INTERIM FINANCIAL REPORT AT MARCH 31, 2021

PIRELLI & C. Società per Azioni (Joint Stock Company)

Milan Office

Viale Piero e Alberto Pirelli n. 25

Share Capital Euro 1,904,374,935.66

Milan Company Register No. 00860340157

REA (Economic Administrative Index) No. 1055

PIRELLI & C. S.p.A. - MILAN

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Board of Directors[1]

Chairman	Ning Gaoning
Executive Vice Chairman and Chief Executive Officer	Marco Tronchetti Provera
Director	Yang Xingqiang
Director	Bai Xinping
Independent Director	Paola Boromei
Independent Director	Domenico De Sole
Independent Director	Roberto Diacetti
Independent Director	Fan Xiaohua
Independent Director	Giovanni Lo Storto
Independent Director	Marisa Pappalardo
Independent Director	Tao Haisu
Director	Giovanni Tronchetti Provera
Independent Director	Wei Yintao
Director	Zhang Haitao

Secretary of the Board	Alberto Bastanzio

Board of Statutory Auditors[2]

Chairman	Francesco Fallacara
Statutory Auditors	Fabio Artoni
	Antonella Carù
	Luca Nicodemi
	Alberto Villani

[1] Appointment: June 18, 2020. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2022. On August 5, 2020, Angelos Papadimitriou was co-opted by the Board of Directors following the resignation – on the same date – tendered by Carlo Secchi. Director Angelos Papadimitriou, whose confirmation was expected to be on the Agenda of the Shareholders' Meeting convened for March 24, 2021, announced on the same aforementioned date that he was withdrawing his candidacy and, therefore, the Shareholders' Meeting was unable to pass any resolution on the matter. As a consequence, the Board of Directors is currently composed of 14 members. On March 31, 2021 the Board of Directors proposed to the Shareholders' Meeting convened for June 15, 2021, to appoint Giorgio Luca Bruno as new Director.

[2] Appointment: May 15, 2018. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2020.

Alternate Auditors	Elenio Bidoggia
	Franca Brusco
	Giovanna Oddo

Audit, Risk, Sustainability and Corporate Governance Committee[3]

Chairman – Independent Director	Fan Xiaohua
Independent Director	Roberto Diacetti
Independent Director	Giovanni Lo Storto
Independent Director	Marisa Pappalardo
	Zhang Haitao

Committee for Related Party Transactions

Chairman – Independent Director	Marisa Pappalardo
Independent Director	Domenico De Sole
Independent Director	Giovanni Lo Storto

Nominations and Successions Committee[3]

Chairman	Marco Tronchetti Provera
	Ning Gaoning
	Bai Xinping
	Giovanni Tronchetti Provera

Remuneration Committee[3]

Chairman - Independent Director	Tao Haisu
	Bai Xinping
Independent Director	Paola Boromei
Independent Director	Fan Xiaohua
Independent Director	Marisa Pappalardo

3 The composition of the Board Committees is in accordance with the resolutions passed by the Board of Directors on August 5, 2020 and March 31, 2021.

Strategies Committee[3]

Chairman	Marco Tronchetti Provera
	Ning Gaoning
	Yang Xingqiang
	Bai Xinping
Independent Director	Domenico De Sole
Independent Director	Giovanni Lo Storto
Independent Director	Wei Yintao

Independent Auditing Firm[4]	PricewaterhouseCoopers S.p.A.
Manager responsible for the preparation of the corporate and accounting documentation [5]	Francesco Tanzi

The Supervisory Board (as provided for by Organisational Model 231 adopted by the Company) is chaired by Prof. Carlo Secchi.

[4] Appointment: August 1, 2017, effective on the date of the commencement of trading of Pirelli shares on the Mercato Telematico Azionario (screen-based stock exchange) which is organised and managed by Borsa Italiana S.p.A. (October 4, 2017). Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2025.

[5] Appointment: Board of Directors Meeting on June 22, 2020. Expiry: jointly with the current Board of Directors.

MACROECONOMIC AND MARKET SCENARIO

Economic overview

During the first quarter of 2021, the global economy continued to recover (an estimated +3.5% growth in global GDP), supported by China (+18.3%) and the United States (+0.4%). Despite the return of global industrial production to pre-COVID levels, pandemic containment measures continued to weigh on economic activity in the services sector. Inflation rose due to a number of temporary factors such as, reduced trade with the global supply chains as a result of lockdowns, transport delays, the subsequent resumption of production and the consequent pressure on manufacturing sectors and volatility in energy prices.

In Europe, economic performance was impacted by an increase in the number of infections, which forced several countries to prolong measures to restrict individual mobility. After a still weak 2020 fourth quarter (-4.6%), GDP for the first quarter of 2021 recorded a decline of -1.7%.

In the United States, extensive income support measures, fewer restrictions on mobility and the success of the vaccination plan had a favourable impact on the trend in GDP which, following a negative 2020 fourth quarter (-2.4%), returned to growth (+0.4%) for the first quarter of 2021.

Economic growth, percentage change in GDP

	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
EU	-2.7	-13.8	-4.0	-4.6	-1.7
US	0.3	-9.0	-2.8	-2.4	0.4
China	-6.4	3.6	5.1	6.8	18.3
Brazil	-1.4	-10.9	-3.9	-1.2	0.2
Russia	1.4	-7.6	-3.5	-1.9	-0.9
World	-2.3	-7.6	-1.5	-0.4	3.5

Note: Changes in year-on-year percentages. Final data; forecasts for Brazil, Russia and the World.
Source: Office for National Statistics and IHS Markit, April 2021

China's economic recovery continued: +18.3% for the first quarter of 2021. Measures implemented by the government to support economic activity, as well as strict containment measures, enabled China to overcome the crisis as early as of the second quarter of 2020.

Brazil's economic trend improved (+0.2% for the first quarter), despite the second wave of COVID-19 infections, thanks to the recovery in industrial production and consumer spending as of the second half of 2020.

Lastly, Russia's GDP trend was negative (-0.9% for the first quarter), impacted by reduced economic activity and oil production which was still below pre-pandemic levels.

Exchange Rates

Exchange rate volatility was high during the first quarter of 2021, with the euro appreciating against the main currencies.

The US dollar in particular, depreciated against the euro (-8% compared to the first quarter of 2020), with the euro/US dollar exchange rate averaging 1.20 for the first quarter of 2021.

Key exchange rates	1Q		
	2021	**2020**	**2019**
US$ per euro	1.20	1.10	1.14
Chinese yuan per US$	6.48	6.98	6.75
Brazilian real per US$	5.49	4.47	3.77
Russian rouble per US$	74.32	66.39	65.89

Note: Average exchange rates for the period. Source: National central banks.

Thanks to China's rapid economic recovery, the yuan also appreciated against the US dollar (+7.6% for the first quarter, compared to the same period of 2020), a trend which translated into a slight depreciation (-1.5%) against the euro.

Political uncertainties, as well as the severity of the health crisis, hit the Brazilian real which depreciated for the first quarter compared to the same period of 2020, by -18% against the US dollar and by -26% against the euro.

The Russian rouble also fell with a depreciation of -11% against the US dollar for the first quarter of 2021, and -18% against the euro.

Raw materials prices

Raw material prices strengthened during the first three months of 2021. The average price of Brent stood at US$ 61.1 per barrel for the first quarter of 2021, an increase of +20.1% compared to the average price for the same period of 2020, and just below the average price of Brent per barrel for the first quarter of 2019 (US$ 63.9 per barrel). Crude oil prices benefited from both the recovery in demand, thanks to the recovery in the global economy, and from supply restrictions by oil producing countries.

Butadiene prices had not yet reached pre-pandemic levels, averaging euro 715 per tonne for the first three months of 2021, down by -1.6% compared to the same period of 2020.

The average price of natural rubber stood at US$ 1,668 per tonne for the first quarter of 2021 (+24.8%), representing a strong recovery compared to the same period of 2020. Natural rubber prices surpassed pre-pandemic levels, due to the recovery in demand, but also due to disruptions to the supply chain that affected both production and logistics.

Raw material prices	1Q				
	2021	% chg.	**2020**	% chg.	**2019**
Brent (US$ / barrel)	61.1	20.1%	50.9	-20.4%	63.9
Butadiene (€ / tonne)	715	-1.6%	727	-16.0%	865
Natural rubber TSR20 (US$ / tonne)	1,668	24.8%	1,337	-4.3%	1,397

Note: Data are averages for the period. Source: IHS Markit, Reuters

Trends in Car Tyre Markets

During the first quarter of 2021, the car tyre market as a whole recorded a growth of +11.9% globally, but with volumes remaining below pre-pandemic levels (-8% compared to the first quarter of 2019). There was equitable growth between the Original Equipment and Replacement channels.

There was a more marked recovery in demand for the Car ≥18" segment (+20% compared to the first quarter of 2020, +18% for the Original Equipment channel, +21% for the Replacement channel), which returned to growth that was higher than pre-COVID levels (+9% growth in overall demand, +4% for Original Equipment, +13% for the Replacement channel), driven by APAC, Europe and North America.

The performance of the Car ≤17" market was positive (+10% compared to the first quarter of 2020), but still remained below 2019 levels (-12% compared to the first quarter of 2019), in all regions.

Trends in Car Tyre Markets

% year-on-year	**1Q 2020**	**2Q 2020**	**3Q 2020**	**4Q 2020**	**2020 Total**	**1Q 2021**	**1Q 2021/ 1Q 2019**
Total Car Tyre Market							
Total	**-20.7**	**-35.1**	**-5.5**	**-0.8**	**-15.3**	**11.9**	**-8.4**
Original equipment	-22.4	-43.3	-4.3	-0.0	-17.6	11.5	-14.6
Replacement	-20.0	-32.0	-5.9	-1.0	-14.5	12.0	-5.9
New Premium Market ≥ 18"							
Total	**-11.7**	**-34.8**	**2.0**	**5.3**	**-9.5**	**20.0**	**9.0**
Original equipment	-16.0	-46.5	0.1	9.1	-13.2	18.2	3.5
Replacement	-8.5	-26.2	3.3	2.5	-6.9	21.3	13.3
Standard Market ≤ 17"							
Total	**-22.4**	**-35.2**	**-7.0**	**-2.0**	**-16.5**	**10.1**	**-11.9**
Original equipment	-24.4	-42.2	-5.8	-3.1	-19.1	8.8	-20.7
Replacement	-21.7	-32.9	-7.3	-1.6	-15.6	10.4	-8.8

Source: Pirelli estimates

SIGNIFICANT EVENTS OF THE FIRST QUARTER

During **January and February 2021**, Pirelli repaid in advance, some of its maturing debt which had been scheduled for 2021 and 2022, a total amount of euro 838 million. In particular, a tranche of the *"Schuldschein"* loan amounting to euro 82 million was repaid, with original maturity on July 31, 2021, plus a portion to the amount of euro 756 million, of the unsecured (*"Facilities")* loan with original maturity in 2022. These repayments, for which part of the liquidity raised in 2020 was used, made it possible to reduce financial expenses, thereby optimising the financial structure of the debt.

On **February 25, 2021** Pirelli communicated the terms of the termination, effective February 28, 2021, of the employment relationship with the General Manager and co-CEO Angelos Papadimitriou, which had been announced to the market on **January 20, 2021.**
In accordance with the Pirelli Remuneration Policy, the Board of Directors granted to Mr. Papadimitriou, in addition to the amounts due by way of remuneration and other legal benefits accrued up to the date of his termination: (i) 10 months' gross annual salary as a redundancy incentive, equal to the value of what would have been the compensation in lieu of notice, based on conventional seniority recognised at the time of recruitment as an executive; (ii) euro 100,000 gross by way of a general novative settlement, to be paid once the termination is defined in accordance with the existing labour law procedures, as well as the maintenance until December 31, 2021 of certain non-monetary benefits granted at the time of recruitment as an executive. As provided for at the time of his recruitment, subordinate to the suspensory condition of the approval of the 2021 Remuneration Policy by the Shareholders' Meeting, Mr. Papadimitriou will be bound, for the two years following his termination of office as Director, to a non-compete agreement, valid for the main countries in which Pirelli operates, in exchange for a consideration, for each applicable year, equal to 100% of his gross annual salary, to be paid in 8 deferred quarterly instalments starting from July 1, 2021. The non-compete agreement includes a non-solicit clause as well as penalties in the event of any breach of the obligations pursuant to the non-compete agreement.

On **March 31, 2021**, the Board of Directors approved the proposal of the Executive Deputy Chairman and CEO, Marco Tronchetti Provera, already announced to the market on **March 24, 2021**, to invite the Shareholders' Meeting to appoint Giorgio Luca Bruno as Director and - consequently - to appoint him as Deputy-CEO, who reports directly to him, effective June 15, 2021. Following the proposal, Angelos Papadimitriou renounced his candidacy for Director. Therefore the Shareholders' Meeting, which met on **March 24, 2021** with his reappointment on the Agenda amongst other things, decided to postpone the appointment of the new Director, which the Board has identified as Giorgio Luca Bruno, until June 15. Angelos Papadimitriou, who had previously been co-opted, has therefore ceased to be a Director effective March 24, 2021.
The Shareholders' Meeting also approved, during an extraordinary session, the convertibility of the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* issued on December 22, 2020, as well as approved a divisible capital increase, with the exclusion of option rights, to service the conversion of the aforementioned bond, for a total counter-value, including any share premium, of euro 500 million. On the basis of the initial conversion ratio of the Bond Loan of euro 6.235, this increase will correspond to the issue of a maximum of 80,192,461 Pirelli &

C. S.p.A. ordinary shares (notwithstanding that the maximum number of Pirelli & C. S.p.A. ordinary shares could increase depending on the effective conversion ratio applicable from time to time).

On **March 31, 2021,** the Board of Directors approved the 2021-2022|2025 Industrial Plan, which had been presented to the financial community on the same date, and also approved the Financial Statements at December 31, 2020 which closed with a consolidated net income of euro 42.7 million, and a net income of euro 44 million for the Parent Company. The Board of Directors resolved to propose to the Shareholders' Meeting convened for June 15, 2021, the distribution of a dividend, also by way of withdrawing part of the earnings accrued during previous financial years, of euro 0.08 per share for a total of euro 80 million.

GROUP PERFORMANCE AND RESULTS

In this document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), alternative performance indicators derived from the IFRS were used in order to allow for a better assessment of the of the Group's operating and financial performance. Reference should be made to the paragraph *"Alternative Performance Indicators"* for a more analytical description of these indicators.

* * *

Pirelli's results for the first quarter of 2021 were consistent with the Company's expectations, and reflected the first evidence of the Strategic Plan's key programmes.

On the **Commercial Front**:

- **strengthening of the High Value segment**, with the outperformance of Car ≥18" (Pirelli volumes at +33% compared to +20% for the market) and even greater growth for Car ≥19" (Pirelli volumes at +39% compared to +26% for the market), in all regions and for both channels (Original Equipment and Replacement). Pirelli was able to fully seize the opportunities offered by market recovery, by leveraging a product portfolio with high technological content and a production and logistics structure capable of handling the high volatility of demand;
- **increased exposure to the electric market segment** with Original Equipment volumes at approximately 8 times those of the first quarter of 2020;
- the **consolidation of leadership in China** in the high-end product range;
    - both on the Original Equipment channel, thanks to strong exposure to Premium Car makers, and also to partnerships with the leading local Premium manufacturers of electric vehicles;
    - and on the Replacement channel, where the recovery in demand was intercepted through the distribution chain and the strong development in online sales (approximately 26% of volumes);
- **the recovery in sales for the Standard segment** (Pirelli volumes for Car ≤17" at +11.7% compared to +10.1% for the market), with the mix increasingly oriented towards higher rim diameter products;
- the **progressive improvement in the price/mix** (+2.3% for the first quarter of 2021, +0.6% for the fourth quarter of 2020), which reflected the good performance in the regional and product mix. The price/mix trend for the first quarter, consistent with the guidance for the year, did not yet reflect the rebalancing of the channel mix (expected in the second half of the year), and the price increases (implemented as of March in Europe, April in China and May in the US). The improvement in the price/mix more than balanced the impact of raw materials on the EBIT adjusted.

On the **Innovation Front:**

- the homologation plan continued with the OEM partners, with ~70 technical homologations in first quarter 2021 (>20% of the annual target) concentrated in the ≥19" range (approximately 80%) and Specialties (approximately 50%);
- two new product lines were launched dedicated to Replacement (*"Powergy"* and the new Cinturato All-Season SF2) in Europe.

For the **Competitiveness Program**: **Phase 2 of the efficiency plan** was launched, with gross benefits of euro 26 million (euro 15 million net of inflation) relative to:

- product cost, with modularity and design-to-cost programmes;
- manufacturing, through the completion of the already announced optimisation of the industrial footprint and the implementation of efficiency programmes;
- SG&A, by leveraging the optimisation of the logistics network and warehouses and the negotiation of purchases;
- organisation, through the recourse to digital transformation.

For the **Operations Program**:

- the process of returning to optimal levels of plant saturation continued, which were already at approximately 90% during the first quarter;
- optimised inventories levels which were essentially stable compared to the end of 2020 (19.5% of the revenues for the last 12 months), despite a higher level of demand.

For the **Digitalization Program**, efforts continued to transform the Company's key processes by 2023 by connecting them in real time and integrating internal functions with external partners/customers through digital platforms, data lakes and artificial intelligence models.

Pirelli's results for the first quarter of 2021 were characterised by:

- **Revenues** of euro **1,244.7** million, which were up by +18.4% compared to the same period of 2020 (+10% ÷ +12% the target for the year), +24.5% organic growth excluding the negative exchange rate effect and the effects of hyperinflation in Argentina. In particular:
    - a significant growth in volumes (+22.2% at Group level, +11% ÷ +13% the target for the year), both for the High Value (+29.3% compared to +15% ÷ +17% the target) and Standard segments (+15.4% compared to +6% ÷ +8% the target), supported by the recovery in demand in the main geographical regions, and the strengthening of market share in the main segments, with a performance in APAC for Car ≥18" that was twice that of the market;
    - the price/mix improved (+2.3%; +2.5% ÷ ~+3% the target), which reflected the above mentioned dynamics;
    - a negative exchange rate effect (-6.1% for the first quarter, a target of ~-3.5% for the year), as a result of the depreciation of the US dollar (down by -8% from the first quarter of 2020), and of the main currencies of emerging countries against the euro (-26% for the Brazilian real, -18% for the Russian rouble).
- **EBIT adjusted** amounted to euro **168.8** million, a growth of approximately +20%, with profitability equal to 13.6% (13.4% for the first quarter of 2020; >14% ÷ ~15% target for 2021), thanks to the improvement in internal levers (volumes, price/mix, efficiencies), which more than offset the negativity of the external scenario (raw materials, inflation, exchange rate effect). First quarter profitability was for the most part impacted:
    - by the expected growth costs for 2021;
    - by discretionary costs related to activities that had been suspended in 2020 through the implementation of COVID-19 Measures to offset the negative effects of the pandemic.
- **Net income** amounted to euro **42.2** million, (+9.6% compared to the first quarter of 2020) and **net income adjusted** amounted to euro **93.9** million, net of one-off, non-recurring and restructuring expenses, COVID-19 direct costs and the amortisation of intangible assets included in the PPA;
- **Net Financial Position** at March 31, 2021 amounted to a negative euro **3,911.9** million (euro 3,258.4 million at December 31, 2020, euro 4,260.7 million at March 31, 2020), with cash absorption which was lower by approximately euro 100 million compared to the first quarter of 2020 (euro -654 million compared to euro -754 million for the first quarter of 2020), thanks to:
    - improved operating performance;
    - the careful management of working capital, particularly inventories (a 19.5% share of the revenues for the last 12 months, 22.5% for the first quarter of 2020).
- a **liquidity margin** equal to euro **1,456** million, capable of meeting all financial debt maturities until the end of the first half-year of 2023, thanks also to the Company's right to extend bank debt maturing in June 2022 (euro 912 million) for a further two years.

The **Group's consolidated Financial Statements** can be summarised as follows:

(in millions of euro)		**1 Q 2021**	**1 Q 2020**
Net sales		**1,244.7**	**1,051.6**
EBITDA adjusted (°)		**266.5**	**244.2**
% of net sales		21.4%	23.2%
EBITDA (°°)		**223.5**	**220.2**
% of net sales		18.0%	20.9%
EBIT adjusted		**168.8**	**141.1**
% of net sales		13.6%	13.4%
Adjustments:	- amortisation of intangible assets included in PPA	(28.4)	(28.7)
	- non-recurring, restructuring expenses and other	(39.4)	(18.6)
	- COVID-19 direct costs	(3.6)	(5.4)
EBIT		**97.4**	**88.4**
% of net sales		7.8%	8.4%
Net income/(loss) from equity investments		(0.1)	(5.3)
Financial income/(expenses) (°°)		(40.0)	(32.5)
Net income/(loss) before taxes		**57.3**	**50.6**
Tax income/(expenses)		(15.1)	(12.1)
Tax rate %		26.4%	24.0%
Net income/(loss)		**42.2**	**38.5**
Eanings/(loss) per share (in euro per share)		0.04	0.04
Net income/(loss) adjusted		93.9	76.3
Net income/(loss) attributable to owners of the Parent Company		39.0	37.2

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 37.1 million (euro 16.7 million for the first quarter of 2020), expenses relative to the retention plan approved by the Board of Directors on February 26, 2018 to the amount of euro 2.3 million (euro 1.9 million for the first quarter of 2020), and COVID-19 direct costs to the amount of euro 3.6 million (euro 5.4 million for the first quarter of 2020).

(°°) This item includes the impacts deriving from the application of the accounting standard IFRS 16 – Leases, on EBITDA to the amount of euro +24 million (euro +26.7 million for the first quarter of 2020), and on financial expenses to the amount of euro -6.2 million (euro -5.9 million for the first quarter of 2020).

(in millions of euro)		03/31/2021	12/31/2020	03/31/2020
Fixed assets		**8,870.6**	**8,857.1**	**9,174.9**
	Inventories	874.5	836.4	1,137.4
	Trade receivables	814.1	597.7	658.6
	Trade payables	(862.1)	(1,268.0)	(961.3)
Operating net working capital		**826.5**	**166.1**	**834.7**
% of net sales (*)		18.4%	3.9%	16.5%
	Other receivables/other payables	2.1	(25.6)	163.5
Net working capital		**828.6**	**140.5**	**998.2**
% of net sales (*)		18.4%	3.3%	19.7%
Net invested capital		**9,699.2**	**8,997.6**	**10,173.1**
Equity		**4,632.8**	**4,551.9**	**4,590.3**
Provisions		1,154.5	1,187.3	1,322.1
Net financial (liquidity)/debt position		**3,911.9**	**3,258.4**	**4,260.7**
Equity attributable to owners of the Parent Company		4,521.7	4,447.4	4,493.3
Investments in intangible and owned tangible assets (CapEx)		89.8	140.0	56.6
Increases in rights of use		26.7	68.5	22.9
Research and development expenses		58.6	194.6	53.2
% of net sales		4.7%	4.5%	5.1%
Research and development expenses - High Value		54.9	182.5	49.4
% of High Value sales		6.1%	6.0%	6.7%
Employees (headcount at end of period)		30,776	30,510	31,197
Industrial sites (number)		19	19	19

(°) during interim periods net sales refer to the last twelve months.

Net sales amounted to euro 1,244.7 million, a growth of +18.4% compared to the first quarter of 2020, or +24.5% excluding the combined impact of the exchange rate effect and the adoption of hyperinflation accounting in Argentina (totalling -6.1%).

High Value sales accounted for 72.6% of the total, a decisive improvement compared to 69.6% for first quarter 2020.

The following table shows the **market drivers for net sales performance:**

	1Q 2021
Volume	22.2%
of which:	
- High Value	*29.3%*
- Standard	*15.4%*
Price/mix	2.3%
Change on a like-for-like basis	**24.5%**
Exchange rate effect /Hyperinflation accounting in Argentina	-6.1%
Total change	**18.4%**

The performance of **Pirelli volumes** (+22.2%) reflected the recovery in demand during the first three months of the year for both segments: High Value volumes grew by +29.3%, while Standard volumes rose by +15.4%, recovering from the lows recorded during the course of 2020.

In particular, **Pirelli Car ≥18" volumes** recorded a growth of +33.3%, compared to +20% for the market, with a performance in APAC that was twice that of the market. Particularly:

- for the **Original Equipment** channel (Pirelli volumes at +36.2%, market at +18.2%), growth was supported by exposure to the Premium and Prestige segments, and by the consolidation of the client base in North America and Asia Pacific. The latter region also benefited from a favourable basis of comparison, given the negative trend for the first quarter of 2020;
- within the **Replacement** channel (Pirelli volumes at +30.9%, market at +21.3%), the Company further strengthened its market share in the main geographical regions, benefiting from the recovery in market demand and from the reduction in main distribution partner inventory levels, in Europe and North America, which occurred during the first half-year of 2020.

For **Car ≤17" volumes**, growth for the quarter (+11.7%) was more marked than for the relevant market (+10.1%), thanks to the focus on products with a higher rim diameter.

The positive **price/mix** trend (+2.3% for the first quarter of 2021), reflected the strong growth for High Value, in the ≥19" segment and Specialties, particularly in APAC.

A negative **exchange rate effect**, including hyperinflation in Argentina: -6.1% for the first quarter of 2021, due to the appreciation of the euro against the US dollar and the main emerging market currencies (particularly South America and Russia).

The performance for **sales according to geographical region** was as follows:

	1 Q 2021				**1 Q 2020**
	euro\mln	*%*	*yoy*	*Organic Yoy**	*%*
Europe and Turkey	506.1	40.7%	*10.6%*	*11.7%*	43.5%
North America	260.5	20.9%	*12.6%*	*21.4%*	22.0%
APAC	239.5	19.2%	*73.8%*	*75.4%*	13.1%
South America	135.9	10.9%	*4.2%*	*29.3%*	12.4%
Russia, Nordics and MEAI	102.7	8.3%	*8.6%*	*14.3%*	9.0%
Total	**1,244.7**	**100.0%**	***18.4%***	***24.5%***	**100.0%**

* before exchange rate effect and hyperinflation in Argentina

EBITDA adjusted equalled euro 266.5 million (+9.1% compared to euro 244.2 million for the first quarter of 2020), with a margin of 21.4% (+23.2% for the first quarter of 2020), which reflected the dynamics described in the following paragraph in terms of EBIT adjusted.

EBIT adjusted for the first quarter of 2021 equalled euro 168.8 million, an increase of +19.6% compared to euro 141.1 million for the same period of 2020, with an EBIT margin adjusted of 13.6% compared to 13.4% for the first quarter of 2020, thanks to the improvement in internal levers (volumes, price/mix and efficiencies), which more than offset the negativity of the external scenario (raw materials, inflation, and exchange rate effect).
More specifically, for the first quarter, the EBIT adjusted reflected:

- the **positive effect of volumes** (euro +95.9 million), which benefited from the recovery in demand;
- the **positive effect of the price/mix** (euro +16.0 million) which more than offset the increase in the cost of raw materials (euro -11.1 million), due to the depreciation of the main currencies of countries where the Group's production is located (South America, Romania and Russia);
- the **positive effect of Phase 2 of the Competitiveness Plan** which generated structural efficiencies amounting to euro 25.8 million, which more than offset **inflation** (euro -10.8 million), and **the *"reversal impact"* of COVID-19 Measures** to the amount of euro -15 million, (equal to the balance between euro 25 million in discretionary costs, related to activities suspended during 2020 to offset the effects of the pandemic, and the benefits deriving from the increased utilisation of production plants which amounted to euro 10 million). For the first quarter, the *"reversal impact"* of COVID-19 Measures was equal to 50% of what was expected for 2021 (euro -29 million);
- the **negative impact of the exchange rate effect** (euro -11 million) and **amortisation and depreciation** (euro -4 million);
- the **impact of the increase in "costs for growth and other"** (euro -58.1 million), which included:
  - euro -27.0 million in costs (almost equal to the entirety of these costs forecast for the year), for R&D, sponsorship and marketing (the latter amounting to euro -19.0 million);
  - euro -10.6 million related to increased provisions for short-term (which had been cancelled during 2020), and long-term management incentive plans;
  - a euro -20.5 million increase in "other" costs related to activities which during 2020, had been postponed during the second part of the year, due to COVID.

Over the course of the year, the increase in **"costs for growth and other"** has been estimated at a total of approximately euro -30 million (an improvement compared to euro -58.1 million for the first quarter), mainly due to:

- the normalisation of the seasonality of some expense items;
- the positive impact on costs resulting from both the normalisation of inventories compared to 2020, and the increase in inventories in 2021.

Over the course of the next few quarters profitability is, therefore, expected to improve thanks to the above-market performance of the high-end product range, to the price/mix which will offset the increase in costs for raw materials, to the progressive achievement of the 2021 Competitiveness Plan, and to the normalisation of the seasonality of *"costs for growth and other" costs.*

(in millions of euro)	**1 Q**
2020 EBIT Adjusted	**141.1**
- Internal levers:	
Volumes	95.9
Price/mix	16.0
Amortisation and depreciation	(4.0)
Costs for growth and other	(58.1)
Covid-19 Measures (reversal impact)	(15.0)
Efficiencies	25.8
- External levers:	
Cost of production factors (commodities)	(11.1)
Cost of production factors (labour/energy/others)	(10.8)
Exchange rate effect	(11.0)
Total change	**27.7**
2021 EBIT Adjusted	**168.8**

EBIT, which amounted to a positive euro 97.4 million (euro 88.4 million for the first quarter of 2020), included:

- the amortisation of intangible assets identified during the Purchase Price Allocation (PPA) to the amount of euro 28.4 million (substantially consistent with the first quarter of 2020);
- one-off, non-recurring, restructuring and other expenses to the amount of euro 39.4 million (euro 18.6 million for the first quarter of 2020), mainly relative to structural rationalisation measures, in addition to the retention plan (approved by the Board of Directors on February 26, 2018), to the amount of euro 2.3 million (euro 1.9 million for the first quarter of 2020);
- COVID-19 emergency direct costs to the amount of euro 3.6 million (euro 5.4 million for the first quarter of 2020), mainly relative to costs incurred for the purchase of protective personnel equipment.

Net income/(loss) from equity investments amounted to a **negative** euro 0.1 million, compared to the loss of euro 5.3 million for the first quarter of 2020. The first quarter results for 2020 mainly included the pro-rata share of the loss attributable to the Chinese joint venture Xushen Tyre (Shanghai) Co., Ltd. (euro 1.5 million), and the pro-rata share of the loss attributable to the Indonesian joint venture PT Evoluzione Tyres (euro 3.0 million).

Net financial expenses for the first quarter of 2021 amounted to euro 40 million compared to euro 32.5 million for the same period of 2020. This euro 7.5 million increase mainly reflected:

- the negative effects of COVID-19 which affected the Company's leverage with a consequent increase in the value of the spread on the main credit facility, which at March 31 amounted to euro 3.1 million in terms of higher costs;
- commission costs not yet amortised, which impacted the Income Statement in advance to the amount of euro 6.9 million. This effect was due to the partial repayment - before the

contractual maturity of June 2022 - of the Group's main credit facility, which led to the recognition during the first quarter of 2021, of expenses that would largely have been recognised in the Income Statement over the course of the financial year. Consequent to the partial repayment which took place in February 2021, Pirelli will benefit in the coming months from lower financial expenses on its main credit facility;

- the positive effects, to the amount of euro 4.4 million, from lower exposure to high-yield currencies (Mexico and Brazil in particular), and from a general reduction in interest rates in the currencies in which the Group operates.

At March 31, 2021, the cost of debt year-on-year (calculated over the last twelve months) equalled 2.1% (1.94% at December 31, 2020).

Tax expenses for the first quarter of 2021 amounted to euro 15.1 million against a net income before tax of euro 57.3 million, with a tax rate which at 26.4% was consistent with the expected tax rate for the 2021 financial year.

Net income/(loss) amounted to an income of euro 42.2 million, compared to an income of euro 38.5 million for the first quarter of 2020.

Net income/(loss) adjusted amounted to an income of euro 93.9 million, compared to an income of euro 76.3 million for the first quarter of 2020. The following table shows the calculation:

(in millions of euro)	**1Q**	
	2021	**2020**
Net income/(loss)	**42.2**	**38.5**
Amortisation of intangible assets included in PPA	28.4	28.7
One-off, non-recurring and restructuring expenses	37.1	16.7
COVID-19 direct costs	3.6	5.4
Retention plan	2.3	1.9
Taxes	(19.7)	(14.9)
Net income/(loss) adjusted	**93.9**	**76.3**

Net income attributable to the owners of the Parent Company amounted to euro 39 million, compared to euro 37.2 million for the first quarter of 2020.

Equity went from euro 4,551.9 million at December 31, 2020 to euro 4,632.8 million at March 31, 2021.

Equity attributable to the owners of the Parent Company at March 31, 2021 equalled euro 4,521.7 million, compared to euro 4,447.4 million at December 31, 2020.

The change is shown in the table below:

(in millions of euro)	Group	Non-controlling interests	Total
Equity at 12/31/2020	**4,447.4**	**104.5**	**4,551.9**
Translation differences	21.2	3.4	24.6
Net income/(loss)	39.0	3.2	42.2
Effect of hyperinflation in Argentina	6.7	-	6.7
Other	7.4	-	7.4
Total changes	**74.3**	**6.6**	**80.9**
Equity at 03/31/2021	**4,521.7**	**111.1**	**4,632.8**

Net financial position amounted to a negative euro 3,911.9 million, compared to a negative euro 3,258.4 million at December 31, 2020. It was composed as follows:

(in millions of euro)	03/31/2021	12/31/2020
Current borrowings from banks and other financial institutions	538.6	883.6
- of which lease liabilities	*77.5*	*75.4*
Current derivative financial instruments	47.8	53.9
Non-current borrowings from banks and other financial institutions	4,472.1	4,971.0
- of which lease liabilities	*394.6*	*390.4*
Non-current derivative financial instruments	17.4	87.6
Total gross debt	**5,075.9**	**5,996.1**
Cash and cash equivalents	(711.6)	(2,275.5)
Other financial assets at fair value through Income Statement	(44.2)	(58.9)
Current financial receivables and other assets**	(89.2)	(102.6)
Current derivative financial instruments	(45.4)	(34.8)
Net financial debt *	**4,185.5**	**3,524.3**
Non-current derivative financial instruments	-	-
Non-current financial receivables and other assets**	(273.6)	(265.9)
Total net financial (liquidity) / debt position	**3,911.9**	**3,258.4**

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with ESMA/2013/319 Recommendations.

** The item "financial receivables and other assets" is reported net of the relative provisions for impairment which amounted to euro 8.1 millions at March 31, 2021 (euro 8.5 million at December 31, 2020).

The **structure of gross debt** which amounted to euro 5,075.9 million, was as follows:

(in millions of euro)	**03/31/2021**	**Maturity date**					
		within 1 year	**between 1 and 2**	**between 2 and 3**	**between 3 and 4**	**between 4 and 5**	**more than 5 years**
Use of unsecured financing ("Facilities")	911.9	-	911.9	-	-	-	-
Convertible bond	454.0	-	-	-	-	454.0	-
EMTN programme bond	549.7	-	549.7	-	-	-	-
Schuldschein	441.5	-	-	421.6	-	19.9	-
Pirelli & C. bank bilateral borrowings	921.8	-	200.0	721.8	-	-	-
Sustainable credit facility	794.9	-	-	-	-	794.9	-
Other loans	530.0	508.6	20.0	1.4	-	-	-
Lease liabilities	472.1	77.4	65.8	54.1	46.9	42.0	185.9
Total gross debt	**5,075.9**	**586.0**	**1,747.4**	**1,198.9**	**46.9**	**1,310.8**	**185.9**
		11.6%	*34.4%*	*23.6%*	*0.9%*	*25.8%*	*3.7%*

At March 31, 2021 the Group had a liquidity margin equal to euro 1,456 million, composed of euro 700 million in the form of non-utilised committed credit facilities, and euro 756 million in cash and cash equivalents, including financial assets at fair value through the Income Statement to the amount of euro 44.2 million. The liquidity margin of euro 1,456 million guarantees coverage for maturities for borrowings from banks and other financial institutions, until August 2022. Considering also the Company's right to extend the maturity of the unsecured *"Facilities"* loan by a further two years until June 2024, this coverage would be guaranteed until June 2023.

Net cash flow amounted to -653.5 million (an improvement of euro 100 million compared to euro -753.5 million for the first quarter of 2020), mainly due to the improvement in **operating net cash flow** which amounted to euro -567.2 million, compared to euro -696.5 million for the first quarter of 2020.

(in millions of euro)	**1 Q**	
	2021	**2020**
EBIT adjusted	168.8	141.1
Amortisation and depreciation (excluding PPA amortisation)	97.7	103.1
Investments in intangible and owned tangible assets (CapEx)	(89.8)	(56.6)
Increases in rights of use	(26.7)	(22.9)
Change in working capital / other	(717.2)	(861.2)
Operating net cash flow	**(567.2)**	**(696.5)**
Financial income / (expenses)	(40.0)	(32.5)
Taxes paid	(37.1)	(31.4)
Cash Out for non-recurring, restructuring expenses and other	(28.9)	(20.7)
Differences from foreign currency translation / other	15.9	27.6
Net cash flow before dividends, extraordinary transactions and investments	**(657.3)**	**(753.5)**
(Acquisition) / Disposals of investments	3.8	-
Net cash flow before dividends paid by the Parent Company	**(653.5)**	**(753.5)**
Dividends paid by the Parent Company	-	-
Net cash flow	**(653.5)**	**(753.5)**

The change in **operating net cash flow** reflected:

- the positive effect of the performance of operating income (euro 168.8 million for the first three months of 2021, compared to euro 141.1 million for the same period of 2020);
- higher investments in intangible and owned tangible assets (CapEx) amounting to euro 33.2 million (euro 89.8 million for the first quarter of 2021, compared to euro 56.6 million for the first quarter of 2020), aimed mainly at High Value activities and the constant improvement of the mix and quality in all factories. This increase compared to the first quarter of 2020 (the latter influenced by measures put in place to mitigate the expected impacts of COVID-19), was consistent with the resumption of investments expected for 2021;
- lower cash absorption related to working capital/other to the amount of euro 144 million (euro -717.2 million for the first quarter of 2021, compared to euro -861.2 million for the first quarter of 2020). This improvement was mainly due to:
    - the careful management of inventories, which remained substantially stable at December 31, 2020 levels (19.5% of the revenues for the last 12 months), compared with the increase during the first quarter of 2020 (22.5% of the revenues) as a result of the COVID-19 emergency;
    - lower cash absorption related to debt, also due to the low level of investments made during the last quarter of 2020. This improvement was partially offset by higher cash absorption related to trade receivables, but was consistent with business recovery and the increase in revenues compared to the first quarter of 2020.

The improvement in operating cash flow was partially offset by higher financial expenses, which amounted to euro -40 million for the first quarter of 2021 (euro -32.5 million for the first quarter of 2020), for non-recurring and restructuring/other expenses to the amount of euro -28.9 million for the first quarter of 2021 (euro -20.7 million for the first quarter of 2020), mainly related to structural rationalisation measures.

OUTLOOK FOR 2021

Pirelli has confirmed the 2021 targets that were announced to the market when the 2021-2022|2025 Industrial Plan was presented to the financial community on March 31, 2021.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On **April 1, 2021**, Pirelli announced that on March 31, 2021, it had received a notification from ChemChina regarding the restructuring of ChemChina and the Sinochem Group Co., Ltd. by the Assets Supervision and Administration Commission of the State Council ("*SASAC*"), which provided for the establishment of a new holding company by SASAC, that will perform the duties of the transferor on behalf of the State Council, and the consolidation of Sinochem and ChemChina into a new holding company. Following the completion of the joint restructuring, ChemChina will remain Pirelli's largest shareholder.

On **April 15, 2021**, Pirelli sent a *Physical Settlement Notice* to the bondholders of the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"*, which announced that as of May 6, 2021 the bondholders would be able to exercise their right to convert the bonds into Pirelli ordinary shares, as provided for in the terms and conditions of the bond.

On **April 20, 2021** Pirelli convened an Ordinary Shareholders' Meeting to be held on June 15, 2021. In addition to deliberating on the approval of the 2020 Financial Statements and on the allocation of the results and the distribution of the dividend, the Shareholders' Meeting will have to deliberate on the appointment of Giorgio Luca Bruno as Director, and - through list voting - on the renewal of the Board of Statutory Auditors for the next three years, setting the relevant remuneration, and appointing its Chairman. The Shareholders' Meeting will also be called upon to approve the remuneration policy for 2021, to express an advisory vote on the remunerations paid during the 2020 financial year and to approve the adoption of the three-year 2021-2023 monetary incentive plan for management. With reference to the previous three-year 2020-2022 monetary incentive plan approved by the Shareholders' Meeting of June 18, 2020, the Shareholders' Meeting will instead have to express an opinion on the adjustment of the Group's cumulated Net Cash Flow target (before dividends) and on the possibility of normalising the potential impacts on the TSR (Total Shareholder Return) target of the acquisition of Cooper by Goodyear (which took place at the beginning of 2021), included in the framework of the target.

ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter, even though not provided for by the IFRS (Non-GAAP Measures). These measures are presented in order to allow for a better assessment of the results of the Group's operations and should not be considered as alternatives to those required by the IFRS.

In particular, the Non-GAAP Measures used were the following:

- **EBITDA:** is equal to the EBIT, but excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted:** is an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses, COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBITDA margin:** is calculated by dividing the EBITDA with revenues from sales and services (net sales). This measure is used to evaluate operating efficiency, excluding impacts deriving from investments;
- **EBITDA margin adjusted:** is calculated by dividing the EBITDA adjusted with revenues from sales and services (net sales). This measure is used to evaluate operating efficiency excluding, the impacts deriving from investments, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT:** is an intermediate measure which is derived from the net income/(loss) but which excludes taxes, financial income, financial expenses and net income/(loss) from equity investments. The EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;
- **EBIT adjusted:** is an alternative measure to the EBIT which excludes, the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT margin:** is calculated by dividing the EBIT with revenues from sales and services (net sales). This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** is calculated by dividing the EBIT adjusted with revenues from sales and services (net sales). This measure is used to evaluate operating efficiency excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off

expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;

- **Net income/(loss) adjusted:** is calculated by excluding the following items from the net income/(loss):
  - o the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
  - o non-recurring expenses/income recognised under financial income and expenses;
  - o non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points.

- **Fixed assets:** this measure is constituted of the sum of the Financial Statement items, *"Property, plant and equipment", "Intangible assets", "Investments in Associates and Joint Ventures", "Other financial assets at fair value through other Comprehensive Income"* and *"Other non-current financial assets at fair value through the Income Statement".* Fixed assets represent the non-current assets included in the net invested capital;

- **Net operating working capital**: this measure is constituted by the sum of *"Inventory", "Trade receivables"* and *"Trade payables";*

- **Net working capital:** this measure is constituted by the net operating working capital, and by other receivables and payables and derivative financial instruments not included in the net financial position. This measure represents short-term assets and liabilities included in the net invested capital and is used to measure short-term financial stability;

- **Net invested capital:** this measure is constituted by the sum of (i) fixed assets, and (ii) net working capital. Net invested capital is used to represent the investment of financial resources;

- **Provisions:** this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Provisions for employee benefit obligations (current and non-current)", "deferred tax liabilities"* and *"deferred tax assets".* The item provisions represents the total amount of net liabilities due to obligations of a probable but uncertain nature;

- **Net financial debt:** is calculated pursuant to the CONSOB Notice of July 28, 2006, and in compliance with ESMA/2013/319 Recommendations. Net financial debt represents borrowings from banks and other financial institutions net of, cash and cash equivalents, other current financial assets at fair value through the Income Statement, current financial receivables (included in the Financial Statements under the item *"Other receivables"*), and current derivative financial instruments included in the net financial position (included in the Financial Statements under current assets, current liabilities and non-current liabilities, as *"Derivative financial instruments"*);

- **Net financial position:** this measure represents the net financial debt less the *"non-current financial receivables"* (included in the Financial Statements under *"Other receivables"*) and non-current derivative financial instruments included in the net financial position (included in the Financial Statements under non-current assets as *"Derivative financial instruments"*). Total net financial position is an alternative measure to net financial debt which includes non-current financial assets;

- **Operating net cash flow:** is calculated as the change in the net financial position relative to operations;
- **Net cash flow before dividends, extraordinary transactions and investments**: is calculated by adding the change in the net financial position due to financial and tax management, to the operating net cash flow;
- **Net cash flow before dividends paid by the Parent company:** is calculated by adding the change in the net financial position due to extraordinary transactions and investments, to net cash flow before dividends, extraordinary transactions and investments;
- **Net cash flow:** is calculated by adding the change in the net financial position due to the payment of dividends by the Parent company, to the net cash flow before dividends paid by the Parent company;
- **Investments in intangible and owned tangible assets (CapEx):** this is calculated as the sum of investments (increases) in intangible assets, and investments (increases) in property, plant and equipment excluding any increases relative to the right of use;
- **Increases in the right of use:** is calculated as the increases in the right of use relative to lease contracts.

OTHER INFORMATION

ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the strategic guidance and supervision of the Company's overall business activities, with the power to direct the administration as a whole, and the competence to take the most important financial and strategic decisions, or decisions which have a structural impact on operations, or decisions that are functional to the exercise of Pirelli's control and policy-making activities.

The Chairman is endowed with the legal representation of the Company, including in the Company's legal proceedings, as well as all other powers attributed to the Chairman pursuant to the Articles of Association.

The Executive Vice Chairman and Chief Executive Officer are exclusively delegated powers for the ordinary management of the Company and the Group, as well as the power to make proposals regarding the Industrial Plan and Budgets to the Board of Directors, as well as any resolution concerning any strategic industrial partnerships or joint ventures to which Pirelli is a party.

The Board has internally instituted the following Committees with advisory and proposal-making duties:

- Audit, Risk, Sustainability and Corporate Governance Committee;
- Remuneration Committee;
- Committee for Related Party Transactions;
- Nominations and Successions Committee;
- Strategies Committee.

INFORMATION ON THE SHARE CAPITAL AND OWNERSHIP STRUCTURE

The subscribed and paid-up share capital at the date of approval of this Financial Report amounted to euro 1,904,374,935.66 and was represented by 1,000,000,000 registered ordinary shares without indication of their nominal value.

On December 14, 2020, the Board of Directors passed a resolution for the placement of the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* maturing on December 22, 2025, which is reserved for qualified investors. The relative placement was launched on December 14, 2020 and closed the following day, with pricing defined on December 15, 2020. Subsequently, on March 24, 2021, the Company's Shareholders' Meeting approved:

- the convertibility of the aforementioned bond issue;
- an increase in the share capital in cash, by way of payment and on a divisible basis, with the exclusion of option rights, of a maximum amount - including any premiums - of euro 500,000,000 to be released in one or more tranches through the issue of a maximum number of 80,192,461 ordinary shares of the Company, (notwithstanding that the maximum number of Pirelli & C. S.p.A. ordinary shares may increase depending on the effective conversion ratio applicable from time to time), having the same characteristics as the outstanding ordinary shares reserved exclusively and irrevocably to service the conversion of the bond loan.

The shareholder Marco Polo International Italy S.r.l. - pursuant to Article 93 of Legislative Decree 58/1998 - controls the Company with around 37% share of the capital, but does not exercise management and coordination activities.
Updated extracts are available on the Company's website, of the existing agreements between some of the shareholders, including indirect shareholders, of the Company, which contain the provisions of the Shareholders' Agreements relative, amongst other things, to the governance of Pirelli.
For further details on the governance and ownership structure of the Company, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2020 Annual Report, as well as other additional information published in the Governance and Investor Relations section of the Company's website. (www.pirelli.com).

WAIVER OF THE PUBLICATION OF INFORMATION DOCUMENTS

The Board of Directors, taking into account the simplification of regulatory requirements introduced by CONSOB in the Issuer's Regulation No. 11971/99, resolved to exercise the option to derogate, pursuant to the provisions of Article 70, paragraph 8, and Article 71, paragraph 1-bis of the aforesaid Regulation, the obligations to publish the prescribed disclosure documents at the time of significant mergers, de-mergers, capital increases through contributions of assets in kind, acquisitions and disposals.

RELATED PARTY TRANSACTIONS

Transactions with related parties are neither unusual nor exceptional, but are part of the ordinary course of business for the companies of the Group, and carried out in the interests of the individual companies. These transactions are carried out under standard or equivalent market conditions. Furthermore, they are carried out in accordance with the Procedure for Related Party Transactions (*"RPT Procedure").*

The effects of the related party transactions, contained in the Income Statement and the Statement of Financial Position, on the consolidated data of the Group are detailed below:

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

STATEMENT OF FINANCIAL POSITION (in millions of euro)	**03/31/2021**	**12/31/2020**
Other non current receivables	6.0	5.8
of which financial	*6.0*	*5.8*
Trade receivables	12.0	6.9
Other current receivables	98.2	102.3
of which financial	*86.2*	*88.8*
Borrowings from banks and other financial institutions non-current	13.9	13.7
Borrowings from banks and other financial institutions current	1.9	1.7
Trade payables	18.9	30.6

INCOME STATEMENT (in millions of euro)	**01/01 - 03/31/2021**	**01/01 - 03/31/2020**
Revenues from sales and services	5.4	0.4
Other income	1.2	1.7
Raw materials and consumables used (net of change in inventories)	-	1.5
Other costs	30.4	14.6
Financial income	1.0	0.4
Financial expenses	0.1	0.1
Net income/ (loss) from equity investments	0.1	4.4

Transactions – Statement of Financial Position

The item **other non-current receivables** refers to a loan granted by Pirelli Tyre S.p.A. to the Indonesian joint venture PT Evoluzione Tyres.

The item **trade receivables** mainly includes receivables for services rendered by the companies of Group to the Chinese joint venture Jining Shenzhou Tyre Co., Ltd.

The item **other current receivables** mainly refers to:

- receivables for advance payments made by Pirelli Tyre S.p.A. to PT Evoluzione Tyres amounting to euro 1.2 million for the supply of motorcycle products;
- receivables for the sale of materials and moulds to the Joint Stock Company *"Kirov Tyre Plant"* to the amount of euro 4 million and to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 1 million;
- receivables for royalties for the Pirelli Tyre Co., Ltd. from Jining Shenzhou Tyre Co., Ltd. to the amount of euro 3.2 million and royalties for Pirelli Tyre S.p.A. from PT Evoluzione Tyres, to the amount of euro 2 million.

The financial portion refers to two loans:

- one granted by Pirelli Tyre Co., Ltd. to Jining Shenzhou Tyre Co., Ltd. for euro 86.2 million;

- the other granted by Pirelli Tyre S.p.A. to the Indonesian joint venture PT Evoluzione Tyres for euro 5.1 million.

The items **borrowings from banks and other financial institutions** (**non-current** and **current**) refer to payables for machine hire by the company Pirelli Deutschland GmbH from the associate company Industriekraftwerk Breuberg GmbH.

The item **trade payables** mainly refers to payables for the purchase of energy from Industriekraftwerk Breuberg GmbH, and trade payables towards the Jining Shenzhou Tyre Co., Ltd.

Transactions - Income Statement

The item **revenues from sales and services** mainly refers to the sales of materials and services to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 4 million.

The item **other costs** mainly refers to the cost of purchases from the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 15.8 million, costs for the purchase of products from PT Evoluzione Tyres to the amount of euro 9.8 million and costs for the purchase of energy and machine hire from Industriekraftwerk Breuberg GmbH to the amount of euro 4.4 million. This increase compared to the same period of the previous financial year was attributable to the post-COVID economic recovery, mainly in the Chinese market.

The item **financial income** refers to interest on the loans disbursed to the two joint ventures.

The item **financial expenses** refers to interest relative to machine hire between the German company Pirelli Deutschland GmbH and Industriekraftwerk Breuberg GmbH.

TRANSACTIONS WITH OTHER RELATED PARTIES

The transactions detailed below refer mainly to transactions with the Aeolus Tyre Co., Ltd. and to transactions with the Prometeon Group, both of which are subject to the control of the direct Parent company or indirect Parent companies of Pirelli & C. S.p.A.

Also included is the remuneration paid to Directors and Key Managers.

STATEMENT OF FINANCIAL POSITION (in millions of euro)	**03/31/2021**	**12/31/2020**
Trade receivables	4.7	5.9
Other current receivables	16.1	9.0
Borrowings from banks and other financial institutions non-current	0.9	1.0
Other non-current payables	0.2	0.2
Provisions for liabilities and charges non-current	6.3	5.9
Provisions for employee benefit obligations non-current	4.0	2.4
Borrowings from banks and other financial institutions current	0.5	0.5
Trade payables	45.9	104.0
Other current payables	6.8	6.7
Provisions for employee benefit obligations current	4.4	3.0

INCOME STATEMENT (in millions of euro)	**01/01 - 03/31/2021**	**01/01 - 03/31/2020**
Other income	11.1	14.8
Raw materials and consumables used (net of change in inventories)	0.6	0.7
Personnel expenses	8.8	2.9
Other costs	34.2	43.4
Financial expenses	0.1	0.1

Transactions – Statement of Financial Position

The item **trade receivables** refers to receivables from companies of the Prometeon Group.

The item **other current receivables** mainly refers to receivables from companies of the Prometeon Group to the amount of euro 12 million.

The item **non-current borrowings from banks and other financial institutions** refers to payables of the company Pirelli Otomobil Lastikleri A.S. for machine hire from the Prometeon company Turkey Endüstriyel ve Ticari Lastikler A.S. to the amount of euro 0.6 million, and to payables of the company Pirelli Pneus Ltda to TP Industrial de Pneus Brasil Ltda to the amount of euro 0.2 million.

The item **current borrowings from banks and other financial institutions** refers to the short-term portion of the aforementioned debts.

The item **trade payables** almost exclusively refers to payables to companies of the Prometeon Group to the amount of euro 44.1 million.

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The item **other current payables** mainly refers to other current payables to companies of the Prometeon Group to the amount of euro 6.1 million.

Transactions - Income Statement

The item **other income** includes euro 1.8 million for royalties from the Aeolus Tyre Co., Ltd. The item also includes income from Prometeon Group companies mainly relative to:

- royalties recorded in respect of the Pirelli trademark license agreement to the amount of euro 3.5 million;
- the sale of raw materials, finished and semi-finished products to the total amount of euro 0.2 million;
- the licence agreement for know-how charged by Pirelli Tyre S.p.A. to the amount of euro 2.5 million;
- the Long-Term Service Agreement to the amount of euro 0.5 million;
- other services to the total amount of euro 1.8 million.

The item **raw and consumable materials used** refers to costs payable to companies of the Prometeon Group for the purchase of direct materials/consumables/compounds.

The item **other costs** mainly includes costs payable to companies of the Prometeon Group mainly for:

- the purchase of truck products for a total amount of euro 18.5 million, of which euro 14.7 million was carried out by the Brazilian company Comercial e Importadora de Pneus Ltda for the Brazilian sales network, and euro 1.1 million by the German company Driver Reifen und KFZ-Technik GmbH;

- the purchase of Car/Motorcycle and semi-finished products for a total amount of euro 8.3 million, of which euro 7.5 million was carried out by the Turkish company Pirelli Otomobil Latikleri A.S. in respect of the Off-Take contract and euro 0.4 million by Pirelli Pneus Ltda for the purchase of inner tubes for tyres;

- costs incurred to the amount of euro 1.2 million by Pirelli Pneus Ltda for services for the transformation of raw materials, as a result of activities pertinent to the toll manufacturing contract.

The item **financial expenses** refers to interest relative to machine hire between the companies Pirelli Otomobil Lastikleri A.S. and Pirelli Pneus Ltda and the Prometeon Group.

Benefits for Key Managers

Statement of Financial Position and Income Statement transactions regarding Key Managers can be summarised as follows:

- the Statement of Financial Position items **provisions for liabilities and charges** and **provisions for employee benefit obligations non-current**, include long-term benefits to the amount of euro 6.3 million and euro 4 million, respectively, relative to the monetary three-year 2020-2022 and 2021-2023 Long Term Incentive Plans, as well as employees' leaving indemnities;
- the Statement of Financial Position item **provisions for employee benefit obligations current**, includes short-term benefits for the financial year (euro 4.4 million), relative to the fourth instalment of the retention plan;
- the Income Statement items **personnel expenses** and **other costs**, include the remuneration for the period equal to euro 8.8 million (euro 2.9 million for the same period of the previous year), and euro 3.3 million (euro 1.2 million for the same period of the previous year).

EXCEPTIONAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Notice No. 6064293 of July 28, 2006, it is hereby specified that during the course of the first quarter of 2021, that no exceptional and/or unusual transactions as defined in the aforesaid Notice were carried out by the Company.

The Board of Directors

Milan, May 12, 2021

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(in thousands of euro)*

	03/31/2021	12/31/2020
Property, plant and equipment	3,187,830	3,159,767
Intangible assets	5,557,418	5,582,033
Investments in associates and joint ventures	74,732	72,588
Other financial assets at fair value through other Comprehensive Income	50,658	42,720
Deferred tax assets	121,461	109,378
Other receivables	388,132	402,148
Tax receivables	4,667	4,761
Other assets	96,754	80,422
Non-current assets	**9,481,652**	**9,453,817**
Inventories	874,454	836,437
Trade receivables	814,097	597,669
Other receivables	491,268	469,194
Other financial assets at fair value through Income Statement	44,197	58,944
Cash and cash equivalents	711,645	2,275,476
Tax receivables	31,766	29,153
Derivative financial instruments	50,166	39,327
Current assets	**3,017,593**	**4,306,200**
Total Assets	**12,499,245**	**13,760,017**
Equity attributable to the owners of the Parent Company:	**4,521,659**	**4,447,418**
Share capital	1,904,375	1,904,375
Reserves	2,578,277	2,513,262
Net income / (loss)	39,007	29,781
Equity attributable to non-controlling interests:	**111,138**	**104,432**
Reserves	107,970	91,540
Net income / (loss)	3,168	12,892
Total Equity	**4,632,797**	**4,551,850**
Borrowings from banks and other financial institutions	4,472,144	4,970,986
Other payables	75,000	77,280
Provisions for liabilities and charges	69,106	73,257
Deferred tax liabilities	999,753	1,006,799
Provisions for employee benefit obligations	241,626	243,931
Tax payables	11,223	10,795
Derivative financial instruments	17,391	87,601
Non-current liabilities	**5,886,243**	**6,470,649**
Borrowings from banks and other financial institutions	538,563	883,567
Trade payables	862,070	1,267,971
Other payables	358,090	374,266
Provisions for liabilities and charges	54,918	48,083
Provisions for employee benefit obligations	7,338	5,013
Tax payables	104,489	99,505
Derivative financial instruments	54,737	59,113
Current liabilities	**1,980,205**	**2,737,518**
Total Liabilities and Equity	**12,499,245**	**13,760,017**

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	01/01 - 03/31/2021	01/01 - 03/31/2020
Revenues from sales and services	**1,244,717**	**1,051,572**
Other income	70,555	79,838
Changes in inventories of unfinished, semi-finished and finished products	(89,152)	77,955
Raw materials and consumables used (net of change in inventories)	(413,050)	(367,304)
Personnel expenses	(280,870)	(254,734)
Amortisation, depreciation and impairment	(126,356)	(133,475)
Other costs	(308,048)	(358,927)
Net impairment loss on financial assets	(954)	(7,443)
Increase in fixed assets for internal works	562	889
Operating income / (loss)	**97,404**	**88,371**
Net income / (loss) from equity investments	(92)	(5,288)
- share of net income (loss) of associates and joint ventures	*(88)*	*(4,435)*
- gains on equity investments	-	-
- losses on equity investments	*(5)*	*(853)*
- dividends	*1*	-
Financial income	22,896	158,550
Financial expenses	(62,898)	(191,023)
Net income / (loss) before taxes	**57,310**	**50,610**
Taxes	(15,135)	(12,146)
Net income / (loss)	**42,175**	**38,464**
Attributable to:		
Owners of the Parent Company	39,007	37,219
Non-controlling interests	3,168	1,245
Total earnings / (losses) per share (in euro per base share)	**0.039**	**0.037**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euro)*

		01/01 - 03/31/2021	01/01 - 03/31/2020
A	**Total Net income / (loss)**	**42,175**	**38,464**
	- Remeasurement of employee benefits	(801)	-
	- Tax effect	(2,206)	680
	- Fair value adjustment of other financial assets at fair value through Other Comprehensive Income	7,482	(17,355)
B	**Total items that may not be reclassified to Income Statement**	**4,475**	**(16,675)**
	Exchange differences from translation of foreign Financial Statements		
	- Gains / (losses)	22,561	(263,663)
	- (Gains) / losses reclassified to Income Statement	-	-
	- Tax effect	-	-
	Fair value adjustment of derivatives designated as cash flow hedges:		
	- Gains / (losses)	47,799	54,403
	- (Gains) / losses reclassified to Income Statement	(40,400)	(53,449)
	- Tax effect	(1,560)	484
	Cost of hedging		
	- Gains / (losses)	(2,316)	(1,193)
	- (Gains) / losses reclassified to Income Statement	(1,256)	(1,924)
	- Tax effect	742	611
	Share of other comprehensive income related to associates and joint ventures, net of taxes	2,209	-
C	**Total items reclassified / that may be reclassified to Income Statement**	**27,779**	**(264,731)**
D	**Total other comprehensive income (B+C)**	**32,254**	**(281,406)**
A+D	**Total comprehensive income / (loss)**	**74,429**	**(242,942)**
	Attributable to:		
	- Owners of the Parent Company	67,724	(237,713)
	- Non-controlling interests	6,705	(5,229)

(in thousands of euro)	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/ retained earnings	**Total attributable to the Parent Company**		
Total at 12/31/2020	**1,904,375**	**(679,737)**	**(89,893)**	**3,312,673**	**4,447,418**	**104,432**	**4,551,850**
Other components of Comprehensive Income	-	21,233	7,484	-	28,717	3,537	32,254
Net income / (loss)	-	-	-	39,007	39,007	3,168	42,175
Total comprehensive income / (loss)	**-**	**21,233**	**7,484**	**39,007**	**67,724**	**6,705**	**74,429**
Effects of hyperinflation accounting in Argentina	-	-	-	6,737	6,737	-	6,737
Other	-	-	(49)	(171)	(220)	1	(219)
Total at 03/31/2021	**1,904,375**	**(658,504)**	**(82,458)**	**3,358,246**	**4,521,659**	**111,138**	**4,632,797**

(in thousands of euro)	Breakdown of IAS reserves *					
	Reserve for fair value adjustment of financial assets at fair value through other comprehensive income	Reserve for cost of hedging	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	**Total IAS reserves**
Total at 12/31/2020	**(16,357)**	**7,290**	**(26,228)**	**(25,104)**	**(29,494)**	**(89,893)**
Other components of Comprehensive Income	7,482	(3,572)	7,399	(801)	(3,024)	7,484
Other changes	-	-	-	(49)	-	(49)
Total at 03/31/2021	**(8,875)**	**3,718**	**(18,829)**	**(25,954)**	**(32,518)**	**(82,458)**

(in thousands of euro)	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/ retained earnings	**Total attributable to the Parent Company**		
Total at 12/31/2019	**1,904,375**	**(313,805)**	**(89,424)**	**3,223,303**	**4,724,449**	**102,182**	**4,826,631**
Other components of Comprehensive Income	-	(257,189)	(17,743)	-	(274,932)	(6,474)	(281,406)
Net income / (loss)	-	-	-	37,219	37,219	1,245	38,464
Total comprehensive income / (loss)	**-**	**(257,189)**	**(17,743)**	**37,219**	**(237,713)**	**(5,229)**	**(242,942)**
Effects of hyperinflation accounting in Argentina	-	-	-	6,515	6,515	-	6,515
Other	-	-	8	57	65	2	67
Total at 03/31/2020	**1,904,375**	**(570,994)**	**(107,159)**	**3,267,094**	**4,493,316**	**96,955**	**4,590,271**

(in thousands of euro)	Breakdown of IAS reserves *					
	Reserve for fair value adjustment of financial assets at fair value through other comprehensive income	Reserve for cost of hedging	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	**Total IAS reserves**
Total at 12/31/2019	**(228)**	**9,898**	**(31,326)**	**(43,946)**	**(23,822)**	**(89,424)**
Other components of Comprehensive Income	(17,355)	(3,117)	954	-	1,775	(17,743)
Other changes	-	-	-	8	-	8
Total at 03/31/2020	**(17,583)**	**6,781**	**(30,372)**	**(43,938)**	**(22,047)**	**(107,159)**

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CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

		01/01 - 03/31/2021	01/01 - 03/31/2020
	Net income / (loss) before tax	57,310	50,610
	Reversals of amortisation, depreciation, impairment losses and restatement of property, plant and equipment and intangible assets	126,356	133,475
	Reversal of Financial income / (expenses)	40,002	32,473
	Reversal of Dividends	(1)	-
	Reversal of gains / (losses) on equity investments	5	853
	Reversal of share of net income from associates and joint ventures	88	4,435
	Reversal of accruals and other	23,948	11,007
	Net Taxes paid	(37,052)	(31,420)
	Change in Inventories	(30,142)	(114,581)
	Change in Trade receivables	(208,584)	(60,812)
	Change in Trade payables	(416,533)	(577,688)
	Change in Other receivables	(29,504)	(58,040)
	Change in Other payables	(18,023)	(37,474)
	Uses of Provisions for employee benefit obligations	(26,062)	(8,206)
	Uses of Other provisions	(6,521)	(4,813)
A	**Net cash flow provided by / (used in) operating activities**	**(524,713)**	**(660,181)**
	Investments in owned tangible assets	(79,409)	(99,660)
	Disposal of owned tangible assets	5,314	231
	Investments in intangible assets	(6,958)	(2,976)
	Disposal of intangible assets	5	8
	(Investments) in other financial assets at fair value through Other Comprehensive Income	(450)	-
	Loss of control in subsidiaries	4,356	69
	Change in Financial receivables from associates and joint ventures	5,772	328
	Dividends received	1	-
B	**Net cash flow provided by / (used in) investing activities**	**(71,369)**	**(101,999)**
	Change in Borrowings from banks and other financial institutions due to draw down	390,649	697,965
	Change in Borrowings from banks and other financial institutions due to repayments and other	(1,323,937)	(480,739)
	Change in Financial receivables / Other current financial assets at fair value through income statement	18,272	(157,627)
	Financial income / (expenses)	(24,037)	(40,502)
	Dividends paid	0	0
	Repayment of principal and payment of interest for lease liabilities	(24,930)	(25,267)
C	**Net cash flow provided by / (used in) financing activities**	**(963,983)**	**(6,169)**
D	**Total cash flow provided / (used) during the period (A+B+C)**	**(1,560,064)**	**(768,349)**
E	**Cash and cash equivalents at the beginning of the financial year**	**2,269,683**	**1,600,628**
F	**Exchange rate differences from translation of cash and cash equivalents**	1,235	(53,970)
G	**Cash and cash equivalents at the end of the period (D+E+F) (°)**	**710,854**	**778,309**
(°)	**of which:**		
	cash and cash equivalents	711,644	797,810
	bank overdrafts	(790)	(19,501)

FORM AND CONTENT

The publication of this Interim Financial Report at March 31, 2021 has been carried out on a voluntary basis pursuant to Article 82-ter of the Issuers' Regulation and has not been prepared in accordance with IAS 34 (Interim Financial Reporting). For the recognition and measurement of accounting items, reference has been made to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and their relative interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission and in force at the time of the approval of this Financial Report, which were the same used in the preparation of the Financial Statements at December 31, 2020, to which reference should be made for more details, with the exception of:

- the following amendments to existing standards, which apply as of January 1, 2021, but which had no impact on the Group:
  - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Reform of interbank offered rates - IBOR reform - phase 2);
- income taxes are recognised on the basis of the best estimate of the weighted average tax rate expected for the entire financial year, in line with the guidance provided by IAS 34 for the preparation of Interim Financial Statements.

EXCHANGE RATES

(local currency vs euro)	Period-end exchanges rates		Change in %	Average exchange rates 1Q		Change in %
	03/31/2021	**12/31/2020**		**2021**	**2020**	
Swedish Krona	**10.2376**	10.0375	1.99%	**10.1176**	10.6627	(5.11%)
Australian Dollar	**1.5412**	1.5896	(3.04%)	**1.5597**	1.6791	(7.11%)
Canadian Dollar	**1.4782**	1.5633	(5.44%)	**1.5258**	1.4819	2.97%
Singaporean Dollar	**1.5768**	1.6218	(2.77%)	**1.6054**	1.5281	5.06%
US Dollar	**1.1725**	1.2271	(4.45%)	**1.2049**	1.1027	9.27%
Taiwan Dollar	**33.4163**	34.4742	(3.07%)	**33.8576**	33.2202	1.92%
Swiss Franc	**1.1070**	1.0802	2.48%	**1.0913**	1.0668	2.29%
Egyptian Pound	**18.4935**	19.3879	(4.61%)	**18.9885**	17.4449	8.85%
Turkish Lira	**9.7741**	9.0079	8.51%	**8.8950**	6.7232	32.30%
Romanian Leu	**4.9251**	4.8694	1.14%	**4.8787**	4.7968	1.71%
Argentinian Peso	**107.8700**	103.2605	4.46%	**107.8700**	70.6322	52.72%
Mexican Peso	**24.1590**	24.4791	(1.31%)	**24.4787**	21.9227	11.66%
South African Rand	**17.3484**	18.0219	(3.74%)	**18.0302**	16.9479	6.39%
Brazilian Real	**6.6915**	6.3779	4.92%	**6.6064**	4.9225	34.21%
Chinese Yuan	**7.7049**	8.0067	(3.77%)	**7.8128**	7.6955	1.52%
Russian Rouble	**88.8821**	90.6824	(1.99%)	**89.5461**	73.2059	22.32%
British Pound	**0.8521**	0.8990	(5.22%)	**0.8739**	0.8623	1.35%
Japanese Yen	**129.9100**	126.4900	2.70%	**127.8057**	120.0973	6.42%

NET FINANCIAL POSITION

(in thousands of euro)	**03/31/2021**	**12/31/2020**
Current borrowings from banks and other financial institutions	538,563	883,567
Current derivative financial instruments (liabilities)	47,773	53,926
Non-current borrowings from banks and other financial institutions	4,472,144	4,970,986
Non-current derivative financial instruments (liabilities)	17,391	87,601
Total gross debt	**5,075,871**	**5,996,080**
Cash and cash equivalents	(711,645)	(2,275,476)
Other financial assets at fair value through Income Statement	(44,197)	(58,944)
Current financial receivables and other assets**	(89,153)	(102,574)
Current derivative financial instruments (assets)	(45,424)	(34,766)
Net financial debt *	**4,185,452**	**3,524,320**
Non-current derivative financial instruments	-	-
Non-current financial receivables and other assets**	(273,523)	(265,945)
Total net financial (liquidity) / debt position	**3,911,929**	**3,258,375**

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with ESMA/2013/319 Recommendations.

** The item "financial receivables and other assets" is reported net of the relative provisions for impairment which amounted to euro 8,073 thousand at March 31, 2021 (euro 8,505 thousand at December 31, 2020).

DECLARATION OF THE MANAGER RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE AND ACCOUNTING DOCUMENTATION PURSUANT TO THE PROVISIONS OF ARTICLE 154-BIS, PARAGRAPH 2 OF THE LEGISLATIVE DECREE 58/1998

Francesco Tanzi, as Manager responsible for the preparation of the corporate and accounting documentation, pursuant to the provisions of Article 154-bis, paragraph 2 of the Legislative Decree 58/1998, hereby certifies that the accounting information contained in the Interim Financial Report at March 31, 2021 corresponds to what contained in the accounting documentation, books and records.

Milan, May 12, 2021

Francesco Tanzi