



PIAGGIO
GROUP

HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2021



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REPORT ON OPERATIONS



→ REPORT ON OPERATIONS

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INTRODUCTION

This Half-Year Financial Report as of 30 June 2021 has been prepared in accordance with Article 154-ter of Legislative Decree 58/1998 and includes the Interim Directors' Report, the Condensed Consolidated Half-Yearly Financial Report and the Certification required by Article 154-bis of Legislative Decree 58/98.

The Condensed Consolidated Interim Financial Statements were prepared in compliance with international accounting standards (IAS/IFRS) that are applicable pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in particular IAS 34 - Interim Financial Reporting, as well as measures issued implementing Article 9 of Legislative Decree 38/2005. The structure and content of the reclassified consolidated financial statements contained in the Interim Directors' Report and mandatory statements included in this Report are in line with those prepared for the annual Financial Statements.

The notes have been prepared in compliance with provisions in IAS 34 - Interim Financial Reporting, also considering the provisions of Consob in its communication no. 6064293 of 28 July 2006. The information in this Report is not therefore similar to the information of complete financial statements prepared in accordance with IAS 1.

In some cases, data could be affected by rounding off defects due to the fact that figures are represented in millions of Euros; changes and percentages are calculated from figures in thousands of Euros and not from rounded off figures in millions of Euros.



HEALTH EMERGENCY - COVID-19

During the first few months of 2021, the public health situation was still a cause for concern throughout the world. Restricting the analysis to the most significant markets for the 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 key to ending the crisis worldwide appears to be rapid distribution of the vaccine among the population and its effectiveness against any new variants.

The pandemic has made the need for safe personal transport increasingly important among the population, to the detriment of public transport, which is seen as a potential vector of transmission. The Group 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.

Since the virus first spread, Piaggio has taken all possible precautions to guarantee the safety of its employees at its sites.

The 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.



KEY OPERATING AND FINANCIAL DATA

	1st half		2020 Financial Statements
	2021	2020	
IN MILLIONS OF EUROS			
Data on financial position			
Net revenues	901.7	600.1	1,313.7
Gross industrial margin	261.9	171.7	372.4
Operating income	80.4	24.7	70.9
Profit before tax	70.2	15.1	50.2
Net profit	43.5	9.1	31.3
.Non-controlling interests			
.Group	43.5	9.1	31.3
Data on financial performance			
Net capital employed (NCE)	813.7	896.9	795.6
Consolidated net debt	(401.9)	(528.5)	(423.6)
Shareholders' equity	411.8	368.3	372.0
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	29.1%	28.6%	28.3%
Net profit as a percentage of net revenues (%)	4.8%	1.5%	2.4%
ROS (Operating income/Net revenues)	8.9%	4.1%	5.4%
ROE (Net profit/Shareholders' equity)	10.6%	2.5%	8.4%
ROI (Operating income/NCE)	9.9%	2.8%	8.9%
EBITDA	144.6	83.1	186.1
EBITDA/Net revenues (%)	16.0%	13.8%	14.2%
Other information			
Sales volumes (unit/000)	287.1	210.3	482.7
Investments in property, plant and equipment and intangible assets	69.1	52.8	140.4
Employees at the end of the period (number)	6,348	6,155	5,856

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	1st half of 2021	148.8	67.4	70.9	287.1
	1st half of 2020	110.6	57.0	42.7	210.3
	Change	38.2	10.4	28.2	76.8
	Change %	34.5%	18.3%	66.0%	36.5%
Turnover (million Euros)	1st half of 2021	628.6	106.6	166.5	901.7
	1st half of 2020	391.5	107.1	101.5	600.1
	Change	237.2	(0.5)	64.9	301.6
	Change %	60.6%	-0.5%	64.0%	50.3%
Average number of staff (no.)	1st half of 2021	3,760.3	1,581.5	997.2	6,339.0
	1st half of 2020	3,604.1	1,750.8	1,000.8	6,355.7
	Change	156.2	(169.3)	(3.6)	(16.7)
	Change %	4.3%	-9.7%	-0.4%	-0.3%
Investment in property plant and equipment and intangible assets (million Euros)	1st half of 2021	56.9	6.4	5.7	69.1
	1st half of 2020	41.0	9.5	2.3	52.8
	Change	15.9	(3.1)	3.4	16.2
	Change %	38.9%	-32.7%	145.7%	30.7%



GROUP PROFILE

The Piaggio Group, based in Pontedera (Pisa, Italy) is Europe's largest manufacturer of two-wheeler motor vehicles and an international leader in its field. Today the Piaggio Group has three distinct souls:

- 2-wheelers, scooters and motorbikes from 50cc to 1400cc, with 384,700 vehicles sold in 2020. The Group's brands include: Piaggio (scooters include the Liberty, Beverly, Medley and MP3 models), Vespa, Aprilia (with Aprilia Racing in the MotoGP championship), Moto Guzzi and Derbi.
- light commercial vehicles, three- and four-wheelers. In 2020, 98,000 commercial vehicles were sold. Marketing of a new light commercial vehicle created from a major strategic partnership signed in 2017 with China's Foton Motor Group, the largest manufacturer of commercial vehicles in China, began in January 2021.
- the robotics division with Piaggio Fast Forward, the Group's research centre on the mobility of the future based in Boston.

Mission



We are dedicated to the mobility of people and things through high-value products and services that redesign and improve our lifestyles.



We are committed to broadening the horizons of our brands and products by constantly promoting technological innovation, uniqueness of design, attention to quality and safety, respecting communities and the environment.



We are customer-driven. The customer's satisfaction, safety, pleasure and emotions come first. We develop products to customer requirements, accompanying the changes in the ecosystem within which customers move.

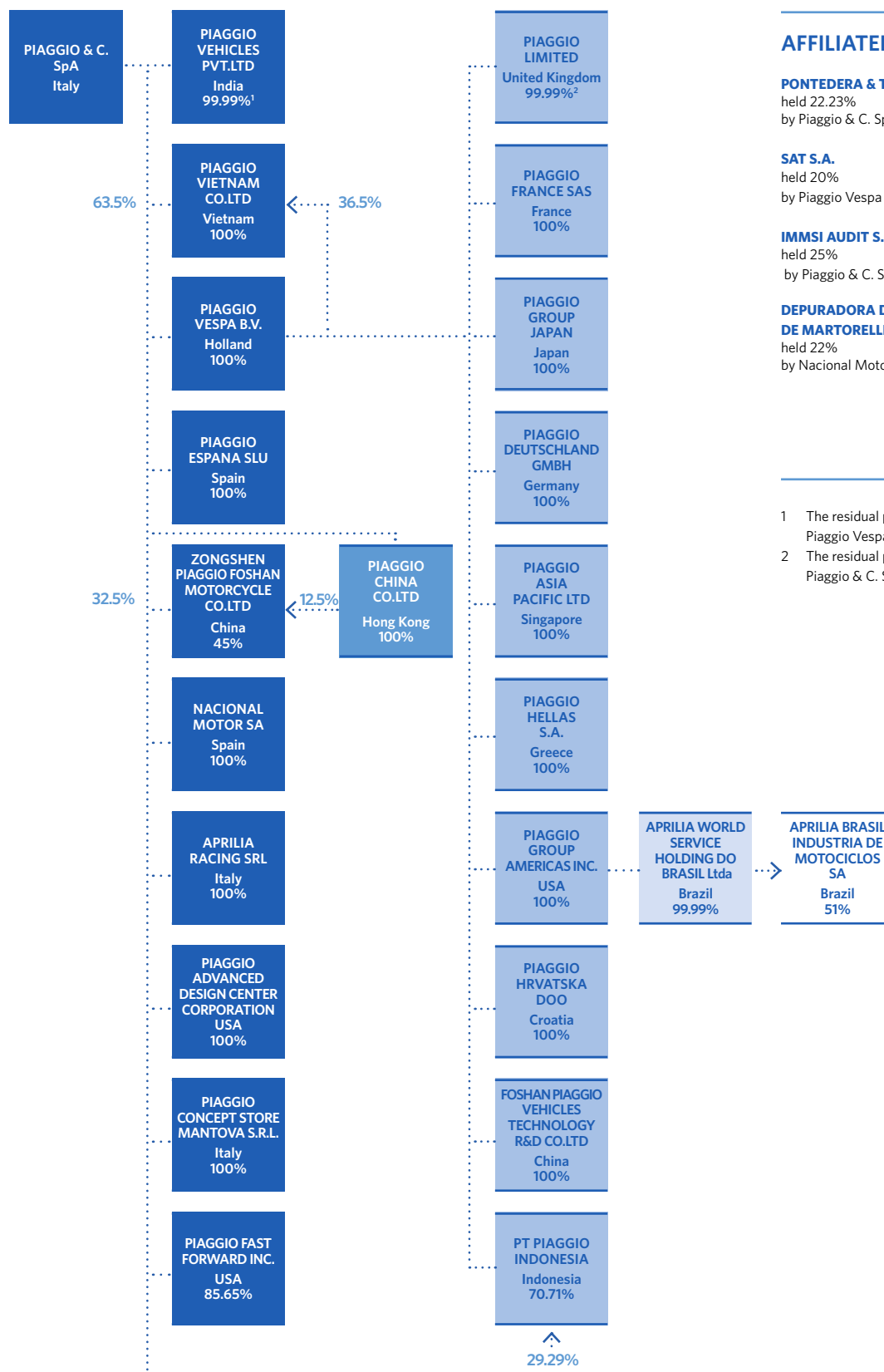
We believe in people as our fundamental heritage, in their skills and genius, and we do so consistently with our deepest values, such as integrity, transparency, equal opportunities, respect for individual dignity and diversity.



For these reasons, we are not just vehicle manufacturers.

Through technological and social progress, we champion global mobility, in a responsible and sustainable way. Our aim is to make the quality of our life and that of future generations better.

COMPANY STRUCTURE AT 30 JUNE 2021



AFFILIATED COMPANIES

PONTEDERA & TECNOLOGIA S.C.A.R.L.
held 22.23%
by Piaggio & C. SpA

SAT S.A.
held 20%
by Piaggio Vespa B.V.

IMMSI AUDIT S.C.A.R.L.
held 25%
by Piaggio & C. SpA

DEPURADORA D'AIGUES DE MARTORELLES
held 22%
by Nacional Motor S.A.

- 1 The residual portion is held by Piaggio Vespa B.V.
- 2 The residual portion is held by Piaggio & C. SpA



COMPANY BOARDS

BOARD OF DIRECTORS	
Chairman and Chief Executive Officer	Roberto Colaninno ^{(1), (2)}
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Graziano Gianmichele Visentin ^{(3), (4), (5), (6), (7)}
	Rita Ciccone ^{(4), (5), (6), (7)}
	Patrizia Albano
	Federica Savasi
	Micaela Vescia ^{(4), (6)}
	Andrea Formica ^{(5), (7)}
BOARD OF STATUTORY AUDITORS	
Chairman	Piera Vitali
Statutory Auditors	Giovanni Barbara
	Massimo Giaconia
Alternate Auditors	Fabrizio Piercarlo Bonelli
	Gianmarco Losi
SUPERVISORY BODY	
	Antonino Parisi
	Giovanni Barbara
	Fabio Grimaldi
Chief Financial Officer and Executive in Charge of financial reporting	Alessandra Simonotto
Independent Auditors	Deloitte & Touche S.p.A.
Board Committees	Appointment Proposal Committee
	Remuneration Committee
	Internal Control Risk and Sustainability Committee
	Related-Party Transactions Committee

(1) Director responsible for the internal control system and risk management

(2) Executive Director

(3) Lead Independent Director

(4) Member of the Appointment Proposal Committee

(5) Member of the Remuneration Committee

(6) Member of the Internal Control Risk and Sustainability Committee

(7) Member of the Related-Party Transactions Committee

All information on the powers reserved for the Board of Directors, the authority granted to the Chairman and CEO, as well as the functions of the various Committees of the Board of Directors, can be found in the Governance section of the Issuer's website www.piaggiogroup.com.



aprilia
TUONO V4 FACTORY
8
aprilia RACING
SUPERDOPPIA 50

SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2021

26 January 2021 - During an international online premiere, the Piaggio Group presented the new range of four-wheeler light commercial vehicles: the new Porter NP6, the first city truck capable of combining compact dimensions with an extraordinary payload, featuring exclusively eco-friendly engines.

The new Aprilia Tuono 660 and Moto Guzzi V7 were presented to the international press from **14 to 20 February 2021**. Aprilia Tuono is aimed at a younger market, providing an accessible version of the sporty performance of the Tuono family (1100cc version already on the market). The new Moto Guzzi V7 is an important evolution of a classic, the brand's best-seller, aimed at people who love style combined with technological innovation.

1 March 2021 - the Piaggio Group announced that it had signed a letter of intent with KTM AG, Honda Motor Co., Ltd and Yamaha Motor Co., Ltd to form a consortium to develop interchangeable batteries (battery swap technology) for motorbikes and light electric vehicles.

10 March 2021 - The ratings agency Standard & Poor's Global Ratings (S&P) announced the revision of the Outlook on the Piaggio Group, increasing it from negative to positive, and confirming its "B+" Rating.

15 March 2021 - The Group celebrated the centenary of Moto Guzzi. A century of history, of beautiful motorcycles, of victories, of adventures, of extraordinary characters who have built the myth of the "Eagle Marque".

18 March 2021 - Piaggio Fast Forward (PFF), a Piaggio Group company and leader in the tracking technology sector, announced its collaboration with Trimble for the development of robots and machinery for industrial applications capable of tracking personnel and other devices.

29 March 2021 - The rating agency Moody's Investors Service (Moody's) announced its revised rating of the Piaggio Group, increasing it from negative to stable, confirming its "Ba3" rating of the Group.

14 April 2021 - The Shareholders' Meeting of Piaggio & C. S.p.A. appointed the Board of Directors, confirming the number of its members at 9, the majority of whom (5 members) declared that they meet the independence requirements established by the applicable regulations. The term of office was set at three financial years, until the Shareholders' Meeting convened to approve the Financial Statements as of 31 December 2023. The following have been appointed Directors: Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Graziano Gianmichele Visentin (independent director), Rita Ciccone (independent director), Patrizia Albano (independent director), Federica Savasi, taken from the majority list submitted by IMMSI S.p.A. (which obtained 60.991% of the votes) and Micaela Vescia (independent director), on the basis of the proposal submitted by IMMSI S.p.A. and approved by a majority (90.334% of the votes), as well as Andrea Formica (independent director), taken from the minority list submitted by a group of investors (which obtained 29.899% of the votes), who are not even indirectly linked with the shareholders who hold a majority stake in the Company. The Shareholders' Meeting also appointed the Board of Statutory Auditors, which is composed as follows: Piera Vitali (Chair), drawn from the minority list submitted by the aforesaid group of investors (which received 29.641% of the votes); Giovanni Barbara and Massimo Giaconia, drawn from the majority list submitted by IMMSI S.p.A. (which obtained 61% of the votes), as Standing Statutory Auditors; Gianmarco Losi, taken from the majority list submitted by IMMSI SpA and Fabrizio Piercarlo Bonelli, taken from the minority list, as Alternate Statutory Auditors. The appointed corporate bodies comply with applicable laws on gender balance.

23 April 2021 - Vespa's 75th anniversary was celebrated, reaching the extraordinary milestone of 19 million scooters produced since spring 1946.

24 May 2021 - The Piaggio Group used TikTok to unveil the Piaggio ONE, a completely new generation of environmentally friendly zero-emission electric scooters. Light, easy to ride and elegantly simple, Piaggio ONE combines these characteristics with the best features of Piaggio scooters, quality, reliability and a solid frame, ensuring driving pleasure through both safety and fun. Piaggio ONE boasts a wealth of technological equipment including digital colour instruments with sensors that adapt backgrounds and brightness to the environment, full LED lights, keyless start and two engine mappings.





FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (reclassified)

	1ST HALF OF 2021		1ST HALF OF 2020		CHANGE	
	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	%
Net revenues	901.7	100.0%	600.1	100.0%	301.6	50.3%
Cost to sell	(639.7)	-70.9%	(428.4)	-71.4%	(211.3)	49.3%
Gross industrial margin	261.9	29.1%	171.7	28.6%	90.3	52.6%
Operating expenses	(181.6)	-20.1%	(147.0)	-24.5%	(34.6)	23.5%
Operating income	80.4	8.9%	24.7	4.1%	55.7	225.5%
Result of financial items	(10.2)	-1.1%	(9.6)	-1.6%	(0.6)	6.6%
Profit before tax	70.2	7.8%	15.1	2.5%	55.0	363.9%
Taxes	(26.7)	-3.0%	(6.0)	-1.0%	(20.6)	340.8%
Net profit	43.5	4.8%	9.1	1.5%	34.4	379.4%
Operating income	80.4	8.9%	24.7	4.1%	55.7	225.5%
Amortisation/depreciation and impairment costs	(64.2)	-7.1%	(58.4)	-9.7%	(5.8)	9.9%
EBITDA	144.6	16.0%	83.1	13.8%	61.5	74.0%

Net revenues

	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
IN MILLIONS OF EUROS			
EMEA and Americas	628.6	391.5	237.2
India	106.6	107.1	(0.5)
Asia Pacific 2W	166.5	101.5	64.9
TOTAL NET REVENUES	901.7	600.1	301.6
Two-wheelers	761.0	467.6	293.4
Commercial Vehicles	140.7	132.4	8.2
TOTAL NET REVENUES	901.7	600.1	301.6

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 and Americas and India.

The growth related to EMEA and Americas (+60.6%) and Asia Pacific markets (+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%.

The Group's **gross industrial margin** increased considerably compared to the first half of the previous year (+52.6% in absolute terms), equal to 29.1% of net turnover (28.6% as of 30 June 2020).

Amortisation/depreciation included in the gross industrial margin was equal to €17.7 million (€16.1 million in the first half of 2020).

Operating expenses incurred in the period went up compared to the same period of the previous financial year (€+34.6 million), amounting to €181.6 million. The increase is closely linked to the increase in turnover and vehicles sold.

The change in the aforementioned income statement resulted in an increase in consolidated **EBITDA** which was equal to €144.6 million (€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**) amounted to €80.4 million, again a strong increase on the first six months 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, mainly due to the lower contribution from currency operations, which was only partially offset by the effects of a decrease in average debt.

Income taxes for the period are estimated to be €26.7 million, equivalent to 38% of profit before tax.

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).

Operating data

VEHICLES SOLD

	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
IN THOUSANDS OF UNITS			
EMEA and Americas	148.8	110.6	38.2
India	67.4	57.0	10.4
Asia Pacific 2W	70.9	42.7	28.2
TOTAL VEHICLES	287.1	210.3	76.8
Two-wheelers	242.8	163.0	79.9
Commercial Vehicles	44.2	47.3	(3.1)
TOTAL VEHICLES	287.1	210.3	76.8

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%).

STAFF

In the first half of 2021, the average workforce decreased overall. In Italy, on the other hand, the workforce grew due to the start-up of production of the New Porter NP6 light commercial vehicle and bringing forward the introduction of fixed-term contractors as a result of an increased demand.

AVERAGE NUMBER OF COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
EMPLOYEE/STAFF NUMBERS			
EMEA and Americas	3,760.3	3,604.1	156.2
<i>of which Italy</i>	3,489.0	3,322.8	166.2
India	1,581.5	1,750.8	(169.3)
Asia Pacific 2W	997.2	1,000.8	(3.6)
Total	6,339.0	6,355.7	(16.7)

As of 30 June 2021, Group employees totalled 6,348, up overall by 492 compared to 31 December 2020.

BREAKDOWN OF COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	AS OF 30 JUNE 2020
EMPLOYEE/STAFF NUMBERS			
EMEA and Americas	3,837	3,331	3,634
<i>of which Italy</i>	3,564	3,057	3,361
India	1,480	1,550	1,535
Asia Pacific 2W	1,031	975	986
Total	6,348	5,856	6,155



CONSOLIDATED STATEMENT OF FINANCIAL POSITION³

STATEMENT OF FINANCIAL POSITION	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
IN MILLIONS OF EUROS			
Net working capital	(137.1)	(146.6)	9.5
Property, plant and equipment	264.5	269.2	(4.7)
Intangible assets	706.3	695.6	10.7
Rights of use	33.0	33.2	(0.3)
Financial assets	10.1	9.6	0.4
Provisions	(63.1)	(65.5)	2.4
Net capital employed	813.7	795.6	18.0
Net financial debt	401.9	423.6	(21.8)
Shareholders' equity	411.8	372.0	39.8
Sources of financing	813.7	795.6	18.0
Non-controlling interests	(0.2)	(0.1)	(0.0)

Net working capital as of 30 June 2021, which was negative by €137.1 million, used cash for approximately €9.5 million in the first six months of 2021.

Property, plant and equipment amounted to €264.5 million as of 30 June 2021, registering a decrease of approximately €4.7 million compared to 31 December 2020. This decrease is mainly due to the sale of investment property for €4.6 million, the impact of the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €2.1 million) and depreciation, the value of which exceeded investments for the period by €1.2 million and disposals for €1.0 million.

Intangible assets totalled €706.3 million, up by approximately €10.7 million compared to 31 December 2020. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €10.1 million, as well as the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €0.6 million).

Rights of use, equal to €33.0 million, decreased by approximately €0.3 million compared to figures as of 31 December 2020.

Financial assets which totalled €10.1 million, increased slightly compared to figures for the previous year (€9.6 million).

Provisions totalled €63.1 million, down compared to 31 December 2020 (€65.5 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 June 2021 was equal to €401.9 million, compared to €423.6 million as of 31 December 2020, down by approximately €21.8 million.

Net financial debt decreased by approximately €126.7 million compared to 30 June 2020.

Group **shareholders' equity** as of 30 June 2021 amounted to €411.8 million. The growth of approximately €39.8 million compared to 31 December 2020 was mitigated by €9.3 million from the payment of dividends.

³ For a definition of individual items, see the "Economic Glossary".

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Condensed Consolidated Interim Financial Statements as of 30 June 2021"; the following is a comment relating to the summary statement shown.

CHANGE IN CONSOLIDATED NET DEBT IN MILLIONS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Opening Consolidated Net Debt	(423.6)	(429.7)	6.1
Cash Flow from Operating Activities	101.7	62.6	39.0
(Increase)/Reduction in Net Working Capital	(9.5)	(89.2)	79.7
Net investments	(69.1)	(52.8)	(16.2)
Other changes	2.4	5.2	(2.8)
Change in Shareholders' Equity	(3.7)	(24.6)	20.9
Total Change	21.8	(98.8)	120.6
Closing Consolidated Net Debt	(401.9)	(528.5)	126.7

During the first half of 2021, the Piaggio Group generated **financial resources** amounting to €21.8 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €101.7 million.

Net working capital involved a negative cash flow of approximately €9.5 million; in detail:

- the collection of trade receivables⁴ used financial flows for a total of €64.5 million;
- stock management absorbed financial flows for a total of approximately €72.5 million;
- supplier payment trends generated financial flows of approximately €113.0 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €14.5 million.

Investing activities used financial resources for a total of €69.1 million. This change was generated by investments in capitalised development expenditure and in property, plant and equipment and intangible assets.

As a result of the above financial dynamics, which generated a cash flow of €21.8 million, the **net debt** of the Piaggio Group amounted to -€401.9 million.

⁴ Net of customer advances.

ALTERNATIVE NON-GAAP PERFORMANCE MEASURES

In accordance with Consob Communication DEM/6064293 of 28 July 2006 as amended (Consob Communication 0092543 of 3 December 2015 that enacts ESMA/2015/1415 guidelines on alternative performance measures), Piaggio, in its Report on Operations, refers to some alternative performance measures, in addition to IFRS financial measures (Non-GAAP Measures).

These are presented in order to measure the trend of the Group's operations to a better extent and should not be considered as an alternative to IFRS measures.

In particular the following alternative performance measures have been used:

- **EBITDA:** defined as operating income before the amortisation/depreciation and impairment costs of intangible assets, property, plant and equipment and rights of use, as resulting from the consolidated income statement;
- **Gross industrial margin:** defined as the difference between net revenues and the cost to sell;
- **Cost to sell:** this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers;
- **Consolidated net debt:** this consists of gross financial debt, including payables for rights of use, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. Consolidated net debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and otherwise, and the fair value adjustment of related hedged items and associated accruals. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure.





RESULTS BY TYPE OF PRODUCT

The Piaggio Group is comprised of and operates by geographic segments – EMEA and Americas, India and Asia Pacific 2W – to develop, manufacture and distribute two-wheeler and commercial vehicles.

Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. In particular:

- EMEA and Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

For details of final results from each operating segment, reference is made to the Notes to the Consolidated Financial Statements.

The volumes and turnover in the three geographic segments, also by product type, are analysed below.

TWO-WHEELERS

TWO-WHEELERS	1ST HALF OF 2021		1ST HALF OF 2020		CHANGE %		CHANGE	
	VOLUMES SELL-IN (UNITS/ 000)	TURNOVER (MILLION EUROS)	VOLUMES SELL-IN (UNITS/ 000)	TURNOVER (MILLION EUROS)	VOLUMES	TURNOVER	VOLUMES	TURNOVER
EMEA and Americas	139.4	564.9	105.1	350.9	32.6%	61.0%	34.2	214.0
of which EMEA	127.8	512.3	99.8	324.8	28.0%	57.7%	27.9	187.5
(of which Italy)	31.3	132.8	21.0	64.4	49.0%	106.3%	10.3	68.4
of which America	11.6	52.6	5.3	26.1	119.4%	101.6%	6.3	26.5
India	32.6	29.6	15.1	15.2	115.3%	94.8%	17.4	14.4
Asia Pacific 2W	70.9	166.5	42.7	101.5	66.0%	64.0%	28.2	64.9
TOTAL	242.8	761.0	163.0	467.6	49.0%	62.7%	79.9	293.4
Scooters	217.3	517.1	145.6	325.6	49.2%	58.8%	71.7	191.5
Motorcycles	25.5	173.4	17.4	87.3	47.1%	98.6%	8.2	86.1
Spare Parts and Accessories		69.5		53.6		29.6%		15.9
Other		1.0		1.1		-6.7%		(0.1)
TOTAL	242.8	761.0	163.0	467.6	49.0%	62.7%	79.9	293.4

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

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

In the first macro area, which is a minority segment in terms of volumes, the Piaggio Group has a historical presence, with scooters meeting the need for mobility in urban areas and motorcycles for recreational purposes.

In the second macro area, which in terms of sales, accounts for most of the world market and is the Group's target for expanding operations, two-wheeler vehicles are the primary mode of transport.

Background

India, the most important two-wheeler market, reported a strong increase in the first six months of 2021, closing with sales of over 6.7 million vehicles, up by 40.9% compared to the first half of 2020.

The People's Republic of China recorded an increase in the first six months of 2021 (+17.7%), closing at almost 3.1 million vehicles sold.

From the data available on the Asian area, Indonesia, the region's largest market, grew by 30.0% in the first six months of 2021, to over 2.45 million vehicles.

The number of vehicles registered in Vietnam increased more moderately (almost 1.37 million units sold; +9.5% compared to the first half of 2020). The other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) overall recorded an increase of approximately 3% compared to the first half of 2020, closing with sales of around 726 thousand units. In the first six months of the year, the Japanese market reported a 20.6% increase, selling 204.5 thousand units.

The North American market recorded an increase compared to the first half of 2020 (+15.4%), selling 359,099 vehicles.

Europe, which is the reference area for the Piaggio Group's operations, reported an increase in sales on the two-wheeler market (+24.8%) compared to the first half of 2020 (+24.4% for the motorcycle segment and +25.2% for the scooter segment).

The scooter market

In the first half of 2021, the European scooter market accounted for 395,949 registered vehicles, equal to a 25.2% increase in sales compared to the same period of 2020.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	1ST HALF OF 2021	1ST HALF OF 2020		OVERALL	=< 50 CC	> 50 CC
Italy	99,878	65,027	34,851	53.6%	26.0%	56.5%
France	71,864	56,405	15,459	27.4%	31.6%	23.0%
Spain	48,711	43,518	5,193	11.9%	8.2%	12.6%
Germany	40,245	35,363	4,882	13.8%	26.1%	8.2%
Holland	40,614	36,726	3,888	10.6%	10.2%	21.1%
Greece	19,395	13,516	5,879	43.5%	52.1%	43.0%
United Kingdom	15,978	11,078	4,900	44.2%	39.9%	45.1%
Europe	395,949	316,279	79,670	25.2%	14.7%	31.4%

Vehicle registrations were higher in the over 50cc segment, with 261,755 units compared to 134,194 units in the 50cc scooter segment. Over 50cc scooters reported an increase of 31.4%, while the 50cc segment recorded more moderate growth (+14.7%).

North America

In the first half of 2021, the United States, the main market in the area (84.9% of the reference area), recorded an increase of 5.4%, with 12,404 units sold: in the 50cc segment, there was a slight decrease (-4.7%), while over 50cc scooters increased (+16.1%).

India

The automatic scooter market increased considerably (+36.6%) in the first half of 2021, closing with almost 2 million units.

The over 90cc range is the main product segment, with more than 1.9 million units sold in the first half of 2021 (+35.6% compared to the first half of the previous year) and accounting for 98.1% of the total automatic scooter market. The 50 cc scooter segment is not operative in India.

The motorcycle market

Europe

With 446,162 units registered, the motorcycle market reported an upturn in the first half of 2021 (+24.4% compared to the first half of 2020). The 50cc segment recorded a 10.8% increase, closing the period with 19,123 units sold; sales in the 51-125cc motorcycle segment went up to 79,936 units (+45.9%), while the 126-750cc segment reported sales of 153,184 units (+25.9%). The over 750cc segment recorded a 17.6% increase, with 193,919 units sold.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %
	1ST HALF OF 2021	1ST HALF OF 2020		
France	87,897	69,489	18,408	26.5%
Germany	88,681	86,710	1,971	2.3%
Italy	76,659	49,504	27,155	54.9%
United Kingdom	41,874	32,942	8,932	27.1%
Spain	43,027	29,690	13,337	44.9%
Europe	446,162	358,552	87,610	24.4%

North America

In the United States (accounting for 86.9% of the area), the motorcycle segment recorded a 15.3% increase, selling 299,456 units against 259,762 units in the first half of 2020. The over 50cc segment reported growth of 16.4%, while the 50cc motorcycle segment decreased by 10.7%.

Asia

The most important motorcycle market in Asia is India, which reported sales of nearly 4.56 million vehicles in the first half of 2021, with a considerable increase over the first half of 2020 (+44.3%).

The motorcycle market in the Asean 5 area is far less important than the scooter sector. Sales of motorcycles in Vietnam were not significant.

Main results

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%).

As shown in the table, all markets showed positive trends. Overall, volumes grew by 49.0% while turnover grew by 62.7%.

Market positioning⁵

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

COMMERCIAL VEHICLES	1ST HALF OF 2021		1ST HALF OF 2020		CHANGE %		CHANGE	
	VOLUMES SELL-IN (UNITS/000)	TURNOVER (MILLION EUROS)	VOLUMES SELL-IN (UNITS/000)	TURNOVER (MILLION EUROS)	VOLUMES	TURNOVER	VOLUMES	TURNOVER
EMEA and Americas	9.4	63.7	5.4	40.5	72.3%	57.1%	3.9	23.2
of which EMEA	7.1	60.0	4.5	38.4	58.7%	56.1%	2.6	21.5
<i>(of which Italy)</i>	2.3	33.1	1.6	20.2	42.3%	63.8%	0.7	12.9
<i>of which America</i>	2.3	3.7	1.0	2.1	134.5%	76.1%	1.3	1.6
India	34.8	77.0	41.9	91.9	-16.8%	-16.3%	(7.0)	(14.9)
TOTAL	44.2	140.7	47.3	132.4	-6.5%	6.2%	(3.1)	8.2
Ape	41.3	76.8	45.2	89.1	-8.6%	-13.8%	(3.9)	(12.3)
Porter	2.9	42.2	2.1	25.8	39.9%	63.6%	0.8	16.4
Quargo	0.0	0.0	0.0	0.0			(0.0)	(0.0)
Mini Truk	0.0	0.0	0.0	0.1			(0.0)	(0.1)
Spare Parts and Accessories		21.7		17.5		24.2%		4.2
TOTAL	44.2	140.7	47.3	132.4	-6.5%	6.2%	(3.1)	8.2

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

⁵ Market shares for the first half of 2020 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Background

Europe

In the first six months of 2021, the European light commercial vehicles market (vehicles with a maximum mass less than or equal to 3.5 tons), in which the Piaggio Group operates, recorded sales of 1,048,439 units, increasing by 43.7% compared to the first six months of 2020 (data source ACEA). In detail, the trends of main European reference markets are as follows: France (+38.7%), Germany (+23.0%), Great Britain (+75.9%), Spain (+39.9%) and Italy (+55.8%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went down from 142,571 units in the first six months of 2020 to 109,972 units in the same period of 2021, registering a 22.9% decrease.

On this market, the fall was due entirely to the passenger vehicles segment, which recorded a drop in units (-34.9%) from 112,180 in the first six months of 2020 to 73,021 units in the first six months of 2021. The cargo segment reported an increase (+21.6%) from over 30,391 units in the first half of 2020 to 36,951 units in the first six months of 2021.

Main results

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

Market positioning⁶

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with products designed for short range mobility in urban areas (European urban centres) and suburban areas (the product range for India). On the Indian three-wheeler market, Piaggio has a market share of 23.7% (26.1% in the first six months of 2020). Detailed analysis of the market shows that Piaggio maintained its leadership position in the goods transport segment (cargo segment) with a share of 37.7% (48.3% in the first half of 2020). In the Passenger segment, its share stood at 21.7% (20.0% in the first six months of 2020).

⁶ Market shares for the first half of 2020 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

REGULATORY FRAMEWORK

European Union

COVID-19 - European Recovery Plan

In response to the economic, health and social crisis caused by the COVID-19 pandemic, the European Commission proposed a massive plan of financial aid to boost recovery of the economy. To deploy the investments necessary, the Commission has launched a dual approach:

- **Next Generation EU**, with €750 billion to consolidate the EU budget with new financial market loans for the 2021-2024 period.

- **An EU mid-term budget** for the 2021-2027 period (€1,100 billion).

Italy is the leading beneficiary of the Next Generation EU and has decided to channel this aid into a National Recovery and Resilience Plan (NRRP) submitted to the European Commission in April 2021 and providing for €191.5 billion in aid, divided into six missions:

- Digitalisation, innovation, competitiveness and culture - €40.32 billion;
- Green revolution and ecological transition - €59.47 billion;
- Infrastructure for sustainable mobility - €25.40 billion;
- Education and research - €30.88 billion;
- Inclusion and Cohesion - €19.81 billion;
- Health - €15.63 billion.

To finance further interventions, the Italian Government has approved a complementary fund with resources amounting to €30.6 billion. Overall, the investments provided for by the NRRP and the Supplementary Fund amount to €222.1 billion.

Within the Plan, some €24 billion have been allocated to *Digitalisation, innovation and competitiveness in the production system*, while €23 billion have been allocated to *Energy transition and sustainable mobility*, including the *Development of electric recharging infrastructures* to which €750 million have been allocated to develop 7,500 fast-charging points on motorways and 13,755 points in urban centres.

European Green Deal

In December 2019, the European Commission presented an initial document outlining implementation lines of the “European Green Deal” programme, which is key in the political strategy to tackle climate change by achieving the following objectives: a 50% reduction in CO₂ emissions by 2030 and climate neutrality (zero emissions) by 2050. To formalise this undertaking and turn it into law, the Commission proposed a European climate law in March 2020, an action plan for the circular economy and a *just transition* fund.

Emissions

With the new Regulation (EU) 2019/631 approved in April 2019, European institutions approved new limits for CO₂ emissions for cars and light commercial vehicles (VTL) post-2020. An EU fleet-wide target of 147g CO₂/km for the average emissions of new light commercial vehicles (95g CO₂/km for cars) for 2030 has been confirmed, and a gradual reduction in CO₂ emissions (g/Km) of 15% by 2025 and of 31% by 2030 has been decided, compared to 2021. However, the new Regulation still allows manufacturers producing less than 22,000 units a year to request an extension.

The Commission also started work on a study of future post-Euro 6 limits for cars, beginning preliminary activities in the second half of 2019 and holding consultations with stakeholders to analyse the results of the commissioned study. A Euro 7 proposal for cars is expected for the end of 2021. Any developments for cars will have inevitable consequences on the two-wheeler segment, with a proposal for post-Euro 5 for the L Category expected from the Commission by 2024.

Battery regulations

In December 2020, in line with the objectives of the European Green Deal, the European Commission presented a Proposal for a Regulation that aims to modernise the legislative framework for batteries, and encourage the production of batteries and accumulators that are more sustainable throughout their entire life cycle, introducing a new classification by use and specific targets to ensure recycling and reuse. There will be an obligation to use responsibly sourced materials and a restriction on the use of hazardous substances. At the same time, minimum recycled content, carbon footprint, efficiency, durability, labelling, as well as compliance with collection and recycling targets will become essential constraints for the development of a more sustainable and competitive battery industry across Europe and the world.

Sound emissions

During 2018, the European Commission started consultations on the presentation of proposed legislation for new Euro 5 noise limits. After the study published in November 2017, which had come out in favour of a drastic lowering of noise limits, the Commission requested a second study and at the same time a second cost-benefit analysis of a possible reduction in sound limits for L-category vehicles. The start of the second study requested by the European Commission on vehicle noise has been postponed and the legislative proposal by the Commission is therefore expected in 2022.

In the meantime, national institutions or local authorities have adopted various initiatives, to impose stricter limits on noise emissions, anticipating legal developments at European level.

To prevent a drastic reduction in noise limits, ACEM, the European Association of Motorcycle Manufacturers, is working on a shared strategy of which the key focus is to revise ASEP noise test procedures bearing in mind real driving conditions. Moreover, a more holistic approach to noise has been defined, which takes into account the widespread practice of motorcyclists replacing original exhausts, necessary controls on the road, and different riding styles.

End of life of vehicles - ELV

At present the EU Directive on end of life of vehicles (ELV) does not apply to two-wheelers. Manufacturers of cars and commercial vehicles are required to meet specific targets on the recycling and reuse of materials, comply with vehicle design obligations to facilitate the recovery of components, publish a manual on dismantling and collect and be responsible for the collection and disposal of end of life vehicles. The European Commission is considering extending its scope to Category L. A possible legislative proposal could be motioned by the Commission during 2021. European manufacturers of ACEM contributed to the public consultation launched by the European Commission with a view to preparing to extend the ELV regime and calibrate it to two-wheeler requirements.

SCIP DATABASE

As of 5 January 2021, Directive (EU) 2018/851 - Waste Framework Directive - came into force. This requires all manufacturers to notify the European Chemicals Agency (ECHA) of the "risk substances" contained in the items and groups of items they put on the European market. This notification is made through the SCIP Database: this toxicological database stores information on substances of very high concern (SVHC) contained in items or groups of items in quantities of more than 0.1% by weight.

General vehicle safety regulation

As regards cars and light commercial vehicles, in 2018 revision of the General Vehicle Safety Regulation (GVSR) got underway. European institutions reached an agreement on the new Regulation in April 2019. The new wording (which is still to be published in the European Journal), introduces the obligation to use new active safety devices - ADAS (Advanced Driver Assistance Systems) and non-ADAS for light commercial vehicles. As regards passive safety, the new GVSR extends the scope of some Regulations (including ECE94 for moderate overlap tests and ECE95 for side

impact tests) to category N1 vehicles, previously exempt from these obligations. The Piaggio Group, together with national and international trade associations, took an active part in the negotiations held in Geneva and at European level, with a view to promoting rules for application which are not detrimental to vehicles concerned. During the WP29 (World Forum for Harmonization of Vehicle Regulations) in June 2020, some technical implementing rules and specific exemptions were adopted for the frontal, side and rear crash tests of category N1 vehicles. The new ADAS regulation will come into force from July 2022 for new type-approved vehicles and from 2024 for all new vehicles produced.

Italy

Electric vehicle incentives - Category L

The 2020 Budget Law introduced a measure to renew incentives for the purchase of Category L electric vehicles (2/3 wheelers). A fund of EUR 150 million has been earmarked for the years 2021 to 2026. The conditions and requirements to use the incentives are the same as the previous campaign, with a ceiling of 30% and €3,000 of the list price if the previously owned vehicle is not scrapped, and 40% and €4,000 if the vehicle is scrapped.

Light Commercial Vehicle incentives - Category N

The 2020 Budget Law introduced an incentive for the purchase of light commercial vehicles (LCVs). Out of a total fund of €420 million, €50 million has been earmarked for LCVs, of which €10 million is for the purchase of 100% electric vehicles. The subsidy will be granted to anyone who buys brand new N1 commercial vehicles in Italy from 1 January 2021 until 30 June 2021. The contribution is differentiated on the basis of the vehicle's gross weight, the fuel used and the possible scrapping of a vehicle of the same category approved in a class up to Euro 4/IV.

Minimum environmental criteria - MEC

The Minister of the Environment recently signed the "Vehicles MEC" which will regulate tenders for the supply of vehicles belonging to Categories L, M and N. The Criteria will come into force 120 days after publication in the Official Journal, expected by July 2021.

India

Onboard Diagnostics (OBD-II)

For all category L5N and L5M internal combustion engine vehicles, the two-stage implementation of the OBD-II Regulation for Bharat Stage VI (BS VI) vehicles has been planned from 1 April 2023 (moved to April 2024 due to the pandemic for new products and April 2025 for existing products).

20% ethanol mix in petrol

The Indian government (Ministry of Oil and Natural Gas) has announced that from 1 April 2023, the percentage of ethanol in petrol will rise to 20%. The outlined timeline could be delayed due to the pandemic situation.

"FAME" scheme - incentives

The Indian government recently announced its intention to promote the electrification of three-wheelers and two-wheelers with the aim of 30% of new registrations consisting of electric vehicles by 2025. FAME (Faster Adoption

of Electrical Mobility), the scheme adopted by the Indian government in 2015 is part of this strategy, and aims to provide incentives for the purchase of 2, 3 and 4-wheeler electric and hybrid vehicles. In April 2019, the move to the second phase of the programme was officially announced with new funds allocated totalling \$1.4 billion (USD) and targeted incentives for the purchase of electric vehicles and the development of charging infrastructure. The scheme got a further boost in June 2021 with the increase in the subsidy structure under FAME II for two-wheelers.

Vietnam

Emissions

Since 1 January 2017, the National Technical Regulation on the Third Level of Emission of Gaseous Pollutants no. 77 issued by the Ministry of Transport in 2014 (“QCVN 77: 2014 / BGTVT”) has been in force in Vietnam for new assembled, manufactured and imported two-wheeler motorcycles. This level is equivalent to the Euro 3 standard specified in the technical regulations on vehicle gas emissions of European Community. Both the current law on environmental protection and the new one, which will come into force on 1 January 2022 (‘New Law on Environmental Protection’), require all transport vehicles to be certified to Vietnamese environmental regulations. However, at present, only gas emission limitation regulations for cars in circulation exist. In an attempt to reduce environmental pollution, the Vietnamese government also wants to apply gas emission limits to two-wheelers. Local governments in some large cities have worked with authorities and industry associations to test gas emissions of vehicles on the road, to be proposed to the government as a procedure to test and enforce gas emission limitation standards on vehicles.

Energy label

In order to reduce environmental pollution and ensure buyers are aware and informed, the government has introduced energy labelling for motorbikes. With Circular 59/2018/TT-BGTVT, the Ministry of Transport has regulated energy labelling for manufactured, assembled and imported motorbikes and mopeds. The energy label must be affixed to the motorbike by the manufacturer/importer/retailer and kept on the vehicle until it is delivered to the final customer.

Recycling/End-of-Life

Currently in Vietnam, the take-back and treatment of discarded products (batteries, tyres, end-of-life vehicles) is governed by Circular 34/2017/TT-BTNMT issued by the Ministry of Natural Resources and Environment (“MONRE”). According to this legislation, manufacturers, sellers and service providers are responsible for taking back and treating these discarded products by recycling them, or final disposal.

The new Environmental Protection Act, which will come into force on 1 January 2022, requires manufacturers and importers to recycle discarded products according to mandatory percentages and methods, leaving them the choice of either handling the recycling themselves or paying the Environment Fund to do so on their behalf. The draft decree provides a formula for calculating the mandatory recycling ratio.

In May 2021, a draft decree law was published defining the level of financial contribution to Vietnam’s Environmental Protection Fund where producers decide to pay for this Fund instead of carrying out the recycling themselves. The financial contribution to the Vietnam Environmental Protection Fund to support recycling is determined on the basis of the mandatory recycling rate. From 2025, the recycling of disused motorbikes will begin and the above-mentioned mandatory recycling ratio will be implemented.

Environmental tax

In order to protect the environment, the Vietnamese government is considering a bill to impose a tax on products that have a negative environmental impact. Guidelines for the application and calculation of the tax have not yet been issued.



RISKS AND UNCERTAINTIES

Due to the nature of its business, the Group is exposed to different types of risks. To mitigate exposure to these risks, the Group has adopted a structured and integrated system to identify, measure and manage company risks, in line with industry best practices (i.e. CoSO ERM Framework). Scenarios applicable to Group operations are mapped, involving all organisational units, and are updated on an annual basis. These scenarios are grouped referring to external, strategic, financial or operational risk, also considering sustainability issues and in particular “ESG” (“Environmental, Social, Governance related”) risks, i.e. which are related to environmental aspects, personnel, social matters, human rights and the fight against active and passive corruption. For details, see the Consolidated Non-Financial Statement included in the 2020 Financial Statements.

EXTERNAL RISKS

Risks related to the macroeconomic and geopolitical context

To mitigate any negative effects arising from the macroeconomic and geopolitical context, the Piaggio Group continued its strategic vision, diversifying operations at international level, in particular in Asia where growth rates of economies are still high, and consolidating the competitive positioning of its products. 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 connected to consumer trends

Piaggio's success depends on its ability to manufacture products that cater for consumer's tastes and can meet their needs for mobility. Levering customer expectations and emerging needs, with reference to its product range and customer experience, is essential for the Group to maintain a competitive edge.

Through market analysis, focus groups, concept and product testing, investments in research and development and sharing a roadmap with suppliers and partners, Piaggio can seize 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 a 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.

Piaggio 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.

Risk relative 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 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 and development into innovative products, anticipating any restrictions on current regulations. Moreover, the Group, as one of the sector's leading manufacturers, is often requested to be represented on parliamentary committees appointed to discuss and formulate new laws.

Risks connected with 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 linked to climate change 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.

Risks connected with the pandemic

If a pandemic spreads and measures are adopted by various governments to contain the virus, the Group could be negatively affected as regards:

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

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

During the COVID-19 pandemic, measures have also been taken at all the Group's sites to ensure social distancing, the sanitation of workstations and communal areas and the adoption of specific PPE; smart working has also been introduced.

This activity was supervised by local anti-COVID committees monitored at Group level.

Risk connected with the use of new technologies

The Piaggio Group is exposed to risk from the difficulty of keeping abreast with new product and production process technologies. To tackle this risk, the R&D centres at Pontedera, Noale (thanks also to Aprilia Racing's experience in MotoGP racing in Italy) and PADc - the Piaggio Advanced Design Center in Pasadena are dedicated to research, development and trialling new technological solutions, while Piaggio Fast Forward in Boston is studying innovative solutions to anticipate and meet future mobility needs.

Risks connected with the sales network

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

STRATEGIC RISKS

Reputational and Corporate Social Responsibility risks

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 release of detrimental information or due to sustainability requirements in the Corporate Governance Report not being met, as regards economic, environmental, social and product-related aspects.

Risks connected with the definition of strategies

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

Risks connected with the adoption of 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.

FINANCIAL RISKS

Risks connected with exchange rate trends

The Piaggio Group undertakes operations in currencies other than the euro and this exposes it to the risk of fluctuating exchange rates of different currencies.

Exposure to business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.

The Group's 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.

During the year, currency exposure was managed based on a policy that aims to neutralise the possible negative effects of exchange rate variations on company cash flow. This was achieved by hedging economic risk, which refers to changes in company profitability compared to the planned annual economic budget, based on a reference change (the "budget change"), and transaction risk, which refers to differences between the exchange rate at which receivables and payables are recognised in currency in the financial statements and the exchange rate at which the relative amount received or paid is recognised.

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 by specific fixed-rate loan agreements.

For a further description, reference is made to section 40 of the Notes to the Consolidated Financial Statements.

Risks connected with 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 Group payments due, or adequate profitability and growth to achieve its 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.

To deal with these risks, cash flows and the Group's credit line needs are monitored and managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.

In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees.

Risks connected with credit quality of counterparties

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 Parent Company evaluates the financial reliability of its business partners and stipulates agreements with primary factoring companies in Italy and other countries for the sale of trade receivables without recourse.

Risks connected with leverage

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.

OPERATING RISKS

Risks relative to the product

The "Product" category includes all risks concerning faults due to a nonconforming quality and safety and consequent recall campaigns that could expose the Group to: the costs of managing campaigns, replacing vehicles, claims for compensation and above all if faults are not managed correctly and/or are recurrent, damage to its reputation. A product nonconformity may be due to potential errors and/or omissions of suppliers, or internal processes (i.e. during product development, production, quality control).

To mitigate these risks, Piaggio 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.

Risks connected with 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 are managed through specific insurance cover assigned to sites based on their relative importance.

Risks connected with the supply chain

In carrying out its operations, the Group sources raw materials, semi-finished products and components from a number of suppliers. Group operations are conditioned by the ability of its suppliers to guarantee the quality standards and specifications requested for products, as well as relative delivery times. To mitigate these risks, the Group qualifies and periodically evaluates its suppliers based on professional/technical/financial criteria in line with international standards.

Risks connected with the environment and with 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, Piaggio 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, Piaggio seeks to minimise the environmental impact of its industrial activities by carefully defining the manufacturing technological cycle and by using the best technology and the most modern production methods.

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, set out in the Code of Ethics⁷ and confirmed 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 Vietnam and BS OHSAS 18001 for India) already awarded and maintained at production sites, is a mandatory benchmark for all company sites no matter where they are working.

Risks connected with 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. All documents relative 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.

⁷ Code of Ethics - Article 8: "Without prejudice to compliance with the specific applicable regulation, the Company pays attention to environmental issues in its decisions, also adopting - where operationally and economically feasible and compatible - environmentally friendly production technologies and methods, with the aim of reducing the environmental impact of its activities".

Risks relative 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 for recruitment, career development, training, remuneration and talent management, which are adopted in all countries where the Group operates according to the same principles of merit, fairness and transparency, and focusing on aspects that are relevant for the local culture.

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 Piaggio 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 Group to protect itself from the unlawful use of these rights by third parties inadequate.

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

Risks relative 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 a Model pursuant to Legislative Decree 231/2001 and a Code of Ethics which sets out the principles and values the entire organisation takes inspiration from.

Risks relative to reporting

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

To deal with these risks, the financial statements are audited by Independent Auditors. Furthermore, it should be noted that the control activity envisaged by Law 262/2005 is also extended to the most important subsidiaries, Piaggio Vehicles Pvt. Ltd, Piaggio Vietnam Co Ltd, Piaggio Group Americas Inc, Aprilia Racing Srl and Foshan Piaggio Vehicles Technology Research and Development Co Ltd.

Risks related to ICT systems

With reference to this category, the main risk factors that could compromise the availability of the Group's ICT systems include cyber attacks, which could cause the possible interruption of production and sales support activities or compromise the confidentiality, integrity and availability of personal data managed by the Group. To mitigate the occurrence of these risks, Piaggio has adopted a centralised system of controls to improve the Group's IT security.



EVENTS OCCURRING AFTER THE END OF THE PERIOD

No significant events are reported.



OPERATING OUTLOOK

In a market context that remains positive, providing guidance remains complex given the uncertainty over the evolution of the pandemic, compounded by a series of difficulties such as the general rise in the cost of commodities and problems in transport logistics, especially from the Far East.

Against this general picture, in the year that it celebrates Moto Guzzi's centenary and Vespa's 75th anniversary, Piaggio will move ahead with the launch of the 11 new two-wheelers scheduled for 2021 and operations relating to the increase in expenditure announced at the beginning of the year with the new E-mobility department, the new factory in Indonesia and the complete restructuring of the Moto Guzzi production facility and museum areas.

Piaggio confirms that, as indicated when it published its first-quarter results, it will continue to work to meet its commitments and targets, maintaining all the necessary measures to ensure a flexible and immediate response to any difficult and unexpected situations that might arise, thanks to careful and efficient business and financial management.



TRANSACTIONS WITH RELATED PARTIES

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 Consolidated Financial Statements".

INVESTMENTS OF MEMBERS OF THE BOARD OF DIRECTORS AND MEMBERS OF THE CONTROL COMMITTEE

Members of the board of directors and members of the control committee of the Issuer do not hold shares in the Issuer.



ECONOMIC GLOSSARY

Net working capital: defined as the net sum of: Trade receivables, Other current and non-current receivables, Inventories, Trade payables, Other current and non-current payables, Current and non-current tax receivables, Deferred tax assets, Current and non-current tax payables and Deferred tax liabilities.

Property, plant and equipment: consist of property, plant, machinery and industrial equipment, net of accumulated depreciation, investment property and assets held for sale.

Intangible assets: consist of capitalised development costs, costs for patents and know-how and goodwill arising from acquisition/merger operations carried out by the Group.

Rights of use: refer to the discounted value of lease payments due, as provided for by IFRS 16.

Financial assets: defined by the Directors as the sum of investments, other non-current financial assets and the fair value of financial liabilities.

Provisions: consist of retirement funds and employee benefits, other long-term provisions and the current portion of other long-term provisions.

Gross industrial margin: defined as the difference between Revenues and corresponding Cost to sell of the period.

Cost to sell: include the cost for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, movements and warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses: consist of employee costs, costs for services, leases and rentals, and additional operational expenditure net of operating income not included in the gross industrial margin. Operating expenses also include amortisation and depreciation not included in the calculation of the gross industrial margin.

Consolidated EBITDA: defined as Operating income before the Amortisation/depreciation and impairment costs of intangible assets, property, plant and equipment and rights of use, as resulting from the Consolidated Income Statement.

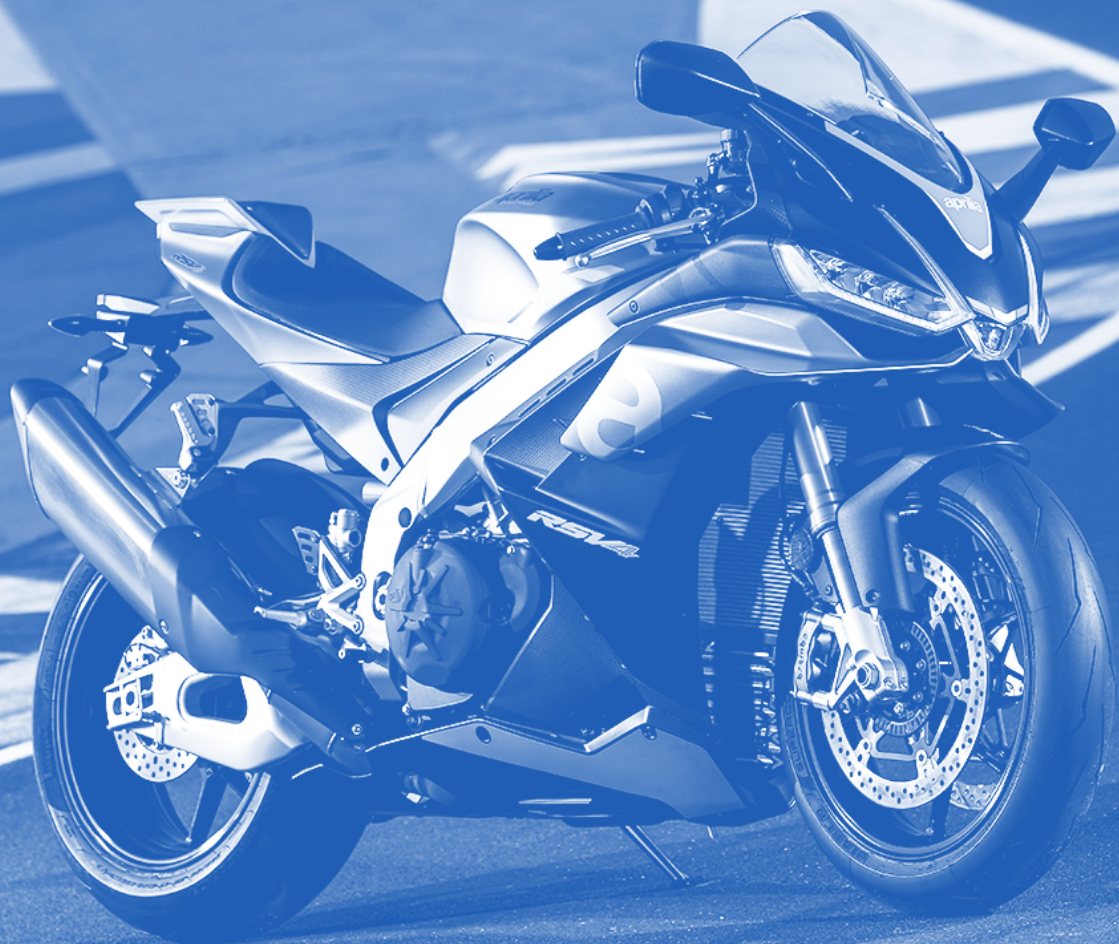
Net capital employed: determined as the algebraic sum of Net fixed assets, Net working capital and provisions.



MOTO GUZZI

PIAGGIO GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2021



→ CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2021

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CONSOLIDATED INCOME STATEMENT

	1ST HALF OF 2021		1ST HALF OF 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
4 Net revenues	901,671	8	600,084	25
5 Cost for materials	(557,477)	(12,724)	(366,006)	(8,569)
6 Cost for services and leases and rentals	(133,586)	(844)	(86,697)	(861)
7 Employee costs	(125,463)		(102,808)	
8 Depreciation and impairment costs of property, plant and equipment	(22,673)		(19,902)	
8 Amortisation and impairment costs of intangible assets	(37,457)		(34,341)	
8 Depreciation of rights of use	(4,060)		(4,159)	
9 Other operating income	74,406	246	49,119	316
10 Net reversals (impairment) of trade and other receivables	(1,299)		(707)	
11 Other operating costs	(13,701)	(14)	(9,897)	(15)
Operating income	80,361		24,686	
12 Income/(loss) from investments	412	433	564	564
13 Financial income	508		861	
13 Borrowing costs	(13,221)	(53)	(14,178)	(82)
13 Net exchange gains/(losses)	2,103		3,190	
Profit before tax	70,163		15,123	
14 Taxes for the period	(26,662)		(6,049)	
Profit from continuing operations	43,501		9,074	
Assets held for sale:				
15 Profits or losses arising from assets held for sale				
Net Profit (loss) for the period	43,501		9,074	
Attributable to:				
Owners of the Parent	43,501		9,074	
Non-controlling interests	0		0	
16 Earnings per share (figures in €)	0.122		0.025	
16 Diluted earnings per share (figures in €)	0.122		0.025	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1ST HALF OF 2021	1ST HALF OF 2020
NOTES IN THOUSANDS OF EUROS		
Net Profit (loss) for the period (A)	43,501	9,074
Items that will not be reclassified to income statement		
42 Remeasurements of defined benefit plans	194	195
Total	194	195
Items that may be reclassified to income statement		
42 Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	1,837	(4,859)
42 Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	493	(142)
42 Total profits (losses) on cash flow hedges	3,101	98
Total	5,431	(4,903)
Other comprehensive income (B)⁸	5,625	(4,708)
Total comprehensive income (expense) for the period (A + B)	49,126	4,366
Attributable to:		
Owners of the Parent	49,138	4,311
Non-controlling interests	(12)	55

8 Other comprehensive income take account of relative tax effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS OF 30 JUNE 2021		AS OF 31 DECEMBER 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
ASSETS				
Non-current assets				
17	Intangible assets	706,322	695,646	
18	Property, plant and equipment	264,489	264,616	
19	Rights of use	32,953	33,241	
20	Investment Property		4,600	
35	Investments	10,060	9,134	
36	Other financial assets	16	37	
25	Tax receivables	10,318	12,399	
21	Deferred tax assets	55,874	64,686	
23	Trade receivables			
24	Other receivables	22,865	67	26,260
	Total non-current assets	1,102,897	1,110,619	
Assets held for sale				
Current assets				
23	Trade receivables	133,945	657	68,692
24	Other receivables	59,637	16,538	44,241
25	Tax receivables	24,418		12,851
22	Inventories	262,342		189,864
36	Other financial assets	2,445		2,617
37	Cash and cash equivalents	226,441		230,093
	Total current assets	709,228	548,358	
	Total assets	1,812,125	1,658,977	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
41	Share capital and reserves attributable to the owners of the Parent	411,959		372,159
41	Share capital and reserves attributable to non-controlling interests	(159)		(147)
	Total shareholders' equity	411,800	372,012	
Non-current liabilities				
38	Financial liabilities	437,361		465,776
38	Financial liabilities for rights of use	17,523	2,866	17,994
28	Trade payables			
29	Other long-term provisions	13,012		12,543
30	Deferred tax liabilities	7,812		5,227
31	Retirement funds and employee benefits	33,110		34,998
32	Tax payables	4,255		
33	Other payables	11,745		11,094
	Total non-current liabilities	524,818	547,632	
Current liabilities				
38	Financial liabilities	168,496		163,510
38	Financial liabilities for rights of use	7,363	1,305	8,582
28	Trade payables	603,711	12,392	489,964
32	Tax payables	18,542		12,987
33	Other payables	60,411	4,397	46,316
29	Current portion of other long-term provisions	16,984		17,974
	Total current liabilities	875,507	739,333	
	Total Shareholders' Equity and Liabilities	1,812,125	1,658,977	

CONSOLIDATED STATEMENT OF CASH FLOWS

This statement shows the factors behind changes in cash and cash equivalents, net of short-term bank overdrafts, as required by IAS 7.

	1ST HALF OF 2021		1ST HALF OF 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
OPERATING ACTIVITIES				
Net Profit (loss) for the period	43,501		9,074	
14 Taxes for the period	26,662		6,049	
8 Depreciation of property, plant and equipment	22,673		19,902	
8 Amortisation of intangible assets	37,457		34,341	
8 Depreciation of rights of use	4,060		4,159	
Provisions for risks and retirement funds and employee benefits	12,135		7,299	
Write-downs/(Reinstatements)	1,300		2,614	
Losses/(Gains) on the disposal of property, plant and equipment	(46)		2	
13 Financial income	(508)		(861)	
13 Borrowing costs	13,221		14,178	
Income from public grants	(1,426)		(2,033)	
Portion of earnings of associates	(433)		(564)	
<i>Change in working capital:</i>				
23 (Increase)/Decrease in trade receivables	(66,420)	(234)	(43,299)	(133)
24 (Increase)/Decrease in other receivables	(12,134)	(250)	(4,468)	(282)
22 (Increase)/Decrease in inventories	(72,478)		(26,569)	
28 Increase/(Decrease) in trade payables	113,747	6,622	(19,177)	1,978
33 Increase/(Decrease) in other payables	14,746	339	3,585	31
29 Increase/(Decrease) in provisions for risks	(9,105)		(3,122)	
31 Increase/(Decrease) in retirement funds and employee benefits	(5,398)		(5,032)	
Other changes	(2,939)		6,174	
Cash generated from operating activities	118,615		2,252	
Interest paid	(12,201)		(11,889)	
Taxes paid	(11,010)		(11,170)	
CASH FLOW FROM OPERATING ACTIVITIES (A)	95,404		(20,807)	
INVESTMENT ACTIVITIES				
18 Investment in property, plant and equipment	(21,426)		(16,540)	
Sale price, or repayment value, of property, plant and equipment	5,610		150	
17 Investment in intangible assets	(47,625)		(36,281)	
Sale price, or repayment value, of intangible assets	59		5	
Public grants collected	889		796	
Collected interests	306		146	
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(62,187)		(51,724)	
FINANCING ACTIVITIES				
41 Purchase of treasury shares	(53)		(217)	
41 Outflow for dividends paid	(9,285)		(19,642)	
38 Loans received	83,030		110,998	
38 Outflow for repayment of loans	(107,781)		(47,147)	
38 Lease payments for rights of use	(5,432)		(3,363)	
CASH FLOW FROM FINANCING ACTIVITIES (C)	(39,521)		40,629	
Increase/(Decrease) in cash and cash equivalents (A+B+C)	(6,304)		(31,902)	
OPENING BALANCE	228,906		190,728	
Exchange differences	3,839		(179)	
CLOSING BALANCE	226,441		158,647	

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Movements from 1 January 2021 / 30 June 2021

	NOTES	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	IAS TRANSITION RESERVE	GROUP TRANSLATION RESERVE	TREASURY SHARES	EARNINGS RESERVE	EARNINGS FOR THE PERIOD	CONSOLIDATED GROUP SHAREHOLDERS' EQUITY	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' EQUITY
IN THOUSANDS OF EUROS													
As of 1 January 2021		207,614	7,171	24,215	281	(15,525)	(38,459)	(1,966)	157,506	31,322	372,159	(147)	372,012
Profit for the period										43,501	43,501		43,501
Other comprehensive income	42				3,101		2,342		194		5,637	(12)	5,625
Total profit (loss) for the period		0	0	0	3,101	0	2,342	0	194	43,501	49,138	(12)	49,126
Transactions with shareholders:													
Allocation of profits	41			1,837					25,917	(27,754)	0		0
Distribution of dividends	41								(5,717)	(3,568)	(9,285)		(9,285)
Purchase of treasury shares	41							(53)			(53)		(53)
As of 30 June 2021		207,614	7,171	26,052	3,382	(15,525)	(36,117)	(2,019)	177,900	43,501	411,959	(159)	411,800

Movements from 1 January 2020 / 30 June 2020

	NOTES	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	IAS TRANSITION RESERVE	GROUP TRANSLATION RESERVE	TREASURY SHARES	EARNINGS RESERVE	EARNINGS FOR THE PERIOD	CONSOLIDATED GROUP SHAREHOLDERS' EQUITY	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' EQUITY
IN THOUSANDS OF EUROS													
As of 1 January 2020		207,614	7,171	21,904	(29)	(15,525)	(27,896)	(1,749)	145,776	46,749	384,015	(208)	383,807
Profit for the period										9,074	9,074		9,074
Other comprehensive income	42				98		(5,056)		195		(4,763)	55	(4,708)
Total profit (loss) for the period		0	0	0	98	0	(5,056)	0	195	9,074	4,311	55	4,366
Transactions with shareholders:													
Allocation of profits	41			2,311					24,796	(27,107)	0		0
Distribution of dividends	41									(19,642)	(19,642)		(19,642)
Purchase of treasury shares	41							(217)			(217)		(217)
As of 30 June 2020		207,614	7,171	24,215	69	(15,525)	(32,952)	(1,966)	170,767	9,074	368,467	(153)	368,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The address of the registered office is Viale Rinaldo Piaggio 25 - Pontedera (Pisa). The main activities of the company and its subsidiaries are set out in the Report on Operations.

These Financial Statements are expressed in Euros (€) since this is the currency in which most of the Group's transactions take place. Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

1. Scope of consolidation

The scope of consolidation is unchanged from the consolidated financial statements as of 31 December 2020 and 30 June 2020.

2. Compliance with international accounting standards

These Condensed Interim Financial Statements have been prepared in compliance with international accounting standards (IAS/IFRS), in force, issued by the International Accounting Standards Board and approved by the European Union, and in compliance with provisions established by Consob in Communication no. 6064293 of 28 July 2006. The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

During the drafting of these Condensed Interim Financial Statements, prepared in compliance with IAS 34 - Interim Financial Reporting, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2020 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations adopted from 1 January 2021".

The information provided in the Half-Year Report should be read together with the Consolidated Financial Statements as of 31 December 2020, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2020.

It should finally be noted that some assessment processes, in particular the most complex ones such as establishing any impairment of fixed assets, are generally undertaken in full only when preparing the annual financial statements, when all the potentially necessary information is available, except in cases where there are indications of impairment which require an immediate assessment of any impairment loss.

It should be noted that, in light of the strategic initiatives announced by the Parent Company, and the results achieved thanks to the significant investment plan put in place, which feeds into a development path already underway during the last three years, the Group, having obtained the fairness opinion from a leading consulting firm, has revised the residual useful lives of the Aprilia and Moto Guzzi trademarks from definite to indefinite.

The Group's activities, especially those regarding two-wheeler products, are subject to significant seasonal changes in sales during the year.

Income tax is recognised on the basis of the best estimate of the average weighted tax rate for the entire financial period.

These Condensed Interim Financial Statements have been subjected to a limited review by Deloitte & Touche S.p.A..

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2021

Derivatives and measurement of hedging transactions

Until 31 December 2020, the Group had chosen to apply the hedge accounting provisions of IAS 39, as permitted by IFRS 9. As of 1 January 2021, IFRS 9 has been applied. This change has not had a significant impact on the values or disclosures in the financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1

These amendments provide some facilitations in relation to the reform of interest rate benchmarks. The issues relate to the recognition of hedging transactions and have the effect that IBOR reform should not generally result in the cessation of hedge accounting. However, if the hedge is ineffective it should continue to be recognised in profit or loss. Given the pervasive nature of hedging that involves contracts based on IBOR, the facilitations will affect companies from all sectors.

The application of the new amendments did not have a significant impact on the values or disclosures in the financial statements.

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, which will replace IFRS 4 and will be effective from 1 January 2023, was amended in June 2020.
- 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 2022.
- 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.
- In June 2020, the IASB published amendments to IFRS 4 that postpone the exemption from the application of IFRS 9 to 1 January 2023.
- In August 2020, the IASB published some amendments to IFRS 7, IFRS 4 and IFRS 16. The amendments will be effective from 1 January 2021.
- 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 March 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 will apply from 1 April 2021.
- 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.

Other information

A specific paragraph in this Report provides information on any significant events occurring after the end of the period and on the expected operating outlook.

The exchange rates used to translate the financial statements of companies included in the scope of consolidation into Euros are shown in the table below.

CURRENCY	SPOT EXCHANGE RATE 30 JUNE 2021	AVERAGE EXCHANGE RATE 1ST HALF OF 2021	SPOT EXCHANGE RATE 31 DECEMBER 2020	AVERAGE EXCHANGE RATE 1ST HALF OF 2020
US Dollar	1.1884	1.20535	1.2271	1.10205
Pounds 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) SEGMENT REPORTING

3. Operating segment reporting

The organisational structure of the Group is based on 3 Geographic Segments, involved in the production and sale of vehicles, spare parts and assistance in areas under their responsibility: EMEA and Americas, India and Asia Pacific 2W. Operating segments are identified by management, in line with the management and control model used.

In particular, the structure of disclosure corresponds to the structure of periodic reporting analysed by the Chairman and Chief Executive Officer for business management purposes.

Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. In particular:

- EMEA and Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

Central structures and development activities currently dealt with by EMEA and Americas, are handled by individual segments.



INCOME STATEMENT BY OPERATING SEGMENT

		EMEA AND AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (unit/000)	1st half of 2021	148.8	67.4	70.9	287.1
	1st half of 2020	110.6	57.0	42.7	210.3
	Change	38.2	10.4	28.2	76.8
	Change %	34.5%	18.3%	66.0%	36.5%
Net turnover (millions of Euros)	1st half of 2021	628.6	106.6	166.5	901.7
	1st half of 2020	391.5	107.1	101.5	600.1
	Change	237.2	(0.5)	64.9	301.6
	Change %	60.6%	-0.5%	64.0%	50.3%
Gross margin (millions of Euros)	1st half of 2021	184.4	17.6	60.0	261.9
	1st half of 2020	111.3	20.0	40.4	171.7
	Change	73.1	(2.5)	19.6	90.3
	Change %	65.7%	-12.3%	48.5%	52.6%
EBITDA (millions of Euros)	1st half of 2021				144.6
	1st half of 2020				83.1
	Change				61.5
	Change %				74.0%
EBIT (millions of Euros)	1st half of 2021				80.4
	1st half of 2020				24.7
	Change				55.7
	Change %				225.5%
Net profit (millions of Euros)	1st half of 2021				43.5
	1st half of 2020				9.1
	Change				34.4
	Change %				379.4%



C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Values for the first half of 2020 were heavily influenced by the COVID-19 health emergency, which led to the closure of production and commercial activities for several weeks in many countries.

4. Net revenues

€/000 901,671

Revenues are shown net of premiums recognised to customers (dealers).

This item does not include transport costs, which are recharged to customers (€/000 19,638) and invoiced advertising cost recoveries (€/000 2,344), which are posted under other operating income.

The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographic segment

The breakdown of revenues by geographic segment is shown in the following table:

IN THOUSANDS OF EUROS	1ST HALF OF 2021		1ST HALF OF 2020		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	628,616	69.7	391,457	65.2	237,159	60.6
India	106,596	11.8	107,110	17.9	(514)	-0.5
Asia Pacific 2W	166,459	18.5	101,517	16.9	64,942	64.0
Total	901,671	100.0	600,084	100.0	301,587	50.3

In the first half of 2021, net sales revenues recorded a 50.3% increase compared to the same period in the previous year. Last year's figures were adversely affected by the lockdown measures implemented in many countries to deal with the COVID-19 pandemic. For a more detailed analysis of trends in individual geographic segments, please refer to the Report on Operations.

5. Costs for materials

€/000 (557,477)

The increase in costs for materials compared to the first half of 2020 is due to the growth in production volumes. The item includes €/000 12,724 (€/000 8,569 in the first half of 2020) for purchases of scooters from the Chinese affiliate Zongshen Piaggio Foshan Motorcycle Co., that are sold on European and Asian markets.

The following table details the content of this item:

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Raw, ancillary materials, consumables and goods	(628,216)	(391,782)	(236,434)
Change in inventories of raw, ancillary materials, consumables and goods	27,625	10,918	16,707
Change in work in progress of semi-finished and finished products	43,114	14,858	28,256
Total	(557,477)	(366,006)	(191,471)

6. Costs for services and leases and rental costs

€/000 (133,586)

Below is a breakdown of this item:

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Employee costs	(4,810)	(4,177)	(633)
External maintenance and cleaning costs	(5,444)	(4,115)	(1,329)
Energy and telephone costs	(6,572)	(6,192)	(380)
Postal expenses	(472)	(345)	(127)
Commissions payable	(257)	(171)	(86)
Advertising and promotion	(28,244)	(11,297)	(16,947)
Technical, legal and tax consultancy and services	(10,581)	(6,551)	(4,030)
Company boards operating costs	(1,352)	(1,192)	(160)
Insurance	(2,211)	(2,119)	(92)
Insurance from related parties	(27)	(17)	(10)
Outsourced manufacturing	(15,567)	(8,257)	(7,310)
Outsourced services	(8,291)	(7,170)	(1,121)
Transport costs (vehicles and spare parts)	(24,829)	(16,655)	(8,174)
Sundry commercial expenses	(4,268)	(2,286)	(1,982)
Expenses for public relations	(1,570)	(711)	(859)
Product warranty costs	(257)	(276)	19
Quality-related events	(2,494)	(2,757)	263
Bank costs and factoring charges	(3,068)	(2,364)	(704)
Other services	(6,821)	(4,011)	(2,810)
Services from related parties	(796)	(1,023)	227
Lease and rental costs	(5,655)	(5,011)	(644)
Costs for services and leases and rental costs	(133,586)	(86,697)	(46,889)

The values for the first half of 2020 were affected by lockdown periods resulting from the difficult health situation. The item includes costs for temporary work of €/000 1,255.

7. Employee costs

€/000 (125,463)

The values for the first half of 2020 were affected by the consequences of the pandemic crisis and related measures taken by governments.

Employee costs include €/000 530 relating to costs for redundancy plans for the Pontedera and Noale production sites.

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Salaries and wages	(95,840)	(78,211)	(17,629)
Social security contributions	(24,608)	(18,774)	(5,834)
Termination benefits	(3,724)	(3,605)	(119)
Other costs	(1,291)	(2,218)	927
Total	(125,463)	(102,808)	(22,655)

Below is a breakdown of the headcount by actual number and average number:

LEVEL	AVERAGE NUMBER		CHANGE
	1ST HALF OF 2021	1ST HALF OF 2020	
Senior management	107.8	105.8	2.0
Middle management	664.5	665.0	(0.5)
White collars	1,627.7	1,691.0	(63.3)
Blue collars	3,939.0	3,893.9	45.1
Total	6,339.0	6,355.7	(16.7)

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts). In fact, the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

	NUMBER AS OF		CHANGE
	30 JUNE 2021	31 DECEMBER 2020	
Senior management	111	107	4
Middle management	663	661	2
White collars	1,634	1,625	9
Blue collars	3,940	3,463	477
Total	6,348	5,856	492
EMEA and Americas	3,837	3,331	506
India	1,480	1,550	(70)
Asia Pacific 2W	1,031	975	56
Total	6,348	5,856	492

Changes in employee numbers in the two periods are compared below:

LEVEL	AS OF 31.12.20	INCOMING	LEAVERS	RELOCATIONS	AS OF 30.06.21
Senior management	107	4	(1)	1	111
Middle management	661	28	(34)	8	663
White collars	1,625	105	(90)	(6)	1,634
Blue collars	3,463	1,192	(712)	(3)	3,940
Total	5,856	1,329	(837)	0	6,348

8. Amortisation/depreciation and impairment costs

€/000 (64,190)

Amortisation and depreciation for the period, divided by category, is shown below:

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
PROPERTY, PLANT AND EQUIPMENT			
Buildings	(2,438)	(2,428)	(10)
Plant and machinery	(10,732)	(10,307)	(425)
Industrial and commercial equipment	(5,768)	(4,888)	(880)
Other assets	(3,735)	(2,279)	(1,456)
Total depreciation of property, plant and equipment	(22,673)	(19,902)	(2,771)
Impairment of property, plant and equipment			0
Total depreciation of property, plant and equipment and impairment costs	(22,673)	(19,902)	(2,771)

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
INTANGIBLE ASSETS			
Development costs	(15,815)	(14,679)	(1,136)
Industrial Patent and Intellectual Property Rights	(21,493)	(17,089)	(4,404)
Concessions, licences, trademarks and similar rights	(28)	(2,411)	2,383
Other	(121)	(162)	41
Total amortisation of intangible assets	(37,457)	(34,341)	(3,116)
Impairment of intangible assets			0
Total amortisation of intangible assets and impairment costs	(37,457)	(34,341)	(3,116)

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
RIGHTS OF USE			
Land	(89)	(95)	6
Buildings	(2,650)	(2,750)	100
Plant and machinery	(428)	(428)	0
Industrial and commercial equipment	(11)	(56)	45
Other assets	(882)	(830)	(52)
Total depreciation of rights of use	(4,060)	(4,159)	99

The decrease, for the item Trademarks, recorded in the amortisation of intangible assets is due to the Aprilia and Moto Guzzi trademarks being changed from a definite to indefinite useful life; please refer to the comment on the specific item of assets.

9. Other operating income

€/000 74,406

This item consists of:

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Operating grants	1,426	2,033	(607)
Increases in fixed assets from internal work	29,223	22,826	6,397
Other revenue and income:			
- Rent receipts	2,889	256	2,633
- Capital gains on the disposal of assets	49	1	48
- Sale of miscellaneous materials	589	271	318
- Recovery of transport costs	19,638	13,252	6,386
- Recovery of advertising costs	2,344	1,511	833
- Recovery of sundry costs	1,726	1,033	693
- Compensation	449	250	199
- Compensation for quality-related events	330	2,008	(1,678)
- Licence rights and know-how	865	1,251	(386)
- Sponsorship	1,287		1,287
- Other Group income	246	316	(70)
- Other income	13,345	4,111	9,234
Total other operating income	74,406	49,119	25,287

The item "Operating grants" includes €/000 294 for government and community grants for research projects and export subsidies of €/000 729 received from the Indian affiliate. The former are recognised in profit or loss, strictly relating to the amortisation and depreciation of capitalised costs for which they were received.

Revenues include €/000 3,944 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in during previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India in early 2021, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

The items "rent receipts" and "sponsorships" are mainly related to the activity of the racing team, which was halted by the pandemic in the first half of 2020.

10. Net reversals (impairment) of trade and other receivables

€/000 (1,299)

This item consists of:

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Reversals	89	58	31
Losses on receivables	(88)	(97)	9
Write-downs of receivables in working capital	(1,300)	(668)	(632)
Total	(1,299)	(707)	(592)

11. Other operating costs

€/000 (13,701)

This item consists of:

IN THOUSANDS OF EUROS	1ST HALF OF 2021	1ST HALF OF 2020	CHANGE
Accrual for provision for future risks	(1,940)	(4)	(1,936)
Accrual for provision for product warranties	(6,277)	(3,654)	(2,623)
Duties and taxes not on income	(2,421)	(2,169)	(252)
Various subscriptions	(699)	(709)	10
Capital losses from disposal of assets	(3)	(3)	0
Losses from changes in the fair value of investment property		(1,946)	1,946
Miscellaneous expenses	(2,361)	(1,412)	(949)
<i>Total sundry operating costs</i>	<i>(5,484)</i>	<i>(6,239)</i>	<i>755</i>
Total	(13,701)	(9,897)	(3,804)

The increase in the product warranty provision is related to the higher sales volumes realised in the first half-year 2021.

12. Income/(loss) from investments

€/000 412

Income from investments was generated from income deriving from the Group's share of the profits of the joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd (€/000 415) and the affiliated company Pontech (€/000 18) valued at equity, and the write-down of the minority investment in Vega, Società Consortile Parco Scientifico e Tecnologico Venezia (S.C.P.S.T.V.) (€/000 -21).

13. Net financial income (borrowing costs)

€/000 (10,610)

The balance of financial income (borrowing costs) for the first six months of 2021 was negative by €/000 10,610, worsening compared to net costs for the same period of the previous year (€/000 10,127), mainly due to the lower contribution from currency operations, which was only partially offset by the effects of a decrease in average debt.

14. Taxes

€/000 (26,662)

Income tax for the period, determined based on IAS 34, is estimated by applying a rate of 38% to profit before tax, equivalent to the best estimate of the weighted average rate predicted for the financial year.

15. Gain/(loss) from assets held for disposal or sale

€/000 0

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

16. Earnings per share

Earnings per share are calculated as follows:

		1ST HALF OF 2021	1ST HALF OF 2020
Net profit	€/000	43,501	9,074
Earnings attributable to ordinary shares	€/000	43,501	9,074
Average number of ordinary shares in circulation		357,120,546	357,177,192
Earnings per ordinary share	€	0.122	0.025
Adjusted average number of ordinary shares		357,120,546	357,177,192
Diluted earnings per ordinary share	€	0.122	0.025



D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets

€/000 706,322

Intangible assets went up overall by €/000 10,676, mainly due to investments for the period which were only partially balanced by amortisation for the period.

Increases mainly refer to the capitalisation of development costs and know-how for new products and new engines, as well as the purchase of software.

During the first half of 2021, borrowing costs for €/000 486 were capitalised.

The table below shows the breakdown of intangible assets as of 30 June 2021, as well as movements during the period.



	DEVELOPMENT COSTS			PATENT RIGHTS AND KNOW-HOW			CONCES- SIONS, LICENCES AND TRA- DEMARKS	GOODWILL	OTHER			TOTAL		
	IN SERVICE		TOTAL	IN SERVICE		TOTAL			IN SERVICE		TOTAL	IN SERVICE		TOTAL
	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES			ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	ASSETS UNDER DEVELOP- MENT AND ADVANCES	
IN THOUSANDS OF EUROS														
Historical cost	307,472	43,284	350,756	439,080	71,878	510,958	190,737	557,322	7,992	7,992	1,502,603	115,162	1,617,765	
Provisions for write-down	(1,136)	(1,569)	(2,705)	0	0	0	0	0	0	(1,136)	(1,569)	(2,705)	(2,705)	
Accumulated amortisation	(256,428)	(256,428)	(512,856)	(383,707)	(383,707)	(767,414)	(161,198)	(110,382)	(7,699)	(7,699)	(919,414)	0	(919,414)	
Amount as of 01 01 2021	49,908	41,715	91,623	55,373	71,878	127,251	29,539	446,940	293	0	582,053	113,593	695,646	
Investments	10,872	11,761	22,633	9,930	14,982	24,912	0	0	64	16	20,866	26,759	47,625	
Transitions in the period	36,613	(36,613)	0	59,397	(59,397)	0	0	0	16	(16)	96,026	(96,026)	0	
Amortisation	(15,815)	(15,815)	(31,630)	(21,493)	(21,493)	(42,986)	(28)	(28)	(121)	(121)	(37,457)	0	(37,457)	
Disposals	0	0	0	(35)	(35)	(35)	0	0	(24)	(24)	(59)	0	(59)	
Write-downs	0	0	0	0	0	0	0	0	0	0	0	0	0	
Exchange differences	436	120	556	11	1	12	0	0	4	4	451	121	572	
Other movements	(729)	724	(5)	0	0	0	0	0	0	(729)	724	0	(5)	
Total movements for the period	31,377	(24,008)	7,369	47,810	(44,414)	3,396	(28)	0	(61)	0	79,098	(68,422)	10,676	
Historical cost	356,193	19,300	375,493	507,624	27,464	535,088	190,737	557,322	8,336	8,336	1,620,212	46,764	1,666,976	
Provisions for write-down	(1,593)	(1,593)	(3,186)	0	0	0	0	0	0	0	0	(1,593)	(1,593)	
Accumulated amortisation	(274,908)	(274,908)	(549,816)	(404,441)	(404,441)	(808,882)	(161,226)	(110,382)	(8,104)	(8,104)	(959,061)	0	(959,061)	
Amount as of 30 06 2021	81,285	17,707	98,992	103,183	27,464	130,647	29,511	446,940	232	0	661,151	45,171	706,322	

Development costs include costs for products and engines referable to projects for which, as regards the period of the useful life of the asset, revenues are expected that allow for at least the costs incurred to be recovered. Assets under development refer to costs for which conditions for capitalisation apply, but that refer to products that will go into production in subsequent years.

Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

In the first half of 2021, development costs amounting to €/000 11,171 were carried as expenses directly in the income statement.

The item Patent rights comprises software for €/000 29,357 and patents and know-how.

Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the Group, referring to main new products in the 2021-2022 range.

Costs for industrial patent and intellectual property rights are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

The item Concessions, Licences, Trademarks and similar rights, is broken down as follows:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Moto Guzzi trademark	9,750	9,750	0
Aprilia trademark	19,158	19,158	0
Minor trademarks	17	20	(3)
Foton licence	586	611	(25)
Total	29,511	29,539	(28)

It should be noted that, in light of the strategic initiatives announced by the Parent Company, and the results achieved thanks to the significant investment plan put in place, which feeds into a development path already underway during the last three years, the Group, having obtained the fairness opinion from a leading consulting firm, has revised the residual useful lives of the Aprilia and Moto Guzzi trademarks from definite to indefinite.

The accounting effects of the amendment are as follows:

		APRILIA TRADEMARK	MOTO GUZZI TRADEMARK	TOTAL
Expected useful life				
	Former measurement	2026	2026	
	New measurement	indefinite	indefinite	
Annual amortisation				
€/000	Former measurement	3,193	1,625	4,818
	New measurement	-	-	-
	Difference	3,193	1,625	4,818
Annual share of deferred taxes				
€/000	Former measurement	(423)	(453)	(876)
	New measurement	-	-	-
	Difference	(423)	(453)	(876)
Net annual impact on the income statement				
€/000	Former measurement	2,770	1,172	3,942
	New measurement	-	-	-
	Difference	2,770	1,172	3,942

Goodwill derives from the greater value paid compared to the corresponding portion of the subsidiaries shareholders' equity at the time of purchase, less the related accumulated amortisation until 31 December 2003.

Goodwill was attributed to cash generating units.

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
EMEA and Americas	305,311	305,311	0
India	109,695	109,695	0
Asia Pacific 2W	31,934	31,934	0
Total	446,940	446,940	0

The organisational structure of the Group is based on 3 Geographic Segments (CGUs), involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and Americas, India and Asia Pacific 2W. Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. Central structures and development activities currently dealt with by EMEA and Americas, are handled by individual CGUs.

Goodwill cannot be amortised, but is tested for impairment annually or frequently, if specific events take place or changed circumstances indicate that the asset may have been affected by impairment, to identify impairment as provided for by IAS 36 - Impairment of Assets.

The possibility of reinstating booked values is verified by comparing the net carrying amount of individual cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows which, it is estimated, will be derived from the continual use of goods referring to cash generating units and by the terminal value attributable to these goods.

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

At 30 June 2021, the Group compared the actual results at that date with the budgeted figures for the year 2021, supplemented by the forecast figures for the period 2022-2024, approved by the Board of Directors on 25 February 2021. This analysis did not reveal any indicators that would require the impairment test conducted for the financial statements as of 31 December 2020 to be updated.



18. Property, plant and equipment

€/000 264,489

Property, plant and equipment mainly refer to Group production facilities 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.

Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During the first half of 2021, borrowing costs for €/000 103 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 30 June 2021, as well as movements during the period.



	LAND		BUILDINGS		PLANT AND MACHINERY		EQUIPMENT		OTHER ASSETS		TOTAL		
	IN SERVICE	TOTAL	IN SERVICE	TOTAL	IN SERVICE	TOTAL	IN SERVICE	TOTAL	IN SERVICE	TOTAL	IN SERVICE	TOTAL	
	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	ASSETS UNDER CONSTRUCTION AND ADVANCES	
IN THOUSANDS OF EUROS													
Historical cost	170,640	172,608	473,314	495,869	521,369	537,419	16,050	16,050	59,679	1,491	61,170	42,064	1,294,706
Reversals		0		0		0		0			0	0	0
Provisions for write-down	(622)	(622)	(1,101)	(1,101)	(3,976)	(3,976)			(64)		(64)	0	(5,763)
Accumulated depreciation	(87,372)	(87,372)	(385,777)	(385,777)	(499,173)	(499,173)			(52,005)		(52,005)	0	(1,024,327)
Amount as of 01/01/2021	82,646	84,614	86,436	108,991	18,220	34,270	16,050	16,050	7,610	1,491	9,101	42,064	264,616
Investments	112	179	1,430	6,567	7,719	9,785	2,666	2,666	4,342	553	4,895	8,423	21,426
Transitions in the period	973	0	20,133	0	14,611	0	(14,611)	0	1,151	(1,151)	0	(36,868)	0
Depreciation	(2,438)	(2,438)	(10,732)	(10,732)	(5,768)	(5,768)			(3,735)		(3,735)	0	(22,673)
Disposals		0	(43)	(61)	(69)	(69)			(4)	(830)	(834)	(116)	(964)
Write-downs		0		0		0					0	0	0
Exchange differences	489	489	1,321	1,506		0			78	2	80	1,888	187
Other movements	3	3	6	6	6	6			0	0	0	3	6
Total movements for the period	(861)	(1,767)	12,109	(2,714)	15,893	3,948	(11,945)	3,948	1,832	(1,426)	406	28,973	(127)
Historical cost	172,542	173,604	487,352	495,084	518,525	522,630	4,105	4,105	59,650	65	59,715	12,964	1,278,673
Reversals		0		0		0					0	0	0
Provisions for write-down	(622)	(622)	(618)	(618)	(3,885)	(3,885)					0	(5,125)	(5,125)
Accumulated depreciation	(90,135)	(90,135)	(388,189)	(388,189)	(480,527)	(480,527)			(50,208)		(50,208)	0	(1,009,059)
Amount as of 30/06/2021	81,785	82,847	98,545	106,277	34,113	38,218	4,105	4,105	9,442	65	9,507	12,964	264,489

19. Rights of use

€/000 32,953

This financial statement item refers to the discounted value of operating lease payments due, as provided for by IFRS 16.

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER ASSETS	TOTAL
Amount as of 01 01 2021	6,794	14,137	8,988	0	3,322	33,241
Increases		2,936			349	3,285
Depreciation	(89)	(2,650)	(428)		(893)	(4,060)
Exchange differences	224	226			6	456
Other changes		(59)			90	31
Total movements for the period	135	453	(428)	0	(448)	(288)
Amount as of 30 06 2021	6,929	14,590	8,560	0	2,874	32,953

The Group opted to use the optional exemption provided for by IASB for low-value and short-term lease agreements. Future lease rental commitments are detailed in note 38.

20. Investment Property

€/000 0

The Spanish factory in Martorelles was sold on 17 February 2021.

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	4,600
Sale	(4,600)
Balance as of 30 June 2021	0

The carrying amount as of 31 December 2020 was in line with the price used in the sales contract, as no misalignment events occurred between 31 December 2020 and 17 February 2021 that altered the value.

The Group uses the "fair value model" as provided for by IAS 40.

21. Deferred tax assets

€/000 55,874

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction. As part of measurements to define deferred tax assets, the Group mainly considered the following:

- tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
- taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Group plan approved by the Board of Directors on 25 February 2021, were used as the reference, with forecasts confirmed. As regards Piaggio & C. SpA, which is part of the National Consolidated Tax Convention of the IMMSI Group, the recovery of deferred tax assets is related to and confirmed by company forecasts and by taxable amounts of companies that are part of the above convention, as indicated in the long-term plans approved by their respective Boards, whose forecasts were confirmed;
- the tax rate in effect in the year when temporary differences occur.

In view of these considerations, and with 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.

22. Inventories

€/000 262,342

This item comprises:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Raw materials and consumables	146,550	109,216	37,334
Provision for write-down	(11,863)	(10,835)	(1,028)
<i>Net value</i>	<i>134,687</i>	<i>98,381</i>	<i>36,306</i>
Work in progress and semi-finished products	13,471	15,631	(2,160)
Provision for write-down	(852)	(852)	0
<i>Net value</i>	<i>12,619</i>	<i>14,779</i>	<i>(2,160)</i>
Finished products and goods	131,655	93,478	38,177
Provision for write-down	(17,592)	(17,858)	266
<i>Net value</i>	<i>114,063</i>	<i>75,620</i>	<i>38,443</i>
Advances	973	1,084	(111)
Total	262,342	189,864	72,478

As of 30 June 2021, inventories had increased by €/000 72,478, in line with the trend expected for production volumes and sales in the future.

23. Trade receivables (current and non-current)

€/000 133,945

As of 30 June 2021 and 31 December 2020, there were no trade receivables in non-current assets. Current trade receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Trade receivables due from customers	133,288	68,269	65,019
Trade receivables due from JV	614	389	225
Trade receivables due from parent companies	36	34	2
Trade receivables due from associates	7		7
Total	133,945	68,692	65,253

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycles Co. Ltd.

Receivables due from associates regard amounts due from Immsi Audit.

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 29,260.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. As of 30 June 2021, trade receivables still due sold without recourse totalled €/000 196,065.

Of these amounts, Piaggio received payment prior to natural expiry of €/000 174,647.

As of 30 June 2021, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 11,717 with a counter entry recorded in current liabilities.

24. Other receivables (current and non-current)

€/000 82,502

They consist of:

	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
Receivables due from parent companies	15,874		15,874	15,794		15,794	80	0	80
Receivables due from joint ventures	657		657	452		452	205	0	205
Receivables due from affiliated companies	7	67	74	28	81	109	(21)	(14)	(35)
Accrued income	3,213		3,213	2,033		2,033	1,180	0	1,180
Deferred charges	11,444	13,985	25,429	3,380	17,164	20,544	8,064	(3,179)	4,885
Advance payments to suppliers	1,348	1	1,349	2,088	1	2,089	(740)	0	(740)
Advances to employees	355	126	481	1,183	28	1,211	(828)	98	(730)
Fair value of hedging derivatives	5,126		5,126	1,437		1,437	3,689	0	3,689
Security deposits	254	1,116	1,370	244	1,477	1,721	10	(361)	(351)
Receivables due from others	21,359	7,570	28,929	17,602	7,509	25,111	3,757	61	3,818
Total	59,637	22,865	82,502	44,241	26,260	70,501	15,396	(3,395)	12,001

Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and Immsi Audit. Receivables due from Parent Companies refer to receivables due from Immsi and arise from the recognition of accounting effects relating to the transfer of taxable bases pursuant to the Group Consolidated Tax Convention. Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycle Co. Ltd. The item Fair Value of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis. The item Deferred charges includes the payment of €/000 3,451 made by the Indonesian subsidiary to acquire the availability of land on which to build a new factory. Receivables due from others include €/000 16,189 (€/000 10,230 as of 31 December 2020) relating to the recognition by the Indian affiliate of a receivable for the subsidy received from 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.

25. Tax receivables (current and non-current)

€/000 34,736

Tax receivables consist of:

	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
VAT	18,171	270	18,441	8,563	859	9,422	9,608	(589)	9,019
Income tax	3,506	9,783	13,289	2,544	10,790	13,334	962	(1,007)	(45)
Others	2,741	265	3,006	1,744	750	2,494	997	(485)	512
Total	24,418	10,318	34,736	12,851	12,399	25,250	11,567	(2,081)	9,486

26. Receivables due after 5 years

€/000 0

As of 30 June 2021, there were no receivables due after 5 years.

27. Assets held for sale

€/000 0

As of 30 June 2021, there were no assets held for sale.

28. Trade payables (current and non-current)

€/000 603,711

As of 30 June 2021 and as of 31 December 2020 no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Amounts due to suppliers	591,319	484,194	107,125
Trade payables to JV	12,109	5,449	6,660
Trade payables due to associates	4	32	(28)
Trade payables due to parent companies	279	289	(10)
Total	603,711	489,964	113,747
<i>of which indirect factoring</i>	213,442	206,362	7,080

To facilitate credit conditions for its suppliers, the Group has always used some indirect factoring agreements, mainly supply chain financing and reverse factoring agreements. These operations have not changed the primary obligation or substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.

As of 30 June 2021, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 213,442 (€/000 206,362 as of 31 December 2020).

29. Provisions (current and non-current portion)

€/000 29,996

The breakdown and changes in provisions for risks during the period were as follows:

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2020	ALLOCATIONS	USES	EXCHANGE DIFFERENCES	BALANCE AS OF 30 JUNE 2021
Provision for product warranties	19,106	6,277	(4,497)	148	21,034
Provision for contractual risks	4,378		(531)	29	3,876
Risk provision for legal disputes	2,484	160	(160)	23	2,507
Provision for tax risks	3,615		(3,615)		0
Other provisions for risks and charges	934	1,946	(302)	1	2,579
Total	30,517	8,383	(9,105)	201	29,996

The breakdown between the current and non-current portion of long-term provisions is as follows:

	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
Provision for product warranties	13,295	7,739	21,034	11,836	7,270	19,106	1,459	469	1,928
Provisions for contractual risks	876	3,000	3,876	1,378	3,000	4,378	(502)	0	(502)
Risk provision for legal disputes	787	1,720	2,507	764	1,720	2,484	23	0	23
Provision for tax risks	-	-	-	3,615	-	3,615	(3,615)	0	(3,615)
Other provisions for risks and charges	2,026	553	2,579	381	553	934	1,645	0	1,645
Total	16,984	13,012	29,996	17,974	12,543	30,517	(990)	469	(521)

The product warranty provision relates to allocations for technical assistance on products covered by customer service which are estimated to be provided over the contractually envisaged warranty period. This period varies according to the type of goods sold and the sales market, and is also determined by customer take-up to commit to a scheduled maintenance plan.

The provision increased during the period by €/000 6,277 and was used for €/000 4,497 in relation to charges incurred during the period.

The provision for contractual risks refers to charges that may arise from supply contracts.

The provision for litigation concerns labour litigation and other legal proceedings.

The provision for tax risks was used to cover the unfavourable final judgment received by the French subsidiary concerning a dispute with the local tax authorities. For more details, see Note 45 "Disputes".

Other risk provisions include management's best estimate of probable liabilities at the reporting date.

30. Deferred tax liabilities

€/000 7,812

Deferred tax liabilities amount to €/000 7,812 compared to €/000 5,227 as of 31 December 2020.

31. Retirement funds and employee benefits

€/000 33,110

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Retirement funds	987	959	28
Termination benefits provision	32,123	34,039	(1,916)
Total	33,110	34,998	(1,888)

Retirement funds comprise provisions for employees allocated by foreign companies and 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. The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.

The economic/technical assumptions used by Group companies operating in Italy to discount the value are shown in the table below:

Technical annual discount rate	0.25%
Annual inflation rate	0.80% from 2021 onwards
Annual rate of increase in termination benefit	2.10% from 2021 onwards

As regards the discount rate, the Group has decided to use the iBoxx Corporates AA rating with a 7-10 duration as the valuation reference.

If the iBoxx Corporates A rating with a 7-10 duration had been used, the value of actuarial losses and the provision as of 30 June 2021 would have been lower by €/000 702.

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

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	31,610
Turnover rate -2%	32,738
Inflation rate +0.25%	32,584
Inflation rate - 0.25%	31,665
Discount rate +0.50%	30,685
Discount rate -0.50%	33,661

The average financial duration of the bond ranges from 9 to 22 years.

Estimated future amounts are equal to:

IN THOUSANDS OF EUROS	FUTURE AMOUNTS
YEAR	
1	3,215
2	2,191
3	1,585
4	1,297
5	1,214

The affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. As of 30 June 2021, these provisions amounted to €/000 126 and €/000 246 respectively.

32. Tax payables (current and non-current)

€/000 22,797

Tax payables are broken down as follows:

	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
Due for income tax	10,958	1,388	12,346	6,464		6,464	4,494	1,388	5,882
Due for non-income tax	54		54	129		129	(75)	0	(75)
Tax payables for:									
- VAT	3,499		3,499	199		199	3,300	0	3,300
- Tax withheld at source	3,337		3,337	5,610		5,610	(2,273)	0	(2,273)
- Other	694	2,867	3,561	585		585	109	2,867	2,976
Total	7,530	2,867	10,397	6,394		6,394	1,136	2,867	4,003
TOTAL	18,542	4,255	22,797	12,987	0	12,987	5,555	4,255	9,810

The item includes tax payables recorded in the financial statements of individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of applicable national laws.

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

33. Other payables (current and non-current)

€/000 72,156

This item comprises:

	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
To employees	28,380	396	28,776	14,178	345	14,523	14,202	51	14,253
Guarantee deposits		3,570	3,570		3,244	3,244	-	326	326
Accrued expenses	6,791		6,791	5,683		5,683	1,108	-	1,108
Deferred income	4,818	7,576	12,394	1,767	7,167	8,934	3,051	409	3,460
Amounts due to social security institutions	6,263		6,263	8,721		8,721	(2,458)	-	(2,458)
Fair value of derivatives	460	133	593	544	268	812	(84)	(135)	(219)
To JV			-	3		3	(3)	-	(3)
To associates	43		43	1		1	42	-	42
To parent companies	4,354		4,354	4,054		4,054	300	-	300
Others	9,302	70	9,372	11,365	70	11,435	(2,063)	-	(2,063)
Total	60,411	11,745	72,156	46,316	11,094	57,410	14,095	651	14,746

Amounts due to employees include the amount for holidays accrued but not taken of €/000 14,479 and other payments to be made for €/000 14,297.

Payables to parent companies consist of payables to Immsi referring to expenses related to the consolidated tax convention.

The item Fair Value of derivatives comprises the fair value of hedging transactions on interest rate risk, commodities and exchange risk on forecast transactions recognised on a cash flow hedge basis.

The item Accrued expenses includes €/000 390 for interest on hedging derivatives and associated hedged items measured at fair value.

Deferred income includes €/000 6,136 (€/000 4,216 as of 31 December 2020) for the recognition by the Indian affiliate related to a deferred subsidy from the local Government for investments made in previous years, for the part not yet amortised. For more details, see Note 24 "Other receivables".

34. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 38 "Financial Liabilities". With the exception of the above payables, no other long-term payables due after five years exist.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

35. Investments

€/000 10,060

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Interests in joint ventures	9,873	8,965	908
Investments in associates	187	169	18
Total	10,060	9,134	926

The increase in the item Interests in joint ventures refers to the equity valuation of the investment in Zongshen Piaggio Foshan Motorcycles Co. Ltd.

The table below summarises main financial data of the joint venture:

IN THOUSANDS OF EUROS	ACCOUNTS AS OF 30 JUNE 2021		ACCOUNTS AS OF 31 DECEMBER 2020	
ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE CO. LTD				
		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
Net capital employed	26,044	11,720	24,297	10,933
Provisions	394	177	377	169
Shareholders' equity	25,650	11,543	23,920	10,764
Total sources of financing	26,044	11,720	24,297	10,933
* Group ownership				
Shareholders' equity attributable to the Group		11,543		10,764
Elimination of margins on internal transactions		(1,670)		(1,799)
Value of the investment		9,873		8,965

IN THOUSANDS OF EUROS	
RECONCILIATION OF SHAREHOLDERS' EQUITY	
Opening balance as of 1 January 2021	8,965
Profit (Loss) for the period	286
Statement of Comprehensive Income	493
Elimination of margins on internal transactions	129
Closing balance as of 30 June 2021	9,873

Investments in associates

€/000 187

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	ADJUSTMENT	AS OF 30 JUNE 2021
ASSOCIATES			
Immsi Audit S.c.a r.l.	10		10
S.A.T. S.A. - Tunisia	0		0
Depuradora D'Aigues de Martorelles	17		17
Pontedera & Tecnologia S.c.a r.l.	142	18	160
Total associates	169	18	187

The value of investments in associates was adjusted during the period to the corresponding value of shareholders' equity.

36. Other financial assets (current and non-current)

€/000 2,461

This item comprises:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Fair Value of hedging derivatives	2,445		2,445	2,617		2,617	(172)	0	(172)
Investments in other companies		16	16		37	37	0	(21)	(21)
Total	2,445	16	2,461	2,617	37	2,654	(172)	(21)	(193)

The item Fair Value derivatives is related to the fair value of the Cross Currency Swap on the private debenture loan. The breakdown of the item "Investments in other companies" is shown in the table below:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
OTHER COMPANIES:			
A.N.C.M.A. - Rome		2	-
ECOFOR SERVICE S.p.A. - Pontedera		2	-
Consorzio Fiat Media Center - Turin		3	-
S.C.P.S.T.V.		-	(21)
IVM		9	-
Total other companies		16	(21)

The investment in Vega, Società Consortile Parco Scientifico e Tecnologico Venezia (S.C.P.S.T.V.), was completely written off during the half-year.

37. Cash and cash equivalents

€/000 226,441

The item, which mainly includes short-term and on demand bank deposits, is broken down as follows:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
Bank and postal deposits	226,394	230,061	(3,667)
Cash on hand	47	32	15
Total	226,441	230,093	(3,652)

Reconciliation of cash and cash equivalents recognised in the statement of financial position as assets with cash and cash equivalents recognised in the Statement of Cash Flows

The table below reconciles the amount of cash and cash equivalents above with cash and cash equivalents recognised in the Statement of Cash Flows.

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 30 JUNE 2020	CHANGE
Liquidity	226,441	158,647	67,794
Current account overdrafts			0
Closing balance	226,441	158,647	67,794

38. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 630,743

During the first half of 2021, the Group's total debt fell by €/000 25,119. Net of the change in right of use financial liabilities and the fair value measurement of financial derivatives to hedge foreign exchange risk and interest rate risk and the adjustment of relative hedged items, as of 30 June 2021 total financial debt of the Group decreased by €/000 23,720.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 30 JUNE 2021			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial liabilities	168,496	437,361	605,857	163,510	465,776	629,286	4,986	(28,415)	(23,429)
Gross financial debt	166,053	437,361	603,414	161,358	465,776	627,134	4,695	(28,415)	(23,720)
Fair value adjustment	2,443	0	2,443	2,152	0	2,152	291	0	291
Financial liabilities for rights of use	7,363	17,523	24,886	8,582	17,994	26,576	(1,219)	(471)	(1,690)
Total	175,859	454,884	630,743	172,092	483,770	655,862	3,767	(28,886)	(25,119)

Net financial debt of the Group amounted to €/000 401,859 as of 30 June 2021 compared to €/000 423,617 as of 31 December 2020.

The following table shows the breakdown of "Net financial debt" as of 30 June 2021, prepared in accordance with paragraph 175 and subsequent of ESMA Recommendations 2021/32/382/1138.

STATEMENT OF INDEBTEDNESS⁹

IN THOUSANDS OF EUROS		AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020	CHANGE
A	Cash	226,441	230,093	(3,652)
B	Cash equivalents			0
C	Other current financial assets			0
D	Liquidity (A + B + C)	226,441	230,093	(3,652)
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(84,192)	(59,202)	(24,990)
	Payables due to banks	(53,994)	(30,378)	(23,616)
	Debenture loan	(11,047)	(11,038)	(9)
	Amounts due to factoring companies	(11,717)	(9,133)	(2,584)
	Financial liabilities for rights of use	(7,363)	(8,582)	1,219
	.of which finance leases	(1,191)	(1,182)	(9)
	.of which operating leases	(6,172)	(7,400)	1,228
	Current portion of payables due to other lenders	(71)	(71)	0
F	Current portion of non-current financial debt	(89,224)	(110,738)	21,514
G	Current financial indebtedness (E + F)	(173,416)	(169,940)	(3,476)
H	Net current financial indebtedness (G - D)	53,025	60,153	(7,128)
I	Non-current financial debt (excluding current portion and debt instruments)	(211,546)	(211,191)	(355)
	Payables due to banks	(193,741)	(192,879)	(862)
	Financial liabilities for rights of use	(17,523)	(17,994)	471
	.of which finance leases	(5,083)	(5,681)	598
	.of which operating leases	(12,440)	(12,313)	(127)
	Amounts due to other lenders	(282)	(318)	36
J	Debt instruments	(243,338)	(272,579)	29,241
K	Non-current trade and other payables			0
L	Non-current financial indebtedness (I + J + K)	(454,884)	(483,770)	28,886
M	Total financial indebtedness (H + L)	(401,859)	(423,617)	21,758

As regards indirect factoring, please refer to the comment in Note 28 "Trade payables".

Non-current financial liabilities totalled €/000 454,884 against €/000 483,770 as of 31 December 2020, whereas current financial liabilities totalled €/000 173,416 compared to €/000 169,940 as of 31 December 2020.

⁹ The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives for hedging and otherwise, the fair value adjustment of related hedged items equal to €/000 2,443 and related accruals.

The following table summarises the breakdown of financial debt as of 30 June 2021 and as of 31 December 2020, as well as changes for the period.

IN THOUSANDS OF EUROS	CASH FLOWS							BALANCE AS OF 30.06.2021
	BALANCE AS OF 31.12.2020	MOVE-MENTS	REPAY-MENTS	NEW ISSUES	RECLASSI-FICATIONS	EXCHANGE DELTA	OTHER CHANGES	
Liquidity	230,093	(7,491)					3,839	226,441
Current account overdrafts	(1,187)		1,187					0
Current account payables	(29,191)		707	(24,313)		(1,197)		(53,994)
Current portion of medium/ long-term bank loans	(110,738)		67,905		(46,264)		(127)	(89,224)
Total current bank loans	(141,116)	0	69,799	(24,313)	(46,264)	(1,197)	(127)	(143,218)
Debenture loan	(11,038)		30,000		(30,000)		(9)	(11,047)
Amounts due to factoring companies	(9,133)		9,133	(11,717)				(11,717)
Financial liabilities for rights of use	(8,582)		5,432		(3,769)	(65)	(379)	(7,363)
.of which finance leases	(1,182)		590		(598)		(1)	(1,191)
.of which operating leases	(7,400)		4,842		(3,171)	(65)	(378)	(6,172)
Current portion of payables due to other lenders	(71)		36		(36)			(71)
Current financial debt	(169,940)	0	114,400	(36,030)	(80,069)	(1,262)	(515)	(173,416)
Net current financial debt	60,153	(7,491)	114,400	(36,030)	(80,069)	2,577	(515)	53,025
Medium/long-term bank loans	(192,879)			(47,000)	46,264		(126)	(193,741)
Debenture loan	(272,579)				30,000		(759)	(243,338)
Financial liabilities for rights of use	(17,994)			0	3,769	(196)	(3,102)	(17,523)
.of which finance leases	(5,681)				598			(5,083)
.of which operating leases	(12,313)				3,171	(196)	(3,102)	(12,440)
Amounts due to other lenders	(318)				36			(282)
Non-current financial debt	(483,770)	0	0	(47,000)	80,069	(196)	(3,987)	(454,884)
NET FINANCIAL DEBT	(423,617)	(7,491)	114,400	(83,030)	0	2,381	(4,502)	(401,859)
Of which IFRS 16 impact	(19,713)		4,842	0	0	(261)	(3,480)	(18,612)

Financial liabilities

€/000 603,414

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 30.06.2021	ACCOUNTING BALANCE AS OF 31.12.2020	NOMINAL VALUE AS OF 30.06.2021	NOMINAL VALUE AS OF 31.12.2020
Bank loans	336,959	333,995	337,769	335,058
Bonds	254,385	283,617	261,050	291,050
Other loans	12,070	9,522	12,070	9,522
Total	603,414	627,134	610,889	635,630

The table below shows the debt servicing schedule as of 30 June 2021:

IN THOUSANDS OF EUROS	NOMINAL VALUE AS OF 30.06.2021	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2ND HALF OF 2022	AMOUNTS FALLING DUE IN			
					2023	2024	2025	AFTER
Bank loans	337,769	143,347	194,422	36,065	65,856	26,333	26,333	39,835
- of which opening of credit lines and bank overdrafts	53,994	53,994	0	0	0	0	0	0
- of which medium/long-term bank loans	283,775	89,353	194,422	36,065	65,856	26,333	26,333	39,835
Bonds	261,050	11,050	250,000	0	0	0	250,000	0
Other loans	12,070	11,788	282	35	71	71	71	34
Total	610,889	166,185	444,704	36,100	65,927	26,404	276,404	39,869

Medium and long-term bank debt amounts to €/000 282,965 (of which €/000 193,741 non-current and €/000 89,224 current) and consists of the following loans:

- a €/000 25,676 medium-term loan (nominal value of €/000 25,714) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. The contract terms include covenants (described below);
- a €/000 69,919 (nominal value €/000 70,000) medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in February 2027 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 30,000 medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in March 2028 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 44,026 syndicate loan (nominal value of €/000 44,500) for a total of €/000 250,000 signed in June 2018 and comprising a €/000 187,500 four-year tranche (with a year's extension at the discretion of the borrower) as a revolving credit line (of which a nominal value of €/000 2,000 used as of 30 June 2021) and a tranche as a five-year loan with amortisation of an initial amount of €/000 62,500, of which a nominal amount of €/000 42,500 as of 30 June 2021. Contract terms require covenants (described below);
- a €/000 19,967 medium-term loan (nominal value of €/000 20,000) granted by Banca Nazionale del Lavoro. The loan will fall due on 12 June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €/000 11,976 medium-term loan (nominal value of €/000 12,000) granted by Banca Popolare Emilia Romagna. The loan will fall due on 1 December 2023 and has a repayment schedule of six-monthly instalments;
- a €/000 29,903 loan (nominal value of €/000 30,000) granted by Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- a €/000 29,987 medium-term loan (nominal value of €/000 30,000) from Cassa Depositi e Prestiti and Monte dei Paschi di Siena. The loan, with a contractual maturity date of 25 December 2021, was pre-paid on 5 July 2021;
- a €/000 2,487 medium-term loan (nominal value of €/000 2,500) granted by Interbanca-Banca IFIS. The loan will fall due on 30 September 2022 and has a quarterly repayment schedule. Contract terms require covenants (described below);
- a €/000 4,058 medium-term loan (nominal value of €/000 4,060) granted by Banca del Mezzogiorno, maturing on 2 January 2023 and with six-monthly repayment schedule. The loan includes an additional €/000 20,000 tranche granted as a revolving credit line, unused as of 30 June 2021. Contract terms require covenants (described below);

- a €/000 4,980 medium-term loan (nominal value of €/000 5,000) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 9,986 medium-term loan (nominal value of €/000 10,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule.

The Parent Company has a revolving credit line for €/000 20,000 (unused as of 30 June 2021) from Banca Intesa San Paolo maturing on 5 January 2022.

All the above financial liabilities are unsecured.

The item Bonds for €/000 254,385 (nominal value of €/000 261,050) refers to:

- a €/000 11,047 private debenture loan (nominal value of €/000 11,050), (US Private Placement) issued on 25 July 2011 for \$/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon. As of 30 June 2021, the fair value measurement of the debenture loan was equal to €/000 13,494 (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;
- €/000 243,338 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a B+ rating with a positive outlook and a Ba3 rating with a stable outlook respectively for the issue.

It should be noted that the Company 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.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 11,717.

Medium/long-term payables to other lenders equal to €/000 353 of which €/000 282 maturing after the year and €/000 71 as the current portion refer to a loan from the Region of Tuscany, pursuant to regulations on incentives for investments in research and development.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:

1. financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
2. negative pledges according to which the company may not establish collaterals or other constraints on company assets;
3. "pari passu" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, 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 measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

The high yield debenture loan issued by the company in April 2018 provide for compliance with covenants which are typical of international practice 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.

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.

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit & Loss, for which the same measurement criteria used for the derivative are applied and receivables classified as Fair Value Through OCI): according to this method, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability.

IFRS 13 - Fair Value Measurement 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 referred to levels 2 and 3 must take into account adjustment factors that measure the risk of insolvency of both parties. To this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA): CVA makes it possible to include the counterparty credit risk in the fair value measurement; DVA reflects the risk of insolvency of the Group.

The table below shows the fair value of payables measured using the amortised cost method as of 30 June 2021:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE ¹⁰
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
EIB (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

For liabilities due within 18 months, the carrying amount is basically considered the same as the fair value.

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 30 June 2021, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Investment Property			
Financial derivatives:			
- of which financial assets		2,445	
- of which other receivables		5,126	
Investments in other companies			16
Total assets	0	7,571	16
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives			
- of which financial liabilities			
- of which other payables		(593)	
Financial liabilities at fair value recognised through profit or loss		(13,494)	
Total liabilities	0	(14,087)	
General total	0	(6,516)	16

The following tables show Level 2 and Level 3 changes during the first half of 2021:

IN THOUSANDS OF EUROS	LEVEL 2	LEVEL 3
Balance as of 31 December 2020	(10,409)	4,637
Gain (loss) recognised in profit or loss	(177)	(21)
Gain (loss) recognised in the statement of comprehensive income	4,090	
Increases/(Decreases)	(20)	(4,600)
Balance as of 30 June 2021	(6,516)	16

¹⁰ The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.

Financial liabilities for rights of use

€/000 24,886

As required by IFRS 16, financial liabilities for rights of use include financial lease liabilities as well as payments due on operating lease agreements.

	AS OF 30 JUNE 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
Operating leases	6,172	12,440	18,612	7,400	12,313	19,713	(1,228)	127	(1,101)
Finance leases	1,191	5,083	6,274	1,182	5,681	6,863	9	(598)	(589)
Total	7,363	17,523	24,886	8,582	17,994	26,576	(1,219)	(471)	(1,690)

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 4,171 (€/000 2,866 non-current portion).

Payables for finance leases amounted to €/000 6,274 (nominal value of €/000 6,283) and break down as follows:

- a Sale&Lease back agreement for €/000 6,199 (nominal value of €/000 6,208) granted by Albaleasing on a production plant of the Parent Company. The agreement is for ten years, with quarterly repayments (non-current portion equal to €/000 5,021);
- a finance lease for €/000 75 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 62).

The table below shows the repayment schedule as of 30 June 2021:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 30.06.2021	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN					
				2ND HALF OF 2022	2023	2024	2025	AFTER	
Financial liabilities for rights of use									
- of which operating leases	18,612	6,172	12,440	2,963	4,250	2,327	1,940	960	
- of which finance leases	6,274	1,191	5,083	602	1,216	1,265	1,243	757	
Total	24,886	7,363	17,523	3,565	5,466	3,592	3,183	1,717	

F) MANAGEMENT OF FINANCIAL RISK

This section describes all financial risks to which the Group is exposed and how these risks could affect future results.

39. Credit risk

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

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020
Liquid assets	226,394	230,061
Financial receivables	2,461	2,654
Other receivables	82,502	70,501
Tax receivables	34,736	25,250
Trade receivables	133,945	68,692
Total	480,038	397,158

The Group monitors and 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 our licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, the Group has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.

40. Financial risks

The financial risks the Group is exposed to are liquidity risk, exchange risk, interest rate risk and credit risk. The management of these risks, in order to reduce management costs and dedicated resources, is centralised and treasury operations take place in accordance with formal policies and guidelines which are applicable to all Group companies.

Liquidity risk and capitals management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.

In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Parent Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.

As of 30 June 2021 the most important credit lines irrevocable until maturity granted to the Parent Company were as follows:

- a debenture loan of €/000 250,000 maturing in April 2025;
- a debenture loan of \$/000 16,000 maturing in July 2021;
- a credit line of €/000 230,000 comprising a Revolving Credit Facility of €/000 187,500 maturing in July 2022 and a loan of €/000 42,500 maturing in July 2023;
- Revolving credit facilities for a total of €/000 40,000, with final settlement in July 2022;
- loans for a total of €/000 239,274, with final settlement in March 2028.

Other Group companies also have irrevocable loans totalling €/000 12,622 with final settlement in September 2022.

As of 30 June 2021, the Group had a liquidity of €/000 226,441, undrawn irrevocable credit lines of €/000 225,669 and revocable credit lines of €/000 186,950, as detailed below:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020
Variable rate with maturity within one year - irrevocable until maturity	20,000	
Variable rate with maturity after one year - irrevocable until maturity	205,669	261,072
Variable rate with maturity within one year - cash revocable	175,950	194,419
Variable rate with maturity within one year - with revocation for self-liquidating typologies	11,000	6,000
Total undrawn credit lines	412,619	461,491

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from the Euro. This exposes the Group to risks arising from exchange rates fluctuations. For this purpose, the 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 translation into Euro of the financial statements of subsidiaries prepared in currencies other than the Euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered;
- **the economic exchange risk:** arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging

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

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CAD	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

As of 30 June 2021, the Group had undertaken the following hedging transactions on the exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	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 the economic exchange risk recognised on a hedge accounting basis was positive by €/000 4,724. During the first half of 2021, profit was recognised under Other Comprehensive Income amounting to €/000 3,792 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 169.

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

IN MILLIONS OF EUROS	CASH FLOW FOR THE 1ST HALF OF 2021
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 ¹¹	(17.2)
Vietnamese Dong	(68.8)
Singapore Dollar	(1.3)
Indonesian Rupiah	20.2
Total cash flow in foreign currency	(62.1)

In view of the above, an assumed appreciation/depreciation of 3% of the euro would have generated potential profits for €/000 1,809 and potential losses for €/000 1,921 respectively.

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.

As of 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 €/000 30,000 from Banco BPM. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; as of 30 June 2021, the fair value of the instrument was negative by €/000 172. The sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the interest rates curve, showed a potential impact on equity, net of the related tax effect, of €/000 329 and €/000 -412 respectively.

Fair value hedging derivatives (fair value hedging and fair value options)

- Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of \$/000 75,000, 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. As of 30 June 2021, the fair value of the instrument was €/000 2,445. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to €/000 -15.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	(172)
Cross Currency Swap	2,445

¹¹ Cash flow partially in USD.

G) INFORMATION ON SHAREHOLDERS' EQUITY

41. Share capital and reserves

€/000 411,800

For the composition of shareholders' equity, please refer to the Statement of Changes in Consolidated Shareholders' Equity. The following describes some of the most significant items.

Share capital

€/000 207,614

During the period, the nominal share capital of Piaggio & C. did not change.

The structure of Piaggio & C's share capital, equal to €207,613,944.37, fully subscribed and paid up, is indicated in the next table:

STRUCTURE OF SHARE CAPITAL AS OF 30 JUNE 2021

	NO. OF SHARES	% COMPARED TO THE SHARE CAPITAL	MARKET LISTING	RIGHTS AND OBLIGATIONS
Ordinary shares	358,153,644	100%	MTA	Right to vote in the Ordinary and Extraordinary Shareholders' Meetings of the Company

The Share of the Company are without par value, are indivisible, registered and issued on a dematerialisation basis, in the centralised management system of Monte Titoli S.p.A..

At the date of these financial statements, no other financial instruments with the right to subscribe to new issue shares had been issued, nor were there share-based incentive plans in place involving increases, also without a consideration, in share capital.

Treasury shares

€/000 (2,019)

During the period, 17,000 treasury shares were acquired. Therefore, as of 30 June 2021, Piaggio & C. held 1,045,818 treasury shares, equal to 0.292% of the shares issued.

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2021	2020
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	898,818
Shares in circulation	357,124,826	357,254,826
Movements for the period		
Purchase of treasury shares	17,000	130,000
Situation as of 30 June 2021 and 31 December 2020		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,045,818	1,028,818
Shares in circulation	357,107,826	357,124,826

Share premium reserve

€/000 7,171

The share premium reserve as of 30 June 2021 was unchanged compared to 31 December 2020.

Legal reserve

€/000 26,052

The legal reserve as of 30 June 2021 increased by €/000 1,837 as a result of the allocation of earnings for the last period.

Financial instruments' fair value reserve

€/000 3,382

The financial instruments' fair value reserve relates to the effects of cash flow hedge accounting implemented on foreign currencies, interest and specific commercial transactions. These transactions are described in full in the note on financial instruments.

Dividends approved

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 14 April 2021 resolved to distribute a final dividend of 2.6 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 3.7 eurocents paid on 25 November 2020, coupon detachment date 23 November 2020), for a total dividend of 6.3 eurocents for 2020, equal to €22,498,864.04 overall. Coupon no. 16 was detached on 19 April 2021, with record date on 20 April 2021 and payment date on 21 April 2021.

Earnings reserve

€/000 177,900

Capital and reserves of non-controlling interest

€/000 (159)

The end of period figures refer to non-controlling interests in Aprilia Brasil Industria de Motociclos S.A.



42. Other comprehensive income

€/000 5,625

The figure is broken down as follows:

IN THOUSANDS OF EUROS	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	GROUP TRANSLATION RESERVE	EARNINGS RESERVE	GROUP TOTAL	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	TOTAL OTHER COMPREHENSIVE INCOME
AS OF 30 JUNE 2021						
Items that will not be reclassified to income statement						
Remeasurements of defined benefit plans			194	194		194
Total	0	0	194	194	0	194
Items that may be reclassified to income statement						
Total translation gains (losses)		1,849		1,849	(12)	1,837
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		493		493		493
Total profits (losses) on cash flow hedges	3,101			3,101		3,101
Total	3,101	2,342	0	5,443	(12)	5,431
Other comprehensive income	3,101	2,342	194	5,637	(12)	5,625
AS OF 30 JUNE 2020						
Items that will not be reclassified to income statement						
Remeasurements of defined benefit plans			195	195		195
Total	0	0	195	195	0	195
Items that may be reclassified to income statement						
Total translation gains (losses)		(4,914)		(4,914)	55	(4,859)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		(142)		(142)		(142)
Total profits (losses) on cash flow hedges	98			98		98
Total	98	(5,056)	0	(4,958)	55	(4,903)
Other comprehensive income	98	(5,056)	195	(4,763)	55	(4,708)

The tax effect related to other comprehensive income is broken down as follows:

	AS OF 30 JUNE 2021			AS OF 30 JUNE 2020		
	GROSS VALUE	TAX (EXPENSE)/ BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE)/ BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	255	(61)	194	257	(62)	195
Total translation gains (losses)	1,837		1,837	(4,859)		(4,859)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	493		493	(142)		(142)
Total profits (losses) on cash flow hedges	4,080	(979)	3,101	129	(31)	98
Other comprehensive income	6,665	(1,040)	5,625	(4,615)	(93)	(4,708)

H) OTHER INFORMATION

43. Share-based incentive plans

As of 30 June 2021, there were no incentive plans based on financial instruments.

44. Information on related parties

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 transactions with related parties, including information required by Consob in its communication of 28 July 2006 no. DEM/6064293, is reported in the notes of the Consolidated Financial Statements.

The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under Governance.

Relations with Parent Companies

Piaggio & C. S.p.A. is controlled by the following companies:

NAME	REGISTERED OFFICE	TYPE	% OF OWNERSHIP	
			AS OF 30 JUNE 2021	AS OF 31 DECEMBER 2020
Immsi S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	-	0.0773

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to Article 2497 and subsequent of the Italian Civil Code. During the period, management and coordination comprised the following activities:

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations relating to Group companies, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements.
- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.
- IMMSI has also provided services for the development and management of assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.
- IMMSI has provided consultancy services and assistance concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2019, for a further three years, the Parent Company¹² signed up to the National Consolidated Tax Mechanism pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.

Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

Piaggio & C. S.p.A. has two office lease agreements with IMMSI, one for property in Via Broletto 13 in Milan, and the other for property in Via Abruzzi 25 in Rome. A part of the property in Via Broletto 13 in Milan is sub-leased by Piaggio & C. S.p.A. to Piaggio Concept Store Mantova Srl.

Piaggio & C. S.p.A. has undertaken a rental agreement for offices owned by Omniaholding S.p.A.. This agreement, signed in normal market conditions, was previously approved by the Related Parties Transactions Committee, as provided for by the procedure for transactions with related parties adopted by the Company.

Piaggio Concept Store Mantova Srl has a lease contract for its sales premises and workshop with Omniaholding S.p.A.. This agreement was signed in normal market conditions.

Pursuant to Article 2.6.2, section 13 of the Regulation of Stock Markets organised and managed by Borsa Italiana S.p.A., the conditions as of Article 37 of Consob regulation 16191/2007 exist.

¹² Aprilia Racing and Piaggio Concept Store Mantova were also party to the national consolidated tax convention, of which IMMSI S.p.A. is the consolidating company.

Transactions with Piaggio Group companies

The main relations with subsidiaries, eliminated in the consolidation process, refer to the following transactions:

Piaggio & C. S.p.A.

- sells vehicles, spare parts and accessories to sell on respective markets, to:

- Piaggio Hrvatska
- Piaggio Hellas
- Piaggio Group Americas
- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Piaggio Concept Store Mantova

- sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- grants licences for rights to use the brand and technological know-how to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Aprilia Racing

- provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- leases a part of the owned property to:

- Aprilia Racing

- subleases a part of the rented property to:

- Piaggio Concept Store Mantova

- has cash pooling agreements with:

- Piaggio France
- Piaggio Deutschland
- Piaggio España
- Piaggio Vespa

- has loan agreements with:

- Piaggio Fast Forward
- Aprilia Racing
- Nacional Motor

- provides support services for staff functions to other Group companies;

- issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:

- Piaggio Indonesia
- Piaggio Group Japan
- Piaggio & C. S.p.A.
- Foshan Piaggio Vehicles Technology R&D

Piaggio Vehicles Private Limited sells vehicles, spare parts and accessories, for sale on respective markets, and components and engines to use in manufacturing, to Piaggio & C. S.p.A..

[Piaggio Vehicles Private Limited and Piaggio Vietnam](#) reciprocally exchange materials and components to use in their manufacturing activities.

[Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas and Piaggio Vietnam](#)

- distribute vehicles, spare parts and accessories purchased by Piaggio & C. S.p.A. on their respective markets.

[Piaggio Indonesia and Piaggio Group Japan](#)

- provide a vehicle, spare part and accessory distribution service to Piaggio Vietnam for their respective markets.

[Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio España and Piaggio Vespa](#)

- provide a sales promotion service and after-sales services to Piaggio & C. S.p.A. for their respective markets.

[Piaggio Asia Pacific](#)

- provides a sales promotion service and after-sales services to Piaggio Vietnam in the Asia Pacific region.

[Foshan Piaggio Vehicles Technology R&D](#) provides to:

- Piaggio & C. S.p.A.:

- component and vehicle design/development service;
- scouting of local suppliers to Piaggio & C S.p.A.;

- Piaggio Vehicles Private Limited:

- scouting of local suppliers to Piaggio & C S.p.A.;

- Piaggio Vietnam:

- scouting of local suppliers to Piaggio & C S.p.A.;
- a distribution service for vehicles, spare parts and accessories on its own market.

[Piaggio Advanced Design Center](#)

- provides a vehicle and component research/design/development service to Piaggio & C. S.p.A.

[Aprilia Racing](#) provides to Piaggio & C.:

- a racing team management service;
- vehicle design service.

[Piaggio España](#) provides Nacional Motor with an administrative and accounting service.

In accordance with the Group's policy on the international mobility of employees, the companies in charge of employees transferred to other subsidiaries re-invoice the costs of these employees to the companies benefiting from their work.

Relations between Piaggio Group companies and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Main intercompany relations between subsidiaries and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd, refer to the following transactions:

[Piaggio & C. S.p.A.](#)

- grants licences for rights to use the brand and technological know-how to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

[Foshan Piaggio Vehicles Technology R&D](#)

- provides advisory services to Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, which it has manufactured in some cases, to the following companies for sale on their respective markets:

- Piaggio Vietnam
- Piaggio & C. S.p.A.
- Piaggio Vehicles Private Limited.

The table below summarises relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 30 June 2021 and relations during the year, as well as their overall impact on financial statement items.

	FONDAZIONE PIAGGIO	IMMSI	IMMSI AUDIT	OMNIA HOLDING	PONTERERA & TECNOLOGIA	ZONGSHEN PIAGGIO FOSHAN	TOTAL	% OF ACCOU- NTING ITEM
IN THOUSANDS OF EUROS								
AS OF 30 JUNE 2021								
Income statement								
Net revenues	3					5	8	0.00%
Cost for materials						(12,724)	(12,724)	2.28%
Cost for services and leases and rentals	(4)	(426)	(400)	(14)			(844)	0.63%
Other operating income		25	20			201	246	0.33%
Other operating costs		(14)					(14)	0.10%
Income/(loss) from investments					18	415	433	105.10%
Borrowing costs		(42)		(11)			(53)	0.40%
Statement of Financial Position								
Other non-current receivables	67						67	0.29%
Current trade receivables		36	7			614	657	0.49%
Other current receivables		15,874	7			657	16,538	27.73%
Non-current financial liabilities for rights of use		2,224		642			2,866	16.36%
Current financial liabilities for rights of use		1,089		216			1,305	17.72%
Current trade payables	1	270	3	9		12,109	12,392	2.05%
Other current payables	3	4,354	40				4,397	7.28%

45. Disputes

Canadian Scooter Corp. Canadian Scooter Corp. (CSC), sole distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A to appear before the Court of Toronto (Canada) in August 2009 to obtain compensation for damages sustained due to the alleged infringement of regulations established by Canadian law on franchising (the Arthur Wishart Act). The case is currently suspended due to no action being taken by the other party. Piaggio considered the possibility of filing a petition for an “order to dismiss” the lawsuit due no action being taken by the other party, however it decided not to proceed at that time as the costs outweighed the possible benefits.

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, Netherlands and the USA), as it was known at the time, 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 notified to the parties on 3 August 2012, the Board rejected the claims made by the Company. The appeal brought by the Company against this award, before the Court of Appeal of Milan, ended with the appeal being rejected. 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.

Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned the Company before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The Company appeared in court requesting the rejection of all opposing requests. Da Lio requested and obtained the joinder of the proceedings with the proceedings opposing the injunction issued in favour of Piaggio for the return of the moulds retained by the supplier at the end of the supply agreement. The proceedings were therefore joined and with an order pursuant to Article 186ter of the code of civil procedure dated 7 June 2011, Piaggio was ordered to pay €109,586.60, plus interest, relative to the amounts not contested. During 2012, witness evidence was taken followed by a technical appraisal, requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The technical appraisal was concluded at the end of 2014. The case was adjourned to 23 September 2016 for specification of the pleadings and a decision was reached. Subsequently, the Court of Pisa had to reassign the case, and after the interruption, the re-appointed Judge decided to re-examine the proceedings and set a new hearing for closing arguments. The parties submitted their closing arguments again, exchanging relative briefs and rejoinders. In a ruling published on 8 August 2019, the Court of Pisa ordered Piaggio in the first instance to pay a total of approximately €7,600,000 and to publish the ruling in two national newspapers and two specialist journals. Piaggio, assisted by its lawyers providing counsel in the appeal proceedings who had indicated the many reasons for filing an appeal and the grounds of the Company, filed an appeal before the Appeal Court of Florence, requesting the ruling to be revised and its enforcement to be suspended. On 21 October 2020, the Florence Court of Appeal (Third Civil Court section) partially accepted the petition to suspend the enforceability of the ruling made by Piaggio up to the amount of €2,670,210.26, rejecting the rest of the appeal and confirming the enforceability of the ruling for the additional amounts. The Court of Appeal ordered the exchange of written submissions containing the Parties' requests and conclusions in lieu of the first hearing set for 9 June 2021. As a result of the situation related to the COVID-19 pandemic, the case was adjourned to the next hearing on 8 June 2022 for closing arguments.

In June 2011 Elma srl, a Piaggio dealer since 1995, brought two separate proceedings against the Company, claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000.

During the case, Piaggio requested the enforcement of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop enforcement of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments, which was adjourned to 3 March 2016 and was then not held as the judge was transferred. The case was reassigned to a new Judge, who set the hearing for 19 July 2018, which was adjourned to 4 October 2018 and then to 10 January 2019 to discuss arguments. In the latter hearing, although the parties had already filed their closing arguments, the Judge adjourned the case, for closing

arguments to be made, to the hearing of 9 April 2019. In ruling no. 1211/2019, published on 25 November 2019, the Court of Pisa ruled in favour of Piaggio. The Judge threw out all claims made by Elma, ruling it to pay Piaggio the sum of €966,787.95 plus interest on arrears, deducting the amount of €419,874.14, already received by Piaggio through enforcing the guarantee. Piaggio has paid Elma (offsetting the amount) the sum of €58,313.42 plus legal interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma in relation to the sums to receive, while on 15 January 2020, Elma appealed against the above ruling with the Court of Appeal of Florence. At the first hearing held by way of written hearing on 2 March 2021, with the filing of authorised notes, the Court held the case for decision, assigning the parties legal deadlines for filing their final statements and respective replies, which were filed within the deadlines by both parties.

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

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

In summons dated 27 October 2014, Piaggio summoned PEUGEOT MOTOCYCLES ITALIA S.p.A., MOTORKIT s.a.s. di Turcato Bruno and C., GI.PI to the Companies Court of Milan. MOTOR di Bastianello Attilio and GMR MOTOR s.r.l. before the Court of Milan, to obtain the recall of Peugeot "Metropolis" motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation for damages for unfair competition, and the publication of the ruling in some newspapers ("Case 1").

In the hearing for the first appearance of 4 March 2015, the judge set the deadline for filing statements pursuant to Article 183.6 of the Italian Code of Civil Procedure and appointed an expert witness. The witness's appraisal report was filed on 2 May 2017 and the Judge adjourned the case to the hearing of 28 February 2018 for closing arguments. At the hearing, the Judge ordered an addition to the expert's appraisal, filed on 20 June 2018 and set the new deadlines for the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio

patents Nos. EP1363794B1, EP1571016B1, IT1357114 and Community design no. 487723-0001, as well as the claim of unfair competition, ordering Piaggio to pay 3/4 of the costs of the witness appraisal (equal to €22,800) and to pay the defendant €21,387 for the costs of the proceedings ("Judgment 1"), and also ordered the separation of the hearing on the infringement of patent No. EP1561612B1, combining it with the case brought by PEUGEOT MOTOCYCLES SAS for a declaration of erga omnes invalidity ("Case 2").

Piaggio appealed against Judgment 1 before the Court of Appeal of Milan. At the first hearing held on 17 February 2021, the Court verified the admissibility of the notification of the summons to appeal and the parties presented their respective arguments by referring to the filed documents. The Court rejected the objection raised by the appealing Peugeot on the grounds that the appeal was inadmissible, and set the hearing on 10 November 2021 for the closing arguments, reserving the right to decide on the preliminary motion requests made by Piaggio in the appeal.

PEUGEOT MOTOCYCLES SAS summoned Piaggio to appear before the Court of Milan, claiming that the patent based on which Piaggio filed a claim in Case 1 for counterfeiting would be voidable, due to a previously existing Japanese patent ("Case 2"). Piaggio appeared in court, claiming that the action taken by Peugeot could not proceed further and that the patent application referred to by Peugeot was irrelevant. During the hearing of 20 February 2018, the Judge established the deadlines for filing preliminary briefs and the case was adjourned to the hearing of 22 May 2018, after which an expert's appraisal was ordered, with the date of 15 January 2019 set for the filing. After the expert's appraisal was filed (confirming the validity of Piaggio's patent), and discussed during the hearing of 29 January 2019, the Judge requested further technical confirmations from the expert, establishing a deadline by which Peugeot must have requested additions to the appraisal. The Judge rejected Peugeot's request for clarification and considered that the case was ready for decision, adjourning the hearing to 15 December 2020 for the definition of the closing arguments of the joined cases (infringement and nullity). The Judge granted the time limits prescribed by law for the filing of closing statements, which were duly exchanged between the parties. At Peugeot's request pursuant to Article 275, paragraph 2 of the Italian Code of Civil Procedure, the Court ordered the discussion of arguments of the case, setting the hearing for 24 June 2021. The case is pending a decision.

Piaggio started a similar legal action against PEUGEOT MOTOCYCLES SAS before the Tribunal de Grande Instance in Paris. As a result of the Piaggio action ("Saisie Contrefaçon"), several documents were obtained by a bailiff and tests carried out to prove the infringement of the Piaggio MP3 motorcycle by the Peugeot "Metropolis" motorcycle. The hearing took place on 8 October 2015 for the appointment of the expert, who will examine the findings of the Saisie Contrefaçon. On 3 February 2016, the hearing took place to discuss the preliminary briefs exchanged between the parties. The hearing to assess preliminary findings, set for 29 September 2016, was adjourned to 9 February 2017 and then to 6 September 2017. In February 2018, a preliminary expert's appraisal was filed defining documents based on which a ruling will be made on the counterfeiting alleged by Piaggio. The hearing was held on 29 January 2019 and proceedings were adjourned to the hearing of 17 October 2019. Subsequently, the term deadline for filing briefs was extended. A hearing was held on 17 September 2020. The parties filed their respective pleadings and at the hearing on 11 March 2021, a decision was reached.

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

With reference to the tax disputes involving the parent company Piaggio & C. S.p.A. (hereinafter also "the Company" or "the Parent Company"), it should be noted that the dispute against the notice of tax assessment sent to the Company and relating to the 2002 tax year, was closed, as a result of signing up for the settlement concession procedure pursuant to Article 6 of Law Decree no. 119/2018; this closure was declared by the President of the section of the Court of Cassation in charge of the case by decree dated 4 June 2021. A similar decree is also expected in relation to the dispute concerning the 2003 tax period, which is suspended at present, pending final settlement.

The Parent Company obtained a favourable ruling concerning these proceedings, in both the first and second instance, and with reference to both tax periods. The Italian Revenue Agency filed an appeal with the Court of Cassation and the Company filed related appeals against it on 27 May 2013, with reference to the tax litigation made related to the 2002 tax period, and on 10 March 2014, for the tax litigation made relative to the 2003 tax period. On 22 May 2019, the Company filed an application for a settlement concession pursuant to Article 6 of Law Decree 119/2018, paying the amounts required by this law and on 10 June 2019, filed relative applications for suspension.

It should also be noted that the dispute concerning the IRAP and IRES assessments sent to Piaggio & C. S.p.A. on 22 December 2017, both relating to the 2012 tax year and relating to transfer pricing, is pending before the Tuscany

Provincial Tax Commission. In this regard, it should be noted that the Company was successful in the first instance before the Florence Provincial Tax Commission with a ruling filed on 15 January 2020; the Revenue Agency appealed against this decision before the Provincial Tax Commission with a summons issued to Piaggio & C. on 12 October 2020; The Company therefore filed an appearance on 2 December 2020 and is waiting for the date of the hearing to be set.

With reference to the disputes arising from inspections relating to income produced by Piaggio & C. S.p.A. in India in the Indian tax years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, respectively involving claims for approximately €1.3 million, €1.2 million, €1 million and €0.9 million, inclusive of interest, the following is reported:

- for all the years concerned, the Parent Company was successful before the Income Tax Appellate Tribunal;
- as regards disputes relative to the 2009-2010 and 2010-2011 periods, the Indian tax authorities filed an appeal against the first instance decision before the High Court;
- the dispute relative to the 2009-2010 period can be considered as settled, as no reply was received from the local tax authorities within the deadlines established by local regulations in response to a request for clarifications made over 700 days previously by the ruling body. In this regard, the Indian tax authorities could request a remittal for the reply, but in the opinion of consultants assisting the Company the likelihood of the High Court granting this is remote;
- as regards the dispute relative to the 2010-2011 tax period, the date for the hearing still has to be set;
- as regards the disputes relative to the 2011-2012 and 2012-2013 tax periods, the Company is waiting to see if the local tax authorities decide to appeal against the High Court's decisions, or to abandon the case.

In compliance with local laws, the Parent Company has already paid part of the amounts related to the appeals to the Indian tax authorities, for a total of €1.1 million; these amounts were reimbursed to the Company following favourable first instance judgments.

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

Moreover, the Parent Company received a VAT assessment order from the Indian tax authorities relative to the 2010-2011 tax period, concerning the non-application of VAT to intergroup transactions with Piaggio Vehicles PVT Ltd relative to 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 relative to 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.

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

With reference to the Indian subsidiary, some disputes concerning different tax years from 1998 to 2017 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

It should also be noted that 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.

As regards Piaggio France, a favourable ruling was issued in December 2012 by the Commission Nationale des Impôts directes et des taxes sur le chiffre d'affaires, the decision-making body ruling prior to legal proceedings in disputes with the French tax authorities concerning a general audit of the 2006 and 2007 periods. The French tax authorities, however, upheld their claims against the Company, requesting payment of the amounts claimed and issuing related notices (one for withholding tax and the other for corporate income tax and VAT).

The French company appealed against the notices and appeals were filed against the findings on withholding tax and corporate income tax, before the Tribunal Administratif. Appeals were lodged against decisions taken against the Company on 7 September 2015 and 8 July 2016 before the Cour Administrative d'Appel de Versailles. Following the hearing on 23 January 2018, appeal judges issued a ruling in favour of the Company. The amount in question, equal to approximately €3.7 million, including interest, initially paid in full to the French tax authorities, was then reimbursed following the ruling handed down by the Cour Administrative d'Appel de Versailles. 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, following the hearing held on 15 June 2021, deemed the appeal inadmissible, rejecting it with a ruling dated 25 June 2021.

As a result of the latest unfavourable judgment received, the French company used the provision set aside for this dispute in the amount of €3.6 million.

On 8 April 2015, Piaggio Hellas S.A. received a Tax Report following a general assessment for the 2008 tax period, with findings for approximately €0.5 million, including sanctions. On 12 June 2015, the Greek company appealed against the report with the Tax Center – Dispute Resolution Department. Following the unfavourable outcome of this appeal, the Company appealed before the Administrative Court of Appeal, which ruled in favour of the local tax authorities in a ruling of 27 April 2017. The Company therefore appealed before the Supreme Court. The hearing before this court is currently scheduled for 3 November 2021. The amount in question was paid in full to the Greek tax authorities. Based on positive opinions from professionals appointed as counsel, the Company considers a favourable outcome and subsequent reimbursement of amounts paid as likely.

46. Significant non-recurring events and operations

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

47. Transactions arising from atypical and/or unusual transactions

During 2020 and the first six months of 2021, the Group did not record any significant atypical and/or unusual operations, as defined by Consob Communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

48. Events occurring after the end of the period

To date, no events have occurred after 30 June 2021 that make additional notes or adjustments to these Financial Statements necessary.

In this regard, reference is made to the Report on Operations for significant events after 30 June 2021.

49. Authorisation for publication

This document was published on 24 August 2021 authorised by the Chairman and Chief Executive Officer.

Mantova, 30 July 2021

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno





ATTACHMENTS

Piaggio Group companies

Companies and material investments of the Group are listed below.

The list presents the companies divided by type of control and method of consolidation.

The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency, in addition to the percentage held by Piaggio & C. S.p.A. or by other subsidiaries.

It should be noted that the percentage share of ownership corresponds to the percentage share of the voting rights exercised at Ordinary General Meetings of Shareholders.

List of companies included in the scope of consolidation on a line-by-line basis as of 30 June 2021

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING			% TOTAL INTEREST
					DIRECT	INDIRECT	MEANS	
Parent company:								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	2,076,139,944.37	Euros				
Subsidiaries:								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	R\$		51%	Aprilia World Service Holding do Brasil Ltda	51%
Aprilia Racing S.r.l.	Pontedera (Pisa)	Italy	250,000.00	Euros	100%			100%
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	R\$		99,999,950,709%	Piaggio Group Americas Inc	99,999,950,709%
Foshan Piaggio Vehicles Technology Research and Development Co Ltd.	Foshan City	China	10,500,000.00	CNY		100%	Piaggio Vespa B.V.	100%
Nacional Motor S.A.	Barcelona	Spain	60,000.00	Euros	100%			100%
Piaggio Advanced Design Center Corp.	Pasadena	USA	100,000.00	USD	100%			100%
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	SGD		100%	Piaggio Vespa B.V.	100%
Piaggio China Co. Ltd.Ss	Hong Kong	China	12,500,000 auth. capital (12,151,000 subscribed and paid up)	USD	100%			100%
Piaggio Concept Store Mantova S.r.l.	Mantova	Italy	100,000.00	Euros	100%			100%
Piaggio Deutschland GmbH	Düsseldorf	Germany	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio España S.L.U.	Alcobendas	Spain	426,642.00	Euros	100%			100%
Piaggio Fast Forward Inc.	Boston	USA	14,827.07	USD	85.65%			85.65%
Piaggio France S.A.S.	Clichy Cedex	France	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Group Americas Inc.	New York	USA	2,000.00	USD		100%	Piaggio Vespa B.V.	100%
Piaggio Group Japan	Tokyo	Japan	99,000,000.00	JPY		100%	Piaggio Vespa B.V.	100%
Piaggio Hellas S.A.	Athens	Greece	1,004,040.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Hrvatska D.o.o.	Split	Croatia	400,000.00	HRK		100%	Piaggio Vespa B.V.	100%
Piaggio Limited	Orpington	United Kingdom	250,000.00	GBP	0.0004%	99.9996%	Piaggio Vespa B.V.	100%
Piaggio Vehicles Private Limited	Maharashtra	India	340,000,000.00	INR	99.999971%	0.0000029%	Piaggio Vespa B.V.	100%
Piaggio Vespa B.V.	Breda	Holland	91,000.00	Euros	100%			100%
Piaggio Vietnam Co Ltd.	Hanoi	Vietnam	64,751,000,000.00	VND	63.50%	36.50%	Piaggio Vespa B.V.	100%
PT Piaggio Indonesia	Jakarta	Indonesia	6,241,900,000.00	IDR	29,285,714,286%	70,714,285,714%	Piaggio Vespa B.V.	100%

List of companies included in the scope of consolidation with the equity method as of 30 June 2021.

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING		% TOTAL INTEREST
					DIRECT	INDIRECT	
Zongshen Piaggio Foshan Motorcycle Co. Ltd	Foshan City	China	255,942,515.00	CNY	32.50%	12.50%	45%
							Piaggio China Co. LTD

List of investments in associates as of 30 June 2021

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING		% TOTAL INTEREST
					DIRECT	INDIRECT	
Depuradora D'Aigues de Martorelles Soc. Coop. Catalana Limitada	Barcelona	Spain	60,101.21	Euros		22%	22%
Immsi Audit S.c.a r.l.	Mantova	Italy	40,000.00	Euros	25%		25%
Pontedera & Tecnologia S.c.a r.l.	Pontedera (Pisa)	Italy	469,069.00	Euros	22.23%		22.23%
S.A.T. Societé d'Automobiles et Triporteur S.A.	Tunis	Tunisia	210,000.00	TND		20%	20%
							Piaggio Vespa B.V.





Certification of the Condensed Consolidated Interim Financial Statements pursuant to article 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the appropriateness with regard to the company's characteristics and
- the actual application of administrative and accounting procedures for the formation of the Condensed Consolidated Interim Financial Statements during the first half of 2021.

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

3. Moreover, it is stated that

3.1 the Condensed Consolidated Interim Financial Statements:

- a) have been prepared in compliance with the international accounting standards recognised by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
- b) correspond to accounting records;
- c) give a true and fair view of the consolidated statement of financial position and results of operations of the Issuer and of all companies included in the scope of consolidation.

3.2 the Directors' Interim Report contains references to important events occurring in the first six months of the financial year and to their incidence on the Condensed Consolidated Interim Financial Statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on significant transactions with related parties.

Date: 30 July 2021

/s/ Roberto Colaninno

/s/ Alessandra Simonotto

Roberto Colaninno
Chairman and Chief Executive Officer

Alessandra Simonotto
Executive in charge of financial reporting

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Report of the Independent Auditors on the Condensed Consolidated Interim Financial Statements

Deloitte.

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Piaggio & C. S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Piaggio & C. S.p.A. and subsidiaries (the "Piaggio Group"), which comprise the consolidated statement of financial position as of June 30, 2021, and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cashflows for the six month period then ended and the related explanatory notes. The Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the 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 Piaggio Group as of 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03099560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03045560166

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Other Matter

The consolidated financial statements of the Piaggio Group for the period ended as of 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 March 22, 2021 and on August 5, 2020 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, August 6, 2021

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



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This report is available on the Internet at:
www.piaggiogroup.com

Disclaimer

This Half-Year Financial Report as of 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.



Management and Coordination
IMMSI S.p.A.
Share capital €207,613,944.37, fully paid up
Registered office: Viale R. Piaggio 25, Pontedera (Pisa)
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Index no. 134077

