



**PIAGGIO
GROUP**

**Interim Report on Operations
as of 30 September 2022**

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

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Management and Coordination

IMMSI S.p.A.

Share capital €207,613,944.37, fully paid up

Registered office: Viale R. Piaggio 25, Pontedera (Pisa)

Pisa Register of Companies and Tax Code 04773200011

Pisa Economic and Administrative Index no. 134077

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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

At the end of the first nine months of 2022, the public health situation had generally improved, with various governments gradually withdrawing the extraordinary measures adopted in the last few years to counteract the spread of the virus.

With regard to the areas of greatest importance for the Group's activities, India completely lifted lockdown in May 2022.

The only area which is still a cause for concern is China, where, in the face of an increase in cases, government authorities have issued lockdown measures in some regions.

The Group is closely monitoring developments in the situation and will take all possible precautions to guarantee employees' health at its sites and its commitments made with the sales network and with customers.

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

The Group will continue to work to seize the opportunities presented by potential growth in demand, offering products that guarantee safe travel with low or no environmental impact.

Russia-Ukraine Crisis

The Piaggio Group continues to pay close attention to developments in the Russia – Ukraine conflict, which has begun to trigger rises in the costs of raw materials and energy with significant repercussions for the world economy and the upturn in inflation, to contain which the Western central banks have decided to raise interest rates. The extreme geographical diversification of the Group's sales and procurements means that its exposure in the area of the conflict is substantially non-existent. As regards the indirect effects of the war, the Group has been affected by the price rises in energy, especially in its European factories, and in raw materials, which have been mitigated in part by agreements with its suppliers.

Main economic, financial and management data

| | First nine months of | | 2021 |
|--|----------------------|---------|----------------------|
| | 2022 | 2021 | Financial Statements |
| <i>In millions of Euros</i> | | | |
| Operating highlights | | | |
| Net revenues | 1,626.9 | 1,319.2 | 1,668.7 |
| Gross industrial margin | 428.9 | 365.6 | 462.5 |
| Operating income | 134.9 | 97.4 | 112.6 |
| Profit before tax | 114.3 | 83.2 | 93.7 |
| Net profit | 70.9 | 51.6 | 60.1 |
| .Non-controlling interests | | | |
| .Group | 70.9 | 51.6 | 60.1 |
| Financial highlights | | | |
| Net capital employed (NCE) | 784.5 | 765.8 | 784.4 |
| Consolidated net debt | (369.9) | (372.7) | (380.3) |
| Shareholders' equity | 414.6 | 393.1 | 404.1 |
| Balance sheet figures and financial ratios | | | |
| Gross margin as a percentage of net revenues (%) | 26.4% | 27.7% | 27.7% |
| Net profit as a percentage of net revenues (%) | 4.4% | 3.9% | 3.6% |
| ROS (Operating income/net revenues) | 8.3% | 7.4% | 6.7% |
| ROE (Net profit/shareholders' equity) | 17.1% | 13.1% | 14.9% |
| ROI (Operating income/NCE) | 17.2% | 12.7% | 14.4% |
| EBITDA | 236.7 | 192.9 | 240.6 |
| EBITDA/net revenues (%) | 14.5% | 14.6% | 14.4% |
| Other information | | | |
| Sales volumes (unit/000) | 490.4 | 430.6 | 536.0 |
| Investments in property, plant and equipment and intangible assets | 101.4 | 102.2 | 154.1 |
| Employees at the end of the period (number) | 6,608 | 6,045 | 5,702 |

Results by operating segments

| | | EMEA and AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL |
|--|---------------------------|-------------------|---------|-----------------|----------------|
| Sales volumes (units/000) | First nine months of 2022 | 230.5 | 114.0 | 145.8 | 490.4 |
| | First nine months of 2021 | 220.3 | 106.0 | 104.3 | 430.6 |
| | Change | 10.2 | 8.0 | 41.5 | 59.8 |
| | Change % | 4.6% | 7.5% | 39.8% | 13.9% |
| Turnover (million Euros) | First nine months of 2022 | 1,000.5 | 235.2 | 391.1 | 1,626.9 |
| | First nine months of 2021 | 899.1 | 167.9 | 252.2 | 1,319.2 |
| | Change | 101.4 | 67.3 | 138.9 | 307.7 |
| | Change % | 11.3% | 40.1% | 55.1% | 23.3% |
| Average number of staff (no.) | First nine months of 2022 | 3,877.2 | 1,507.1 | 1,111.3 | 6,495.7 |
| | First nine months of 2021 | 3,751.4 | 1,528.9 | 1,009.1 | 6,289.4 |
| | Change | 125.8 | (21.8) | 102.2 | 206.2 |
| | Change % | 3.4% | -1.4% | 10.1% | 3.3% |
| Investment in property Property, plant and equipment and intangible assets (million Euros) | First nine months of 2022 | 62.5 | 13.7 | 25.2 | 101.4 |
| | First nine months of 2021 | 81.6 | 9.5 | 11.2 | 102.2 |
| | Change | (19.1) | 4.2 | 14.0 | (0.8) |
| | Change % | -23.4% | 44.3% | 125.8% | -0.8% |

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 1,100cc. 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-wheelers (Ape) and four-wheelers (Porter NP6);
- 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 ^{(1), (2)}

Deputy Chairman

Matteo Colaninno

Directors

Michele Colaninno

Graziano Gianmichele Visentin ^{(3), (4), (5), (6), (7)}

Rita Ciccone ^{(4), (5), (6), (7)}

Patrizia Albano

Federica Savasi

Micaela Vescia ^{(4), (6)}

Andrea Formica ^{(5), (7)}

Board of Statutory Auditors

Chairman

Piera Vitali

Statutory Auditors

Giovanni Barbara

Massimo Giaconia

Alternate Auditors

Fabrizio Piercarlo Bonelli

Gianmarco Losi

Supervisory Body

Antonino Parisi

Giovanni Barbara

Fabio Grimaldi

Chief Financial Officer and Executive in Charge of financial reporting

Alessandra Simonotto

Independent Auditors

Deloitte & Touche S.p.A.

Board Committees

Appointment Proposal Committee

Remuneration Committee

Internal Control Risk and Sustainability Committee

Related-Party Transactions Committee

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

⁽²⁾ Executive Director

⁽³⁾ Lead Independent Director

⁽⁴⁾ Member of the Appointment Proposal Committee

⁽⁵⁾ Member of the Remuneration Committee

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

⁽⁷⁾ Member of the Related-Party Transactions Committee

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

Significant events in the first nine months of 2022

20 January 2022 - The Piaggio Group presented the results of a new study that explores and analyses the value of the Vespa brand, identifying it as a key asset in its portfolio. The study conducted by Interbrand, a global leader in brand consultancy, indicates Vespa as "a unique and globally recognised brand, thanks to its perfect combination of design, lifestyle and Italian tradition" and attests to the economic value of the Vespa brand of €906 million.

7 February 2022 - The placement with European and Asian banks of a loan on the Schuldschein market for a total of €115 million was completed. The transaction launched in October 2021 for an initial amount of €50 million was increased in relation to the amount of orders collected. This was an important transaction for Piaggio on the Schuldschein market, both for the uptake and the qualifying structure of the 3, 5 and 7 year maturities. The financing will be used to refinance maturing debt by contributing to the diversification of lenders as well as strengthening the solid liquidity profile thanks to a longer average duration of debt.

10 March 2022 - The Piaggio Group and Santander Consumer Finance (Santander) signed a long-term global collaboration agreement, for the development of financial retail services to support the Piaggio Group's sales structure and distribution network on local markets.

18 March 2022 - On the occasion of the first MotoGP race in Indonesia, the Piaggio Group announced the development of a new plant in Jakarta, which will be built on an area of 55,000 square metres, and is expected to be inaugurated by the end of the year. At the same time, the Group presented the new Aprilia SR GT scooter to Asian markets at the Lombok circuit.

25 March 2022 - During celebrations to mark the 30th anniversary party of the National Territorial Emergency Services, the Piaggio MP3 Life Support three-wheeler scooter was presented to the Italian Red Cross (CRI). The Piaggio MP3 Life Support is already used by the national territorial emergency services in several countries, including the United Kingdom, France, Australia, and Israel which, with more than 650 vehicles available, has made this vehicle the leading light of its Emergency Response fleet.

3 April 2022 - Aprilia triumphed in the Argentine Grand Prix, with Aleix Espargarò taking the first victory in the MotoGP class. For the Noale manufacturer, one of the most successful brands in the history of motorcycling, this was the 295th victory in the World Championship, the first in the new four-stroke era of top two-wheeler competition after the countless successes in the 125 and 250cc classes.

20 April 2022 - Pre-booking of the exclusive Vespa Sprint designed by international pop star Justin Bieber was launched. The JUSTIN BIEBER X VESPA is available in 50, 125 and 150cc engine versions.

15 June 2022 - Michele Colaninno, Chief Executive of global strategy, product, marketing and innovation of the Piaggio Group, was appointed President of ACEM (Association des Constructeurs Européens de Motocycles), the European motorcycle industry based in Brussels, whose members today include all the world's leading motorcycle and scooter groups.

20 June 2022 - Piaggio signed an agreement with a syndicate of banks to extend and increase the revolving loan facility of €187.5 million, formalised in 2018. The amount was raised to €200 million and subscribed by Bank of America Merrill Lynch, Banca Nazionale del Lavoro, HSBC, Intesa Sanpaolo, ING Bank and Unicredit. The operation is mainly aimed at extending the revolving loan facility expiring in July 2022 by two and a half years, and will make it possible to improve the qualitative profile of the Piaggio Group's financial debt, increasing its financial flexibility and residual average life.

28 June 2022 - The new Piaggio MP3 models were presented to the international press in Paris. The vehicle, an icon of metropolitan mobility, has a new, lighter and higher performance range, and has been totally redesigned in every technical aspect. The scooters, equipped with the new radar systems developed by Piaggio Fast Forward to offer a safer riding experience, are fitted with the modern 400 and 530 hpe engines.

2 September 2022 - The new RSV4 XTrenta has been unveiled, the most extreme, high-performance and exclusive Aprilia RSV4 ever, born from Aprilia Racing engineering and MotoGP technology. The RSV4 XTrenta features refined aerodynamics and is the first motorbike in the world to be equipped with rear and under wings. It provides unprecedented performance for maximum fun on the track: 230 hp at only 166 kg, racing electronics and suspension, dedicated SC Project exhaust and a real racing bike set-up. Created to celebrate 30 years since Aprilia's first world championship, it is produced in a limited and numbered series of 100.

From 8 to 11 September 2022 - The Moto Guzzi World Days took place, bringing over 60,000 enthusiasts to Mandello del Lario. 'Guzzisti' came from all over the world for four days of parties, events, music and love for the Italian motorbike.

21 September 2022 - The world preview was held of the Moto Guzzi V100 Mandello Aviazione Navale, in the spectacular setting of the flight deck of the Cavour aircraft carrier. The model is a special limited-number edition of the latest motorcycle from Moto Guzzi, celebrating the manufacturer's special ties with the Italian Navy.

Financial position and performance of the Group

Consolidated income statement

| | First nine months of 2022 | | First nine months of 2021 | | Change | |
|---|---------------------------|--------------------|---------------------------|--------------------|----------------------|--------------|
| | In millions of Euros | Accounting for a % | In millions of Euros | Accounting for a % | In millions of Euros | % |
| Consolidated income statement (reclassified) | | | | | | |
| Net revenues | 1,626.9 | 100.0% | 1,319.2 | 100.0% | 307.7 | 23.3% |
| Cost to sell | 1,197.9 | 73.6% | 953.7 | 72.3% | 244.3 | 25.6% |
| Gross industrial margin | 428.9 | 26.4% | 365.6 | 27.7% | 63.4 | 17.3% |
| Operating expenses | 294.1 | 18.1% | 268.1 | 20.3% | 26.0 | 9.7% |
| Operating income | 134.9 | 8.3% | 97.4 | 7.4% | 37.4 | 38.4% |
| Result of financial items | (20.6) | -1.3% | (14.3) | -1.1% | (6.3) | 44.0% |
| Profit before tax | 114.3 | 7.0% | 83.2 | 6.3% | 31.1 | 37.4% |
| Taxes | 43.4 | 2.7% | 31.6 | 2.4% | 11.8 | 37.4% |
| Net profit | 70.9 | 4.4% | 51.6 | 3.9% | 19.3 | 37.4% |
| Operating income | 134.9 | 8.3% | 97.4 | 7.4% | 37.4 | 38.4% |
| Amortisation/depreciation and impairment costs | 101.8 | 6.3% | 95.4 | 7.2% | 6.4 | 6.7% |
| EBITDA | 236.7 | 14.5% | 192.9 | 14.6% | 43.8 | 22.7% |

Net revenues

| | First nine months of 2022 | First nine months of 2021 | Change |
|-----------------------------|---------------------------|---------------------------|--------------|
| <i>In millions of Euros</i> | | | |
| EMEA and Americas | 1,000.5 | 899.1 | 101.4 |
| India | 235.2 | 167.9 | 67.3 |
| Asia Pacific 2W | 391.1 | 252.2 | 138.9 |
| TOTAL NET REVENUES | 1,626.9 | 1,319.2 | 307.7 |
| Two-wheelers | 1,338.9 | 1,110.2 | 228.7 |
| Commercial Vehicles | 288.0 | 209.1 | 78.9 |
| TOTAL NET REVENUES | 1,626.9 | 1,319.2 | 307.7 |

In terms of consolidated turnover, the Group closed the first nine months of 2022 with higher net revenues compared to the same period of 2021 (+23.3%).

The growth occurred in all markets, EMEA and Americas (11.3%) - Asia Pacific (55.1%; +41.2% at constant exchange rates) - India (+40.1%; +30.1% at constant exchange rates).

As regards the product type, the growth concerned both two-wheeler vehicles (+20.6%) and commercial vehicles (+37.8%). As a result, the percentage of Commercial Vehicles accounting for overall turnover went up from 15.8% in the first nine months of 2021 to the current figure of

17.7%; vice versa, the percentage of two-wheeler vehicles fell from 84.2% in the first nine months of 2021 to the current figure of 82.3%.

The Group's **gross industrial margin** increased considerably compared to the corresponding period of the previous year (+17.3% in absolute terms), equal to 26.4% of net turnover (27.7% as of 30 September 2021). Amortisation/depreciation included in the gross industrial margin was equal to €29.5 million (€26.4 million in the first nine months of 2021).

Operating expenses incurred in the period went up compared to the same period of the previous financial year (+€26.0 million), amounting to €294.1 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** (€236.7 million, €192.9 million in the first nine months of 2021). In relation to turnover, EBITDA was equal to 14.5% (14.6% in the first nine months of 2021).

Operating income (**EBIT**) amounted to €134.9 million, again a strong increase on the first nine months of 2021; in relation to turnover, EBIT was equal to 8.3% (7.4% in the first nine months of 2021).

Financing activities showed a net expense of €20.6 million (€14.3 million as of 30 September 2021). The deterioration compared to the first nine months of the previous year was essentially due to foreign-exchange losses and the expense from equity investments, partially mitigated by the greater capitalisation of interest linked to long-term investments.

Income taxes for the period are estimated to be €43.4 million, equivalent to 38% of profit before tax.

Net profit stood at €70.9 million (4.4% of turnover), up on the same period of the previous financial year, when it amounted to €51.6 million (3.9% of turnover).

Operating data

Vehicles sold

| | First nine months of 2022 | First nine months of 2021 | Change |
|------------------------------|------------------------------|------------------------------|-------------|
| <i>In thousands of units</i> | | | |
| EMEA and Americas | 230.5 | 220.3 | 10.2 |
| India | 114.0 | 106.0 | 8.0 |
| Asia Pacific 2W | 145.8 | 104.3 | 41.5 |
| TOTAL VEHICLES | 490.4 | 430.6 | 59.8 |
| Two-wheelers | 410.0 | 366.0 | 44.0 |
| Commercial Vehicles | 80.3 | 64.6 | 15.8 |
| TOTAL VEHICLES | 490.4 | 430.6 | 59.8 |

In the first nine months of 2022, the Piaggio Group sold 490,400 vehicles worldwide, a rise of 13.9% compared to the first nine months of the previous year, when 430,600 vehicles were sold. Sales increased in all geographic segments.

Regarding product type, sales of Two-Wheeler vehicles grew (+12.0%), as well as sales of Commercial Vehicles (+24.4%).

Staff

In the first nine months of 2022, the average headcount was up overall (+206.2 units). Only India recorded a reverse trend.

Average number of company employees by geographic segment

| <i>Employee/staff numbers</i> | First nine months of 2022 | First nine months of 2021 | Change |
|-------------------------------|------------------------------|------------------------------|--------------|
| EMEA and Americas | 3,877.2 | 3,751.4 | 125.8 |
| <i>of which Italy</i> | 3,602.0 | 3,479.7 | 122.4 |
| India | 1,507.1 | 1,528.9 | (21.8) |
| Asia Pacific 2W | 1,111.3 | 1,009.1 | 102.2 |
| Total | 6,495.7 | 6,289.4 | 206.2 |

As of 30 September 2022, Group employees totalled 6,608, up overall by 906 compared to 31 December 2021.

Breakdown of company employees by geographic segment

| <i>Employee/staff numbers</i> | As of 30 September 2022 | As of 31 December 2021 | As of 30 September 2021 |
|-------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| EMEA and Americas | 3,820 | 3,295 | 3,622 |
| <i>of which Italy</i> | <i>3,543</i> | <i>3,026</i> | <i>3,350</i> |
| India | 1,597 | 1,328 | 1,386 |
| Asia Pacific 2W | 1,191 | 1,079 | 1,037 |
| Total | 6,608 | 5,702 | 6,045 |

Consolidated statement of financial position ¹

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|--|----------------------------|---------------------------|------------|
| <i>In millions of Euros</i> | | | |
| Statement of financial position | | | |
| Net working capital | (227.4) | (196.0) | (31.4) |
| Property, plant and equipment | 293.1 | 283.0 | 10.1 |
| Intangible assets | 724.7 | 720.2 | 4.5 |
| Rights of use | 37.4 | 30.7 | 6.7 |
| Financial assets | 11.3 | 11.2 | 0.1 |
| Provisions | (54.7) | (64.8) | 10.1 |
| Net capital employed | 784.5 | 784.4 | 0.1 |
| Net financial debt | 369.9 | 380.3 | (10.4) |
| Shareholders' equity | 414.6 | 404.1 | 10.6 |
| Sources of financing | 784.5 | 784.4 | 0.1 |
| Non-controlling interests | (0.2) | (0.1) | (0.0) |

Net working capital as of 30 September 2022, which was negative by €227.4 million, generated cash for approximately €31.4 million in the first nine months of 2022.

Property, plant and equipment amounted to €293.1 million as of 30 September 2022, registering an increase of approximately €10.1 million compared to 31 December 2021. This increase is mainly due to the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €7.6 million), investments for the period, which exceeded depreciation by approximately €4.6 million, as well as disposals of €2.1 million.

Intangible assets totalled €724.7 million, up by approximately €4.5 million compared to 31 December 2021. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €2.8 million and the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €2.2 million), as well as writedowns/disposals of €0.5 million.

Rights of use, equal to €37.4 million, increased by approximately €6.7 million compared to figures as of 31 December 2021.

Financial assets which totalled €11.3 million, increased slightly compared to figures for the previous year (€11.2 million).

Provisions totalled €54.7 million, down compared to 31 December 2021 (€64.8 million).

¹ 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 2022 was equal to €369.9 million, compared to €380.3 million as of 31 December 2021, down by approximately €10.4 million.

Net financial debt decreased by approximately €2.9 million compared to 30 September 2021.

Group **shareholders' equity** as of 30 September 2022 amounted to €414.6 million. The growth of approximately €10.6 million compared to 31 December 2021 was mitigated by €53.4 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 2022”; the following is a comment relating to the summary statement shown.

| | First nine months of 2022 | First nine months of 2021 | Change |
|---|------------------------------|------------------------------|---------------|
| <i>In millions of Euros</i> | | | |
| Change in Consolidated Net Debt | | | |
| Opening Consolidated Net Debt | (380.3) | (423.6) | 43.3 |
| Cash Flow from Operating Activities | 155.9 | 140.0 | 15.9 |
| (Increase)/Reduction in Net Working Capital | 31.4 | 44.5 | (13.1) |
| Net Investments | (101.4) | (102.2) | 0.8 |
| Other changes | (15.0) | (0.8) | (14.3) |
| Change in Shareholders' Equity | (60.3) | (30.5) | (29.8) |
| Total Change | 10.4 | 50.9 | (40.4) |
| Closing Consolidated Net Debt | (369.9) | (372.7) | 2.9 |

During the first nine months of 2022, the Piaggio Group generated **financial resources** amounting to €10.4 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €155.9 million.

Net working capital generated cash of approximately €31.4 million; in detail:

- the collection of trade receivables² used financial flows for a total of €32.6 million;
- stock management absorbed financial flows for a total of approximately €96.6 million;
- supplier payment trends generated financial flows of approximately €123.6 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €37.0 million.

Investing activities used financial resources for a total of €101.4 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 €10.4 million, the **net debt** of the Piaggio Group amounted to €369.9 million.

² 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

| Two-wheelers | First nine months of 2022 | | First nine months of 2021 | | Change % | | Change | |
|--|----------------------------------|-----------------------------|----------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|
| | Volumes Sell-in (units/000) | Turnover (million Euros) | Volumes Sell-in (units/000) | Turnover (million Euros) | Volumes | Turnover | Volumes | Turnover |
| EMEA and Americas | 220.2 | 897.3 | 206.7 | 807.9 | 6.5% | 11.1% | 13.5 | 89.3 |
| of which EMEA <i>(of which Italy)</i> | 200.4 44.2 | 791.3 183.9 | 190.7 44.9 | 734.5 185.6 | 5.1% -1.6% | 7.7% -0.9% | 9.7 (0.7) | 56.8 (1.7) |
| of which America | 19.8 | 106.0 | 16.0 | 73.4 | 23.7% | 44.4% | 3.8 | 32.6 |
| India | 44.0 | 50.5 | 55.1 | 50.0 | -20.1% | 1.0% | (11.1) | 0.5 |
| Asia Pacific 2W | 145.8 | 391.1 | 104.3 | 252.2 | 39.8% | 55.1% | 41.5 | 138.9 |
| TOTAL | 410.0 | 1,338.9 | 366.0 | 1,110.2 | 12.0% | 20.6% | 44.0 | 228.7 |
| Scooters | 366.3 | 902.1 | 331.5 | 767.4 | 10.5% | 17.5% | 34.8 | 134.7 |
| Motorcycles | 43.7 | 318.7 | 34.5 | 235.7 | 26.7% | 35.2% | 9.2 | 83.0 |
| Spare Parts and Accessories | | 117.2 | | 105.8 | | 10.8% | | 11.4 |
| Other | | 0.8 | | 1.2 | | -31.2% | | (0.4) |
| TOTAL | 410.0 | 1,338.9 | 366.0 | 1,110.2 | 12.0% | 20.6% | 44.0 | 228.7 |

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

World markets have generally remained below pre-Covid levels, although some showed growth.

India, the most important two-wheeler market, reported an increase in the first nine months of 2022, closing with sales of nearly 11.75 million vehicles, up by 8.1% compared to the first nine months of 2021.

The People's Republic of China recorded a decrease in the first 9 months of 2022 (-15.1%), closing at almost 4 million vehicles sold.

According to the data available so far for Asia, Indonesia - the main market in this area - shrunk by 3% in the first nine months of 2022, to around 3.65 million vehicles.

On the other hand, registrations in Vietnam increased (over 2.17 million units sold; +25.0% compared to the first nine months of 2021). The other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) overall recorded a decrease of approximately 15% compared to the corresponding period of 2021, closing with sales of around 949 thousand units. In the first 9 months of the year, the Japanese market grew slightly (-4.4%), selling around 303 thousand units.

The North American market recorded a decrease compared to the first nine months of 2021 (-4.5%), selling 493,118 vehicles.

Europe, which is the reference area for the Piaggio Group's operations, reported a decrease in sales on the two-wheeler market (-0.2%) compared to the first nine months of 2021 (-2.4% for the motorcycle segment and +2.1% for the scooter segment). Over 50 cc scooters were up 4.3%, while 50 cc scooters were down 2.0%.

In the motorbike market, the 50cc segment rose by 11.2%, 51-125cc motorbikes rose by 0.2%, and medium-sized motorbikes (126-750cc) rose by 0.4%. Lastly, the over 750cc segment decreased by 7.4%.

Main results

In the first nine months of 2022, the Piaggio Group sold a total of 410,000 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,338.9 million, including spare parts and accessories (€117.2 million, +10.8%).

As shown in the table, all markets showed positive trends except Italy (-1.6% volumes; -0.9% turnover) and India in terms of volumes (-20.1%). Sales in the Indian market were up 1.0% (-5.6% at constant exchange rates).

Market positioning³

On the European market, the Piaggio Group held a 13.6% share in the first nine months of 2022, compared to 13.2% in the corresponding period of 2021, confirming its leadership position in the scooter segment (23.5% compared to 23.1% in the first nine months of 2021).

In Italy, the Piaggio Group had a 17.3% share (17.9% in the first nine months of 2021), which was higher for the scooter segment, at 27.1% (27.4% in the first nine months of 2021).

The Group's position on the North American scooter market is growing slightly, where it ended the period with a share of 34.9% (34.5% in the first nine months 2021).

³ Market shares for the first nine months of 2021 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

| Commercial Vehicles | First nine months of 2022 | | First nine months of 2021 | | Change % | | Change | |
|-----------------------------|----------------------------------|-----------------|----------------------------------|-----------------|-----------------|--------------|---------------|-------------|
| | Volumes Sell-in | Turnover | Volumes Sell-in | Turnover | Volumes | Turnover | Volumes | Turnover |
| | (units/000) | (million Euros) | (units/000) | (million Euros) | | | | |
| EMEA and Americas | 10.3 | 103.3 | 13.6 | 91.2 | -24.1% | 13.3% | (3.3) | 12.1 |
| <i>of which EMEA</i> | 6.7 | 95.8 | 10.2 | 85.5 | -34.8% | 12.0% | (3.6) | 10.3 |
| <i>(of which Italy)</i> | 3.8 | 61.8 | 3.3 | 48.1 | 15.0% | 28.6% | 0.5 | 13.7 |
| <i>of which America</i> | 3.7 | 7.5 | 3.4 | 5.6 | 8.1% | 32.3% | 0.3 | 1.8 |
| India | 70.0 | 184.7 | 51.0 | 117.9 | 37.4% | 56.7% | 19.0 | 66.8 |
| TOTAL | 80.3 | 288.0 | 64.6 | 209.1 | 24.4% | 37.8% | 15.8 | 78.9 |
| Ape | 75.5 | 165.6 | 60.4 | 114.9 | 24.8% | 44.1% | 15.0 | 50.7 |
| Porter | 4.9 | 77.8 | 4.1 | 59.9 | 18.1% | 29.9% | 0.7 | 17.9 |
| Spare Parts and Accessories | | 44.5 | | 34.2 | | 30.1% | | 10.3 |
| TOTAL | 80.3 | 288.0 | 64.6 | 209.1 | 24.4% | 37.8% | 15.8 | 78.9 |

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 2022, 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 1,158,085 units, a decrease of 21.0% compared to the corresponding period of 2021 (data source ACEA). In detail, the trends of main European reference markets are as follows: France (-22.4%), Great Britain (-20.1%), Germany (-18.9%), Italy (-12.4%) and Spain (-27.7%).

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 180,859 units in the first nine months of 2021 to 270,224 in the same period of 2022, registering a 49.4% increase.

On this market, the growth was due particularly to the passenger vehicles segment, which recorded a marked increase in units (+70.3%) from 119,692 in the first nine months of 2021 to 203,889 units in the first nine months of 2022. The cargo segment however reported an increase (+8.4%) from 61,167 units in the first nine months of 2021 to 66,335 units in the same period of 2022.

Main results

During the first nine months of 2022, the Commercial Vehicles business generated a turnover of approximately €288.0 million, up by 37.8% compared to the same period of the previous year.

In terms of turnover, all markets showed positive trends. With regard to volumes, on the other hand, the positive performance of the Italian (+15.0%), American (+8.1%) and Indian (+37.4%) markets was partially offset by the decline in EMEA (-34.8%).

With regard to the Indian region, turnover was up by 56.7% (+45.3% at constant exchange rates).

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 52,318 three-wheelers on the Indian market (37,992 in the first nine months of 2021).

The same affiliate also exported 17,687 three-wheeler vehicles (12,964 in the same period of 2021).

Market positioning⁴

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 19.4% (21.0% in the first nine months of 2021). Detailed analysis of the market shows that Piaggio lost its leadership position in the goods transport segment (cargo segment) with a share of 33.0% (35.7% in the first nine months of 2021). In the Passenger segment, however, it increased its share to 14.9% (13.5% in the first nine months of 2021).

⁴ Market shares for the first nine months of 2021 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

5 October 2022 – The new version of the Vespa GTS is unveiled. The queen of the Vespa family becomes even more elegant and is packed with electronics and technology that enhance its comfort and safety. New brakes and suspension, new instrumentation, keyless systems and a new design that enhances its unique and timeless style. Four versions: GTS, GTS Super, GTS Supersport and GTS Supertech, powered by two state-of-the-art liquid-cooled, electronically injected engines: the 125 i-get and the 300 hpe with over 23 hp, the most powerful in Vespa's history, strictly made in Italy.

Operating outlook

The first nine months of 2022 was characterised by complex macroeconomic conditions, stemming essentially from developments in the Covid 19 pandemic and the Russia-Ukraine war. The conflict has created international geopolitical tensions, driving an increase in transportation costs, raw material prices and an exponential rise in energy costs.

Nevertheless, thanks to its unique brand portfolio, in the fourth quarter of 2022 Piaggio will proceed along its growth path with a constant focus on efficient and flexible management of its business and financial structure, confirming its planned investments in new products and new facilities and strengthening its commitment to ESG issues.

Transactions with related parties

Net sales, costs, payables and receivables as of 30 September 2022 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

It should be noted that the Chairman and Chief Executive Officer Roberto Colaninno holds 250,000 shares of the Parent Company Piaggio & C. S.p.A.

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 2022

Consolidated Income Statement

| | Notes | First nine months of 2022 | | First nine months of 2021 | |
|--|-------|---------------------------|--------------------------|---------------------------|--------------------------|
| | | Total | of which related parties | Total | of which related parties |
| <i>In thousands of Euros</i> | | | | | |
| Net revenues | 4 | 1,626,876 | | 1,319,224 | 9 |
| Cost for materials | 5 | 1,056,872 | 34,707 | 834,308 | 24,800 |
| Cost for services and leases and rentals | 6 | 227,319 | 1,008 | 196,676 | 1,142 |
| Employee costs | 7 | 196,911 | | 181,981 | |
| Depreciation and impairment costs of property, plant and equipment | 8 | 37,975 | | 33,502 | |
| Amortisation and impairment costs of intangible assets | 8 | 56,482 | | 55,971 | |
| Depreciation of rights of use | 8 | 7,362 | | 5,969 | |
| Other operating income | 9 | 110,625 | 401 | 107,770 | 369 |
| Net reversals (impairment) of trade and other receivables | 10 | (1,705) | | (1,467) | |
| Other operating costs | 11 | 18,003 | 6 | 19,676 | 18 |
| Operating income | | 134,872 | | 97,444 | |
| Income/(loss) from investments | 12 | (162) | (162) | 609 | 630 |
| Financial income | 13 | 930 | | 664 | |
| Borrowing costs | 13 | 18,910 | 60 | 19,283 | 80 |
| Net exchange gains/(losses) | 13 | (2,417) | | 3,737 | |
| Profit before tax | | 114,313 | | 83,171 | |
| Taxes for the period | 14 | 43,439 | | 31,605 | |
| Profit from continuing operations | | 70,874 | | 51,566 | |
| Assets held for sale: | | | | | |
| Profits or losses arising from assets held for sale | 15 | | | | |
| Net Profit (loss) for the period | | 70,874 | | 51,566 | |
| Attributable to: | | | | | |
| Owners of the Parent | | 70,874 | | 51,566 | |
| Non-controlling interests | | 0 | | 0 | |
| Earnings per share (figures in €) | 16 | 0.199 | | 0.144 | |
| Diluted earnings per share (figures in €) | 16 | 0.199 | | 0.144 | |

Consolidated Statement of Comprehensive Income

| <i>In thousands of Euros</i> | Notes | First nine months of 2022 | First nine months of 2021 |
|--|-------|---------------------------------|---------------------------------|
| Net Profit (loss) for the period (A) | | 70,874 | 51,566 |
| Items that will not be reclassified in the income statement | | | |
| Remeasurements of defined benefit plans | 40 | 4,321 | (10) |
| Total | | 4,321 | (10) |
| Items that may be reclassified in the income statement | | | |
| Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency | 40 | (1,339) | 4,421 |
| Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method | 40 | 455 | 787 |
| Total profits (losses) on cash flow hedges | 40 | (4,966) | 3,972 |
| Total | | (5,850) | 9,180 |
| Other comprehensive income (B)* | | (1,529) | 9,170 |
| Total Profit (loss) for the period (A + B) | | 69,345 | 60,736 |
| * Other Profits (and losses) take account of relative tax effects. | | | |
| Attributable to: | | | |
| Owners of the Parent | | 69,374 | 60,739 |
| Non-controlling interests | | (29) | (3) |

Consolidated Statement of Financial Position

| | Notes | As of 30 September 2022 | | As of 31 December 2021 | |
|---------------------------------|-------|-----------------------------------|---|----------------------------------|---|
| | | Total | <i>of which related parties</i> | Total | <i>of which related parties</i> |
| <i>In thousands of Euros</i> | | | | | |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 17 | 724,712 | | 720,209 | |
| Property, plant and equipment | 18 | 293,139 | | 283,041 | |
| Rights of use | 19 | 37,383 | | 30,727 | |
| Investment Property | 20 | | | | |
| Investments | 35 | 11,340 | | 11,047 | |
| Other financial assets | 36 | 16 | | 16 | |
| Tax receivables | 25 | 11,044 | | 8,904 | |
| Deferred tax assets | 21 | 49,865 | | 72,479 | |
| Trade receivables | 23 | | | | |
| Other receivables | 24 | 21,988 | | 23,628 | 67 |
| Total non-current assets | | 1,149,487 | | 1,150,051 | |
| Assets held for sale | 27 | | | | |
| Current assets | | | | | |
| Trade receivables | 23 | 107,585 | 477 | 71,225 | 610 |
| Other receivables | 24 | 55,323 | 19,966 | 57,273 | 20,018 |
| Tax receivables | 25 | 44,386 | | 17,542 | |
| Inventories | 22 | 375,141 | | 278,538 | |
| Other financial assets | 36 | | | 176 | |
| Cash and cash equivalents | 37 | 292,083 | | 260,868 | |
| Total current assets | | 874,518 | | 685,622 | |
| Total assets | | 2,024,005 | | 1,835,673 | |

| | Notes | As of 30 September 2022 | | As of 31 December 2021 | |
|--|-------|-------------------------|--------------------------|------------------------|--------------------------|
| | | Total | of which related parties | Total | of which related parties |
| <i>In thousands of Euros</i> | | | | | |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | | | |
| Shareholders' equity | | | | | |
| Share capital and reserves attributable to the owners of the Parent | 39 | 414,823 | | 404,235 | |
| Share capital and reserves attributable to non-controlling interests | 39 | (178) | | (149) | |
| Total shareholders' equity | | 414,645 | | 404,086 | |
| Non-current liabilities | | | | | |
| Financial liabilities | 38 | 522,202 | | 532,213 | |
| Financial liabilities for rights of use | 38 | 20,364 | 1,262 | 14,536 | 2,220 |
| Trade payables | 28 | | | | |
| Other long-term provisions | 29 | 13,736 | | 17,364 | |
| Deferred tax liabilities | 30 | 5,504 | | 7,495 | |
| Retirement funds and employee benefits | 31 | 25,490 | | 33,070 | |
| Tax payables | 32 | | | 1,387 | |
| Other payables | 33 | 13,428 | | 12,760 | |
| Total non-current liabilities | | 600,724 | | 618,825 | |
| Current liabilities | | | | | |
| Financial liabilities | 38 | 111,025 | | 86,840 | |
| Financial liabilities for rights of use | 38 | 8,374 | 1,363 | 7,601 | 1,319 |
| Trade payables | 28 | 750,911 | 19,606 | 623,564 | 16,829 |
| Tax payables | 32 | 38,304 | | 16,976 | |
| Other payables | 33 | 84,562 | 14,969 | 63,425 | 15,037 |
| Current portion of other long-term provisions | 29 | 15,460 | | 14,356 | |
| Total current liabilities | | 1,008,636 | | 812,762 | |
| Total Shareholders' Equity and Liabilities | | 2,024,005 | | 1,835,673 | |

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 2022 | | First nine months of 2021 | |
|--|-------|---------------------------|--------------------------|---------------------------|--------------------------|
| | | 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 | | 70,874 | | 51,566 | |
| Taxes for the period | 14 | 43,439 | | 31,605 | |
| Depreciation of property, plant and equipment | 8 | 37,975 | | 33,502 | |
| Amortisation of intangible assets | 8 | 56,057 | | 55,971 | |
| Depreciation of rights of use | 8 | 7,362 | | 5,969 | |
| Provisions for risks and retirement funds and employee benefits | | 15,653 | | 18,065 | |
| Write-downs/(Reinstatements) | | 2,124 | | 1,469 | |
| Losses/(Gains) on the disposal of property, plant and equipment | | (164) | | (116) | |
| Financial income | 13 | (930) | | (664) | |
| Dividend income | | 0 | | 0 | |
| Borrowing costs | 13 | 18,910 | | 19,283 | |
| Income from public grants | | (5,400) | | (2,333) | |
| Portion of earnings of associates | 12 | 162 | | (630) | |
| <i>Change in working capital:</i> | | | | | |
| (Increase)/Decrease in trade receivables | 23 | (36,715) | 133 | (45,156) | (30) |
| (Increase)/Decrease in other receivables | 24 | 2,246 | 119 | (1,562) | (244) |
| (Increase)/Decrease in inventories | 22 | (96,603) | | (78,063) | |
| Increase/(Decrease) in trade payables | 28 | 127,347 | 2,777 | 137,933 | 15,561 |
| Increase/(Decrease) in other payables | 33 | 21,805 | (68) | 16,233 | 380 |
| Increase/(Decrease) in provisions for risks | 29 | (12,404) | | (11,821) | |
| Increase/(Decrease) in retirement funds and employee benefits | 31 | (8,639) | | (8,432) | |
| Other changes | | (28,447) | | (1,248) | |
| Cash generated from operating activities | | 214,652 | | 221,571 | |
| Interest paid | | (13,749) | | (15,185) | |
| Taxes paid | | (17,986) | | (16,251) | |
| Cash flow from operating activities (A) | | 182,917 | | 190,135 | |
| <i>Investment activities</i> | | | | | |
| Investment in property, plant and equipment | 18 | (42,606) | | (33,235) | |
| Sale price, or repayment value, of property, plant and equipment | | 2,301 | | 5,686 | |
| Investment in intangible assets | 17 | (58,832) | | (69,009) | |
| Sale price, or repayment value, of intangible assets | | 24 | | 62 | |
| Public grants collected | | 958 | | 1,062 | |
| Increases in rights of use | | (12,732) | | (4,731) | |
| Collected interests | | 688 | | 470 | |
| Cash flow from investment activities (B) | | (110,199) | | (99,695) | |
| <i>Financing activities</i> | | | | | |
| Purchase of treasury shares | 39 | (5,383) | | (53) | |
| Outflow for dividends paid | 39 | (53,403) | | (39,639) | |
| Loans received | 38 | 86,273 | | 90,589 | |
| Outflow for repayment of loans | 38 | (74,115) | | (170,377) | |
| Lease payments for rights of use | 38 | (7,100) | | (7,300) | |
| Cash flow from financing activities (C) | | (53,728) | | (126,780) | |
| Increase/(Decrease) in cash and cash equivalents (A+B+C) | | 18,990 | | (36,340) | |
| Opening balance | | 260,856 | | 228,906 | |
| Exchange differences | | 11,325 | | 6,552 | |
| Closing balance | | 291,171 | | 199,118 | |

The data for the first nine months of 2021 have been restated with respect to what was published last year in order to facilitate comparability with the data for the first nine months of 2022.

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2022 / 30 September 2022

| <i>In thousands of Euros</i> | Notes | As of 1 January 2022 | Earnings for the period | Other comprehensive income | Total profit (loss) for the period | Transactions with shareholders | | | | As of 30 September 2022 |
|---|-------|----------------------|-------------------------|----------------------------|------------------------------------|--------------------------------|---------------------------|-----------------------------|------------------|-------------------------|
| | | | | | | Allocation of profits | Distribution of dividends | Purchase of treasury shares | Interim dividend | |
| | | | | | 40 | 39 | 39 | 39 | 39 | |
| Share capital | | 207,614 | | | | | | | | 207,614 |
| Share premium reserve | | 7,171 | | | | | | | | 7,171 |
| Legal reserve | | 26,052 | | | | 2,902 | | | | 28,954 |
| Reserve for measurement of financial instruments | | 6,083 | | (4,966) | (4,966) | | | | | 1,117 |
| IAS transition reserve | | (15,525) | | | | | | | | (15,525) |
| Group translation reserve | | (31,026) | | (855) | (855) | | | | | (31,881) |
| Treasury shares | | (2,019) | | | | | | (5,383) | | (7,402) |
| Earnings reserve | | 176,185 | | 4,321 | 4,321 | 8,589 | (4,994) | | | 184,101 |
| Earnings for the period | | 29,700 | 70,874 | | 70,874 | (11,491) | (18,209) | | (30,200) | 40,674 |
| Consolidated Group shareholders' equity | | 404,235 | 70,874 | (1,500) | 69,374 | 0 | (23,203) | (5,383) | (30,200) | 414,823 |
| Share capital and reserves attributable to non-controlling interests | | (149) | | (29) | (29) | | | | | (178) |
| TOTAL SHAREHOLDERS' EQUITY | | 404,086 | 70,874 | (1,529) | 69,345 | 0 | (23,203) | (5,383) | (30,200) | 414,645 |

Movements from 1 January 2021 / 30 September 2021

| <i>In thousands of Euros</i> | Notes | As of 1 January 2021 | Earnings for the period | Other comprehensive income | Total profit (loss) for the period | Transactions with shareholders | | | | As of 30 September 2021 |
|---|-------|----------------------|-------------------------|----------------------------|------------------------------------|--------------------------------|---------------------------|-----------------------------|------------------|-------------------------|
| | | | | | | Allocation of profits | Distribution of dividends | Purchase of treasury shares | Interim dividend | |
| | | | | | 40 | 39 | 39 | 39 | 39 | |
| Share capital | | 207,614 | | | | | | | | 207,614 |
| Share premium reserve | | 7,171 | | | | | | | | 7,171 |
| Legal reserve | | 24,215 | | | | 1,837 | | | | 26,052 |
| Reserve for measurement of financial instruments | | 281 | | 3,972 | 3,972 | | | | | 4,253 |
| IAS transition reserve | | (15,525) | | | | | | | | (15,525) |
| Group translation reserve | | (38,459) | | 5,211 | 5,211 | | | | | (33,248) |
| Treasury shares | | (1,966) | | | | | | (53) | | (2,019) |
| Earnings reserve | | 170,720 | | (10) | (10) | 12,703 | (5,717) | | | 177,696 |
| Earnings for the period | | 18,108 | 51,566 | | 51,566 | (14,540) | (3,568) | | (30,354) | 21,212 |
| Consolidated Group shareholders' equity | | 372,159 | 51,566 | 9,173 | 60,739 | 0 | (9,285) | (53) | (30,354) | 393,206 |
| Share capital and reserves attributable to non-controlling interests | | (147) | | (3) | (3) | | | | | (150) |
| TOTAL SHAREHOLDERS' EQUITY | | 372,012 | 51,566 | 9,170 | 60,736 | 0 | (9,285) | (53) | (30,354) | 393,056 |

Notes to the Consolidated Financial Statements

A) GENERAL ASPECTS

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

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

1. Scope of consolidation

The scope of consolidation is unchanged from the consolidated financial statements as of 31 December 2021 and 30 September 2021.

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 2021 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2022".

The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2021, 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 2021.

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.

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 2022

In May 2020, the IASB published some limited-scope amendments to IFRS 3, IAS 16 and IAS 37 and some annual revisions of IFRS 1, IFRS 9, IAS 41 and IFRS 16.

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.

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

Accounting standards, amendments and IFRS interpretations approved by the European Union that are not yet compulsory applicable and have not been adopted in advance by the Group as of 30 September 2022

In May 2017, the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard replacing the IFRS 4 applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

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. The amendments will be applicable effective 1 January 2023, but early application is permitted.

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 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 2024.
- 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.
- In December 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17.

The 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> | Spot exchange rate 30 September 2022 | Average exchange rate first nine months of 2022 | Spot exchange rate 31 December 2021 | Average exchange rate first nine months of 2021 |
|-------------------|---|--|--|--|
| US Dollar | 0.9748 | 1.06384 | 1.1326 | 1.19622 |
| Pounds Sterling | 0.88300 | 0.847159 | 0.84028 | 0.863634 |
| Indian Rupee | 79.4250 | 82.29833 | 84.2292 | 88.04203 |
| Singapore Dollars | 1.4001 | 1.46306 | 1.5279 | 1.60196 |
| Chinese Yuan | 6.9368 | 7.01931 | 7.1947 | 7.73756 |
| Croatian Kuna | 7.5240 | 7.53346 | 7.5156 | 7.53206 |
| Japanese Yen | 141.01 | 135.96793 | 130.38 | 129.83203 |
| Vietnamese Dong | 23,246.00 | 24,570.25389 | 25,137.39 | 26,712.09531 |
| Indonesian Rupiah | 14,863.26 | 15,539.05295 | 16,166.73 | 17,122.72813 |
| Brazilian Real | 5.2584 | 5.46308 | 6.3101 | 6.37645 |

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 2022 | 230.5 | 114.0 | 145.8 | 490.4 |
| | First nine months of 2021 | 220.3 | 106.0 | 104.3 | 430.6 |
| | Change | 10.2 | 8.0 | 41.5 | 59.8 |
| | Change % | 4.6% | 7.5% | 39.8% | 13.9% |
| Net turnover (millions of Euros) | First nine months of 2022 | 1,000.5 | 235.2 | 391.1 | 1,626.9 |
| | First nine months of 2021 | 899.1 | 167.9 | 252.2 | 1,319.2 |
| | Change | 101.4 | 67.3 | 138.9 | 307.7 |
| | Change % | 11.3% | 40.1% | 55.1% | 23.3% |
| Gross margin (millions of Euros) | First nine months of 2022 | 251.8 | 29.8 | 147.3 | 428.9 |
| | First nine months of 2021 | 251.3 | 27.3 | 87.0 | 365.6 |
| | Change | 0.6 | 2.6 | 60.2 | 63.4 |
| | Change % | 0.2% | 9.5% | 69.2% | 17.3% |
| EBITDA (millions of Euros) | First nine months of 2022 | | | | 236.7 |
| | First nine months of 2021 | | | | 192.9 |
| | Change | | | | 43.8 |
| | Change % | | | | 22.7% |
| EBIT (millions of Euros) | First nine months of 2022 | | | | 134.9 |
| | First nine months of 2021 | | | | 97.4 |
| | Change | | | | 37.4 |
| | Change % | | | | 38.4% |
| Net profit (millions of Euros) | First nine months of 2022 | | | | 70.9 |
| | First nine months of 2021 | | | | 51.6 |
| | Change | | | | 19.3 |
| | Change % | | | | 37.4% |

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues

€/000 1,626,876

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

This item does not include transport costs, which are recharged to customers (€/000 34,817) and invoiced advertising cost recoveries (€/000 4,421), 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 2022 | | First nine months of 2021 | | Changes | |
|------------------------------|---------------------------|--------------|---------------------------|--------------|----------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| <i>In thousands of Euros</i> | | | | | | |
| EMEA and Americas | 1,000,543 | 61.5 | 899,115 | 68.2 | 101,428 | 11.3 |
| India | 235,206 | 14.5 | 167,867 | 12.7 | 67,339 | 40.1 |
| Asia Pacific 2W | 391,127 | 24.0 | 252,242 | 19.1 | 138,885 | 55.1 |
| Total | 1,626,876 | 100.0 | 1,319,224 | 100.0 | 307,652 | 23.3 |

In the first nine months of 2022 net sales revenues increased by 23.3% compared to the same period of the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials

€/000 1,056,872

The increase in material costs compared to the first nine months of 2021 (+26.7%) is due to the growth in production volumes and the cost of raw materials. The item includes €/000 34,707 (€/000 24,800 in the same period of 2021) 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

€/000 227,319

This item increased by 15.6% compared to the same period last year.

The increase is mainly related to rising energy and transportation costs that have impacted the entire world economy.

7. Employee costs

€/000 196,911

Employee costs include €/000 647 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

| | First nine months of 2022 | First nine months of 2021 | Change |
|-------------------------------|------------------------------|------------------------------|---------------|
| <i>In thousands of Euros</i> | | | |
| Salaries and wages | 150,960 | 138,918 | 12,042 |
| Social security contributions | 37,640 | 35,623 | 2,017 |
| Termination benefits | 6,389 | 5,763 | 626 |
| Other costs | 1,922 | 1,677 | 245 |
| Total | 196,911 | 181,981 | 14,930 |

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

| | Average number | | |
|-------------------|---------------------------|---------------------------|--------------|
| | First nine months of 2022 | First nine months of 2021 | Change |
| <i>Level</i> | | | |
| Senior management | 110.2 | 108.9 | 1.3 |
| Middle management | 672.7 | 670.1 | 2.6 |
| White collars | 1,606.9 | 1,621.2 | (14.3) |
| Blue collars | 4,105.9 | 3,889.2 | 216.7 |
| Total | 6,495.7 | 6,289.4 | 206.2 |

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 2022 | 31 December 2021 | Change |
| Senior management | 113 | 108 | 5 |
| Middle management | 669 | 673 | (4) |
| White collars | 1,630 | 1,600 | 30 |
| Blue collars | 4,196 | 3,321 | 875 |
| Total | 6,608 | 5,702 | 906 |
| EMEA and Americas | 3,820 | 3,295 | 525 |
| India | 1,597 | 1,328 | 269 |
| Asia Pacific 2W | 1,191 | 1,079 | 112 |
| Total | 6,608 | 5,702 | 906 |

8. Amortisation/depreciation and impairment costs

€/000 101,819

This item consists of:

| | First nine months of 2022 | First nine months of 2021 | Change |
|--|--------------------------------------|--------------------------------------|---------------|
| <i>In thousands of Euros</i> | | | |
| Total amortisation of intangible assets and impairment costs | 56,482 | 55,971 | 511 |
| Total depreciation of plant, property and equipment and impairment costs | 37,975 | 33,502 | 4,473 |
| Depreciation of rights of use | 7,362 | 5,969 | 1,393 |
| Total | 101,819 | 95,442 | 6,377 |

9. Other operating income

€/000 110,625

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 2.6% compared to the first nine months of 2021.

Revenues include €/000 2,790 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

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

€/000 (1,705)

This item, mainly comprising the impairment of trade receivables in current assets, was essentially in line with the first nine months of 2021.

11. Other operating costs

€/000 18,003

The saving of €/000 1,673 was mainly driven by lower provisions for risks.

12. Income/(loss) from investments

€/000 (162)

Net expenses from investments are broken down as follows:

- €/000 180 relative to the portion of income attributable to the Group from the Zongshen Piaggio Foshan Motorcycle Co. Ltd. joint venture, valued at equity;

- €/000 18 relative to the portion of income attributable to the Group of the associated company Pontech valued at equity.

13. Net financial income (borrowing costs) **€/000 (20,397)**

Financial income (borrowing costs) for the first nine months of 2022 showed costs of €/000 20,397. The deterioration compared to the corresponding period of the previous year was essentially due to foreign-exchange losses, partially mitigated by the greater capitalisation of interest linked to long-term investments.

14. Taxes **€/000 43,439**

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:

| | | First nine months of 2022 | First nine months of 2021 |
|--|-------|--------------------------------------|--------------------------------------|
| Net profit | €/000 | 70,874 | 51,566 |
| Earnings attributable to ordinary shares | €/000 | 70,874 | 51,566 |
| Average number of ordinary shares in circulation | | 356,329,951 | 357,116,306 |
| Earnings per ordinary share | € | 0.199 | 0.144 |
| Adjusted average number of ordinary shares | | 356,329,951 | 357,116,306 |
| Diluted earnings per ordinary share | € | 0.199 | 0.144 |

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets

€/000 724,712

Intangible assets went up overall by €/000 4,503 due to investments for the period which were only partially balanced by amortisation and exchange rate differences.

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 2022, borrowing costs for €/000 1,355 were capitalised.

The table below shows the breakdown of intangible assets as of 30 September 2022, as well as changes during the period.

| In thousands of Euros | Situation at 31.12.2021 | Movements for the period | | | | | | Situation at 30.09.2022 | |
|---------------------------------------|-------------------------|--------------------------|---------------------------|-----------------|-------------|--------------|----------------------|-------------------------|----------------|
| | Net value | Investments | Transitions in the period | Amortisation | Disposals | Write-downs | Exchange differences | Other | Net value |
| Development costs | 103,262 | 29,631 | 0 | (23,039) | 0 | (425) | 2,100 | 0 | 111,529 |
| In service | 80,153 | 6,692 | 12,550 | (23,039) | 0 | 0 | 1,635 | 0 | 77,991 |
| Assets under development and advances | 23,109 | 22,939 | (12,550) | 0 | 0 | (425) | 465 | 0 | 33,538 |
| Patent rights | 140,229 | 28,899 | 0 | (32,875) | (24) | 0 | 42 | 3 | 136,274 |
| In service | 103,303 | 7,536 | 13,388 | (32,875) | (24) | 0 | 28 | 0 | 91,356 |
| Assets under development and advances | 36,926 | 21,363 | (13,388) | 0 | 0 | 0 | 14 | 3 | 44,918 |
| Trademarks | 29,478 | 0 | 0 | (50) | 0 | 0 | 0 | 0 | 29,428 |
| In service | 29,478 | 0 | 0 | (50) | 0 | 0 | 0 | 0 | 29,428 |
| Goodwill | 446,940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 446,940 |
| In service | 446,940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 446,940 |
| Other | 300 | 302 | 0 | (93) | 0 | 0 | 32 | 0 | 541 |
| In service | 247 | 93 | 14 | (93) | 0 | 0 | 17 | 0 | 278 |
| Assets under development and advances | 53 | 209 | (14) | 0 | 0 | 0 | 15 | 0 | 263 |
| Total | 720,209 | 58,832 | 0 | (56,057) | (24) | (425) | 2,174 | 3 | 724,712 |
| In service | 660,121 | 14,321 | 25,952 | (56,057) | (24) | 0 | 1,680 | 0 | 645,993 |
| Assets under development and advances | 60,088 | 44,511 | (25,952) | 0 | 0 | (425) | 494 | 3 | 78,719 |

18. Property, plant and equipment

€ / 000 293,139

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 a new CKD vehicle assembly factory⁵ in Indonesia and 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 2022, borrowing costs for € / 000 571 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 30 September 2022, as well as changes during the period.

| In thousands of Euros | Situation at 31.12.2021 | Movements for the period | | | | | | | Situation at 30.09.2022 |
|--|-------------------------|--------------------------|---------------------------|-----------------|----------------|-------------|----------------------|------------|-------------------------|
| | Net value | Investments | Transitions in the period | Depreciation | Disposals | Write-downs | Exchange differences | Other | Net value |
| Land | 31,550 | 5,841 | 0 | 0 | 0 | 0 | 605 | 0 | 37,996 |
| In service | 31,550 | 5,841 | 0 | 0 | 0 | 0 | 605 | 0 | 37,996 |
| Buildings | 85,932 | 7,072 | 0 | (3,805) | 0 | 0 | 1,863 | 0 | 91,062 |
| In service | 80,984 | 157 | 3,595 | (3,805) | 0 | 0 | 1,542 | 0 | 82,473 |
| Assets under construction and advances | 4,948 | 6,915 | (3,595) | 0 | 0 | 0 | 321 | 0 | 8,589 |
| Plant and machinery | 111,891 | 13,377 | 0 | (17,279) | (71) | 0 | 4,766 | (3) | 112,681 |
| In service | 103,772 | 986 | 4,617 | (17,279) | 0 | 0 | 3,986 | 0 | 96,082 |
| Assets under construction and advances | 8,119 | 12,391 | (4,617) | 0 | (71) | 0 | 780 | (3) | 16,599 |
| Equipment | 41,828 | 8,544 | 0 | (10,959) | 0 | 0 | 23 | 0 | 39,436 |
| In service | 34,435 | 5,049 | 5,588 | (10,959) | 0 | 0 | 0 | 0 | 34,113 |
| Assets under construction and advances | 7,393 | 3,495 | (5,588) | 0 | 0 | 0 | 23 | 0 | 5,323 |
| Other assets | 11,840 | 7,772 | 0 | (5,932) | (2,066) | 0 | 350 | 0 | 11,964 |
| In service | 9,500 | 7,475 | 367 | (5,932) | (2) | 0 | 346 | 0 | 11,754 |
| Assets under construction and advances | 2,340 | 297 | (367) | 0 | (2,064) | 0 | 4 | 0 | 210 |
| Total | 283,041 | 42,606 | 0 | (37,975) | (2,137) | 0 | 7,607 | (3) | 293,139 |
| In service | 260,241 | 19,508 | 14,167 | (37,975) | (2) | 0 | 6,479 | 0 | 262,418 |
| Assets under construction and advances | 22,800 | 23,098 | (14,167) | 0 | (2,135) | 0 | 1,128 | (3) | 30,721 |

⁵ Completely Knocked Down (CKD) is an acronym that means separate components used to assemble a complete vehicle.

19. Rights of use

€/000 37,383

This item includes the discounted value of operating leases, finance leases and advance lease payments for the use of real estate.

| <i>In thousands of Euros</i> | Land | Buildings | Plant and machinery | Equipment | Other assets | Total |
|---------------------------------------|--------------|------------------|----------------------------|------------------|---------------------|---------------|
| Amount as of 01 01 2022 | 7,212 | 13,211 | 8,131 | | 2,173 | 30,727 |
| Increases | 77 | 8,641 | | 2,000 | 2,014 | 12,732 |
| Depreciation | (146) | (4,820) | (642) | (214) | (1,540) | (7,362) |
| Decreases | | (240) | | | (96) | (336) |
| Exchange differences | 538 | 1,077 | | | 7 | 1,622 |
| Total movements for the period | 469 | 4,658 | (642) | 1,786 | 385 | 6,656 |
| Amount as of 30 09 2022 | 7,681 | 17,869 | 7,489 | 1,786 | 2,558 | 37,383 |

Future lease rental commitments are detailed in note 38.

20. Investment Property

€/000 0

As of 30 September 2022 no investment property was held.

21. Deferred tax assets

€/000 49,865

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 scenario, plans resulting from the reworking of the Group plan were taken as a reference;
- 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

€/000 375,141

This item comprises:

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|---|------------------------------------|-----------------------------------|----------------|
| <i>In thousands of Euros</i> | | | |
| Raw materials and consumables | 206,924 | 167,349 | 39,575 |
| Provision for write-down | (13,966) | (12,425) | (1,541) |
| <i>Net value</i> | <i>192,958</i> | <i>154,924</i> | <i>38,034</i> |
| Work in progress and semi-finished products | 19,977 | 22,934 | (2,957) |
| Provision for write-down | (852) | (852) | 0 |
| <i>Net value</i> | <i>19,125</i> | <i>22,082</i> | <i>(2,957)</i> |
| Finished products and goods | 181,639 | 118,555 | 63,084 |
| Provision for write-down | (19,540) | (18,067) | (1,473) |
| <i>Net value</i> | <i>162,099</i> | <i>100,488</i> | <i>61,611</i> |
| Advances | 959 | 1,044 | (85) |
| Total | 375,141 | 278,538 | 96,603 |

Against an international background featuring critical issues in the procurement of some components and in transport logistics, the Group has decided to protect itself by increasing the level of inventories, in order to guarantee production and sales in the coming months.

23. Trade receivables (current and non-current)

€/000 107,585

As of 30 September 2022 and 31 December 2021, no trade receivables were recognised as non-current assets. Current trade receivables are broken down as follows:

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|---|------------------------------------|-----------------------------------|---------------|
| <i>In thousands of Euros</i> | | | |
| Trade receivables due from customers | 107,108 | 70,615 | 36,493 |
| Trade receivables due from JV | 456 | 590 | (134) |
| Trade receivables due from parent companies | 12 | 20 | (8) |
| Trade receivables due from associates | 9 | | 9 |
| Total | 107,585 | 71,225 | 36,360 |

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 30,521.

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 2022, trade receivables still due sold without recourse totalled €/000 213,717. Of these amounts, Piaggio received payment prior to natural expiry of €/000 204,451. As of 30 September 2022, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 19,000 with a counter entry recorded in current liabilities.

24. Other receivables (current and non-current)

€/000 77,311

They consist of:

| | As of 30 September 2022 | | | As of 31 December 2021 | | | Change | | |
|---|-------------------------|---------------|---------------|------------------------|---------------|---------------|----------------|----------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| Receivables due from parent companies | 19,390 | | 19,390 | 19,098 | | 19,098 | 292 | 0 | 292 |
| Receivables due from joint ventures | 552 | | 552 | 900 | | 900 | (348) | 0 | (348) |
| Receivables due from affiliated companies | 24 | | 24 | 20 | 67 | 87 | 4 | (67) | (63) |
| Accrued income | 1,335 | | 1,335 | 2,267 | | 2,267 | (932) | 0 | (932) |
| Deferred charges | 12,282 | 12,599 | 24,881 | 8,014 | 14,948 | 22,962 | 4,268 | (2,349) | 1,919 |
| Advance payments to suppliers | 1,212 | 1 | 1,213 | 1,850 | 1 | 1,851 | (638) | 0 | (638) |
| Advances to employees | 478 | 25 | 503 | 688 | 26 | 714 | (210) | (1) | (211) |
| Fair value of hedging derivatives | 3,875 | 558 | 4,433 | 8,326 | | 8,326 | (4,451) | 558 | (3,893) |
| Security deposits | 360 | 1,164 | 1,524 | 278 | 1,122 | 1,400 | 82 | 42 | 124 |
| Receivables due from others | 15,815 | 7,641 | 23,456 | 15,832 | 7,464 | 23,296 | (17) | 177 | 160 |
| Total | 55,323 | 21,988 | 77,311 | 57,273 | 23,628 | 80,901 | (1,950) | (1,640) | (3,590) |

Receivables due from associates regard amounts due from 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 derivatives refers to the fair value transactions to hedge the exchange risk on forecast transactions accounted for according to the cash flow hedge principle (€/000 3,596 current portion) and to the fair value of an Interest Rate Swap designated as a hedge and accounted for according to the cash flow hedge principle (€/000 279 current portion and €/000 558 non-current portion).

Receivables due from others include €/000 3,095 (€/000 5,419 as of 31 December 2021) 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 2022, the Indian company collected receivables related to these subsidies worth €/000 5,382.

25. Tax receivables (current and non-current)

€/000 55,430

Tax receivables consist of:

| | As of 30 September 2022 | | | As of 31 December 2021 | | | Change | | |
|------------------------------|-------------------------|---------------|---------------|------------------------|--------------|---------------|---------------|--------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| VAT | 29,739 | 819 | 30,558 | 11,619 | 543 | 12,162 | 18,120 | 276 | 18,396 |
| Income tax | 3,228 | 9,311 | 12,539 | 2,114 | 7,333 | 9,447 | 1,114 | 1,978 | 3,092 |
| Others | 11,419 | 914 | 12,333 | 3,809 | 1,028 | 4,837 | 7,610 | (114) | 7,496 |
| Total | 44,386 | 11,044 | 55,430 | 17,542 | 8,904 | 26,446 | 26,844 | 2,140 | 28,984 |

26. Receivables due after 5 years

€/000 0

As of 30 September 2022, there were no receivables due after 5 years.

27. Assets held for sale

€/000 0

As of 30 September 2022, there were no assets held for sale.

28. Trade payables (current and non-current)

€/000 750,911

As of 30 September 2022 and as of 31 December 2021 no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|--|-------------------------|------------------------|----------------|
| <i>In thousands of Euros</i> | | | |
| Amounts due to suppliers | 731,305 | 606,735 | 124,570 |
| Trade payables to JV | 19,547 | 16,622 | 2,925 |
| Trade payables due to associates | 16 | 117 | (101) |
| Trade payables due to parent companies | 43 | 90 | (47) |
| Total | 750,911 | 623,564 | 127,347 |
| <i>Of which indirect factoring</i> | <i>292,464</i> | <i>258,667</i> | <i>33,797</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 2022, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 292,464 (€/000 258,667 as of 31 December 2021).

29. Provisions (current and non-current portion)

€/000 29,196

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

| | Balance as of 31 December 2021 | Alloca tions | Uses | Exchange differences | Balance as of 30 September 2022 |
|--|---|-------------------------|-----------------|---------------------------------|--|
| <i>In thousands of Euros</i> | | | | | |
| Provision for product warranties | 20,373 | 9,058 | (7,615) | 472 | 22,288 |
| Provision for contractual risks | 8,043 | | (4,123) | 143 | 4,063 |
| Risk provision for legal disputes | 1,971 | | | 13 | 1,984 |
| Other provisions for risks and charges | 1,333 | 169 | (666) | 25 | 861 |
| Total | 31,720 | 9,227 | (12,404) | 653 | 29,196 |

The breakdown between the current and non-current portion of provisions for risks is as follows:

| | As of 30 September 2022 | | | As of 31 December 2021 | | | Change | | |
|--|--------------------------------|--------------------|---------------|-------------------------------|--------------------|---------------|----------------|--------------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| Provision for product warranties | 13,688 | 8,600 | 22,288 | 12,416 | 7,957 | 20,373 | 1,272 | 643 | 1,915 |
| Provision for contractual risks | 1,063 | 3,000 | 4,063 | 920 | 7,123 | 8,043 | 143 | (4,123) | (3,980) |
| Provision for legal disputes | 264 | 1,720 | 1,984 | 250 | 1,721 | 1,971 | 14 | (1) | 13 |
| Other provisions for risks and charges | 445 | 416 | 861 | 770 | 563 | 1,333 | (325) | (147) | (472) |
| Total | 15,460 | 13,736 | 29,196 | 14,356 | 17,364 | 31,720 | 1,104 | (3,628) | (2,524) |

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 9,058 and was used for €/000 7,615 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.

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

30. Deferred tax liabilities

€/000 5,504

Deferred tax liabilities amount to €/000 5,504 compared to €/000 7,495 as of 31 December 2021.

31. Retirement funds and employee benefits

€/000 25,490

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|--------------------------------|------------------------------------|-----------------------------------|----------------|
| <i>In thousands of Euros</i> | | | |
| Retirement funds | 848 | 811 | 37 |
| Termination benefits provision | 24,642 | 32,259 | (7,617) |
| Total | 25,490 | 33,070 | (7,580) |

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 2022 would have been lower by €/000 1,327.

32. Tax payables (current and non-current)

€/000 38,304

Tax payables are broken down as follows:

| | As of 30 September 2022 | | | As of 31 December 2021 | | | Change | | |
|------------------------------|--------------------------------|--------------------|---------------|-------------------------------|--------------------|---------------|----------------|--------------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| Due for income tax | 17,620 | | 17,620 | 9,011 | 1,387 | 10,398 | 8,609 | (1,387) | 7,222 |
| Due for non-income tax | 115 | | 115 | 154 | | 154 | (39) | 0 | (39) |
| Tax payables for: | | | | | | | | | |
| - VAT | 4,472 | | 4,472 | 1,007 | | 1,007 | 3,465 | 0 | 3,465 |
| - Tax withheld at source | 3,907 | | 3,907 | 5,032 | | 5,032 | (1,125) | 0 | (1,125) |
| - Other | 12,190 | | 12,190 | 1,772 | | 1,772 | 10,418 | 0 | 10,418 |
| Total | 20,569 | - | 20,569 | 7,811 | - | 7,811 | 12,758 | 0 | 12,758 |
| TOTAL | 38,304 | 0 | 38,304 | 16,976 | 1,387 | 18,363 | 21,328 | (1,387) | 19,941 |

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

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

33. Other payables (current and non-current)

€/000 97,990

This item comprises:

| | As of 30 September 2022 | | | As of 31 December 2021 | | | Change | | |
|---|-------------------------|---------------|---------------|------------------------|---------------|---------------|---------------|-------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| To employees | 30,399 | 576 | 30,975 | 19,056 | 543 | 19,599 | 11,343 | 33 | 11,376 |
| Guarantee deposits | | 4,382 | 4,382 | | 4,048 | 4,048 | - | 334 | 334 |
| Accrued expenses | 8,113 | | 8,113 | 4,559 | | 4,559 | 3,554 | - | 3,554 |
| Deferred income | 6,301 | 8,400 | 14,701 | 3,798 | 8,065 | 11,863 | 2,503 | 335 | 2,838 |
| Amounts due to social security institutions | 6,123 | | 6,123 | 8,718 | | 8,718 | (2,595) | - | (2,595) |
| Fair value of derivatives | 2,908 | | 2,908 | 217 | 34 | 251 | 2,691 | (34) | 2,657 |
| To JV | | | - | | | - | 0 | - | 0 |
| To associates | 70 | | 70 | 118 | | 118 | (48) | - | (48) |
| To parent companies | 14,899 | | 14,899 | 14,919 | | 14,919 | (20) | - | (20) |
| Others | 15,749 | 70 | 15,819 | 12,040 | 70 | 12,110 | 3,709 | - | 3,709 |
| Total | 84,562 | 13,428 | 97,990 | 63,425 | 12,760 | 76,185 | 21,137 | 668 | 21,805 |

Amounts due to employees include the amount for holidays accrued but not taken of €/000 12,310 and other payments to be made for €/000 18,665.

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

The item Accrued liabilities includes €/000 71 for interest on hedging derivatives and associated hedged items measured at fair value.

Deferred income includes €/000 6,388 (€/000 5,993 as of 31 December 2021) 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 11,340

The investments heading comprises:

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|------------------------------|------------------------------------|-----------------------------------|---------------|
| <i>In thousands of Euros</i> | | | |
| Interests in joint ventures | 11,125 | 10,850 | 275 |
| Investments in associates | 215 | 197 | 18 |
| Total | 11,340 | 11,047 | 293 |

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:

| | As of 30 September 2022 | | | As of 31 December 2021 | | | Change | | |
|-----------------------------------|--------------------------------|-------------------------|--------------|-------------------------------|-------------------------|--------------|----------------|-------------------------|--------------|
| | <i>Current</i> | <i>Non- Current</i> | <i>Total</i> | <i>Current</i> | <i>Non- Current</i> | <i>Total</i> | <i>Current</i> | <i>Non- Current</i> | <i>Total</i> |
| <i>In thousands of Euros</i> | | | | | | | | | |
| Fair Value of hedging derivatives | | | 0 | 176 | | 176 | (176) | 0 | (176) |
| Investments in other companies | | 16 | 16 | | 16 | 16 | 0 | 0 | 0 |
| Total | 0 | 16 | 16 | 176 | 16 | 192 | (176) | 0 | (176) |

37. Cash and cash equivalents

€/000 292,083

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

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|------------------------------|------------------------------------|-----------------------------------|---------------|
| <i>In thousands of Euros</i> | | | |
| Bank and postal deposits | 292,025 | 260,829 | 31,196 |
| Cash on hand | 58 | 39 | 19 |
| Total | 292,083 | 260,868 | 31,215 |

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 2022 | As of 30 September 2021 | Change |
|------------------------------|----------------------------|----------------------------|---------------|
| <i>In thousands of Euros</i> | | | |
| Liquidity | 292,083 | 199,118 | 92,965 |
| Current account overdrafts | (912) | | (912) |
| Closing balance | 291,171 | 199,118 | 92,053 |

38. Financial liabilities and financial liabilities for rights of use (current and non-current) **€/000 661,965**

The Group's total debt increased by €/000 20,775 during the first nine months of 2022. 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 2022 total financial debt of the Group had increased by €/000 14,174.

| | Financial liabilities as of 30 September 2022 | | | Financial liabilities as of 31 December 2021 | | | Change | | |
|---|--|----------------|----------------|---|----------------|----------------|---------------|----------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| Financial liabilities | 111,025 | 522,202 | 633,227 | 86,840 | 532,213 | 619,053 | 24,185 | (10,011) | 14,174 |
| Gross financial debt | 111,025 | 522,202 | 633,227 | 86,840 | 532,213 | 619,053 | 24,185 | (10,011) | 14,174 |
| Fair value adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities for rights of use | 8,374 | 20,364 | 28,738 | 7,601 | 14,536 | 22,137 | 773 | 5,828 | 6,601 |
| Total | 119,399 | 542,566 | 661,965 | 94,441 | 546,749 | 641,190 | 24,958 | (4,183) | 20,775 |

Net financial debt of the Group amounted to €/000 369,882 as of 30 September 2022 compared to €/000 380,322 as of 31 December 2021.

The composition of Net financial debt as of 30 September 2022, prepared in accordance with paragraph 175 et seq. of ESMA Recommendations 2021/32/382/1138, is set out below.

Consolidated net debt/(Net financial debt)⁶

| | As of 30 September 2022 | As of 31 December 2021 | Change |
|---|-------------------------------|------------------------------|-----------------|
| <i>In thousands of Euros</i> | | | |
| A Cash and cash equivalents | 292,083 | 260,868 | 31,215 |
| B Cash equivalents | | | 0 |
| C Other current financial assets | | | 0 |
| D Liquidity (A + B + C) | 292,083 | 260,868 | 31,215 |
| Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) | | | |
| E financial debt | (50,579) | (37,861) | (12,718) |
| Payables due to banks | (23,134) | (20,376) | (2,758) |
| Debenture loan | | | 0 |
| Amounts due to factoring companies | (19,000) | (9,813) | (9,187) |
| Financial liabilities for rights of use | (8,374) | (7,601) | (773) |
| <i>.of which finance leases</i> | (1,211) | (1,201) | (10) |
| <i>.of which operating leases</i> | (7,163) | (6,400) | (763) |
| Current portion of payables due to other lenders | (71) | (71) | 0 |
| F Current portion of non-current financial debt | (68,820) | (56,580) | (12,240) |
| G Current financial debt (E + F) | (119,399) | (94,441) | (24,958) |
| H Net current financial debt (G - D) | 172,684 | 166,427 | 6,257 |
| Non-current financial debt (excluding current portion and debt instruments) | | | |
| I non-current financial debt (excluding current portion and debt instruments) | (297,676) | (302,599) | 4,923 |
| Medium-/long-term bank loans | (277,100) | (287,816) | 10,716 |
| Financial liabilities for rights of use | (20,364) | (14,536) | (5,828) |
| <i>.of which finance leases</i> | (3,564) | (4,479) | 915 |
| <i>.of which operating leases</i> | (16,800) | (10,057) | (6,743) |
| Amounts due to other lenders | (212) | (247) | 35 |
| J Debt instruments | (244,890) | (244,150) | (740) |
| K Trade payables and other non-current payables | | | 0 |
| L Non-current financial debt (I + J + K) | (542,566) | (546,749) | 4,183 |
| M Total financial debt (H + L) | (369,882) | (380,322) | 10,440 |

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

⁶ 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 2022, and relative accruals.

The table below presents the changes during the period.

| | Balance as of 31.12.2021 | Cash flows | | | Reclassifications | Exchange delta | Other changes | Balance as of 30.09.2022 |
|------------------------------|--------------------------|---------------|---------------|-----------------|-------------------|----------------|-----------------|--------------------------|
| | | Movements | Repayments | New issues | | | | |
| <i>In thousands of Euros</i> | | | | | | | | |
| A | 260,868 | 19,890 | | | | 11,325 | | 292,083 |
| B | | | | | | | | 0 |
| C | | | | | | | | 0 |
| D | 260,868 | 19,890 | 0 | 0 | 0 | 11,325 | 0 | 292,083 |
| E | (37,861) | 0 | 30,483 | (34,685) | (6,742) | (932) | (842) | (50,579) |
| | | | | | | | | |
| | (12) | | 12 | (912) | | | | (912) |
| | (20,364) | | 13,523 | (14,773) | | (608) | | (22,222) |
| | (20,376) | 0 | 13,535 | (15,685) | 0 | (608) | 0 | (23,134) |
| | | | | | | | | 0 |
| | (9,813) | | 9,813 | (19,000) | | | | (19,000) |
| | (7,601) | | 7,100 | | (6,707) | (324) | (842) | (8,374) |
| | (1,201) | | 905 | | | | (915) | (1,211) |
| | (6,400) | | 6,195 | | (6,707) | (324) | 73 | (7,163) |
| | (71) | | 35 | | (35) | | | (71) |
| F | (56,580) | | 50,744 | | (63,008) | | 24 | (68,820) |
| G | (94,441) | 0 | 81,227 | (34,685) | (69,750) | (932) | (818) | (119,399) |
| H | 166,427 | 19,890 | 81,227 | (34,685) | (69,750) | 10,393 | (818) | 172,684 |
| I | (302,599) | 0 | 0 | (52,500) | 69,750 | (877) | (11,450) | (297,676) |
| | (287,816) | | | (52,500) | 63,008 | | 208 | (277,100) |
| | (14,536) | | | 0 | 6,707 | (877) | (11,658) | (20,364) |
| | (4,479) | | | | | | 915 | (3,564) |
| | (10,057) | | | | 6,707 | (877) | (12,573) | (16,800) |
| | (247) | | | | 35 | | | (212) |
| J | (244,150) | | | | | | (740) | (244,890) |
| K | | | | | | | | |
| L | (546,749) | 0 | 0 | (52,500) | 69,750 | (877) | (12,190) | (542,566) |
| M | (380,322) | 19,890 | 81,227 | (87,185) | 0 | 9,516 | (13,008) | (369,882) |

Medium and long-term bank debt amounts to €/000 345,920 (of which €/000 277,100 non-current and €/000 68,820 current) and consists of the following loans:

- a €/000 15,697 medium-term loan (nominal value of €/000 15,715) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan is divided into two disbursements with a final maturity in February

and December 2023 and a repayment schedule of 7 annual fixed-rate instalments. Contract terms require covenants (described below);

- a €/000 58,269 (nominal value €/000 58,333) medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in February 2027 and has a repayment schedule of 6 fixed-rate annual instalments. 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);
- €/000 24,044 (with a nominal value of €/000 24,500) syndicated loan signed in June 2018 and amended in June 2022. The new structure confirms the tranche of initial €/000 62,500 in the form of a five-year loan with amortisation, in place as of 30 September 2022 for a nominal amount of €/000 22,500, and increases the tranche granted in the form of a revolving loan facility from €/000 187,500 to €/000 200,000 maturing on 5 January 2024 (with a one-year extension at the borrower's discretion - used as of 30 September 2022 for a nominal amount of €/000 2,000). Contract terms require covenants (described below);
- a €/000 114,220 (nominal value of €/000 115,000) "Schuldschein" loan issued between October 2021 and February 2022 and subscribed by leading market participants. It consists of 7 tranches with maturities of 3, 5 and 7 years at fixed and variable rates;
- a €/000 22,435 medium-term loan (nominal value of €/000 25,000) granted by Banca Popolare Emilia Romagna. The loan will fall due on 31 December 2027 and has a repayment schedule of six-monthly instalments;
- a €/000 19,932 loan (nominal value of €/000 20,000) granted by Banco BPM with a repayment schedule of six-monthly instalments and final settlement 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 3,735 medium-term loan (nominal value of €/000 3,750) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 7,489 medium-term loan (nominal value of €/000 7,500) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 5,119 medium-term loan (nominal value of €/000 5,124) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule.

- a €/000 14,980 (with a nominal value of €/000 15,000) medium-term loan granted by Oldenburgische Landensbank Aktiengesellschaft maturing on 30 September 2027.

The Parent Company also has the following unused revolving credit lines as at 30 September 2022:

- €/000 20,000 granted by Banca Intesa Sanpaolo maturing on 31 January 2024;
- €/000 10,000 granted by Banca del Mezzogiorno maturing on 1 July 2026;
- €/000 12,500 granted by Banca Popolare Emilia Romagna maturing on 2 August 2026.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 244,890 (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 BB- rating with a stable outlook and a Ba3 rating with a stable outlook respectively.

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 19,000.

Medium-/long-term payables to other lenders equal to €/000 283 of which €/000 212 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 28,738

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 2022 | | | As of 31 December 2021 | | | Change | | |
|------------------------------|-------------------------|---------------|---------------|------------------------|---------------|---------------|------------|--------------|--------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| <i>In thousands of Euros</i> | | | | | | | | | |
| Operating leases | 7,163 | 16,800 | 23,963 | 6,400 | 10,057 | 16,457 | 763 | 6,743 | 7,506 |
| Finance leases | 1,211 | 3,564 | 4,775 | 1,201 | 4,479 | 5,680 | 10 | (915) | (905) |
| Total | 8,374 | 20,364 | 28,738 | 7,601 | 14,536 | 22,137 | 773 | 5,828 | 6,601 |

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 2,625 (€/000 1,262 non-current portion).

Payables for finance leases amounted to €/000 4,775 (nominal value of €/000 4,781) and break down as follows:

- a Sale&Lease back agreement for €/000 4,722 (nominal value of €/000 4,728) 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 3,521);

- a finance lease for €/000 53 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 43).

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-rate 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 2022, 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 currency | Value in local currency (forward exchange rate) | Average maturity |
|----------------------------------|------------------|-----------------|-------------------------------|--|-----------------------------|
| | | | <i>In thousands</i> | <i>In thousands</i> | |
| Piaggio & C. | Purchase | CAD | 750 | 568 | 18/10/2022 |
| Piaggio & C. | Purchase | CNY | 221,000 | 31,640 | 14/11/2022 |
| Piaggio & C. | Purchase | JPY | 455,000 | 3,307 | 05/11/2022 |
| Piaggio & C. | Purchase | SEK | 11,500 | 1,070 | 13/11/2022 |
| Piaggio & C. | Purchase | USD | 38,150 | 37,324 | 07/11/2022 |
| Piaggio & C. | Sale | CAD | 2,800 | 2,133 | 15/11/2022 |
| Piaggio & C. | Sale | CNY | 25,000 | 3,520 | 25/07/2022 |
| Piaggio & C. | Sale | USD | 121,935 | 123,150 | 10/12/2022 |
| Piaggio Vehicles Private Limited | Sale | USD | 3,000 | 243,468 | 20/11/2022 |
| Piaggio Indonesia | Sale | USD | 22,473 | 337,795,266 | 25/11/2022 |
| Piaggio Vespa BV | Sale | USD | 13,844 | 12,937 | 24/04/2023 |
| Piaggio Vietnam | Sale | USD | 59,495 | 1,405,922,685 | 14/11/2022 |
| Piaggio Vietnam | Sale | JPY | 255,689 | 43,977,839 | 10/12/2022 |
| Piaggio Vietnam | Purchase | € | 2,745 | 66,157,031 | 31/01/2023 |

- **the translation exchange risk:** arises from the translation into Euro of the financial statements of subsidiaries prepared in currencies other than the Euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered;

- **the economic exchange risk:** arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

As of 30 September 2022, the Group had undertaken the following hedging transactions on the exchange risk:

| Company | Operation | Currency | Amount in currency | Value in local currency (forward exchange rate) | Average maturity |
|----------------|------------------|-----------------|-------------------------------|--|-----------------------------|
| | | | <i>In thousands</i> | <i>In thousands</i> | |
| Piaggio & C. | Sale | GBP | 2,200 | 2,580 | 17/11/2022 |
| Piaggio & C. | Sale | USD | 60,000 | 58,813 | 09/05/2023 |
| Piaggio & C. | Sale | CNY | 1,000 | 142 | 17/10/2022 |
| Piaggio & C. | Purchase | CNY | 174,000 | 21,599 | 21/11/2022 |

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 2022 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 689.

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 2022, 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 30,000 from Banco BPM. The purpose of this instrument is to manage and mitigate

exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; as of 30 September 2022, the fair value of the instrument was positive by €/000 837.

| | | FAIR VALUE |
|--------------------------------|--|-------------------|
| <i>In thousands of Euros</i> | | |
| <u>Piaggio & C. S.p.A.</u> | | |
| Interest Rate Swap | | 837 |

G) INFORMATION ON SHAREHOLDERS' EQUITY

39. Share capital and reserves

€/000 414,645

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

Share capital

€/000 207,614

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

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

| Structure of share capital as of 30 September 2022 | | | | |
|---|--------------|---------------------------------|----------------|---|
| | N° 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 (7,402)

During the period, 2,351,692 treasury shares were acquired. Therefore, as of 30 September 2022, Piaggio & C. held 3,397,510 treasury shares, equal to 0.95% of the shares issued.

Furthermore, it should be noted that during the month of October and up to the date of approval of this document, 94,085 ordinary shares were purchased. Therefore, at the time of approval of this Interim Report, the Parent held 3,491,595 treasury shares, equivalent to 0.97% of the share capital.

Shares in circulation and treasury shares

| | 2022 | 2021 |
|--|-------------|-------------|
| <i>no. of shares</i> | | |
| Situation as of 1 January | | |
| 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 |
| Movements for the period | | |
| Purchase of treasury shares | 2,351,692 | 17,000 |
| Situation as of 30 September 2022 and 31 December 2021 | | |
| Shares issued | 358,153,644 | 358,153,644 |
| Treasury portfolio shares | 3,397,510 | 1,045,818 |
| Shares in circulation | 354,756,134 | 357,107,826 |

Share premium reserve €/000 7,171

The share premium reserve as of 30 September 2022 was unchanged compared to 31 December 2021.

Legal reserve €/000 28,954

The legal reserve as of 30 September 2022 had increased by €/000 2,902 as a result of the allocation of earnings for the last year.

Financial instruments' fair value reserve €/000 1,117

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 11 April 2022 resolved to distribute a final dividend of 6.5 euro cents, including taxes, for each ordinary share entitled (in addition to the interim dividend of 8.5 euro cents paid on 22 September 2021, ex-dividend date 20 September 2021), for a total dividend for the 2021 financial year of 15.0 euro cents, equal to €53,566,173.9 (valid for €5,002,537.15 on the "New earnings" reserve and for €48,563,636.75 on the 2021 profit remaining after the above allocations). Coupon no. 18 was detached on 19 April 2022, with record date on 20 April 2022 and payment date on 21 April 2022.

At its meeting on 28 July 2022, the Board of Directors also resolved to distribute an interim ordinary dividend for the financial year 2022 in the amount of 8.5 euro cents, before tax, for each entitled ordinary share (a similar resolution was made for the interim ordinary dividend for the

financial year 2021). A total of €30,200,086.39 was paid to this end on 21.09.2022 (ex-dividend date 19.09.2022 and record date 20.09.2022).

Earnings reserve €/000 184,101

Capital and reserves of non-controlling interest €/000 (178)

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

40. Other comprehensive income

€/000 (1,529)

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> | | | | | | |
| As of 30 September 2022 | | | | | | |
| Items that will not be reclassified in the income statement | | | | | | |
| Remeasurements of defined benefit plans | | | 4,321 | 4,321 | | 4,321 |
| Total | | | 4,321 | 4,321 | 0 | 4,321 |
| Items that may be reclassified in the income statement | | | | | | |
| Total translation gains (losses) | | (1,310) | | (1,310) | (29) | (1,339) |
| Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method | | 455 | | 455 | | 455 |
| Total profits (losses) on cash flow hedges | (4,966) | | | (4,966) | | (4,966) |
| Total | (4,966) | (855) | 0 | (5,821) | (29) | (5,850) |
| Other comprehensive income | (4,966) | (855) | 4,321 | (1,500) | (29) | (1,529) |

As of 30 September 2021

| | | | | | | |
|--|--------------|--------------|-------------|--------------|------------|--------------|
| Items that will not be reclassified in the income statement | | | | | | |
| Remeasurements of defined benefit plans | | | (10) | (10) | | (10) |
| Total | 0 | 0 | (10) | (10) | 0 | (10) |
| Items that may be reclassified in the income statement | | | | | | |
| 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 |
| Other comprehensive income | 3,972 | 5,211 | (10) | 9,173 | (3) | 9,170 |

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

| | As of 30 September 2022 | | | As of 30 September 2021 | | |
|--|-------------------------|--------------------------------|------------------|-------------------------|--------------------------------|------------------|
| | <i>Gross value</i> | <i>Tax (expense) / benefit</i> | <i>Net value</i> | <i>Gross value</i> | <i>Tax (expense) / benefit</i> | <i>Net value</i> |
| <i>In thousands of Euros</i> | | | | | | |
| Remeasurements of defined benefit plans | 5,686 | (1,365) | 4,321 | (13) | 3 | (10) |
| Total translation gains (losses) | (1,339) | | (1,339) | 4,421 | | 4,421 |
| Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method | 455 | | 455 | 787 | | 787 |
| Total profits (losses) on cash flow hedges | (6,534) | 1,568 | (4,966) | 5,226 | (1,254) | 3,972 |
| Other comprehensive income | (1,732) | 203 | (1,529) | 10,421 | (1,251) | 9,170 |

H) OTHER INFORMATION

41. Share-based incentive plans

As of 30 September 2022, there were no incentive plans based on financial instruments.

42. Information on related parties

Net sales, costs, payables and receivables as of 30 September 2022 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, 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 2022 | As of 31 December 2021 |
| Immsi S.p.A. | Mantova - Italy | Direct parent company | 50.0703 | 50.0703 |

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 Company⁷ signed up to the National Consolidated Tax Mechanism pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

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

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

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

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

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

⁷ 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.

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 to sell on respective markets, to:
 - Piaggio Hrvatska
 - Piaggio Hellas
 - Piaggio Group Americas
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam
 - Piaggio Concept Store Mantova
 - Foshan Piaggio Vehicles Technology R&D
- sells components to:
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam
 - Aprilia Racing
- It provides promotional material to:
 - Piaggio France
 - Piaggio Indonesia
 - Piaggio España
 - Piaggio Limited
- 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, Piaggio Vietnam and Foshan Piaggio Vehicles Technology R&D

- 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;
- Piaggio Vehicles Private Limited:
 - scouting of local suppliers;
- Piaggio Vietnam:
 - scouting of local suppliers;
 - a distribution service for vehicles, spare parts and accessories on its own market.

Piaggio Advanced Design Center

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

Piaggio Fast Forward:

- provides Piaggio & C. S.p.A. with a research/design/development service;
- sells Piaggio & C. S.p.A. some components.

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

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

Piaggio Espana supplies Nacional Motor:

- with an administrative/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
 - Piaggio Indonesia
 - Piaggio Group Japan.

The table below summarises relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 30 September 2022 and relations during the period, as well as their overall impact on financial statement items.

| As of 30 September 2022 | Fondazione Piaggio | IMMSI | IMMSI Audit | Omniaholding | Pontech - Pontedera & Tecnologia | Zongshen Piaggio Foshan | Total | % of accounting item |
|---|--------------------|--------|-------------|--------------|----------------------------------|-------------------------|---------------|-----------------------------|
| <i>In thousands of Euros</i> | | | | | | | | |
| <u>Income statement</u> | | | | | | | | |
| Net revenues | | 9 | | | | (9) | - | 0.00% |
| Cost for materials | | | | | | 34,707 | 34,707 | 3.28% |
| Costs for services and leases and rentals | 5 | 301 | 600 | 31 | | 71 | 1,008 | 0.44% |
| Other operating income | | 38 | 18 | | | 345 | 401 | 0.36% |
| Other operating costs | | | 6 | | | | 6 | 0.03% |
| Income/(loss) from investments | | | | | 18 | (180) | (162) | 100.00% |
| Borrowing costs | | 46 | | 14 | | | 60 | 0.32% |
| <u>Financial statements</u> | | | | | | | | |
| Current trade receivables | | 12 | 9 | | | 456 | 477 | 0.44% |
| Other current receivables | | 19,390 | 24 | | | 552 | 19,966 | 36.09% |
| Non-current financial liabilities for rights of use | | 862 | | 400 | | | 1,262 | 6.20% |
| Current financial liabilities for rights of use | | 1,139 | | 224 | | | 1,363 | 16.28% |
| Current trade payables | 16 | 30 | | 13 | | 19,547 | 19,606 | 2.61% |
| Other current payables | 10 | 14,899 | 60 | | | | 14,969 | 17.70% |

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 2022 and in 2021.

44. Transactions arising from atypical and/or unusual transactions

During 2021 and the first nine months of 2022, 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 2022 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 2022.

46. Authorisation for publication

This document was published on 11 November 2022 authorised by the Chairman and Chief Executive Officer.

* * *

Mantova, 28 October 2022

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