and Ownership at 31 December 2020. Please refer to this for further information.

## **Related Party Transactions**

Revenues, costs, payables and receivables as of 30 June 2021 involving parent, subsidiary and associate companies, refer to the sale of goods or services which are a part of normal operations of the Group.

Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006, is presented in the notes to the Condensed consolidated interim financial statements as of 30 June 2021.

## **Disputes in progress**

For information on disputes taking place at a Group level, reference is made to the Directors' Report on Operations of the Immsi Group at 31 December 2020, in the section entitled "Disputes in progress", with the exception of more important aspects, which are reported below.

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

- In 2010, Piaggio took action to establish an arbitration board through the Arbitration Chamber of Milan, for a ruling against some companies of the Case New Holland group (Italy, Holland and the US), to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles (NUV). In the award communicated on 3 August 2012, the Board rejected the claims made by the company. The company filed an objection with the Milan Court of Appeal dismissed the appeal by Piaggio, by ruling of 8 June 2016. The Company filed an appeal with the Court of Cassation. In the meantime, the parties reached a settlement agreement, waiving their claims and putting an end to the dispute.
- In June 2011 Elma srl, a Piaggio dealer, started two separate proceedings against the 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, disputing the claims and requesting a ruling for it to pay the outstanding sums owing of approximately €966 thousand.

During the case, Piaggio requested the enforcement of over €400 thousand of bank guarantees furnished in its favour to ensure against the risk of default by the dealer. In a ruling by the Court of Pisa, the Judge rejected all of Elma's claims, ordering it to pay Piaggio a sum of approximately €967 thousand plus interest, minus the above sum already collected by Piaggio. The company will have to pay Elma (with compensation) the sum of approximately €58 thousand plus interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma, while on 15 January 2020 Elma filed an appeal with the Appeal Court of Florence against the above ruling. The Board has delayed making a decision on the case.

As regards the matter, Elma has also brought a case against a former senior manager of the company with 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. In a ruling of 31 May 2019, the Court of Rome rejected Elma S.r.l.'s claim and ordered it to pay the costs of the court-appointed expert and legal fees. Elma appealed before the Appeal Court of Rome, summoning Piaggio to the hearing. The Court rejected the request for annulment of the technical appraisal carried out at first instance, formulated by Elma, deeming this decision to be related to the examination of the appeal on its merits, and therefore adjourned the case to the hearing of 10 October 2023 for closing arguments.

- In summons dated 27 October 2014, Piaggio summoned Peugeot Motorcycles Italia S.p.A., Motorkit s.a.s. di Turcato Bruno and C., GI.PI. 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. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio's patents no. 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 court-appointed expert's report (equal to €23 thousand) and to pay the defendant €21 thousand for the costs of the proceedings. In the same judgment, the judge also ordered the separation of the infringement of patent no. EP1561612B1 and the joinder of this case with the erga omnes invalidity action, the subject of Case 2, brought by Peugeot Motorcycles S.a.S. Piaggio lodged an appeal with the Milan Court of Appeal against the above-mentioned ruling; at the first hearing on 17 February 2021, the Court rejected the objection raised by Peugeot on the grounds that the appeal was inadmissible, and set the hearing on 10 November 2021 for the closing arguments, reserving the right to decide on the preliminary motion requests made by Piaggio in the appeal.
- Peugeot Motorcycles S.a.S. summoned Piaggio to appear before the Court of Milan, claiming that the patent on the basis of which Piaggio filed a claim 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. After the expert's appraisal was filed (which confirmed the validity of Piaggio's patent) and discussed at the hearing on 29 January 2019, the Judge requested further technical clarifications from the expert. The Judge deemed the case ready for decision by

ordering the discussion of arguments for the hearing on 24 June 2021. The case is pending a decision.

- Piaggio also started legal action against Peugeot Motocycles S.a.S. before the *Tribunal de Grande Instance* in Paris. As a result of the Piaggio action ("Saisie Contrefaçon"), several documents were collected 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. In February 2018, a preliminary expert appraisal was filed to establish the documents to be used for the ruling on the counterfeiting alleged by Piaggio. The hearing was held on 29 January 2019 and proceedings were adjourned until 17 October 2019. Subsequently, additional time was granted for the filing of briefs and a decision on the case was delayed at the hearing of 11 March 2021.
- Piaggio received a VAT assessment order from the Indian tax authorities in relation to the 2010-2011 tax period, concerning the non-application of VAT on intergroup transactions with Piaggio Vehicles PVT Ltd regarding royalties. A similar order was also notified for the 2011-2012 and 2012-2013 tax periods. The amount of the dispute including interest is approximately €0.6 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 concerning the 2010-2011 tax period before the High Court, filing its appeal on 17 June 2019; the Departmental Appellate Authority – Joint Commissioner of Sales Tax orders were appealed relating to subsequent tax periods, with appeals filed in July 2020 for the dispute concerning the 2011-2012 tax period and on 21 June 2021 in relation to the dispute concerning the 2012-2013 tax period.
- In 2021, Piaggio Vehicles PVT Ltd decided to sign up for the Vivvad Se Vishwas Scheme, a facilitated dispute settlement procedure for certain disputes, thanks to which it was able to settle pending disputes by paying, where due, only the disputed tax (or 50% of it where appealed by the Indian tax authorities), thereby saving on penalties and interest.
- With reference to PT Piaggio Indonesia, the company has certain disputes outstanding relating to the 2015 and 2017 tax periods. In particular, in relation to the 2015 tax period, the company appealed against the notices concerning transfer pricing, Withholding Taxes and Value Added Tax respectively. With respect to the transfer pricing dispute, the Tax Court ruled on 27 January 2020 that the company was not in favour of the transfer pricing dispute with respect to one of the findings of the local tax authorities concerning financial guarantees. On 8 June 2020, the company filed an appeal against this ruling before the Supreme Court. In relation to the dispute concerning Withholding Taxes, on 10 October 2019, the company appealed to the Tax Court, which on 5 March 2021, ruled against one of the findings made by the local tax authorities concerning financial guarantees. On 9 June 2021, the company filed an appeal against this ruling before the Supreme Court. With regard to the dispute on Value Added Tax, the company filed an appeal on 4 May 2021 with the Tax Court and is waiting for the date of the first hearing to be set. It should be noted that the dispute also concerns the month of December 2014.



With respect to the 2017 tax period, the company filed an appeal with the Tax Court on 8 September 2020 against the transfer pricing and Withholding Tax notice, and the relevant hearings are ongoing.

The total amount currently in question amounts to €0.3 million and where due (i.e. where not offset by the company's past losses) has already been paid in full to the Indonesian tax authorities in accordance with the regulations in force there.

- In December 2012, the French subsidiary Piaggio France received a favourable ruling from the *Commission Nationale des Impôts Directes et des Taxes sur le Chiffre d'Affaires*, the decision-making body consulted in the pre-litigation phase on disputes with the French tax authorities following a general audit for 2006 and 2007. The French tax authorities however upheld its claims against the company, requesting payment of the amounts claimed and issuing related notices.

The company appealed against the notices and appeals were filed against the findings on withholding tax and corporate income tax, before the *Tribunal Administratif*. An appeal was lodged against decisions taken against the company before the *Cour Administrative d'Appel de Versailles*. Following the hearing in January 2018, appeal judges issued a sentence in favour of the company. The amount concerned, equal to approximately €3.7 million, including interest, was paid in full to the French tax authorities and subsequently reimbursed following the aforesaid ruling. This last ruling was appealed against by the French financial administration before the *Conseil d'Etat* that, in a ruling of 4 October 2019, put the case before the *Cour Administrative d'Appel de Versailles* to review the decision at a second level, identifying a lack of grounds. Following the hearing held on 22 June 2020, this court ruled against the French company, which had to repay the disputed amounts to the local tax authorities; however, the company was able to secure the ability to pay a significant portion (approximately €3.1 million) of these amounts in instalments in 2021 and 2022.

On 7 December 2020, Piaggio France decided to appeal against the ruling before the *Conseil d'Etat* which deemed the appeal inadmissible, rejecting it after a ruling on 25 June 2021.

In response to this unfavourable decision, the Company utilised a provision of €3.6 million set aside for this dispute.

As regards the **marine sector** (Intermarine Group):

- With reference to the arbitration proceedings relating to the "Ex Taiwan" contract, at the request of the Court of Arbitration, the parties submitted proposals to enable the proceedings to take place; Intermarine requested that a preliminary decision be made on the admissibility of the subrogation action, with subsequent consideration of the merits should the subrogation be declared admissible; the nine Taiwanese banks (the 'Banks') which finance Ching Fu Shipbuilding Co. Ltd. (Intermarine's client) opposed this application, the request to separate the deposits of costs relating to their respective applications, and requested that Ching Fu Shipbuilding Co. Ltd. itself be declared in default.

After the discussion and signing of the Terms of Reference, the Court of Arbitration proposed to the parties a list of seven issues to be addressed as a matter of priority (six of which related to the admissibility and implications of the subrogation action and one related to the consequences of the failure to complete the pre-arbitration conciliation attempt), on which the parties filed briefs.

These issues were also further discussed at the arbitration hearing of 25 May 2021, as a result of which, the Court of Arbitration issued the first procedural order and the

schedule of the arbitration proceedings accepting Intermarine's requests, confirming that, before entering into the merits, the admissibility of the subrogation action must be discussed, establishing that the Banks must deal first with the six preliminary issues relating to the admissibility of the subrogation action, while Intermarine must deal first with the sole issue relating to the consequences of the Banks' failure to attempt pre-arbitration settlement.

The deadline for filing the first brief expired on 29 July 2021; the deadline for filing subsequent briefs will expire on 1 October 2021, 2 December 2021 and 31 January 2022; the arbitration hearing will take place on 25 to 29 April 2022.

In the view of the company's lawyers, it is premature to formulate a prediction as to the outcome of the proceedings or whether they will be concluded after the preliminary decision on the admissibility of the subrogation action; Intermarine has numerous arguments for its defence and it is reasonable to believe, based on the opinions of the company's lawyers, that the Banks' claims will be rejected. The current risk of losing the case against the Banks must be considered remote, since Ching Fu Shipbuilding Co. Ltd. has filed a defence by arbitration, thus removing the prerequisite for subrogation action constituted by inaction on the part of the subrogated debtor.

- As regards to the appeal lodged by Monte dei Paschi di Siena (MPS) against the first instance ruling of November 2011 in favour of the former Conam company – 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 – in September 2020 a judgment was published which overturned the first instance judgment in favour of Intermarine (which was awarded approximately €200 thousand in compensation). The Appeal was partially upheld and Intermarine, as the incorporating company of Conam, was ordered to pay back the total amount of approximately €78 thousand plus interest, while MPS was ordered to pay the legal costs of the company and the costs of the second-level expert appraisal, plus charges required by law.

In March 2021, MPS notified the company that it was appealing to the Court of Cassation, seeking restitution of the additional amount not awarded in the Appeal; Intermarine filed a counter-appeal soon after. A date has been set for the Court of Cassation hearing.

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

## Events occurring after 30 June 2021 and operating outlook

Despite forecasts remaining complex due to uncertainties over how the pandemic will evolve in the next few months of 2021, the Immsi Group will continue to work to meet its commitments and objectives, maintaining all the necessary measures to respond flexibly and immediately to unexpected and difficult situations that may still arise, thanks to a careful and efficient management of its economic and financial structure.

With reference to the **property sector and hospitality/tourist industry**, despite the limitations related to the Covid-19 pandemic, but taking into account that the emergency could ease in the coming months depending on government containment measures and the vaccination campaigns rolled out in countries affected by the spread of the virus, a gradual return to normality is expected and therefore subsidiary Is Molas S.p.A is proceeding with commercial activities aimed at identifying possible buyers, including at an international level.

On 29 July 2021, the Parent Company Immsi S.p.A. agreed a loan with Mediocredito Centrale for €20 million with amortised quarterly instalments which mature in July 2026.

It should also be noted that on 22 July 2021 Pietra S.r.l. (77.78% owned by Immsi and 22.22% owned by Intesa Sanpaolo S.p.A.), signed a preliminary contract with Polifin S.p.A. (the holding company of the Bosatelli family) for the sale of the entire equity investment held in Pietra Ligure S.r.l., for a total consideration of €30 million. The execution of the contract is subject, as is practice, to certain condition precedents (specifically, two of an administrative nature involving the Liguria Region and the Municipality of Pietra Ligure). The transaction is expected to be executed by the first quarter of 2022.

With regard to the business outlook for the **industrial sector**, it should be noted that Piaggio has started marketing its new light commercial vehicle and will launch 11 new two-wheeler models; it is also constructing the new e-mobility department in Pontedera, opening a new plant in Indonesia and completely renovating the Moto Guzzi production site and museum areas.

With reference to **Intermarine**, despite the difficult general outlook, production progress will be made in the next few months on job orders acquired, and commercial activities in all the company's business sectors will continue, seeking favourable business opportunities; management will continue to take all actions to keep costs down, and will carry out all activities necessary to obtain further job orders enabling it to increase its orders portfolio and consequently optimise production capacity over the next few years. Although the Covid-19 health emergency is continuing to slow down the development of Defence Programmes of several countries, contacts with the relevant navies have also resumed for the evaluation of possible supplies of minesweepers under these programmes.

In relation to expected future commercial developments in the Defence sector, the company has planned a major Investment Plan to upgrade its production capacity.

***Immsi Group***

***Condensed Interim Financial  
Statements***

***at***

***30 June 2021***

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Immsi Group

Condensed Half-Yearly Financial Report and Notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

in thousands of Euros

| ASSETS  |     | 30 June<br>2021  | 31 December<br>2020 |
|---|-----|------------------|---------------------|
| <b>NON-CURRENT ASSETS</b>   |     |                  |                     |
| <i>Intangible assets</i>  | F1  | 875,945          | 866,099             |
| <i>Property, plant and equipment</i>                                | F2  | 336,530          | 336,850             |
| <i>Investment Property</i>  | F3  | 0                | 4,600               |
| <i>Investments</i>  | F4  | 10,083           | 9,157               |
| <i>Other financial assets</i>                                       | F5  | 16               | 37                  |
| <i>Tax receivables</i>  | F6  | 10,318           | 12,399              |
| <i>Deferred tax assets</i>  | F7  | 131,191          | 138,488             |
| <i>Trade receivables and other receivables</i>                      | F8  | 26,141           | 29,536              |
| - of which with Related Parties                                     |     | 67               | 81                  |
| <b>TOTAL NON-CURRENT ASSETS</b>                                     |     | <b>1,390,224</b> | <b>1,397,166</b>    |
| <b>ASSETS HELD FOR DISPOSAL</b>                                     | F9  | <b>33,492</b>    | <b>33,514</b>       |
| <b>CURRENT ASSETS</b>   |     |                  |                     |
| <i>Trade receivables and other receivables</i>                      | F8  | 201,804          | 121,856             |
| - of which with Related Parties                                     |     | 1,309            | 912                 |
| <i>Tax receivables</i>  | F6  | 25,761           | 14,903              |
| <i>Inventories</i>  | F10 | 378,558          | 305,824             |
| <i>Other financial assets</i>                                       | F5  | 5,267            | 4,756               |
| <i>Cash and cash equivalents</i>                                    | F11 | 232,935          | 249,886             |
| <b>TOTAL CURRENT ASSETS</b>   |     | <b>844,325</b>   | <b>697,225</b>      |
| <b>TOTAL ASSETS</b>   |     | <b>2,268,041</b> | <b>2,127,905</b>    |
| <b>LIABILITIES</b>  |     |                  |                     |
| <b>SHAREHOLDERS' EQUITY</b>   |     |                  |                     |
| <i>Consolidated Group shareholders' equity</i>                      |     | 241,788          | 229,445             |
| <i>Capital and reserves of non-controlling interests</i>            |     | 153,042          | 132,504             |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                   | G1  | <b>394,830</b>   | <b>361,949</b>      |
| <b>NON-CURRENT LIABILITIES</b>                                      |     |                  |                     |
| <i>Financial liabilities</i>  | G2  | 539,889          | 571,517             |
| - of which with Related Parties                                     |     | 1,054            | 1,221               |
| <i>Trade payables and other payables</i>                            | G3  | 12,917           | 12,098              |
| <i>Provisions for severance liabilities and similar obligations</i> | G4  | 36,106           | 38,254              |
| <i>Other long-term provisions</i>                                   | G5  | 13,528           | 13,424              |
| <i>Deferred tax liabilities</i>                                     | G6  | 15,026           | 13,635              |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                |     | <b>617,466</b>   | <b>648,928</b>      |
| <b>LIABILITIES ON DISCONTINUED OPERATIONS</b>                       | F9  | <b>6,118</b>     | <b>6,000</b>        |
| <b>CURRENT LIABILITIES</b>  |     |                  |                     |
| <i>Financial liabilities</i>  | G2  | 495,166          | 488,298             |
| - of which with Related Parties                                     |     | 390              | 421                 |
| <i>Trade payables</i>   | G3  | 644,557          | 533,931             |
| - of which with Related Parties                                     |     | 12,606           | 6,181               |
| <i>Current taxes</i>  | G7  | 24,926           | 14,876              |
| <i>Other payables</i>   | G3  | 62,706           | 49,215              |
| - of which with Related Parties                                     |     | 3                | 4                   |
| <i>Current portion of other long-term provisions</i>                | G5  | 22,272           | 24,708              |
| <b>TOTAL CURRENT LIABILITIES</b>                                    |     | <b>1,249,627</b> | <b>1,111,028</b>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                   |     | <b>2,268,041</b> | <b>2,127,905</b>    |

## CONSOLIDATED INCOME STATEMENT AT 30 JUNE 2021

in thousands of Euros

|  |     | 30.06.2021    | 30.06.2020    |
|--|-----|---------------|---------------|
| Net revenues   | H1  | 920,681       | 629,945       |
| - of which with Related Parties  |     | 8             | 25            |
| Costs for materials  | H2  | 560,404       | 375,996       |
| - of which with Related Parties  |     | 12,724        | 8,569         |
| Costs for services, leases and rentals   | H3  | 145,433       | 98,697        |
| - of which with Related Parties  |     | 192           | 194           |
| Employee costs   | H4  | 134,606       | 111,218       |
| Depreciation and impairment costs of plant, property and equipment               | H5  | 27,955        | 25,171        |
| Impairment of goodwill   |     | 0             | 0             |
| Amortisation and impairment costs of intangible assets with a finite useful life | H6  | 38,583        | 35,474        |
| Other operating income   | H7  | 76,183        | 51,720        |
| - of which with Related Parties  |     | 201           | 276           |
| Net reversals (impairment) of trade and other receivables                        | H8  | (1,299)       | (1,277)       |
| Other operating costs  | H9  | 14,527        | 10,832        |
| - of which with Related Parties  |     | 22            | 0             |
| <b>OPERATING INCOME (EBIT)</b>   |     | <b>74,057</b> | <b>23,000</b> |
| Income/(loss) from investments   | H10 | 412           | 564           |
| Financial income   | H11 | 12,031        | 14,108        |
| Borrowing costs  | H12 | 30,906        | 32,471        |
| - of which with Related Parties  |     | 49            | 14            |
| <b>PROFIT BEFORE TAX</b>   |     | <b>55,594</b> | <b>5,201</b>  |
| Taxes  | H13 | 24,367        | 4,329         |
| <b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>                   |     | <b>31,227</b> | <b>872</b>    |
| Gain (loss) from assets held for sale or disposal                                | H14 | 0             | 0             |
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>                 |     | <b>31,227</b> | <b>872</b>    |
| Earnings for the period attributable to non-controlling interests                |     | 16,581        | (638)         |
| <b>GROUP PROFIT (LOSS) FOR THE PERIOD</b>  | H15 | <b>14,646</b> | <b>1,510</b>  |

## EARNINGS PER SHARE

In Euros

| From continuing and discontinued operations: | 1st half of 2021 | 1st half of 2020 |
|--|------------------|------------------|
| Basic  | 0.043            | 0.004            |
| Diluted                                      | 0.043            | 0.004            |
| From continuing operations:                  | 1st half of 2021 | 1st half of 2020 |
| Basic  | 0.043            | 0.004            |
| Diluted                                      | 0.043            | 0.004            |

Average number of shares:

340,530,000

340,530,000

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30 JUNE 2021

in thousands of Euros

|   | 30.06.2021 | 30.06.2020 |
|---|------------|------------|
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>  | 31,227     | 872        |
| <b>Items that will not be reclassified in the income statement</b>  |            |            |
| <i>Profit (loss) arising from the fair value measurement of assets and liabilities recognised in the statement of comprehensive income ("FVTOCI")</i> | 685        | (1,351)    |
| <i>Actuarial gains (losses) on defined benefit plans</i>  | 210        | 120        |
| <b>Total</b>  | 895        | (1,231)    |
| <b>Items that may be reclassified in the income statement</b>   |            |            |
| <i>Effective portion of profit (losses) from instruments to hedge cash flows</i>  | 3,104      | 102        |
| <i>Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency</i>                       | 1,837      | (4,859)    |
| <i>Share of subsidiaries/associates valued with the equity method</i>   | 493        | (142)      |
| <b>Total</b>  | 5,434      | (4,899)    |
| <b>Other Consolidated Comprehensive Income (Expense)</b>  | 6,329      | (6,130)    |
| <b>TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD</b>   | 37,556     | (5,258)    |
| <i>Comprehensive income of minority interests</i>   | 19,376     | (2,999)    |
| <b>COMPREHENSIVE GROUP PROFIT (LOSS) FOR THE PERIOD</b>   | 18,180     | (2,259)    |

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

## STATEMENT OF CONSOLIDATED CASH FLOWS AT 30 JUNE 2021

in thousands of Euros

|   |              | 30.06.2021 | 30.06.2020 |
|---|--------------|------------|------------|
| <b>Operating activities</b>   |              |            |            |
| Profit before tax   |              | 55,594     | 5,201      |
| Depreciation of property, plant and equipment (including investment property)                                 | H5           | 27,955     | 25,171     |
| Amortisation of intangible assets   | H6           | 38,583     | 35,474     |
| Provisions for risks and for severance indemnity and similar obligations                                      | H4 - H9      | 12,692     | 8,145      |
| Write-downs (reversals of fair value measurements)  | H7 - H8 - H9 | 1,300      | 3,184      |
| Losses / (Gains) on the disposal of property, plant and equipment (including investment property)             | H7 - H9      | (46)       | 2          |
| Financial income  | H11          | (577)      | (861)      |
| Borrowing costs   | H12          | 21,556     | 22,414     |
| Amortisation of grants  | H7           | (1,922)    | (2,387)    |
| Portion of earnings before taxes of affiliated companies (and other companies valued using the equity method) | H10          | (433)      | (564)      |
| <b>Change in working capital:</b>   |              |            |            |
| (Increase) / Decrease in trade receivables and other receivables  | F8           | (80,915)   | (45,517)   |
| (Increase)/Decrease in inventories  | F10          | (72,734)   | (28,372)   |
| Increase / (Decrease) in trade and other payables   | G3           | 127,703    | (14,161)   |
| (Increase) / Decrease in contract work in progress  | F8           | 3,062      | (4,094)    |
| Increase / (Decrease) in provisions for risks   | G5           | (11,035)   | (5,699)    |
| Increase/(Decrease) in provisions for severance liabilities and similar obligations                           | G4           | (6,338)    | (5,689)    |
| Other changes   |              | (3,319)    | 3,560      |
| <b>Cash generated from operating activities</b>   |              | 111,126    | (4,193)    |
| Interest paid   |              | (17,718)   | (17,262)   |
| Taxes paid  |              | (11,291)   | (11,189)   |
| <b>Cash flow from operations</b>  |              | 82,117     | (32,644)   |
| <b>Investment activities</b>  |              |            |            |
| Acquisition of subsidiaries, net of cash and cash equivalents   | F4           | (53)       | (217)      |
| Investment in property, plant and equipment (including investment property)                                   | F2           | (22,711)   | (18,204)   |
| Sale price, or repayment value, of plant, property and equipment (including investment property)              | F2           | 5,627      | 250        |
| Investment in intangible assets   | F1           | (47,919)   | (36,284)   |
| Sale price, or repayment value, of intangible assets  | F1           | 57         | 5          |
| Collected interests   |              | 306        | 146        |
| Other flows from assets held for disposal or sale   |              | 108        | 91         |
| Public grants collected   |              | 889        | 796        |
| <b>Cash flow from investing activities</b>  |              | (63,696)   | (53,417)   |
| <b>Financing activities</b>   |              |            |            |
| Loans received  | G2           | 99,653     | 126,147    |
| Outflow for repayment of loans  | G2           | (126,784)  | (57,904)   |
| Reimbursement of rights of use  | G2           | (6,271)    | (4,370)    |
| Outflow for dividends paid to non-controlling interests   |              | (4,622)    | (9,779)    |
| <b>Cash flow from financing activities</b>  |              | (38,024)   | 54,094     |
| <b>Increase / (Decrease) in cash and cash equivalents</b>   |              | (19,603)   | (31,967)   |
| <b>Opening balance</b>  |              | 248,699    | 212,055    |
| Exchange differences  |              | 3,839      | (178)      |
| <b>Closing balance</b>  |              | 232,935    | 179,910    |

Changes in working capital include higher trade payables and other payables due to related parties of €6,424 thousand and higher trade receivables and other receivables due from related parties of €383 thousand. For further details of transactions between related parties during the first half of 2021, refer to the tables at the end of this Report.

This schedule shows the determinants of the change in cash and cash equivalents, which amounted to €232.9 million at 30 June 2021. There were no short-term bank overdrafts at 30 June 2021 and 30 June 2020.



## CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT 30 JUNE 2021

in thousands of Euros

| In thousands of Euros                                    | Share capital  | Reserves and retained earnings(losses) | Earnings for the period | Shareholders' equity attributable to the Group | Capital and reserves of non-controlling interests | Shareholders' equity attributable to the Group and non-controlling interests |
|--|----------------|--|-------------------------|--|---|--|
| <b>Balances at 31 December 2019</b>                      | <b>178,464</b> | <b>54,076</b>                          | <b>7,889</b>            | <b>240,429</b>                                 | <b>133,884</b>                                    | <b>374,313</b>   |
| Allocation of Group earnings to the Legal Reserve        |                | 450                                    | (450)                   | 0  |   | 0  |
| Allocation of Group earnings to Dividends                |                |  |                         | 0  | (9,779)   | (9,779)  |
| Allocation of Group earnings to Retained Earnings/Losses |                | 7,439                                  | (7,439)                 | 0  |   | 0  |
| Purchase of treasury shares by Piaggio & C. S.p.A.       |                | (109)                                  |                         | (109)  | (108)   | (217)  |
| Other changes  |                | (4,744)                                |                         | (4,744)  | 4,744   | 0  |
| Overall earnings for the period                          |                | (3,769)                                | 1,510                   | (2,259)  | (2,999)   | (5,258)  |
| <b>Balances at 30 June 2020</b>                          | <b>178,464</b> | <b>53,343</b>                          | <b>1,510</b>            | <b>233,317</b>                                 | <b>125,742</b>                                    | <b>359,059</b>   |

| In thousands of Euros                                    | Share capital  | Reserves and retained earnings(losses) | Earnings for the period | Shareholders' equity attributable to the Group | Capital and reserves of non-controlling interests | Shareholders' equity attributable to the Group and non-controlling interests |
|--|----------------|--|-------------------------|--|---|--|
| <b>Balances at 31 December 2020</b>                      | <b>178,464</b> | <b>41,228</b>                          | <b>9,754</b>            | <b>229,445</b>                                 | <b>132,504</b>                                    | <b>361,949</b>   |
| Allocation of Group earnings to the Legal Reserve        |                | 244                                    | (244)                   | 0  |   | 0  |
| Allocation of Group earnings to Dividends                |                |  |                         | 0  | (4,622)   | (4,622)  |
| Allocation of Group earnings to Retained Earnings/Losses |                | 9,510                                  | (9,510)                 | 0  |   | 0  |
| Purchase of treasury shares by Piaggio & C. S.p.A.       |                | (27)                                   |                         | (27)   | (26)  | (53)   |
| Other changes  |                | (5,810)                                |                         | (5,810)  | 5,810   | 0  |
| Overall earnings for the period                          |                | 3,534                                  | 14,646                  | 18,180   | 19,376  | 37,556   |
| <b>Balances at 30 June 2021</b>                          | <b>178,464</b> | <b>48,679</b>                          | <b>14,646</b>           | <b>241,789</b>                                 | <b>153,041</b>                                    | <b>394,830</b>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2021

| <b>Note</b> | <b>Description</b>   |
|-------------|--|
| <b>A</b>    | <b>General aspects</b>   |
| <b>B</b>    | <b>Scope of consolidation</b>  |
| <b>C</b>    | <b>Consolidation principles</b>  |
| <b>W</b>    | <b>Accounting standards and measurement criteria</b>                             |
| <b>E</b>    | <b>Segment reporting</b>   |
| <b>F</b>    | <b>Information on main assets</b>  |
| F1          | Intangible assets  |
| F2          | Property, plant and equipment  |
| F3          | Investment Property  |
| F4          | Investments  |
| F5          | Other financial assets   |
| F6          | Tax receivables  |
| F7          | Deferred tax assets  |
| F8          | Trade receivables and other receivables  |
| F9          | Assets/liabilities related to assets held for disposal                           |
| F10         | Inventories  |
| F11         | Cash and cash equivalents  |
| <b>G</b>    | <b>Information on main liabilities</b>   |
| G1          | Shareholders' equity   |
| G2          | Financial liabilities  |
| G3          | Trade payables and other payables  |
| G4          | Provisions for severance liabilities and similar obligations                     |
| G5          | Other long-term provisions   |
| G6          | Deferred tax liabilities   |
| G7          | Current taxes  |
| <b>H</b>    | <b>Information on main Income Statement items</b>                                |
| H1          | Net revenues   |
| 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 (impairment) 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) from assets held for disposal or sale                                |
| H15         | Group profit/loss for the period   |
| <b>I</b>    | <b>Commitments, risks and guarantees</b>   |
| <b>L</b>    | <b>Related Party Transactions</b>  |
| <b>M</b>    | <b>Financial debt</b>  |
| <b>N</b>    | <b>Dividends paid</b>  |
| <b>O</b>    | <b>Earnings per share</b>  |
| <b>P</b>    | <b>Information on financial instruments</b>                                      |

## **- A - GENERAL ASPECTS**

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Immsi S.p.A. (the “Company” or the “Parent Company”) is a limited company established under Italian law and has registered offices in Mantua - P.zza Vilfredo Pareto, 3 Centro Direzionale Boma. The main activities of the Company and its subsidiaries (the “Immsi Group” or the “Group”), and information on significant events after 30 June 2021 and operating outlook are described in the Half-Yearly Financial Report. At 30 June 2021, Immsi S.p.A. was directly and indirectly controlled, pursuant to article 93 of the TUF, by Omniaholding S.p.A., a company wholly owned by the Colaninno family, through the subsidiary Omniainvest S.p.A.

The condensed interim financial statements of the Immsi Group include the financial statements of the Parent Company Immsi S.p.A. and the Italian and international companies directly and indirectly controlled by it, approved where required by the relevant corporate functions of the respective companies, suitably reclassified and adjusted where necessary to adapt them to the Group’s accounting principles.

The financial statements are expressed in Euro since that is the currency in which most of the Group’s transactions take place.

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

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

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

### **COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS**

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

The information provided in the Half-Yearly Report should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2020, prepared in accordance with IFRS, as they do not include all of the information required by IFRS in the preparation of the annual financial statements.

The financial statements have been prepared on a going concern basis with reference to a future period of 12 months from 30 June 2021. The Directors considered that despite the extraordinary uncertainty caused by the global health emergency of Covid-19 and all its consequences, currently available funds, those obtained in the early months of the second half of 2021 and those that will be generated from operating and financing activities, will enable the Group to meet its own needs

arising from investments, management of working capital and repayment of debts, also bearing in mind the credit lines maturing in the next 12 months and the Group's financial commitments, and will ensure an adequate level of operational and strategic flexibility. It should also be noted that the current share price of the Piaggio stock, which is the parameter for sizing the credit lines granted to date to Immsi S.p.A., means it is possible to grant guarantees on the outstanding financial debt of the Parent Company, Intermarine S.p.A. and ISM Investimenti S.p.A., and in addition, as of 30 June 2021, there remain approximately 21.9 million Piaggio shares free of encumbrances and therefore potentially usable.

The preparation of the interim financial statements requires the company Management to make estimates and assumptions that affect, among other things, the reported amounts of revenues, expenses, assets and liabilities recorded and disclosure of contingent assets and liabilities at the date of the end of the period. If in the future such estimates and assumptions, carried out by the management, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances may occur to change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "*Accounting standards and measurement criteria – Use of estimates*" in the Consolidated Financial Statements of the Immsi Group at 31 December 2020.

In addition, some evaluative processes, particularly the more complex ones such as the determination of any losses in value of fixed assets ("impairment"), are generally carried out completely only at the time of drawing up the annual financial statements, when all the potentially necessary information is available, saving the cases in which there are indicators that require immediate evaluation of possible losses of value.

In this regard, it should be noted that at 30 June 2021 management updated the impairment test on the net invested capital (including goodwill) of the Intermarine CGU.

Therefore no impairment was recorded in consolidated data at 30 June 2021 and 2020, as explained in the section on intangible assets.

## **FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". These Condensed Interim Financial Statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and these Notes to the consolidated financial statements.

With reference to Consob Resolution no. 15519 of 27 July 2006 it is pointed out that, as regards the financial schedules, specific Income statement and Statement of financial position schedules have been inserted with the evidence of significant Related Party transactions.

No significant, non-recurring operations, as defined by Consob Communication DEM/6064293 of 28 July 2006 took place during the first half of 2020 and in 2021.

Moreover, there were no significant atypical transactions during the first half of 2021 and of the corresponding period of the previous year, as defined in Consob Communication no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

### **Consolidated income statement**

The Consolidated income statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition

or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Profit before tax. In addition, the income and cost items arising from assets that are held for disposal or sale, including any capital gains or losses net of the tax element, are recorded in a specific item of the consolidated statement of financial position which precedes profit (loss) for the period including minority interests.

#### Consolidated Statement of Comprehensive Income

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

#### Consolidated statement of financial position

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

#### Consolidated Statement of Cash Flows

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

#### Statement of changes in consolidated shareholders' equity

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

#### Other information

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

|                   | Exchange rate as of<br>30 June 2021 | Average exchange rate<br>1st half of 2021 | Exchange rate as of<br>31 December 2020 | Average exchange rate<br>1st half of 2020 |
|-------------------|-------------------------------------|---|---|---|
| US Dollar         | 1.1884                              | 1.20535                                   | 1.2271                                  | 1.10205                                   |
| Pound Sterling    | 0.85805                             | 0.868010                                  | 0.89903                                 | 0.874632                                  |
| Indian Rupee      | 88.3240                             | 88.41259                                  | 89.6605                                 | 81.70462                                  |
| Singapore Dollars | 1.5976                              | 1.60594                                   | 1.6218                                  | 1.54107                                   |
| Chinese Yuan      | 7.6742                              | 7.79599                                   | 8.0225                                  | 7.75091                                   |
| Croatian Kuna     | 7.4913                              | 7.55041                                   | 7.5519                                  | 7.53364                                   |
| Japanese Yen      | 131.43                              | 129.86810                                 | 126.49                                  | 119.26683                                 |
| Vietnamese Dong   | 26,565.92                           | 26,948.81627                              | 27,654.41                               | 25,116.58619                              |
| Indonesian Rupiah | 17,282.90                           | 17,211.97706                              | 17,029.69                               | 16,111.50198                              |
| Brazilian Real    | 5.9050                              | 6.49017                                   | 6.3735                                  | 5.41039                                   |

## **- B - SCOPE OF CONSOLIDATION**

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At 30 June 2021, the Immsi Group structure was that attached at the end of these Notes. The scope of consolidation at 30 June 2021 had not significantly changed compared to the Consolidated Financial Statements at 31 December 2020 and 30 June 2020:

- the consolidated portion of shareholders' equity of the Piaggio group, which amounted to 50.22% at 30 June 2021, was equal to 50.21% at 31 December 2020 and 30 June 2020. The changes are due to the purchase of treasury shares by the subsidiary;
- with reference to the portion held by the Parent Company Immsi S.p.A. in ISM Investimenti S.p.A., considering the various equity rights of the two partners and analysis of impairment testing, the portion of consolidated shareholders' equity of ISM Investimenti S.p.A. was estimated to be 47.64% at 31 December 2020, up on the 41.81% at 30 June 2020.

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

## **- C - CONSOLIDATION PRINCIPLES**

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In preparing these Condensed Interim Financial Statements of the Immsi Group, drawn up, as mentioned, in compliance with IAS 34 – Interim Financial Reporting, the accounting standards used to prepare the Consolidated Financial Statements at 31 December 2020, to which reference is made for more details, were adopted, save for information in the next section on Accounting standards and measurement criteria.

## **- D - ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA**

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### New accounting standards, amendments and interpretations adopted from 1 January 2021

- In May 2020, the IASB published an amendment titled “*Covid-19 Related Rent Concessions (Amendment to IFRS 16)*”. The document gives lessees with the option to account for Covid-19-related rent reductions without having to analyse the contract to find out whether the definition of lease modification under IFRS 16 is met. Lessees applying this option will be able to account for the effects of rent reductions directly in the income statement on the effective date of the reduction. This amendment applies to financial statements beginning on or after 1 June 2020.
- In August 2019, in light of the reform on interbank interest rates such as IBOR, the IASB published “*Interest Rate Benchmark Reform—Phase 2*” which contains amendments to the following standards: IFRS 9 *Financial Instruments*; IAS 39 *Financial Instruments: Recognition and Measurement*; IFRS 7 *Financial Instruments: Disclosures*; IFRS 4 *Insurance Contracts*; and IFRS 16 *Leases*. All amendments became effective on 1 January 2021.
- In August 2021, the IASB published amendments to IFRS 16 that move the final date from 30 June 2021 to 30 June 2022, for a practical expedient for measuring leases where renegotiated lease payments have been made as a result of Covid-19. The lessee may opt to recognise the concession in the accounts as a variable lease payment in the period when a lower payment is recognised. These amendments apply from 1 April 2021.

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

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

- In May 2020, the IASB published narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16. The amendments will be applicable with effect from 1 January 2022.

The Group does not expect significant impacts from the application of these amendments.

Accounting standards, amendments and interpretations not yet applicable

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

- In May 2017, the IASB issued the new standard IFRS 17 “Insurance Contracts”. The new standard will replace IFRS 4 and will be effective from 1 January 2023.
- In January 2020, the IASB published some amendments to IAS 1 that clarify the definition of “current” or “non-current” liabilities based on rights existing at the reporting date. These amendments will apply from 1 January 2023.
- In February 2021, the IASB published narrow-scope amendments to IAS 1, *Practice Statement 2* and IAS 8. The amendments aim to improve disclosure of accounting standards and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting standards. These amendments will apply from 1 January 2023.
- In May 2021, the IASB issued amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred taxes when an asset or liability is initially recognised in a transaction that results in equal amounts of temporary deductible and taxable differences.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

## - E - SEGMENT REPORTING

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

### Information by business areas

#### Income statement

|   | <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  | 533                                | 901,671                  | 18,477               | 920,681            |
| Intercompany net revenues   |                                    |                          |                      | 0                  |
| <b>NET REVENUES</b>   | <b>533</b>                         | <b>901,671</b>           | <b>18,477</b>        | <b>920,681</b>     |
| <b>OPERATING INCOME (EBIT)</b>                                    | <b>-4,166</b>                      | <b>80,361</b>            | <b>-2,138</b>        | <b>74,057</b>      |
| Income/(loss) from investments                                    | 0                                  | 412                      | 0                    | 412                |
| Financial income  |                                    |                          |                      | 12,031             |
| Borrowing costs   |                                    |                          |                      | 30,906             |
| <b>PROFIT BEFORE TAX</b>  |                                    |                          |                      | <b>55,594</b>      |
| Taxes   |                                    |                          |                      | 24,367             |
| <b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>    |                                    |                          |                      | <b>31,227</b>      |
| Gain (loss) from assets held for sale or disposal                 |                                    |                          |                      | 0                  |
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>  |                                    |                          |                      | <b>31,227</b>      |
| Earnings for the period attributable to non-controlling interests |                                    |                          |                      | 16,581             |
| <b>GROUP PROFIT (LOSS) FOR THE PERIOD</b>                         |                                    |                          |                      | <b>14,646</b>      |

#### Statement of Financial Position

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



## Other information

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

## Information by geographic segments

The following table presents the Group income statement and balance sheet figures for the first half of 2021 in relation to the geographic segments “of origin”, that is, with reference to the country of the company which received the revenues or which owns the assets.

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

## Income statement

| In thousands of Euros      | <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 | 577,568        | 17,758                | 106,595        | 52,329               | 166,431                  | 920,681            |
| Intercompany net revenues  |                |                       |                |                      |                          | 0                  |
| <b>NET REVENUES</b>        | <b>577,568</b> | <b>17,758</b>         | <b>106,595</b> | <b>52,329</b>        | <b>166,431</b>           | <b>920,681</b>     |

## Statement of Financial Position

| 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                      | 1,793,804        | 21,163                | 193,648        | 50,031               | 209,200                  | 2,267,846          |
| Investments in affiliated companies | 178              | 17                    | 0              | 0                    | 0                        | 195                |
| <b>TOTAL ASSETS</b>                 | <b>1,793,982</b> | <b>21,180</b>         | <b>193,648</b> | <b>50,031</b>        | <b>209,200</b>           | <b>2,268,041</b>   |

| 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>Group Immsi</i> |
|----------------------------|----------------|-----------------------|----------------|----------------------|--------------------------|--------------------|
| <b>Total receivables *</b> | <b>116,904</b> | <b>11,389</b>         | <b>64,369</b>  | <b>10,784</b>        | <b>17,371</b>            | <b>220,817</b>     |
| <b>Total payables **</b>   | <b>494,129</b> | <b>21,665</b>         | <b>107,337</b> | <b>5,302</b>         | <b>91,747</b>            | <b>720,180</b>     |

\* Contract works in progress and tax receivables are not included.

\*\* Financial liabilities and current tax payables are not included.

## Other information

| In thousands of Euros  | <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 | 60,855       | 221                   | 4,253        | 2,813                | 2,488                    | 70,630             |
| Depreciation, amortisation and write-downs                         | 52,088       | 745                   | 9,416        | 1,242                | 4,347                    | 67,838             |

For comparability, the corresponding tables referring to 30 June 2020 are shown below:

## Information by business areas

### Income statement

| In thousands of Euros   | <i>Sector property and holding</i> | <i>Sector industrial</i> | <i>Sector marine</i> | <i>Immsi Group</i> |
|---|------------------------------------|--------------------------|----------------------|--------------------|
| Net sales to third parties  | 221                                | 600,084                  | 29,640               | 629,945            |
| Intercompany net revenues   |                                    |                          |                      | 0                  |
| <b>NET REVENUES</b>   | <b>221</b>                         | <b>600,084</b>           | <b>29,640</b>        | <b>629,945</b>     |
| <b>OPERATING INCOME (EBIT)</b>                                    | <b>-3,721</b>                      | <b>24,686</b>            | <b>2,035</b>         | <b>23,000</b>      |
| Income/(loss) from investments                                    | 0                                  | 564                      | 0                    | 564                |
| Financial income  |                                    |                          |                      | 14,108             |
| Borrowing costs   |                                    |                          |                      | 32,471             |
| <b>PROFIT BEFORE TAX</b>  |                                    |                          |                      | <b>5,201</b>       |
| Taxes   |                                    |                          |                      | 4,329              |
| <b>PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>    |                                    |                          |                      | <b>872</b>         |
| Gain (loss) from assets held for sale or disposal                 |                                    |                          |                      | 0                  |
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS</b>  |                                    |                          |                      | <b>872</b>         |
| Earnings for the period attributable to non-controlling interests |                                    |                          |                      | -638               |
| <b>GROUP PROFIT (LOSS) FOR THE PERIOD</b>                         |                                    |                          |                      | <b>1,510</b>       |

### Statement of Financial Position

| In thousands of Euros               | <i>Sector property and holding</i> | <i>Sector industrial</i> | <i>Sector marine</i> | <i>Immsi Group</i> |
|-------------------------------------|------------------------------------|--------------------------|----------------------|--------------------|
| Segment assets                      | 314,077                            | 1,651,535                | 169,953              | 2,135,565          |
| Investments in affiliated companies | 0                                  | 164                      | 18                   | 182                |
| <b>TOTAL ASSETS</b>                 | <b>314,077</b>                     | <b>1,651,699</b>         | <b>169,971</b>       | <b>2,135,747</b>   |
| <b>TOTAL LIABILITIES</b>            | <b>353,102</b>                     | <b>1,283,385</b>         | <b>140,201</b>       | <b>1,776,688</b>   |

## Other information

| In thousands of Euros  | Sector<br>property<br>and holding | Sector<br>industrial | Sector<br>marine | Immsi<br>Group |
|--|-----------------------------------|----------------------|------------------|----------------|
| Investments in property, plant and equipment and intangible assets | 1,237                             | 52,821               | 430              | 54,488         |
| Depreciation, amortisation and write-downs                         | 491                               | 61,016               | 2,322            | 63,829         |
| Cash flow from operating activities                                | -20,296                           | -20,807              | -1,404           | -42,507        |
| Cash flow from investing activities                                | 8,717                             | -51,941              | -330             | -43,554        |
| Cash flow from financing activities                                | 5,598                             | 40,846               | 7,650            | 54,094         |

## Information by geographic segments

### Income statement

| In thousands of Euros      | Italy          | Rest of<br>Europe | India          | United<br>States | Rest of the<br>World | Immsi<br>Group |
|----------------------------|----------------|-------------------|----------------|------------------|----------------------|----------------|
| Net sales to third parties | 381,388        | 14,324            | 107,110        | 25,583           | 101,540              | 629,945        |
| Intercompany net revenues  |                |                   |                |                  |                      | 0              |
| <b>NET REVENUES</b>        | <b>381,388</b> | <b>14,324</b>     | <b>107,110</b> | <b>25,583</b>    | <b>101,540</b>       | <b>629,945</b> |

### Statement of Financial Position

| In thousands of Euros               | Italy            | Rest of<br>Europe | India          | United<br>States | Rest of the<br>World | Immsi<br>Group   |
|-------------------------------------|------------------|-------------------|----------------|------------------|----------------------|------------------|
| Segment assets                      | 1,718,193        | 26,979            | 192,259        | 51,006           | 147,128              | 2,135,565        |
| Investments in affiliated companies | 152              | 30                | 0              | 0                | 0                    | 182              |
| <b>TOTAL ASSETS</b>                 | <b>1,718,345</b> | <b>27,009</b>     | <b>192,259</b> | <b>51,006</b>    | <b>147,128</b>       | <b>2,135,747</b> |

| In thousands of Euros      | Italy          | Rest of<br>Europe | India         | United<br>States | Rest of the<br>World | Immsi<br>Group |
|----------------------------|----------------|-------------------|---------------|------------------|----------------------|----------------|
| <b>Total receivables *</b> | <b>92,550</b>  | <b>14,690</b>     | <b>55,050</b> | <b>8,457</b>     | <b>8,621</b>         | <b>179,368</b> |
| <b>Total payables **</b>   | <b>380,631</b> | <b>32,457</b>     | <b>92,389</b> | <b>4,742</b>     | <b>67,557</b>        | <b>577,776</b> |

\* Contract works in progress and tax receivables are not included.

\*\* Financial liabilities and current tax payables are not included.

## Other information

| In thousands of Euros  | Italy  | Rest of<br>Europe | India | United<br>States | Rest of the<br>World | Immsi<br>Group |
|--|--------|-------------------|-------|------------------|----------------------|----------------|
| Investments in property, plant and equipment and intangible assets | 40,246 | 181               | 8,221 | 3,219            | 2,621                | 54,488         |
| Depreciation, amortisation and write-downs                         | 46,882 | 2,630             | 7,716 | 1,361            | 5,240                | 63,829         |

## - F - INFORMATION ON THE MAIN ASSET ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

### **- F1 - INTANGIBLE ASSETS** **875,945**

Net intangible assets as at 30 June 2021 amounted to €875,945 thousand, up by €9,846 thousand compared to 31 December 2020. Investments made during the half year, mainly by the Piaggio group, were partially offset by amortisation. Changes in this item are presented below:

| In thousands of Euros                               | <i>Development costs</i> | <i>Concessions, patents, industrial and similar rights</i> | <i>Trademarks and licences</i> | <i>Goodwill</i> | <i>Other intangible assets</i> | <i>TOTAL</i>     |
|---|--------------------------|--|--------------------------------|-----------------|--------------------------------|------------------|
| <b>Gross amounts at 31 December 2019</b>            | <b>363,381</b>           | <b>468,789</b>   | <b>190,862</b>                 | <b>625,421</b>  | <b>10,824</b>                  | <b>1,659,277</b> |
| Increases   | 16,923                   | 19,329   | 0                              | 0               | 32                             | 36,284           |
| Change in the scope of consolidation                | 0                        | 0  | 0                              | 0               | 0                              | 0                |
| Other movements                                     | (5,177)                  | (498)  | 0                              | 0               | 103                            | (5,572)          |
| <b>Gross amounts at 30 June 2020</b>                | <b>375,127</b>           | <b>487,620</b>   | <b>190,862</b>                 | <b>625,421</b>  | <b>10,959</b>                  | <b>1,689,989</b> |
| <b>Accumulated amortisation at 31 December 2019</b> | <b>269,725</b>           | <b>362,446</b>   | <b>156,500</b>                 | <b>11,439</b>   | <b>10,314</b>                  | <b>810,424</b>   |
| Amortisation  | 15,756                   | 17,145   | 2,411                          | 0               | 162                            | 35,474           |
| Change in the scope of consolidation                | 0                        | 0  | 0                              | 0               | 0                              | 0                |
| Other changes                                       | (4,458)                  | (444)  | 0                              | 0               | 104                            | (4,798)          |
| <b>Accumulated amortisation at 30 June 2020</b>     | <b>281,023</b>           | <b>379,147</b>   | <b>158,911</b>                 | <b>11,439</b>   | <b>10,580</b>                  | <b>841,100</b>   |
| <b>Net amounts at 30 June 2020</b>                  | <b>94,104</b>            | <b>108,473</b>   | <b>31,951</b>                  | <b>613,982</b>  | <b>379</b>                     | <b>848,889</b>   |
| <b>Gross amounts at 31 December 2020</b>            | <b>384,637</b>           | <b>522,702</b>   | <b>190,862</b>                 | <b>625,421</b>  | <b>10,369</b>                  | <b>1,733,991</b> |
| Increases   | 22,747                   | 25,092   | 0                              | 0               | 80                             | 47,919           |
| Change in the scope of consolidation                | 0                        | 0  | 0                              | 0               | 0                              | 0                |
| Other movements                                     | 2,104                    | (780)  | 0                              | 0               | 264                            | 1,588            |
| <b>Gross amounts at 30 June 2021</b>                | <b>409,488</b>           | <b>547,014</b>   | <b>190,862</b>                 | <b>625,421</b>  | <b>10,713</b>                  | <b>1,783,498</b> |
| <b>Accumulated amortisation at 31 December 2020</b> | <b>289,802</b>           | <b>395,252</b>   | <b>161,323</b>                 | <b>11,439</b>   | <b>10,076</b>                  | <b>867,892</b>   |
| Amortisation  | 16,889                   | 21,545   | 28                             | 0               | 121                            | 38,583           |
| Change in the scope of consolidation                | 0                        | 0  | 0                              | 0               | 0                              | 0                |
| Other changes                                       | 1,553                    | (759)  | 0                              | 0               | 284                            | 1,078            |
| <b>Accumulated amortisation at 30 June 2021</b>     | <b>308,244</b>           | <b>416,038</b>   | <b>161,351</b>                 | <b>11,439</b>   | <b>10,481</b>                  | <b>907,553</b>   |
| <b>Net amounts at 30 June 2021</b>                  | <b>101,244</b>           | <b>130,976</b>   | <b>29,511</b>                  | <b>613,982</b>  | <b>232</b>                     | <b>875,945</b>   |

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

### Development costs

Development costs of €101,244 thousand mainly include costs for products and engines in projects for which there is an expectation for the period of the useful life of the asset to see net sales at such a level as to allow the recovery of the costs incurred. This item includes assets under construction for €21.5 million which instead represent costs for which the conditions for capitalisation exist, but refer to products that will go into production in future years. With regard to the Piaggio group, during the first half of 2021, development costs of approximately

€11.2 million were charged directly to the income statement.

Borrowing costs related to loans for the development of long-term products are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over 5 years (founding products) or 3 years, in consideration of their remaining useful life.

With reference to the marine sector, the item at 30 June 2021 includes investments in development projects, under intangible assets, net of amortisation, for €2.3 million.

### Concessions, patents, industrial and similar rights

The net balance of this item, equal to €130,976 thousand at 30 June 2021 including assets under construction for €27,464 thousand, mainly refers to the Piaggio group (€130,647 thousand). Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the Piaggio group, referring to main new products in the 2021-2022 range. Costs for industrial patent and intellectual property rights are amortised over a period of three to five years, in consideration of their remaining useful life.

### Trademarks and licences

Trademarks and licenses, amounting to €29,511 thousand, are broken down as follows:

| <i>In thousands of Euros</i> | <b>As of 30 June 2021</b> | <b>As of 30 June 2020</b> | <b>Change</b>  |
|------------------------------|---------------------------|---------------------------|----------------|
| Guzzi trademark              | 9,750                     | 10,562                    | (812)          |
| Aprilia trademark            | 19,158                    | 20,755                    | (1,597)        |
| Foton licence                | 586                       | 611                       | (25)           |
| Minor trademarks             | 17                        | 23                        | (6)            |
| <b>Total Trademark</b>       | <b>29,511</b>             | <b>31,951</b>             | <b>(2,440)</b> |

In light of the strategic initiatives of Piaggio & C. S.p.A. and of the results achieved thanks to the significant investment plan envisaged, which will contribute to a development strategy already started during the last three years, the Piaggio group, supported by the fairness opinion of a leading consulting firm, revised the residual useful lives of the Aprilia and Moto Guzzi brands, changing them from definite to indefinite.

### Goodwill

The goodwill registered by the Group is unchanged compared to 31 December 2020 and is broken down in the following table:

| <i>In thousands of Euros</i>   | <b>Net Balance at<br/>30.06.2021</b> |
|--|--------------------------------------|
| 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 Rodriguez Cantieri Navali S.p.A. by RCN Finanziaria S.p.A. (in 2004)  | 30,337                               |
| Acquisition of 33.51% of Rodriguez 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                                |
| <b>TOTAL</b>   | <b>613,982</b>                       |
| - of which allocated to Piaggio group cash-generating unit   | 579,492                              |
| - of which allocated to Intermarine cash-generating unit   | 34,428                               |

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

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

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

When drafting the Immsi Group Condensed Financial Statements at 30 June 2021, with reference to the **Piaggio group** cash-generating units, company management compared the actual figures at that date and the forecasts contained in the budget data for the 2021 financial year, supplemented by forecast data for the 2022-2024 period approved by the Board of Directors of Piaggio & C. S.p.A. on 25 February 2021. This analysis did not reveal any indicators that would require an update to the impairment test carried out for the purposes of the financial statements at 31 December 2020, the results of which are therefore considered still valid at 30 June 2021.

As regards the cash-generating unit **Intermarine** the company coincides with the definition of the "marine sector" identified by the Immsi Group in its own segment reporting, in compliance with IFRS 8 – Operating segments: the carrying amount of goodwill allocated to this cash-generating unit was approximately €34.4 million and its recoverability was also tested at 30 June 2021, in the light of the postponement of some contracts included in the 2021-2025 multi-year forecasts approved by the Company's Board of Directors on 1 March 2021.

The main assumptions and hypotheses used in the determination of this recoverable amount were based on a sensitivity analysis approved by Intermarine's Board of Directors on 29 July 2021 that updates the 2021 projections and the 2022-2025 forecast, and extends the valuation to the year 2026.

Given that the other parameters and the approach used to construct the impairment test did not change compared to the end of 2020 – in which regard reference should be made to the Immsi Group's financial statements at 31 December 2020 –, it should be noted that the analyses conducted at 30 June 2021 (including sensitivity scenarios on the WACC and the g-rate) did not reveal any impairment losses in relation to net invested capital (including associated goodwill) of the Intermarine CGU: therefore, no impairment of goodwill is reflected in the data of the Consolidated Financial statements of the Immsi Group at 30 June 2021.

The impairment tests are based on forecast data – uncertain and variable by nature – that reflect changes in the company's orders portfolio, as well as its future industrial and commercial strategies. This data, in particular, is essentially based on the acquisition of future contracts, in relation to which negotiations are currently underway with several foreign navies. In this regard,

during previous years, the final results of Intermarine were down on the financial forecasts used for impairment tests; given the intrinsically uncertain nature of the forward-looking data considered, it cannot be ruled out that these variances may continue to occur in the future, thereby causing possible impairment losses in future.

Considering that the analyses conducted to estimate the recoverable value both for the Piaggio group cash-generating unit and for Intermarine cash-generating unit has also been determined, as mentioned, on the basis of estimates, the Group cannot assure that there will not be a loss in value of the goodwill in future periods. Owing to the current context of the crunch in the markets of reference and in the financial markets, the different factors – both inside and outside the identified cash-generating units – used in drawing up the estimates could in the future be reviewed. The Group will constantly monitor these factors and the possible existence of future impairment losses.

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|               |                                      |                |
|---------------|--------------------------------------|----------------|
| <b>- F2 -</b> | <b>PROPERTY, PLANT AND EQUIPMENT</b> | <b>336,530</b> |
|---------------|--------------------------------------|----------------|

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Net property, plant and equipment at 30 June 2021 totalled €336,530 thousand, including assets under construction for approximately €21.1 million, compared to €336,850 thousand at 31 December 2020, and comprise assets mainly recognised by the Piaggio group for €297,442 thousand, Intermarine S.p.A. for €17,227 thousand, and Is Molas S.p.A. for €20,672 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>     |
|---|---------------|------------------|----------------------------|--|--|---------------------|------------------|
| <b>Gross amounts at 31 December 2019</b>            | <b>45,324</b> | <b>224,747</b>   | <b>538,308</b>             | <b>524,774</b>                             | <b>16,479</b>                            | <b>68,420</b>       | <b>1,418,052</b> |
| Increases   | 466           | 6,124            | 8,137                      | 5,141                                      | 0  | 3,457               | 23,325           |
| Decreases   | 0             | (36)             | (183)                      | (174)                                      | 0  | (114)               | (507)            |
| Change in the scope of consolidation                | 0             | 0                | 0                          | 0  | 0  | 0                   | 0                |
| Other movements                                     | 0             | (1,269)          | (4,693)                    | 8  | 1  | (269)               | (6,222)          |
| <b>Gross amounts at 30 June 2020</b>                | <b>45,790</b> | <b>229,566</b>   | <b>541,569</b>             | <b>529,749</b>                             | <b>16,480</b>                            | <b>71,494</b>       | <b>1,434,648</b> |
| <b>Accumulated depreciation at 31 December 2019</b> | <b>0</b>      | <b>98,783</b>    | <b>413,603</b>             | <b>498,947</b>                             | <b>14,570</b>                            | <b>54,161</b>       | <b>1,080,064</b> |
| Depreciation  | 0             | 5,784            | 10,946                     | 4,983                                      | 125                                      | 3,301               | 25,139           |
| Uses  | 0             | (3)              | (18)                       | (108)                                      | 0  | 0                   | (129)            |
| Change in the scope of consolidation                | 0             | 0                | 0                          | 0  | 0  | 0                   | 0                |
| Other changes                                       | 0             | (423)            | (2,006)                    | 5  | 1  | (270)               | (2,693)          |
| <b>Accumulated depreciation at 30 June 2020</b>     | <b>0</b>      | <b>104,141</b>   | <b>422,525</b>             | <b>503,827</b>                             | <b>14,696</b>                            | <b>57,192</b>       | <b>1,102,381</b> |
| <b>Net amounts at 30 June 2020</b>                  | <b>45,790</b> | <b>125,425</b>   | <b>119,044</b>             | <b>25,922</b>                              | <b>1,784</b>                             | <b>14,302</b>       | <b>332,267</b>   |
| <b>Gross amounts at 31 December 2020</b>            | <b>46,009</b> | <b>228,922</b>   | <b>539,473</b>             | <b>539,889</b>                             | <b>16,517</b>                            | <b>74,166</b>       | <b>1,444,976</b> |
| Increases   | 281           | 3,820            | 6,719                      | 9,846                                      | 0  | 5,330               | 25,996           |
| Decreases   | 0             | (59)             | (12,086)                   | (24,574)                                   | 0  | (6,779)             | (43,498)         |
| Change in the scope of consolidation                | 0             | 0                | 0                          | 0  | 0  | 0                   | 0                |
| Other movements                                     | 0             | 1,812            | 4,581                      | 0  | 0  | 61                  | 6,454            |
| <b>Gross amounts at 30 June 2021</b>                | <b>46,290</b> | <b>234,495</b>   | <b>538,687</b>             | <b>525,161</b>                             | <b>16,517</b>                            | <b>72,778</b>       | <b>1,433,928</b> |
| <b>Accumulated depreciation at 31 December 2020</b> | <b>0</b>      | <b>109,040</b>   | <b>418,627</b>             | <b>505,215</b>                             | <b>14,750</b>                            | <b>60,494</b>       | <b>1,108,126</b> |
| Depreciation  | 0             | 5,717            | 11,391                     | 5,856                                      | 135                                      | 4,824               | 27,923           |
| Uses  | 0             | 0                | (12,025)                   | (24,505)                                   | 0  | 0                   | (36,530)         |
| Change in the scope of consolidation                | 0             | 0                | 0                          | 0  | 0  | 0                   | 0                |
| Other changes                                       | 0             | 870              | 3,069                      | 0  | 0  | (6,060)             | (2,121)          |
| <b>Accumulated depreciation at 30 June 2021</b>     | <b>0</b>      | <b>115,627</b>   | <b>421,062</b>             | <b>486,566</b>                             | <b>14,885</b>                            | <b>59,258</b>       | <b>1,097,398</b> |
| <b>Net amounts at 30 June 2021</b>                  | <b>46,290</b> | <b>118,868</b>   | <b>117,625</b>             | <b>38,595</b>                              | <b>1,632</b>                             | <b>13,520</b>       | <b>336,530</b>   |

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

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

Property, plant and equipment at 30 June 2021 include €1,632 thousand relating to freely transferable assets wholly owned by Intermarine S.p.A., consisting of light constructions, property and related restructuring costs, built on State land in the Municipality of Messina. Buildings built on state-owned land are depreciated based on the remaining duration of the concession, expiring at the end of 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.

Finally, the assets described below – lands excluded – are depreciated at rates considered appropriate to represent their useful life and in any case according to a straight-line depreciation plan, for details of which reference is made to the Annual Report of the Immsi Group at 31 December 2020, in the section on "Accounting standards and measurement criteria".



## Rights of use

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

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

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

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

| In thousands of Euros                               | <i>Land and buildings</i> | <i>Plant and machinery</i> | <i>Assets to be given free of charge</i> | <i>Other assets</i> | <i>TOTAL</i>  |
|---|---------------------------|----------------------------|--|---------------------|---------------|
| <b>Gross amounts at 31 December 2020</b>            | <b>33,519</b>             | <b>12,840</b>              | <b>1,110</b>                             | <b>7,812</b>        | <b>55,281</b> |
| Increases   | 2,936                     | 0                          | 0  | 369                 | 3,305         |
| Decreases   | (59)                      | 0                          | 0  | (88)                | (147)         |
| Other movements                                     | 995                       | 0                          | 0  | (263)               | 732           |
| <b>Gross amounts at 30 June 2021</b>                | <b>37,391</b>             | <b>12,840</b>              | <b>1,110</b>                             | <b>7,830</b>        | <b>59,171</b> |
| <b>Accumulated depreciation at 31 December 2020</b> | <b>11,222</b>             | <b>3,852</b>               | <b>224</b>                               | <b>4,137</b>        | <b>19,435</b> |
| Depreciation  | 2,938                     | 428                        | 86                                       | 956                 | 4,408         |
| Uses  | 0                         | 0                          | 0  | (28)                | (28)          |
| Other changes                                       | 545                       | 0                          | 0  | (419)               | 126           |
| <b>Accumulated depreciation at 30 June 2021</b>     | <b>14,705</b>             | <b>4,280</b>               | <b>310</b>                               | <b>4,646</b>        | <b>23,941</b> |
| <b>Net amounts at 30 June 2021</b>                  | <b>22,686</b>             | <b>8,560</b>               | <b>800</b>                               | <b>3,184</b>        | <b>35,230</b> |

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

|                                     | <i>1st half of 2021</i> |
|-------------------------------------|-------------------------|
| Depreciation of rights of use       | 4,408                   |
| Financial charges for rights of use | 560                     |
| Rental payments (not IFRS 16)       | 5,748                   |

In the first half of 2021 the leases subject to IFRS 16 resulted in a cash outflow of €6,271 thousand, while the commitments for lease payments falling due amount to €27,410 thousand, as detailed in the Financial liabilities section.

## Guarantees

At 30 June 2021, the Group had land and property encumbered by mortgages or pledges in favour of financial institutions to guarantee bank borrowings. For more information, reference is made to the Annual Report of the Immsi Group at 31 December 2020, in the section on “Commitments, risks and guarantees”.

**- F3 - INVESTMENT PROPERTY****0**

No investment property was recorded at 30 June 2021; at 31 December 2020 the Spanish factory in Martorelles was recognised for €4,600 thousand, sold by the Piaggio group in February 2021. The book value at 31 December 2020 was in line with the price defined in the sales contract. The Group uses the “fair value model” as provided for by IAS 40.

**- F4 - EQUITY INVESTMENTS****10,083**

The balance of €10,083 of the item Investments mainly refers to the measurement of the portion of shareholders' equity in the Zongshen Piaggio Foshan Motorcycle Co. Ltd. joint venture of the Piaggio group, which has a 45% stake.

**Main financial data of the joint venture**

| <i>In thousands of Euros</i>                    | <b>Accounts</b>           |               | <b>Accounts</b>               |               |
|---|---------------------------|---------------|-------------------------------|---------------|
|   | <b>as of 30 June 2021</b> |               | <b>As of 31 December 2020</b> |               |
|   |                           | 45%           |                               | 45%           |
| Working capital                                 | 14,104                    | 6,347         | 10,686                        | 4,808         |
| Financial debt                                  | 2,934                     | 1,320         | 4,333                         | 1,950         |
| Total assets                                    | 9,007                     | 4,053         | 9,278                         | 4,175         |
| <b>Net capital employed</b>                     | <b>26,044</b>             | <b>11,720</b> | <b>24,297</b>                 | <b>10,933</b> |
| Provisions                                      | 394                       | 177           | 377                           | 169           |
| Shareholders' equity                            | 25,650                    | 11,543        | 23,920                        | 10,764        |
| <b>Total sources of financing</b>               | <b>26,044</b>             | <b>11,720</b> | <b>24,297</b>                 | <b>10,933</b> |
| Shareholders' equity attributable to the Group  |                           | 11,543        |                               | 10,764        |
| Elimination of margins on internal transactions |                           | (1,670)       |                               | (1,799)       |
| <b>Value of the investment</b>                  |                           | <b>9,873</b>  |                               | <b>8,965</b>  |

**Statement of changes and reconciliation of Shareholders' Equity**

| <i>In thousands of Euros</i>                    |              |
|---|--------------|
| <b>Opening balance as of 1 January 2021</b>     | <b>8,965</b> |
| Profit (Loss) for the period                    | 286          |
| Statement of Comprehensive Income               | 493          |
| Elimination of margins on internal transactions | 129          |
| <b>Closing balance as of 30 June 2021</b>       | <b>9,873</b> |

Finally, the item Investments includes other investments in associates for €210 thousand. The increase of €18 thousand compared to 31 December 2020 is attributable to the net effect of adjusting the value of investments in associates to the corresponding equity value.

**- F5 - OTHER FINANCIAL ASSETS****5,283****- Non-current portion**

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

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

**- Current portion**

Other current financial assets totalled €5,267 thousand at 30 June 2021, an increase of €511 thousand compared to 31 December 2020.

The item includes the investment of 279,639 shares held by Immsi S.p.A. in Unicredit S.p.A.. As provided for by IFRS 9, the Group measured at fair value the equity package at 30 June 2021, equal to €2,824 thousand, recognising the adjustment, up by €685 thousand compared to the end of 2020, 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.

Current financial assets also include €2,445 thousand relating to the short-term portion of the fair value of cross currency swaps on a private debenture loan relating to Piaggio & C. S.p.A..

**- F6 - TAX RECEIVABLES****36,079**

Current and non-current tax receivables total €36,079 thousand, up by €8,777 thousand compared to the end of 2020, due mainly to higher current VAT receivables recognised by the Piaggio group.

**- Non-current portion**

| In thousands of Euros  | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|------------------------|-------------------------------------|-------------------------------------|
| VAT receivables        | 270                                 | 859                                 |
| Income tax receivables | 9,783                               | 10,790                              |
| Other tax receivables  | 265                                 | 750                                 |
| <b>TOTAL</b>           | <b>10,318</b>                       | <b>12,399</b>                       |

**- Current portion**

| In thousands of Euros  | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|------------------------|-------------------------------------|-------------------------------------|
| VAT receivables        | 19,092                              | 10,175                              |
| Income tax receivables | 3,829                               | 2,836                               |
| Other tax receivables  | 2,840                               | 1,892                               |
| <b>TOTAL</b>           | <b>25,761</b>                       | <b>14,903</b>                       |

**- F7 - DEFERRED TAX ASSETS****131,191**

Deferred tax assets at 30 June 2021 amounted to €131,191 thousand, a decrease of €7,297 thousand compared to 31 December 2020. The portion expected to be reversed within 12 months amounts to €11,824 thousand, while the portion expected to be reversed beyond 12 months amounts to €119,367 thousand. These amounts are recorded net of deferred tax liabilities of a similar nature and maturity.

Deferred tax assets have been recorded by the Piaggio group for €55,874 thousand, €43,366 thousand by the subsidiary Intermarine S.p.A., and €19,756 thousand by the subsidiary Is Molas S.p.A.. The remaining amount of €12,195 thousand refers to other companies in the property and holding sector, net of eliminations and consolidation adjustments.

As regards the measurements to define the deferred tax assets, the Group mainly took account of i) the tax regulations in the various countries in which it operates; ii) their impact in terms of timing differences and any tax benefits deriving from the use of prior tax losses; iii) the taxable income expected in the medium to long term for each individual company. In this regard, the plans resulting from the June 2021 reprocessing and revision of the plans of subsidiaries approved by respective Boards of Directors at the start of the year, in view of the health emergency, were used as the reference; iv) the tax rate in effect in the year when temporary differences occur; and v) the agreements and plans of national tax consolidation over a timeframe until December 2026. The parent company Immsi S.p.A. has tax consolidation contracts with the subsidiaries Piaggio & C. S.p.A., Piaggio Concept Store Mantova S.r.l., Aprilia Racing S.r.l., Apuliae S.r.l., Intermarine S.p.A., RCN Finanziaria S.p.A., ISM Investimenti S.p.A., Pietra S.r.l. and Pietra Ligure S.r.l..

Based on a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences. For details of unrecognised deferred tax assets, please refer to the notes to the financial statements at 31 December 2020.

However, the future dynamics of various factors – including the evolution of the global health, economic and financial context – requires that the Group's management must constantly monitor circumstances and events that could result in non-recoverability of deferred tax assets recognised by the Group companies, both adhering and not adhering to the national tax consolidation.

**- F8 - TRADE RECEIVABLES AND OTHER RECEIVABLES****227,945**

Trade receivables and other receivables included under non-current assets total €26,141 thousand (net of the corresponding provisions for write-down of €1,203 thousand), against €29,536 thousand at 31 December 2020.

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

| In thousands of Euros                 | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Trade receivables                     | 142,424                             | 74,979                              |
| Amounts due from affiliated companies | 38                                  | 71                                  |
| Amounts due from joint ventures       | 1,271                               | 841                                 |
| Other receivables                     | 58,071                              | 45,965                              |
| <b>TOTAL</b>                          | <b>201,804</b>                      | <b>121,856</b>                      |

Current third party trade receivables amounted to €201,804 thousand at 30 June 2021, an increase of around €79,948 thousand compared to the value recorded at 31 December 2020: as already mentioned, the growth in this value is mainly linked to the seasonality of Piaggio group sales, which are mainly concentrated in the spring and summer months.

The item Trade receivables comprises amounts due from normal sales transactions, stated net of a provision for write-downs of €30,900 thousand, up by €1,133 thousand compared to 31 December 2020.

The balance of receivables from associated companies refers entirely to receivables from Consorzio CTMI, while receivables from joint ventures (equal to €1,271 thousand at 30 June 2021) refer to receivables from Zongshen Piaggio Foshan Motorcycle Co. Ltd., as detailed in the statement of intercompany and related party transactions at the end of this document.

It should also be remembered that the Piaggio group transfers on a regular basis a large part of its trade receivables mainly with “without recourse” and “with recourse” clauses. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. At 30 June 2021, outstanding trade receivables assigned without recourse amounted to a total of €196,065 thousand. Of these receivables, Piaggio received payment prior to natural expiry for €174,647 thousand. At 30 June 2021, advances received – both from factoring firms and from banks – on “with recourse” disposals of trade receivables totalled €11,717 thousand and are offset in current liabilities.

In June 2021, the subsidiary Intermarine sold receivables without recourse to Banca Ifis, with inflows of €24,053 thousand.

Other receivables mainly include advances to suppliers of €5,047 thousand, largely recorded by the subsidiary Intermarine S.p.A., accrued income and prepaid expenses for a total of €16,784 thousand, and the fair value of exchange rate risk hedging on forecast transactions accounted for by Piaggio using the cash flow hedge principle for €5,126 thousand.

Other receivables also include €16,189 thousand (€10,230 thousand at 31 December 2020) relating to a receivable for the grant by the Indian Government on investments made in previous years. This receivable is recognised in the income statement in proportion to the depreciation of the assets on which the grant was made. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

This item includes approximately €0.8 million relating to receivables with a maturity of more than 5 years recognised by the subsidiary Intermarine S.p.A..

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

| In thousands of Euros                              | <i>Balance as of<br/>31.12.2020</i> | <i>Increases</i> | <i>Decreases</i> | <i>Balance as of<br/>30.06.2021</i> |
|--|-------------------------------------|------------------|------------------|-------------------------------------|
| <b>Contract work in progress gross of advances</b> | <b>113,156</b>                      | 3,522            | (12,835)         | <b>103,843</b>                      |
| Contractual advances received from customers       | 102,966                             |                  |                  | 96,715                              |
| <b>Contract work in progress net of advances</b>   | <b>10,190</b>                       |                  |                  | <b>7,128</b>                        |
| Costs sustained                                    | 77,755                              |                  |                  | 74,728                              |
| Margins recognised (net of losses)                 | 24,951                              |                  |                  | 30,698                              |

|               |   |               |
|---------------|---|---------------|
| <b>- F9 -</b> | <b>ASSETS/LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL</b> | <b>27,374</b> |
|---------------|---|---------------|

The net carrying amount of assets held for disposal amounts to €27,374 thousand, basically unchanged compared to 31 December 2020, and refers nearly entirely to the property portfolio of Pietra Ligure acquired at the public auction of the State in December 2007 for a total of €19.1 million and recognised under buildings held for disposal.

Gross assets held for sale in the half-year period amounted to €33.5 million, basically unchanged compared to the end of 2020. Due to the adoption of IFRS 16, the right of use of the area was recognised under assets for a value equal to the present value of the state concession payments for the concession held by Pietra Ligure S.r.l., while the financial liability related to the present value of future payments was recognised as a contra-entry under liabilities related to assets held for disposal. Net financial debt does not include these lease liabilities related to assets held for disposal. Reference should be made to the section “Events after 30 June 2021” in this Half-yearly Financial Report for an update on the progress with the Pietra Ligure property complex project.

|                |                    |                |
|----------------|--------------------|----------------|
| <b>- F10 -</b> | <b>INVENTORIES</b> | <b>378,558</b> |
|----------------|--------------------|----------------|

Inventories are measured at the lower of cost and market value and totalled €378,558 thousand at the end of the period, comprising:

| In thousands of Euros                       | <i>Balance as of 30.06.2021</i> |                   |                | <i>Balance as of 31.12.2020</i> |                   |                |
|---|---------------------------------|-------------------|----------------|---------------------------------|-------------------|----------------|
|   | <i>Cost</i>                     | <i>Write-down</i> | <i>Net</i>     | <i>Cost</i>                     | <i>Write-down</i> | <i>Net</i>     |
| Consumables                                 | 71                              | 0                 | 71             | 53                              | 0                 | 53             |
| Raw materials                               | 153,700                         | (16,490)          | 137,210        | 116,467                         | (15,463)          | 101,004        |
| Work in progress and semi-finished products | 125,682                         | (10,541)          | 115,141        | 127,521                         | (10,541)          | 116,980        |
| Finished products                           | 144,542                         | (18,406)          | 126,136        | 106,459                         | (18,672)          | 87,787         |
| <b>TOTAL</b>                                | <b>423,995</b>                  | <b>(45,437)</b>   | <b>378,558</b> | <b>350,500</b>                  | <b>(44,676)</b>   | <b>305,824</b> |

The increase compared to the figure at 31 December 2020 (+€72,734 thousand) is mainly due to the Piaggio group, and is in line with the expected trend of production volumes and future sales. 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 30 June 2021, the Piaggio group recognised, net of write-downs, inventories for €262,342 thousand referred to components, accessories, two-wheeler, three-wheeler and four-wheeler vehicles.

Intermarine S.p.A. contributed €48,731 thousand, mainly concerning raw materials and products in progress for prototypes, own construction and repairs. Finally, Is Molas S.p.A. recorded €67,485 thousand of inventories at the half-year end, including financial expenses and capitalised employee costs, relating to the hotel business, as well as work in progress and semi-finished products represented by land, volumes, costs for services and consultancy for the property development project relating to the allotment located in Is Molas - Cagliari.

**- F11 - CASH AND CASH EQUIVALENTS****232,935**

Cash and cash equivalents at the end of the period totalled €232,935 thousand against €249,886 thousand at 31 December 2020, as detailed in the table below:

| In thousands of Euros                    | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|--|-------------------------------------|-------------------------------------|
| Cash and cash equivalents                | 85                                  | 64                                  |
| Receivable due from banks within 90 days | 232,850                             | 249,822                             |
| <b>TOTAL</b>                             | <b>232,935</b>                      | <b>249,886</b>                      |

This item covers cash, current bank accounts, deposits refundable on demand and other short-term high-liquidity financial investments readily convertible into cash and subject to an insignificant risk of variation in value. For details of changes during the first half of 2021 in the item in question, reference is made to the Statement of Consolidated Cash Flows at 30 June 2021.

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      | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|----------------------------|-------------------------------------|-------------------------------------|
| Cash and cash equivalents  | 232,935                             | 249,886                             |
| Current account overdrafts | 0                                   | (1,187)                             |
| <b>TOTAL</b>               | <b>232,935</b>                      | <b>248,699</b>                      |

## - G - INFORMATION ON THE MAIN LIABILITY ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

### - G1 - SHAREHOLDERS' EQUITY 394,830

Shareholders' equity at 30 June 2021 amounted to €394,830 thousand, of which €241,789 thousand relating to consolidated shareholders' equity attributable to the Group and €153,041 thousand to capital and reserves of non-controlling interests.

#### Share capital

As at 30 June 2021, the share capital of the parent company Immsi S.p.A., fully subscribed and paid up, is composed of 340,530,000 ordinary shares without par value, for a total of €178,464,000.00. As at 30 June 2021, the Company does not hold any treasury shares.

Each ordinary share entitles the holder to a proportionate part of distributable profits and of the shareholders' equity resulting from any liquidation, as well as to unlimited voting rights. as well as unlimited voting rights.

#### Legal reserve

The legal reserve comprises reserves allocated following the distribution of profits from the year 2000 to the year 2020, in accordance with provisions of law and totalled €9,222 thousand at the end of June 2021, an increase compared to 31 December 2020 of €244 thousand.

#### Other reserves

Other reserves attributable to the Group totalled €88,649 thousand, down by €2,277 thousand compared to the figure at 31 December 2020.

The details of the item "Other reserves" are shown below:

| In thousands of Euros               |   |                               |                                       |                       |                             |  |   |  |                             |
|-------------------------------------|---|-------------------------------|---------------------------------------|-----------------------|-----------------------------|--|---|--|-----------------------------|
|                                     | <i>Share premium reserve / share capital increase</i> | <i>IAS transition reserve</i> | <i>Reserves as per Law no. 413/91</i> | <i>Legal reserves</i> | <i>Translation reserves</i> | <i>Reserve for actuarial gains (losses) relative to defined benefit plan</i> | <i>Financial instrument measurement reserve</i> | <i>Other changes in other reserves</i> | <i>Total other reserves</i> |
| <b>Balances at 31 December 2020</b> | <b>94,874</b>   | <b>5,300</b>                  | <b>4,602</b>                          | <b>1,153</b>          | <b>(20,027)</b>             | <b>(5,852)</b>   | <b>(29,573)</b>                                 | <b>40,447</b>                          | <b>90,925</b>               |
| Other changes                       |   |                               |                                       |                       |                             |  |   | (5,810)                                | (5,810)                     |
| Overall earnings for the period     |   |                               |                                       |                       | 1,176                       | 113  | 2,245   |  | 3,534                       |
| <b>Balances at 30 June 2021</b>     | <b>94,874</b>   | <b>5,300</b>                  | <b>4,602</b>                          | <b>1,153</b>          | <b>(18,851)</b>             | <b>(5,739)</b>   | <b>(27,328)</b>                                 | <b>34,637</b>                          | <b>88,649</b>               |



The share premium reserve includes the consideration of the shares underwritten following the increase in share capital of Immsi S.p.A. in 2005 and 2006 for an overall amount of €95,216 thousand, net of uses of €342 thousand.

Other reserves included the reserve created by the transition to international accounting standards made by the Group on 1 January 2004, totalling €5,300 thousand at the end of June 2021 and unchanged since 31 December 2020. For more details, reference is made to the Financial Statements at 31 December 2005, available on the website [www.immsi.it](http://www.immsi.it).

The reserve for the measurement of financial instruments was negative by €27,328 thousand, mainly due to: the recognition in the statement of comprehensive income of the fair value adjustment to equity financial instruments held by the Parent Company, such as the investment in UniCredit, amounting to €12,040 thousand, and Alitalia – CAI, amounting to €14,778 thousand. Other changes primarily include the effect of the Parent Company waiving receivables from certain subsidiaries in order to strengthen their shareholders' equity.

### Retained earnings

Retained earnings total €49,192 thousand and represent the accumulated losses of the Group.

### Capital and reserves of non-controlling interests

At 30 June 2021 the balance of share capital and reserves attributable to non-controlling interests totalled €153,041 thousand, a €20,537 thousand increase compared to 31 December 2020.

With reference to the Group's commitments to minority interests, it is worth noting the co-investment agreement between Immsi and the minority shareholder of the subsidiary ISM Investimenti S.p.A., Intesa Sanpaolo (formerly IMI Investimenti S.p.A.), provides that said minority shareholder must receive a guaranteed return based on the future value of the real-estate investment as a priority compared to nominal interests in the share capital.

### Statement of Comprehensive Income

As at 30 June 2021, the overall result for the period showed a profit of €37,556 thousand, of which €19,376 thousand pertaining to minority interests, including positive components that cannot be reclassified in future to the income statement for a total of €895 thousand, mainly due to the fair value adjustment of equity instruments held by the Parent Company and actuarial gains on defined benefit plans, as well as positive components which can be reclassified to the income statement for €5,434 thousand recorded by the Piaggio group, essentially relating to translation gains and the effective portion of gains on cash flow hedges.

|               |                              |                  |
|---------------|------------------------------|------------------|
| <b>- G2 -</b> | <b>FINANCIAL LIABILITIES</b> | <b>1,035,055</b> |
|---------------|------------------------------|------------------|

Financial liabilities totalled €1,035,055 thousand at 30 June 2021, down by €24,760 thousand compared to the value recorded at 31 December 2020. The portion recorded under non-current liabilities amounts to €539,889 thousand, against 571,517 at 31 December 2020, while the portion included among current liabilities totals €495,166 thousand, compared to €488,298 thousand at the end of 2020.

Financial liabilities also include the fair value measurement of financial derivatives to hedge exchange risk and interest rate risk and the adjustment of related hedged items – underwritten by the Piaggio group – for a total of €2,443 thousand (entirely in the current portion), an increase of €291 thousand compared to 31 December 2020. As already mentioned, net financial debt does not include financial assets and liabilities arising from the fair value measurement of designated

hedging and non-hedging derivatives, the fair value adjustment of associated hedged items, accruals, interest expense accrued on loans received (equal to €7,348 at the end of June 2021) and financial liabilities related to assets held for disposal (although the latter are commented on below the table on net financial debt in this financial report).

All financial liabilities are measured in accordance with reference 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 criterion the nominal amount of the liability is decreased by the amount of the associated issuing and/or stipulation costs in addition to any costs linked to refinancing 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 attached tables summarise the financial liabilities by type of financial debt:

### - Non-current portion

| In thousands of Euros                   | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|---|-------------------------------------|-------------------------------------|
| Bonds                                   | 243,338                             | 272,579                             |
| Payables due to banks                   | 277,053                             | 278,633                             |
| Financial liabilities for rights of use | 19,216                              | 19,987                              |
| Amounts due to other lenders            | 282                                 | 318                                 |
| <b>TOTAL</b>                            | <b>539,889</b>                      | <b>571,517</b>                      |

### - Current portion

| In thousands of Euros                   | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|---|-------------------------------------|-------------------------------------|
| Bonds                                   | 11,047                              | 11,038                              |
| Payables due to banks                   | 401,185                             | 399,021                             |
| Financial liabilities for rights of use | 8,194                               | 8,850                               |
| Amounts due to subsidiaries (*)         | 7                                   | 7                                   |
| Amounts due to other lenders            | 64,941                              | 62,357                              |
| <b>TOTAL</b>                            | <b>485,374</b>                      | <b>481,273</b>                      |

\*) not consolidated on a global integration basis

The composition of the gross Financial debt is the following:

| In thousands of Euros                   | <i>Balance at<br/>30.06.2021</i> | <i>Balance at<br/>31.12.2020</i> | <i>Nominal value at<br/>30.06.2021</i> | <i>Nominal value at<br/>31.12.2020</i> |
|---|----------------------------------|----------------------------------|--|--|
| Bonds                                   | 254,385                          | 283,617                          | 261,050                                | 291,050                                |
| Payables due to banks                   | 678,238                          | 677,654                          | 679,515                                | 679,313                                |
| Financial liabilities for rights of use | 27,410                           | 28,837                           | 27,410                                 | 28,837                                 |
| Amounts due to subsidiaries (*)         | 7                                | 7                                | 7                                      | 7                                      |
| Amounts due to other lenders            | 65,223                           | 62,675                           | 65,234                                 | 62,675                                 |
| <b>TOTAL</b>                            | <b>1,025,263</b>                 | <b>1,052,790</b>                 | <b>1,033,216</b>                       | <b>1,061,882</b>                       |

\*) not consolidated on a global integration basis

The following schedule shows the repayment plan for the gross financial debt of the Immsi Group at 30 June 2021:

| In thousands of Euros                   | <i>Nominal value at 30.06.2021</i> | <i>Portions falling due within 12 months</i> | <i>Portions falling due within 30.06.2023</i> | <i>Portions falling due within 30.06.2024</i> | <i>Portions falling due within 30.06.2025</i> | <i>Portions falling due within 30.06.2026</i> | <i>Portions falling due Beyond</i> |
|---|------------------------------------|--|---|---|---|---|------------------------------------|
| Bonds                                   | 261,050                            | 11,050                                       | 0   | 0   | 250,000                                       | 0   | 0                                  |
| Payables due to banks                   | 679,515                            | 401,313                                      | 135,110                                       | 66,662  | 29,762  | 25,000  | 21,668                             |
| Financial liabilities for rights of use | 27,410                             | 8,194  | 3,621   | 6,971   | 3,832   | 2,830   | 1,962                              |
| Amounts due to subsidiaries (*)         | 7                                  | 7  | 0   | 0   | 0   | 0   | 0                                  |
| Amounts due to other lenders            | 65,234                             | 64,944                                       | 71  | 71  | 70  | 70  | 8                                  |
| <b>TOTAL</b>                            | <b>1,033,216</b>                   | <b>485,508</b>                               | <b>138,802</b>                                | <b>73,704</b>                                 | <b>283,664</b>                                | <b>27,900</b>                                 | <b>23,638</b>                      |

\*) not consolidated on a global integration basis

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

| In thousands of Euros | <i>Balance at 31.12.2020</i> | <i>Balance at 30.06.2021</i> | <i>Nominal value at 30.06.2021</i> | <i>Interest rate at 30.06.2021</i> |
|-----------------------|------------------------------|------------------------------|------------------------------------|------------------------------------|
| Euros                 | 992,911                      | 943,858                      | 951,811                            | 3.17%                              |
| Vietnamese Dong       | 27,884                       | 42,012                       | 42,012                             | 2.67%                              |
| Japanese Yen          | 2,688                        | 2,359                        | 2,359                              | 2.65%                              |
| Indian Rupee          | 0                            | 9,624                        | 9,624                              | 5.60                               |
| Indonesian Rupiah     | 470                          | 0                            | 0                                  | n/a                                |
| US Dollar             | 0                            | 0                            | 0                                  | n/a                                |
| <b>TOTAL</b>          | <b>1,023,953</b>             | <b>997,853</b>               | <b>1,005,806</b>                   | <b>3.18%</b>                       |

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 €15 million maturing on 31 December 2022, secured by a pledge on Piaggio shares up to a Collateral Value, with a benchmark rate equal to the Euribor increased by a spread. The agreement provides for the repayment of increasing six-monthly instalments, and is recognised according to the amortised cost method, equal to €7,486 thousand, of which 5,000 thousand for instalments repayable within 12 months. This line of credit has two covenants, to be verified at 31 December of each year;
- a partially amortised line of credit granted until December 2022 by Banca Nazionale del Lavoro for a nominal amount of €30 million, secured by a pledge on Piaggio shares up to a Collateral Value, and recognised at amortised cost of €29,779 thousand, of which €2,500 thousand repayable within 12 months. Intangible assets with an indefinite useful life are not amortised but are subject to impairment testing. Moreover, it provides for a minimum Piaggio share price and compliance with two covenants, to be verified at 31 December of each year;
- a credit line amortised with Istituto Monte dei Paschi di Siena for a nominal total of €30 million, maturing in June 2023 and secured by a pledge on Piaggio shares up to a Collateral Value. The agreements have a benchmark rate equal to the Euribor plus a spread, two covenants and a Collateral Value to verify. The loan is recognised according to the amortised cost equal to €13,931 thousand, of which €7 million for instalments repayable within 12 months;

- a loan from Banca Ifis for a nominal amount of €10 million maturing on 31 December 2022, secured by a pledge on Piaggio shares up to a Collateral Value, with a benchmark rate equal to the Euribor increased by a spread. The agreement provides for the repayment of constant quarterly instalments, and is recognised according to the amortised cost method, equal to €4,611 thousand, of which €3,077 thousand for instalments repayable within 12 months. This loan has two covenants, to be verified at 31 December of each year;
- credit lines, renewed in January 2021 and maturing in January 2022 with Intesa Sanpaolo for €15 and €25 million, besides a Bullet – Multi Borrower line with Intesa Sanpaolo, granted for €125 million, of which €82.7 million to Immsi S.p.A., €30 million to ISM Investimenti S.p.A. and €12.3 million to Intermarine S.p.A. 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;
- a revolving credit line, equal to €15 million, disbursed in December 2020 by Unicredit at a benchmark rate equal to the Euribor increased by a spread, maturing at the end of 2021, secured by a pledge on Piaggio shares up to a Collateral Value. The agreements include a covenant to be verified quarterly;
- four amortised credit lines granted between December 2018 and July 2019 by Banco BPM for a nominal amount of €4.5 million maturing in December 2022, €4 million maturing in March 2023, €5 million maturing in June 2023 and €6.5 million maturing in September 2023; 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 30 June 2021 for a total of €12,768 thousand, of which €6,667 thousand repayable within 12 months. To cover the risk of interest rate fluctuation for cash flows, Immsi S.p.A. signed four interest rate swap hedging contracts, which at 30 June 2021 change the variable rate into a fixed rate on approximately 24% of the nominal amount of the relevant loans;
- bullet loan of €10 million granted by ING Bank in December 2020 maturing in July 2022 at Euribor plus a spread, requiring compliance with a set collateral value, plus a spread, guaranteed by a pledge on Piaggio shares up to a Collateral Value;
- two credit facilities for advances granted by Intesa Sanpaolo, formerly UBI Banca, one for a value of €5 million, expiring on withdrawal, and one for a value of €5 million renewed in February 2020 until January 2022; both facilities accrue interest at a reference rate equal to Euribor plus a spread and are guaranteed by a pledge on Piaggio shares up to a Guarantee Value;
- a securities loan agreement between Immsi S.p.A. and Banca Akros, which – against a loan of 580,491 Unicredit shares, envisages a cash collateral from the bank of approximately €4,122 thousand equivalent to the market value of the share at the date of subscription net of a spread, which takes into account any downward fluctuations in the share. The contract, which expires on withdrawal, envisages a fee equal to 0.05% and interest expense equal to the EONIA increased by a spread, calculated on the cash collateral disbursed by Banca Akros. Immsi received 300,852 Unicredit shares as a loan without cash collateral from Omniaholding S.p.A.. The latter were used in loan operations with cash collateral undertaken with Banca Akros.
- a medium-term loan for €4,981 thousand (nominal value of €5,000 thousand), granted by Banca Popolare di Sondrio maturing in June 2026 and with a repayment schedule of quarterly payments;
- a medium-term loan of €4,980 thousand (with a nominal value of €5,000 thousand) granted by Cassa di Risparmio di Bolzano, maturing in June 2026 and amortised in quarterly instalments, guaranteed by a pledge on Piaggio shares up to a Collateral Value. This loan has two covenants, to be verified at 31 December of each year.

A further €4.6 million referring to a revolving line of credit granted by Intesa Sanpaolo S.p.A., undrawn at 30 June 2021.

## Piaggio group

- a medium-term loan, amortised in annual instalments, for a total of €25,676 thousand, and a nominal amount of €25,714 thousand, from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan matures in December 2023 and has a fixed rate. The contractual terms envisage loan covenants;
- a medium-term loan, amortised in annual instalments, for a total of €69,919 thousand, and a nominal amount of €70,000 thousand, from the European Investment Bank to finance Research & Development investments planned for the 2019-2021 period. The loan matures in February 2027 and has a fixed rate. The contractual terms envisage loan covenants;
- a medium-term loan from the European Investment Bank, amortised in annual instalments, for a total nominal amount of €30,000 thousand, to finance Research & Development investments planned for the 2019-2021 period. The loan matures in March 2028 and has a fixed rate. The contractual terms envisage loan covenants;
- a financial payable of €44,026 thousand (nominal value of €44,500 thousand) referring to a syndicated loan totalling €250,000 thousand undersigned in June 2018 comprising a four-year tranche (with a year's extension at the discretion of the borrower) of €187,500 thousand, granted in the form of a revolving credit line (of which a nominal value of €2,000 thousand had been used at 30 June 2021), and a tranche of €62,500 thousand amortised over five years (nominal residual at 30 June 2021 of €42,500 thousand). The contractual terms envisage loan covenants;
- a medium-term loan granted by Banca Nazionale del Lavoro for €19,967 thousand (nominal value of €20,000 thousand), maturing in June 2022 and with a 12-month repayment schedule of quarterly payments;
- a €11,976 thousand medium-term loan (nominal value of €12,000 thousand) granted by Banca Popolare Emilia Romagna. the loan is amortised in six-monthly instalments and matures in December 2023;
- loan granted by Banco BPM for €29,903 thousand (with a nominal value of €30,000 thousand) amortised in six-monthly instalments and maturing in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate. The contractual terms envisage loan covenants;
- loan granted by Cassa Depositi e Prestiti and Monte dei Paschi di Siena for €29,987 thousand (with a nominal value of €30,000 thousand). The loan, which had a contractual maturity date of December 2021, was repaid early in July 2021;
- a medium-term loan of €4,058 thousand (€4,060 thousand nominal) granted by Banca del Mezzogiorno comprising a tranche of the same amount maturing in January 2023 and a repayment schedule with six-monthly instalments and a tranche of €20,000 thousand as a revolving credit line, undrawn at 30 June 2021. The contractual terms envisage loan covenants;
- a medium-term loan for €2,487 thousand (nominal value of €2,500 thousand), granted by Interbanca-Banca Ifis maturing in September 2022 and with a repayment schedule of quarterly payments. The contractual terms envisage loan covenants;
- a medium-term loan for €4,980 thousand (nominal value of €5,000 thousand), granted by Banca Popolare di Sondrio maturing in June 2026 and with a repayment schedule of quarterly payments;
- a medium-term loan for €9,986 thousand (nominal value of €10,000 thousand), granted by Cassa di Risparmio di Bolzano maturing in June 2026 and with a repayment schedule of quarterly payments.

The Piaggio group also has a revolving credit line of a nominal value of €20,000 thousand granted by Intesa Sanpaolo maturing in January 2022, unused as at 30 June 2021.

All the above financial liabilities referred to the Piaggio group are unsecured.

## *Intermarine S.p.A.*

- a Bullet – Multi Borrower loan from Intesa Sanpaolo granted to Immsi S.p.A. for a total of €125 million, guaranteed by a pledge on Piaggio shares up to a Collateral Value, of which €12,300 thousand granted to Intermarine S.p.A., maturing in January 2022; These loans have a benchmark rate equal to the variable Euribor plus a spread;
- a revolving credit line from Intesa Sanpaolo for €18,000 thousand, of which €18,000 used at 30 June 2021, guaranteed by Piaggio & C. S.p.A. shares up to a Collateral Value, held by Immsi S.p.A. and maturing in January 2022;
- a mortgage loan for €10,000 thousand, signed with Banca Popolare dell'Emilia Romagna maturing in 2024, 18 months' grace, six-monthly repayments starting from 1 December 2021, secured by a first-level mortgage on the Sarzana shipyard for €18,000 thousand, an insurance constraint and comfort letter issued by Immsi for €13,000 thousand. The loan also has a covenants to be verified at 31 December of each year;
- a credit line granted by Banca Ifis for the remaining approx. €4,500 thousand for a contract advance, with a comfort letter issued by RCN Finanziaria and Immsi, with repayment in annual instalments by December 2022, based on works' progress invoiced to the customer;
- a credit line granted by Banca Ifis for the remaining approx. €4,300 thousand for a contract advance, with a comfort letter issued by RCN Finanziaria and Immsi, with repayment in annual instalments by December 2022, based on works' progress invoiced to the customer;
- a credit line granted by Banca Ifis with a limit of €25,500 thousand, for advances and/or sales without recourse on contract invoices, used at 30 June 2021 for €24,053 thousand, mainly for sales without recourse;
- unsecured loan with Banca Carige for €2,500 thousand maturing in October 2023, backed by the Mediocredito Centrale guarantee fund and Immsi comfort letter, with monthly repayments starting in May 2021. At 30 June 2021, the residual amount was €2,300 thousand;
- credit line granted by Banca Carige with a ceiling of €3,000 thousand, for advances on invoices, fully available as at 30 June 2021, covered by an Immsi letter of comfort;
- a Banca Ifis credit line with a ceiling of €3.5 million for advances on invoices, unused as at 30 June 2021;
- a €5,000 thousand loan granted by Banca Nazionale del Lavoro, for working capital management, of which €2,000 thousand used at 30 June 2021, with individual repayments maturing at 180 days, secured by a comfort letter from Immsi;
- loan for an original amount of €4,000 thousand granted by Banca Nazionale del Lavoro, used as at 30 June 2021 for €2,500 thousand, guaranteed by a comfort letter issued by Immsi, with repayment in quarterly instalments and final maturity in August 2022;
- loan for an original amount of €5,000 thousand granted by Credite Agricole Italia, backed by an Immsi guarantee, outstanding at 30 June 2021 for €2,500 thousand, with repayment in quarterly instalments and final maturity in April 2022;
- the short-term account overdrafts with various banks for a total amount of approximately €2,000 thousand, undrawn at the end of June 2021.
- an unsecured bank loan based on a contract guaranteed by Banco BPM, backed by an Immsi guarantee, with an original value of €2,100 thousand and a residual value of €900 thousand at 30 June 2021, as well as a credit line of €3,700 thousand for post-delivery guarantees, of which €2,300 thousand had been used at 30 June 2021.

*Is Molas S.p.A.*

- floating rate loan granted by Monte dei Paschi di Siena to Is Molas S.p.A., with a nominal value of €11,875 thousand as at 30 June 2021, expiring in December 2023, with repayment in six-monthly instalments. This loan is guaranteed by a surety issued by Immsi and requires verification of two covenants annually;

The item Bonds, recognised by the Piaggio group for €254,385 thousand (nominal value of €261,050 thousand) refers to:

- €11,047 thousand (nominal value of €11,050 thousand) for the debenture loan (US Private Placement) issued on 25 July 2011 for \$75,000 thousand, fully subscribed by an American institutional investor repayable in five annual instalments starting from July 2017, with semi-annual coupon. At 30 June 2021 the fair value measurement of the debenture loan was equal to €13,494 thousand (the fair value is determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- €243,338 thousand (nominal value equal to €250,000 thousand) refers to the high yield debenture loan issued on, 30 April 2018 for €250,000 thousand maturing in April 2025 and with semi-annual coupon at a fixed annual nominal rate.

It should be noted that Piaggio & C. S.p.A. may repay in advance all or part of the High Yield bond issued on 30 April 2018 on the terms specified in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5;

Lease liabilities total €27,410 thousand, and break down as follows:

- finance leases for €6,199 thousand (of a nominal value of €6,208 thousand) granted by Albaleasing as a Sale&Lease back on a production site of Piaggio & C. S.p.A. The agreement is for ten years, with quarterly repayments (non-current portion equal to €5,021 thousand);
- a finance lease for €75 thousand granted by VFS Servizi Finanziari for the use of vehicles (non-current portion equal to €62 thousand);
- financial liabilities for a total of €21,136 thousand (non-current portion of €14,133 thousand) related to future payments of operating lease agreements. Liabilities for rights of use related to assets held for disposal, referred solely to the company Pietra Ligure S.r.l., are recognised under item F9 – assets/liabilities related to assets held for disposal.

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

- two shareholder loans for €6,000 and €9,624 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;
- shareholders' loan of €37,528 thousand granted by Intesa Sanpaolo S.p.A. (formerly IMI Investimenti S.p.A.), shareholder of the company, to ISM Investimenti S.p.A. This credit line contractually expired at the end of 2018 but not due as it is subordinate, as per the clause included in the contract, to the repayment of the multi-line bank loan granted to ISM Investimenti by Intesa Sanpaolo for €30 million, also by virtue of the co-investment and shareholders' agreement between the shareholders of ISM Investimenti S.p.A., i.e. IMI Investimenti S.p.A. and Immsi S.p.A.;
- financial advances from factoring companies and banks for trade receivables assigned with recourse, totalled €11,717 thousand and refer to the Piaggio group;

To guarantee part of the indebtedness of the Parent Company Immsi S.p.A. and its subsidiaries Intermarine S.p.A. and ISM Investimenti S.p.A., Immsi S.p.A. had, as at 30 June 2021, deposited 15 million Piaggio shares in custody and pledged approximately 142.4 million Piaggio shares.

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

**- G3 - TRADE PAYABLES AND OTHER PAYABLES 720,180**

Trade payables and other payables amounted to €720,180 thousand (compared to €595,244 thousand at 31 December 2020), of which €707,263 thousand (€583,146 thousand at 31 December 2020) due within a year.

The non-current portion, amounting to €12,917 thousand, mainly comprises security deposits and deferred income, while trade and other current payables are detailed below:

| In thousands of Euros           | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|---------------------------------|-------------------------------------|-------------------------------------|
| Trade payables                  | 632,120                             | 528,140                             |
| Amounts due to parent companies | 328                                 | 342                                 |
| Amounts due to joint ventures   | 12,109                              | 5,449                               |
| Other payables                  | 62,706                              | 49,215                              |
| <b>TOTAL</b>                    | <b>707,263</b>                      | <b>583,146</b>                      |

To facilitate credit conditions for its suppliers, the Group has always used some factoring agreements, 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 30 June 2021, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €213,442 thousand (€206,362 thousand at 31 December 2020).

Amounts due to joint ventures at 30 June 2021 primarily refer to the purchase of vehicles by the Piaggio group from the Chinese joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd.

The “Other current payables” item is detailed below:

| In thousands of Euros                        | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|--|-------------------------------------|-------------------------------------|
| Amounts due to employees                     | 31,038                              | 16,214                              |
| Liabilities connected to hedging instruments | 460                                 | 544                                 |
| Advances from customers                      | 168                                 | 30                                  |
| Amounts due to company boards                | 393                                 | 684                                 |
| Amounts due to social security institutions  | 7,400                               | 9,953                               |
| Other amounts due to third parties           | 435                                 | 840                                 |
| Other amounts due to affiliated companies    | 43                                  | 1                                   |
| Other amounts due to joint ventures          | 0                                   | 3                                   |
| Accrued expenses                             | 7,422                               | 6,792                               |
| Deferred income                              | 5,425                               | 3,061                               |
| Other payables                               | 9,922                               | 11,093                              |
| <b>TOTAL</b>                                 | <b>62,706</b>                       | <b>49,215</b>                       |

Amounts due to employees mainly refer to holidays accrued and not taken and other salary components to pay.

Liabilities related to hedging derivatives mainly refer to the fair value of hedging derivatives for the



exchange risk on forecast transactions recognised on a cash flow hedge basis.

Except as noted in the financial liabilities section, there are no other long-term liabilities due in more than five years.

|               |   |               |
|---------------|---|---------------|
| <b>- G4 -</b> | <b>PROVISIONS FOR SEVERANCE LIABILITIES AND SIMILAR OBLIGATIONS</b> | <b>36,106</b> |
|---------------|---|---------------|

The reserve for pension and similar obligations amounted to €36,106 thousand at 30 June 2021, a decrease of €2,148 thousand compared to the figure at 31 December 2020.

The reserve is detailed below:

| In thousands of Euros | <i>Balance as of<br/>31.12.2020</i> | <i>Service cost</i> | <i>Actuarial (gain) loss</i> | <i>Interest cost</i> | <i>Uses and other movements</i> | <i>Balance as of<br/>30.06.2021</i> |
|-----------------------|-------------------------------------|---------------------|------------------------------|----------------------|---------------------------------|-------------------------------------|
| Termination benefits  | 37,295                              | 4,190               | (259)                        | 14                   | (6,121)                         | 35,119                              |
| Other funds           | 959                                 | 0                   | 0                            | 0                    | 28                              | 987                                 |
| <b>TOTAL</b>          | <b>38,254</b>                       | <b>4,190</b>        | <b>(259)</b>                 | <b>14</b>            | <b>(6,093)</b>                  | <b>36,106</b>                       |

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

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

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

- Technical annual discount rate                      0.08% - 0.92%;
- Annual inflation rate    0.80%
- Annual rate of increase in termination benefit                      2.10%

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

The table below shows the effects, in absolute terms, at 30 June 2021, which would have occurred following changes in reasonably possible actuarial assumptions:

| In thousands of Euros  | Termination benefits provision |
|------------------------|--------------------------------|
| Turnover rate +2%      | 34,426                         |
| Turnover rate -2%      | 35,593                         |
| Inflation rate +0.25%  | 35,449                         |
| Inflation rate - 0.25% | 34,469                         |
| Discount rate +0.50%   | 33,462                         |
| Discount rate -0.50%   | 36,555                         |

The average duration of the bond ranges from 7 to 22 years, while future payments estimated in the Group are equal to:

| Year                         | Future amounts |
|------------------------------|----------------|
| <i>In thousands of Euros</i> |                |
| 1                            | 3,400          |
| 2                            | 2,320          |
| 3                            | 2,034          |
| 4                            | 1,695          |
| 5                            | 1,537          |

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

The affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. Their value outstanding at 30 June 2021 is €126 thousand and €246 thousand, respectively.

**- G5 - OTHER LONG-TERM PROVISIONS 35,800**

The balance of other long-term provisions, including the portion falling due within 12 months, totalled €35,800 thousand at the end of June 2021, a €2,332 thousand decrease compared to 31 December 2020.

The other provisions recognised in the financial statements are detailed below:

| <i>In thousands of Euros</i>           | <b>Balance as of 31.12.2020</b> | <b>Allocations</b> | <b>Uses</b>     | <b>Others movements</b> | <b>Balance as of 30.06.2021</b> | <b>of which current</b> |
|--|---------------------------------|--------------------|-----------------|-------------------------|---------------------------------|-------------------------|
| Provision for product warranties       | 21,835                          | 6,537              | (5,065)         | 148                     | 23,455                          | 13,626                  |
| Provisions for risk on investments     | 17                              | 0                  | 0               | 0                       | 17                              | 0                       |
| Provision for contractual risks        | 4,425                           | 0                  | (531)           | 26                      | 3,920                           | 2,196                   |
| Other provisions for risks and charges | 11,855                          | 1,965              | (5,348)         | (64)                    | 8,408                           | 6,450                   |
| <b>TOTAL</b>                           | <b>38,132</b>                   | <b>8,502</b>       | <b>(10,944)</b> | <b>110</b>              | <b>35,800</b>                   | <b>22,272</b>           |

The Provision for product warranties refers to allocations recognised at 30 June 2021 by the Piaggio group for €21,034 thousand and by Intermarine S.p.A. for €2,421 thousand for technical warranty operations on products covered by warranties, which are expected to be carried out in the contractual warranty period. As regards – in particular – the forecasts made by the Piaggio group, this period varies according to the type of goods sold and the market, and is also determined by the customer take-up to commit to planned maintenance. With reference to Intermarine S.p.A., the company allocates this reserve for maintenance under warranty to be carried out in the future years on naval vessels under construction, delivered during the year and/or in previous years, determined on the basis of the estimate of costs incurred in the past for similar vessels.

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

The Piaggio group's other provisions for risks and charges include the reserve for labour disputes and other legal and tax disputes of €2,507 thousand, while Intermarine recognised a reserve for shipbuilding contracts and disputes in progress of €3,205 thousand.

|               |                                 |               |
|---------------|---------------------------------|---------------|
| <b>- G6 -</b> | <b>DEFERRED TAX LIABILITIES</b> | <b>15,026</b> |
|---------------|---------------------------------|---------------|

The “Deferred tax liabilities” item refers to tax payables provisioned by the individual companies on the basis of applicable national laws. The balance is offset by deferred tax assets of the same type and maturity.

Deferred tax liabilities stood at €7,812 thousand for the Piaggio group, €6,830 thousand for the Parent Company Immsi S.p.A. and €384 thousand for Intermarine S.p.A..

|               |                      |               |
|---------------|----------------------|---------------|
| <b>- G7 -</b> | <b>CURRENT TAXES</b> | <b>24,926</b> |
|---------------|----------------------|---------------|

The item Current taxes, which includes tax payables allocated in relation to tax charges for individual companies under applicable national laws, increased by €10,050 thousand compared to the end of 2020. A breakdown of this item is given below:

| In thousands of Euros           | <i>Balance as of<br/>30.06.2021</i> | <i>Balance as of<br/>31.12.2020</i> |
|---------------------------------|-------------------------------------|-------------------------------------|
| Due for income tax              | 13,839                              | 7,547                               |
| VAT payables                    | 3,505                               | 200                                 |
| Amounts due for withholding tax | 3,900                               | 6,314                               |
| Amounts due for local taxes     | 121                                 | 230                                 |
| Other payables                  | 3,561                               | 585                                 |
| <b>TOTAL</b>                    | <b>24,926</b>                       | <b>14,876</b>                       |

The item in question, which refers for €22,797 thousand to the Piaggio group, which as mentioned mainly comprises tax payables recorded in the financial statements of each consolidated company, allocated in relation to tax charges referring to individual companies on the basis of applicable national laws, whereas amounts due for withholding tax are mainly recorded against withholdings on employee salaries, termination payments and self-employed income.

## - H - INFORMATION ON THE MAIN INCOME STATEMENT ITEMS

Amounts are stated in thousands of Euro unless otherwise indicated.

Before analysing the individual item, it is pointed out that the general information on costs and net revenues is contained in the Half-Yearly Financial Report, in accordance with art.2428 of the Italian civil code.

### - H1 - NET REVENUES

**920,681**

The Immsi Group's revenues from sales and services at 30 June 2021 amounted to €920,681 thousand (an increase of €290,736 thousand compared to the same period last year, equal to +46.2%). This increase is mainly attributable to the industrial sector which generated revenues of €901,671 thousand (+ €301,587 thousand or +50.3%); the marine sector reported revenues of €18,477 thousand, down on the same period of the previous year (-€11,163 thousand or -37.7%), while the property and holding sector reported revenues of €533 thousand, up €312 thousand on 30 June 2020.

This item is stated net of premiums given to the customers of the Piaggio group (dealers) and it does not include transport costs recharged to customers by the Piaggio group (€19,638 thousand) and the recovery of advertising costs invoiced by the Piaggio group (€2,344 thousand), which are shown under Other operating income.

Below is a division of the revenues by business sectors and by geographical area of destination that is, referring to the nationality of the customer.

#### By business segment

| In thousands of Euros                | First half of 2021 |               | First half of 2020 |               |
|--------------------------------------|--------------------|---------------|--------------------|---------------|
|                                      | Amount             | %             | Amount             | %             |
| Property and holding sector          | 533                | 0.1%          | 221                | 0.0%          |
| Industrial sector                    | 901,671            | 97.9%         | 600,084            | 95.3%         |
| of which Two-Wheeler business        | 761,000            | 82.7%         | 467,600            | 74.2%         |
| of which Commercial Vehicle business | 140,671            | 15.3%         | 132,484            | 21.0%         |
| Marine sector                        | 18,477             | 2.0%          | 29,640             | 4.7%          |
| <b>TOTAL</b>                         | <b>920,681</b>     | <b>100.0%</b> | <b>629,945</b>     | <b>100.0%</b> |

#### By geographic segment

| In thousands of Euros    | First half of 2021 |               | First half of 2020 |               |
|--------------------------|--------------------|---------------|--------------------|---------------|
|                          | Amount             | %             | Amount             | %             |
| Italy                    | 184,963            | 20.1%         | 114,496            | 18.2%         |
| Other European countries | 406,294            | 44.1%         | 278,601            | 44.2%         |
| Rest of the world        | 329,424            | 35.8%         | 236,848            | 37.6%         |
| <b>TOTAL</b>             | <b>920,681</b>     | <b>100.0%</b> | <b>629,945</b>     | <b>100.0%</b> |

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

**- H2 - COSTS FOR MATERIALS****560,404**

At the end of the first half, the cost for materials totalled €560,404 thousand, compared with €375,996 thousand at 30 June 2020.

The percentage accounting for net revenues at 30 June 2021 is slightly higher than the same period of the previous year, accounting for 60.9% (59.7% at 30 June 2020).

In the Piaggio group, the increase at 30 June 2021 in this item of €557,447 thousand (+€191,471 thousand compared to the same period of the previous year) was due to the growth in production volumes.

The item includes €12,724 thousand (€8,569 thousand in the first half of 2020) for purchases of scooters from the Chinese subsidiary Zongshen Piaggio Foshan, which are sold on European and Asian markets.

The table below details the contents of the item under examination:

| In thousands of Euros   | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|---|-------------------------------|-------------------------------|
| Change in inventories of finished products, work in progress and semi-finished products | (43,453)                      | (16,930)                      |
| Change in capitalised piecework   | 0                             | 0                             |
| Purchase of raw materials and consumables   | 631,399                       | 403,575                       |
| Change in raw materials and consumables   | (27,542)                      | (10,649)                      |
| <b>TOTAL</b>  | <b>560,404</b>                | <b>375,996</b>                |

**- H3 - COSTS FOR SERVICES, LEASES AND RENTALS****145,433**

Costs for services and use of third-party assets totalled €145,433 thousand. This item is broken down as follows:

| In thousands of Euros                                   | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|---|-------------------------------|-------------------------------|
| Transport costs   | 24,982                        | 16,741                        |
| Product warranty costs                                  | 825                           | 511                           |
| Advertising and promotion                               | 28,412                        | 11,626                        |
| Outsourced manufacturing                                | 19,924                        | 13,531                        |
| External maintenance and cleaning costs                 | 6,047                         | 4,804                         |
| Employee costs  | 4,956                         | 4,305                         |
| Technical, legal, tax, administrative consultancy, etc. | 11,442                        | 7,307                         |
| Promotional materials and activities                    | 0                             | 0                             |
| Sundry commercial expenses                              | 4,268                         | 2,286                         |
| Energy, telephone, postage costs, etc.                  | 7,528                         | 7,023                         |
| Services provided                                       | 302                           | 352                           |
| Insurance   | 2,545                         | 2,515                         |
| Cost of company boards                                  | 2,833                         | 2,441                         |
| Sales commissions                                       | 259                           | 171                           |
| Part-time staff and staff of other companies            | 853                           | 1,180                         |
| Bank charges and commission                             | 3,467                         | 2,364                         |
| Quality-related events                                  | 2,494                         | 2,757                         |
| Other expenses  | 18,548                        | 13,655                        |
| <b>TOTAL COSTS FOR SERVICES</b>                         | <b>139,685</b>                | <b>93,569</b>                 |
| <b>TOTAL COSTS FOR LEASES AND RENTALS</b>               | <b>5,748</b>                  | <b>5,128</b>                  |
| <b>TOTAL COSTS FOR SERVICES, LEASES AND RENTALS</b>     | <b>145,433</b>                | <b>98,697</b>                 |

The values for the first half of 2020 were affected by lockdowns brought in as a result of the public health crisis.

**- H4 - EMPLOYEE COSTS****134,606**

Employee costs are broken down as follows:

| In thousands of Euros         | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|-------------------------------|-------------------------------|-------------------------------|
| Salaries and wages            | 102,317                       | 84,137                        |
| Social security contributions | 26,704                        | 20,760                        |
| Termination benefits          | 4,190                         | 4,049                         |
| Personnel restructuring costs | 530                           | 1,494                         |
| Other costs                   | 865                           | 778                           |
| <b>TOTAL</b>                  | <b>134,606</b>                | <b>111,218</b>                |

In the first half of 2021, employee costs went up by €23.4 million (+21%) compared to the same period of the previous year. The values for the first half of 2020, particularly for the industrial sector, were influenced by the consequences of the pandemic and related measures taken by governments.

Under employee costs at 30 June 2021, €530 thousand was recorded for charges related to mobility plans applied to the Piaggio group production sites in Pontedera and Noale.

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

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

|  | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|--|-------------------------------|-------------------------------|
| Senior management                        | 118                           | 116                           |
| Middle managers and white-collar workers | 2,463                         | 2,540                         |
| Blue collars                             | 4,029                         | 4,034                         |
| <b>TOTAL</b>                             | <b>6,611</b>                  | <b>6,690</b>                  |

**- H5 - DEPRECIATION AND IMPAIRMENT COSTS OF PROPERTY, PLANT AND EQUIPMENT****27,955**

The depreciation of property, plant and equipment at 30 June 2021 is summarised below:

| In thousands of Euros                                | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|--|-------------------------------|-------------------------------|
| Depreciation of buildings                            | 5,717                         | 5,784                         |
| Depreciation of plant and machinery                  | 11,391                        | 10,946                        |
| Depreciation of industrial and commercial equipment  | 5,856                         | 4,983                         |
| Depreciation of assets to be given free of charge    | 167                           | 157                           |
| Depreciation of other assets                         | 4,824                         | 3,301                         |
| <b>DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT</b> | <b>27,955</b>                 | <b>25,171</b>                 |

The above item includes depreciation for rights of use in the first half of 2021 equal to €4,408 thousand (€4,509 thousand at 30 June 2020).

|               |   |               |
|---------------|---|---------------|
| <b>- H6 -</b> | <b>AMORTISATION AND IMPAIRMENT COSTS OF<br/>FINITE LIFE INTANGIBLE ASSETS</b> | <b>38,583</b> |
|---------------|---|---------------|

During the first half of 2021, amortisation of intangible assets with a finite life amounted to €38,583 thousand.

| In thousands of Euros   | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|---|-------------------------------|-------------------------------|
| Amortisation of development costs                                   | 16,889                        | 15,756                        |
| Amortisation of concessions, patents, industrial and similar rights | 21,494                        | 17,089                        |
| Amortisation of trademarks and licences                             | 28                            | 2,411                         |
| Amortisation of software  | 51                            | 56                            |
| Amortisation of other intangible assets with a finite life          | 121                           | 162                           |
| <b>AMORTISATION OF INTANGIBLE ASSETS</b>                            | <b>38,583</b>                 | <b>35,474</b>                 |

Since 1 January 2004, goodwill has no longer been amortised but has been subjected to impairment tests at least annually: see the note on intangible assets for details of the activities carried out. It should be noted that amortisation of intangible assets did not include any impairment of goodwill in the first six months of 2021 or in the corresponding period of the previous year, as this goodwill was deemed recoverable through future cash flows.

|               |                               |               |
|---------------|-------------------------------|---------------|
| <b>- H7 -</b> | <b>OTHER OPERATING INCOME</b> | <b>76,183</b> |
|---------------|-------------------------------|---------------|

The “Other operating income” item comprises:

| In thousands of Euros                                     | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|---|-------------------------------|-------------------------------|
| Gains on the disposal of property, plant and equipment    | 49                            | 1                             |
| Sponsorships  | 1,287                         | 0                             |
| Grants  | 1,922                         | 2,387                         |
| Recovery of sundry costs                                  | 23,708                        | 15,828                        |
| Licence rights  | 865                           | 1,251                         |
| Sale of materials and sundry equipment                    | 589                           | 271                           |
| Insurance settlements                                     | 779                           | 2,385                         |
| Increases in fixed assets from internal work              | 29,995                        | 23,188                        |
| Income from fair value revaluation of investment property | 0                             | 0                             |
| Reversal of write-down of intangible assets               | 0                             | 0                             |
| Reversal of provisions for risks and other provisions     | 257                           | 1,083                         |
| Rents received  | 2,889                         | 256                           |
| Other operating income                                    | 13,843                        | 5,070                         |
| <b>TOTAL</b>  | <b>76,183</b>                 | <b>51,720</b>                 |

Other operating income increased by €24,463 thousand (or +47.3%) compared with the same period of the previous year, mainly due to the Industrial sector.

|               |   |                |
|---------------|---|----------------|
| <b>- H8 -</b> | <b>IMPAIRMENT REVERSALS (LOSSES) NET OF TRADE AND OTHER RECEIVABLES</b> | <b>(1,299)</b> |
|---------------|---|----------------|

At 30 June 2021 this item amounted to €1,299 thousand for net write-downs and is broken down as follows:

| In thousands of Euros                         | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|---|-------------------------------|-------------------------------|
| Release of provisions                         | 89                            | 58                            |
| Losses on receivables                         | (88)                          | (97)                          |
| Write-downs of receivables in working capital | (1,300)                       | (1,238)                       |
| <b>TOTAL</b>                                  | <b>(1,299)</b>                | <b>(1,277)</b>                |

|               |                              |               |
|---------------|------------------------------|---------------|
| <b>- H9 -</b> | <b>OTHER OPERATING COSTS</b> | <b>14,527</b> |
|---------------|------------------------------|---------------|

The item Other operating costs totalled €14,527 thousand at 30 June 2021 and comprises the following:

| In thousands of Euros                                   | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|---|-------------------------------|-------------------------------|
| Losses on the disposal of property, plant and equipment | 3                             | 3                             |
| Duties and taxes not on income                          | 2,776                         | 2,542                         |
| Provisions for product warranty                         | 6,537                         | 4,037                         |
| Provisions for future and other risks                   | 1,965                         | 59                            |
| Other operating expense                                 | 3,246                         | 4,191                         |
| <b>TOTAL</b>  | <b>14,527</b>                 | <b>10,832</b>                 |

The increase in the product warranty provision is related to the higher sales volumes realised in the half-year in the industrial sector.

|                |                                       |            |
|----------------|---------------------------------------|------------|
| <b>- H10 -</b> | <b>INCOME/(LOSS) FROM INVESTMENTS</b> | <b>412</b> |
|----------------|---------------------------------------|------------|

Income from investments was generated from the Group's share of the profits of the joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd (€415 thousand) and the affiliated company Pontech (€18 thousand) valued at equity, and the write-down by €21 thousand of the minority investment in Vega, Società Consortile Parco Scientifico e Tecnologico Venezia (S.C.P.S.T.V.).

|                |                         |               |
|----------------|-------------------------|---------------|
| <b>- H11 -</b> | <b>FINANCIAL INCOME</b> | <b>12,031</b> |
|----------------|-------------------------|---------------|

Financial income recognised by the Group at 30 June 2021 is detailed below:

| In thousands of Euros | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|-----------------------|-------------------------------|-------------------------------|
| Interest income       | 543                           | 860                           |
| Exchange gains        | 11,454                        | 13,247                        |
| Other revenues        | 34                            | 1                             |
| <b>TOTAL</b>          | <b>12,031</b>                 | <b>14,108</b>                 |

The decrease of €2,077 thousand is mainly attributable to lower foreign exchange gains only partially offset by lower realised foreign exchange losses at 30 June 2021.



|                                |               |
|--------------------------------|---------------|
| <b>- H12 - BORROWING COSTS</b> | <b>30,906</b> |
|--------------------------------|---------------|

Borrowing costs at 30 June 2021 are detailed below:

| In thousands of Euros  | <i>First half of<br/>2021</i> | <i>First half of<br/>2020</i> |
|--|-------------------------------|-------------------------------|
| Interest payable on bank loans                                   | 9,198                         | 9,730                         |
| Interest payable on loans from third parties                     | 3,807                         | 3,711                         |
| Interest payable on debenture loans                              | 6,045                         | 6,217                         |
| Other interest payable   | 929                           | 1,746                         |
| Commissions payable  | 1,252                         | 780                           |
| Exchange losses  | 9,350                         | 10,057                        |
| Fair value and interest rate hedging charges                     | 15                            | 0                             |
| Financial component of retirement funds and termination benefits | 14                            | 132                           |
| Other charges  | 296                           | 98                            |
| <b>TOTAL</b>   | <b>30,906</b>                 | <b>32,471</b>                 |

Borrowing costs at 30 June 2021 decreased by €1,565 thousand compared to the same period of the previous year. This change is mainly attributable to the reduction in borrowing costs due to the effects of the decrease in the Group's average debt, together with lower foreign exchange losses.

|                      |               |
|----------------------|---------------|
| <b>- H13 - TAXES</b> | <b>24,367</b> |
|----------------------|---------------|

The expected tax expense on the income of companies consolidated with the line by line consolidation method in the financial statements at 30 June 2021 amounted to €24,367 thousand, with a percentage of income before taxes of 43.8% (83.2% in the first half of 2020).

|  |          |
|--|----------|
| <b>- H14 - GAIN/(LOSS) FROM ASSETS HELD FOR DISPOSAL OR SALE</b> | <b>0</b> |
|--|----------|

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

|   |               |
|---|---------------|
| <b>- H15 - GROUP PROFIT (LOSS) FOR THE PERIOD</b> | <b>14,646</b> |
|---|---------------|

Earnings for the period of the Immsi Group were positive amounting to €14,646 thousand, after allocating a profit of €16,581 thousand to non-controlling interests.

## **- I - COMMITMENTS, RISKS AND GUARANTEES**

For main commitments, risks and guarantees, where not specifically updated in these Notes, reference is made to the Notes to the Consolidated Financial Statements at 31 December 2020 for a general overview of the Group.

## - L - TRANSACTIONS WITH RELATED PARTIES

As regards information to be provided on related party transactions of the Group, in accordance with IAS 24 – *Related Parties Disclosures*, related party transactions took place in normal market conditions or as laid down by specific laws. No atypical or unusual transactions were carried out during the period to 30 June 2021. In compliance with Regulation no. 17221 on transactions with Related Parties issued by Consob on 12 March 2010 as amended, the Group adopted a new procedure to regulate procedures to approve related-party transactions, available on the website of the Issuer [www.immsi.it](http://www.immsi.it), in the section *Governance - Procedures*.

The following table shows the main financial effects of related party transactions and their impact on each financial statement item as of consolidated data of the Immsi Group at 30 June 2021: the financial effects arising from consolidated intergroup operations were eliminated during consolidation.

For comparative purposes, the following table shows income statement data at 30 June 2020 and balance sheet data at 31 December 2020.

| Main economic and financial items  | Amounts in thousands of Euros 30.06.2021 | % accounting for financial statement items | Description of the nature of transactions  | Comparable amounts in thousands of Euros |
|--|--|--|--|--|
| <b>Transactions with Related Parties:</b>                                    |  |  |  |  |
| <i>Current trade payables</i>  | 99                                       | 0.0%                                       | <i>Tax advisory services provided by St. Girelli &amp; Ass. to the Group</i>   | 330                                      |
| <i>Costs for services, leases and rentals</i>                                | 99                                       | 0.1%                                       | <i>Tax advisory services provided by St. Girelli &amp; Ass. to the Group</i>   | 94                                       |
| <b>Transactions with Parent companies:</b>                                   |  |  |  |  |
| <i>Non-current financial liabilities</i>                                     | 1,054                                    | 0.2%                                       | <i>Rental of offices provided by Omniaholding S.p.A. to the Group</i>  | 1,221                                    |
| <i>Current financial liabilities</i>   | 382                                      | 0.1%                                       | <i>Rental of offices provided by Omniaholding S.p.A. to the Group</i>  | 413                                      |
| <i>Current trade payables</i>  | 378                                      | 0.1%                                       | <i>Rental of offices provided by Omniaholding S.p.A. to the Group and equity loan from Omniaholding S.p.A. in favour of Immsi</i>                      | 380                                      |
| <i>Costs for services, leases and rentals</i>                                | 29                                       | 0.0%                                       | <i>Rental of offices provided by Omniaholding S.p.A. to the Group</i>  | 40                                       |
| <i>Borrowing costs</i>   | 22                                       | 0.0%                                       | <i>Costs related to the equity loan from Omniaholding S.p.A. in favour of Immsi and rental of offices provided by Omniaholding S.p.A. to the Group</i> | 14                                       |
| <b>Transactions with Subsidiaries, Affiliated Companies, Joint Ventures:</b> |  |  |  |  |
| <i>Trade receivables and other non-current</i>                               | 67                                       | 0.3%                                       | <i>Receivables from Fondazione Piaggio</i>   | 81                                       |
| <i>Current trade receivables and other receivables</i>                       | 38                                       | 0.0%                                       | <i>Receivables due from Consorzio CTMI</i>   | 71                                       |
|  | 1,271                                    | 0.6%                                       | <i>Receivables from Piaggio Foshan</i>   | 841                                      |
| <i>Current financial liabilities</i>   | 8  | 0.0%                                       | <i>Financial payables to Rodriquez Pietra Ligure S.r.l.</i>  | 8  |
| <i>Current trade payables</i>  | 12,110                                   | 2.4%                                       | <i>Trade payables to Piaggio Foshan and Fondazione Piaggio Onlus</i>   | 5,471                                    |
|  | 20                                       | 0.0%                                       | <i>Trade payables to Consorzio CTMI</i>  | 0  |
| <i>Net revenues</i>  | 8  | 0.0%                                       | <i>Sales to Piaggio Foshan and Fondazione Piaggio</i>  | 25                                       |
| <i>Costs for materials</i>   | 12,724                                   | 2.3%                                       | <i>Purchases from Piaggio Foshan</i>   | 8,569                                    |
| <i>Costs for services, leases and rentals</i>                                | 60                                       | 0.0%                                       | <i>Costs for services rendered by Consorzio CTMI</i>   | 60                                       |
| <i>Other operating income</i>  | 201                                      | 0.3%                                       | <i>Income from Piaggio Foshan</i>  | 276                                      |

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

## **- M - FINANCIAL POSITION**

The Immsi Group net financial debt at 30 June 2021 is shown below, compared with corresponding data at 31 December 2020 and at 30 June 2020. Further details of the main components are provided in the tables in the Half-Yearly Financial Report and related information below them:

| (in thousands of Euros)      | <b>30.06.2021</b> | <b>31.12.2020</b> | <b>30.06.2020</b> |
|------------------------------|-------------------|-------------------|-------------------|
| Total liquidity              | -232,935          | -249,886          | -179,910          |
| Total current financial debt | 485,374           | 481,273           | 455,470           |
| Net current financial debt   | 252,439           | 231,387           | 275,560           |
| Non-current financial debt   | 539,889           | 571,517           | 623,212           |
| <b>Net Financial debt</b>    | <b>792,328</b>    | <b>802,904</b>    | <b>898,772</b>    |

It should be noted that the net financial debt thus formulated is the amount monitored by the Group's management. Contrary to the ESMA Guidelines 2021 / 32-382-1138, as detailed in the Report on Operations, to which reference should be made, the net financial debt calculated by the Immsi Group does not take into account: other financial assets and liabilities arising from the fair value measurement of designated hedging and non-hedging derivatives, and the fair value adjustment of related hedged items and associated deferrals, together with the fair value of shares measured at FVTOCI; interest accrued on loans to third-party shareholders, and financial liabilities related to assets held for sale, totalling a negative €10.6 million.

## **- N - DIVIDENDS PAID**

As proposed by the Board of Directors on 19 March 2021 and approved by Ordinary Shareholders' Meeting on 30 April 2021, the Parent Company did not distribute dividends during the first half of 2021, nor in the first half of 2020.

## **- O - EARNINGS PER SHARE**

### **Earnings per share**

Earnings per share are calculated by dividing the consolidated net profit for the period attributable to Parent Company ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. The average number of shares in circulation is calculated by using the principle of retrospectively applying the changes in the number of shares in circulation.

|   | <b>First half of 2021</b> | <b>First half of 2020</b> |
|---|---------------------------|---------------------------|
| Net profit attributable to ordinary shareholders (in thousands of Euro) | 14,646                    | 1,510                     |
| Average weighted number of shares in circulation during the year        | 340,530,000               | 340,530,000               |
| <b>Basic earnings per share (in Euro)</b>                               | <b>0.043</b>              | <b>0.004</b>              |

### **Diluted earning per share**

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

The Company has no category of potential ordinary shares at 30 June 2021, therefore the diluted income per share coincides with the above basic earning per share.

## **- P - INFORMATION ON FINANCIAL INSTRUMENTS**

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

### **Financial assets**

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

### **Financial liabilities**

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

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

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

The high yield debenture loan issued by Piaggio in April 2018 provides for compliance with covenants which are typical of international practices on the high yield market. In particular, the company must observe the EBITDA/Net borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to:

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

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis, in particular, based on results at 30 June 2021, all covenants had been fully met. The Group does not expect to fail to meet its financial parameters at 31 December 2021, based on the forecasts available to date.

Given that the analyses were carried out on the basis of estimates and taking into account the current climate of uncertainty on core and financial markets, the various factors used in preparing estimates could be revised in the future.

Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan. For more details, see the information in Note G2 – *Financial liabilities*.

### **Lines of credit**

At 30 June 2021 the Immsi Group had irrevocable credit lines up to expiry amounting to €1,182 million (€1,297 million at 31 December 2020), details of which are given in the Note G2 – *Financial liabilities*.

### **Management of financial risks**

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

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

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

#### *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 for the Group's subsidiaries and/or issues guarantees to facilitate their funding: these operations are regulated under normal market conditions.

With particular reference to the **Piaggio group**, to face such a risk, the Piaggio group companies' cash flows and credit-line needs are monitored and/or managed centrally under the control of the Piaggio group's Treasury Department, in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint. Moreover, Piaggio & C. S.p.A. finances the temporary cash requirements of Piaggio group companies by providing direct or indirect short-term loans regulated in market conditions or through guarantees. Between Piaggio & C. S.p.A. and the European subsidiaries of the Piaggio group, there is also an active cash pooling zero balance system that enables the asset and liability balances of the subsidiaries to be reset daily, resulting in more effective and efficient management of liquidity in the Euro area.

For a greater coverage of liquidity risk, at 30 June 2021 the Immsi Group had unused credit lines available for €429 million (€481.3 million at 31 December 2020), of which €223.3 million due within 12 months and €205.7 million due after 12 months.

In particular, as of 30 June 2021, the Piaggio group had unused credit lines irrevocable until maturity of €225.7 million and €187 million of revocable credit lines.

The Directors believe that the funds currently available, those obtained in the early months of the second half of 2021 and those that will be generated by operating and financing activities, will enable the Group to satisfy requirements deriving from its investment activities, management of working capital and repayment of debts, also taking into account the credit lines maturing in the next 12 months and the Group's financial commitments, and will ensure an adequate level of operating and strategic flexibility. For details of the Immsi Group's used and available credit lines and their expiry dates, please refer to the Financial Liabilities section of these Notes.

It should also be noted that the current share price of the Piaggio stock, which is the parameter for sizing the credit lines granted to date to Immsi S.p.A., means it is possible to grant guarantees on the outstanding financial debt of the Parent Company, Intermarine S.p.A. and ISM Investimenti S.p.A., and in addition, as of 30 June 2021, there remain approximately 21.9 million Piaggio shares free of encumbrances and therefore potentially usable.

#### Exchange rate risk management

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

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

- **the transaction exchange risk:** the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
- the translation exchange risk: arises from the conversion into Euro of the financial statements of subsidiaries prepared in currencies other than the Euro during consolidation: the policy adopted by the Piaggio group does not require hedging of this type of exposure;
- the economic exchange risk: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

### Cash flow hedging relating to the Piaggio group

As of 30 June 2021, the Group had undertaken the following futures operations (recognised based on the settlement date), in relation to payables and receivables already recognised to hedge the transaction exchange risk:

| Company                          | Operation | Currency | Amount in currency  | Value in local currency (forward exchange rate) | Average maturity |
|----------------------------------|-----------|----------|---------------------|---|------------------|
|                                  |           |          | <i>In thousands</i> | <i>In thousands</i>                             |                  |
| Piaggio & C.                     | Purchase  | CAD      | 5,700               | 3,876   | 11/07/2021       |
| Piaggio & C.                     | Purchase  | CNY      | 112,000             | 14,259  | 01/08/2021       |
| Piaggio & C.                     | Purchase  | JPY      | 330,000             | 2,526   | 07/09/2021       |
| Piaggio & C.                     | Purchase  | SEK      | 4,000               | 394   | 20/08/2021       |
| Piaggio & C.                     | Purchase  | USD      | 18,000              | 14,860  | 27/07/2021       |
| Piaggio & C.                     | Sale      | CAD      | 7,900               | 5,313   | 23/07/2021       |
| Piaggio & C.                     | Sale      | CNY      | 9,000               | 1,169   | 07/07/2021       |
| Piaggio & C.                     | Sale      | JPY      | 120,000             | 910   | 02/07/2021       |
| Piaggio & C.                     | Sale      | USD      | 95,750              | 78,976  | 21/09/2021       |
| Piaggio Vietnam                  | Sale      | USD      | 78,000              | 1,803,552,000                                   | 08/09/2021       |
| Piaggio Indonesia                | Purchase  | USD      | 3,517               | 50,639,495                                      | 06/07/2021       |
| Piaggio Vespa BV                 | Sale      | SGD      | 350                 | 217   | 27/07/2021       |
| Piaggio Vespa BV                 | Sale      | USD      | 6,000               | 4,999   | 28/04/2022       |
| Piaggio Vehicles Private Limited | Sale      | USD      | 10,155              | 754,605   | 03/09/2021       |

At 30 June 2021, the Piaggio group had undertaken the following hedging transactions on the exchange risk:

| Company      | Operation | Currency | Amount in currency  | Value in local currency (forward exchange rate) | Average maturity |
|--------------|-----------|----------|---------------------|---|------------------|
|              |           |          | <i>In thousands</i> | <i>In thousands</i>                             |                  |
| Piaggio & C. | Purchase  | CNY      | 571,000             | 67,958  | 04/03/2022       |
| Piaggio & C. | Purchase  | USD      | 17,500              | 14,235  | 08/10/2021       |
| Piaggio & C. | Sale      | GBP      | 7,650               | 8,511   | 28/09/2021       |

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders. As of 30 June 2021, the total fair value of hedging instruments for exchange risk recognised on a hedge accounting basis was positive at €4,724 thousand. During the first half of 2021, gains were recognised in the Statement of Comprehensive Income for €3,792 thousand, while €169 thousand in gains from the Statement of Comprehensive Income were reclassified to profit/loss for the year.

The net balance of cash flows during the first half of 2021 is shown below in the main currencies:

|  | <b>Cash flow for the 1st half of<br/>2021</b> |
|--|---|
| <i>In millions of Euros</i>                |   |
| Canadian Dollar                            | 7.4   |
| Pound Sterling                             | 15.3  |
| Swedish Krone                              | (0.8)   |
| Japanese Yen                               | (0.7)   |
| US Dollar                                  | 39.1  |
| Indian Rupee                               | (57.0)  |
| Croatian Kuna                              | 1.7   |
| Chinese Yuan*                              | (17.2)  |
| Vietnamese Dong                            | (68.8)  |
| Singapore Dollar                           | (1.3)   |
| Indonesian Rupiah                          | 20.2  |
| <b>Total cash flow in foreign currency</b> | <b>(62.1)</b>                                 |

\*cash flow partially in USD

The subsidiary **Intermarine S.p.A.** generally hedges the risks deriving from exchange rate fluctuations through specific operations linked to individual orders that require billing in currencies other than the Euro. At 30 June 2021, there were no forward sales contracts in place.

In view of the above, a hypothetical 3% appreciation/depreciation of the Euro would generate, respectively, potential profits of €1,809 thousand and losses of €1,921 thousand.

#### Management of the interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.

With reference to the **Piaggio group**, at 30 June 2021, the following hedging derivatives were taken out:

- Cash flow hedging: An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €30,000 thousand from Banco BPM. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; at 30 June 2021 the fair value of the instrument was negative €172 thousand. The sensitivity analysis of the instrument, assuming a shift in the interest rate curve of 1% upwards and downwards, shows a potential impact on shareholders' equity, net of the related tax effect, of €329 thousand and -€412 thousand, respectively.
- Fair value hedging derivatives (fair value hedging and fair value options) Cross Currency Swap to hedge the private debenture loan issued by Piaggio & C. S.p.A. for a nominal amount of \$75,000 thousand, which was fully repaid on 30 July 2021. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to Euro, and from a fixed rate to a variable rate; the instrument is accounted for



on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. At 30 June 2021, the fair value of the instrument was €2,445 thousand. The net effect on P&L of valuing the instrument and the underlying private bond was -€15 thousand.

|                                | <b>FAIR VALUE</b> |
|--------------------------------|-------------------|
| <i>In thousands of Euros</i>   |                   |
| <i>Piaggio &amp; C. S.p.A.</i> |                   |
| <i>Interest Rate Swap</i>      | (172)             |
| <i>Cross Currency Swap</i>     | 2,445             |

Moreover, the Parent Company **Immsi S.p.A.** activated an interest rate swap to change a part of flows for interest on loans with Banco BPM from a variable to a fixed rate. At 30 June 2021 the fair value of the instruments was negative and equal to €2 thousand. Profits of €3 thousand were recognised in the Statement of Other Comprehensive Income during the half year.

### Credit risk

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

| In thousands of Euros       | 30 June<br>2021 | 31 December<br>2020 |
|-----------------------------|-----------------|---------------------|
| Bank funds and securities   | 232,851         | 249,822             |
| Financial assets            | 5,283           | 4,793               |
| Tax receivables             | 36,079          | 27,302              |
| Trade and other receivables | 227,945         | 151,392             |
| <b>Total</b>                | <b>502,158</b>  | <b>433,309</b>      |

In particular, the **Piaggio group** monitors or manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of its own licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, Piaggio & C. S.p.A. has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.

With reference to the subsidiary **Intermarine S.p.A.**, which in view of the nature of its business can present receivables concentrated among a few customers, it is noted that the most significant customers in quantitative terms are represented by public bodies: moreover, in general production to order requires substantial advance payments by the customer as works progress, thereby reducing the credit risk.

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: inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3: inputs not based on observable market data.

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

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 these values, with reference to the Piaggio group:

|   | Carrying<br>value | Carrying<br>amount | <i>Fair Value</i> * |
|---|-------------------|--------------------|---------------------|
| <i>In thousands of Euros</i>            |                   |                    |                     |
| High yield debenture loan               | 250,000           | 243,338            | 255,068             |
| EIB (R&D loan 2016-2018)                | 25,714            | 25,676             | 25,813              |
| EIB (R&D loan 2019-2021)                | 70,000            | 69,919             | 68,097              |
| BEI (R&D loan 2019-2021) step-up        | 30,000            | 30,000             | 28,684              |
| Loan from B. Pop. Emilia Romagna        | 12,000            | 11,976             | 12,005              |
| Loan from Banco BPM                     | 30,000            | 29,903             | 30,061              |
| Revolving syndicated loan 2023          | 2,000             | 1,662              | 2,010               |
| Syndicated loan 2023                    | 42,500            | 42,364             | 42,835              |
| Loan from Banca del Mezzogiorno         | 4,060             | 4,058              | 4,062               |
| Loan from Cassa di Risparmio di Bolzano | 10,000            | 9,986              | 9,793               |
| Loan from Banca Popolare di Sondrio     | 5,000             | 4,980              | 4,858               |

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

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

The table below shows the assets and liabilities measured at fair value at 30 June 2021, based on fair value hierarchical levels:

| In thousands of Euros              | Level 1      | Level 2         | Level 3   |
|------------------------------------|--------------|-----------------|-----------|
| Assets measured at fair value      | 2,824        | 0               | 0         |
| Hedging financial derivatives      |              | 2,445           | 0         |
| Other assets                       |              | 5,126           | 16        |
| <b>Total assets</b>                | <b>2,824</b> | <b>7,571</b>    | <b>16</b> |
| Liabilities measured at fair value |              | (13,494)        | 0         |
| Hedging financial derivatives      |              | (1)             | 0         |
| Other liabilities                  |              | (593)           | 0         |
| <b>Total liabilities</b>           | <b>0</b>     | <b>(14,088)</b> | <b>0</b>  |
| <b>Balance as of 30 June 2021</b>  | <b>2,824</b> | <b>(6,517)</b>  | <b>16</b> |

Level 1 includes the carrying amount of the investment held by Immsi S.p.A. in Unicredit S.p.A., down by €685 thousand compared to 31 December 2020 following a decrease in the share price recorded at the end of June 2021.

Level 2 includes as assets the fair value of exchange rate risk hedges on forecast transactions, recognised in accordance with the cash flow hedge principle by Piaggio for €5,126 thousand and the fair value of the Cross Currency Swap on the Piaggio private debenture loan for €2,445 thousand, while liabilities mainly include the *fair value* measurement of the same debenture loan for €13,494 thousand.

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

The following table highlights the changes that occurred during the first half of 2021:

| In thousands of Euros   | Level 1      | Level 2        | Level 3   |
|---|--------------|----------------|-----------|
| <i>Balance as of 31 December 2020</i>                           | 2,139        | (10,413)       | 4,637*    |
| Gain and (loss) recognised in profit or loss                    |              | (177)          | (21)      |
| Gain (loss) recognised in the statement of comprehensive income | 685          | 4,093          | 0         |
| Increases/(Decreases)   | 0            | (20)           | (4,600)   |
| <b>Balance as of 30 June 2021</b>                               | <b>2,824</b> | <b>(6,517)</b> | <b>16</b> |

\*) This value included the fair value of the Piaggio group's real estate investment relating to the Spanish factory in Martorelles for €4,600 thousand.

## LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND INVESTMENTS AT 30 JUNE 2021

Pursuant to Consob Resolution no. 11971 of 14 May 1999 as amended (article 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) |
|--|----------|--|--------------------------|------------------------|
| <b>LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS</b>   |          |  |                          |                        |
| <b>Immsi S.p.A.</b><br>Mantua (MN) – Italy<br>Parent Company   | Euros    | 178,464,000.00                         |                          |                        |
| <b>Apuliae S.r.l.</b><br>Lecce (LE) – Italy<br>Immsi S.p.A. investment: 85.69%   | Euros    | 220,000.00                             | 85.69%                   |                        |
| <b>ISM Investimenti S.p.A.</b><br>Mantua (MN) – Italy<br>Immsi S.p.A. investment: 72.64%   | Euros    | 6,654,902.00                           | 72.64%                   |                        |
| <b>Is Molas S.p.A.</b><br>Pula (CA) – Italy<br>ISM Investimenti S.p.A. investment: 92.59%  | Euros    | 10,398,437.00                          | 92.59%                   |                        |
| <b>Pietra S.r.l.</b><br>Milan (MI) – Italy<br>Immsi S.p.A. investment: 77.78%  | Euros    | 40,000.00                              | 77.78%                   |                        |
| <b>Pietra Ligure S.r.l.</b><br>Mantua (MN) – Italy<br>Investment of Pietra S.r.l. 100.00%  | Euros    | 10,000.00                              | 100.00%                  |                        |
| <b>Immsi Audit S.c.a r.l.</b><br>Mantua (MN) – Italy<br>Immsi S.p.A. investment: 25.00%<br>Is Molas S.p.A. investment: 25.00%<br>Piaggio & C. S.p.A. investment: 25.00%<br>Intermarine S.p.A. investment: 25.00% | Euros    | 40,000.00                              | 100.00%                  |                        |
| <b>RCN Finanziaria S.p.A.</b><br>Mantua (MN) – Italy<br>Immsi S.p.A. investment: 63.18%  | Euros    | 1,000,000.00                           | 63.18%                   |                        |
| <b>Intermarine S.p.A.</b><br>Sarzana (La Spezia) – Italy<br>RCN Finanziaria S.p.A. investment: 100.00%   | Euros    | 2,060,214.00                           | 100.00%                  |                        |
| <b>Piaggio &amp; C. S.p.A.</b><br>Pontedera (PI) – Italy<br>Immsi S.p.A. investment: 50.07%  | Euros    | 207,613,944.37                         | 50.07%                   |                        |
| <b>Aprilia Brasil Industria de Motociclos S.A.</b><br>Manaus – Brazil<br>Aprilia World Service Holding do Brasil Ltda. investment: 51.00%  | R\$      | 2,020,000.00                           | 51.00%                   |                        |
| <b>Aprilia Racing S.r.l.</b><br>Pontedera (PI) – Italy<br>Piaggio & C. S.p.A. investment: 100.00%  | Euros    | 250,000.00                             | 100.00%                  |                        |
| <b>Aprilia World Service Holding do Brasil Ltda.</b><br>San Paolo – Brazil<br>Piaggio group Americas Inc. investment: 99.99995%  | R\$      | 2,028,780.00                           | 99.99995%                |                        |
| <b>Foshan Piaggio Vehicles Technology Research &amp; Development Co. Ltd</b><br>Foshan City – China<br>Piaggio Vespa B.V. investment: 100.00%  | RMB      | 10,500,000.00                          | 100.00%                  |                        |
| <b>Nacional Motor S.A.</b><br>Barcelona – Spain<br>Piaggio & C. S.p.A. investment: 100.00%   | Euros    | 60,000.00                              | 100.00%                  |                        |

| Company name   | Currency | Share Capital (subscribed and paid-up) | % of Share Capital owned | % votes (if different) |
|--|----------|--|--------------------------|------------------------|
| <b>LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS</b>   |          |  |                          |                        |
| <b>Piaggio Asia Pacific PTE Ltd.</b><br>Singapore – Singapore<br>Piaggio Vespa B.V. investment: 100.00%  | SGD      | 100,000.00                             | 100.00%                  |                        |
| <b>Piaggio Advanced Design Center Corp.</b><br>Pasadena – USA<br>Piaggio & C. S.p.A. investment: 100.00%   | USD      | 100,000.00                             | 100.00%                  |                        |
| <b>Piaggio China Co. LTD</b><br>Hong Kong – China<br>Piaggio & C. S.p.A. investment: 100%  | USD      | 12,151,000.00                          | 100%                     |                        |
| <b>Piaggio Concept Store Mantova S.r.l.</b><br>Mantua - Italy<br>Piaggio & C. S.p.A. investment: 100%  | Euros    | 100,000.00                             | 100.00%                  |                        |
| <b>Piaggio Deutschland GmbH</b><br>Düsseldorf – Germany<br>Piaggio Vespa B.V. investment: 100.00%  | Euros    | 250,000.00                             | 100.00%                  |                        |
| <b>Piaggio España S.L.U.</b><br>Alcobendas – Spain<br>Piaggio & C. S.p.A. investment: 100.00%  | Euros    | 426,642.00                             | 100.00%                  |                        |
| <b>Piaggio Fast Forward Inc.</b><br>Boston – USA<br>Piaggio & C. S.p.A. investment: 85.65%   | USD      | 14,827.07                              | 85.65%                   |                        |
| <b>Piaggio France S.A.S.</b><br>Clichy Cedex – France<br>Piaggio Vespa B.V. investment: 100.00%  | Euros    | 250,000.00                             | 100.00%                  |                        |
| <b>Piaggio Group Americas Inc.</b><br>New York – USA<br>Piaggio Vespa B.V. investment: 100.00%   | USD      | 2,000.00                               | 100.00%                  |                        |
| <b>Piaggio Group Japan</b><br>Tokyo – Japan<br>Piaggio Vespa B.V. investment: 100.00%  | YEN      | 99,000,000.00                          | 100.00%                  |                        |
| <b>Piaggio Hellas S.A.</b><br>Athens – Greece<br>Piaggio Vespa B.V. investment: 100.00%  | Euros    | 1,004,040.00                           | 100.00%                  |                        |
| <b>Piaggio Hrvatska D.o.o.</b><br>Split – Croatia<br>Piaggio Vespa B.V. investment: 100.00%  | HRK      | 400,000.00                             | 100.00%                  |                        |
| <b>Piaggio Limited</b><br>Bromley Kent – UK<br>Piaggio Vespa B.V. investment: 99.9996%<br>Piaggio & C. S.p.A. investment: 0.0004%                          | GBP      | 250,000.00                             | 100.00%                  |                        |
| <b>Piaggio Vehicles Private Limited</b><br>Maharashtra – India<br>Piaggio & C. S.p.A. investment: 99.9999971%<br>Piaggio Vespa B.V. investment: 0.0000029% | INR      | 340,000,000.00                         | 100.00%                  |                        |
| <b>Piaggio Vespa B.V.</b><br>Breda – Holland<br>Piaggio & C. S.p.A. investment: 100%   | Euros    | 91,000.00                              | 100.00%                  |                        |
| <b>Piaggio Vietnam Co. Ltd.</b><br>Hanoi – Vietnam<br>Piaggio & C. S.p.A. investment: 63.50%<br>Piaggio Vespa B.V. investment: 36.50%                      | VND      | 64,751,000,000.00                      | 100.00%                  |                        |
| <b>PT Piaggio Indonesia</b><br>Jakarta – Indonesia<br>Piaggio Vespa B.V. investment: 70.71%<br>Piaggio & C. S.p.A. investment: 29.29%                      | Rupiah   | 6,241,900,000.00                       | 100.00%                  |                        |

| Company name   | Currency | Share Capital (subscribed and paid-up) | % of Share Capital owned | % votes (if different) |
|--|----------|--|--------------------------|------------------------|
| <b>EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATED AND JOINT CONTROL COMPANIES VALUED USING THE EQUITY METHOD</b>   |          |  |                          |                        |
| <b>Zongshen Piaggio Foshan Motorcycle Co. Ltd.</b><br>Foshan City – China<br>Piaggio & C. S.p.A. investment: 32.50%<br>Piaggio China Co. Ltd. investment: 12.50% | RMB      | 255,942,515.00                         | 45.00%                   |                        |
| <b>Rodriquez Pietra Ligure S.r.l.</b><br>Milan (MI) – Italy<br>Intermarine S.p.A. investment: 100.00%  | Euros    | 20,000.00                              | 100.00%                  |                        |
| <b>Depuradora d'Aigües de Martorelles S.C.C.L.</b><br>Barcelona – Spain<br>Nacional Motor S.A. equity investment: 22.00%   | Euros    | 60,101.21                              | 22.00%                   |                        |
| <b>Pont - Tech, Pontedera &amp; Tecnologia S.c.r.l.</b><br>Pontedera (PI) – Italy<br>Piaggio & C. S.p.A. investment: 20.45%                                      | Euros    | 469,069.00                             | 22.23%                   |                        |
| <b>S.A.T. Société d'Automobiles et Triporteurs S.A.</b><br>Tunis – Tunisia<br>Piaggio Vespa B.V. investment: 20.00%  | TND      | 210,000.00                             | 20.00%                   |                        |
| <b>EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES VALUED USING THE COST METHOD</b>  |          |  |                          |                        |
| <b>Consorzio CTMI – Messina</b><br>Messina (ME) – Italy<br>Intermarine S.p.A. investment: 34.21%   | Euros    | 53,040.00                              | 34.21%                   |                        |
| <b>Fondazione Piaggio</b><br>Pontedera (PI) – Italy<br>Piaggio & C. S.p.A. investment: 66.67%  | Euros    | 103,291.38                             | 50.00%                   |                        |

Mantova, 2 September 2021

for the Board of Directors  
Chief Executive Officer

Michele Colaninno

## **Certification of the condensed interim financial statements pursuant to article 154-bis of Legislative Decree 58/98**

The undersigned Roberto Colaninno, as Chairman of the Board of Directors, Michele Colaninno, as Chief Executive Officer and Andrea Paroli, Executive in charge of financial reporting of Immsi S.p.A., certify, also taking account provisions of article 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 the preparation of the condensed interim financial statements in the course of the first half of 2021.

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

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

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

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

2 September 2021

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The Chairman  
Roberto Colaninno

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Executive in charge  
of financial reporting  
Andrea Paroli

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Chief Executive Officer  
Michele Colaninno

## REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of  
IMMSI S.p.A.

### Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of IMMSI S.p.A. and subsidiaries (the “IMMSI Group”), which comprise the consolidated statement of financial position as at June 30, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholder’s equity, the statement of consolidated cash flows for the six month period then ended and related notes. The Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (“IAS 34”) as adopted by the European Union. Our responsibility is to express a conclusion on condensed consolidated interim financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of IMMSI Group as at June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.



**Other Matter**

The consolidated financial statements of IMMSI Group for the period ended as at December 31, 2020 and the condensed consolidated interim financial statements as at June 30, 2020 have been respectively audited and reviewed by other auditors that on April 8, 2021 and on September 3, 2020 expressed an unmodified opinion and an unmodified conclusion on those financial statements.

DELOITTE & TOUCHE S.p.A.

*Signed by*

Gianni Massini

Partner

Firenze, Italy

September 14, 2021

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