



**PIAGGIO  
GROUP**

**Interim Report on Operations  
as of 30 September 2021**

This report is available on the Internet at:  
[www.piaggiogroup.com](http://www.piaggiogroup.com)

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56025 Pontedera (PI)



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

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Piaggio Group

# Interim Directors' Report

## **Introduction**

Article 154 ter, paragraph 5 of the Consolidated Law on Finance, as amended by Legislative Decree no. 25/2016, no longer requires issuers to publish an interim report on operations for the first and third quarters of the financial year. This law gives CONSOB the possibility of requiring issuers, on the outcome of a specific impact analysis and through its own regulations, to publish interim financial information in addition to the annual report and half-year financial report.

Considering the above, the Piaggio Group has decided to continue publishing its interim report on operations for the first and third quarters of each financial year on a voluntary basis, to guarantee continual, regular disclosure to the financial community.

## Health emergency - COVID-19

During 2021, the public health situation was still a cause for concern throughout the world.

At the time of writing, according to the weekly report from the World Health Organization (WHO), the global prevalence of the coronavirus has started to rise again following a slow decline since August. The areas of greatest concern are Eastern Europe, New Zealand and the United Kingdom.

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 premises.

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

	First nine months		2020
	2021	2020	Financial Statements
<i>In millions of Euros</i>			
<b>Data on financial position</b>			
Net revenues	1,319.2	993.8	1,313.7
Gross industrial margin	365.6	286.0	372.4
Operating income	97.4	63.6	70.9
Profit before tax	83.2	48.5	50.2
Net profit	51.6	29.1	31.3
.Non-controlling interests			
.Group	51.6	29.1	31.3
<b>Data on financial performance</b>			
Net capital employed (NCE)	765.8	830.8	795.6
Consolidated net debt	(372.7)	(444.8)	(423.6)
Shareholders' equity	393.1	386.0	372.0
<b>Balance sheet figures and financial ratios</b>			
Gross margin as a percentage of net revenues (%)	27.7%	28.8%	28.3%
Net profit as a percentage of net revenues (%)	3.9%	2.9%	2.4%
ROS (Operating income/net revenues)	7.4%	6.4%	5.4%
ROE (Net profit/shareholders' equity)	13.1%	7.5%	8.4%
ROI (Operating income/NCE)	12.7%	7.7%	8.9%
EBITDA	192.9	150.1	186.1
EBITDA/net revenues (%)	14.6%	15.1%	14.2%
<b>Other information</b>			
Sales volumes (unit/000)	430.6	353.9	482.7
Investments in property, plant and equipment and intangible assets	102.2	88.0	140.4
Employees at the end of the period (number)	6,045	6,312	5,856



## Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	First nine months of 2021	220.3	106.0	104.3	<b>430.6</b>
	First nine months of 2020	189.6	89.2	75.0	<b>353.9</b>
	Change	30.7	16.8	29.3	<b>76.7</b>
	Change %	16.2%	18.8%	39.0%	<b>21.7%</b>
Turnover (million Euros)	First nine months of 2021	899.1	167.9	252.2	<b>1,319.2</b>
	First nine months of 2020	656.3	159.5	178.0	<b>993.8</b>
	Change	242.8	8.4	74.2	<b>325.4</b>
	Change %	37.0%	5.2%	41.7%	<b>32.7%</b>
Average number of staff (no.)	First nine months of 2021	3,751.4	1,528.9	1,009.1	<b>6,289.4</b>
	First nine months of 2020	3,617.9	1,683.3	991.9	<b>6,293.1</b>
	Change	133.5	(154.4)	17.2	<b>(3.7)</b>
	Change %	3.7%	-9.2%	1.7%	<b>-0.1%</b>
Investment in property plant and equipment and intangible assets (million Euros)	First nine months of 2021	81.6	9.5	11.2	<b>102.2</b>
	First nine months of 2020	69.1	15.1	3.8	<b>88.0</b>
	Change	12.5	(5.6)	7.4	<b>14.3</b>
	Change %	18.1%	-37.0%	192.7%	<b>16.2%</b>

## 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) and Moto Guzzi.
- 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 boards

### Board of Directors

#### Chairman and Chief Executive Officer

Roberto Colaninno <sup>(1), (2)</sup>

#### Deputy Chairman

Matteo Colaninno

#### Directors

Michele Colaninno

Graziano Gianmichele Visentin <sup>(3), (4), (5), (6), (7)</sup>

Rita Ciccone <sup>(4), (5), (6), (7)</sup>

Patrizia Albano

Federica Savasi

Micaela Vescia <sup>(4), (6)</sup>

Andrea Formica <sup>(5), (7)</sup>

### 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

<sup>(1)</sup> Director responsible for the internal control system and risk management

<sup>(2)</sup> Executive Director

<sup>(3)</sup> Lead Independent Director

<sup>(4)</sup> Member of the Appointment Proposal Committee

<sup>(5)</sup> Member of the Remuneration Committee

<sup>(6)</sup> Member of the Internal Control Risk and Sustainability Committee

<sup>(7)</sup> 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](http://www.piaggiogroup.com).

## Significant events in the first nine months of 2021

**26 January 2021** - 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.

**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.

**5 August 2021** - Piaggio Fast Forward (PFF) announced the development of its new sensor technology to be deployed in domestic and industrial robots, as well as scooters and motorbikes. The new sensor technology comprises hardware and software modules that combine high security with an affordable price, ensuring reliable monitoring regardless of lighting and environmental conditions. PFF has signed a contract with Vayyar Imaging to supply Radar-on-Chip, developing the first safety platform based on 4D Radar Imaging technology for scooters and motorbikes. The complete package of sensors for the scale production of ARAS (Advanced Rider Assistance Systems) is developed, built and supplied by Piaggio Fast Forward for Piaggio Group motorbikes.

**6 September 2021** - Following the signing of the Letter of Intent on 1 March, the Piaggio Group, HONDA Motor Co. Ltd., KTM F&E GmbH, and YAMAHA Motor Co. Ltd. signed the official agreement for the establishment of the Swappable Batteries Motorcycle Consortium (SBMC), in order to promote the widespread use of light electric vehicles such as motorised mopeds, scooters, motorbikes, tricycles and quadricycles, and to encourage more sustainable management of the life cycle of batteries, in keeping with international climate policies.

**10 September 2021** - At Mandello del Lario, an ambitious project was presented for the conservative restructuring of the industrial site where each and every Moto Guzzi brand motorbike has been produced for exactly 100 years. Conceived by world-renowned US architect and designer Greg Lynn, the project will span the entire site. It is a visionary project, unique in its style and

type, creating an environment with open and publicly accessible spaces. It will be a hub for the community, grounded in culture, design and mechanics, with a relentless focus on environmental sustainability and efficient use of resources. All the new buildings will be constructed using the old building volumes, with the selection of materials focusing on efficient management of energy resources, photovoltaic systems and environmentally sustainable materials. It will be a landmark not only for Moto Guzzi enthusiasts, but also for young people and international tourists who want to get up close to the unique world of Moto Guzzi motorbikes. The expansion of the production capacity, in keeping with the steady increase in demand, will be accompanied by a completely new design for the Mandello plant.

**20 September 2021** - The Tribunal Judiciaire of Paris and the Ordinary Court of Milan, in judgments issued within a few days of each other, found that the Peugeot Metropolis by Peugeot Motocycles (now owned by an Indian Group) infringed a European patent relating to the technology of the Piaggio MP3 three-wheeled scooter. The patent owned by the Piaggio Group that is the subject of the favourable rulings (still subject to appeal), concerns the control of the system that allows a three-wheeled vehicle to tilt to the side like a traditional motorbike. For this infringement, Peugeot Motocycles was ordered in France to pay damages of €1,500,000, plus additional fines and legal costs. The decision of the Paris court also prohibits Peugeot Motocycles from producing, promoting, marketing, importing, exporting, using and/or possessing on French territory any three-wheeled scooter using the Piaggio Group's patented control system (including the Peugeot Metropolis), under penalty of a fine for each infringing vehicle. The Court of Milan prohibited Peugeot Motocycles from importing, exporting, marketing and advertising (including through the Internet) the Peugeot Metropolis in Italy, setting a penalty of €6,000 for each vehicle sold after the 30-day deadline following the date of notification of the ruling. In addition, Peugeot Motocycles must withdraw all infringing vehicles from sale in Italy within 90 days, under penalty of a further €10,000 fine for each day's delay in complying with the order.

# Financial position and performance of the Group

## Consolidated income statement

	First nine months of 2021		First nine months of 2020		Change	
	<i>In millions of Euros</i>	<i>Accounting for a %</i>	<i>In millions of Euros</i>	<i>Accounting for a %</i>	<i>In millions of Euros</i>	<i>%</i>
<b>Consolidated income statement (reclassified)</b>						
Net revenues	1,319.2	100.0%	993.8	100.0%	325.4	32.7%
Cost to sell	(953.7)	-72.3%	(707.8)	-71.2%	(245.8)	34.7%
<b>Gross industrial margin</b>	<b>365.6</b>	<b>27.7%</b>	<b>286.0</b>	<b>28.8%</b>	<b>79.6</b>	<b>27.8%</b>
Operating expenses	(268.1)	-20.3%	(222.3)	-22.4%	(45.8)	20.6%
<b>Operating income</b>	<b>97.4</b>	<b>7.4%</b>	<b>63.6</b>	<b>6.4%</b>	<b>33.8</b>	<b>53.1%</b>
Result of financial items	(14.3)	-1.1%	(15.1)	-1.5%	0.8	-5.5%
<b>Profit before tax</b>	<b>83.2</b>	<b>6.3%</b>	<b>48.5</b>	<b>4.9%</b>	<b>34.6</b>	<b>71.3%</b>
Taxes	(31.6)	-2.4%	(19.4)	-2.0%	(12.2)	62.8%
<b>Net profit</b>	<b>51.6</b>	<b>3.9%</b>	<b>29.1</b>	<b>2.9%</b>	<b>22.4</b>	<b>77.1%</b>
<b>Operating income</b>	<b>97.4</b>	<b>7.4%</b>	<b>63.6</b>	<b>6.4%</b>	<b>33.8</b>	<b>53.1%</b>
Amortisation/depreciation and impairment costs	(95.4)	-7.2%	(86.4)	-8.7%	(9.0)	10.4%
<b>EBITDA</b>	<b>192.9</b>	<b>14.6%</b>	<b>150.1</b>	<b>15.1%</b>	<b>42.8</b>	<b>28.5%</b>

## Net revenues

	First nine months 2021	First nine months 2020	Change
<i>In millions of Euros</i>			
EMEA and Americas	899.1	656.3	242.8
India	167.9	159.5	8.4
Asia Pacific 2W	252.2	178.0	74.2
<b>TOTAL NET REVENUES</b>	<b>1,319.2</b>	<b>993.8</b>	<b>325.4</b>
Two-wheelers	1,110.2	797.2	312.9
Commercial Vehicles	209.1	196.6	12.5
<b>TOTAL NET REVENUES</b>	<b>1,319.2</b>	<b>993.8</b>	<b>325.4</b>

In terms of consolidated turnover, the Group closed the first nine months of 2021 with higher net revenues compared to the same period of 2020 (+32.7%). It should be noted that production and sales were shut down last year due to the public health emergency, which affected markets in EMEA and Americas and India.

The growth, which covered all markets, was particularly strong in EMEA and Americas (+37.0%) and Asia Pacific (+41.7%; +46.5% at constant exchange rates), while in India, still negatively impacted by the pandemic, there was a more limited increase (+5.2%; +11.1% at constant exchange rates).



As regards the type of products sold, the increase mainly referred to two-wheeler vehicles (+39.3%). Commercial Vehicles, on the other hand, saw a slight increase (+6.3%) 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 went down from 19.8% in the first nine months of 2020 to the current figure of 15.8%; vice versa, the percentage of Two-Wheeler vehicles accounting for overall turnover rose from 80.2% in the first nine months of 2020 to the current figure of 84.2%.

The Group's **gross industrial margin** increased considerably compared to the corresponding period of the previous year (+27.8%), equal to 27.7% of net turnover (28.8% as of 30 September 2020). The reduction in the impact on turnover was also influenced by the costs of the recall campaigns that will be fully recovered in subsequent periods, and by temporary inefficiencies deriving from supply chains.

Amortisation/depreciation included in the gross industrial margin was equal to €26.4 million (€23.3 million in the first nine months of 2020).

**Operating expenses** incurred in the period went up compared to the same period of the previous financial year (+€45.8 million), amounting to €268.1 million. The increase is closely linked to the increase in turnover and vehicles sold.

The change in the income statement described above resulted in an increase in **EBITDA** of €192.9 million (€150.1 million in the first nine months of 2020). In relation to turnover, EBITDA was equal to 14.6% (15.1% in the first nine months of 2020).

Operating income (**EBIT**) amounted to €97.4 million, again a strong increase on the first nine months of 2020; in relation to turnover, EBIT was equal to 7.4% (6.4% in the first nine months of 2020).

The **net financial expense** of €14.3 million (€15.1 million at 30 September 2020) marked an improvement over the first nine months of last year, mainly due to the decrease in average debt.

**Income taxes** for the period are estimated to be €31.6 million, equivalent to 38% of profit before tax.

**Net profit** stood at €51.6 million (3.9% of turnover), up on the figure for the same period of the previous financial year, when it amounted to €29.1 million (2.9% of turnover).

## Operating data

### Vehicles sold

	First nine months 2021	First nine months 2020	Change
<i>In thousands of units</i>			
EMEA and Americas	220.3	189.6	30.7
India	106.0	89.2	16.8
Asia Pacific 2W	104.3	75.0	29.3
<b>TOTAL VEHICLES</b>	<b>430.6</b>	<b>353.9</b>	<b>76.7</b>
Two-wheelers	366.0	284.1	82.0
Commercial Vehicles	64.6	69.8	(5.3)
<b>TOTAL VEHICLES</b>	<b>430.6</b>	<b>353.9</b>	<b>76.7</b>

In the first nine months of 2021, the Piaggio Group sold 430,600 vehicles worldwide, a rise of 21.7% compared to the first nine months of the previous year, when 353,900 vehicles were sold. Sales increased in all geographic segments.

As regards product type, sales of Two-Wheeler vehicles grew (+28.9%) while sales of Commercial Vehicles fell (-7.5%).

### Staff

In the first nine months of 2021, the average headcount was broadly in line with last year. The increases in Italy and Asia Pacific substantially offset the drop in India, where the market was severely affected by the pandemic.

#### Average number of company employees by geographic segment

<i>Employee/staff numbers</i>	First nine months 2021	First nine months 2020	Change
EMEA and Americas	3,751.4	3,617.9	133.5
<i>of which Italy</i>	<i>3,479.7</i>	<i>3,338.7</i>	<i>141.0</i>
India	1,528.9	1,683.3	(154.4)
Asia Pacific 2W	1,009.1	991.9	17.2
<b>Total</b>	<b>6,289.4</b>	<b>6,293.1</b>	<b>(3.7)</b>

As of 30 September 2021, Group employees totalled 6,045, up overall by 189 compared to 31 December 2020.

**Breakdown of company employees by geographic segment**

<i>Employee/staff numbers</i>	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>As of 30 September 2020</b>
EMEA and Americas	3,622	3,331	3,644
<i>of which Italy</i>	<i>3,350</i>	<i>3,057</i>	<i>3,369</i>
India	1,386	1,550	1,691
Asia Pacific 2W	1,037	975	977
<b>Total</b>	<b>6,045</b>	<b>5,856</b>	<b>6,312</b>

## Consolidated statement of financial position <sup>1</sup>

	As of 30 September 2021	As of 31 December 2020	Change
<i>In millions of Euros</i>			
<b>Statement of financial position</b>			
Net working capital	(191.1)	(146.6)	(44.5)
Property, plant and equipment	268.1	269.2	(1.1)
Intangible assets	709.9	695.6	14.3
Rights of use	32.1	33.2	(1.2)
Financial assets	10.6	9.6	0.9
Provisions	(63.8)	(65.5)	1.7
<b>Net capital employed</b>	<b>765.8</b>	<b>795.6</b>	<b>(29.8)</b>
Net financial debt	372.7	423.6	(50.9)
Shareholders' equity	393.1	372.0	21.0
<b>Sources of financing</b>	<b>765.8</b>	<b>795.6</b>	<b>(29.8)</b>
Non-controlling interests	(0.2)	(0.1)	(0.0)

**Net working capital** as of 30 September 2021, which was negative by €191.1 million, generated cash for approximately €44.5 million in the first nine months of 2021.

**Property, plant and equipment** amounted to €268.1 million, registering a decrease of approximately €1.1 million compared to 31 December 2020. This decrease is mainly due to the sale of investment property for €4.6 million, depreciation (which exceeded investments in the period) by €0.3 million and disposals of €0.9 million, only partially offset by the impact of the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €4.7 million).

**Intangible assets** totalled €709.9 million, up by approximately €14.3 million compared to 31 December 2020. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €13.0 million, as well as the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €1.3 million).

**Rights of use**, equal to €32.1 million, decreased by approximately €1.2 million compared to figures as of 31 December 2020.

**Financial assets** which totalled €10.6 million, increased compared to figures for the previous year (€9.6 million).

**Provisions** totalled €63.8 million, down compared to 31 December 2020 (€65.5 million).

<sup>1</sup> For a definition of individual items, see the "Economic Glossary".

As fully described in the next section on the “Consolidated Statement of Cash Flows”, **net financial debt** as of 30 September 2021 was equal to €372.7 million, compared to €423.6 million as of 31 December 2020, down by approximately €50.9 million.

Net financial debt decreased by approximately €72.1 million compared to 30 September 2020.

Group **shareholders' equity** as of 30 September 2021 amounted to €393.1 million. The growth of approximately €21.0 million compared to 31 December 2020 was mitigated by €39.6 million from the payment of dividends.

## 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 September 2021”; the following is a comment relating to the summary statement shown.

	First nine months of 2021	First nine months of 2020	Change
<i>In millions of Euros</i>			
<b>Change in Consolidated Net Debt</b>			
<b>Opening Consolidated Net Debt</b>	<b>(423.6)</b>	<b>(429.7)</b>	<b>6.1</b>
Cash Flow from Operating Activities	140.0	108.9	31.1
(Increase)/Reduction in Net Working Capital	44.5	(19.6)	64.1
Net Investments	(102.2)	(88.0)	(14.3)
Other changes	(0.8)	10.6	(11.4)
Change in Shareholders' Equity	(30.5)	(27.0)	(3.6)
<b>Total Change</b>	<b>50.9</b>	<b>(15.1)</b>	<b>66.0</b>
<b>Closing Consolidated Net Debt</b>	<b>(372.7)</b>	<b>(444.8)</b>	<b>72.1</b>

During the first nine months of 2021, the Piaggio Group generated **financial resources** amounting to €50.9 million.

**Cash flow from operating activities**, defined as net profit, minus non-monetary costs and income, was equal to €140.0 million.

**Net working capital** generated cash of approximately €44.5 million; in detail:

- the collection of trade receivables<sup>2</sup> used financial flows for a total of €43.7 million;
- stock management absorbed financial flows for a total of approximately €78.1 million;
- supplier payment trends generated financial flows of approximately €137.8 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €28.5 million.

**Investing activities** used financial resources for a total of €102.2 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 €50.9 million, the **net debt** of the Piaggio Group amounted to €372.7 million.

<sup>2</sup> 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 deferrals. 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

<b>Two-wheelers</b>	<b>First nine months of 2021</b>		<b>First nine months of 2020</b>		<b>Change %</b>		<b>Change</b>	
	Volumes Sell-in (units/000)	Turnover (million Euros)	Volumes Sell-in (units/000)	Turnover (million Euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	206.7	807.9	179.2	590.6	15.3%	36.8%	27.4	217.4
of which EMEA <i>(of which Italy)</i>	190.7 44.9	734.5 185.6	169.4 36.7	546.1 114.9	12.6% 22.2%	34.5% 61.6%	21.3 8.1	188.3 70.8
of which America	16.0	73.4	9.8	44.4	62.6%	65.3%	6.2	29.0
India	55.1	50.0	29.8	28.7	84.9%	74.4%	25.3	21.3
Asia Pacific 2W	104.3	252.2	75.0	178.0	39.0%	41.7%	29.3	74.2
<b>TOTAL</b>	<b>366.0</b>	<b>1,110.2</b>	<b>284.1</b>	<b>797.2</b>	<b>28.9%</b>	<b>39.3%</b>	<b>82.0</b>	<b>312.9</b>
Scooters	331.5	767.4	256.4	571.5	29.3%	34.3%	75.1	195.9
Motorcycles	34.5	235.7	27.6	134.4	24.9%	75.4%	6.9	101.3
Spare Parts and Accessories		105.8		89.6		18.1%		16.2
Other		1.2		1.7		-30.1%		(0.5)
<b>TOTAL</b>	<b>366.0</b>	<b>1,110.2</b>	<b>284.1</b>	<b>797.2</b>	<b>28.9%</b>	<b>39.3%</b>	<b>82.0</b>	<b>312.9</b>



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

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

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 an increase in the first nine months of 2021, closing with sales of nearly 10.9 million vehicles, up by 14.6% compared to the first nine months of 2020.

According to the data available so far for Asia, Indonesia, the main market in this area, grew by 30.9% in the first nine months of 2021, to around 3.76 million vehicles.

On the other hand, registrations in Vietnam fell (over 1.73 million units sold; -10.0% compared to the first nine months of 2020)

The North American market recorded an increase compared to the first nine months of 2020 (+9.2%), selling 516,545 vehicles.

Europe, which is the reference area for the Piaggio Group's operations, reported an increase in sales on the two-wheeler market (+8.1%) compared to the first nine months of 2020 (+10.0% for the motorcycle segment and +6.0% for the scooter segment). Over 50cc scooters were up 10.7%, while 50cc scooters were down 1.7%.

In the motorbike market, the 50cc segment fell by 4.4%, 51-125cc motorbikes rose by 19.6%, and medium-sized motorbikes (126-750cc) rose by 11.1%. Lastly, the over 750cc segment increased by 7.0%.

## Main results

In the first nine months of 2021, the Piaggio Group sold a total of 366,000 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,101.2 million, including spare parts and accessories (€105.8 million, +18.1%).

As shown in the table, all markets showed positive trends. Overall, volumes grew by 28.9% while turnover grew by 39.3%.

## Market positioning<sup>3</sup>

On the European market, the Piaggio Group held a 13.2% share in the first nine months of 2021, compared to 14.1% in the corresponding period of 2020, confirming its leadership position in the scooter segment (23.1% compared to 24.4% in the first nine months of 2020).

In Italy, the Piaggio Group had an 17.9% share (18.5% in the first nine months of 2020), which was higher for the scooter segment, at 27.3% (28.5% in the first nine months of 2020).

In India, in the first nine months of 2021, the Group recorded a strong increase in sell-out volumes compared to the same period of the previous year, closing at 43,966 vehicles (+56.3%).

The Group's position on the North American scooter market is growing, where it ended the period with a share of 36.1% (27.3% in the first nine months 2020).

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<sup>3</sup> Market shares for the first nine months 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.

## Commercial Vehicles

<b>Commercial Vehicles</b>	<b>First nine months of 2021</b>		<b>First nine months of 2020</b>		<b>Change %</b>		<b>Change</b>	
	Volumes Sell-in	Turnover	Volumes Sell-in	Turnover	Volumes	Turnover	Volumes	Turnover
	(units/000)	(million Euros)	(units/000)	(million Euros)				
EMEA and Americas	13.6	91.2	10.4	65.8	31.3%	38.7%	3.3	25.4
<i>of which EMEA</i>	10.2	85.5	9.1	62.9	12.9%	36.1%	1.2	22.7
<i>(of which Italy)</i>	3.3	48.1	2.6	32.3	28.3%	48.9%	0.7	15.8
<i>of which America</i>	3.4	5.6	1.3	2.9	159.0%	94.3%	2.1	2.7
India	51.0	117.9	59.5	130.8	-14.3%	-9.9%	(8.5)	(13.0)
<b>TOTAL</b>	<b>64.6</b>	<b>209.1</b>	<b>69.8</b>	<b>196.6</b>	<b>-7.5%</b>	<b>6.3%</b>	<b>(5.3)</b>	<b>12.5</b>
Ape	60.4	114.9	66.5	128.9	-9.0%	-10.9%	(6.0)	(14.0)
Porter	4.1	59.9	3.3	40.5	25.3%	47.8%	0.8	19.4
Quargo	0.0	0.0	0.0	0.0	-100.0%	-100.0%	(0.0)	(0.0)
Mini Truk	0.0	0.0	0.1	0.2	-100.0%	-100.0%	(0.1)	(0.2)
Spare Parts and Accessories		34.2		26.9		27.1%		7.3
<b>TOTAL</b>	<b>64.6</b>	<b>209.1</b>	<b>69.8</b>	<b>196.6</b>	<b>-7.5%</b>	<b>6.3%</b>	<b>(5.3)</b>	<b>12.5</b>

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.

### Background

#### Europe

In the first nine 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 1,465,662 units, an increase compared to the corresponding period of 2020, when this figure stood at 20.3% (data source ACEA). In detail, the trends of main European reference markets are as follows: France (+17.4%), Great Britain (+28.4%), Germany (+8.1%), Spain (+9.8%) and Italy (+29.6%)

#### 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 188,473 units in the first nine months of 2020 to 180,255 in the same period of 2021, registering a 4.4% decrease.

On this market, the fall was due entirely to the passenger vehicles segment, which recorded a drop in units (-13.1%) from 138,347 in the first nine months of 2020 to 120,274 units in the first nine months of 2021. The cargo segment reported an increase (+19.7%) from 50,126 units in the first nine months of 2020 to 59,981 units in the same period of 2021.

## **Main results**

During the first nine months of 2021, the Commercial Vehicles business generated a turnover of approximately €209.1 million, up by 6.3% compared to the same period of the previous year.

All markets in EMEA and Americas reported a positive trend (+31.3% volumes; +38.7% turnover). In particular, the Italian market benefited from the sales launch of the new Porter NP6.

Turnover in the Indian region was down (-9.9%; -4.9% at constant exchange rates) following a 14.3% drop in volumes.

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 37,992 three-wheelers on the Indian market (52,655 in the first nine months of 2020).

The same affiliate also exported 12,964 three-wheeler vehicles (6,755 in the same period of 2020).

## **Market positioning<sup>4</sup>**

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 21.0% (27.9% in the first nine months of 2020). Detailed analysis of the market shows that Piaggio maintained its leadership position – albeit narrowly – in the goods transport segment (cargo segment) with a share of 36.1% (50.3% in the first nine months of 2020). In the Passenger segment, its share stood at 13.4% (19.8% in the first nine months of 2020).

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<sup>4</sup> Market shares for the first nine months 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.

## Events occurring after the end of the period

**25 October 2021** - bp and Piaggio signed a Memorandum of Understanding to develop and implement a wide range of services to support the growing deployment of electric two- and three-wheeled vehicles in Europe, India and Asia.

## Operating outlook

While the market situation remains positive, making forecasts is still complicated due to the uncertainties surrounding the evolution of the pandemic, plus a number of issues such as the widespread increase in raw material costs and procurement difficulties in the Far East.

Against this backdrop, in the year in which it celebrates Moto Guzzi's 100th birthday and Vespa's 75th birthday, Piaggio will press ahead with the launch of the 11 two-wheeler models planned for 2021, and with everything required for the major investments announced at the beginning of the year: the new E-mobility department, the new plant in Indonesia, and the complete renovation of the Moto Guzzi production site and museum.

Piaggio therefore confirms that, as indicated on publication of its first half results, it will continue to work to meet its commitments and targets, keeping all measures in place to respond quickly and flexibly to unexpected and difficult situations that could still arise, thanks to careful and efficient management of its economic and financial structure.

## **Transactions with related parties**

Net sales, costs, payables and receivables as of 30 September 2021 involving parent, subsidiary and associate companies relate 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 the 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.



Piaggio Group

# **Condensed Consolidated Interim Financial Statements as of 30 September 2021**

## Consolidated Income Statement

		First nine months of 2021		First nine months of 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
	<i>Notes</i>				
Net revenues	4	1,319,224	9	993,819	23
Cost for materials	5	(834,308)	(24,800)	(612,086)	(13,063)
Cost for services and leases and rentals	6	(196,676)	(1,142)	(145,843)	(1,421)
Employee costs	7	(181,981)		(156,834)	
Depreciation and impairment costs of property, plant and equipment	8	(33,502)		(29,230)	
Amortisation and impairment costs of intangible assets	8	(55,971)		(50,842)	
Depreciation of rights of use	8	(5,969)		(6,340)	
Other operating income	9	107,770	369	87,581	452
Net reversals (impairment) of trade and other receivables	10	(1,467)		(1,473)	
Other operating costs	11	(19,676)	(18)	(15,104)	(18)
<b>Operating income</b>		<b>97,444</b>		<b>63,648</b>	
Income/(loss) from investments	12	609	630	797	772
Financial income	13	664		965	
Borrowing costs	13	(19,283)	(80)	(20,748)	(146)
Net exchange gains/(losses)	13	3,737		3,877	
<b>Profit before tax</b>		<b>83,171</b>		<b>48,539</b>	
Taxes for the period	14	(31,605)		(19,416)	
<b>Profit from continuing operations</b>		<b>51,566</b>		<b>29,123</b>	
Assets held for sale:					
Profits or losses arising from assets held for sale	15				
<b>Net Profit (loss) for the period</b>		<b>51,566</b>		<b>29,123</b>	
<b>Attributable to:</b>					
<b>Owners of the Parent</b>		<b>51,566</b>		<b>29,123</b>	
<b>Non-controlling interests</b>		<b>0</b>		<b>0</b>	
<b>Earnings per share (figures in €)</b>	16	<b>0.144</b>		<b>0.082</b>	
<b>Diluted earnings per share (figures in €)</b>	16	<b>0.144</b>		<b>0.082</b>	

## Consolidated Statement of Comprehensive Income

<i>In thousands of Euros</i>	Notes	First nine months of 2021	First nine months of 2020
<b>Net Profit (loss) for the period (A)</b>		<b>51,566</b>	<b>29,123</b>
<b>Items that will not be reclassified in the income statement</b>			
Remeasurements of defined benefit plans	40	(10)	(285)
<b>Total</b>		<b>(10)</b>	<b>(285)</b>
<b>Items that may be reclassified in the income statement</b>			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	40	4,421	(6,866)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	40	787	(206)
Total profits (losses) on cash flow hedges	40	3,972	269
<b>Total</b>		<b>9,180</b>	<b>(6,803)</b>
<b>Other comprehensive income (B)*</b>		<b>9,170</b>	<b>(7,088)</b>
<b>Total comprehensive income (expense) for the period (A + B)</b>		<b>60,736</b>	<b>22,035</b>
* Other comprehensive income take account of relative tax effects.			
<b>Attributable to:</b>			
<b>Owners of the Parent</b>		<b>60,739</b>	<b>21,968</b>
<b>Non-controlling interests</b>		<b>(3)</b>	<b>67</b>

## Consolidated Statement of Financial Position

		As of 30 September 2021		As of 31 December 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>	<i>Notes</i>				
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	17	709,945		695,646	
Property, plant and equipment	18	268,071		264,616	
Rights of use	19	32,065		33,241	
Investment Property	20			4,600	
Investments	35	10,551		9,134	
Other financial assets	36	16		37	
Tax receivables	25	11,442		12,399	
Deferred tax assets	21	56,693		64,686	
Trade receivables	23				
Other receivables	24	22,323	67	26,260	81
<b>Total non-current assets</b>		<b>1,111,106</b>		<b>1,110,619</b>	
<b>Assets held for sale</b>	27				
<b>Current assets</b>					
Trade receivables	23	112,520	453	68,692	423
Other receivables	24	49,599	16,532	44,241	16,274
Tax receivables	25	20,663		12,851	
Inventories	22	267,927		189,864	
Other financial assets	36			2,617	
Cash and cash equivalents	37	199,118		230,093	
<b>Total current assets</b>		<b>649,827</b>		<b>548,358</b>	
<b>Total assets</b>		<b>1,760,933</b>		<b>1,658,977</b>	

	Notes	As of 30 September 2021		As of 31 December 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital and reserves attributable to the owners of the Parent	39	393,206		372,159	
Share capital and reserves attributable to non-controlling interests	39	(150)		(147)	
<b>Total shareholders' equity</b>		<b>393,056</b>		<b>372,012</b>	
<b>Non-current liabilities</b>					
Financial liabilities	38	439,967		465,776	
Financial liabilities for rights of use	38	16,617	2,543	17,994	3,512
Trade payables	28				
Other long-term provisions	29	13,095		12,543	
Deferred tax liabilities	30	7,409		5,227	
Retirement funds and employee benefits	31	32,433		34,998	
Tax payables	32	3,473			
Other payables	33	11,874		11,094	
<b>Total non-current liabilities</b>		<b>524,868</b>		<b>547,632</b>	
<b>Current liabilities</b>					
Financial liabilities	38	108,209		163,510	
Financial liabilities for rights of use	38	7,067	1,367	8,582	1,952
Trade payables	28	627,897	21,331	489,964	5,770
Tax payables	32	19,817		12,987	
Other payables	33	61,769	4,438	46,316	4,058
Current portion of other long-term provisions	29	18,250		17,974	
<b>Total current liabilities</b>		<b>843,009</b>		<b>739,333</b>	
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,760,933</b>		<b>1,658,977</b>	

## 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.

	Notes	First nine months of 2021		First nine months of 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
<i>Operating activities</i>					
Net Profit (loss) for the period		51,566		29,123	
Taxes for the period	14	31,605		19,416	
Depreciation of property, plant and equipment	8	33,502		29,230	
Amortisation of intangible assets	8	55,971		50,842	
Depreciation of rights of use	8	5,969		6,340	
Provisions for risks and retirement funds and employee benefits		18,065		12,157	
Write-downs/(Reinstatements)		1,469		3,381	
Losses/(Gains) on the disposal of property, plant and equipment		(116)		(108)	
Financial income	13	(664)		(965)	
Dividend income		0		(25)	
Borrowing costs	13	19,283		20,748	
Income from public grants		(2,333)		(3,015)	
Portion of earnings of associates		(630)		(772)	
<i>Change in working capital:</i>					
(Increase)/Decrease in trade receivables	23	(45,156)	(30)	(18,668)	30
(Increase)/Decrease in other receivables	24	(1,562)	(244)	(12,687)	435
(Increase)/Decrease in inventories	22	(78,063)		10,973	
Increase/(Decrease) in trade payables	28	137,933	15,561	(28,924)	3,090
Increase/(Decrease) in other payables	33	16,233	380	13,473	146
Increase/(Decrease) in provisions for risks	29	(11,821)		(5,484)	
Increase/(Decrease) in retirement funds and employee benefits	31	(8,432)		(2,197)	
Other changes		(5,979)		(1,141)	
<b>Cash generated from operating activities</b>		<b>216,840</b>		<b>121,697</b>	
Interest paid		(15,185)		(13,774)	
Taxes paid		(16,251)		(8,991)	
<b>Cash flow from operating activities (A)</b>		<b>185,404</b>		<b>98,932</b>	
<i>Investment activities</i>					
Investment in property, plant and equipment	18	(33,235)		(27,960)	
Sale price, or repayment value, of property, plant and equipment		5,686		290	
Investment in intangible assets	17	(69,009)		(60,027)	
Sale price, or repayment value, of intangible assets		62		8	
Public grants collected		1,062		954	
Dividends cashed		0		25	
Collected interests		470		796	
<b>Cash flow from investment activities (B)</b>		<b>(94,964)</b>		<b>(85,914)</b>	
<i>Financing activities</i>					
Purchase of treasury shares	39	(53)		(217)	
Outflow for dividends paid	39	(39,639)		(19,642)	
Loans received	38	90,589		220,191	
Outflow for repayment of loans	38	(170,377)		(135,010)	
Lease payments for rights of use	38	(7,300)		(5,543)	
<b>Cash flow from financing activities (C)</b>		<b>(126,780)</b>		<b>59,779</b>	
Increase/(Decrease) in cash and cash equivalents (A+B+C)		(36,340)		72,797	
<b>Opening balance</b>		<b>228,906</b>		<b>190,728</b>	
Exchange differences		6,552		(3,452)	
<b>Closing balance</b>		<b>199,118</b>		<b>260,073</b>	



## Changes in Consolidated Shareholders' Equity

Movements from 1 January 2021 / 30 September 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
<i>In thousands of Euros</i>													
<b>As of 1 January 2021</b>		<b>207,614</b>	<b>7,171</b>	<b>24,215</b>	<b>281</b>	<b>(15,525)</b>	<b>(38,459)</b>	<b>(1,966)</b>	<b>170,720</b>	<b>18,108</b>	<b>372,159</b>	<b>(147)</b>	<b>372,012</b>
Profit for the period										51,566	<b>51,566</b>		<b>51,566</b>
Other comprehensive income	40				3,972		5,211		(10)		<b>9,173</b>	<b>(3)</b>	<b>9,170</b>
<b>Total profit (loss) for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,972</b>	<b>0</b>	<b>5,211</b>	<b>0</b>	<b>(10)</b>	<b>51,566</b>	<b>60,739</b>	<b>(3)</b>	<b>60,736</b>
<u>Transactions with shareholders:</u>													
Allocation of profits	39			1,837					12,703	(14,540)	<b>0</b>		<b>0</b>
Distribution of dividends	39								(5,717)	(3,568)	<b>(9,285)</b>		<b>(9,285)</b>
Purchase of treasury shares	39							(53)			<b>(53)</b>		<b>(53)</b>
Interim dividend	39									(30,354)	<b>(30,354)</b>		<b>(30,354)</b>
<b>As of 30 September 2021</b>		<b>207,614</b>	<b>7,171</b>	<b>26,052</b>	<b>4,253</b>	<b>(15,525)</b>	<b>(33,248)</b>	<b>(2,019)</b>	<b>177,696</b>	<b>21,212</b>	<b>393,206</b>	<b>(150)</b>	<b>393,056</b>

Movements from 1 January 2020 / 30 September 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
<i>In thousands of Euros</i>													
<b>As of 1 January 2020</b>		<b>207,614</b>	<b>7,171</b>	<b>21,904</b>	<b>(29)</b>	<b>(15,525)</b>	<b>(27,896)</b>	<b>(1,749)</b>	<b>165,426</b>	<b>27,099</b>	<b>384,015</b>	<b>(208)</b>	<b>383,807</b>
Profit for the period										29,123	<b>29,123</b>		<b>29,123</b>
Other comprehensive income	40				269		(7,139)		(285)		<b>(7,155)</b>	<b>67</b>	<b>(7,088)</b>
<b>Total profit (loss) for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>269</b>	<b>0</b>	<b>(7,139)</b>	<b>0</b>	<b>(285)</b>	<b>29,123</b>	<b>21,968</b>	<b>67</b>	<b>22,035</b>
<u>Transactions with shareholders:</u>													
Allocation of profits	39			2,311					5,146	(7,457)	<b>0</b>		<b>0</b>
Distribution of dividends	39									(19,642)	<b>(19,642)</b>		<b>(19,642)</b>
Purchase of treasury shares	39							(217)			<b>(217)</b>		<b>(217)</b>
<b>As of 30 September 2020</b>		<b>207,614</b>	<b>7,171</b>	<b>24,215</b>	<b>240</b>	<b>(15,525)</b>	<b>(35,035)</b>	<b>(1,966)</b>	<b>170,287</b>	<b>29,123</b>	<b>386,124</b>	<b>(141)</b>	<b>385,983</b>

## 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 Interim Directors' Report.

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 September 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 Consolidated 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 applied as from 1 January 2021".

The information provided in the Interim 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 of the results achieved thanks to the significant investment plan envisaged, which will contribute to a development strategy already started during the last three years, the Group, supported by the fairness opinion of a leading consulting firm, revised the residual useful lives of the Aprilia and Moto Guzzi brands, changing them from definite to indefinite.

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.

#### 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 values or on 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 2023.
- 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 any case, the IASB plans to publish a draft in the fourth quarter of 2021, in which it will propose deferring the effective date of application to 1 January 2024 at the earliest.
- 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. These amendments will apply from 1 January 2023.

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.

<i>Currency</i>	<b>Spot exchange rate 30 September 2021</b>	<b>Average exchange rate first nine months of 2021</b>	<b>Spot exchange rate 31 December 2020</b>	<b>Average exchange rate first nine months of 2020</b>
US Dollar	1.1579	1.19622	1.2271	1.12503
Pounds Sterling	0.86053	0.863634	0.89903	0.885085
Indian Rupee	86.0766	88.04203	89.6605	83.49460
Singapore Dollars	1.5760	1.60196	1.6218	1.56354
Chinese Yuan	7.4847	7.73756	8.0225	7.86593
Croatian Kuna	7.4889	7.53206	7.5519	7.53124
Japanese Yen	129.67	129.83203	126.49	120.91083
Vietnamese Dong	25,740.86	26,712.09531	27,654.41	25,559.90000
Indonesian Rupiah	16,584.60	17,122.72813	17,029.69	16,497.96297
Brazilian Real	6.2631	6.37645	6.3735	5.71002

## **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)	First nine months of 2021	220.3	106.0	104.3	<b>430.6</b>
	First nine months of 2020	189.6	89.2	75.0	<b>353.9</b>
	Change	30.7	16.8	29.3	<b>76.7</b>
	Change %	16.2%	18.8%	39.0%	<b>21.7%</b>
Net turnover (millions of Euros)	First nine months of 2021	899.1	167.9	252.2	<b>1,319.2</b>
	First nine months of 2020	656.3	159.5	178.0	<b>993.8</b>
	Change	242.8	8.4	74.2	<b>325.4</b>
	Change %	37.0%	5.2%	41.7%	<b>32.7%</b>
Gross margin (millions of Euros)	First nine months of 2021	251.3	27.3	87.0	<b>365.6</b>
	First nine months of 2020	187.0	30.6	68.4	<b>286.0</b>
	Change	64.2	(3.3)	18.7	<b>79.6</b>
	Change %	34.3%	-10.9%	27.3%	<b>27.8%</b>
EBITDA (millions of Euros)	First nine months of 2021				<b>192.9</b>
	First nine months of 2020				<b>150.1</b>
	Change				<b>42.8</b>
	Change %				<b>28.5%</b>
EBIT (millions of Euros)	First nine months of 2021				<b>97.4</b>
	First nine months of 2020				<b>63.6</b>
	Change				<b>33.8</b>
	Change %				<b>53.1%</b>
Net profit (millions of Euros)	First nine months of 2021				<b>51.6</b>
	First nine months of 2020				<b>29.1</b>
	Change				<b>22.4</b>
	Change %				<b>77.1%</b>

## C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Values for the first nine months 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 1,319,224**

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

This item does not include transport costs, which are recharged to customers (€/000 28,865) and invoiced advertising cost recoveries (€/000 3,897), 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:

	First nine months of 2021		First nine months of 2020		Changes	
	Amount	%	Amount	%	Amount	%
<i>In thousands of Euros</i>						
EMEA and Americas	899,115	68.2	656,312	66.0	242,803	37.0
India	167,867	12.7	159,498	16.1	8,369	5.2
Asia Pacific 2W	252,242	19.1	178,009	17.9	74,233	41.7
<b>Total</b>	<b>1,319,224</b>	<b>100.0</b>	<b>993,819</b>	<b>100.0</b>	<b>325,405</b>	<b>32.7</b>

In the first nine months of 2021 net sales revenues increased by 32.7% compared to the same period of 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 Interim Directors' Report.

### **5. Costs for materials**

**€/000 (834,308)**

The increase in material costs compared to the first nine months of 2020 (+36.3%) is due to the growth in production volumes and the cost of raw materials. The item includes €/000 24,800 (€/000 13,063 in the same period of 2020) for purchases of scooters from the Chinese affiliate Zongshen Piaggio Foshan Motorcycle Co., that are sold on European and Asian markets.



**6. Costs for services and leases and rental costs** **€/000 (196,676)**

This item increased by 34.9% compared to the same period last year.

The values for the first nine months of 2020 were affected by lockdown periods resulting from the difficult health situation.

**7. Employee costs** **€/000 (181,981)**

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

Employee costs include €/000 840 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	<b>First nine months of 2021</b>	<b>First nine months of 2020</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Salaries and wages	(138,918)	(119,197)	(19,721)
Social security contributions	(35,623)	(29,123)	(6,500)
Termination benefits	(5,763)	(5,592)	(171)
Other costs	(1,677)	(2,922)	1,245
<b>Total</b>	<b>(181,981)</b>	<b>(156,834)</b>	<b>(25,147)</b>

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

	<b>Average number</b>		
	<b>First nine months of 2021</b>	<b>First nine months of 2020</b>	<b>Change</b>
<i>Level</i>			
Senior management	108.9	106.2	2.7
Middle management	670.1	663.9	6.2
White collars	1,621.2	1,682.3	(61.1)
Blue collars	3,889.2	3,840.7	48.5
<b>Total</b>	<b>6,289.4</b>	<b>6,293.1</b>	<b>(3.7)</b>

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		
	30 September 2021	31 December 2020	Change
Senior management	111	107	4
Middle management	681	661	20
White collars	1,604	1,625	(21)
Blue collars	3,649	3,463	186
<b>Total</b>	<b>6,045</b>	<b>5,856</b>	<b>189</b>
EMEA and Americas	3,622	3,331	291
India	1,386	1,550	(164)
Asia Pacific 2W	1,037	975	62
<b>Total</b>	<b>6,045</b>	<b>5,856</b>	<b>189</b>

**8. Amortisation/depreciation and impairment costs**

**€/000 (95,442)**

This item consists of:

	First nine months of 2021	First nine months of 2020	Change
<i>In thousands of Euros</i>			
Amortisation of intangible assets and impairment costs	(55,971)	(50,842)	(5,129)
Depreciation of plant, property and equipment and impairment costs	(33,502)	(29,230)	(4,272)
Depreciation of rights of use	(5,969)	(6,340)	371
<b>Total</b>	<b>(95,442)</b>	<b>(86,412)</b>	<b>(9,030)</b>

The overall increase was moderated by the change from finite to indefinite useful life of the Aprilia and Moto Guzzi trademarks (reference should be made to the comment on the specific asset item).

**9. Other operating income**

**€/000 107,770**

This item, consisting prevalently of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, shows an increase of 23.1% compared to the first nine months of 2020.

Revenues include €/000 4,230 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.

**10. Net reversals (impairment) of trade and other receivables** **€/000 (1,467)**

This item, mainly comprising the impairment of trade receivables in current assets, was essentially in line with the first nine months of 2020.

**11. Other operating costs** **€/000 (19,676)**

The increase of €/000 4,572 was mainly attributable to higher provisions for risks.

**12. Income/(loss) from investments** **€/000 609**

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 (€/000 612) 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 (14,882)**

Net financial income (expense) for the first nine months of 2021 showed an expense of €/000 14,882, an improvement compared to net expense for the corresponding period of the previous year (€/000 15,906), mainly due to the fall in average debt.

**14. Taxes** **€/000 (31,605)**

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:

		<b>First nine months 2021</b>	<b>First nine months of 2020</b>
Net profit	€/000	51,566	29,123
Earnings attributable to ordinary shares	€/000	51,566	29,123
Average number of ordinary shares in circulation		357,116,306	357,159,736
Earnings per ordinary share	€	0.144	0.082
Adjusted average number of ordinary shares		357,116,306	357,159,736
Diluted earnings per ordinary share	€	0.144	0.082

**D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES****17. Intangible assets****€/000 709,945**

Intangible assets went up overall by €/000 14,299, 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.

In the first nine months of 2021, borrowing costs for €/000 748 were capitalised.

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

<i>In thousands of Euros</i>	<b>Development costs</b>			<b>Patent rights and know-how</b>			<b>Concessions, licences and trademarks</b>	<b>Goodwill</b>	<b>Other</b>			<b>Total</b>		
	<b>Assets under development and advances</b>			<b>Assets under development and advances</b>					<b>Assets under development and advances</b>			<b>Assets under development and advances</b>		
	<b>In service</b>	<b>advances</b>	<b>Total</b>	<b>In service</b>	<b>advances</b>	<b>Total</b>			<b>In service</b>	<b>advances</b>	<b>Total</b>	<b>In service</b>	<b>advances</b>	<b>Total</b>
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	(1,136)	(1,569)	(2,705)
Accumulated amortisation	(256,428)		(256,428)	(383,707)		(383,707)	(161,198)	(110,382)	(7,699)		(7,699)	(919,414)	0	(919,414)
<b>Amount as of 01 01 2021</b>	<b>49,908</b>	<b>41,715</b>	<b>91,623</b>	<b>55,373</b>	<b>71,878</b>	<b>127,251</b>	<b>29,539</b>	<b>446,940</b>	<b>293</b>	<b>0</b>	<b>293</b>	<b>582,053</b>	<b>113,593</b>	<b>695,646</b>
Investments	12,829	18,146	30,975	13,851	24,089	37,940			75	19	94	26,755	42,254	69,009
Transitions in the period	36,917	(36,917)	0	61,071	(61,071)	0			19	(19)	0	98,007	(98,007)	0
Amortisation	(23,131)		(23,131)	(32,624)		(32,624)	(44)		(172)		(172)	(55,971)	0	(55,971)
Disposals			0	(36)	(2)	(38)			(24)		(24)	(60)	(2)	(62)
Write-downs			0			0					0	0	0	0
Exchange differences	978	314	1,292	27	2	29			7		7	1,012	316	1,328
Other movements	(729)	724	(5)			0					0	(729)	724	(5)
<b>Total movements for the period</b>	<b>26,864</b>	<b>(17,733)</b>	<b>9,131</b>	<b>42,289</b>	<b>(36,982)</b>	<b>5,307</b>	<b>(44)</b>	<b>0</b>	<b>(95)</b>	<b>0</b>	<b>(95)</b>	<b>69,014</b>	<b>(54,715)</b>	<b>14,299</b>
Historical cost	361,261	25,617	386,878	513,457	34,896	548,353	190,737	557,322	8,586		8,586	1,631,363	60,513	1,691,876
Provisions for write-down		(1,635)	(1,635)			0					0	0	(1,635)	(1,635)
Accumulated amortisation	(284,489)		(284,489)	(415,795)		(415,795)	(161,242)	(110,382)	(8,388)		(8,388)	(980,296)	0	(980,296)
<b>Amount as of 30 09 2021</b>	<b>76,772</b>	<b>23,982</b>	<b>100,754</b>	<b>97,662</b>	<b>34,896</b>	<b>132,558</b>	<b>29,495</b>	<b>446,940</b>	<b>198</b>	<b>0</b>	<b>198</b>	<b>651,067</b>	<b>58,878</b>	<b>709,945</b>

It should be noted that, in light of the strategic initiatives announced by the Parent Company, and of the results achieved thanks to the significant investment plan envisaged, which will contribute to a development strategy already started during the last three years, the Group, supported by the fairness opinion of a leading consulting firm, revised the residual useful lives of the Aprilia and Moto Guzzi brands, changing them from definite to indefinite.

The accounting effects of the amendment are as follows:

		<b><u>Aprilia</u></b> <b><u>trademark</u></b>	<b><u>Moto Guzzi</u></b> <b><u>trademark</u></b>	<b><u>Total</u></b>
<b>Expected useful life</b>				
	Former measurement	2026	2026	
	New measurement	indefinite	indefinite	
<b>Annual amortisation</b>				
€/000	Former measurement	3,193	1,625	4,818
	New measurement	-	-	-
	<b>Difference</b>	<b>3,193</b>	<b>1,625</b>	<b>4,818</b>
<b>Annual share of deferred taxes</b>				
€/000	Former measurement	(423)	(453)	(876)
	New measurement	-	-	-
	<b>Difference</b>	<b>(423)</b>	<b>(453)</b>	<b>(876)</b>
<b>Net annual impact on the income statement</b>				
€/000	Former measurement	2,770	1,172	3,942
	New measurement	-	-	-
	<b>Difference</b>	<b>2,770</b>	<b>1,172</b>	<b>3,942</b>

**18. Property, plant and equipment****€/000 268,071**

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. In the first nine months of 2021, borrowing costs for €/000 159 were capitalised.

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



<i>In thousands of Euros</i>	<b>Land</b>	<b>Buildings</b>			<b>Plant and machinery</b>			<b>Equipment</b>			<b>Other assets</b>			<b>Total</b>		
		<i>In service</i>	<i>Assets under construction and advances</i>	<i>Total</i>	<i>In service</i>	<i>Assets under construction and advances</i>	<i>Total</i>	<i>In service</i>	<i>Assets under construction and advances</i>	<i>Total</i>	<i>In service</i>	<i>Assets under construction and advances</i>	<i>Total</i>	<i>In service</i>	<i>Assets under construction and advances</i>	<i>Total</i>
Historical cost	27,640	170,640	1,968	172,608	473,314	22,555	495,869	521,369	16,050	537,419	59,679	1,491	61,170	1,252,642	42,064	1,294,706
Reversals				0			0			0			0		0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,976)		(3,976)	(64)		(64)	(5,763)		(5,763)
Accumulated depreciation		(87,372)		(87,372)	(385,777)		(385,777)	(499,173)		(499,173)	(52,005)		(52,005)	(1,024,327)		(1,024,327)
<b>Amount as of 01 01 2021</b>	<b>27,640</b>	<b>82,646</b>	<b>1,968</b>	<b>84,614</b>	<b>86,436</b>	<b>22,555</b>	<b>108,991</b>	<b>18,220</b>	<b>16,050</b>	<b>34,270</b>	<b>7,610</b>	<b>1,491</b>	<b>9,101</b>	<b>222,552</b>	<b>42,064</b>	<b>264,616</b>
Investments		214	1,988	2,202	2,430	8,462	10,892	8,981	4,763	13,744	5,757	640	6,397	17,382	15,853	33,235
Transitions in the period		994	(994)	0	22,746	(22,746)	0	15,178	(15,178)	0	1,172	(1,172)	0	40,090	(40,090)	0
Depreciation		(3,666)		(3,666)	(16,105)		(16,105)	(8,512)		(8,512)	(5,219)		(5,219)	(33,502)		(33,502)
Disposals				0	(44)	(23)	(67)	(69)		(69)	(4)	(830)	(834)	(117)	(853)	(970)
Write-downs				0			0			0			0		0	0
Exchange differences		1,059	62	1,121	3,001	396	3,397			0	159	6	165	4,219	464	4,683
Other movements		3	2	5		4	4			0			0	3	6	9
<b>Total movements for the period</b>	<b>0</b>	<b>(1,396)</b>	<b>1,058</b>	<b>(338)</b>	<b>12,028</b>	<b>(13,907)</b>	<b>(1,879)</b>	<b>15,578</b>	<b>(10,415)</b>	<b>5,163</b>	<b>1,865</b>	<b>(1,356)</b>	<b>509</b>	<b>28,075</b>	<b>(24,620)</b>	<b>3,455</b>
Historical cost	27,640	173,617	3,026	176,643	493,352	8,648	502,000	520,330	5,635	525,965	60,344	135	60,479	1,275,283	17,444	1,292,727
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		(91,745)		(91,745)	(394,270)		(394,270)	(482,647)		(482,647)	(50,869)		(50,869)	(1,019,531)		(1,019,531)
<b>Amount as of 30 09 2021</b>	<b>27,640</b>	<b>81,250</b>	<b>3,026</b>	<b>84,276</b>	<b>98,464</b>	<b>8,648</b>	<b>107,112</b>	<b>33,798</b>	<b>5,635</b>	<b>39,433</b>	<b>9,475</b>	<b>135</b>	<b>9,610</b>	<b>250,627</b>	<b>17,444</b>	<b>268,071</b>

## **19. Rights of use**

**€/000 32,065**

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

<i>In thousands of Euros</i>	<b>Land</b>	<b>Buildings</b>	<b>Plant and machinery</b>	<b>Equipment</b>	<b>Other assets</b>	<b>Total</b>
<b>Amount as of 01 01 2021</b>	<b>6,794</b>	<b>14,137</b>	<b>8,988</b>	<b>0</b>	<b>3,322</b>	<b>33,241</b>
Increases		3,470			1,261	4,731
Depreciation	(134)	(3,901)	(642)		(1,292)	(5,969)
Decreases		(73)			(722)	(795)
Exchange differences	433	414			10	857
<b>Total movements for the period</b>	<b>299</b>	<b>(90)</b>	<b>(642)</b>	<b>0</b>	<b>(743)</b>	<b>(1,176)</b>
<b>Amount as of 30 09 2021</b>	<b>7,093</b>	<b>14,047</b>	<b>8,346</b>	<b>0</b>	<b>2,579</b>	<b>32,065</b>

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*

<b>Opening balance as of 1 January 2021</b>	<b>4,600</b>
Sale	(4,600)
<b>Final balance as of 30 September 2021</b>	<b>0</b>

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 56,693**

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**

**€/000 267,927**

This item comprises:

	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Raw materials and consumables	152,288	109,216	43,072
Provision for write-down	(12,258)	(10,835)	(1,423)
<i>Net value</i>	<i>140,030</i>	<i>98,381</i>	<i>41,649</i>
Work in progress and semi-finished products	12,984	15,631	(2,647)
Provision for write-down	(852)	(852)	0
<i>Net value</i>	<i>12,132</i>	<i>14,779</i>	<i>(2,647)</i>
Finished products and goods	132,461	93,478	38,983
Provision for write-down	(17,670)	(17,858)	188
<i>Net value</i>	<i>114,791</i>	<i>75,620</i>	<i>39,171</i>
Advances	974	1,084	(110)
<b>Total</b>	<b>267,927</b>	<b>189,864</b>	<b>78,063</b>

The increase as of 30 September 2021 is in line with the forecast production and sales volumes.

**23. Trade receivables (current and non-current)**

**€/000 112,520**

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

	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Trade receivables due from customers	112,067	68,269	43,798
Trade receivables due from joint ventures	408	389	19
Trade receivables due from parent companies	36	34	2
Trade receivables due from associates	9		9
<b>Total</b>	<b>112,520</b>	<b>68,692</b>	<b>43,828</b>

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 29,490.

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 September 2021, trade receivables still due sold without recourse totalled €/000 137,482. Of these amounts, Piaggio received payment prior to natural expiry of €/000 120,609.

As of 30 September 2021, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 9,910 with a counter entry recorded in current liabilities.

## 24. Other receivables (current and non-current)

€/000 71,922

They consist of:

	As of 30 September 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Receivables due from parent companies	15,752		15,752	15,794		15,794	(42)	0	(42)
Receivables due from joint ventures	770		770	452		452	318	0	318
Receivables due from associates	10	67	77	28	81	109	(18)	(14)	(32)
Accrued income	2,651		2,651	2,033		2,033	618	0	618
Deferred charges	12,115	13,458	25,573	3,380	17,164	20,544	8,735	(3,706)	5,029
Advance payments to suppliers	1,390	1	1,391	2,088	1	2,089	(698)	0	(698)
Advances to employees	288	126	414	1,183	28	1,211	(895)	98	(797)
Fair value of hedging derivatives	6,069		6,069	1,437		1,437	4,632	0	4,632
Security deposits	254	1,127	1,381	244	1,477	1,721	10	(350)	(340)
Receivables due from others	10,300	7,544	17,844	17,602	7,509	25,111	(7,302)	35	(7,267)
<b>Total</b>	<b>49,599</b>	<b>22,323</b>	<b>71,922</b>	<b>44,241</b>	<b>26,260</b>	<b>70,501</b>	<b>5,358</b>	<b>(3,937)</b>	<b>1,421</b>

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 3,596 made by the Indonesian subsidiary to acquire the availability of land on which to build a new factory.

Receivables due from others include €/000 4,983 (€/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. During the first nine months of 2021, the Indian company collected receivables related to these subsidies worth €/000 11,628.

## **25. Tax receivables (current and non-current)**

**€/000 32,105**

Tax receivables consist of:

	<b>As of 30 September 2021</b>			<b>As of 31 December 2020</b>			<b>Change</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
<i>In thousands of Euros</i>									
VAT	13,737	276	14,013	8,563	859	9,422	5,174	(583)	4,591
Income tax	2,958	10,901	13,859	2,544	10,790	13,334	414	111	525
Others	3,968	265	4,233	1,744	750	2,494	2,224	(485)	1,739
<b>Total</b>	<b>20,663</b>	<b>11,442</b>	<b>32,105</b>	<b>12,851</b>	<b>12,399</b>	<b>25,250</b>	<b>7,812</b>	<b>(957)</b>	<b>6,855</b>

## **26. Receivables due after 5 years**

**€/000 0**

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

## **27. Assets held for sale**

**€/000 0**

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

## **28. Trade payables (current and non-current)**

**€/000 627,897**

As of 30 September 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:

	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Amounts due to suppliers	606,566	484,194	122,372
Trade payables to joint ventures	21,035	5,449	15,586
Trade payables due to associates	1	32	(31)
Trade payables due to parent companies	295	289	6
<b>Total</b>	<b>627,897</b>	<b>489,964</b>	<b>137,933</b>
<i>Of which indirect factoring</i>	<i>235,380</i>	<i>206,362</i>	<i>29,018</i>

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 September 2021, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 235,380 (€/000 206,362 as of 31 December 2020).

## 29. Provisions (current and non-current portion)

€/000 31,345

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

	Balance as of 31 December 2020	Alloca- tions	Uses	Exchange differences	Balance as of 30 September 2021
<i>In thousands of Euros</i>					
Provision for product warranties	19,106	9,260	(6,974)	318	21,710
Provision for contractual risks	4,378	3	(531)	50	3,900
Risk provision for legal disputes	2,484	160	(390)	35	2,289
Provision for tax risks	3,615		(3,615)		0
Other provisions for risks and charges	934	2,820	(311)	3	3,446
<b>Total</b>	<b>30,517</b>	<b>12,243</b>	<b>(11,821)</b>	<b>406</b>	<b>31,345</b>

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

	As of 30 September 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Provision for product warranties	13,888	7,822	21,710	11,836	7,270	19,106	2,052	552	2,604
Provision for contractual risks	900	3,000	3,900	1,378	3,000	4,378	(478)	0	(478)
Provision for legal disputes	569	1,720	2,289	764	1,720	2,484	(195)	0	(195)
Provision for tax risks	-	-	-	3,615	-	3,615	(3,615)	0	(3,615)
Other provisions for risks and charges	2,893	553	3,446	381	553	934	2,512	0	2,512
<b>Total</b>	<b>18,250</b>	<b>13,095</b>	<b>31,345</b>	<b>17,974</b>	<b>12,543</b>	<b>30,517</b>	<b>276</b>	<b>552</b>	<b>828</b>

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 9,260 and was used for €/000 6,974 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 affiliate concerning a dispute with the local tax authorities.

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

### **30. Deferred tax liabilities**

**€/000 7,409**

Deferred tax liabilities amount to €/000 7,409 compared to €/000 5,227 as of 31 December 2020.

### **31. Retirement funds and employee benefits**

**€/000 32,433**

	As of 30 September 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Retirement funds	1,018	959	59
Termination benefits provision	31,415	34,039	(2,624)
<b>Total</b>	<b>32,433</b>	<b>34,998</b>	<b>(2,565)</b>

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.

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 September 2021 would have been lower by €/000 712.

### **32. Tax payables (current and non-current)**

**€/000 23,290**

Tax payables are broken down as follows:

	As of 30 September 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Due for income tax	12,684	1,388	14,072	6,464		6,464	6,220	1,388	7,608
Due for non-income tax	53		53	129		129	(76)	0	(76)
Tax payables for:									
- VAT	3,014		3,014	199		199	2,815	0	2,815
- Tax withheld at source	2,774		2,774	5,610		5,610	(2,836)	0	(2,836)
- Other	1,292	2,085	3,377	585		585	707	2,085	2,792
Total	7,080	2,085	9,165	6,394		6,394	686	2,085	2,771
<b>TOTAL</b>	<b>19,817</b>	<b>3,473</b>	<b>23,290</b>	<b>12,987</b>	<b>0</b>	<b>12,987</b>	<b>6,830</b>	<b>3,473</b>	<b>10,303</b>

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



### **33. Other payables (current and non-current)**

**€/000 73,643**

This item comprises:

	As of 30 September 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
To employees	26,387	407	26,794	14,178	345	14,523	12,209	62	12,271
Guarantee deposits		3,803	3,803		3,244	3,244	-	559	559
Accrued expenses	9,676		9,676	5,683		5,683	3,993	-	3,993
Deferred income	4,150	7,475	11,625	1,767	7,167	8,934	2,383	308	2,691
Amounts due to social security institutions	5,773		5,773	8,721		8,721	(2,948)	-	(2,948)
Fair value of derivatives	276	119	395	544	268	812	(268)	(149)	(417)
To joint ventures			-	3		3	(3)	-	(3)
To associates	64		64	1		1	63	-	63
To parent companies	4,374		4,374	4,054		4,054	320	-	320
Others	11,069	70	11,139	11,365	70	11,435	(296)	-	(296)
<b>Total</b>	<b>61,769</b>	<b>11,874</b>	<b>73,643</b>	<b>46,316</b>	<b>11,094</b>	<b>57,410</b>	<b>15,453</b>	<b>780</b>	<b>16,233</b>

Amounts due to employees include the amount for holidays accrued but not taken of €/000 10,879 and other payments to be made for €/000 15,915.

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

The item Fair Value of hedging 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 92 for interest on hedging derivatives and associated hedged items measured at fair value.

Deferred income includes €/000 6,021 (€/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 10,551**

The investments heading comprises:

	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Interests in joint ventures	10,364	8,965	1,399
Investments in associates	187	169	18
<b>Total</b>	<b>10,551</b>	<b>9,134</b>	<b>1,417</b>

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

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

**€/000 16**

This item comprises:

	<b>As of 30 September 2021</b>			<b>As of 31 December 2020</b>			<b>Change</b>		
	<b>Current</b>	<b>Non- Current</b>	<b>Total</b>	<b>Current</b>	<b>Non- Current</b>	<b>Total</b>	<b>Current</b>	<b>Non- Current</b>	<b>Total</b>
<i>In thousands of Euros</i>									
Fair Value of hedging derivatives			0	2,617		2,617	(2,617)	0	(2,617)
Investments in other companies		16	16		37	37	0	(21)	(21)
<b>Total</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>2,617</b>	<b>37</b>	<b>2,654</b>	<b>(2,617)</b>	<b>(21)</b>	<b>(2,638)</b>

The item Fair Value derivatives as of 31 December 2020 is related to the fair value of the Cross Currency Swap on the private debenture loan, now closed.

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

### **37. Cash and cash equivalents**

**€/000 199,118**

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

	<b>As of 30 September 2021</b>	<b>As of 31 December 2020</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Bank and postal deposits	199,070	230,061	(30,991)
Cash on hand	48	32	16
<b>Total</b>	<b>199,118</b>	<b>230,093</b>	<b>(30,975)</b>

### 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.

	As of 30 September 2021	As of 30 September 2020	Change
<i>In thousands of Euros</i>			
Liquidity	199,118	260,074	(60,956)
Current account overdrafts		(1)	1
<b>Closing balance</b>	<b>199,118</b>	<b>260,073</b>	<b>(60,955)</b>

### **38. Financial liabilities and financial liabilities for rights of use (current and non-current)** **€/000 571,860**

The Group's total debt decreased by €/000 84,002 during the first nine months of 2021. Net of the change in financial liabilities for rights of use 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 September 2021 total financial debt of the Group had decreased by €/000 78,958.

	Financial liabilities as of 30 September 2021			Financial liabilities as of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Financial liabilities	108,209	439,967	548,176	163,510	465,776	629,286	(55,301)	(25,809)	(81,110)
Gross financial debt	108,209	439,967	548,176	161,358	465,776	627,134	(53,149)	(25,809)	(78,958)
Fair value adjustment	0	0	0	2,152	0	2,152	(2,152)	0	(2,152)
Financial liabilities for rights of use	7,067	16,617	23,684	8,582	17,994	26,576	(1,515)	(1,377)	(2,892)
<b>Total</b>	<b>115,276</b>	<b>456,584</b>	<b>571,860</b>	<b>172,092</b>	<b>483,770</b>	<b>655,862</b>	<b>(56,816)</b>	<b>(27,186)</b>	<b>(84,002)</b>

Net financial debt of the Group amounted to €/000 372,472 as of 30 September 2021 compared to €/000 423,617 as of 31 December 2020.

The composition of "Net financial debt" as of 30 September 2021, prepared in accordance with paragraph 175 et seq. of ESMA Recommendations 2021/32/382/1138, is set out below.

**Statement of indebtedness<sup>5</sup>**

	As of 30 September 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
<b>A Cash</b>	<b>199,118</b>	<b>230,093</b>	<b>(30,975)</b>
<b>B Cash equivalents</b>			<b>0</b>
<b>C Other current financial assets</b>			<b>0</b>
<b>D Liquidity (A + B + C)</b>	<b>199,118</b>	<b>230,093</b>	<b>(30,975)</b>
<b>Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)</b>			
<b>E financial debt)</b>	<b>(36,099)</b>	<b>(59,202)</b>	<b>23,103</b>
Payables due to banks	(19,051)	(30,378)	11,327
Debenture loan	0	(11,038)	11,038
Amounts due to factoring companies	(9,910)	(9,133)	(777)
Financial liabilities for rights of use	(7,067)	(8,582)	1,515
<i>.of which finance leases</i>	(1,195)	(1,182)	(13)
<i>.of which operating leases</i>	(5,872)	(7,400)	1,528
Current portion of payables due to other lenders	(71)	(71)	0
<b>F Current portion of non-current financial debt</b>	<b>(79,177)</b>	<b>(110,738)</b>	<b>31,561</b>
<b>G Current financial indebtedness (E + F)</b>	<b>(115,276)</b>	<b>(169,940)</b>	<b>54,664</b>
<b>H Net current financial indebtedness (G - D)</b>	<b>83,842</b>	<b>60,153</b>	<b>23,689</b>
<b>Non-current financial debt (excluding current portion and debt instruments)</b>			
<b>I and debt instruments)</b>	<b>(213,245)</b>	<b>(211,191)</b>	<b>(2,054)</b>
Medium-/long-term bank loans	(196,346)	(192,879)	(3,467)
Financial liabilities for rights of use	(16,617)	(17,994)	1,377
<i>.of which finance leases</i>	(4,783)	(5,681)	898
<i>.of which operating leases</i>	(11,834)	(12,313)	479
Amounts due to other lenders	(282)	(318)	36
<b>J Debt instruments</b>	<b>(243,339)</b>	<b>(272,579)</b>	<b>29,240</b>
<b>K Non-current trade and other payables</b>			<b>0</b>
<b>L Non-current financial indebtedness (I + J + K)</b>	<b>(456,584)</b>	<b>(483,770)</b>	<b>27,186</b>
<b>M Total financial indebtedness (H + L)</b>	<b>(372,742)</b>	<b>(423,617)</b>	<b>50,875</b>

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

<sup>5</sup> 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 relative hedged items equal in any case to €/000 0 at 30 September 2021, and relative accruals.

The table below presents the changes during the period.

	Balance as of 31.12.2020	Cash flows			Reclassifications	Exchange delta	Other changes	Balance as of 30.09.2021
		Movements	Repayments	New issues				
<i>In thousands of Euros</i>								
A Cash	230,093	(37,527)				6,552		199,118
B Cash equivalents								0
C Other current financial assets								0
<b>D Liquidity (A + B + C)</b>	<b>230,093</b>	<b>(37,527)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,552</b>	<b>0</b>	<b>199,118</b>
<b>E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)</b>	<b>(59,202)</b>	<b>0</b>	<b>75,368</b>	<b>(15,589)</b>	<b>(35,262)</b>	<b>(968)</b>	<b>(446)</b>	<b>(36,099)</b>
Current account overdrafts	(1,187)		1,187					0
Current account payables	(29,191)		16,662	(5,679)		(843)		(19,051)
<i>Total current bank loans</i>	<i>(30,378)</i>	<i>0</i>	<i>17,849</i>	<i>(5,679)</i>	<i>0</i>	<i>(843)</i>	<i>0</i>	<i>(19,051)</i>
Debenture loan	(11,038)		41,050		(30,000)		(12)	0
Amounts due to factoring companies	(9,133)		9,133	(9,910)				(9,910)
Financial liabilities for rights of use	(8,582)		7,300		(5,226)	(125)	(434)	(7,067)
<i>.of which finance leases</i>	<i>(1,182)</i>		<i>886</i>		<i>(898)</i>		<i>(1)</i>	<i>(1,195)</i>
<i>.of which operating leases</i>	<i>(7,400)</i>		<i>6,414</i>		<i>(4,328)</i>	<i>(125)</i>	<i>(433)</i>	<i>(5,872)</i>
Current portion of payables due to other lenders	(71)		36		(36)			(71)
<b>F Current portion of non-current financial indebtedness</b>	<b>(110,738)</b>		<b>103,496</b>		<b>(71,899)</b>		<b>(36)</b>	<b>(79,177)</b>
<b>G Current financial indebtedness (E + F)</b>	<b>(169,940)</b>	<b>0</b>	<b>178,864</b>	<b>(15,589)</b>	<b>(107,161)</b>	<b>(968)</b>	<b>(482)</b>	<b>(115,276)</b>
<b>H Net current financial indebtedness (G - D)</b>	<b>60,153</b>	<b>(37,527)</b>	<b>178,864</b>	<b>(15,589)</b>	<b>(107,161)</b>	<b>5,584</b>	<b>(482)</b>	<b>83,842</b>
<b>I Non-current financial debt (excluding current portion and debt instruments)</b>	<b>(211,191)</b>	<b>0</b>	<b>0</b>	<b>(75,000)</b>	<b>77,161</b>	<b>(347)</b>	<b>(3,868)</b>	<b>(213,245)</b>
Medium-/long-term bank loans	(192,879)			(75,000)	71,899		(366)	(196,346)
Liabilities for rights of use	(17,994)			0	5,226	(347)	(3,502)	(16,617)
<i>.of which finance leases</i>	<i>(5,681)</i>				<i>898</i>			<i>(4,783)</i>
<i>.of which operating leases</i>	<i>(12,313)</i>				<i>4,328</i>	<i>(347)</i>	<i>(3,502)</i>	<i>(11,834)</i>
Amounts due to other lenders	(318)				36			(282)
<b>J Debt instruments</b>	<b>(272,579)</b>				<b>30,000</b>		<b>(760)</b>	<b>(243,339)</b>
<b>K Non-current trade and other payables</b>								
<b>L Non-current financial indebtedness (I + J + K)</b>	<b>(483,770)</b>	<b>0</b>	<b>0</b>	<b>(75,000)</b>	<b>107,161</b>	<b>(347)</b>	<b>(4,628)</b>	<b>(456,584)</b>
<b>M Total financial indebtedness (H + L)</b>	<b>(423,617)</b>	<b>(37,527)</b>	<b>178,864</b>	<b>(90,589)</b>	<b>0</b>	<b>5,237</b>	<b>(5,110)</b>	<b>(372,742)</b>

Medium and long-term bank debt amounts to €/000 275,523 (of which €/000 196,346 non-current and €/000 79,177 current) and consists of the following loans:

- a €/000 25,681 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 69,923 (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 44,133 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 September 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 September 2021. Contract terms require covenants (described below);
- a €/'000 19,975 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 9,978 medium-term loan (nominal value of €/'000 10,000) 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 26,574 loan (nominal value of €/'000 26,666) 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);
- €/'000 30,000 medium-term loan granted by Cassa Depositi e Prestiti to support international growth in India and Indonesia. The loan has a duration of 5 years expiring on 30 August 2026. It entails a repayment plan with six-monthly instalments and a 12-month grace period. Contract terms require covenants (described below);
- a €/'000 1,989 medium-term loan (nominal value of €/'000 2,000) 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 3,051 medium-term loan (nominal value of €/'000 3,053) granted by Banca del Mezzogiorno, maturing on 2 January 2023 and with six-monthly repayment schedule. The loan includes an additional €/'000 10,000 tranche granted as a revolving credit line, unused as of 30 September 2021. Contract terms require covenants (described below);

- a €/000 4,731 medium-term loan (nominal value of €/000 4,750) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 9,488 medium-term loan (nominal value of €/000 9,500) 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 September 2021) from Banca Intesa San Paolo maturing on 5 January 2022.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 243,339 (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 9,910.

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.



Financial liabilities for rights of use

€/000 23,684

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 September 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Operating leases	5,872	11,834	17,706	7,400	12,313	19,713	(1,528)	(479)	(2,007)
Finance leases	1,195	4,783	5,978	1,182	5,681	6,863	13	(898)	(885)
<b>Total</b>	<b>7,067</b>	<b>16,617</b>	<b>23,684</b>	<b>8,582</b>	<b>17,994</b>	<b>26,576</b>	<b>(1,515)</b>	<b>(1,377)</b>	<b>(2,892)</b>

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 3,910 (€/000 2,543 non-current portion).

Payables for finance leases amounted to €/000 5,978 (nominal value of €/000 5,987) and break down as follows:

- a Sale&Lease back agreement for €/000 5,906 (nominal value of €/000 5,915) 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 4,724);
- a finance lease for €/000 72 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 59).

Financial instruments

**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.

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

Company	Operation	Currency	Amount in	Value in local	Average
			currency	currency (forward	
			<i>In thousands</i>	<i>In thousands</i>	
Piaggio & C.	Purchase	CNY	126,500	16,384	10/11/2021
Piaggio & C.	Purchase	JPY	500,000	3,846	04/12/2021
Piaggio & C.	Purchase	SEK	8,000	784	14/12/2021
Piaggio & C.	Purchase	USD	36,600	30,911	08/11/2021
Piaggio & C.	Sale	CAD	3,250	2,192	12/10/2021
Piaggio & C.	Sale	JPY	150,000	1,152	31/10/2021
Piaggio & C.	Sale	USD	96,050	80,671	05/12/2021
Piaggio Vehicles Private Limited	Sale	USD	11,550	861,572	13/11/2021
Piaggio Indonesia	Purchase	USD	2,251	32,425,133	20/10/2021
Piaggio Indonesia	Purchase	€	386	6,462,536	07/10/2021
Piaggio Vespa BV	Sale	SGD	350	219	17/12/2021
Piaggio Vespa BV	Sale	USD	9,600	8,045	28/04/2022
Piaggio Vietnam	Sale	USD	62,000	1,423,260,000	14/11/2021

- **the settlement 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.

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

Company	Operation	Currency	Amount in	Value in local	Average
			currency	currency (forward	maturity
			exchange rate)		
			<i>In thousands</i>	<i>In thousands</i>	
Piaggio & C.	Sale	GBP	3,550	3,947	14/11/2021
Piaggio & C.	Purchase	CNY	614,000	74,069	15/05/2022
Piaggio & C.	Purchase	USD	10,000	8,126	23/11/2021

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 September 2021 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 5,888.

### **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 September 2021, the following hedging derivatives had been taken out:

#### *Cash flow hedging*

- An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 26,666 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 September 2021, the fair value of the instrument was negative by €/000 159.

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#### ***FAIR VALUE***

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*In thousands of Euros*

#### *Piaggio & C. S.p.A.*

Interest Rate Swap	(159)
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## G) INFORMATION ON SHAREHOLDERS' EQUITY

### **39. Share capital and reserves**

**€/000 393,056**

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:

<b>Structure of share capital as of 30 September 2021</b>				
	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 September 2021, Piaggio & C. held 1,045,818 treasury shares, equal to 0.292% of the shares issued.

## Shares in circulation and treasury shares

	2021	2020
<i>no. of shares</i>		
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 September 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 September 2021 was unchanged compared to 31 December 2020.

Legal reserve €/000 26,052

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

Financial instruments' fair value reserve €/000 4,253

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.

In the meeting of 30 July 2021, the Board of Directors also resolved to distribute an interim dividend for the 2021 financial year equal to 8.5 euro cents, gross of taxes, for each ordinary share entitled (against an advance on the ordinary dividend for 2020 of 3.7 eurocents), for a total of €30,354,165.21 (coupon date 20 September 2021, record date dividend 21 September 2021 and payment date 22 September 2021).

Earnings reserve

€/000 177,696

Capital and reserves of non-controlling interest

€/000 (150)

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

#### 40. Other comprehensive income

€/000 9,170

The figure is broken down as follows:

	<i>Reserve for measurement of financial instruments</i>	<i>Group translation reserve</i>	<i>Earnings reserve</i>	<i>Group total</i>	<i>Share capital and reserves attributable to non-controlling interests</i>	<i>Total other comprehensive income</i>
<i>In thousands of Euros</i>						
<b>as of 30 September 2021</b>						
<b>Items that will not be reclassified in the income statement</b>						
Remeasurements of defined benefit plans			(10)	(10)		(10)
Total	0	0	(10)	(10)	0	(10)
<b>Items that may be reclassified in the income statement</b>						
Total translation gains (losses)		4,424		4,424	(3)	4,421
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		787		787		787
Total profits (losses) on cash flow hedges	3,972			3,972		3,972
Total	3,972	5,211	0	9,183	(3)	9,180
<b>Other comprehensive income</b>	<b>3,972</b>	<b>5,211</b>	<b>(10)</b>	<b>9,173</b>	<b>(3)</b>	<b>9,170</b>

#### As of 30 September 2020

<b>Items that will not be reclassified in the income statement</b>						
Remeasurements of defined benefit plans			(285)	(285)		(285)
Total	0	0	(285)	(285)	0	(285)
<b>Items that may be reclassified in the income statement</b>						
Total translation gains (losses)		(6,933)		(6,933)	67	(6,866)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		(206)		(206)		(206)
Total profits (losses) on cash flow hedges	269			269		269
Total	269	(7,139)	0	(6,870)	67	(6,803)
<b>Other comprehensive income</b>	<b>269</b>	<b>(7,139)</b>	<b>(285)</b>	<b>(7,155)</b>	<b>67</b>	<b>(7,088)</b>

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

	<b>As of 30 September 2021</b>			<b>As of 30 September 2020</b>		
	<b>Gross value</b>	<b>Tax (expense) / benefit</b>	<b>Net value</b>	<b>Gross value</b>	<b>Tax (expense) / benefit</b>	<b>Net value</b>
<i>In thousands of Euros</i>						
Remeasurements of defined benefit plans	(13)	3	(10)	(375)	90	(285)
Total translation gains (losses)	4,421		4,421	(6,866)		(6,866)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	787		787	(206)		(206)
Total profits (losses) on cash flow hedges	5,226	(1,254)	3,972	354	(85)	269
<b>Other comprehensive income</b>	<b>10,421</b>	<b>(1,251)</b>	<b>9,170</b>	<b>(7,093)</b>	<b>5</b>	<b>(7,088)</b>

## H) OTHER INFORMATION

### **41. Share-based incentive plans**

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

### **42. Information on related parties**

Net sales, costs, payables and receivables as of 30 September 2021 involving parent, subsidiary and associate companies relate 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](http://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 September 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 Company<sup>6</sup> 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.

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<sup>6</sup> 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.

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.

### **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 for sale 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 Piaggio & C. S.p.A.:

- a vehicle and component research/design/development service.

Piaggio Fast Forward provides Piaggio & C. S.p.A.:

- a research/design/development service.

Aprilia Racing provides Piaggio & C. S.p.A:

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

Piaggio Espana provides Nacional Motor:

- 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 September 2021 and relations during the year, as well as their overall impact on financial statement items.

<b>As of 30 September 2021</b>	Fondazione Piaggio	IMMSI	IMMSI Audit	Omnia Holding	Pontedera & Tecnologia	Zongshen Piaggio Foshan	<b>Total</b>	<b>% of accounting item</b>
<i>In thousands of Euros</i>								
<u>Income statement</u>								
Net revenues	3					6	<b>9</b>	<b>0.00%</b>
Cost for materials						(24,800)	<b>(24,800)</b>	<b>2.97%</b>
Cost for services and leases and rentals	(4)	(513)	(600)	(25)			<b>(1,142)</b>	<b>0.58%</b>
Other operating income		38	25			306	<b>369</b>	<b>0.34%</b>
Other operating costs		(17)		(1)			<b>(18)</b>	<b>0.09%</b>
Income/(loss) from investments					18	612	<b>630</b>	<b>103.45%</b>
Borrowing costs		(63)		(17)			<b>(80)</b>	<b>0.41%</b>
<u>Statement of Financial Position</u>								
Other non-current receivables	67						<b>67</b>	<b>0.30%</b>
Current trade receivables		36	9			408	<b>453</b>	<b>0.40%</b>
Other current receivables		15,752	10			770	<b>16,532</b>	<b>33.33%</b>
Non-current financial liabilities for rights of use		1,949		594			<b>2,543</b>	<b>15.30%</b>
Current financial liabilities for rights of use		1,164		203			<b>1,367</b>	<b>19.34%</b>
Current trade payables	1	272		23		21,035	<b>21,331</b>	<b>3.40%</b>
Other current payables	4	4,374	60				<b>4,438</b>	<b>7.18%</b>

**43. 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 nine months of 2021 and in 2020.

**44. Transactions arising from atypical and/or unusual transactions**

During 2020 and the first nine 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.

**45. Events occurring after the end of the period**

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

In this regard, refer to the Report on Operations for significant events after 30 September 2021.

**46. Authorisation for publication**

This document was published on 11 November 2021 authorised by the Chairman and Chief Executive Officer.

\* \* \*

Mantova, 29 October 2021

for the Board of Directors  
Chairman and Chief Executive Officer  
Roberto Colaninno