EMARKET SDIR CERTIFIED

PIAGGIO

PIAGGIO GROUP

FINANCIAL STATEMENTS 2022

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LETTER FROM THE CHAIRMAN

LETTER FROM THE CHAIRMAN

2022 was extremely positive for the Piaggio Group, with turnover up by 25%, exceeding 2 billion euro for the first time, despite a complex scenario. During the year, the Group continued its development strategy, with the launch of new models, increasingly advanced in terms of efficiency, performance and safety, the consolidation of its outstanding E-mobility department and the opening of a new plant Indonesian capital, Jakarta, which is the Group's eighth industrial hub.

The event that most marked 2022 was undoubtedly the outbreak of the conflict between Russia and Ukraine, which has had strong geopolitical and economic repercussions, causing a surge in energy and commodity prices and prompting governments, institutions and companies to accelerate the process of transition towards a more sustainable economy that reduces reliance on fossil fuels.

In this context, the Piaggio Group, Europe's leading manufacturer of two-wheeler vehicles and a major global player in this sector, is naturally on the front line. In its research centres - seven of them worldwide - and its E-mobility department, with around 40 engineers specialised in electronics, mechanics and electrical engineering, new, ever more innovative solutions are continually being developed to offer its customers the most advanced and, at the same time, the most environmentally friendly engines.

A pioneer in the study of electric engines since the mid-1970s, the Piaggio Group now has several models of electric scooters and commercial vehicles in its range, including the Vespa Elettrica, which won the Compasso d'Oro (Golden Compass) award for the quality of its design, the Piaggio1, dedicated to younger generations and featuring removable batteries, and the Ape e-city, a zero-emission version of Piaggio's iconic three-wheeler, which is present on Asian markets. In addition, the Aprilia ELECTRICa was unveiled at Eicma 2022, a lightweight, zero-emission motorbike designed for the young motorcyclists.

The Piaggio Group's commitment to ESG issues is reflected by its "AA" rating, for the seventh year running from Morgan Stanley Capital International (MSCI) Research, a leading ESG rating agency that assesses the environmental, social and governance (ESG) performance of major companies worldwide. The MSCI rating, together with the "B" (Climate Change and Water Security) rating obtained from CDP (Carbon Disclosure Project), represent the Group's worldwide strategy in the mid-term to make a concrete contribution to achieving the UN's Sustainable Development Goals (SDGs).

In addition to research into environmental-friendly electric and low-emission internal combustion engines, 2022 also marked an important step forward in studying new solutions to ensure ever greater driving safety. The innovative range of ARAS systems developed by Piaggio Fast Forward in Boston made its debut on the new Piaggio MP3 range, offering a level of tecóology and safety unrivalled in its sector.

The current scenario certainly poses many challenges but, at the same time, I believe it opens up great possibilities for those who will be able to understand the changes taking place and anticipate them, as the Piaggio Group has always been able to do since its inception, thanks to the strength and attractiveness of its brands, its ability to innovate continuously, and its team of extraordinary people.

Chairman and Chief Executive Officer of the Piaggio Group
Roberto Colaninno

REPORT ON OPERATIONS

REPORT ON OPERATIONS

HEALTH EMERGENCY – COVID-19

At the end 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 still giving cause for concern is China, where government authorities lifted lockdown measures during the last quarter and cases of infection are on the rise again.

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

In relation to the Russia-Ukraine conflict, the Piaggio Group is carefully following the evolution of the crisis, which has begun to generate increases in the costs of raw materials and energy, with significant repercussions on the world economy and on renewed inflation, which Western central banks are attempting to control by increasing interest rates. The extreme geographical diversification of the Group's sales and purchases means that it has essentially no exposure in the conflict area. Regarding the indirect effects of the conflict, the Group was affected by the increase in the cost of energy – mainly in European plants – and of raw materials, partially mitigated by agreements reached with suppliers.
These aspects were taken into account in the process to define the main assumptions adopted by management to prepare the forecast cash flows used in impairment testing, described in greater detail in the notes to the financial statements in the section on goodwill.

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MAIN ECONOMIC, FINANCIAL AND MANAGEMENT DATA

	2022	2021
IN MILLIONS OF EUROS		
Operating highlights		
Net revenues	2,087.4	1,668.7
Gross industrial margin	554.9	462.5
Operating income	158.7	112.6
Profit before tax	127.2	93.7
Net profit	84.9	60.1
.Non-controlling interests		
.Group	84.9	60.1
Financial highlights		
Net capital employed (NCE)	786.0	784.4
Consolidated net debt[1]	(368.2)	(380.3)
Shareholders' equity	417.8	404.1
Balance sheet figures and financial ratios		
Gross margin as a percentage of net revenues (%)	26.6%	27.7%
Net profit as a percentage of net revenues (%)	4.1%	3.6%
ROS (Operating income/net revenues)	7.6%	6.7%
ROE (Net profit/shareholders' equity)	20.3%	14.9%
ROI (Operating income/NCE)	20.2%	14.4%
EBITDA[1]	298.1	240.6
EBITDA/net revenues (%)	14.3%	14.4%
Other information		
Sales volumes (unit/000)	625.5	536.0
Investments in property, plant and equipment and intangible assets	151.7	154.1
Employees at the end of the period (number)	5,838	5,702
Social indicators		
Carbon Disclosure Project Score Climate Change	B	B
Carbon Disclosure Project Score Water Security	B	B
MSCI ESG Research	AA	AA

1. For a definition of the parameter, see the section "Alternative non-gaap performance indicators".

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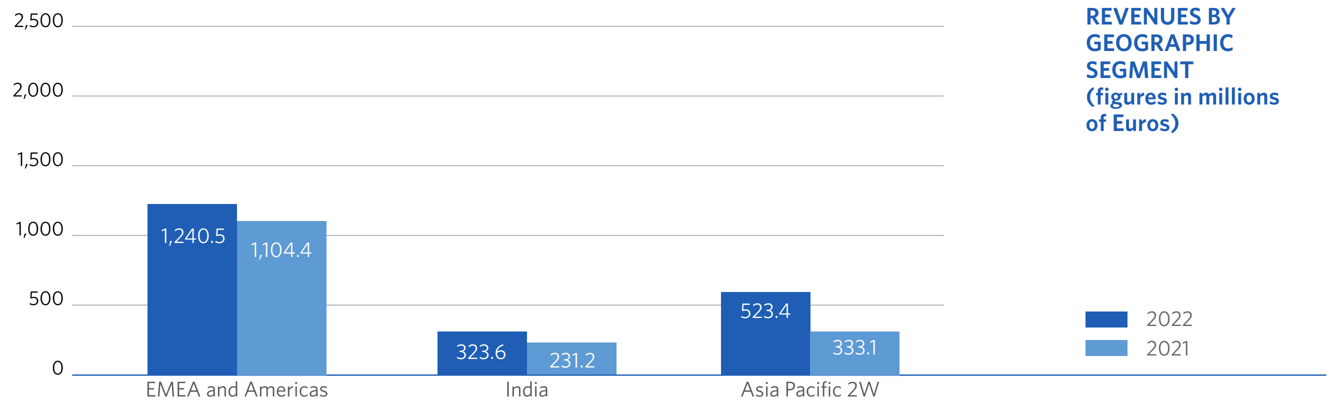
Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	2022	279.7	148.8	197.0	**625.5**
	2021	262.2	138.4	135.4	**536.0**
	Change	17.5	10.3	61.7	**89.5**
	Change %	6.7%	7.5%	45.6%	**16.7%**
Turnover (million Euros)	2022	1,240.5	323.6	523.4	**2,087.4**
	2021	1,104.4	231.2	333.1	**1,668.7**
	Change	136.1	92.4	190.3	**418.8**
	Change %	12.3%	40.0%	57.1%	**25.1%**
Average number of staff (no.)	2022	3,752.9	1,501.3	1,133.4	**6,387.6**
	2021	3,646.7	1,492.8	1,019.7	**6,159.2**
	Change	106.2	8.5	113.7	**228.4**
	Change %	2.9%	0.6%	11.2%	**3.7%**
Investment in property, plant and equipment and intangible assets (million Euros)	2022	94.1	20.7	36.9	**151.7**
	2021	117.4	14.0	22.8	**154.1**
	Change	(23.3)	6.8	14.1	**(2.5)**
	Change %	-19.9%	48.4%	61.8%	**-1.6%**

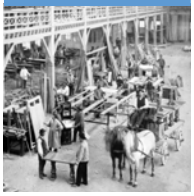
REVENUES BY GEOGRAPHIC SEGMENT (figures in millions of Euros)



SALES VOLUMES BY GEOGRAPHIC SEGMENT - 2022

HISTORY

1884



Rinaldo Piaggio establishes Piaggio & C., based in Sestri Ponente, dedicated to naval fittings.

1916

Aeronautical production activity begins.

1924

Acquisition of the Pontedera plant dedicated to the production of various vehicles for the transport sector: cable cars, funiculars, trailers, tramways, trucks, trolleybuses.

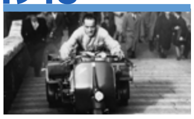
1938

Rinaldo Piaggio dies. The company passes into the hands of his sons Armando and Enrico. Armando deals with the production units of Genoa-Sestri and Finale Ligure, dedicated above all to aeronautical and railway activity, Enrico instead is dedicated to the sites at Pisa and Pontedera.

1946

From the creativity of Corradino d'Ascanio, the brilliant aeronautical designer who was behind the design of the first modern helicopter is due, the Vespa came into being, wanted by Enrico Piaggio as a contribution to the motorization of Italy with a simple, low-cost vehicle, everyone could use.

1948



The APE comes into being, Piaggio's first light three-wheeler transport vehicle.

1964

I.A.M Rinaldo Piaggio (aeronautical-railway sector) is separated from Piaggio & C. (scooter sector).

1965

Enrico Piaggio dies and Umberto Agnelli succeeds him as president.

1967

Presentation of the Ciao.

1969

GILERA

Gilera, the well-known motorcycle manufacturer of Arcore, is acquired, a source of pride for Italian tecóology and capacity in the motorcycle sector.

1990

Sfera comes into being, the first scooter with plastic bodywork produced in Pontedera. Giovanni Alberto Agnelli is elected president.

1992

The Porter is created, Piaggio's first 4-wheeler commercial vehicle.

1996

Presentation of the new Vespa.

1997

Giovanni Alberto Agnelli dies prematurely.

1998

Establishment with Greaves Ltd of the joint venture Piaggio Greaves Vehicles Private Ltd in India for the production and sale of light commercial vehicles.

2001

DERBI

Acquisition of full ownership of the stake in the Indian company. Acquisition of Derbi Nacional Motor, a historic Spanish motorcycle manufacturer that is a leader in small-capacity motorcycles.

2003

Acquisition of control of the Piaggio Group by Immsi Spa. Roberto Colaninno becomes Chairman of the Group.

2004

aprilia

MOTO GUZZI

Acquisition of the Aprilia - Moto Guzzi Group: thus the Italian two-wheeler hub came about.

2006

Listing of Piaggio & C. on the Milan Stock Exchange. Presentation of the Piaggio MP3, the first three-wheeler scooter.

2009

Inauguration of the new Vietnamese plant in Vinh Phunc and the start sales of the Vespa LX scooters produced there.
Unveiling of the Piaggio MP3 Hybrid, the world's first hybrid scooter.

2012

Inauguration of the new Piaggio Group plant in Baramati, India dedicated to the production of the Vespa LX 125, specifically developed for the Indian subcontinent market.

2014

The first Motoplex is established in Mantova, a new and revolutionary "concept store" that makes the most of the Piaggio Group at a single location.

2015

Establishment in Cambridge, Massachusetts, USA of a new company called Piaggio Fast Forward controlled by the Piaggio Group with the aim of developing a new way of doing research, to interpret the signals of change and find solutions for the future.

2018

Commercial launch of the Vespa Elettrica.

2021

PIAGGIO 1

Commercial launch of the Piaggio1

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 it has three distinct areas of activity:

- 2-wheelers, scooters and motorbikes from 50cc to 1100cc;
- light commercial vehicles, 3- and 4-wheelers;
- 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.

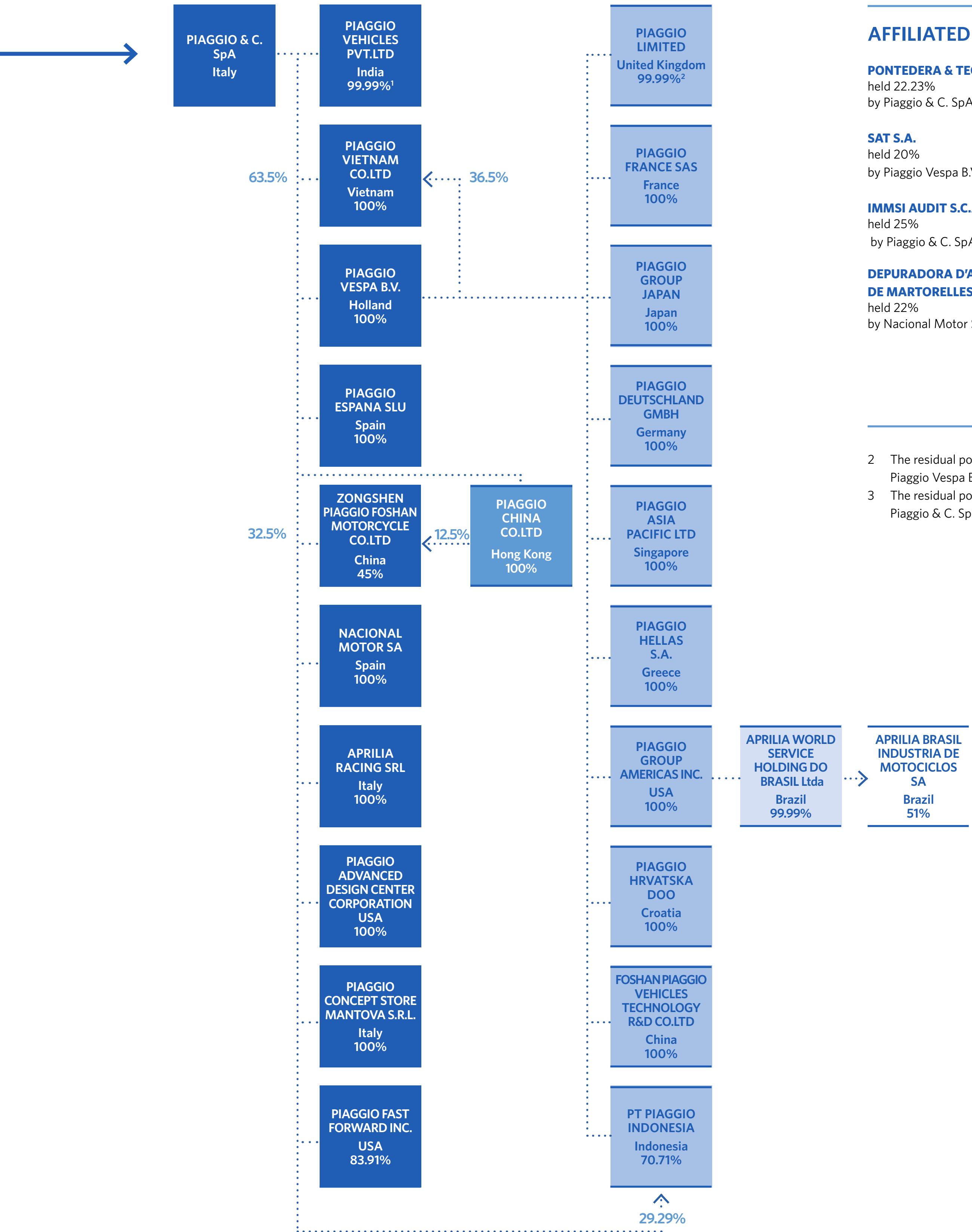
We are committed to broadening the horizons of our brands and products by constantly promoting tecóological innovation, uniqueness of design, attention to quality and safety, respecting communities and the environment.

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

COMPANY STRUCTURE AT 31 DICEMBER 2022



AFFILIATED COMPANIES

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

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

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

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

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

COMPANY BOARDS

BOARD OF DIRECTORS	
Chairman and Chief Executive Officer	Roberto Colaninno (1), (2)
Executive Deputy Chairman	Matteo Colaninno (2)
Directors	Michele Colaninno (2)
	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
	Audit, 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 Audit, 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**.

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ORGANISATIONAL STRUCTURE

As of 31 December 2022, the structure of Piaggio's organisation was based on the following Front-line functions:

- **Finance Department:** this department is responsible for administration, finance, planning and control and information tecóology, and for the coordination and reporting of sustainability activities.
- **Legal & Tax:** this department is responsible for support activities in the areas of law, providing assistance in contractual matters, managing the Group's litigation issues, ensuring the global protection of the Group's brands, guaranteeing the management of corporate law obligations, as well as those relating to tax, fiscal, customs and intercompany issues.
- **Human Resources Department:** this department is responsible for recruiting, managing and developing human resources, as well as managing industrial relations.
- **Marketing and Communications Department:** this department is responsible for managing and coordinating at a global level sales communication, digital marketing and customer experience activities, as well as monitoring brand image and awareness of the Group's brands and managing the Museums and historical archives of Group brands. This department also manages and coordinates communication activities and relations with the media and end consumers and guarantees the management and coordination of relations with product and racing media at a global level.
- **Product Development and Marketing Division:** this division is responsible for identifying market/customer needs and opportunities arising from tecóological innovation and developments in laws and standards, in order to assist the definition of vehicle concepts, as part of product range development, and is also responsible for design activities at a global level for the Group's brands.
- **Racing:** this function is responsible for racing activities.
- **R&D Two-Wheeler Department:** this department is responsible for activities focussing on tecóological innovation, engineering, reliability, quality for scooters, motorcycles and two-wheeler engines, and for protecting industrial property relative to the Group's tecóical patents and models.
- **Three-, Four-wheeler Product Development:** this department is responsible for activities concerning design, engineering, reliability and quality relative to three- and four-wheeler commercial vehicles and engines.
- **Product Manufacturing Department:** this department is responsible for ensuring the production and quality of products, managing production tecóologies, infrastructure and facilities, ensuring after-sales activities, spare parts sales and the distribution of spare parts and accessories, and guaranteeing the achievement of turnover.
- **Purchasing:** this function is responsible for purchasing and supplier management, including in-bound logistics activities.
- **Materials Management:** this function is responsible for managing vehicle distribution logistics and optimising commercial and production planning processes.
- **Market Management Italy, Two-Wheeler EMEA and America,**
- **Three-, Four-Wheeler EMEA Market and Emerging Markets:** each department, for the area and products in its management, is responsible for achieving sales targets, defining price policies for single markets and identifying appropriate actions to develop the sales network, through the coordination of sales companies in Europe, and for managing corporate sales to major clients and the central public administration sector at a European level.
- **Asia Pacific 2 Wheeler:** this function is responsible for coordinating the companies Piaggio Vietnam, Piaggio Asia Pacific, Piaggio Group Japan and Piaggio Indonesia, to guarantee business and industrial profitability, turnover, market share and customer satisfaction for the Group's two-wheeler vehicles, by managing production and sales on reference markets.

- **China:** this function is responsible for monitoring operations in the area, coordinating the Company Foshan Piaggio Vehicles Tecóology Research & Development.

- **Piaggio Vehicles Private Limited:** this function is responsible for guaranteeing business and industrial profitability, turnover, market share and customer satisfaction for the Group's commercial vehicles and scooters in India, by managing production and sales on reference markets.

- **Division & Merchandising Division:** this division is responsible for organising processes and scheduling activities related to the accessories and merchandising business.

- **Internal Audit:** this function is responsible for developing all activities concerning and functional to internal auditing, in order to improve the effectiveness and efficiency of the internal control system and evaluate its operation.

- **Corporate Press Office:** this function oversees media management and coordination for Corporate activities, inviting the press to attend institutional events, preparing notices and issuing press releases.

- **Investor Relations:** this function is responsible for promoting Piaggio shares and engaging with the national and international financial community.

- **Regulatory Affairs:** this function is responsible for monitoring regulatory developments worldwide, ensuring consistency at Group level.

The Board of Directors gave Michele Colaninno powers to operate in the context of the development of Group operations and product and marketing strategies. Moreover, the Board of Directors gave powers to Matteo Colaninno as regards institutional relations at national and international level.

STRATEGY AND AREAS OF DEVELOPMENT

Business strategy

The Piaggio Group aims to create value by adopting a strategy which:
- strengthens its leadership position in the European two-wheeler and Indian light commercial vehicle markets, also with a view to climate change connected to the transition process towards the use of renewable energy sources;
- increases its presence on international markets, with particular reference to the Asian area;
- increases the operating efficiency of all company processes, with a focus on industrial productivity.

EMEA and Americas

Europe Two-wheeler – lever market recovery, consolidating a leadership position in the scooter segment. Focus on the Aprilia and Moto Guzzi brands to improve sales and profitability in the motorcycle segment. Expand the range of electric vehicles, targeting its tecóological and design leadership, and the distribution network.
America Two-Wheeler – growth, with the introduction of the premium products Aprilia and Moto Guzzi and consolidation of the sales network.
Europe Commercial Vehicles - maintain growth based on eco-sustainable solutions, with a product range featuring new engines with zero or low environmental impact and lower emissions.

India

Two-wheelers - consolidate the scooter market position through expansion of the Vespa and Aprilia brand ranges.
Commercial vehicles - growth in volumes and profitability, through the consolidation of a strong competitive position on the local three-wheeler market and a focus on the export of vehicles to Africa and Latin America.

Asia Pacific 2W

Development: the aim is to increase scooter sales in the entire area (Vietnam, Indonesia, Thailand, Malaysia and Taiwan), exploring opportunities for motorcycles with a medium capacity engine, consolidating penetration in the premium segment of the Chinese market.

Key Assets

The Group will aim to consolidate its business position by levering and investing in the potential of its key assets:
- distinctive brands, recognised worldwide;
- an extensive sales network on reference markets;
- competency in research and development, focussed on innovation, safety and the environment;
- a strong international presence, with local operations for all core company processes, from marketing to research and development, production and purchasing.

Sustainability strategy

The Group's Corporate Social Responsibility (CSR) strategic objectives – which are largely integrated with and connected to the development of the long-term plan – are based on the following areas:

- **Economic:** timely, correct, in-depth information to stakeholders.
  Creation of value while respecting business ethics.
- **Product:** tecóological investments to meet the need for sustainable mobility - innovation to develop products that are environmentally friendly, safe and cost-effective.
- **Environmental:** decreasing energy consumption, reducing CO_2 emissions and emissions of other pollutants - conserving natural resources - waste management.
- **Social:** developing, training and promoting human resources so that everyone's expectations and aspirations are met. Engaging with customers in order to establish relations based on transparency and trust - developing Company Advocacy in partnership with the dealer network – selling products that are environmentally friendly, reliable, safe and cost-effective. Engaging and cooperating with suppliers through shared development projects - respecting human rights. Fighting against corruption. Engaging and supporting local communities through social, cultural and educational initiatives.

These goals are consistent with the 17 Sustainable Development Goals (SDGs).

Piaggio believes that the SDGs represent an opportunity for and an approach to steer the Group's future development. Piaggio knows its activities can contribute to achieving the following SDGs:

3. Good health and well-being
5. Gender equality
8. Decent work and economic growth
9. Industry, innovation and infrastructure
11. Sustainable cities and communities
12. Responsible consumption and production
13. Acting for the climate

The Group's objectives include creating value for all shareholders, while complying with ethical business principles and adopting a number of key social values.
Specifically, the Group's industrial strategy is founded upon tecóological innovation, which in turn is focused on environmentally friendly mobility. In this context, the Group considers research into cutting-edge solutions as a critical factor for successful investment choices and industrial and commercial initiatives. Innovation is geared to cutting pollutant emissions and consumption, as well as increasing vehicle safety.
Furthermore, Piaggio Group strongly believes that stakeholder engagement is one of the fundamental elements in the development of Piaggio and the communities where it operates, both in terms of economic success and social wellbeing.
Safeguarding the environment while carrying out all company operations is essential for humankind, tecóology and nature to coexist peacefully. The Group therefore makes sustainable products, which must be manufactured using production facilities with minimal environmental impact. Production systems are made sustainable through optimising process efficiency and converting facilities that are no longer competitive.
In particular, the environmental strategy for the Group's production sites is designed to promote a more rational use of natural resources, and to minimise harmful emissions and waste from production.
People are fundamental for Piaggio. They are vital to creating added value in the long term. The Group has defined objectives for the growth, promotion and training of human resources, ensuring that each person is rewarded for the contributions they make and that their expectations and goals are met.
In order to achieve the objective of sustainable development, growth must go beyond the boundaries of the company. It must go further afield to reach suppliers and dealers, with whom Piaggio wants to cooperate being a reliable partner, forging a common ground to work and grow together, to create value for the end customer. The success of a company over time is closely linked to customer confidence and satisfaction: customers must be listened to, informed and respected, establishing relations based on transparency and trust.

PIAGGIO AND FINANCIAL MARKETS

INVESTOR RELATIONS

Piaggio considers financial disclosure to be of vital importance in building a relationship of trust with the financial market.
In particular the Investor Relations function engages institutional and individual investors as well as financial analysts in an ongoing dialogue, producing transparent, timely and accurate information to promote a correct perception of the Group's value.
During 2022, despite the continuing difficulties related to the spread of Covid-19, numerous opportunities for engagement with the financial community were promoted, through participation in roadshows and conferences held almost exclusively online, in order to limit the chance of contagion and minimise the environmental impact of Investor Relations activities.
Initiatives also included conference calls, managed daily by the IR function, and institutional communication events concerning quarterly results.
To ensure adequate reporting and compliance with Borsa Italiana and Consob regulations, the Company's website is promptly and continually updated with all information concerning the Group and key corporate documents, published in both Italian and English.
In particular, press releases disclosed to the market, the Company's periodic financial reports, data on business and financial performance, material used in meetings with the financial community, the Piaggio share consensus, as well as corporate governance documents (articles of association, insider trading and material concerning shareholders' meetings) are all published online.

Contacts Investor Relations Department
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Email: investorrelations@piaggio.com
Tel: +39 0587 272286
Fax: +39 0587 276093

SHAREHOLDING STRUCTURE

As of 31 December 2022, share capital comprised 358,153,644 ordinary shares. On the same date, the shareholding structure, according to the results of the shareholders' register supplemented by the communications received pursuant to Article 120 of Legislative Decree 58/1998 and other information available, was as follows:

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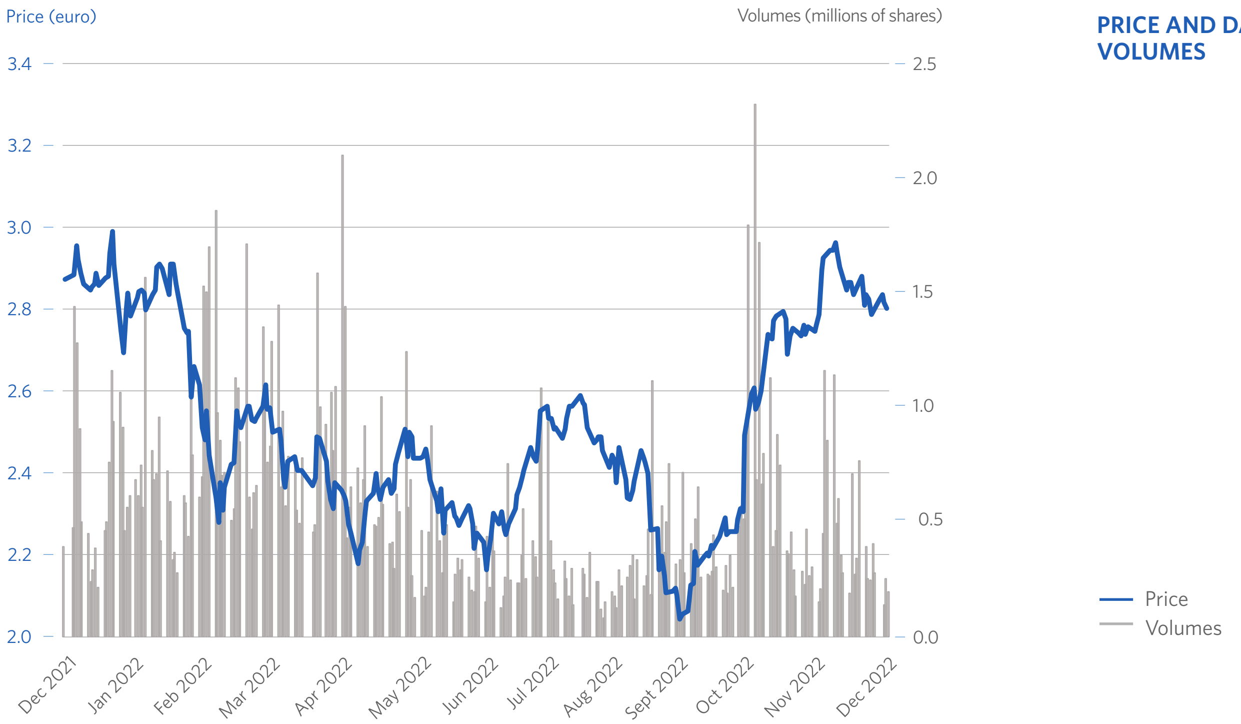
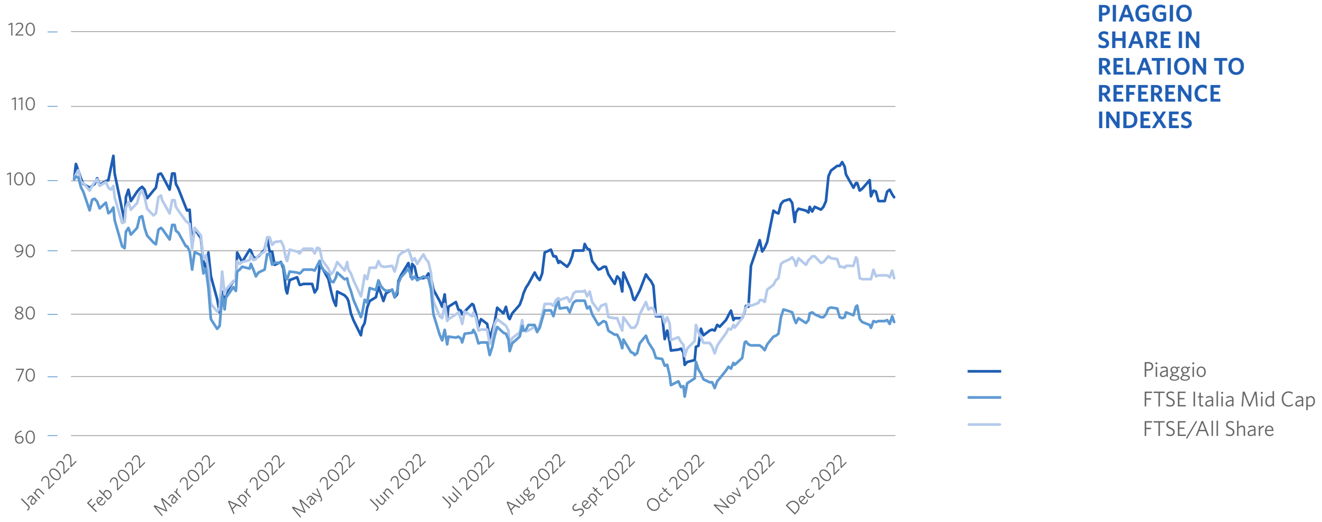
SHARE PERFORMANCE

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. The Piaggio share closed the year substantially in line with the end of 2021, with a performance markedly superior to that of the main benchmarks.

PRICE AND DAILY VOLUMES



TREND OF THE PIAGGIO SHARE IN RELATION TO REFERENCE INDEXES



MAIN SHARE INDICATORS

	2022	2021
Official share price on the last day of trading (euro)	2.804	2.874
Number of shares (no.)	358,153,644	358,153,644
Treasury shares (no.)	3,521,595	1,045,818
Earnings per share (euro)		
Basic earnings	0.239	0.168
Diluted earnings	0.239	0.168
Shareholders' equity by share (euro)	1.17	1.13
Market capitalisation (millions of Euros)[4]	1,004.3	1,029.3

GROUP RATINGS

	31/12/2022	31/12/2021
Standard & Poor's		
Corporate	BB-	BB-
Outlook	Stable	Stable
Moody's		
Corporate	Ba3	Ba3
Outlook	Stable	Stable
MSCI ESG Research	AA	AA

DIVIDENDS

Since 2019, Piaggio has adopted a new policy to distribute dividends with the distribution of an interim dividend during the year (rather than a single distribution), to align with other international companies in the two-wheeler sector, also with the aim of optimising cash flow management, considering the seasonal nature of the business.

SUMMARY OF DIVIDENDS PAID BY PIAGGIO & C. S.P.A.

	DIVIDEND PAID IN THE YEAR					
	TOTAL			PER SHARE		
	2022	2021	2020	2022	2021	2020
	€/000	€/000	€/000	€	€	€
Of the previous year's result	23,203	9,285	19,642	0.065	0.026	0.055
Interim dividend for current year's result	30,200	30,354	13,214	0.085	0.085	0.037

4. Source Borsa Italiana.

SIGNIFICANT EVENTS DURING THE YEAR

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.

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 tecóical 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.

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.

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21 September 2022 - The Moto Guzzi V100 Mandello Aviazione Navale, a special limited and numbered edition of the manufacturer's latest model celebrating the very close bond between Moto Guzzi and the Italian Navy, was unveiled at a world premiere in the spectacular setting of the flight deck of the Cavour aircraft carrier.

8 November 2022 - During EICMA in Milan, the Piaggio Group presented several new products. The main ones include: the Aprilia Elettrica project, the Aprilia RS 660 Extrema, the special versions of the Moto Guzzi V7 and V9, the new Vespa GTS and GTV, the Piaggio 1 model year 2023 electric scooter, the Vespa 946 10th anniversary and the related limited edition project designed for the lunar calendar.

23 November 2022 - The Piaggio Group's new production plant was inaugurated in Jakarta, capital of Indonesia, a market of growing importance for the Group. Developed on a building area of 55,000 square metres, the new factory is located in the Cikarang district, West Java.

29 November 2022 - The Piaggio Group and Foton Motor Group signed a preliminary agreement to develop a new range of four-wheeler light commercial electric vehicles. The agreement consolidates the partnership between the two Groups that began in September 2017 for the joint development of innovative solutions for the light commercial vehicles market.

28 December 2022 - The European Investment Bank (EIB) and the Piaggio Group signed a €60 million loan agreement, with a duration of nine years from disbursement, to support Research and Development activities in applied electric vehicle tecóologies for the period 2022-2025.


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FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (reclassified)

	2022		2021		CHANGE	
	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	%
Net revenues	2,087.4	100.0%	1,668.7	100.0%	418.8	25.1%
Cost to sell[5]	1,532.5	73.4%	1,206.2	72.3%	326.3	27.1%
Gross Industrial Margin[5]	**554.9**	**26.6%**	**462.5**	**27.7%**	**92.4**	**20.0%**
Operating expenses	396.2	19.0%	350.0	21.0%	46.2	13.2%
Operating income	**158.7**	**7.6%**	**112.6**	**6.7%**	**46.2**	**41.0%**
Result of financial items	(31.5)	-1.5%	(18.9)	-1.1%	(12.6)	66.8%
Profit before tax	**127.2**	**6.1%**	**93.7**	**5.6%**	**33.5**	**35.8%**
Taxes	42.3	2.0%	33.6	2.0%	8.7	25.9%
Net profit	**84.9**	**4.1%**	**60.1**	**3.6%**	**24.8**	**41.4%**
Operating income	**158.7**	**7.6%**	**112.6**	**6.7%**	**46.2**	**41.0%**
Amortisation/depreciation and impairment costs	139.4	6.7%	128.0	7.7%	11.4	8.9%
EBITDA[5]	**298.1**	**14.3%**	**240.6**	**14.4%**	**57.5**	**23.9%**

Net revenues

	2022	2021	CHANGE
IN MILLIONS OF EUROS			
EMEA and Americas	1,240.5	1,104.4	136.1
India	323.6	231.2	92.4
Asia Pacific 2W	523.4	333.1	190.3
Total	**2,087.4**	**1,668.7**	**418.8**
Two-wheelers	1,683.8	1,369.0	314.8
Commercial Vehicles	403.7	299.7	104.0
Total	**2,087.4**	**1,668.7**	**418.8**

In terms of consolidated **turnover**, the Group closed 2022 with net revenues up compared to 2021 (+25.1%).
All markets performed positively, with Asia Pacific doing particularly well (+57.1%; +44.7% at constant exchange rates) along with India (+40.0%; +31.3% at constant exchange rates).
Growth was significant for both types of products sold (Commercial Vehicles +34.7% Two-Wheelers +23%). The percentage of Two-wheelers accounting for overall turnover dropped from 82.0% in 2021 to the current figure of 80.7%; vice versa, the percentage of Commercial Vehicles rose from 18.0% in 2021 to the current figure of 19.3%.

The **gross industrial margin** of the Group increased compared to the previous year (+€92.4 million) and was equal to 26.6% (27.7% in 2021).
Amortisation/depreciation included in the gross industrial margin was equal to €40.0 million (€35.6 million in 2021).
Operating expenses incurred during 2022 stood at €396.2 million (€350.0 million in 2021). The increase is closely linked to the growth in turnover and vehicles sold.

5. For a definition of the parameter, see the "Economic Glossary".

This performance resulted in a consolidated **EBITDA** which was higher than the previous year, and equal to €298.1 million (€240.6 million in 2021). In relation to turnover, EBITDA was equal to 14.3% (14.4% in 2021).

Operating income (**EBIT**) which amounted to €158.7 million, recorded strong growth compared to 2021 (+€46.2 million); in relation to turnover, EBIT was equal to 7.6% (6.7% in 2021).

The result of **financing activities** (worsened) compared to the previous year by €12.6 million, with net expenses amounting to €31.5 million (€18.9 million in 2021). The poorer performance compared to the corresponding period of the previous year is essentially due to foreign-exchange losses, affected by the exceptional volatility of forex markets and the result of equity investments. Net interest income rose modestly due to the impact of the rate hike limited to the fourth quarter.

Taxes for the period were equal to €42.3 million, while they amounted to €33.6 million in 2021. In 2022 the impact of taxes on profit before tax was equal to 33.3% (35.9% in 2021). The decrease is mainly related to the growth of income generated in Vietnam.

Adjusted net profit stood at €84.9 million (4.1% of turnover), up on the figure for the previous year of €60.1 million (3.6% of turnover).

Operating data

VEHICLES SOLD

	2022	2021	CHANGE
IN THOUSANDS OF UNITS			
EMEA and Americas	279.7	262.2	17.5
India	148.8	138.4	10.3
Asia Pacific 2W	197.0	135.4	61.7
Total	**625.5**	**536.0**	**89.5**
Two-wheelers	516.2	449.7	66.6
Commercial Vehicles	109.3	86.3	22.9
Total	**625.5**	**536.0**	**89.5**

During 2022, the Piaggio Group sold 625,500 vehicles worldwide, registering a growth of approximately 16.7% in volume over the previous year, when 536,000 units were sold. Sales increased in all geographic segments.
As regards product type, sales of Two-Wheeler vehicles grew (+14.8%), as well as sales of Commercial Vehicles (+26.6%).
For a more detailed analysis of market trends and results, see relative sections.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[6]

STATEMENT OF FINANCIAL POSITION	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
IN MILLIONS OF EUROS			
Net working capital	(224.8)	(196.0)	(28.8)
Property, plant and equipment	291.4	283.0	8.3
Intangible assets	729.5	720.2	9.3
Rights of use	36.9	30.7	6.1
Financial assets	10.0	11.2	(1.3)
Provisions	(56.9)	(64.8)	7.9
Net capital employed	**786.0**	**784.4**	**1.6**
Net financial debt	368.2	380.3	(12.1)
Shareholders' equity	417.8	404.1	13.7
Sources of financing	**786.0**	**784.4**	**1.6**
Non-controlling interests	(0.2)	(0.1)	(0.0)

Net working capital as of 31 December 2022 was negative (€224.8 million), generating a cash flow of approximately €28.8 million during 2022.

Property, plant and equipment amounted to €291.4 million, registering an increase of approximately €8.3 million compared to 31 December 2021. This increase is mainly due to investments for the period, the value of which exceeded depreciation by approximately €11.9 million. These increases offset the effect related to the devaluation of the Indian rupee and Vietnamese dong against the euro (approximately €3.5 million) and divestments of €0.1 million.

Intangible assets totalled €729.5 million, up by approximately €9.3 million compared to 31 December 2021. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €12.4 million, offsetting the effect of the devaluation of the Indian rupee and Vietnamese dong against the euro (approximately €1.1 million), and disposals and write-downs totalling approximately €2.0 million.

Rights of use, equal to €36.9 million, increased by approximately €6.1 million compared to figures as of 31 December 2021.

Financial assets which totalled €10.0 million, decreased compared to figures for the previous year (€1.3 million).

Provisions totalled €56.9 million, down compared to 31 December 2021 (€64.8 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 31 December 2022 was equal to €368.2 million, compared to €380.3 million as of 31 December 2021, down by approximately €12.1 million.
Shareholders' equity as of 31 December 2022 amounted to €417.8 million, up by approximately €13.7 million compared to 31 December 2021.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows, prepared in accordance with international accounting standards, is presented in the Consolidated Financial Statements and Notes as of 31 December 2022; the following is a comment relating to the summary statement shown.

CHANGE IN CONSOLIDATED NET DEBT	2022	2021	CHANGE
IN MILLIONS OF EUROS			
Opening Consolidated Net Debt	**(380.3)**	**(423.6)**	**43.3**
Cash Flow from Operating Activities	207.3	180.0	27.3
(Increase)/Reduction in Working Capital	28.8	49.4	(20.7)
Net Investments	(151.7)	(154.1)	2.5
Other changes	(1.1)	(4.0)	2.9
Change in Shareholders' Equity	(71.2)	(28.0)	(43.2)
Total Change	***12.1***	***43.3***	***(31.2)***
Closing Consolidated Net Debt	**(368.2)**	**(380.3)**	**12.1**

During 2022, the Piaggio Group generated **financial resources** amounting to €12.1 million.
Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €207.3 million.
Working capital generated a cash flow of approximately €28.8 million; in detail:
- the collection of trade receivables[7] generated cash flows for a total of €3.7 million;
- stock management absorbed financial flows for a total of €101.1 million;
- supplier payment trends generated cash flows of €116.6 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €9.6 million.

Investing activities used financial resources for a total of €151.7 million, of which €41.1 million in capitalised development costs and €110.6 million in property, plant and equipment and intangible assets.
Dividends paid in the year came €53.4 million and included the interim dividend paid in September 2022.
Other changes mainly include other movements in assets and assets for rights of use.

As a result of the above financial dynamics, which generated a cash flow of €12.1 million, the **net debt** of the Piaggio Group amounted to €368.2 million.

7. 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.


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BACKGROUND

MACROECONOMIC FRAMEWORK

Global economic activity experienced a more pronounced and widespread slowdown than expected. The rising cost of living and harsher financial conditions in most regions severely affected growth prospects. The IMF's estimate for global GDP in 2022 is 3.2% growth; the energy shock resulting from the war in Ukraine has led to much higher debt ratios than expected, in a situation where governments are faced with new budgetary priorities: from defence spending to climate change-related energy transition, with interest rates that are currently very high.
GDP in the **Eurozone** grew by 3.4 %, while the forecast for 2023 is +0.3%.
The consequences of the war in Ukraine have been a heavy blow to an economy still struggling with the repercussions of the pandemic crisis. The EU has been among the economies most exposed to rising inflation under pressure from the prices of energy, food and other commodities, due to its geographical proximity to the war and its heavy reliance on imported fossil fuels. Although rampant inflation had already dented a part of the post-war recovery before the war, real GDP growth in the first half of the year exceeded expectations. The expansion continued in the third quarter, albeit at a weaker pace. The sharp erosion of household spending power has radically changed consumer sentiment and consequently confidence has also plummeted in the corporate sector due to high production costs, supply-side "bottlenecks", tighter financing conditions and increased uncertainty.
The **US economy** grew by 2.0%, with an expected contraction close to 0.8% in 2023. Growth in the third quarter was revised upwards, according to the third and latest estimate released by the Department of Commerce, compared to the first two quarters of the year. With the easing of containment measures, there has been a considerable and steady increase in the consumption of ancillary goods and services related to the service sector. Demand in the manufacturing industry and real estate-related activities have fallen off, while there has been a strong mismatch between labour supply and demand. The "core" rate, i.e. the consumer price index used by the FED, showed a 5% increase in inflation compared to 2021.
Estimates for **Japan** predict a GDP growth of 1.1%, +0.9% for 2023. This figure is related to the increase in government spending and the rise in net trade, with exports growing faster than first estimated; private consumption slowed down after an increase in the second quarter, influenced by another wave of Covid in August and despite the government's efforts to increase household support. Business investment expenditure also dropped significantly.
China's economy grew by 3.0% in 2022, recording its worst performance in the last 40 years, mainly due to the effects of strict lockdown policies, the collapse of the real estate sector and a weakened foreign demand. The Office for National Statistics has identified three main causes for the decline in growth: fundamentals remain strong, driven by expansion in the tech and green sectors, but the current fall in demand, coupled with supply shocks and uncertainty surrounding recovery expectations, have negatively impacted the country's macroeconomic performance. Forecasts for 2023 expect GDP growth of 5%.
India has recovered from the lows of the pandemic, driven by strong exports, a build-up in consumer demand and investment spending. The growth of the Indian economy reached 6.8%, although key factors weakened in the last quarter. Export volumes of high-tech products started to slow down from August, while most of the goods consumed by households were imported and not domestically produced. In the aftermath of the pandemic period, India increased high-skill exports, such as IT services, smartphones, drugs and specialised pharmaceutical machinery. The rise of digital start-ups has also contributed substantially to the growth in capex and employment.

Italy's economic activity grew mainly in the second half of the year, contrary to experts' estimates. GDP increased by 3.8%, driven once again by the domestic market, with private consumer spending up 2.5% quarter-on-quarter and investments up for the ninth consecutive quarter (now +20% compared to pre-pandemic levels). The services sector also made a significant contribution, and especially the travel industry; the strong influx of foreigners, in fact, combined with an increase in domestic tourism, has led to a considerable improvement in the balance of payments. The manufacturing sector also held up relatively well, supported by generous tax credit concessions, although rising energy costs especially for companies in energy-intensive sectors has put a strain on local production. The labour market consolidated, with record employment levels reached in October. Inflation is at its highest level in more than 40 years and, while energy pressures are expected to ease, prices of primary goods are estimated to rise again. As a result, the income-related purchasing power of households fell by 5.4%. The forecast for 2023 is a very low growth rate of approximately +0.3%. A key role will be played by domestic demand, the resolution of energy supply issues and public spending on investments in infrastructure and sustainability.

MARKET SCENARIO

Two-wheelers

Currently available figures for monitored markets, and specifically the performance of the two-wheeler segment (scooters and motorcycles) are reported below.

India, the most important two-wheeler market, reported an increase in 2022, closing with just over 15.6 million vehicles sold, up by 7.4% compared to 2021.

The People's Republic of China reported a significant drop (-16.5%), closing at just over 5.2 million units sold, due to the strict pandemic-related lockdown measures that remained in place in large cities for long periods of the year.

The Asian area, termed Asean 5, reported an increase in 2022 (+10.7% compared to 2021) ending the period with nearly 12.3 million units sold. This performance was due to:
- Indonesia, the largest market in this region (+3.2% compared to 2021 and sales of more than 5.2 million units);
- Thailand (+12.2% compared to 2021 and 1.8 million units sold);
- Malaysia (+36.9% compared to the previous and over 680,000 units sold);
- Vietnam (+20.5% compared to 2021 and over 3 million units sold);
- the Philippines (+9.0% compared to 2021 and approximately 1.6 million units sold).

Volumes of other Asian area countries (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) decreased in overall terms, compared to the previous year, with over 1.3 million units sold (-11.4%). In particular, the Taiwanese market continued last year's negative trend, decreasing to around 679,000 units sold (-15.2% compared to 2021). Japan also slowed down to around 405,000 units sold (-2.5% compared to 2021).

The North American market reported a decrease (-4.1%) compared to 2021 (603,348 vehicles sold in 2022).

Europe, the reference area for Piaggio group activities, was stable in 2022, with total sales aligned with 2021 (-1.6% for the motorcycle segment and +1.7% for scooters), ending the period with approximately 1,512,685 units sold.

The scooter market

Europe

The European scooter market in 2022 accounted for 749,452 registered vehicles, with sales up by 1.7% compared to 2021. The electric scooter segment reported steady growth (+33.4% over 2021), reaching 129,277 units in 2022 and accounting for 17.2% of the total market.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2022	2021		OVERALL	≤ 50 CC	> 50 CC
Italy	160,369	165,793	(5,424)	-3.3%	12.7%	-4.8%
of which electric	*15,670*	*10,260*	*5,410*	*52.7%*		
France	130,712	143,198	(12,486)	-8.7%	-17.2%	2.8%
Spain	112,391	102,943	9,448	9.2%	-12.8%	12.7%
Holland	64,481	75,451	(10,970)	-14.5%	-15.3%	7.3%
Germany	83,764	71,341	12,423	17.4%	21.7%	15.2%
Greece	49,084	38,475	10,609	27.6%	94.6%	23.4%
United Kingdom	32,177	31,582	595	1.9%	-4.6%	3.2%
Europe	**749,452**	**737,121**	**12,331**	**1.7%**	**-6.3%**	**6.1%**
of which electric	***129,277***	***96,907***	***32,370***	***33.4%***		

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North America

In 2022 the North American market reported an increase of 5.0% and 31,097 units sold:

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2022	2021		OVERALL	≤ 50 CC	> 50 CC
USA	27,768	26,266	1,502	5.7%	-20.3%	26.8%
Canada	3,329	3,340	(11)	-0.3%	-2.2%	7.2%
North America	**31,097**	**29,606**	**1,491**	**5.0%**	**-16.9%**	**25.9%**

Asia

The main scooter market in the Asean 5 area is Indonesia, with over 4.9 million items sold, reporting an increase of 3.5% compared to 2021. The automatic scooter segment reported a growth in 2022 (+3.7% compared to 2021, with just over 4.6 million units sold). The gearbox (cub) segment increased slightly in 2022, closing with +1.8% and over 324 thousand units sold.

India

The automatic scooter market, after the slight recovery last year, reported a more substantial increase (+14.6% in 2022), closing at over 5 million units.

The 125cc segment was the best performer, with over 4.7 million units sold in 2022 (+11.4%), accounting for 94.0% of the total automatic scooter market. The 150cc cylinder capacity segment reported a decrease (-20.9%), now solely tied to the Vespa, which closed at 2,149 units (-20.9% compared to 2021). The 50 cc scooter segment is not operative in India.

The motorcycle market

Europe

With 763,233 units registered, the motorcycle market ended 2022 down 1.6%. The 50cc segment performed well (+11.6%) closing with 44,754 units sold. Conversely, the over 50cc segment reported a decline, with 718,479 units sold (-2.3%).

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2022	2021		OVERALL	≤ 50 CC	> 50 CC
France	152,161	161,425	(9,264)	-5.7%	24.5%	-9.4%
Germany	143,252	150,211	(6,959)	-4.6%		-4.6%
Italy	131,578	123,530	8,048	6.5%	10.2%	6.4%
United Kingdom	83,920	82,326	1,594	1.9%	-1.9%	2.0%
Spain	81,345	82,358	(1,013)	-1.2%	-7.9%	-1.0%
Europe	**763,233**	**775,635**	**(12,402)**	**-1.6%**	**11.6%**	**-2.3%**

North America

The motorcycle market in North America (USA and Canada) recorded a decrease in 2022 of 4.6%, closing the period with 572,251 units sold compared to 599,701 the previous year.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2022	2021		OVERALL	≤ 50 CC	> 50 CC
USA	509,448	530,681	(21,233)	-4.0%	-13.2%	-3.6%
Canada	62,803	69,020	(6,217)	-9.0%	-27.4%	-8.0%
North America	**572,251**	**599,701**	**(27,450)**	**-4.6%**	**-15.3%**	**-4.1%**

Asia
The most important motorcycle market in Asia is India, which continued the previous year's growth trend in 2022, with over 10.1 million items sold, and an increase of 5.3%.
The motorcycle market in the Asean 5 area is far less important than the scooter sector: sales of motorcycles in Vietnam were not significant. In other countries, the highest sales were recorded in Indonesia with just over 305 thousand units sold and a decrease of 1.3% compared to the previous year.

Commercial Vehicles

Europe
In 2022, the European market (including the UK) for light commercial vehicles (gross vehicle weight less than or equal to 3.5 tons), in which the Piaggio Group operates, declined by 18.6% compared to 2021, with 1,560,648 units sold (source: ACEA data). In detail, the trends of main European reference markets are as follows: France (-19.5%), UK (-20.6%), Germany (-13.0%), Italy (-12.3%) and Spain (-21.3%).

India
The Indian three-wheeler market, in which Piaggio Vehicles Privates Limited, controlled by Piaggio & C. S.p.A., operates, reported the following trends:

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %
	2022	2021		
Cargo	92,512	82,950	9,562	11.5%
Passengers	305,453	174,531	130,922	75.0%
Electric	20,376	7,277	13,099	180.0%
India 3W	**418,341**	**264,758**	**153,583**	**58.0%**

THE REGULATORY FRAMEWORK

European Union

Emissions
European institutions reached an agreement on new CO_2 emission limits for cars and light commercial vehicles (LCVs) for the post-2020 period with the revision of Regulation (EU) 2019/631 in October 2022. However, the agreed on text still allows smaller manufacturers producing less than 22,000 units a year to request an extension until 2030. The deadline for the production of internal combustion engines set by the Regulation for 2035 will be subject to a review clause in 2026.

"EURO7" proposal
The European Commission presented a Proposal for new EURO7 emission limits in November 2022. In the text, the entry into force of EURO 7 is set for 2025 but, for smaller manufacturers producing less than 22,000 units per year, there would be a postponement to 2030. In the proposal, the new limits will be stricter than the previous EURO6 step and will include the monitoring of new substances such as ammonia. In addition, emissions from braking systems and tyres, including those of electric vehicles, will also be measured. The European Commission's proposal will be negotiated with the European Parliament and the Council.

Battery regulations
In January 2023, European institutions reached an agreement on the final wording text of the new regulation that will govern batteries and battery waste in Europe. The Regulation aims to modernise the existing legislative framework, to encourage the production of more sustainable batteries over their entire life cycle, introducing a new classification by use and specific targets to ensure their recycling and reuse. There will be an obligation to use responsibly sourced materials and a restriction on the use of hazardous substances. At the same time, minimum recycled content, carbon footprint, efficiency, durability, labelling, as well as compliance with collection and recycling targets will become essential constraints for the development of a more sustainable and competitive battery industry.
Publication is expected in June 2023 with entry into force by the end of the year. The Regulation classifies batteries under 25 kg used in all means of transport as "Light Means of Transport (LMT)". Batteries in transport vehicles above 25 kg are referred to as "Electric vehicles batteries (EV)", while batteries that provide energy for starting, lighting and injection are considered "Starting, Lighting and Ignition Batteries (SLI)". The wording of the proposal sets battery waste collection targets for producers and introduces a specific target (51% by the end of 2028 and 61% by the end of 2031) for the collection of "LMT" battery waste. Finally, there will be labelling and consumer information requirements from 2024 onwards for EV batteries, as well as an electronic "Battery Passport" to monitor reuse and a QR code on each battery.

Swappable Batteries Motorcycle Consortium - SBMC
Piaggio, together with Honda, Yamaha and KTM has created the Swappable Batteries Motorcycle Consortium (SBMC) with the aim of developing an international standard for swappable batteries. This tecóology aims to improve the sustainability of the battery lifecycle, reduce costs and cut recharging times, meeting key consumer needs. More than 30 companies have joined the initiative by becoming members of the consortium, which today counts global players in the automotive, infrastructure network and battery manufacturing sectors, ready to pool their know-how for the definition of a common open standard for the benefit of the consumer.

Cybersecurity
From 2024 onwards, Light Commercial Vehicles (Category N1), like passenger cars, will have to comply with the requirements of the two international UNECE regulations R155 and R156 on cybersecurity.
The two regulations, which refer to the ISO 21434 and ISO 24089 standards, aim to protect new vehicles from the risk of cyber attacks. In addition, manufacturers will have to implement a Computer Security Management System (CSMS) that will cover all processes of the entire vehicle life cycle, from design to post-production monitoring and finally disposal.
As part of the "Cyber Resilience Act", the European Commission is holding a discussion about a potential extension of cybersecurity to two/three-wheeler Category L vehicles, for which these two regulations do not apply at present.

End of life of vehicles - ELV
The European Commission is working on a new legislative proposal to revise existing regulations on End of Life Vehicles (ELV). The Commission's idea is to extend the scope to Category L vehicles. Manufacturers of two-wheelers, such as cars and vans, will also be required to meet specific material recyclability and reuse targets, comply with vehicle design obligations to facilitate component recovery, publish a dismantling manual, and fulfil their responsibility to take back and dispose of end-of-life vehicles. The Proposal will be presented in 2023.

UKCA marking for the UK
Following Brexit, the UK introduced new certification for products introduced to the UK market. The entry into force of the UKCA marking, which will replace CE marking valid within the European Union, has been postponed until the end of 2024. Until 31 December 2024, CE marking may continue to be used. Whereas from 1 January 2025 and until 31 December 2027, the UKCA marking may be affixed to the product by means of a sticker or accompanying document.

New EU Packaging Regulation
The European Commission presented a proposal to revise the European Packaging and Packaging Waste Regulation in December 2022. The Proposal suggests reusable, recyclable packaging solutions to reduce waste. The text of the Proposal sets a target for 2040 to reduce packaging waste per capita per Member State by 15% compared to 2018. The measures are aimed at making the packaging of certain product categories fully recyclable by 2030. The Proposal will be negotiated with the European Parliament and the Council.

Emission trading
The fourth phase of the quota trading system (EU-ETS) started in Europe in 2021, during which emission permits will be issued free of charge, using emission factors defined at European level and specific for each industrial sector. For the Pontedera industrial plant, the only site of the Group that falls within the scope of the "Emissions Trading" Directive (Directive 2003/87/EC), a generally lower number of emission permits will be assigned compared to the emissions recorded in the reference year, and it will be necessary to purchase quotas in order to achieve compliance on the emissions market.

Italy

Refinancing electric vehicle incentives - Category L
With the Prime Minister's Decree of 6 April 2022, the Italian government refinanced incentives for the purchase of non-polluting vehicles, allocation 650 million euro for each year, for 2022, 2023 and 2024. The state incentives also apply to Category L vehicles. For electric vehicles, the subsidy, for consumers who purchase a brand new electric or hybrid vehicle from category L1e, L2e, L3e, L4e, L5e, L6e or L7e, is calculated on the percentage of the list price: 30% for purchases up to €3,000 without an old vehicle being scrapped, and 40% for purchases up to €4,000 with an old vehicle (vehicles up to EURO3) being scrapped.

India

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

20% ethanol mix in petrol
The Indian government (Ministry of Oil and Natural Gas) has announced that from 1 April 2023, the percentage of ethanol in petrol will rise to 20%. The timeline outlined above is valid for metropolitan and first-tier cities. For the rest of India, the legislation will come into force in April 2025.

Electric Vehicle Safety Regulation (AIS-156)
The Electric Vehicle and Battery Safety Regulation will come into force in two stages:
- 1 December 2022 for certain requirements (traceability, additional safety fuse, regenerative braking protection, cell spacing);
- 1 April 2023 for the remaining requirements of the regulation (battery charger for earth leakage detection, thermal propagation test, audio-visual signalling in the case of a thermal event, 4 temperature sensors of the battery charge monitoring system (BMS)).

"FAME" scheme - incentives
The Indian government recently announced its intention to promote the electrification of three/four-wheelers and two-wheelers with the aim of 30% of new registrations consisting of electric vehicles by 2025. FAME (Faster Adoption of Electrical Mobility), the scheme adopted by the Indian government in 2015 is part of this strategy, and aims to provide incentives for the purchase of 2, 3 and 4-wheeler electric and hybrid vehicles. In April 2019, the move to the second phase of the programme was officially announced with new funds allocated totalling $1.4 billion (USD) and targeted incentives for the purchase of electric vehicles and the development of charging infrastructure. The scheme got a further boost in June 2021 with the increase in the subsidy structure under FAME II for two-wheelers. Some local governments have declared their intention to issue new regulations to promote the adoption of electric vehicles.

Vietnam

Emissions

Since 1 January 2017, the National Tecóical Regulation on the Third Level of Emission of Gaseous Pollutants No. 77 issued by the Ministry of Transport in 2014 ("QCVN 77: 2014 / BGTVT") has been in force in Vietnam for new assembled, manufactured and imported two-wheeler motorcycles. This level is equivalent to the EURO3 standard specified in European Community tecóical regulations on vehicle gas emissions. The Vietnamese government is considering a switch to the EURO4 standard in the next few years.

The law on environmental protection which came into force on 1 January 2022 ("New Law on Environmental Protection"), requires all transport vehicles to be certified to Vietnamese environmental regulations. However, from 1 January 2022, only newly registered cars produced in Vietnam or imported must comply with EURO5 emission limits. In an attempt to reduce environmental pollution, the Vietnamese government also wants to apply gas emission limits to two-wheelers. Local governments in some large cities have worked with authorities and industry associations to test gas emissions of vehicles on the road, to be proposed to the government as a procedure to test and enforce gas emission limitation standards on vehicles.

In 2021 at the Climate Change Conference ("COP26"), the Vietnamese Prime Minister committed Vietnam to achieving zero emissions by 2050. Actions to achieve this will have to be discussed. In addition, Government Decree 48/NQ-CP of 5 April 2022 also required five large cities (Hanoi HCMC, Danang, Can Tho, Hai Phong) to study and construct a scheme for restricting the movement of 2-wheelers by 2030, consistent with infrastructure and public transport conditions, in order to reduce air pollution in major cities.

Energy label

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

Recycling/End-of-Life

Currently in Vietnam, the take-back and treatment of discarded products (batteries, tyres, end-of-life vehicles) is governed by Circular 34/2017/TT-BTNMT issued by the Ministry of Natural Resources and Environment ("MONRE").

According to this legislation, manufacturers, sellers and service providers are responsible for taking back and treating these discarded products by recycling them, or final disposal.

The new Environmental Protection Act, which came into force on 1 January 2022, requires manufacturers and importers to recycle discarded products according to mandatory percentages and methods, leaving them the choice of either handling the recycling themselves or paying the Environment Fund to do so on their behalf. The new decree requires manufacturers and importers to recycle accumulators, batteries, lubricating oil, inner tubes and tyres from 1 January 2024 and motorcycles scrapped from 1 January 2027. Producers and importers will also be required to register for the annual recycling plan and submit a recycling report for the previous year to MONRE by 31 March each year at the latest, unless the producers and importers choose to pay the Environment Fund. The mandatory recycling rate (including the recovery and recycling of waste motorcycles) is 0.5% of the annual sales volume.

In addition, MONRE is responsible for the development in Vietnam of an extended producer responsibility strategy ("EPR"), which is an approach whereby producer responsibility for a product extends to the disposal phase. The National EPR Council was officially recognised by Decree 08/2022/ND-CP under the Environment Act and has the task of defining the aforementioned strategy.

Emission Trading
According to Vietnam's Law on the Environment and Decree 06/2022/NĐ-CP on Greenhouse Gas (GHG) Emission Mitigation and Ozone Layer Protection, entities subject to the Greenhouse Gas Emission Directive, including Piaggio Vietnam, are required to monitor and reduce GHGs, receive GHG emission allowances and have the right to trade these allowances on the domestic carbon market. Organisations and individuals not on this list are encouraged to reduce greenhouse gas emissions according to their conditions and activities.

An action plan for the establishment of a greenhouse gas emission allowance and carbon credit trading market has been prepared and will start in 2023 with the reporting and accounting of operational data and greenhouse gas emissions of the previous year from production facilities. Allowance trading is scheduled to start in 2026. Organisations and individuals will participate in the carbon market on a voluntary basis. GHG emission allowances and carbon credits will be traded on the 'carbon trade exchange' and the domestic carbon market. Organisations will be able to auction, transfer, borrow, surrender greenhouse gas emission allowances, and use carbon credits to offset greenhouse gas emissions. Organisations wishing to obtain certification of traded carbon credits or greenhouse gas emission allowances will have to apply to the Ministry of Natural Resources and Environment (MONRE).

EMARKET SDIR CERTIFIED

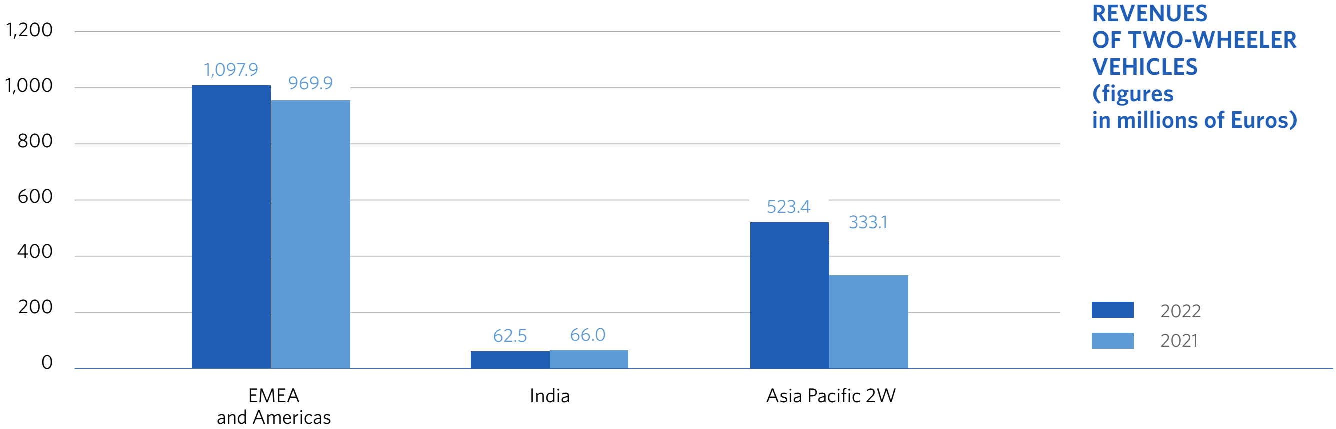
RESULTS BY TYPE OF PRODUCT

The Piaggio Group is comprised of and operates by geographic segments (EMEA and the Americas, India and Asia Pacific) 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 the 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 results and final capital invested by 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

	2022		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	265.9	1,097.9	244.0	969.9	9.0%	13.2%	22.0	128.0
of which EMEA	242.3	973.0	225.1	882.4	7.6%	10.3%	17.1	90.6
(of which Italy)	*53.8*	*226.4*	*51.9*	*222.7*	*3.7%*	*1.6%*	*1.9*	*3.6*
of which America	23.7	124.9	18.9	87.5	25.5%	42.7%	4.8	37.3
India	53.3	62.5	70.3	66.0	-24.3%	-5.3%	(17.1)	(3.5)
Asia Pacific 2W	197.0	523.4	135.4	333.1	45.6%	57.1%	61.7	190.3
TOTAL	**516.2**	**1,683.8**	**449.7**	**1,369.0**	**14.8%**	**23.0%**	**66.6**	**314.8**
Scooters	466.0	1,153.3	407.6	938.6	14.3%	22.9%	58.4	214.7
Mechanical Scooters	*455.0*	*1,125.4*	*401.7*	*922.5*	*13.3%*	*22.0%*	*53.3*	*202.9*
Electric Scooters	*10.9*	*27.9*	*5.8*	*16.1*	*87.9%*	*73.3%*	*5.1*	*11.8*
Motorcycles	50.1	373.3	41.9	289.4	19.7%	29.0%	8.2	84.0
Other vehicles	0.1	0.1	0.2	0.0	-35.2%	859.8%	(0.1)	0.1
Scooters	*0.1*	*0.0*	*0.3*	*0.1*	*-67.2%*	*-69.6%*	*(0.2)*	*(0.1)*
Wi Bike	*0.0*	*0.0*	*(0.1)*	*(0.1)*	*-155.8%*	*-131.9%*	*0.1*	*0.2*
Spare Parts and Accessories		155.5		139.4		11.6%		16.2
Other		1.6		1.7		-6.0%	0.0	(0.1)
Gita		*0.3*		*0.1*		*160.4%*	*0.0*	*0.2*
Other		*1.2*		*1.5*		*-20.4%*	*0.0*	*(0.3)*
TOTAL	**516.2**	**1,683.8**	**449.7**	**1,369.0**	**14.8%**	**23.0%**	**66.6**	**314.8**



REVENUES OF TWO-WHEELER VEHICLES (figures in millions of Euros)

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 tecóical 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.

Main results

During 2022, the Piaggio Group sold a total of 516,200 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,683.8 million, including spare parts and accessories (€155.5 million, +11.6%).
Overall, volumes grew by 14.8% while turnover grew by 23.0%.
Important results were achieved by the Asia Pacific region (+45.6% volumes; +57.1% turnover) and by Emea and Americas (+9.0% volumes; +13.2% turnover).
In India, due to a different product sales mix, a 24.3% drop in volume was matched by a lower drop in turnover (-5.3%; -10.5% at constant exchange rates).

Market positioning[8]

On the European market[9], the Piaggio Group held a 13.3% in 2022, compared to 13.1% in 2021, confirming its leadership position in the scooter segment (22.9% compared to 22.7% in 2021).
In Italy, the Piaggio Group achieved a share of 17.5% (18.0% in 2021). The share of the scooter segment also decreased, to 27.0% (27.5% in 2021).
The Group, with its own sites in India and Vietnam, also operates in the "premium" segment of the Indian market and in Asia Pacific countries. In particular, Piaggio is one of the leading segment operators in Vietnam, which is the Group's main market in the Asian area.
On the North American market, Piaggio consolidated its position, from 35.0% in 2021 to 35.4% in 2022. Sell-out volumes in the motorcycle segment remain largely unchanged (from 0.8% in 2021 to 1.0% in 2022).

The distribution network

EMEA

In EMEA, the Piaggio Group has a direct sales presence in main European countries. On other European markets and in the Middle East and Africa, it operates through distributors.
In December 2022, the Group's sales network comprised 939 partners managing nearly 3,000 sales agency agreements for various brands. 53% of these dealers sell only Group brands (one or more), without handling competitors' products.
At present, the Piaggio Group is active in 70 countries in the area and in 2022 further consolidated its sales activities.
Actions targeting the distribution network followed market trends in the area, focussing on a better qualitative/quantitative balance for the sales network.
In addition, new sales and after-sales quality standards continued to be distributed, geared to offering end customers a better experience throughout the customer journey.

8. Market shares are calculated based on "sell out" volumes, i.e. sales by the distribution network to end purchasers. Market shares for 2021 might differ from figures published the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.
9. Italy, France, Spain, Germany, United Kingdom, Belgium, Holland, Greece, Croatia, Portugal, Switzerland, Austria, Finland, Sweden, Norway, Denmark, Czech Republic, Hungary and Slovenia.

Guidelines on the distribution network cover the following areas:
1. improving customer experience at the sales outlet, consolidating the project to implement the new retail format which is consistent with the premium positioning of Piaggio Group products;
2. consolidating local coverage, through a quality-based selection of the network, with the objective of increasing the weight of exclusive Group dealers;
3. consolidating retail channel activities through a gradual increase in the importance of the primary network;
4. improving dealers' financial performance by expanding areas of expertise and offering them the chance to sell products and services attributable to the Piaggio Group;
5. raising the level of service to dealers through appropriate support tools.

Americas
In the Americas, the Piaggio Group is directly present in the United States and Canada, while in Latin America it operates through a network of importers. At the end of 2022, the Group had 209 partners, of which 159 in the United States, 30 in Canada and a network of 20 importers in Central and South America.
In 2022, the process to streamline and consolidate the distribution network continued, through the replacement and appointment of new partners to support the growth of Piaggio brands with a special focus on the motorcycle segment and on increasing market shares.

Asia Pacific
In Asia Pacific, the Piaggio Group is directly present in Vietnam, Indonesia, China and Japan, while on other markets it operates through importers.
The distribution network is developed on an ongoing basis, in line with the Group's strategic objectives that plan to expand operations in the region.
Past and future actions in the Asia Pacific area include:
- an increase in sales outlets, and consolidation of the sales service and other services;
- consolidation of a local presence, with a more focussed, detailed geo-marketing study;
- growth in the size of the sales and after-sales area;
- the gradual channelling of the Corporate Identity towards a Motoplex concept, which is therefore increasingly widespread and uniform in all countries.

In Vietnam, the lead nation of the entire Asia Pacific area, the Group had 103 sales outlets throughout the country by the end of 2022, of which 97 Motoplex. In Indonesia, Japan and China, Piaggio has a network of 51 (47 Motoplex), 54 (20 Motoplex) and 79 (79 Motoplex) sales outlets respectively.
In other areas of Asia Pacific, the number of sales outlets totalled 299 at the end of 2022, with major changes to the current network focussed on the Motoplex concept (236), with 12 distributors operating in 11 nations - Thailand, Singapore, Taiwan, Australia, Malaysia, South Korea, New Zealand, Cambodia, Hong Kong, the Philippines and Macau. In 2022, 6 new Motoplex stores were inaugurated operating with the 4 brands, Piaggio-Vespa-Aprilia-Moto Guzzi, on the following markets: 1 in Malaysia, 4 in Indonesia and 1 in Thailand.

India
In India, Piaggio Vehicles Private Limited had 254 dealers as of 31 December 2022. At present, the network covers main areas throughout the country.

Investments

Investments mainly targeted the following areas:
- developing new products, including sustainable mobility and face-lifting of existing products;
- constructing a new two-wheeler assembly plant for CKDs in Indonesia;
- improving and modernising current production capacity.

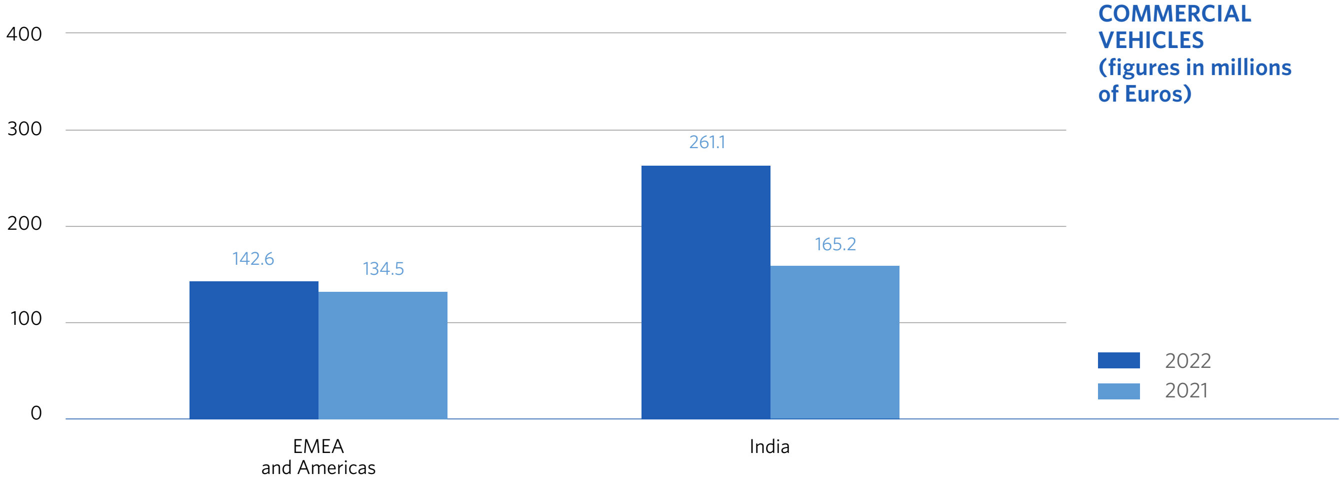
As regards product investments in particular, considerable resources were allocated to developing new products to market on both European and Asian (Vietnamese and Indian) markets.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

EMARKET SDIR CERTIFIED

COMMERCIAL VEHICLES

	2022		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	13.7	142.6	18.2	134.5	-24.5%	6.0%	(4.5)	8.1
of which EMEA	8.9	132.6	13.8	127.1	-35.5%	4.3%	(4.9)	5.5
(of which Italy)	*5.2*	*85.9*	*5.2*	*76.2*	*-0.2%*	*12.7%*	*0.0*	*9.7*
of which America	4.8	10.0	4.4	7.4	10.4%	35.4%	0.5	2.6
India	95.5	261.1	68.1	165.2	40.2%	58.1%	27.4	95.9
TOTAL	**109.3**	**403.7**	**86.3**	**299.7**	**26.6%**	**34.7%**	**22.9**	**104.0**
Ape	102.5	230.5	79.9	155.5	28.4%	48.2%	22.7	75.0
of which the Ape Elettrica	*10.1*	*40.8*	*4.1*	*15.1*	*147.8%*	*170.9%*	*6.0*	*25.8*
Porter	6.7	109.2	6.4	94.4	4.1%	15.6%	0.3	14.7
of which the Electric Porter	*0.0*	*0.0*	*0.1*	*1.1*	*-100.0%*	*-100.0%*	*(0.1)*	*(1.1)*
Spare Parts and Accessories		64.0		49.7		28.7%		14.3
TOTAL	**109.3**	**403.7**	**86.3**	**299.7**	**26.6%**	**34.7%**	**22.9**	**104.0**



REVENUES OF COMMERCIAL VEHICLES (figures in millions of Euros)

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.

Main results

In 2022, the Commercial Vehicles business generated a turnover of approximately €403.7 million, up by 34.7% compared to the previous year.
The EMEA and Americas markets showed contrasting trends in volume. The downturn in the European markets (-35.5%) was partially mitigated by the growth in the Americas (+10.4%), while sales in Italy were basically stable. Turnover, on the other hand, recorded an overall increase of 6.0% due to the different product mix.
Strong growth was recorded in the Indian region thanks to the end of the pandemic in the second half of the year. In fact, the Indian subsidiary Piaggio Vehicles Private Limited (PVPL) recorded an increase in both volumes (+40.2%) and turnover (+58.1%; +48.0% at constant exchange rates). The same company sold 71,898 units (51,166 in 2021) on the Indian three-wheeler market and also exported 23,605 three-wheelers (16,939 in 2021).

Market positioning[10]

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with vehicles designed for short-range mobility in urban areas (European range) and suburban areas (the product range for India).

In Europe, the Group acts as operator on these markets in a niche segment (urban mobility), thanks to its range of low environmental impact products.

On the Indian three-wheeler market, Piaggio has a 18.0% market share (19.5% in 2021). Detailed analysis of the market shows that Piaggio lost its leadership position – albeit narrowly – in the goods transport segment (cargo segment) with a share of 32.9% (34.6% in 2021). In the Passenger segment, its share instead was 14.6%, the same as 2021.

The distribution network

Europe and Overseas

In 2022, the reorganisation process of Piaggio Commercial's distribution network, which had started in 2021, was completed, with the aim of creating a new network of partners specialised in the LCV segment, meeting the highest financial, organisational, service and territorial coverage standards, fully capable of seizing the growth opportunities provided by the launch of the new Porter NP6.
At present, Piaggio Commercial's European dealer network is made up of high-level operators dedicated essentially to the Porter NP6 range and long-established dealers operating exclusively in the three-wheeler (Ape) business.
In numerical terms, the former account for 340 first-tier sales outlets in directly served markets (Italy, France, Germany, Spain, Benelux and Greece), going up to 397 when including second-tier operators. If we also consider service centres, this figure comes to around 500 service points. The three-wheeler network comprises 150 operators.
As far as indirect markets are concerned, 2022 saw the development of sales volumes in Europe thanks to the start of sell-outs in the larger markets (e.g. Poland), served by 14 importers (including three new ones in Guyana, Martinique and Estonia) and around 90 sales and service points.
On non-European markets, the perimeter managed by Piaggio & C. was redefined in 2022, with the marketing of the Indian range on African markets being transferred to the subsidiary PVPL.
Network quality immediately proved to be high on the domestic market, where the brand's long-established reputation helped guarantee expected sell-out results. On other direct markets, a new scouting phase was required, to ensure widespread coverage of the territory, with dealers who would, on the one hand, promote the brand to develop the necessary penetration and, on the other hand, adopt a proactive sales strategy which is key to success in a highly tecóical B2B sector.

10. Market shares are calculated based on "sell out" volumes, i.e. sales by the distribution network to end purchasers. Market shares for 2021 might differ from figures published the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

India

In India, Piaggio Vehicles Private Limited had 488 dealers as of 31 December 2022 (361 ICE[11] and 127 EV[12]). The number of dealers specialising in electric vehicles increased. At present, the network covers main areas throughout the country.

Investments

Investments mainly targeted the following areas:
- the study of engines with low consumption and reduced polluting emissions;
- the use of alternative fuels across the product range;
- the development of electric vehicles.

In 2022, Piaggio continued studies aimed at developing a version of the Porter NP6 with an electric motor and at adapting vehicles to the new cyber-security regulations that will come into force in 2024.
Industrial investments were also made, targeting safety, quality and the productivity of production processes.

11. ICE Internal Combustion Engine.
12. EV Electric Vehicles.


JUSTIN BIEBER

EMARKET SDIR CERTIFIED

RISKS AND UNCERTAINTIES

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

EXTERNAL RISKS

Risks related to the macroeconomic and geopolitical context

The Piaggio Group is exposed to risks arising from the characteristics and changing dynamics of the economic cycle and the national and international political context. To mitigate any negative effects arising from the macroeconomic and geopolitical context, the Piaggio Group continued its strategic vision, diversifying operations at international level - in particular in Asia where growth rates of economies are still high, and consolidating the competitive positioning of its products.
The conflict between Russia and Ukraine has had important consequences worldwide due to the economic effects on global markets, especially in terms of increased transport costs, and commodity and energy prices. The geographical diversification of the Group's sales and purchases means that it has essentially no exposure in the conflict area. The indirect impacts of the conflict mainly concerned an increase in energy costs, above all at European plants, and higher commodity costs, partially mitigated by agreements with suppliers.

Risks connected to consumer trends

Piaggio's success depends on its ability to manufacture products that cater for consumer's tastes and can meet their needs for mobility. Levering customer expectations and emerging needs, with reference to its product range and customer experience, is essential for the Group to maintain a competitive edge.
Through market analysis, focus groups, concept and product testing, investments in research and development and sharing a roadmap with suppliers and partners, Piaggio can seize emerging market trends to renew its own product range.
Customer feedback enables Piaggio to evaluate customer satisfaction levels and fine tune its own sales and after-sales service model.

Risks related to a high level of market competition

The Group is exposed to the actions of competitors that, through tecóological innovation or replacement products, could obtain products with better quality standards and streamline costs, offering products at more competitive prices.
Piaggio has tried to tackle this risk, which could have a negative impact on the financial position and performance of the Group, by manufacturing high quality products that are innovative, cost-effective, reliable and safe, and by consolidating its presence in the geographic segments where it operates.

Risk relative to the regulatory and legal framework

Numerous national and international laws and regulations on safety, noise levels, consumption and the emission of pollutant gases apply to Piaggio products. Strict regulations on atmospheric emissions, waste disposal, the drainage and disposal of water and other pollutants and sustainability reporting obligations also apply to the Group's production sites.
Unfavourable changes in the regulatory and/or legal framework at a local, national and international level could mean that products can no longer be sold on the market, forcing manufacturers to invest to renew their product ranges and/or renovate/upgrade production plants.
To deal with these risks, the Group has invested in research and development into innovative products, anticipating any restrictions on current regulations. Moreover, the Group is not only a member of Confindustria, but also of important national and international

associations in the automotive sector, such as ACEM (chaired by Michele Colaninno), ANFIA and ANCMA, which represent and protect the economic, tecóical and regulatory interests of the automotive sector in institutional and political dimensions, and with the authorities, bodies and associations responsible, at national and international level, for industrial policy and the individual and collective mobility of persons and goods.
As one of the sector's leading manufacturers, Piaggio is often requested to participate, through its representatives, in parliamentary committees appointed to discuss and formulate new laws.

Risks connected with natural events

In assessing climate change-related risks, the Piaggio Group has not currently identified as relevant risks related to the inability to achieve strategic objectives due to changes in the external context (also taking into account possible impacts on the supply chain) and to an inadequate management of atmospheric emissions.
The process of identifying these risks, as well as the assessments of their relevance and significance, took place based on the internal context and on the dynamics of the reference market, and current regulations.
However, it should be noted that the Group has not yet set specific quantitative targets for the reduction of both direct and indirect greenhouse gas emissions. At a strategic level, the Group intends pursuing, in any case, the integration of sustainable development principles with its vision and business model, in an increasingly precise and consistent manner.
In this context, it should be noted that the Group operates through industrial plants located in Italy, India, Vietnam and Indonesia. These sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales.
From this perspective, the Piaggio Group carried out a climate risk analysis for the Pontedera (Italy) and Baramati (India) plants in 2022, with the support of a leading consulting firm. This analysis did not reveal any critical issues related to climatic factors for both production sites.
Potential impacts related to the physical risks associated with climate change are managed by the Group through the continuous renovation of facilities, as well as by taking out specific insurance coverage for the various sites, based on their relative importance.
The outcome of the above assessments on the relevance of climate change risks was also duly taken into account in the process of defining the assumptions adopted to prepare the Business Plan , as better described in the notes to the consolidated financial statements in the section on goodwill.

Risks connected with the pandemic

If a pandemic spreads and emergency measures are adopted by governments to contain the virus, the Group could be negatively affected as regards:
- the procurement chain: suppliers might no longer be able to produce/deliver the components necessary to supply production sites;
- production activities: the Group might no longer be able to use a part of the workforce, following the issue of government regulations limiting personal movement, or it might be impossible for the company to guarantee a healthy, protected work environment;
- the distribution of products: measures to contain the spread of the virus may require the closure of Group sales outlets. In addition, logistics difficulties caused by delays and/or slowdowns in the transport of products could hinder commercial network restocking activities.

Piaggio has tried and is trying to deal with this risk, which could negatively affect the Group's financial position and performance following a possible decrease in revenues, profitability and cash flows, thanks to a global sourcing policy, a production capacity distributed in various geographic segments and a sales network present in over 100 nations.
The Group is closely monitoring developments in the health situation and will take all precautionary measures to guarantee employees' health and safety at its sites, and its commitments made with the sales network and with customers.

Risk connected with the use of new technologies

Piaggio is exposed to the risk deriving from the Group's difficulty in keeping up with tecóological developments, both regarding the product and processes. To deal with this risk, on the one hand, as regards products, the R&D centres in Pontedera, Noale and the PADc (Piaggio Advance Design Center) in Pasadena carry out research, development and testing of new tecóological solutions, such as those dedicated to electric vehicles. Piaggio Fast Forward in Boston is also studying innovative solutions to anticipate and respond to the mobility needs of the future.

As regards the production process, Piaggio has operational areas dedicated to the study and implementation of new solutions to improve the performance of production facilities, with particular attention paid to sustainability and energy efficiency aspects.

Risks connected with the sales network

The Group's business is closely linked to the commercial network's ability to guarantee customers in its main markets high levels of sales and after-sales service quality, in order to create a long-lasting relationship of trust. Piaggio deals with this risk by defining compliance with certain tecóical/professional standards in contracts, and implementing periodic controls, reinforced by new IT systems designed to improve network monitoring activities and therefore the level of customer service.

STRATEGIC RISKS

Reputational and Corporate Social Responsibility risks

In carrying out its operations, the Group could be exposed to stakeholders' perception of the Group and its reputation and their loyalty changing for the worse because of the release of detrimental information or due to sustainability requirements in the Non-Financial Statement not being met, as regards economic, environmental, social and product-related aspects.

Risks connected with the definition of strategies

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

Risks connected with the adoption of strategies

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

FINANCIAL RISKS

Risks connected with exchange rate trends

The Piaggio Group undertakes operations in currencies other than the euro and this exposes it to the risk of fluctuating exchange rates of different currencies.
Exposure to business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.
The Group's policy is to hedge at least 66% of the exposure of each reference month.
Exposure to the settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.
During the year, currency exposure was managed based on a policy that aims to neutralise the possible negative effects of exchange rate variations on company cash flow. This was achieved by hedging economic risk, which refers to changes in company profitability compared to the planned annual economic budget, based on a reference change (the "budget change"), and transaction risk, which refers to differences between the exchange rate at which receivables and payables are recognised in currency in the financial statements and the exchange rate at which the relative amount received or paid is recognised.
The Group has assets and liabilities which are sensitive to changes in interest rates and are necessary to manage liquidity and financial requirements. These assets and liabilities are subject to an interest rate risk and are hedged by derivatives or by specific fixed-rate loan agreements.
For a further description, please refer to section 43 of the Notes to the Consolidated Financial Statements.

Risks connected with insufficient cash flows and access to the credit market

The Group is exposed to the risk arising from the production of cash flows that are not sufficient to guarantee Group payments due, or adequate profitability and growth to achieve its strategic objectives. Moreover, this risk is connected with the difficulty the Group may have in obtaining loans or a worsening in conditions of loans necessary to support Group operations in appropriate time frames.
To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of financial resources as well as optimise the debt maturity standpoint.
The Group also has undrawn credit lines, sufficient to enable it to manage with any unforeseen cash requirements.
In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees.

Risks connected with credit quality of counterparties

This risk is connected with any downgrading of the credit rating of customers and consequent possibility of late payments, or the insolvency of customers and consequent failure to receive payments.
To balance this risk, the Parent Company evaluates the financial reliability of its business partners and stipulates agreements with primary factoring companies in Italy and other countries for the sale of trade receivables without recourse.

Risks connected with deleverage

This risk is connected with compliance with covenants and targets to reduce loans, to maintain a sustainable debt/equity balance.
To offset this risk, the measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

OPERATING RISKS

Risks relative to the product

The "Product" category includes all risks concerning faults due to a nonconforming quality and safety and consequent recall campaigns that could expose the Group to: the costs of managing campaigns, replacing vehicles, claims for compensation and if faults are not managed correctly and/or are recurrent, damage to its reputation. A product nonconformity may be due to potential errors and/or omissions of suppliers, or internal processes (i.e. during product development, production, quality control).
To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on tecóical/professional standards. The Group has also defined plans to manage recall events and has taken out insurance to protect the Group against events attributable to product defects.

Risks connected with the production process/business continuity

The Group is exposed to risk connected with possible interruptions to company production, due to the unavailability of raw materials or components, skilled labour, systems or other resources.
To deal with these risks, the Group has necessary maintenance plans, invests in upgrading machinery, has a flexible production capacity and sources from several suppliers of components, to prevent the unavailability of one supplier affecting company production. Moreover, the operating risks related to industrial sites in Italy and other countries are managed through specific insurance cover assigned to sites based on their relative importance.

Risks connected with the supply chain

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

Risks connected with the environment and with health and safety

The Group has production sites, research and development centres and sales offices in different nations and so is exposed to the risk of not being able to guarantee a safe working environment, with the risk of causing potential harm to property, the environment or people and exposing the Group to legal sanctions, lawsuits brought by employees, costs for compensation payments and reputational harm.
To mitigate these risks, Piaggio adopts a development model that is based on environmental sustainability, in terms of safeguarding natural resources and the possibility that the ecosystem might absorb the direct and indirect impact of production activities. Specifically, Piaggio seeks to minimise the environmental impact of its industrial activities through careful definition of the tecóological transformation cycle and using the best tecóologies and most modern methods of production.
The risks related to accidents/injuries sustained by personnel are mitigated by aligning processes, procedures and structures with applicable Occupational Safety laws, as well as best international standards.
These commitments, set out in the Code of Ethics[13] and confirmed by top management in the Group's "environmental policy" which is the basis for environmental certification (ISO 14001) and health and safety certification (ISO 45001) already awarded and maintained at production sites, is a mandatory benchmark for all company sites.

Risks connected with processes and procedures adopted

The Group is exposed to the risk of shortcomings in planning its company processes or errors and deficiencies in carrying out operations. To deal with this risk, the Group has established a system of directives comprising organisational notices and Manuals/Policies, Management Procedures, Operating Procedures and Work Instructions. All documents relative to Group processes and procedures are part of the single Group Document Information System, with access that is regulated and managed on the company intranet.

Risks relative to human resources

The main risks concerning human resources management include the ability to recruit expertise, professionalism and experience necessary to achieve objectives. To offset these risks, the Group has established specific policies for recruitment, career development, training, remuneration and talent management, which are adopted in all countries where the Group operates according to the same principles of merit, fairness and transparency, and focussing on aspects that are relevant for the local culture.
In Europe, the Piaggio Group operates in an industrial context with a strong trade union presence and is potentially exposed to the risk of strikes and interruptions to production activities. In the recent past there have been no significant production stoppages due to strikes. To avoid the risk of interruptions to production activities, as far as possible, the Group bases its relations with trade union organisations on dialogue.

Legal risks

The Piaggio Group legally protects its products and brands throughout the world. In some countries where the Group operates, laws do not offer certain standards of protection for intellectual property rights. This circumstance could render the measures adopted by the Group to protect itself from the unlawful use of these rights by third parties inadequate.
Within the framework of its operations, the Group is involved in legal and tax proceedings. As regards some of the proceedings, the Group could be in a position where it is not able to effectively quantify potential liabilities that could arise. A detailed analysis of the main disputes is provided in the specific paragraph in the Notes to the Consolidated Financial Statements.

13. Code of Ethics
Article 9: "Without prejudice to compliance with the specific applicable regulation, the Company pays attention to environmental issues in its decisions, also adopting - where operationally and economically feasible and compatible - environmentally friendly production tecóologies and methods, with the aim of reducing the environmental impact of its activities".
Article 10: "[The principles of health and safety] shall be used by the undertaking to take the necessary measures for the protection of the safety and health of workers, including occupational risk prevention, information and training activities, as well as the preparation of an organisation and the necessary means."

Risks relative to internal offences

The Group is exposed to risks of its employees committing offences, such as fraud, active and passive corruption, acts of vandalism or damage that could have negative effects on its business results in the year, and also harm the image and integrity of the Company and its reputation. To prevent these risks, the Group has adopted a Model pursuant to Legislative Decree 231/2001 and a Code of Ethics which sets out the principles and values the entire organisation takes inspiration from.

Risks relative to reporting

The Group is exposed to the risk of possible inadequacies in its procedures that are intended to ensure compliance with Italian and relevant foreign regulations applicable to financial disclosure, running the risk of fines and other sanctions. In particular there is a risk that financial reporting for Group stakeholders is not accurate and reliable due to significant errors or the omission of material facts and that the Group provides disclosure required by applicable laws in a manner which is inadequate, inaccurate or untimely.
To deal with these risks, the financial statements are audited by Independent Auditors. Furthermore, it should be noted that the control activity envisaged by Law 262/2005 is also extended to the most important subsidiaries, Piaggio Vehicles Pvt. Ltd, Piaggio Vietnam Co Ltd, Piaggio Group Americas Inc and Foshan Piaggio Vehicles Tecóologies Co Ltd.

Risks related to ICT systems

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

No significant events occurring after the end of the period are reported.

OPERATING OUTLOOK

2022 ended with better than expected results on both European and Asian markets, confirming the Group's ability to respond to the various uncertainties that have characterised the performance of the world economy.

Thanks to a portfolio of globally unique brands, Piaggio will continue to grow in 2023, confirming the investments planned in new products and new plants, and strengthening its commitment to ESG factors, despite the current international geopolitical tensions and a volatile macro-economic context.

In this general framework, Piaggio will continue to work as always to meet its commitments and objectives, maintaining a constant focus on the efficient management of its economic and financial structure, to respond promptly and immediately to the challenges and uncertainties of 2023.

TRANSACTIONS WITH RELATED PARTIES

Revenues, costs, payables and receivables as of 31 December 2022 involving parent companies, subsidiaries and affiliated companies refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 DEM/6064293, is given in the notes to the Consolidated Financial Statements and notes to the separate Financial Statements of the Parent Company.
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**, in the section "Governance".

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.

CORPORATE GOVERNANCE

PROFILE

The Company is organised in accordance with the traditional administration and control model mentioned in Articles 2380-bis and following of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.
The Chairman and Chief Executive Officer of the Company is Roberto Colaninno, the Executive Deputy Chairman is Matteo Colaninno. During 2022, the Board of Directors gave powers to Matteo Colaninno as regards institutional relations at national and international level. During 2021, the Board of Directors had given the Director Michele Colaninno powers to operate in the context of the development of Group operations and product and marketing strategies.
Since 1 January 2021, the Company has endorsed the new edition of the Corporate Governance Code, available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).
The Company is subject to the management and coordination of IMMSI S.p.A. pursuant to Article 2497 and following of the Italian Civil Code.

BOARD OF DIRECTORS

The Company's Board of Directors in office at the date of this Report consisted of nine members, appointed by the Ordinary Shareholders' Meeting held on 14 April 2021 on the basis of lists submitted by shareholders in accordance with the law and the Articles of Association. In particular, (i) Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Graziano Gianmichele Visentin (independent director), Rita Ciccone (independent director), Patrizia Albano (independent director) and Federica Savasi were taken from the majority list presented by IMMSI S.p.A.; (ii) Micaela Vescia (independent director) was appointed on the basis of the proposal submitted by IMMSI S.p.A.; (iii) Andrea Formica (independent director) was taken from the minority list presented by a group of investors representing a total of 2.74826% of the share capital.
The Board of Directors will remain in office until the date of the Ordinary General Meeting of Shareholders called for approval of the Financial Statements for the financial year ending 31 December 2023.

The majority of the Board of Directors are non-executive, independent directors, and their number and authority are such that they ensure that their opinion has a significant weight in the Issuer's Board decisions. Non-executive directors and independent directors bring their specific competencies to Board discussions, contributing to the making of decisions that conform to corporate interests.

COMMITTEES

The Appointment Proposal Committee, the Remuneration Committee, the Audit, Risk and Sustainability Committee and the Related Parties Transactions Committee have been established within the Board.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system requires the Board, with the support of the Audit, Risk and Sustainability Committee, to be responsible for defining the guidelines of the internal control and risk management system in line with the Company's strategies, intended as a set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of main risks, in order to contribute to the sustainable success of the Company (an objective that guides the action of the Board of Directors and involves the creation of long-term value for shareholders, taking into account the interests of other stakeholders relevant to the Company).
In this context, the Board of Directors is assisted, in particular, by the Chief Executive Officer (in charge of establishing and maintaining the internal control and risk management system), as well as an Audit, Risk and Sustainability Committee.
The Board of Directors, on the proposal of the Chief Executive Officer (formerly the Director in charge of the internal control and risk management system) and after hearing the opinion of the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, appointed the head of internal audit, who is responsible for verifying that the internal control and risk management system is

operational, adequate and consistent with the guidelines defined by the Board of Directors, ensuring that it has adequate resources to carry out its tasks, including in terms of its operational structure and internal organisational procedures for access to the information necessary for its duties.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors in office at the date of this Report was appointed by the Ordinary Shareholders' Meeting held on 14 April 2021, on the basis of lists submitted by shareholders in accordance with the law and the Articles of Association. In particular, the following were appointed (i) Statutory Auditors: Piera Vitali (Chair), taken from the minority list presented by the aforementioned group of investors representing a total of 2.74826% of the share capital; as well as Giovanni Barbara and Massimo Giaconia, taken from the majority list presented by IMMSI S.p.A.; (ii) Alternate Auditors: Gianmarco Losi, taken from the majority list submitted by IMMSI SpA and Fabrizio Piercarlo Bonelli, taken from the minority list.

The Board of Statutory Auditors will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2023.

CORPORATE GOVERNANCE REPORT

The Company produces an annual Report on Corporate Governance and Corporate Ownership, describing the corporate governance system adopted by the Issuer, and containing information on corporate ownership and the internal control and risk management system. The entire report is available on the website of the Issuer **www.piaggiogroup.com**, in the section "Governance".

OTHER INFORMATION

PERSONAL DATA PROCESSING – LEGISLATIVE DECREE 196 OF 30 JUNE 2003 – REGULATION (EU) 679 OF 27 APRIL 2016 (GDPR – GENERAL DATA PROTECTION REGULATION)

Following the entry into force of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data (GDPR), the Company has completed the process to align with regulations.
The Company is responsible, in accordance with law and in its capacity as "Controller", for all personal data processing it carries out and in view of this responsibility, adopts adequate security measures in relation to risks for the rights and freedoms of natural persons. To guarantee effective data processing, the Board of Directors has appointed an officer from its members who, in the name and on behalf of the Company, independently takes decisions as to the purposes and procedures of personal data processing and instruments used, including the adoption and monitoring of security measures and their adequacy, and supervises all personal data processing activities carried out by the Company.
The company has also appointed a Data Protection Officer (DPO), as provided for by Articles 37-39 of the GDPR, who acts as consultant to company functions on privacy, and inspects personal data management activities, acting as the reference point within the Company for all matters concerning personal data processing and as the interface with the Italian Data Protection Authority, also assisting the Company in guaranteeing compliance with the GDPR.

ARTICLE 36 OF THE CONSOB REGULATION ON MARKETS (ADOPTED WITH CONSOB RESOLUTION 16191/2007 AS AMENDED): CONDITIONS FOR LISTING COMPANIES CONTROLLING COMPANIES ESTABLISHED AND GOVERNED ACCORDING TO LAWS OF NON-EU MEMBER STATES ON THE STOCK EXCHANGE

As regards regulatory requirements on conditions for listing companies controlling companies established and governed according to laws of non-EU Member States on the stock exchange and material importance for the purposes of consolidated financial statements, the following is reported:
- as of 31 December 2022, the regulatory requirements of Article 36 of the Regulation on Markets apply to the subsidiaries: Piaggio Vehicles Private Limited, Piaggio Vietnam Co Ltd, Piaggio Group Americas Inc, Zongshen Piaggio Foshan Motorcycle Co. Ltd, Foshan Piaggio Vehicles Tecóology R&D Co Ltd, Piaggio Advanced Design Center Corporation, Piaggio Fast Forward Inc., Piaggio Group Japan, PT Piaggio Indonesia, Piaggio China Co. LTD, Piaggio Asia Pacific PTE Ltd, Piaggio Limited;
- adequate procedures for ensuring full compliance with the above regulation have been adopted.

ARTICLE 37 OF THE CONSOB REGULATION ON MARKETS: CONDITIONS PREVENTING THE LISTING OF SHARES OF SUBSIDIARIES SUBJECT TO THE MANAGEMENT AND COORDINATION OF ANOTHER 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.

ARTICLE 2428 OF THE CIVIL CODE

The information required by Article 2428, paragraphs 1, 2, 3 and 6, is included in the Report on Operations. Information on financial instruments, objectives and policies of the Group concerning financial risk management is given in section F of the Notes to the Consolidated Financial Statements and in section E of the Parent Company's Financial Statements. Information about secondary sites of the Parent Company is given in section A of the Parent Company's Financial Statements.

STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD OF THE PARENT COMPANY AND CONSOLIDATED COMPANIES

IN THOUSANDS OF EUROS	SHAREHOLDERS' EQUITY 31/12/2021	2022 RESULT	OTHER MOVEMENTS	SHAREHOLDERS' EQUITY 31/12/2022
Piaggio & C. SpA	**333,527**	**75,057**	**(61,717)**	**346,867**
Net profit and shareholders' equity of subsidiaries	180,091	98,483	(55,160)	223,414
Elimination of the carrying amount of investments	(102,190)	(83,649)	46,076	(139,763)
Elimination of the effects of intergroup transactions	(7,342)	(5,002)	(363)	(12,707)
Piaggio Group	**404,086**	**84,889**	**(71,164)**	**417,811**

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.

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

CONSOLIDATED NON-FINANCIAL STATEMENT - LEGISLATIVE DECREE 254 OF 30 DECEMBER 2016

CONSOLIDATED NON-FINANCIAL STATEMENT - LEGISLATIVE DECREE 254 OF 30 DECEMBER 2016

METHODOLOGY

This Non-Financial Statement (hereinafter also "NFS" or statement) is published by Piaggio & C. S.p.A. (hereinafter "Piaggio" or the "Group") in compliance with Legislative Decree no. 254/2016 (Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups). This Non-Financial Statement is subject to a limited assurance engagement by Deloitte & Touche S.p.A., in accordance with the criteria in ISAE 3000 Revised.

REPORTING PERIOD	2022 Financial year (from 1 January to 31 December 2022). Data relative to 2021 are presented for comparison.
DATE OF PUBLICATION	This document was published on 27 March 2023. The 2021 DNF was published on 18 March 2022.
REPORTING PERIMETER	The scope of the information and financial data is the same as that of the Piaggio Group Consolidated Financial Statements. The scope of environmental and social information and data contained in the NFS comprises the companies consolidated on a line-by-line basis in the Consolidated Financial Statements of the Piaggio Group. It should be noted that environmental (consumption, emissions, water, waste), purchasing and health and safety data include the production plants only, since the data of the sales companies, research centres and offices in Rome and Milan are not significant on the whole and, as far as the environmental data are concerned, in some cases impossible to collect since they sometimes operate in buildings shared with third parties. For further details on the scope of consolidation for various topics addressed, see the table in the section "Materiality Analysis". It should be noted that with regard to contributions and initiatives to support the community, information on the Piaggio Foundation – an entity not included in the Group's scope of consolidation – is also included. This information refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation of quantitative information of the NFS. The report duly indicates when aggregate data derive from estimates; any restatements of data from previous years with respect to published figures, due to improvements in the collection and reporting process, are clearly indicated as such. In some cases, data could be affected by rounding off defects due to the fact that figures are represented in thousands/millions; changes and percentages are calculated based on specific data.
CONTENT	The contents of the NFS were chosen on the basis of the materiality process according to the GRI Standards, as well as focusing on the non-financial issues referred to in Legislative Decree 254/2016.
REPORTING STANDARD	This Declaration, published on an annual basis, is prepared pursuant to Legislative Decree 254/2016 and in accordance with the GRI Sustainability Reporting Standards published by the Global Reporting Initiative – GRI (with application level "In Accordance").
INFORMATION PURSUANT TO REGULATION (EU) 2020/852 AND RELATED DELEGATED REGULATIONS (SO-CALLED "EU TAXONOMY")	Piaggio & C. S.p.A. has an obligation to include in the document, published on or after 1 January 2022, the disclosure required by the regulations in question regarding the Group's eco-sustainable activities, in relation to which reference is made to the paragraph "European Taxonomy". This disclosure for the 2022 financial year concerns the proportion, compared to the total, of the Group's turnover, investments and operating costs (as defined by Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021) relating to activities eligible for and aligned with the Taxonomy with reference to the objectives of mitigation and adaptation to climate change, as covered by the annexes to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, as well as certain qualitative information. In this regard, it should be noted that the limited review of this Consolidated Non-Financial Statement carried out by the independent auditors Deloitte & Touche S.p.A. does not extend to this disclosure.

DESCRIPTION OF THE PROCESS TO IDENTIFY MATERIAL ISSUES FOR NON-FINANCIAL STATEMENT PURPOSES

As mentioned above, for the purposes of sustainability reporting, Piaggio applies the Standards published by the Global Reporting Initiative, which call for a materiality analysis process to identify the topics considered most relevant and which, therefore, must form the backbone of the information provided by the Group.
Piaggio updates its materiality analysis every year in order to capture economic, environmental and social impacts for the Group or that can substantially influence stakeholders' assessments and decisions.

Materiality analysis

According to the GRI Standard methodology, a sustainability topic is material (impact materiality) if it is related to negative or positive, actual or potential impacts on the economy, environment, and people, including impacts on their human rights, caused by the organisation's activities and investments, its products and/or services or its value chain, in the short, medium and long term. The materiality of impacts is measured by considering their severity as well as the likelihood of occurrence.

The Group's materiality analysis process was coordinated by the CSR Manager (Finance Department) with the support of the Group's Consolidated Reporting and Sustainability Function. This process, consistent with GRI 3 Material topics 2021, was carried out in the following steps:

1. Understanding and assessing the context (business, environment, social/political) in which the Group operates, as well as identifying relevant stakeholders;
2. Based on this context, identification of the positive and negative, actual and potential impacts that the Group's activities could generate on the economy, the environment and people, including those on their human rights, in the context of the organisation's activities and business relations;
3. Evaluation of impacts through the involvement of top management and a category of stakeholders (suppliers);
4. Prioritisation of impacts and aggregation into material themes.

The Group's top managers were asked to assess, through the completion of a questionnaire, the severity and likelihood of occurrence of the previously identified positive and negative impacts that the Group's business could cause.
The result of this analysis was compared with the opinion given by some suppliers. After the assessments were collected, impacts were prioritised and those found to be material were aggregated into material themes.

The issues that were found to be material as a result of the materiality analysis are summarised in the following table:

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Creation of economic value	Wealth creation for shareholders, suppliers, lenders and employees			
	Possible inability to pay suppliers and lenders and/or unsatisfactory shareholder remuneration due to failure to achieve set growth targets	Caused by the Group	All Group companies	- Externally audited mandatory financial information - Group management is subject to an ongoing skills training programme
Innovation of product and sustainable mobility	Meeting the need for sustainable mobility			
	Pollution due to low recyclability/ recoverability of end-of-life vehicles	Caused by the Group	All Group companies	- The technologies and materials used in the design and construction of the Group's vehicles are intended to be environmentally friendly and allowing effective end-of-life disposal
	CO_2 emissions from the production of vehicles with obsolete engines	Caused by the Group	All Group companies	- Significant investment in research and development
Climate change	CO_2 emissions from suppliers' production activities	Related to the Group through its business relations	Suppliers of production companies	- Suppliers must sign Piaggio's Code of Ethics or general terms and conditions of supply, which require an explicit commitment to the pursuit of sustainable development while respecting the environment and environmental regulations
	CO_2 emissions from transport of components from suppliers	Related to the Group through its business relations	Suppliers of production companies	- Suppliers must sign Piaggio's Code of Ethics or general terms and conditions of supply, which require an explicit commitment to the pursuit of sustainable development while respecting the environment and environmental regulations
	CO_2 emissions from transport of vehicles and spare parts to the sales network	To which the Group contributes indirectly and related to the Group through its business relations	Manufacturing and trading companies, logistics service providers and sales network	- The vehicles and equipment used by logistics operators must meet the quality standards required by Piaggio and are subject to inspections by Piaggio
	CO_2 emissions from production activities at group plants	Caused by the Group	Manufacturing companies	- Environmental certification ISO 14001 - Continuous infrastructure improvements aimed at rationalising energy use - Plans to audit and monitor energy consumption
	CO_2 emissions from vehicle use by customers	To which the Group contributes indirectly and related to the Group through its business relations	All Group companies and customers	- Development of alternative powertrains (i.e. hybrid/electric) - Heavy investment in research and development
	Potential pollution in the case of uncontrolled emissions of Volatile Organic Compounds (i.e. paint solvents)	Caused by the Group	Manufacturing companies	- Environmental certification ISO 14001 - Continuous infrastructure improvements and rigorous maintenance plans
	Potential pollution in the event of higher vehicle emissions in actual use than declared	Caused by the Group	All Group companies	- Rigorous quality control system

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Customer Satisfaction	Possible customer dissatisfaction with inefficiencies or problems in the sales/after-sales network (e.g. long diagnostic/delivery times, use of non-original spare parts etc.)	Caused by the Group and related to the Group through its business relations	All Group companies and sales network	- Customer satisfaction analyses and development of action plans in the event of identification of improvement points with reference to the service provided by the network - New IT systems to improve monitoring of the sales/after-sales network and the level of customer care
	Possible customer dissatisfaction in the event of insufficient sales network coverage/after-sales service	Caused by the Group and related to the Group through its business relations	All Group companies and sales network	- Geo-marketing system for optimal geographical coverage via the network
	Possible customer dissatisfaction in the case of a product range offered that is not in line with market requirements or product characteristics communicated	Caused by the Group	Manufacturing companies and suppliers of manufacturing companies	- Huge investments in Research and Development
Supporting on local communities	Supporting charity initiatives and organising cultural events			
Product safety and reliability	Potential customer injuries or unavailability of the vehicle due to product defects attributable to errors/omissions by suppliers	To which the Group contributes indirectly and related to the Group through its business relations	Manufacturing companies	- Huge investments in Research and Development - Development of ARAS devices, motorbike airbags and electronic controls - Intensive scouting and inspection of suppliers
	Potential customer injuries or unavailability of the vehicle due to product defects attributable to errors/omissions in quality control, product development, production	Caused by the Group	Manufacturing companies	- ISO 9001:2015 certification - Strict quality control system during product development, the production process and before shipment to the customer - Huge investments in Research and Development
Developing human resources	Potential employee dissatisfaction due to the company's inability to provide a motivating and satisfying work environment	Caused by the Group	All Group companies	- Piaggio adopts personnel selection, development and remuneration systems that recognise and reward merit and performance - The centrality of human resources and the development of core competencies for the development of the business are at the heart of the relationship with people and are reflected in the various company policies - Internal communication tools

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Developing human resources	Potential employee dissatisfaction due to lack of a training and professional development plan	Caused by the Group	All Group companies	– The Group's human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving – Development Paths/Career Paths – Transparency of the evaluation system – Training Plan
	Potential tensions in the company's relations with trade union representatives	Caused by the Group	All Group companies	– The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focused on attention, engagement and a common understanding
Responsible management and respect for human rights in the supply chain	Possible non-compliance with human rights and ESG principles by suppliers	To which the Group contributes indirectly and related to the Group through its business relations	Manufacturing companies and suppliers of manufacturing companies	– Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products
Health and Safety	Potential injuries to workers, outbreaks of occupational diseases and risk of contagion if the company fails to provide a safe and healthy workplace	Caused by the Group	All Group companies and external workers[14]	– ISO 45001 certification – Periodic occupational health and safety training – Personal protective equipment and operating instructions
	Potential damage/injury when using materials/substances harmful to persons	Caused by the Group	Manufacturing companies	– Product compliance with Reg. 1907/2006 REACH and EU Directive 2000/53/EC End Of Life

14. External workers include external companies operating at Piaggio's Italian production plants.

MATERIAL TOPIC	IMPACT	GROUP INVOLVEMENT	BOUNDARY	MONITORING AND MITIGATION ACTIONS
Business integrity	Any conduct in violation of laws and regulations and unlawful acts of collusion/corruption by employees	Caused by the Group	All Group companies	– Adoption of the Group Code of Ethics – Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics
Waste handling	Waste generation and potential pollution in the case of non-classification / characterisation of waste	Caused by the Group	Manufacturing companies	– Environmental certification ISO 14001
Conserving water resources	Possible reduction of available water resources in water-stressed areas	Caused by the Group	Manufacturing companies	– Piaggio is careful to choose tecóologies that minimise the use of water resources, monitors water usage and partly reuses the water withdrawals
Diversity and equal opportunity	Incidents of discrimination or exclusion of employees for reasons related for example to age, culture, etóic origin, religion, political opinion, civil status, gender, physical ability, sexual orientation	Caused by the Group	All Group companies	– The Group's focus on diversity management is demonstrated by the adoption of the Code of Ethics, compliance with international equal opportunity legislation and the issuance of policies that protect the forms of diversity already present in the organisation, such as the Sexual Harassment policy in place in the Indian affiliate

Compared to last year, there were no significant changes in the topics identified; as in previous years, only the topic of biodiversity did not cross the threshold of materiality. Piaggio’s production sites are not located in protected areas or areas with high levels of biodiversity. The sole exception is the Scorzè site, which although located in an industrial zone, conveys its waste water into the drainage basin of the Venetian Lagoon. As such, the production site is subject to restrictions imposed by specific laws.
The 2022 materiality analysis was reviewed by the Audit, Risk and Sustainability Committee in its meeting of 20 February 2023 and approved by the Board of Directors of Piaggio & C. S.p.A. on 24 February 2023.

Expectations and ways of involving stakeholders

The Piaggio Group has always paid considerable attention to engaging with stakeholders, i.e. all entities inside and outside the organisation whose activities have an impact on company operations. In fact stakeholders are defined as having an interest in or various expectations (social, economic, professional, human) of the Company.
Based on this definition, the Group has identified categories of stakeholders in relation to its operations.

MAP OF PIAGGIO GROUP STAKEHOLDERS

Customers and dealers

Engagement methods:

- Contact centre
- Customer satisfaction surveys
- Communication outlets (websites, social media)
- Events (travelling tests, trade fairs)
- Dealer website
- Dealer support services/Help desk
- Motoplex (new sales format)

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Quality, safety and reliability of products.	- Investment in ever safer and more reliable products. - Obtaining quality certification.
Low/zero consumption and emissions.	- Study of innovative engines with low/zero consumption and emissions.
Rapid response and problem solving.	- Effort to improve professionalism, timeliness and courtesy of the contact centre personnel and dealers.
Sales support.	- Development of a dedicated website and a new sales format.

Suppliers

Engagement methods:

- Daily relations
- Supplier portal
- Impact assessment questionnaire

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Continuity of supplies.	- Implementation of the Supplier Portal, also used for the automated management of supply orders.
Collaboration and sharing of best practices.	- Vendor rating campaigns. - Appropriate conduct guidelines to prevent incidents of corruption.

Local Communities

Engagement methods:

- Meetings, exhibitions and events
- Rallies
- Charity activities

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Contributions to support charity initiatives.	- Support for numerous charity initiatives.
Organisation of rallies and events for connoisseurs.	- The Group historically organises rallies and races for its customers.
Development of local communities.	- The Piaggio Foundation and the Piaggio Museum are a meeting place and cultural reference for the territory.
Respecting the environment.	- Attainment of environmental certification for production sites.

Institutions and the public administration

Engagement methods:

- Ongoing dialogue on legal developments
- Periodic ad hoc meetings
- Participation in parliamentary committees appointed to discuss and formulate new regulations
- Meetings and presentations

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Compliance with laws and regulations.	– Appropriate conduct guidelines to prevent incidents of corruption.
Being open and receptive to environmental and social themes.	– Investments in the R&D of innovative products that are abreast of any restrictions of current regulations.
Support on specific tecóical themes.	– Proactive participation in parliamentary committees appointed to discuss and formulate new regulations.
Pursuing common objectives.	– Participating in trade associations.

Media

Engagement methods:

- Press releases
- Events and company communication initiatives
- Press product launches
- Product test rides
- Wide Piaggio Group Magazine
- Websites

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Availability, transparency and timeliness of information on the company and its products.	– Abiding by the governance code of business communications. – Strengthening relations with the media in the different countries where the Group is active.

Shareholders and lenders

Engagement methods:

- Conference calls/Road Shows
- Piaggio Analyst and Investor Meetings
- Corporate website

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Clear and timely information.	– Promotion of ongoing dialogue with analysts and lenders.
Remuneration and asset value of investments.	– Treasury share buying policy and dividend policy.

Human resources

Engagement methods:

- Company Intranet
- Piaggio InfoPoint
- Piaggio Net International
- Web Mail
- Evaluation Management System
- Wide Piaggio Group Magazine
- Meetings with trade unions

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Clear and timely company communication.	– Promotion of ongoing, constructive dialogue with employees.
Safe and healthy work environment.	– Attainment of health and safety certification for Group sites.
Opportunity for professional development and training.	– Preparation of professional and managerial career paths for young talents.
Transparent reward policies.	– Remuneration policy characterised by meritocracy and equal opportunities.
Respecting human rights and diversity.	– Abiding by a code of ethics that explicitly prohibits any form of discrimination or forced labour.
Open and constructive dialogue.	– Promoting ongoing, constructive dialogue with trade unions.

Universities and Research Centres

Engagement methods:

- Cooperation in research projects
- Teaching/internship activities

STAKEHOLDER EXPECTATIONS	OUR ACTIONS
Cooperation on common projects.	– Collaboration with universities and research institutes on research projects.
Training.	– Promotion of internships for college undergraduates and graduates. – Teaching carried out by Piaggio personnel at some faculties.

THE BUSINESS MODEL

The Piaggio Group today has three distinct core segments:
- 2-wheelers, scooters and motorbikes from 50cc to 1,100cc;
- light commercial vehicles, 3- and 4-wheelers;
- the robotics division with Piaggio Fast Forward, the Group's research centre on the mobility of the future based in Boston.

There were no significant changes in either the corporate structure or the chain of control or supply chain in the financial year 2022.

Generation of sustainable value

The Piaggio Group pursues the creation of value and growth over the long term through a responsible management of all available resources.

To this end, the Group uses the following capital:

FINANCIAL CAPITAL	- Financial resources from internal and external funding.
PRODUCTION CAPITAL	- Own and third-party property, plant and machinery, available to carry out activities.
INTELLECTUAL CAPITAL	- Intangible assets and knowledge that represent a competitive advantage for the Group.
HUMAN CAPITAL	- The expertise, abilities and knowledge of people working at Piaggio.
RELATIONAL CAPITAL	- The intangible resources relative to relations with key stakeholders (suppliers, sales and assistance network, etc.).
NATURAL CAPITAL	- The environmental resources used in Group activities.

Our resources

FINANCIAL CAPITAL

Shareholders, bondholders and banks ensure that Piaggio has the financial resources it needs, on condition that their expected return on invested capital is met.

PRODUCTION CAPITAL

The Piaggio Group operates on a global scale, with production sites in:
- **Pontedera (Pisa)**, the main tecóical headquarters of the Group, which manufactures Piaggio, Vespa and Gilera brand two-wheeler vehicles, light transport vehicles for the European market and engines for scooters, motorcycles and Ape vehicles;
- **Noale (Venice)**, the tecóical centre for the development of motorcycles for the entire Group, and the headquarters of Aprilia Racing;
- **Scorzè (Venice)**, a factory for the production of Aprilia brand two-wheeler vehicles;
- **Mandello del Lario (Lecco)**, a factory which produces Moto Guzzi vehicles and engines;
- **Baramati (India, in the state of Maharashtra)**, with plants dedicated to the manufacture of three-wheeler commercial vehicles, Vespa and Aprilia brand scooters and engines;
- **Vinh Phuc (Vietnam)** where Vespa and Piaggio scooters and engines are produced;
- **Jakarta (Indonesia)** for the assembly of Vespa scooters (operational from November 2022).

The Piaggio Group also operates via a joint venture company in **China** (Zongshen Piaggio Foshan Motorcycles, in **Foshan**, in the province of Guangdong), which is 45% owned by Piaggio (and therefore not included in the line-by-line consolidation of the Group).

INTELLECTUAL CAPITAL

The Piaggio Group is aware of the great value of innovation and research and believes in the importance of sharing knowledge and ideas and in the stimulus that it can give to improving tecóologies, processes and products. For this reason, the Piaggio Group has always been engaged on many fronts to consolidate the synergy between its research and development centres, the world of research and its industrial sector.
Moreover, since 2015, with the establishment of the Piaggio Fast Forward company, the Piaggio Group has developed a new way of doing research, to interpret the signs of change and find intelligent solutions to problems and new needs that will arise.
Piaggio Fast Forward aims to help the Piaggio Group, in cooperation with its Research and Development Centres around the world, to develop increasingly tecóological and innovative products that meet the changing needs of consumers.
Every year, the Group's intensive research and development activities lead to patents being filed in the countries where it works.

HUMAN CAPITAL

Human resources, and the skills, abilities and dedication offered by individuals, represent a key factor in Piaggio's competitiveness and growth at a global level. Everything we do as individuals or as a team is shaped by our strategic vision, result-driven approach, constant commitment to customer satisfaction, desire for innovation and awareness of the future needs of the market, to generate value for each and every stakeholder. People are the key element that enables us to meet challenges in an increasingly dynamic and competitive international scenario. It is for these reasons that Piaggio places such central importance on people in the organisation, assuring them our respect and protection in all Group companies.

RELATIONAL CAPITAL

The Piaggio Group has a direct sales presence in main countries in Europe, the USA, Canada, India, Vietnam, Indonesia, China and Japan, while it operates through importers in other markets of the Middle East, Africa, Central and Latin America and Asia Pacific.

How we build our strategic advantage

ORGANISATIONAL STRUCTURE

The Piaggio Group is structured into and operates within geographic segments (EMEA and Americas, India and Asia Pacific), for the development, manufacture and distribution of two-wheeler and commercial vehicles, as well as new mobility solutions.
Each geographic segment is equipped with production facilities and a sales network specifically dedicated to customers in this region.
The Group boasts an agile and flexible production capacity, enabling it to adapt quickly to the needs of the market.

A UNIQUE BRAND PORTFOLIO

The Piaggio Group sells two-wheeler vehicles under the brands **Piaggio**, **Vespa**, **Aprilia**, **Moto Guzzi**, and commercial vehicles under the brands **Ape** and **Porter**. Some of the Piaggio Group brands are the most prestigious and historic in the world of motorcycle racing. **Moto Guzzi** celebrated its centenary in 2021. One hundred years of stunning motorcycles, of victories, of adventures, of extraordinary characters who have created the myth of the "Brand of the Eagle". **Aprilia** has made a name for itself as one of the world's most successful manufacturers participating in the World Speed and Superbike Championships. In the scooter sector, the legendary **Vespa** brand has been synonymous with two-wheel mobility since 1946, and with over 19 million units produced to date, it represents a commercial success story of incredible longevity, as well as being one of the most recognisable icons of Italian style and tecóology in the world.

DISTRIBUTION AND SERVICE NETWORK

Piaggio, which distributes its products in more than 100 countries, has an extensive distribution and sales network made up of qualified, reliable partners.
Since the right location is essential in order to enable each brand to express its values, for a number of years Piaggio has been using a new distribution format called "Motoplex", joined by about 1,000 2W sales points around the world. The Motoplex concept is based on the idea of showcasing "brand islands", giving the customer the real experience of the brand represented.

PRODUCT RANGE

The main objective of the Piaggio Group is to meet the most progressive needs for mobility, through a deep understanding of people and their habits, reducing the environmental impact and fuel consumption of its vehicles, ensuring customers excellent levels of performance. In its effort to ensure the sustainability of its products, the Piaggio Group takes into account the entire life cycle, which comprises the design, procurement of raw materials, production proper, use of the product by customers and, finally, decommissioning, which consists in disassembly at the end of service life and in the disposal and/or recycling of the components and raw materials.
The Piaggio Group's product range includes scooters and motorbikes with combustion engines from 50 to 1,100cc and electric motors, three and four-wheeled light commercial vehicles and an electric scooter distributed under the Aprilia brand. Moreover, the American affiliate Piaggio Fast Forward has been selling the GITA since November 2019, only in the USA. This smart robot is powered by electric motors and equipped with sensors and cameras, to follow people and avoid obstacles, and can transport up to 40 pounds.

In a society which is increasingly aware of the issue of sustainability, creating products with low environmental impact, in factories that are safe, non-polluting and do not waste resources, is becoming vital for survival.
Constant focus is placed on research into vehicles that are at the cutting edge in terms of:
- **Ecology and ability to contribute to the mitigation of Climate Change:** products able to avoid or in any case reduce emissions of polluting gases and greenhouse gases (CO_2) both in urban-area and extra-urban use; this is achieved by introducing electric engines and further developing traditional engine tecóologies (increasingly sophisticated internal combustion engines), as well as the Group making more use of renewable, sustainable energy sources;
- **Reliability and safety:** vehicles that allow a growing number of people to get about town easily, while contributing to ease traffic congestion and ensuring high levels of active, passive and preventive safety;
- **Recyclability:** products that reduce the environmental impact at the end of their life cycle to a minimum;
- **Cost-effectiveness:** vehicles with lower running and maintenance costs.

QUALITY CONTROL

Piaggio has a comprehensive quality management system to monitor product quality levels in the various stages of the production process and prior to dispatch to the customer. The standard procedures adopted at all Piaggio Group sites enable the constant monitoring of the quality of all vehicles produced, ensuring product standards that fully meet both regulatory and type approval specifications and the expectations of the end customer.

SUPPLY CHAIN

Some components are purchased externally in line with a global sourcing model that guarantees the quality and economy of the products supplied.
Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products.

ENVIRONMENTAL SUSTAINABILITY

Piaggio aims to adopt a model of sustainable development that not only meets the expectations of stakeholders (investors, shareholders, staff, suppliers, community, public administration) by guaranteeing economic and social sustainability, but also roots its actions in environmental sustainability, meaning the ability to contribute to mitigating climate change, and safeguarding natural resources and the possibility for the ecosystem to absorb direct and indirect impacts generated by production activities. Specifically, Piaggio seeks to minimise the environmental impact of its industrial activities by carefully defining the manufacturing tecóological cycle and by using the best tecóology and the most modern production methods. The pursuit of these environmental sustainability goals is blazing a trail of ongoing improvement in environmental performance.

Results

REMUNERATION TO LENDERS

During 2022, dividends for €53,403,194.83 were distributed.
The Piaggio share closed the year 2022 at €2.804 substantially in line with the end of 2021, with a performance markedly superior to that of the main benchmarks.

EMPLOYEES

In 2022, the Piaggio Group employed 6,388 people (annual average figures), providing them and their family members with a health scheme. In the same period, accident statistics stayed at the minimum physiological level, at all sites. Moreover, 97,251 hours of training were delivered.
During 2022, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights.

CERTIFICATIONS

The Piaggio Group possesses excellent environmental, quality and occupational management systems at all its production sites.

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI-ENGINE PLANT	BARAMATI-TWO-WHEELER PLANT	BARAMATI-COMMERCIAL VEHICLES PLANT	VINH PHUC
Certification	ISO 9001 - Quality Management Systems	• since 1995	• since 2006	• since 2010	• since 2018	• since 2013	• since 2018	• since 2009
Certification	ISO 14001 - Environmental management systems	• since 2008	• since 2008	• since 2010	• since 2015	• since 2013	• since 2015	• since 2011
Certification	BS OHSAS 18001- Occupational Health and Safety Management Systems	• from 2007 to 2018	• from 2007 to 2018	• from 2010 to 2018	• from 2015 to 2020	• from 2013 to 2020	• from 2015 to 2020	• from 2013 to 2018
Certification	ISO 45001 - Occupational health and safety management systems	• since 2019	• since 2019	• since 2019	• since 2021	• since 20211	• since 2021	• since 2019

All of the Group's plants have held certification for several years for **Quality** (ISO 9001),**Environment** (ISO 14001) and **Health and Safety** (ISO 45001 or BS OHSAS 18001).
The Indian sites switched from BS OHSAS 18001 to ISO 45001 certification starting from April 2021.
In November 2022, the Certification Company Det Norske Veritas (DNV)[15] conducted audits to maintain Quality certification (ISO 9001), Environmental certification (ISO 14001) and Health and Safety certification (ISO 45001) for Italian sites (including the commercial site in Milan). The audits were successful.

15. DNV: Det Norske Veritas is one of the world's leading certification bodies.

Annual audits by the certification body demonstrate the Company's commitment to its Quality, Health and Safety and Environmental policies established by Top Management and are proof of the reliability of the Management Systems which are applied with the contribution of managers from all functions and the individuals who work in them.

VEHICLES PRODUCED

	EMEA AND AMERICAS			INDIA	ASIA PACIFIC 2W		
2W VEHICLES	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI 2W	VINH PHUC	JAKARTA	TOTAL
2022	135,734	26,913	18,066	69,374	245,682	2,080	497,849
2021	135,737	21,391	16,191	84,023	180,313	0	437,655
Delta 2022-2021	0.0%	25.8%	11.6%	-17.4%	36.3%	100%	13.8%

	EMEA AND AMERICAS	INDIA	
COMMERCIAL VEHICLES	PONTEDERA	BARAMATI 3-4W	TOTAL
2022	9,487	104,091	113,578
2021	8,993	76,005	84,998
Delta 2022-2021	5.5%	37.0%	33.6%

	EMEA AND AMERICAS			INDIA	ASIA PACIFIC 2W	
ENGINES	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2022	103,962	24,448	18,316	127,897	250,187	524,810
2021	111,781	16,272	16,594	125,964	171,790	442,401
Delta 2022-2021	-7.0%	50.2%	10.4%	1.5%	45.6%	18.6%

R&D

In 2022, the Piaggio Group continued its policy of retaining tecóological leadership in the sector, allocating total resources of €64.7 million to research and development, of which €41.1 million capitalised under intangible assets as development costs.
The Piaggio Group is convinced of the importance of exchanging knowledge and ideas, and of the resulting encouragement that can lead to improvements in tecóologies, methodologies and products. For this reason the Piaggio Group has always been engaged on many fronts to consolidate the synergy between the world of research and its industrial sector.

The Group has continual exchange and research initiatives with universities and research centres. The objective of these partnerships has been to support continuing innovation over the last few years through:
- partnerships in research and development projects;
- participation in European Projects;
- experimental research dissertations.

	2022			2021		
	CAPITALISED	EXPENSES	TOTAL	CAPITALISED	EXPENSES	TOTAL
IN MILLIONS OF EUROS						
Two-wheelers	29.0	19.8	48.8	20.8	17.7	**38.5**
Commercial Vehicles	12.1	3.7	15.9	21.1	4.1	**25.2**
Total	**41.1**	**23.6**	**64.7**	**41.9**	**21.8**	**63.7**
EMEA and Americas	29.4	19.1	48.5	31.1	17.2	**48.3**
India	7.3	2.0	9.3	6.3	2.4	**8.7**
Asia Pacific 2W	4.5	2.5	6.9	4.5	2.2	**6.7**
Total	**41.1**	**23.6**	**64.7**	**41.9**	**21.8**	**63.7**

*The figures shown do not include research, development and prototyping costs incurred by Piaggio Fast Forward.

Patents are registered in countries where Piaggio operates on a continual basis, thanks to intense research and development carried out by the Group at its research centres.

ESG INDICES

Some economic studies point to a link between sustainability and long-term value creation. The economists Porter and Kramer, in their well-known 2011 article 'The big idea: Creating shared value', identified the concept of shared value as the ability of corporate policies and practices to create value that simultaneously generates greater competitiveness for the company and responses to the needs of the communities and challenges of the society in which the company operates.
In recent years, the European Union has enacted provisions to facilitate the financing of sustainable economic activities.
Investors are increasingly interested in investing in sustainable companies as they are considered less risky and more profitable in the long term.
Analysts and international rating agencies constantly monitor Piaggio's ESG performance.
Below are the scores obtained by the international body Carbon Disclosure Project, which assesses CO_2 emissions and water use, and the MSCI ESG Research rating agency, which measures the performance of companies based on ESG factors.

	CDP SCORE CLIMATE CHANGE	CDP SCORE WATER SECURITY	MSCI ESG RESEARCH
2022	B	B	AA
2021	B	B	AA

AS OF 2022, PIAGGIO & C S.P.A RECEIVED AN MSCI ESG RATING OF AA

RESEARCH, DEVELOPMENT AND INNOVATION GUIDELINES

Mobility and Innovation

The Piaggio Group has been involved in mobility since its foundation in 1884, always with an innovative focus. As early as the beginning of the 20th century, Rinaldo Piaggio aimed to expand the company into the aeronautical sector, when this also symbolically represented the cutting edge of tecóology.

In over 110 years of activity, Piaggio has designed and built every means of transport: aircraft (single, twin and four-engine), seaplanes, engines for their own planes, trains, trucks, buses, trailers, cable cars, funiculars, speedboats, outboard motors, small cars; and, of course, perhaps the most innovative product in its history: the Vespa.

The Piaggio Group is therefore traditionally structured to respond to changes in the tecóical and social environment and ready for those in the near future. It pioneered both electric (1970s) and hybrid mobility (2009) and is ready for the challenges of the present and the future.

Now more than ever, mobility is strongly directed by regulations, for example through the limits on CO_2 and other polluting gases (HC, NOx, etc.) that regulate the type approval of new models and limit the usage of vehicles already on the road (e.g. access to urban areas). But at the same time there is also a constant change in customer preferences, as they are increasingly inclined towards the personal use of electric vehicles rather than those powered by combustion engines, and also more open to new solutions, such as sharing.

The Group sees the ability to combine industry-specific knowledge, robotics and software as key to improving future mobility systems in cities and, through its capabilities in the production of electric vehicles and the management of related infrastructure, intends to confirm its leadership in the revolution which is taking place.

Tecóical trends in mobility are described internationally with the acronym ACES, whose letters stand for **A**utonomous, **C**onnected, **E**lectrified and **S**mart(Mobility). These designations also describe the Piaggio Group's research priorities, in the continuous study of tecóologically advanced solutions conducted in Research Centres around the world. Added to these is the fifth letter, **D**ecarbonisation, which is reducing CO_2 emissions from both product and process.

ACES for Two-Wheelers (PTWs)

A

TECHNOLOGY FOR AUTONOMOUS VEHICLES

These are automated systems with sensors, computing power and analytical capabilities that can react according to the data they collect. In the field of two-wheelers, the use of these systems has to be fine-tuned in order to be effective due to their particularly dynamic behaviour. In addition to tecóical capabilities, this requires the vast experience that the Piaggio Group has acquired in over 75 years in the industry. Leveraging the expertise of its subsidiary Piaggio Fast Forward (PFF) in Boston[16] , which specialises in robotics, Piaggio has equipped some of its models[17] with radar systems capable of automatically detecting objects (vehicles, pedestrians, infrastructures) and determining their distance and possibility of collision, providing a warning to the driver. It has also experimented with 'By Wire' systems for clutches and gearboxes, implementing particular designs on the flagships of his motorbike brands [18]. It also has 'By Wire' braking systems in its portfolio, which at the moment are not seen as strategic given the high quality of the ABS in use.
Driving assistance software aimed at reducing emissions and fuel consumption has also been developed for both ICE[19] and electric vehicles, while driving style analysis systems are being looked at with the aim of increasing dynamic safety by raising the driver's awareness.

C

TECHNOLOGIES FOR CONNECTED VEHICLES

The debut of Connectivity on a Piaggio vehicle came with the Beverly scooter in 2012, the first product to adopt the Mia system that allows a smartphone to be integrated into the vehicle's electronic system. Since then, development has been rapid, involving Piaggio Fast Forward in the development of the dedicated app. It is in fact a bi-directional V2I connectivity, responding both to the customer's needs (maps, weather, places of interest, display of more vehicle parameters, music, telephone, etc.) and for a data exchange with the parent company and for possible distress calls (iCall).
Added to this is the possibility, on some models, to have alerts for attempted theft, battery charging etc., up to and including fleet management. Obviously, the connectivity of vehicles, as well as of any device, requires a high level of focus on cybersecurity, for which a 'cyber secure by design' methodology must be adopted.
Mia is also an open door for eCommerce, which will grow in importance and value in the coming years.

16. The system dedicated to Piaggio Group motorbikes is developed, built and supplied by Piaggio Fast Forward in close cooperation with Piaggio R&D. The PFF modules use Vayyar's Radar-on-Chip (RoC) mmWave 4D imaging sensor that provides multiple ARAS functions, such as Blind Spot Detection (BSD), Lane Change Assist (LCA) and Forward Collision Warning (FCW), with a single sensor covering a range of about 100 meters, equipped with an extremely wide field of vision.
17. Piaggio Mp3 530; Moto Guzzi V100 Mandello.
18. Aprilia RSV4 and Tuono V4; Aprilia RS660 and Tuono 660; Moto Guzzi V100.
19. ICE: Internal Combustion Engine.

E
ELECTRIFICATION TECHNOLOGIES

Although in the ACES acronym Electrification is the third factor, in reality the effort to make Mobility sustainable is the most challenging. As 2030 approaches, Piaggio has decided to embark on a path based mainly on electric tecóology[20] , pursuing its idea of Sustainable Mobility even more strongly.
"To achieve this goal, the large-scale adoption of electric vehicles, such as motorbikes, scooters and light commercial vehicles equipped with battery swap or plug-in tecóology, must be promoted, fostering a more sustainable battery life cycle management and greater environmental friendliness." [21]
The strategy starts in Pontedera, where Piaggio set up its new eMobility department in 2021, dedicated to the development of two-, three- and four-wheeler vehicles and components for Electric Mobility.[22]
The Piaggio Electric Product Range is evolving rapidly, not only for the EMEA market but for the whole world. It already includes the Group's flagship product, the Vespa Elettrica (moped and motorbike), with other versions dedicated to various markets set to be produced; in addition to this, the Piaggio 1 was also a great sales success in both the moped and the scooter versions. Ape Elettrica, specifically designed for the Indian market, also enjoys commercial success and perfectly represents how an iconic and evergreen vehicle can be electrified.
The near future will see more models for other segments, all equipped with lithium-ion batteries (LIB) with BMS and remote control, with a focus on standardisation and end-of-life recovery. Prominent among these projects is the Porter Electric, the zero-emission version of the classic but very modern four-wheeler for transport. Other projects will arise from the agreement signed in 2022 between the Piaggio Group and the Chinese giant Foton Motor Group "for the development of a new range of four-wheel light commercial electric vehicles"[23].
Moreover, Piaggio has never stopped researching hybrid propulsion, the system that combines the advantages of electric motors and ICEs to improve performance and fuel consumption. Building on the experience gained since 2009 with the Piaggio Mp3 Hybrid, the world's first Parallel Hybrid scooter, the Group continues its research in the field of Mild Hybrids. In addition to the main research strand of eMobility, Piaggio is also keeping a close eye on alternative energy vectors, such as Hydrogen with Fuel Cells (HEV), which has already been tested in the past[24] and other renewable fuels, which could bring classic ICEs up to date in applications where they are difficult to replace.

S
SMART, INTELLIGENT MOBILITY SOLUTIONS

In this field, Piaggio remains committed to ensuring that its vehicles are ready to be part of the intelligent mobility chain. This means being electric, connected, remotely manageable, easy to use, and equipped with exchangeable batteries: all qualities that Piaggio electric vehicles have and will have.

20. Statement by Roberto Colaninno, Chairman and CEO of the Piaggio Group, at the presentation of the Moto Guzzi V100 (September 2021, adnkronos).
21. Statement by Michele Colaninno, Chief of Strategy and Product of the Piaggio Group (October 2021).
22. Obviously, the success of Electric Mobility requires a step change in the development of infrastructure, primarily for charging vehicles.
23. Press release of 29.11.22: The Chairman and CEO of Piaggio & C. S.p.A. (PIA.MI), Roberto Colaninno, and the Deputy General Manager of Foton Motor Group, Wang Shuhai, have signed a preliminary agreement in Mantova to develop a new range of four-wheeler light commercial electric vehicles. The agreement consolidates the partnership between the two Groups that began in September 2017 for the joint development of innovative solutions for the light commercial vehicles market.
24. Piaggio has built a prototype Maxi Scooter HEV (Hydrogen Electric Vehicle), i.e. powered by hydrogen gas converted into electricity via Fuel Cell.

As mentioned above, in addition to ACES, the other fundamental theme for research at Piaggio is the

D

DECARBONISATION

This process that involves the entire production chain of the Group[25] , but even limiting the observation to R&D alone, it translates into concrete actions: new design philosophy[26] , choice of materials and, in general, the rise of the culture of "circularity". The Group's medium-term objective is to be able to reduce the demand for raw materials, especially those that are scarce or have a polluting production cycle (e.g. energy-intensive, high CO_2 emissions), helping:

Recycling: through the use of recyclable materials, the foundations are laid for a Product suitable for being part of the Circular Economy[27] .

Reuse: one example of possible (direct) reuse is batteries. Usually, lithium batteries have a longer life than the vehicle; therefore they can be reused, provided they can be easily separated and standardised[28]: Piaggio 1's batteries are already designed with this in mind, as they are removable and will also be a standard for future Piaggio electric vehicles in the same range.

Saving: Another example of attention paid to the use of resources is the elimination of rare-earth elements from electric engines and other precious and poorly reusable materials from electronic components.

Alternative fuels: decarbonisation also and above all concerns Products[29], and is the main driver for research in Sustainable Mobility. The Piaggio Group is pursuing the road to electrification with conviction, but believes that this alone cannot solve all problems. Other approaches to **decarbonisation** exist, and are needed: for example, the use of alternative, non-fossil fuels[30] in internal combustion engines, alongside the direct electrification of vehicles.

The Piaggio Group's attention is also focused on synthetic and biofuels, which will solve problems of autonomy and architecture, which are typical of electric engines in the motorcycle sector[31]. The use of these fuels will make it possible to **reuse** a large part of existing ICE vehicles, making them Zero Emission Vehicles by changing the fuel and associated tecóology.

This is one of the reasons why the Piaggio Group is also continuing research into conventional engines, in order to make them increasingly efficient. The strong tecóical and economic effort being made to adapt production to the Euro5+ standard, which is stricter than the previous one, will also have a positive impact on the future use of synthetic and biofuels. Green hydrogen comes under this category and is used for electric vehicles with FC (HEV)[32], as it is not cost-effective for internal combustion engines.

25. The Piaggio Group to adhere to REACH and ELV - N1.
26. Example: Design aimed at reducing the number of parts in a vehicle. The elimination of a body part, through its integration with an adjacent one, generates a cascade of benefits: reduction of moulds to be made and consequently savings in materials and energy throughout their production process; elimination of material waste; reduction of moulding energy; reduction in the number of packages; reduction of energy required for transport; reduction of time and energy for assembly of the finished product; streamlining of warehouse management and spare parts management. All this without having changed the content of the Product, but only having addressed the design.
27. ELV survey conducted on Mp3 being updated with Vespa GTS (UniFi), by January.
28. Piaggio Group, HONDA Motor Co., Ltd., KTM F&E GmbH, and YAMAHA Motor Co, Ltd. established the Swappable Batteries Motorcycle Consortium (SBMC), in order to promote the widespread use of light electric vehicles such as motorised mopeds, scooters, motorbikes, tricycles and quadricycles, and to encourage more sustainable management of the life cycle of batteries, in keeping with international climate policies.
29. It is important to remember that the two-wheeler sector accounts for 1.3% of CO_2 emissions in transport, which in turn accounts for 20% of global emissions; so the two-wheeler sector accounts for less than 1% of the total (source: European Environment Agency 2022); this cannot limit our Group's commitment, but it is necessary to put the problem into perspective.
30. Synthetic and biological fuels, as well as electricity, must be produced from and with renewable energy to truly have no carbon footprint.
31. Aside from city or intercity scooters, there is an important market segment of two-wheelers, whose physical and functional characteristics do not allow for their electrification; these products could be safeguarded, on the same level as decarbonisation, through the use of synthetic and biofuels.
32. HEV stands for Hydrogen Electric Vehicle, while BEV stands for Battery Electric Vehicle; FC stands for Fuel Cells. Hydrogen stored in a cylinder plus a FC that converts it into electrical energy is the equivalent of a charged battery.


KYT
CAME
aprilia
kaspersky
Marsh
sky wifi
CASE
41

EUROPEAN TAXONOMY

Introduction to European Taxonomy

The European Union, in line with the contents of the 2015 Paris Climate Agreement and the 17 Sustainable Development Goals of the United Nations 2030 Agenda, has developed an ambitious strategy towards more sustainable economic models to achieve the 2050 climate neutrality goal. To achieve these targets, the EU intends to promote investment in sustainable assets and activities through the use of public and private resources.
In this context, as part of the action plan on sustainable finance adopted in 2018 by the European Commission, the classification system or "taxonomy" of sustainable activities was established, set out in Regulation (EU) 2020/852 (hereinafter "the Regulation"), in which the criteria are defined to determine whether an economic activity can be considered as eco-sustainable, thus reducing the risk of greenwashing and guaranteeing financial institutions and investors a greater compatibility as regards the degree of eco-sustainability of an investment associated with it. In particular, the Regulation classifies the economic activities that can potentially be aligned with the 6 environmental objectives defined by the European Union:

- **Climate change mitigation**
- **Adaptation to climate change**
- Sustainable use and protection of waters and marine resources
- Transition to a circular economy
- Prevention and reduction of pollution
- Protection and restoration of biodiversity and ecosystems

At present, the EU Commission has defined, through the Commission Delegated Regulation (EU) 2021/2139 ("Climate Regulation"), the list of eligible activities and the related tecóical screening criteria for the first two objectives only, and it is for these that financial and non-financial companies falling within the scope of the Regulation are required to align with.
Article 8 of Regulation (EU) 2020/852 defines the taxonomy reporting obligations, which to date are applicable to non-financial companies subject to the Non-Financial Reporting Directive. In July 2021, Regulation (EU) 2021/2178 further supplemented the content of the Regulation, to clarify how the taxonomy disclosure should be calculated and presented.
From 1 January 2022 onwards, with regard to data from the 2021 financial year, companies have reported the information necessary to meet the requirements of the Regulation in their non-financial statement. In particular, the information that the Taxonomy requires non-financial undertakings to report, refers to the following indicators:

a. the proportion of turnover from products or services associated with economic activities considered by the Taxonomy;
b. the proportion of capital expenditure and the proportion of operating expenditure related to activities or processes associated with economic activities considered by the Taxonomy.

Following the first-time adoption of the Regulation for the 2021 financial year, non-financial companies were requested to report on their proportion of own turnover, investments (Capex) and operating costs (Opex) (as defined by Commission Delegated Regulation (EU) 2021/2178) related to eligible economic activities, within the meaning of the Taxonomy. Starting from 1 January 2023, in relation to data for the 2022 financial year, non-financial companies are required to report the above parameters relating not only to the share of "Eligible" activities, but also to environmentally sustainable activities (so-called "Aligned" activities). In order to understand whether own 'Eligible' activities can also be considered as "Aligned", compliance with two types of criteria must be met:

- the tecóical screening criteria described in the Delegated Acts, that ascertain whether the activities considered make a substantial contribution to climate change adaptation and mitigation;
- the 'DNSH' - Do No Significant Harm criteria, which ascertain that the activities considered do not cause significant harm to any of the other environmental objectives.

In addition to these specific tecóical requirements related to environmental objectives, the Regulation also requires compliance with Minimum Social Safeguards. In this case, the organisation has to prove through its implemented procedures that it adheres to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.
In order to meet the requirements of the regulations, in 2022 the Piaggio Group continued to analyse its activities already identified as "Eligible" for the purposes of 2021 reporting, in order to assess their actual contribution to the aforementioned objectives and to understand if and which of them could also be considered as "Aligned". To do this, it ensured compliance with the tecóical screening criteria, the "DNSH" criteria and the "Minimum Social Safeguards", with reference to the climate change mitigation objective, as this was predominantly identified as the most suitable given the type of economic activities carried out by the Group.

Methodological approach

Tecóical Screening and DNSH Criteria

In the disclosure of the 2021 Non-Financial Statement, the following activities related to the Piaggio Group's core business were identified as Taxonomy-Eligible:
- 3.3 "Manufacture of low carbon tecóologies for transport", concerning the production and marketing of vehicles;
- 6.4 "Operation of personal mobility devices, cycle logistics", in connection with the sale of Scooters and WiBikes;
- 9.1 "Close market research, development and innovation" with reference to capitalised R&D costs.

In this context, it should be noted that, following the clarifications and interpretations of legislation provided by the EU Commission in the form of a Q&A in December 2022[33] , the costs and investments in research and development activities, being an integral part of an economic activity covered by the annexes to the Climate Regulation, have been counted directly for the purposes of the relevant economic activity. Consequently, the Group has proceeded with the allocation of research and development costs, previously classified as inherent to activity 9.1, to the economic activity to which such research (as carried out for the purpose of product tecóological innovation) is directed, i.e. activity 3.3 inherent to the manufacture of vehicles. As a result, asset 9.1 was no longer included among the Group's "eligible" assets, for the purposes of 2022 financial year reporting.
Therefore, in order to verify the alignment of the only two eligible activities carried out by the Group (3.3 and 6.4), the specific tecóical screening criteria related to the target of Climate Change Mitigation were analysed and only vehicles with zero tailpipe CO_2 emissions were identified as potentially eligible for alignment.
In addition, in order to analyse the DNSH criteria, an analysis was conducted for the plants at Pontedera (Italy) and Baramati (India), which are the only sites where the production of the identified vehicle types takes place. For each eligible economic activity (3.3, 6.4) to reach the Climate Change Mitigation target, the DNSH criteria identified by the Commission Delegated Regulation were analysed and the activities carried out with the owners for the two sites were mapped, resulting in the following findings:

OBJECTIVES	OBJECTIVE 2 ADAPTATION TO CLIMATE CHANGE	OBJECTIVE 3 SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES	OBJECTIVE 4 TRANSITION TO A CIRCULAR ECONOMY	OBJECTIVE 5 PREVENTION AND REDUCTION OF POLLUTION	OBJECTIVE 6 PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS
Baramati	- Climate Risk Self Assessment activities were carried out for the assessment of climate-related physical risks	- Compliance with MPCB environmental regulations[34] - No water discharges - Water resource treatment for reuse and certification according to quality standards	- Adoption of circular economy practices where possible, prioritising recycling and design to ensure durability standards - Compliance with local and European hazardous waste regulations	- The activity does not involve the manufacture, placing on the market or use of certain substances (mercury) - Pollution risk assessment of research projects	- The plant is not located in an area characterised by biodiversity
Pontedera	- Climate Risk Self Assessment activities were carried out for the assessment of climate-related physical risks	- Achievement of the AIA[35] for certification of the environmental protection plan - Construction of a new sewer network or industrial painting waste	- Management that prioritises recycling and design to ensure durability standards - Compliance with REACH - COBAT membership - 90% recyclable products	- The activity does not involve the manufacture, placing on the market or use of certain substances (mercury) - Research and use of BAT[36]	- EIA[37] carried out and compliance with environmental regulations - Arpat analysis carried out

33. "Draft Commission Notice" of 19 December 2022
34. Maharashtra government Pollution control board
35. Integrated Environmental Authorisation
36. Best Available Tecóologies
37. Environmental Impact Assessment

At the end of these analyses, it was found that the activities identified by the Piaggio Group as "eligible" are carried out, with reference to the plants in which the production of eligible vehicles takes place, in full compliance with tecóical screening criteria for substantial contribution and with DNSH criteria.

Minimum Social Safeguards

The above activities were carried out in parallel with assessing compliance with Minimum Safeguards in the areas of human rights, corruption, fair competition and taxation, as defined in the EU Taxonomy Regulation, also with reference to the suggestions put forward in the Platform on Sustainable Finance's "Final Report on Minimum Safeguards" published in October 2022. In this context, we have seen how the Code of Ethics and, in general, the policies and practices adopted by the Piaggio Group in conducting its business, establish the principles and standards applicable to the protection of human rights, fundamental rights and, in general, the rules of fair and ethical conduct in business, and require all stakeholders to whom they are addressed (employees, external staff, suppliers, distributors and other business partners) to comply with them. Moreover, there were no final convictions against the Piaggio Group, also with reference to the other areas covered by the Minimum Social Safeguards; however tax disputes are still pending, but their economic and reputational impact risk assessment is no greater than "low", as the Piaggio Group is not reasonably expected to lose the case.
For more on human rights, corruption, fair competition and taxation, please refer to the chapter 'Sustainability Governance' in this Non-Financial Statement.

Methodological Approach to KPI Calculation

Identification of "eligible" (Taxonomy-Eligible) and "environmentally sustainable" (Taxonomy-Aligned) activities

The first stage of the process made it possible to identify, through an analysis of the activities included in the Taxonomy, those applicable to the Piaggio Group's business, considering the description given in the annexes to the Regulation and the potentially applicable NACE codes.
On the basis of the above analysis, the following activities of the Piaggio Group can contribute to achieving the Climate Change Mitigation objective:

	DESCRIPTION OF THE TAXONOMY-ELIGIBLE ACTIVITY	APPLICABLE KPI	REFERENCE CONSOLIDATED FINANCIAL STATEMENT ITEM
3.3	**Manufacture of low carbon tecóologies for transport**	Turnover	**Net Sales Revenue –** Sale of 2-, 3- and 4-wheeler motor vehicles and Gita robots
		CapEx	**Property, Plant and Equipment -** Tangible Assets, Intangible Assets and Rights of Use
		OpEx	**External maintenance and cleaning costs**
6.4	**Operation of personal mobility devices, cycle logistics**	Turnover	**Net sales revenue -** Sale of scooters

The results of these assessments are summarised in full in the tables in the Appendix, which follow the templates provided by Annex II to Regulation (EU) 2021/2178.

The analyses were carried out on the basis of the interpretations of the Taxonomy, available to date, and taking into account, where possible, the clarifications officially provided by the EU Commission regarding the practical application of the regulation, as well as the preparation of relevant disclosures. In this context, consistent with change in interpretations and regulatory requirements, the information presented in this chapter may be subject to further updates and revisions.

Definition of the scope

On the basis of the requirements in the Regulation, the percentages of eligible and aligned activities were calculated for 2022 and include all Piaggio Group companies consolidated on a line-by-line basis.

Calculation of KPIs

On the basis of the Group's Consolidated Financial Statements as of 31.12.2022 (the "Financial Statements"), the percentage of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in relation to respective total values was calculated for each eligible and aligned activity identified.

Calculation of the proportion of turnover

As established by the Regulation, the "aligned" proportion of turnover represents the portion of net revenues derived from services or products, including intangible ones, that originate from economic activities aligned with the taxonomy, divided by the total net revenues[38]. In the 2022 financial year, the Piaggio Group carried out the following activities for the production of goods or services considered to be Taxonomy-aligned:

- activity "**3.3 Manufacture of low carbon technologies for transport**" with specific reference to the sale of 2-, 3- and 4-wheeler motor vehicles and GITA robots;
- activity "**6.4 Operation of personal mobility devices, cycle logistics**" with specific reference to the sale of scooters and personal mobility devices.

Starting from the Net Sales Revenue, in order to identify the proportion considered Taxonomy-eligible, the proportion of revenue relating to "Spare Parts and Accessories" and "Other" was subtracted, with the exception of the proportion related to Piaggio Fast Forward, as this was evaluated as not being applicable for eligibility purposes. The Taxonomy-Aligned percentage of 3.31% was identified by relating the turnover achieved from the sale of zero-CO_2-emitting vehicles to the total turnover achieved.

Calculation of capital expenditure (CapEx)

The CapEx KPI was calculated by dividing the value that includes "aligned" capital expenditure by the value at the denominator that constitutes total capital expenditure. Specifically, the numerator for the calculation of CapEx is represented by additions to property, plant and equipment and intangible assets and "aligned" rights of use during the year, before amortisation and depreciation, any revaluations and excluding fair value changes.
The denominator, on the other hand, comprises total capital expenditure and increases in rights of use, before amortisation and depreciation, any revaluations and excluding fair value changes.
For the 2022 financial year, the Piaggio Group incurred the following capitalised costs considered to be taxonomy-aligned:

- activity "**3.3 Manufacture of low carbon technologies for transport**" at all the Group's production sites, with specific reference to investments concerning the design and manufacture of zero-emission vehicles (with the sole exception of racing activities).

Furthermore, as stated in Annex I to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, point 1.2.2.3. "Breakdown of KPIs", in cases where the detail by vehicle type was not available, in order to determine the Taxonomy-Aligned capital expenditure, the allocation of capital expenditure related to the production of electric vehicles, was based on the units of zero-emission vehicles sold in the 2022 financial year. Specifically, in order to identify Taxonomy-Aligned CapEx, a non-financial metric was identified, calculated by comparing the units of zero-emission vehicles sold compared to total units sold for all vehicles, with both internal combustion and electric engines, which yielded a percentage of 3.386%.

38. Assonime Circular No. 1 of 19 January 2022

Calculation of the proportion of operating expenses (OpEx)

The OpEx KPI was calculated by dividing the value comprising the portion of "aligned" operating expenditure by the denominator value comprising total operating expenditure. Specifically, the numerator for the calculation of OpEx is represented by the total value of indirect uncapitalised research and development expenditure and any other direct expenses related to the maintenance and ordinary repair of real estate, plant and equipment necessary to ensure the continuous and effective operation of said. The denominator, on the other hand, is the total value of these costs.

For the 2022 financial year, the Piaggio Group incurred the following operating expenditure considered to be taxonomy-eligible:

- activity "**3.3 Manufacture of low carbon tecóologies for transport**" with specific reference to maintenance and repair costs, both of buildings and of plants and equipment, related to production plants where zero-emission vehicles are manufactured.

In addition, as indicated in the section "Calculation of the proportion of capital expenditure (CapEx)", the same procedure was applied to determine taxonomy-aligned operating expenditure.

Table according to Regulation (EU) 2020/852

PROPORTION OF TURNOVER DERIVED FROM PRODUCTS AND SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2022

ECONOMIC ACTIVITIES (1)				CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR 'DO NO SIGNIFICANT HARM'										
	CODE(S) (2)	ABSOLUTE TURNOVER (3)	PROPORTION OF EXPENSES INVOICED (4)	CLIMATE CHANGE MITIGATION (5)	ADAPTATION TO CLIMATE CHANGE (6)	MARINE WATERS AND RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	ADAPTATION TO CLIMATE CHANGE (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TURNOVER ALIGNED WITH THE TAXONOMY, YEAR N (18)	PROPORTION OF TURNOVER ALIGNED WITH THE TAXONOMY, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
		€ MILLION	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Activity 1: Manufacture of low carbon tecóologies for transport	3.3	69.05	3.308%	100 %	0.00%	0.00%	0.00%	0.00%	0.00%		Y	Y	Y	Y	Y	Y	3.308%	N/A	A	
Activity 2: Operation of personal mobility devices, cycle logistics	6.4	0.08	0.004%	100%	0.00%	0.00%	0.00%	0.00%	0.00%		Y	N/A	Y	N/A	N/A	Y	0.004%			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		69.13	3.312%	100%	0.00%	0.00%	0.00%	0.00%	0.00%								3.312%			
A.2 Taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned)																				
Activity 1: Manufacture of low carbon tecóologies for transport	3.3	1,797.52	86.11%																	
Activity 2: Operation of personal mobility devices, cycle logistics	6.4	0	0.00%																	
Turnover from taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned) (A.2)		1,797.52	86.11%																	
Total (A.1 + A.2)		1,866.65	89.423%														3.312%		3.312%	
B. ACTIVITIES NOT TAXONOMY-ELIGIBLE																				
Turnover from activities not taxonomy-eligible (B)		220.79	10.577%																	
Total (A + B)		2,087.44	100%																	

PROPORTION OF CAPITAL EXPENDITURE FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022

ECONOMIC ACTIVITIES (1)				CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR 'DO NO SIGNIFICANT HARM'										
	CODE(S) (2)	ABSOLUTE CAPITAL EXPENDITURE (3)	PROPORTION OF CAPITAL EXPENDITURE (4)	CLIMATE CHANGE MITIGATION (5)	ADAPTATION TO CLIMATE CHANGE (6)	MARINE WATERS AND RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	ADAPTATION TO CLIMATE CHANGE (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY-ALIGNED CAPITAL EXPENDITURE, YEAR N (18)	PROPORTION OF TAXONOMY-ALIGNED CAPITAL EXPENDITURE, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
		€ MILLION	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Activity 1: Manufacture of low carbon tecóologies for transport	3.3	15.8	9.41%	100%	0.00%	0.00%	0.00%	0.00%	0.00%		Y	Y	Y	Y	Y	Y	9.41%	N/A	A	
Capital expenditures of environmentally sustainable activities (taxonomy-aligned) (A.1)		15.8	9.41%	100%	0.00%	0.00%	0.00%	0.00%	0.00%								9.41%			
A.2 Taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned)																				
Activity 1: Manufacture of low carbon tecóologies for transport	3.3	94.8	56.31%																	
Capital expenditures of taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned) (A.2)		94.8	56.31%																	
Total (A.1 + A.2)		110.6	65.72%														9.41%		9.41%	
B. ACTIVITIES NOT TAXONOMY-ELIGIBLE																				
Capital Expenditure of activities not taxonomy-eligible (B)		57.7	34.28%																	
Total (A + B)		168.3	100%																	

PROPORTION OF OPERATING EXPENSES FROM PRODUCTS AND SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE FOR THE YEAR 2022

ECONOMIC ACTIVITIES (1)				CRITERIA FOR SUBSTANTIAL CONTRIBUTION						CRITERIA FOR 'DO NO SIGNIFICANT HARM'										
	CODE(S) (2)	ABSOLUTE OPERATING EXPENSES (3)	PROPORTION OF OPERATING EXPENSES (4)	CLIMATE CHANGE MITIGATION (5)	ADAPTATION TO CLIMATE CHANGE (6)	MARINE WATERS AND RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)	CLIMATE CHANGE MITIGATION (11)	ADAPTATION TO CLIMATE CHANGE (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY-ALIGNED OPERATIONAL EXPENDITURE, YEAR N (18)	PROPORTION OF TAXONOMY-ALIGNED OPERATING EXPENDITURE, YEAR N-1 (19)	CATEGORY (ENABLING ACTIVITY) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
		€ MILLION	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percentage	Percentage	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Activity 1: Manufacture of low carbon tecóologies for transport	3.3	1.12	3.34%	100%	0.00%	0.00%	0.00%	0.00%	0.00%		Y	Y	Y	Y	Y	Y	3.34%	N/A	A	
Operating expenses of environmentally sustainable activities (taxonomy-aligned) (A.1)		1.12	3.34%	100%	0.00%	0.00%	0.00%	0.00%	0.00%								3.34%			
A.2 Taxonomy-eligible activities but which are not environmentally sustainable (activities not taxonomy-aligned)																				
Activity 1: Manufacture of low carbon tecóologies for transport	3.3	31.91	95.39%																	
Opex of eligible but which are not environmentally sustainable (activities not taxonomy-aligned) (A.2)		31.91	95.39%																	
Total (A.1+A.2)		33.03	98.73%														3.34%		3.34%	
B. ACTIVITIES NOT TAXONOMY-ELIGIBLE																				
Operating expenses of activities not taxonomy-eligible (B)		0.42	1.27%																	
Total (A+B)		33.45	100%																	

RISK MANAGEMENT

The Piaggio Group started an Enterprise Risk Management (ERM) project to define and implement a structured, integrated system to identify, measure and manage company risks in line with applicable best practices. During 2022, the campaign to update the Group's risk profile, involving company managers across the Group, identified 197 risk scenarios, comprising 25 categories which were grouped into 4 level-one macro-categories (External, Operational, Financial, Strategic Risks). In this context, issues concerning environmental and social aspects, human resources, human rights and the fight against corruption were all analysed, as detailed below.

Environment

The analysis refers to the actual and potential effects of the Group's operations on the environment, considering, for example, energy consumption, atmospheric emissions, the impact of noise, discharge and waste disposal processes, using and safeguarding natural resources and protecting biodiversity, as well as environmental compliance aspects in a national and international dimension.
Greenhouse gases (mainly CO_2) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.
Although the structure of Piaggio's production sites has been designed to run on energy from fossil fuels, the Group optimises the management of existing plants to achieve reductions in consumption, which is monitored on a daily basis both inside the production sites and in the offices, of all subsidiaries.
In the past, operations to clean up sites were necessary due to historical site contamination: the pollutants removed had not been used for several decades by the sites, proving the historical nature of this contamination. Other cases of ground contamination have never concerned the Group's operations: the classification, management and transport of waste produced comply with sector regulations.
The volume of water used in the production process is monitored monthly, to safeguard its conservation; a part of this water is re-used.
Lastly, Piaggio sites in Italy, India and Vietnam have ISO 14001 environmental certification and investments are made each year to reduce the environmental impact of production sites.
Despite a considerable risk level, in line with other industry operators, control measures adopted significantly reduce environmental risks.

With reference to the risk of climate change, aspects related to the transition of market demand towards vehicles with a lower impact in terms of greenhouse gas emissions hold particular relevance for the Group; in this context, the short-term introduction of stricter laws and regulations on vehicle emissions consequently represents a significant risk for the entire automotive industry. Any tightening of regulations in this field, in addition to having a considerable influence on customer behaviour, could require a significant increase in investments and current expenses necessary to adapt and tecóologically update the Group's product range. In this regard, Piaggio has been a pioneer in the study of electric and hybrid engines. The Group already sells a number of electric vehicles (both two-wheelers and commercial vehicles) and plans to expand its range of zero-emission vehicles. Therefore, any increase in demand for electric vehicles could represent a development opportunity for Piaggio.

In regards to the risk of suffering physical damage due to extreme climate events, it has been found that Group sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales. During 2022, the Piaggio Group, with the support of a leading consulting firm, carried out a climate risk analysis for the plants in Pontedera (Italy) and Baramati (India). This analysis did not reveal any critical issues related to climatic factors for both production sites. The Group manages this risk through continually updating its facilities and taking out specific insurance cover divided between the various sites on the basis of their relative importance.

Employees

This area covers numerous aspects, such as the management of human capital, including career development, the remuneration and training system, the promotion of diversity and inclusion, as well as aspects relative to occupational health and safety and trade union relations.
Piaggio operates globally with employees in Europe, the Americas and Asia. It promotes diversity in age, culture, etóics, religion, political opinion, civil status, gender, physical ability, sexual orientation, encouraging different ways to achieve and reach the highest levels of performance within a single and broader-ranging organisational set-up of the Group. The integration of disabled people into the workforce is also made possible in practice by the accessibility of company facilities and the existence of a relative company procedure.
Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Development tools are used to build on and continually improve skills, while empowering potential, recognising and rewarding outstanding performance. Reward policies remunerate people and their contribution based on principles of meritocracy and transparency. The above mechanisms reduce potential risks related to these aspects to a residual level which is not significant.
The Piaggio Group acknowledges the role of trade union organisations and worker representatives and is committed to establishing relationships with them that are characterised by attention, dialogue and a common understanding; in fact, assessment and continual engagement are considered essential for identifying the best solutions for the company's specific needs. For these reasons and despite the high number of employees with trade union membership, strikes are infrequent.
As regards occupational health and safety, testing motorcycles with a medium and large engine capacity entails the highest risk levels. Generally, the risk of accidents/injuries to personnel is mitigated by aligning processes, procedures and structures to applicable occupational safety laws and international best standards, and promoting responsible behaviour, through targeted training.

Social sphere

The social sphere includes aspects concerning Piaggio's relations with consumers, as well as the effects of the business on the community. In the first case, product quality and reliability are essential and key to obtaining and guaranteeing customer satisfaction and safety. In the "Product – Operational Risk" category, risk scenarios relating to potential product defects have been mapped. To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on tecóical/professional standards. The Group is also committed to being awarded and maintaining certification of its quality management systems at global level (ISO 9001).
In addition, Piaggio faces risks associated with a level of service quality that is not in line with customer needs, due to causes attributable to the sales/after-sales service network. To mitigate these risks, the Group has contractually defined compliance with tecóical and professional standards and put in place periodic performance monitoring measures.
The Group undertakes to redistribute economic value generated to support social solidarity initiatives and promote local areas. In 2022, the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued. Thanks to the help of partners and supporters, the association has allocated over $700 million to the fight against AIDS and COVID-19. In Italy, funds were donated to support health research. Numerous cultural, scientific and artistic events were held, through the Piaggio Foundation and Piaggio Museum (exhibitions, conferences, etc.).
The Vietnamese subsidiary was involved in projects supporting local associations that help families in need and provide education for children.
The Indian subsidiary has focused its commitment on social projects generally to support more vulnerable children, education, women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the Baramati plant.

Human rights

As set out in the Code of Ethics, adopted in 2004 and updated during 2017, Piaggio specifically prohibits any form of discrimination or forced labour. This Code has been distributed to all subsidiaries and clearly states the principles and values the entire organisation takes inspiration from.
To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any suspected misconduct.
The Whistle-blowing Policy, developed for the Group's Indian company, aims to provide a safe means for employees and other parties concerned to report violations that come to their knowledge in the context of their work activities. For this purpose, in compliance with Law 179/2017, an entirely new section with regulations on whistle-blowing designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work was added to the last revision of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.
Based on the significant and specific nature of the Indian market, the Indian affiliate has put in place: a Code of Business Conduct & Ethic, a Whistle-Blower Policy and Policy on Prevention of Sexual Harassment of women at the workplace to prevent episodes of sexual harassment within the plant.
Based on prevention and control measures established in the Code of Ethics and adopted by all Group subsidiaries, the potential risks related to these aspects are residual and minor.

Fighting corruption

The fight against both active and passive corruption comes under the risk categories "Internal/external offences" of the Group's risk model. In its Code of Ethics, Piaggio strictly prohibits any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties.
Moreover, to protect against possible administrative liability deriving from the commission of offences pursuant to Legislative Decree 231/2001, Piaggio has adopted a Compliance Programme (its Organisational, Management and Control Model) in accordance with current legislation and ensures it is updated and provides relevant training pursuant to Legislative Decree 231/2001.
A number of processes, procedures, roles and responsibilities have been defined to achieve the above objective, as regards business negotiations/relations with the public administration sector and with private entities.
The controls briefly described above decrease residual risk relative to episodes of active/passive corruption to a negligible level.

MATERIAL TOPIC	RISK	CONTROLS
Climate Change	Air pollution attributable to: - uncontrolled greenhouse gas emissions - uncontrolled emissions of Volatile Organic Compounds (i.e. paint/varnish solvents) - lower number of infrastructure works/initiatives to reduce energy consumption/needs - decrease in vehicle emission levels	- ISO 14001 environmental certification - Infrastructure improvements aimed at a rational use of energy - Energy consumption monitoring plans - Development of alternative engines (i.e. hybrid/electric)
Waste handling	Soil/water pollution attributable to: - No waste classification/characterisation - Uncontrolled spills and discharges into the sewage system	- ISO 14001 environmental certification - Water waste treatment
Conserving water resources	- Uncontrolled use of water resources	- ISO 14001 environmental certification - Water use monitoring - Reuse of water for production activities
Developing human resources	- Lack of competencies and professional expertise necessary to implement strategic/business objectives - Loss of key personnel - Tensions in relations the company has with trade unions	- Mapping key competencies/professional expertise and defining adequate retention plans - Performance review systems - Training courses and continuing professional development - Relations with trade union organisations based on attention, dialogue and a common understanding
Health and Safety	- Worker accidents/onset of occupational diseases	- ISO 45001 certification - Periodic occupational health and safety training - Personal protective equipment and operating instructions
Innovation of product and sustainable mobility	- Reduced level of tecóological innovation in the product range - Reduced recyclability/recoverability of end-of-life vehicles - Use of materials/substances harmful to the environment - Regulatory measures to restrict the circulation of internal combustion vehicles in order to reduce the level of emissions	- Considerable investments in research and development - Development of alternative engines (i.e. hybrid/electric) - Product conformity to the REACH Regulation 1907/2006 and End of Life Directive 2000/53/EC - Use of environmentally friendly, recyclable materials

MATERIAL TOPIC	RISK	CONTROLS
Product safety and reliability	Faulty products for reasons attributable to: – Errors/omissions of suppliers – Errors/omissions during the product development stage – Errors/omissions during the production/ assembly stage – Errors/omissions during the quality control stage	– Supplier audits – Product testing during various stages of the production process – ISO 9001 quality certification
Customer Satisfaction	– Service quality level not in line with customer requirements, for reasons attributable to: – Sales network/after-sales service (e.g. long diagnostic/delivery times, use of non-original spare parts etc.) – Reduced extension of the sales/after-sales network – Range of products offered not in line with market requirements	– Customer satisfaction analyses and development of action plans, if points for improvement are identified, with reference to the service provided by the network – New computerisation systems to improve control of the sales network/after-sales service and the level of customer service offered – Geo-marketing system for optimal coverage of the territory through the network
Responsible management and respect for human rights in the supply chain	– Suppliers that do not comply with environmental sustainability principles (e.g. with reference to energy consumption, atmospheric emissions, waste management, protection of water resources, protection of biodiversity, etc.) – Suppliers that do not comply with the principles of social sustainability (e.g. with reference to the development of human resources, freedom of association and collective bargaining, child labour, forced labour, industrial relations, health and safety at work, support for local communities, charity activities, etc.) – Violation of the Group's Code of Ethics by suppliers	– ISO 14001 certification ensures higher scores in supply audits – Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, in order to guarantee compliance with its ethical values throughout the production and sales cycle of its products
Supporting on local communities	– Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values (e.g. partnerships with non-profit/non-government, volunteer associations, etc.)	– Organisation of events at the Piaggio Museum – Piaggio Foundation cultural project – Charity and sponsorship activities – Support for hospitals during the COVID-19 health emergency period
Diversity and equal opportunity	– Incidents of discrimination or exclusion of employees for reasons related for example to age, culture, etóic origin, religion, political opinion, civil status, gender, physical ability, sexual orientation	– Prohibition of any type of discrimination, harm to personal dignity in the Code of Ethics – Use of instruments, including organisational tools, to ensure respect for human rights and the principles in the Group Code of Ethics
Business integrity	– Unlawful collusion/corruption by employees	– Signing the Group Code of Ethics – Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics

MATERIAL TOPIC	RISK	CONTROLS
Business integrity	– Information in mandatory financial disclosure (e.g. the annual report, interim report, interim report on operations/the non-financial statement) which is untruthful – Non-disclosure/ delayed disclosure of relevant information to the market	– Externally audited mandatory financial information – Externally audited Non-Financial Statement – Formal commitment declared by all corporate functions to achieve set sustainability targets and provide annual reporting of any gaps with respect to results actually achieved – Constant and timely updating of the website with information concerning the Group and the most important corporate documents
Creation of economic value	Failure to achieve established growth objectives for reasons attributable to: – competitive dynamics – sales network – political/macroeconomic instability of countries where the Group operates	– Brand positioning initiatives and expansion of the product range – Rationalisation of the sales network based on current and future expectations – Creation of a new retail model being developed worldwide – Diversification of markets

SUSTAINABILITY GOVERNANCE

For more in-depth, specific analysis of the Corporate Governance system of Piaggio & C., please see the Report on Corporate Governance and Corporate Ownership for the year ending 31 December 2022, available online at **www.piaggiogroup.com** in the section "Governance".

The provisions of the Parent Company's Articles of Association governing the composition and appointment of the Board (Article 12) were most recently amended by a resolution of the Board of Directors on 28 January 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Italian Civil Code and Article 17 of the Articles of Association, in order to align them with the rules on gender balance as regards the composition of the Board of Directors pursuant to Article 147-ter, paragraph 1-ter of the Consolidated Law on Finance, as most recently amended by Law 160/2019, as well as the new text of Article 144-undecies 1 of the Issuers' Regulations.
The Board of Directors currently in office is composed of 9 members, of whom 4 are women (44%). 33% of the members are aged between 30 and 50 years old, the rest are over 50.

As indicated in the Corporate Governance Code adopted by the Company, under Recommendation 13 letter a), the Management Board has also appointed a Lead Independent Director, since the Chairman also holds the position of Chief Executive Officer of the Company.

Piaggio has a specific governance system inspired by international best practices, which covers all company, decision-making and operational processes, along the entire value chain.

- The Board of Directors examines and approves strategic, industrial and financial plans, including the annual budget and Group's Business Plan, supplementing main guidelines to promote a sustainable business model and lay the foundations for creating long-term value. The Board defines the sustainability strategy, the Sustainability Plan and Non-Financial Statement (NFS) pursuant to Legislative Decree 254/16.
- The Audit, Risk and Sustainability Committee, in addition to supporting the Board of Directors' assessments and decisions on the internal control and risk management system, has an advisory function with the Board of Directors on sustainability issues such as:
  - examining and assessing sustainability issues related to business operations and the dynamics of interaction with stakeholders;
  - examining and assessing the system for collecting and consolidating data for the "Consolidated non-financial statement" pursuant to Legislative Decree 254/2016;
  - examining in advance the "Consolidated Non-Financial Statement" pursuant to Legislative Decree 254/2016, formulating an opinion for approval by the Board of Directors;
  - monitoring the Company's positioning on sustainability issues, with particular reference to the Company's position in ethical sustainability indices;
  - providing opinions on any additional sustainability issues, on the request of the Board of Directors.
- The Executive in charge of financial reporting prepares the Non-Financial Statement, assisted by the CSR Manager. The Statement is presented to the Ethics Committee and the Audit, Risk and Sustainability Committee and then submitted to the Board of Directors for approval.
- As delegated by the Executive in charge of financial reporting, the CSR Manager manages all activities related to sustainability, through the "Consolidated Financial and Sustainability Reporting" Function: defining the sustainability strategies and monitoring progress, the preparation of reporting, relations with international organisations.
- The Ethics Committee develops rules and organisational behaviour in line with international best practices in the field of Corporate Social Responsibility.
  The Committee's duties include the following:
  - monitoring instruments, conduct and relations between management and company personnel and all stakeholders;
  - optimising relations with local communities and stakeholders;
  - measuring ethical standards, which are an integral part of the good governance of a company;
  - preliminary analysis of the "Consolidated non-financial statement" pursuant to Legislative Decree 254/2016;
  - implementing the provisions in the Code of Ethics, including receiving and managing reports of fraud that may involve employees, managers and partners of Piaggio & C. and Group companies.

All operations concerning relations between the Piaggio Group and the external world are analysed and revised by the Committee, with the aim of guaranteeing to all stakeholders that the information cycle is managed transparently. Starting from the assumption that transparency best describes the purpose of corporate social responsibility today, the Committee acts as a "guarantor" for investors, consumers and opinion leaders, to make sure company conduct is based on conformity to laws at all times, on fairness and on the truthfulness of disclosure to the public.

In 2022, there were no specific sustainability training or induction initiatives for the Board of Directors or the Audit, Risk and Sustainability Committee.

The Piaggio Group has also adopted a NFS Manual, which is available on the corporate intranet. Within the structures involved in the reporting process, the individuals responsible for gathering, verifying and processing the relevant KPIs have been identified. The CSR Manager, assigned the coordination of the entire process of gathering and processing quantitative indicators by the Executive in charge of financial reporting, and of preparing the Non-Financial Statement of the Group, is responsible for consolidating results. The NFS is submitted to the Audit, Risk and Sustainability Committee and the Ethics Committee for analysis and evaluation. The document is then approved by the Board of Directors and finally presented at the General Shareholders' Meeting at the same time as the Group's Consolidated Financial Statements.

Remuneration policy, and remuneration of the highest governing body

The Remuneration Policy of the Company - and, in particular, the policy on variable remuneration components - contributes to corporate strategy and to the Company achieving its long-term interests and sustainability. The main individuals and bodies involved in the preparation, approval and review of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors. The Board of Directors is responsible for implementing the Remuneration Policy. The Remuneration Committee, composed of non-executive and independent directors, makes proposals and general recommendations to the Board of Directors on remuneration. The Shareholders' Meeting is required to cast a binding vote on the Remuneration Policy.
The remuneration of directors, general managers and key executives, where identified, is defined in such a way as to ensure an overall remuneration structure capable of recognising the professional value of the persons involved and to allow for an adequate balance of fixed and variable components, with the aim of creating sustainable value in the medium and long term and ensuring a direct link between remuneration and specific performance targets.
It should be noted that the variable component of executive directors' remuneration is determined with reference to sustainability targets and results (10%).
For more details on how the remuneration (fixed and variable parts) of Directors and Key Managers is determined, please refer to Section II of the Report on the Remuneration Policy and Remuneration Paid, published pursuant to Article 123-ter of TUF, on the Company's website **www.piaggiogroup.com** in the section "Governance - Management".

Annual total remuneration ratio

The ratio of the annual total remuneration of the person receiving the highest remuneration to the median of the annual total remuneration of all Group employees excluding the aforementioned person is 60.7.

Compared to 2021, as there was no change in the remuneration of the highest paid individual, the rate between the percentage increase in the annual total remuneration of the highest paid individual and the percentage increase of the median of the annual total compensation of all Group employees, excluding the aforementioned individual, is equal to zero.

The system for responsible business management

In achieving its mission, the Group has adopted tools and organisational instruments in order to respect environmental and social values.

Code of Ethics

Piaggio & C. has adopted a Code of Ethics since 2004 for the Organisational Model pursuant to Italian Legislative Decree 231/2001. The Code of Ethics was last updated and approved by the Board of Directors in 2017, with the introduction of an article on safeguarding human rights, aimed in particular at preventing "modern slavery".
Through this article, the company expresses its commitment to recognising and ensuring the utmost respect for the principles that protect human rights, as shared at international level and articulated in a number of international conventions. In particular, respect for personal dignity, for the individual and the prohibition of any type of discrimination.
These principles, already embraced by the company as they are implicit in its code of ethics, have been described more specifically, in order to align the code with the ethical and social values that inspire the Piaggio Group's activities.
The company also issues a Modern Slavery Statement annually, designed to ensure that the Group's activities comply with the regulatory provisions set out under the Modern Slavery Act 2015, as issued by the British Parliament and which all companies operating in the UK must observe.
The Code of Ethics, available online at www.piaggiogroup.com/Governance, is in force at all Group companies and clearly and transparently sets out the principles and values which the entire company organisation takes inspiration from:
- complying with the laws of countries where Piaggio operates;
- dismissing and condemning unlawful and improper behaviour;
- preventing breaches of lawfulness, constantly achieving transparency and openness in managing the business;
- seeking excellence and market competitiveness;
- respecting, protecting and valuing human resources;
- pursuing sustainable development while respecting the environment and the rights of future generations.

The Group's Code of Ethics sets out the social and ethical responsibilities of each member of the company's organisation. In particular the ethical and social responsibilities of senior management, middle management, employees and suppliers are defined, in order to prevent any party, acting in the name of and on behalf of Group companies, from adopting a conduct which is irresponsible or unlawful.
The articles of the Code of Ethics also set forth an important principle on how to manage relations with policy-makers: "The Company does not make contributions or offer advantages and/or benefits to political parties and trade unions or to their representatives or candidates without prejudice to compliance with applicable law".
All employees are required to sign and comply with the Code of Ethics. In addition, Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products.
Based on the specific nature and significance of India, the following have been prepared and in effect for some years now at the Indian affiliate:
- the Code of Business Conduct & Ethics;
- the Whistle-Blower Policy, specifically designed to protect and guarantee whistle-blowers of alleged breaches of the Code, and protect the Code's effectiveness;
- a Policy on the Prevention of Sexual Harassment of women in the workplace.

Organisational model pursuant to Legislative Decree no. 231/2001

The internal control and risk management system of Piaggio & C. includes the Organisational, Management and Control Model for the prevention of corporate offences pursuant to Legislative Decree 231/2001 ("Model pursuant to Legislative Decree 231/2001"), which Piaggio & C. adopted in 2004, which was updated by the Board of Directors of the Company on 27 July 2020, with the introduction of the predicate crimes contemplated in Article 25 quinqiuesdecies of Legislative Decree 231/2001 (tax crimes) and subsequently revised and approved in the Board meeting of 21 February 2022.
In particular, the last update considered the following offences:
- Article 25 Legislative Decree 231/2001: fraud in public procurement (Article 356 of the Criminal Code); embezzlement (limited to the first paragraph) (Article 314 of the Criminal Code); embezzlement by profiting from the error of others (Article 316 of the Criminal Code); abuse of office (Article 323 of the Criminal Code).
- Article 25-octies of Legislative Decree No. 231/2001, insofar as it has extended the punishability of the offences referred to in Articles 648, 648bis, 648ter.1 and 648ter of the Criminal Code to proceeds also derived from culpable offences and misdemeanours.
- Article 25-octies.1, Legislative Decree 231/2001: misuse and falsification of non-cash payment instruments (Article 493b of the Criminal Code); computer fraud (Article 640b of the Criminal Code).
- Excluded offences include: possession and dissemination of computer equipment, devices or programmes intended for the commission of offences concerning non-cash payment instruments (Article 493 quater of the Criminal Code); fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (Article 2 Law 898/1986).

The Model starts with the Code of Ethics, followed by general principles of internal control and guidelines for conduct, and is divided into two parts.
The first part is general, and includes an overview of the legal framework, followed by an introduction to the Model's function and operation within the Company; sections are also included on the disciplinary system, as well as a description of the role, composition, functioning and duties of the Supervisory Body.
In compliance with Law 179/2017, an entirely new section was introduced in 2018 with regulations on whistle-blowing (this policy had already been introduced in India in 2016), designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work.
To guarantee the confidentiality of the identity of the person reporting the information in question, the Company, in compliance with applicable legislation, believes that the management of reported information must involve the Supervisory Body appointed pursuant to Legislative Decree no. 231/2001. The system to protect whistle-blowers, introduced by Law 179/2017 and implemented by Article 6 of Legislative Decree 231/2001, indirectly assigns the Supervisory Body the task of receiving and managing information reported on alleged offences and breaches of the Model or Code. The Company has therefore set up the following communication channels:
- a dedicated mailbox: organismodivigilanza@piaggio.com
- a physical mail channel, by sending an envelope with the words "private and confidential" addressed directly to the Supervisory Body at the registered office of the Company, Viale Rinaldo Piaggio, 25, 56025 Pontedera (PI) – Italy
- Internet points have been set up in plant areas, where workers and other employees who do not have, for work reasons, access to a computer, can report information.

The second section ("special") of the Model formalises specific decision-making protocols for "sensitive processes" guiding company activities in compliance with indications in the model, in relation to the individual categories of offences the section refers to.

The Model pursuant to Legislative Decree 231/2001 – widely distributed by email to all Piaggio Group employees in Italy, and also published on the company Intranet – is constantly monitored and periodically updated. The Group also holds e-learning training programmes for all employees except blue collar workers.
Piaggio & C. has also established a "Fraud Policy" with information channels for receiving, analysing and processing reported fraud that may involve employees, directors and partners of Piaggio and Group Companies. The Policy is another instrument that the Piaggio Group has adopted to prevent infringement of the principles of lawfulness, transparency, fairness and loyalty which the Model pursuant to Legislative Decree no. 231/2001 takes inspiration from.
The Model is available on the corporate web site (**www.piaggiogroup.com**) in the section "Governance/Governance System".

Social and environmental-oriented policies and guidelines

The Piaggio Group has a system of Policies aimed at guaranteeing compliance with principles of fairness, transparency, honesty and integrity in line with international standards on responsible business management.
The Group operates in diverse geographic, legal and cultural contexts. As such, its policies and guidelines are put in place by each company, through their own operating procedures and practices.

Anticorruption

As stated in the Code of Ethics, in pursuing its mission the Group ensures, through appropriate tools, including organisational means, compliance with the absolute prohibition of any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties, whether they be private or public entities or government representatives, both Italian and foreign.
When participating in public tenders or competitions called by the Public Administration as well as in any negotiations or contracts entered into with both Public Administration and private entities, all those involved must behave in good faith and in accordance with the law, correct commercial practice and current regulations, as well as with the corresponding company procedures, avoiding any situation from which violation of laws and/or principles of fairness and transparency in the conduct of negotiations may arise. Such negotiations must be conducted only by those previously and expressly authorised to do so, respecting roles and in accordance with corporate procedures. Adequate mechanisms for the traceability of information flows towards the contracting party must also be put in place. Any request for advantages, any intimidating and/or constrictive or oppressive behaviour on the part of Public Administration officials or third contracting parties or which come to the knowledge of operators must be immediately reported.
Function managers who liaise with the Public Administration must:
- provide their partners with guidelines regarding the operative conduct to follow in formal and informal contacts with various public subjects, according to the characteristics of each individual area of activity, sharing their knowledge of regulations and their awareness of situations liable to crime;
- provide for adequate tracing mechanisms as regards official information channels with the Public Administration;
- maintain and request on the part of those having relations with the Public Administration a conduct characterised by fairness, transparency, traceability and good faith, respecting the roles and responsibilities attributed; strictly observe and enforce, also with specific reference to relations with the Public Administration, company procedures aimed at abstractly identifying and tracing the functions and positions responsible and appointed for relations with the Public Administration, in compliance with corporate roles;
- make clear, truthful, complete and traceable statements to public authorities and exhibit complete, truthful and unaltered documents and data;
- maintain a correct and clear conduct such as to avoid inducing the counterparty into even potential error. All consultants, suppliers, customers, and whoever is related to the Group, are committed to complying with laws and regulations in force in all countries where the Group operates.

No relation will be initiated or continued with those who do not intend to comply with such principles.
When appointing these subjects to operate as representatives and/or in the interest of the Group towards the Public Administration, the appointment must be in writing, with a specific binding clause requiring compliance with the principles of ethics and conduct adopted by the Group.

Conduct guidelines which are identical to those for relations with the Public Administration must also be adopted with regard to relations with any private third party, such as suppliers, customers, competitors, partners and/or any contractual counterparty. In this regard, the section on corporate offences in the Model 231 was updated with the following introduction, implementing Legislative Decree no. 38 of 15 March 2017 (implementing Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector), as well as with measures introduced by article 2635 of the Italian Civil Code on the offence of "corruption between private individuals", and with the introduction of the new offence "instigating corruption between private individuals", whereby corruption is a punishable offence even if the offer is not accepted (Article 2635 bis of the Italian Civil Code).

When contributions, grants or financial support are requested from the State, the public corporations or the European Union, all employees involved in such procedures must:
- be correct and truthful when using and presenting documents and declarations that are complete and pertinent to the activities for which such benefits can be legitimately requested and obtained;
- once the requested outpayment has been obtained, the sum should be employed for the goals for which it was originally requested and obtained. People in charge of administrative/accounting functions must verify that each operation and transaction is: legitimate, consistent, congruous, authorised, verifiable; correctly and adequately registered, so that decision, authorisation and implementation process can be verified; supported by correct, authentic and appropriate documentation, so that careful inspections can be carried out at any time regarding the characteristics and the motivations of the operation, and the identification of those who have authorised, carried out, registered and verified the operation itself.

No incidents of corruption occurred in the reporting year.

Guidelines for compliance with laws and local regulations

Group companies must comply with local laws and regulations and must conduct their activities in line with the Code of Ethics and its core values of honesty, integrity and respect for people. The Code of Ethics underpins Piaggio's commitment to behave in a responsible and respectful manner, and helps staff and contractors to make informed, ethical and legal decisions. Suppliers all over the world who wish to do business with Piaggio must sign the Group's general supply conditions for acceptance, which include the Code of Ethics, thereby assuming their contractual obligation to comply with its principles and requirements, including in terms of respect for human rights and the protection of lawfulness in their activities.
During 2022, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or breaches of human rights. Moreover, no infringement procedures have been filed against the Piaggio Group for the breach of anti-competitive or anti-trust laws.
As of 31 December 2022, there were no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotions and sponsorship.
For a detailed description of outstanding disputes related to non-compliance with laws or regulations, please refer to the specific section 50 of the Notes to the Consolidated Financial Statements. This section analyses significant litigation for the Group. Considering that any lawsuits deemed to be specious are excluded a priori and, in any case, lawsuits with potential damages of less than €200,000, disclosure is provided concerning lawsuits considered significant as a result of the application of a dual quantitative criterion (€1.5 million threshold) and qualitative criterion (insurance coverage, risk of losing the case, subject-matter of the dispute, serial nature of the dispute, etc.), so that even cases with a value below the quantitative threshold might be reported in light of their specific aspects, and cases with a value above the quantitative threshold might not be reported if the risk of losing the case is remote and/or covered by an insurance policy.
Lastly, it should be noted that two new lawsuits were started in 2022; one relating to the termination of a business relationship with a dealer and the other for an alleged breach of a lease agreement. During the year, payments of €/000 1,522 were made for disputes, closed or still pending, all relating to reporting periods prior to 2022.

Guidelines for respecting human rights

The Piaggio Group conforms to the Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 and the ILO Declaration on Fundamental Principles and Rights at Work adopted in 1998.
It recognises the importance of its role in condemning any violation of human rights and to this end improves and continually aligns its policies and controls, to prevent any potential violation that could affect the Group or its procurement chain.
Group companies comply with national and international laws and regulations and conduct their activities in compliance with the Code of Ethics. The Code of Ethics was supplemented in 2017 with an article specifically dedicated to human rights. Suppliers all over the world who wish to do business with Piaggio must sign the Group's general supply conditions, which include the Code of Ethics and observe its values.

To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any allegedly nonconforming conduct, guaranteeing they will not be affected by harmful consequences.
The Whistle Blower Policy, initially developed for the Group's Indian company, aims to provide a safe means for employees and other parties concerned to report violations that come to their knowledge in the context of their work activities. For this purpose, in compliance with Law 179/2017, an entirely new section with regulations on whistle-blowing designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work was added to the last revision of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.


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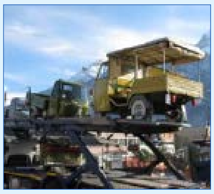
THE ENVIRONMENTAL DIMENSION

Piaggio has organised its processes and activities through a management system which focuses on Quality, the Environment and the Health and Safety of Workers, with a view to providing a model of sustainable development that not only guarantees lasting success, but also ensures that the expectations of stakeholders are met (including investors, shareholders, partners, suppliers, the social community and public administration).
Environmental sustainability - understood as the ability to protect and safeguard natural resources, combined with the capacity of the ecosystem to absorb the direct and indirect impacts generated by manufacturing activities - is among the key focal points of Group Policy, as expressed by the company's senior management team. This concept provides the basis for the environmental certification (ISO 14001) process that has already been launched (or is being continued) at the various production sites and is an essential point of reference for every Group company, wherever they may operate.
Specifically, Piaggio is committed to minimising the environmental impact of its industrial activities by carefully defining the product design, the manufacturing tecóological cycle and by using the best tecóology and the most modern production methods. Pursuing these objectives generates continual improvement in environmental performance, not only in production but also throughout the product life cycle.
The phases of the life cycle of a vehicle that determine the greatest environmental impacts can be summarised as follows:

During the procurement of raw materials/components, the main impact derives from the relative production and distribution that involves direct and indirect emissions of CO_2, the consumption of water and the production of waste. Although these impacts are difficult for the Group to monitor, Piaggio has calculated Scope 3 emissions from purchased goods and services using the expenditure-based method.

During production, the main impacts are related to the consumption of electricity and natural gas which results in direct and indirect CO_2 emissions, water consumption mainly related to painting and the amount of waste produced. All these impacts are monitored and reported in the next few pages.



During distribution, the impact is from the fuel consumption of vehicles used to transport finished products, spare parts and accessories. Piaggio is considering how to estimate these impacts, which are currently not monitored due to the difficulty in identifying them.

During use by the customer, the impact is from the fuel consumption of vehicles and any disposal of consumables and worn components. Although these impacts are difficult for the Group to monitor, Piaggio has made estimates to calculate Scope 3 emissions from the use of sold products. Piaggio promotes safe and responsible driving and studies vehicles that are increasingly environmentally friendly.

Finally, during disposal, the impact is from the dismantling of various components for their recovery or disposal. All vehicles are designed for their effective disposal at the end of their life. The Group's vehicles have a particularly long life. The Vespa maintains a high second-hand value and is a collector item for many enthusiasts.

Quantitative data on the mitigation of the environmental impact resulting from the Group's operations are reported on in the sections below.
With these objectives in mind, initiatives and goals for the future focus on the following areas:

- maintaining environmental certification awarded to all production sites;
- reducing energy consumption;
- reducing emissions of CO_2 and other pollutants;
- conserving water resources;
- waste handling and recovery;
- absence of soil contamination;
- environmental spending and investments.

The data in this chapter refer only to production plants. The Group also operates through commercial companies (distributors and selling agencies) and research centres located on various reference markets. The consumption of natural resources at these sites cannot always be detected, as they sometimes refer to properties that are not owned where services are shared with other tenants and in any case are to be considered marginal and therefore irrelevant.

Environmental Management System

The Piaggio Group has defined a specific organisational structure to achieve the environmental sustainability objectives of its production sites.
The responsibilities and roles of the Environmental Management System (EMS) with Organisational Units/Functions involved are reported in the Quality, Environmental and Occupational Health and Safety Management Manuals, for sites in Italy.

ENVIRONMENTAL ORGANISATIONAL STRUCTURE OF ITALIAN SITES OF THE PIAGGIO GROUP

	ENVIRONMENTAL MANAGEMENT SYSTEM
Management Representative	Quality System Manager
Management System Manager	General Systems Manager
Coordination and control	Environmental Manager
Audits	Process Auditor (Internal Auditor)

The head of the Environmental Management System reports to the representative of the Processes Quality & Cost Engineering Department on the performance of the Management System and about any need for improvement. The Environmental Management System manager, a position held by the General Plants manager, has power of attorney to perform his duties and responsibilities, while Environmental Managers are appointed by the Environmental Management System manager after obtaining approval of their affiliated Manager.
The subsidiaries in Vietnam and India (PVPL) have EHS (Environment Health and Safety) teams which work full-time on environmental, health and safety issues, with clearly defined roles and responsibilities. Piaggio Vietnam's EHS team is led by the Tecóology and Maintenance Manager who reports to the Director of Operations while a full-time employee is responsible for the management of environmental issues. The environmental team at PVPL, consisting of senior management, engineers and operators, is part of the Maintenance Department and reports to the Director of Operations.

Environmental certification

For several years now, the Piaggio Group has implemented an environmental management system in its facilities in compliance with the international standard UNI EN ISO 14001.

Energy consumption

Although the structure of the Group's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. The aim of the Group is to optimise plant management and minimise energy waste. Having an extensive monitoring network of main energy carriers is important for achieving noticeable results, especially in more complex activities. Since 2016, the Pontedera site has adopted measures to reduce energy waste, with a smart metering system that can use, observe and compare in real time (with a delay of 3 hours) the consumption recorded by over 90 meters at the site. When reconfiguring or restructuring plants, the Tecóology functions carry out evaluations and analysis with a view to introducing machinery and methods that minimise environmental impact.
With this in mind, a photovoltaic power plant was built at the Indian production site in 2022 to meet part of the energy needs of the Commercial Vehicles and 2-Wheeler plants.

The start-up of the new Indonesian 2-wheeler plant for CKD assembly[39] in November 2022 had no significant impact on the Group's consumption.

ENERGY CONSUMPTION OF PIAGGIO GROUP PLANTS[40]

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
Electricity (Thousand KWh)	Renewable 2022				373	3		376
	Non-Renewable 2022[41]	31,373	4,227	896	17,931	19,817	283	74,528
	Total 2022	31,373	4,227	896	18,304	19,820	283	74,904
	2021	34,091	4,168	836	16,123	16,313		71,531
	Delta 2022-2021	-8.0%	1.4%	7.2%	13.5%	21.5%	100.0%	4.7%
Methane/Natural Gas (Sm³)	2022	4,523,727	341,944	192,274				5,057,945
	2021	5,488,105	416,967	202,153				6,107,225
	Delta 2022-2021	-17.6%	-18.0%	-4.9%				-17.2%
LPG (Ton)	2022				1,135	40		1,176
	2021				921	30		951
	Delta 2022-2021				23.3%	34.0%		23.6%
Diesel fuel (Litres)	2022	1,824	395	120	14,994	912,243		929,576
	2021	2,490	90	12	12,340	752,435		767,367
	Delta 2022-2021	-26.7%	338.9%	900.0%	21.5%	21.2%		21.1%

GJ[42]		ELECTRICITY	METHANE/ NATURAL GAS	LPG	DIESEL FUEL	TOTAL
Sites	2022	269,653	178,733	53,915	33,610	535,910
	2021	257,510	215,396	43,622	27,635	544,163
	Delta 2022-2021	4.7%	-17.0%	23.6%	21.6%	-1.5%

39. CKD Completely Knocked Down.
40. Some values are based on estimates. The Group did not purchase energy from renewable sources certified through guarantees of origin.
41. Renewable electricity comes from proprietary photovoltaic systems that are dedicated exclusively to self-consumption. All the energy produced is self-consumed and there is no sale of electricity to the grid.
42. The data relating to energy and fuel consumption expressed in GJ are calculated using the conversion standards set out in the standard parameter table published by ISPRA and by the Italian Ministry of the Environment and Energy Security (MASE) for the year 2022. For electricity, the standard coefficient of 1 kWh = 0.0036 GJ was used.

USE OF FUELS FOR COMPANY CARS AND TESTING VEHICLES[43]

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
Petrol (litres)	2022	127,346	148,475	40,251	155,489	144,658	1,450	617,669
	2021	146,835	127,671	51,048	153,320	125,036		603,910
	Delta 2022-2021	-13.3%	16.3%	-21.2%	1.4%	15.7%	100%	2.3%
Methane/Natural Gas (Sm^3)	2022	71						71
	2021	660						660
	Delta 2022-2021	-89.2%						-89.2%
LPG (Ton)	2022	0			0			0
	2021	1			5			7
	Delta 2022-2021	-100.0%			-95.1%			-96.1%
Diesel fuel (Litres)	2022	127,495	46,226	4,785	66,380			244,886
	2021	137,871	50,992	6,683	77,844			273,389
	Delta 2022-2021	-7.5%	-9.3%	-28.4%	-14.7%			-10.4%
CGN (Ton)	2022				2			2
	2021				5			5
	Delta 2022-2021				-70.7%			-70.7%

GJ[44]		PETROL	METHANE/ NATURAL GAS	LPG	DIESEL FUEL	CNG	TOTAL
Company vehicles	2022	19,837	3	12	8,854	71	28,778
	2021	19,534	23	85	9,846	240	29,728
	Delta 2022-2021	1.6%	-89.2%	-85.3%	-10.1%	-70.4%	-3.2%

In 2022, the Group's total consumption was 564,688 GJ, of which 1,354 GJ was from renewable sources, compared to 573,891 GJ the previous year.
The reduction in overall consumption (-1.6%) despite a 17% increase in vehicles produced was achieved thanks to the decommissioning of the 3R pre-treatment and cataphoresis plant at Pontedera in March 2021 and the implementation of numerous measures at the Group's various plants.

Emissions of CO_2 and other pollutants

Greenhouse gases (mainly CO_2) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators.
The increases recorded in 2022 in CO_2 emissions are due to the growth in production volumes and inclusion of the new Indonesian site in the reporting perimeter. Structural works (the replacement of boilers and restructuring of distribution networks), carried out over time and already described in previous financial statements, show that changes made have been appropriate.

CO_2 emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG used at plants are reported below.

DIRECT[45] CO_2eq EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES

TON	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	9,198	682	383	3,378	2,580	0	16,221
2021	11,049	827	401	2,742	2,164	0	17,183
Delta 2022-2021	-16.8%	-17.6%	-4.4%	23.2%	19.2%	0	-5.6%

43. Some values are based on estimates.
44. The data relating to energy and fuel consumption expressed in GJ are calculated using the conversion standards set out in the standard parameter table published by ISPRA and by the Italian Ministry of the Environment and Energy Security (MASE) for the year 2022. For electricity, the standard coefficient of 1 kWh = 0.0036 GJ was used.
45. To calculate Scope 1 emissions, the following were considered: (i) for Italian plants, the emission factors published by ISPRA in the document National Standard Parameters; (ii) for foreign plants, Department for Environmental Food & Rural Affairs (DEFRA) emission factors. It should be noted that the emissions calculated with the emission factors published by ISPRA are indicated in tonnes of CO_2; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO_2eq), as can be inferred from the relevant tecóical literature.

The greenhouse gases deriving from the use of diesel, fuel oil and methane at Italian plants, were determined using the calculation factors provided for in the ETS regulation referred to in the "Emission Trading" Directive (Directive 2003/87/EC).
With reference to CO_2 emissions, the industrial plant at Pontedera comes under the scope of the "Emission Trading" directive (Directive 2003/87/EC) which implements the Kyoto Protocol. The site is classed as a "Group A" site, relative to plants releasing the lowest amount of CO_2 indicated in the Directive.
CO_2 emissions are almost entirely derived from the combustion of methane, marginally from the combustion of diesel fuel in back-up power generators and small amounts from the combustion of VOCs in the painting post-combuster.
The monitoring and reporting of CO_2 emissions from the Pontedera plant are governed by a specific Group procedure, which is periodically audited in-company and annually audited by a certification body.
Direct CO_2 emissions deriving from the combustion of fuels at Piaggio's Pontedera site are certified by a certification body accredited by the National Competent Authority in March of each year.

Below are the CO_2eq emissions deriving from the leakage of F-gas from the plants.

CO_2eq [T]		PONTEDERA	NOALE AND SCORZÈ	BARAMATI	TOTAL
F-gas	2022	253.4	105.8	151.3	510.5
	2021	440.0	68.4		508.4
	Delta 2022-2021	-42.4%	54.6%	100.0%	0.4%

The next table shows the CO_2eq emissions from the use of company cars and from testing and development activities.

TON	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	640	472	107	511	313	3	2,046
2021	720	438	138	562	274	0	2,132
Delta 2022-2021	-11.1%	7.9%	-22.5%	-9.1%	14.0%	100%	-4.0%

Overall, direct emissions of the Group in 2022 were equal to 18,777 tons (19,823 tons in 2021).

INDIRECT SCOPE 2 CO_2 EMISSIONS[46] OF PIAGGIO GROUP PRODUCTION SITES

Location based

TON	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	8.151	1.098	233	12.749	15.935	227	38.392
2021	8.857	1.083	217	13.221	13.795	0	37.173
Delta 2022-2021	-8,0%	1,4%	7,2%	-3,6%	15,5%	100%	3,3%

Market based

TON	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL
2022	14,324	1,930	409	12,749	15,935	227	45,574
2021	15,633	1,911	383	13,221	13,795	0	44,943
Delta 2022-2021	-8.4%	1.0%	6.7%	-3.6%	15.5%	100%	1.4%

For the location-based method, average emission factors related to national energy generation, published by national governing bodies, were used for the various countries where operations are carried out. In particular: for Italian plants, reference was made to the ISPRA publication "Emission factors for electricity production and consumption in Italy"; the emission data of Indian plants were determined

46. It should be noted that Scope 2 emissions are expressed in tonnes of CO_2; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO_2eq), as can be inferred from the relevant tecóical literature.

by applying the coefficients established by The Central Electricity Authority "CO_2 Baseline Database for the Indian power sector"; the data relating to the plants in Vietnam were calculated using the coefficients established by the "Department of Meteorology, Hydrology and Climate change – Ministry of Natural resource and Environment Vietnam".
For the market-based method, the factor reported in the document Residual Mix Results, Association of issuing bodies (AIB), was used for the Italian plants. For the remaining countries, the same factors were applied as for the location-based method, due to the impossibility of obtaining market-based emission factors.

INDIRECT SCOPE 3 CO_2eq EMISSIONS

In order to improve reporting, the Group has started a process, from this year, for estimating other indirect greenhouse gas emissions. Out of the possible categories of indirect emissions, the Group has identified the "purchased goods and services' and the "use of sold products" categories as making the most significant contribution.

For the "purchased goods and services" category, relative emissions were estimated considering the final costs in the Piaggio Group's consolidated financial statements (please refer to the Cost of materials and Cost of services tables in the Notes to the Consolidated Financial Statements) using the Scope 3 Quantis evaluation tool "Scope 3 Evaluator", issued by GHG Protocol in partnership with Quantis.

For the "use of sold products" category, the relative emissions were estimated on the basis of an average figure constructed from the specific emission factors of the best-selling models and the estimated annual kilometres travelled. This figure was then multiplied by the number of vehicles sold in the reporting year and the average life cycle of those vehicles, to obtain the total emissions of vehicles sold in the year[47] .

TCO_2eq	2022	2021
Use of sold products	3,758,050	2,691,458
Purchase of goods and services	1,384,935	1,078,500
Total	**5,142,985**	**3,769,958**

Emission intensity

As previously commented, in 2022 the Group improved the efficiency of its production processes. The table below provides evidence of the results achieved:

EMISSION INTENSITY (SCOPE 1 + SCOPE 2 LOCATION-BASED)

	SCOPE 1+ SCOPE 2 EMISSIONS[48] TON CO_2eq	SALES REVENUE MILLION EUROS	VEHICLES PRODUCED (UNITS/000)	EMISSIONS/ REVENUE TON CO_2eq / MILLION EUROS	EMISSIONS/VEHICLES PRODUCED TON CO_2eq / UNIT/000
2022	55,123	2,087	611	26	90
2021	54,358	1,669	523	33	104
Delta	765	419	89	(6)	(14)
Delta %	1.4%	25.1%	17.0%	-18.9%	-13.3%

47. Some best-selling models were taken as a sample and their annual mileage was estimated. For each model, the emissions per km travelled were multiplied by the estimated annual mileage and the number of vehicles sold. The annual emissions thus obtained were divided by the number of vehicles sold in the models sampled, resulting in an average of weighted annual emissions per vehicle. This average figure was multiplied by the total number of vehicles sold in 2022, including those not sampled, resulting in the total annual emissions of vehicles sold. Finally, the total annual emissions thus obtained were multiplied by the average vehicle life years, in accordance with the calculation methodology of the 'Tecóical Guidance for Calculating Scope 3 Emissions'. The emissions per km travelled were taken from the product data sheets, while the useful life of the vehicles and the average vehicle mileage are estimates.
48. Emissions from company cars and testing activities are excluded.

The emission intensity considering indirect scope 3 emissions ("purchased goods and services" and "use of sold products" categories):

EMISSION INTENSITY (SCOPE 3)

	SCOPE 3 EMISSIONS TON CO_2eq	SALES REVENUE MILLION EUROS	VEHICLES SOLD (UNITS/000)	EMISSIONS/REVENUE TON CO_2eq / MILLION EUROS	EMISSIONS/ VEHICLES SOLD TON CO_2eq / UNIT/000
2022	5,142,985	2,087	625	2,464	8,222
2021	3,769,958	1,669	536	2,259	7,034
Delta	1,373,027	419	89	205	1,189
Delta %	36.4%	25.1%	16.7%	9.1%	16.9%

Total Piaggio Group emissions were 5,207,336, including indirect scope 2 emissions calculated using the market-based method.

OTHER SIGNIFICANT EMISSIONS AT THE PRODUCTION SITES OF THE PIAGGIO GROUP[49]

		PONTEDERA	BARAMATI	VINH PHUC	TOTAL
VOC (Ton)	2022	29.2	407.1	0.3	436.6
	2021	26.2	218.1	0.7	245.1
	Delta 2022-2021	11.4%	86.6%	-58.3%	78.2%

Overall VOC emissions went up in 2022, compared to 2021. This increase is mainly attributable to the Indian plant, which internalised the painting process of some vehicle parts in 2022.

Conserving water resources

Water consumption is one of Piaggio's main areas of focus and it has taken concrete action to implement its Policy of trying to reduce the consumption of energy and natural resources. Piaggio has consistently worked on this, analysing the water consumption of the Pontedera plant, which in a decade has more than halved its m^3 consumption of well water. This reduction was made possible by plant upgrades (e.g. inverters on well pumps) and in more recent times by replacing less efficient systems with latest generation tecóologies (e.g. new 2R painting and new cataphoresis).
The Baramati and Vinh Phuc plants reuse part of the water withdrawn as part of the effort to reduce consumption.
The Pontedera, Baramati and Vinh Phuc plants are located in areas with high water stress (Source: Aqueduct Water Risk Atlas).

49. The reported data were processed considering the emission of VOCs in terms of hourly mass flow, based on periodic monitoring, and the number of hours of operation of the plants in the reporting year.
The indicator only considers VOC (volatile organic compounds) released by solvents used in painting.

WATER WITHDRAWALS

MEGALITRES		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	OF WHICH WATER STRESS AREAS
2022	**Groundwater (total)**	**126**	**7**	**4**	**0**	**0**	**0**	**137**	**126**
	Freshwater (≤1,000 mg/L Total Dissolved Solids)							0	0
	Other types of water	126	7	4				137	126
	Third-party water (total)	**62**	**14**	**1**	**268**	**126**	**0**	**472**	**456**
	Freshwater (≤1,000 mg/L Total Dissolved Solids)				268	126	0	394	394
	Other types of water	62	14	1				78	62
Total		**188**	**22**	**6**	**268**	**126**	**0**	**609**	**581**
2021	**Groundwater (total)**	**164**	**7**	**1**				**172**	**164**
	Freshwater (≤1,000 mg/L Total Dissolved Solids)								
	Other types of water	164	7	1				172	164
	Third-party water (total)	**61**	**15**	**1**	**207**	**111**		**395**	**379**
	Freshwater (≤1,000 mg/L Total Dissolved Solids)				207	111		318	318
	Other types of water	61	15	1				78	61
Total		**225**	**22**	**2**	**207**	**111**		**567**	**543**
Change	**Groundwater (total)**	**(38)**	**0**	**3**	**0**	**0**	**0**	**(35)**	**(38)**
	Freshwater (≤1,000 mg/L Total Dissolved Solids)							0	0
	Other types of water	(38)	0	3				(35)	(38)
	Third-party water (total)	**1**	**(1)**	**0**	**61**	**15**	**0**	**76**	**77**
	Freshwater (≤1,000 mg/L Total Dissolved Solids)	0	0	0	61	15	0	76	76
	Other types of water	1	(1)	0	0	0	0	0	1
Total		**(38)**	**(1)**	**4**	**61**	**15**	**0**	**41**	**38**
Change %		**-16.6%**	**-2.3%**	**172.8%**	**29.5%**	**13.4%**		**7.3%**	**7.1%**

The increase in offtake volumes was lower than the increase in business volumes, thanks to the Group's commitment to minimising the use of resources and the beneficial effect of decommissioning the 3R pre-treatment and cataphoresis plant at Pontedera in March 2021. The opening of the new Indonesian plant, as an assembly site only, did not generate significant impacts in terms of water use.

WATER DISCHARGES[50]

MEGALITRES		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	OF WHICH WATER STRESS AREAS
	Third-party water								
2022	Freshwater (≤1,000 mg/L Total Dissolved Solids)					100	0	100	100
	Other types of water	188	22	6				215	188
Total		**188**	**22**	**6**	**0**	**100**	**0**	**316**	**288**
	Third-party water								
2021	Freshwater (≤1,000 mg/L Total Dissolved Solids)					89		89	89
	Other types of water	225	22	2				250	225
Total		**225**	**22**	**2**		**89**		**338**	**314**
	Third-party water								
Change	Freshwater (≤1,000 mg/L Total Dissolved Solids)					12	0	12	12
	Other types of water	(38)	(1)	4				(34)	(38)
Total		**(38)**	**(1)**	**4**	**0**	**12**	**0**	**(23)**	**(26)**
Change %		**-16.6%**	**-2.3%**	**172.8%**		**13.4%**		**-6.7%**	**-8.2%**

As regards waste water, environmental respect is ensured with processes to treat and purify waste water. The minimum standards for the quality of water discharges correspond to the standards imposed by applicable regulations of countries where Piaggio operates and by the specific environmental authorisations of each plant.

With reference to discharges, a summary of their destination by production site is provided below:

- **Pontedera:** the plant's drains are divided into two separate networks:
  - one that collects "industrial" waste, originating from the painting plants, the wastewater preparation plant and the temporary waste storage areas, which could lead to the discharge of potentially polluted rainwater runoff;
  - the other collects "non-industrial" waste (from the toilets, canteens and unpolluted rainwater).

  The two networks are separate and both deliver to a purification hub outside the plant, where the wastewater undergoes chemical/physical treatment and is then discharged into an open riverbed. A small part of the discharges, originating from the toilets of two areas of the plant, flows directly into the public sewage network which is directly connected to the biological system of the integrated water supply. From the tables above, it is assumed that all the water collected is discharged into the sewers, a part in the industrial network (about 100,000 m^3) and the rest into the non-industrial network);
- **Noale:** all buildings are connected to the public sewer system; the waste water is of a non-industrial origin only (from toilets and the site canteen);
- **Scorzè:** the plant is not served by the public sewer system, so waste water is biologically purified at the site and then conveyed to the local Rio Desolino canal;
- **Mandello del Lario:** the plant discharges a part of waste water directly into the public sewer system (non-industrial waste water, canteen waste water, etc.), while waters used in the cooling plants are discharged into the Torrente Valletta stream;
- **Baramati:** waste water is treated and reused for internal purposes and irrigation;
- **Vinh Phuc:** the site has a chemical/physical purification plant for waste from painting pre-treatment operations before it is conveyed to the public sewer systems, where all other site waste (non-industrial waste) is sent. The final destination is in the public sewer system. A part of this water is re-used. In 2022 the recovery of waste water amounted to 20,007 m^3, equal to 15.9% of the water withdrawn;
- **Jakarta:** the plant is connected to the public sewage system; the waste water is of a non-industrial origin only (from toilets and the site canteen);
- **Commercial companies:** water use, which is only for toilet facilities and comes from the mains, coincides with waste water. The water use of these sites cannot always be recorded, as the sites are sometimes located at property which is not owned, where communal services are shared with other occupants.

50. The water discharges of the Vietnamese plant are estimated to be 80% of water withdrawals.

WATER CONSUMPTION

MEGALITRES	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	JAKARTA	TOTAL	OF WHICH WATER STRESS AREAS
2022				268	25		293	293
2021				207	22		229	229
Change				61	3		64	64
Change %				29.5%	13.4%		28.0%	28.0%

For all Italian plants and the Indonesian plant, consumption is estimated to be zero as the water withdrawn is returned to the environment after use.

Waste handling and recovering

The Company's desire to minimise the environmental impact of its industrial activities through careful calibration of the tecóological processing cycle and the use of the best tecóologies and most up-to-date production methods, as set out in its Policy, is also (and above all) expressed through waste management and recovery. Within the Management System based on the ISO 14001 standard, each plant has specific procedures that regulate waste management, guaranteeing above all the necessary compliance with the regulations, but above all the continuous improvement of performance aimed at reducing the quantity of waste produced and ensuring it is recycled. The management activities consist of separate collection of the different types of waste, their correct categorisation through product classification or chemical analysis, internal handling without the possibility of accidental spillage, their storage in suitable temporary storage areas, the definition of contracts with companies specialised in recovery/disposal, and the management of all formalities, including paperwork, to ensure traceability of the waste until it reaches the final recipient.

In 2022, there was an increase of 6.5% in waste produced, which is to be correlated with the growth in production volumes (+17.0% increase in vehicles produced).
At Italian plants, the percentage of waste sent for recovery improved, exceeding 95% of the waste produced.
The separation of hazardous from non-hazardous waste and the possibility of recovering waste is affected by local regulations.
Finally, it should be noted that a new two-wheeler assembly plant in Indonesia has been in operation since November 2022. The data for this plant are aggregated in the following tables together with those for Vietnam under the column "Asia Pacific".

	ITALY			INDIA			ASIA PACIFIC			TOTAL		
TON.	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL
2022												
Hazardous	368	489	857	26	164	190	1,524	-	1,524	1,917	654	2,571
Non-hazardous	51	7,963	8,013	315	1,610	1,925	814	369	1,184	1,181	9,942	11,122
Total	419	8,452	8,871	341	1,774	2,115	2,338	369	2,707	3,098	10,596	13,694
2021												
Hazardous	260	504	764	71	115	186	1,281	-	1,281	1,613	619	2,232
Non-hazardous	298	7,863	8,161	97	1,797	1,893	160	412	572	555	10,071	10,626
Total	558	8,367	8,925	168	1,912	2,080	1,442	412	1,854	2,168	10,690	12,858
Delta 2022-2021												
Hazardous	108	(15)	93	(46)	50	4	242	0	242	304	35	339
Non-hazardous	(247)	100	(148)	218	(187)	32	654	(43)	611	626	(129)	496
Total	(139)	85	(51)	173	(137)	36	896	(43)	854	930	(94)	835

YEAR 2022	ITALY			INDIA			ASIA PACIFIC			TOTAL		
TON.	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL
Inorganic waste from chemical processes	3	-	3	-	-	-	-	-	-	3	-	3
Paints, varnishes and glazing, enamels, adhesives, sealants and inks	13	1	14	95	69	163	1,056	-	1,056	1,164	69	1,233
Waste from chemical surface treatment and coating of metals and other	3	-	3	25	-	25	-	-	-	28	-	28
Waste from the shaping and physical and mechanical surface treatment of metals and plastics	7	701	708	0	98	99	101	-	101	109	799	908
Oil and liquid fuel waste	1	11	11	-	6	6	0	-	0	1	17	17
Waste from organic solvents, refrigerants and propellants	207	-	207	-	-	-	-	-	-	207	-	207
Waste from packaging, absorbent material, wiping cloth, filtering and protective material not otherwise specified	141	6,740	6,882	-	1,240	1,240	172	307	479	314	8,287	8,601
Other waste not otherwise specified	23	423	446	0	92	92	16	11	26	39	525	564
Construction and demolition waste	1	520	521	220	66	287	-	10	10	221	597	817
Waste from health care	0	-	0	-	-	-	0	-	0	0	-	0
Waste from waste management facilities, off-site treatment plants and preparation of water intended for human consumption and water for industrial use	-	-	-	-	-	-	328	-	328	328	-	328
Municipal waste	20	58	78	-	203	203	665	42	707	685	303	988
Total	**419**	**8,452**	**8,871**	**341**	**1,774**	**2,115**	**2,338**	**369**	**2,707**	**3,098**	**10,596**	**13,694**

2021 TON.	ITALY			INDIA			ASIA PACIFIC			TOTAL		
	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL
Paints, varnishes and glazing, enamels, adhesives, sealants and inks	65	1	66	97	41	138	862	-	862	1,024	42	1,066
Waste from chemical surface treatment and coating of metals and other	3	-	3	66	-	66	-	-	-	69	-	69
Waste from the shaping and physical and mechanical surface treatment of metals and plastics	4	697	701	-	106	106	85	-	85	90	803	893
Oil and liquid fuel waste	1	6	8	1	14	16	-	-	-	3	21	24
Waste from organic solvents, refrigerants and propellants	103	54	158	-	-	-	-	-	-	103	54	158
Waste from packaging, absorbent material, wiping cloth, filtering and protective material not otherwise specified	101	6,211	6,312	-	1,154	1,154	50	322	373	152	7,687	7,838
Other waste not otherwise specified	34	476	510	2	74	76	7	14	21	43	565	608
Construction and demolition waste	18	800	818	2	365	368	-	7	7	20	1,172	1,192
Waste from waste management facilities, off-site treatment plants and preparation of water intended for human consumption and water for industrial use	-	-	-	-	-	-	323	-	323	323	-	323
Municipal waste	228	120	349	-	157	157	114	69	183	342	346	688
Total	**558**	**8,367**	**8,925**	**168**	**1,912**	**2,080**	**1,442**	**412**	**1,854**	**2,168**	**10,690**	**12,858**

The analysis by type of waste produced shows that packaging waste (cardboard, wood, etc.) and construction and demolition waste are predominant.

Soil contamination

In 2022, as in previous years, no spills or polluting events of significance occurred at any of Piaggio's sites.
At the Mandello and Pontedera, decontamination initiatives are under way due to historic contaminations. These situations emerged during demolition work in Mandello and during environmental monitoring campaigns in Pontedera. In both cases, the pollutants found have not been used in the production sites for several decades, providing the historical nature of their origin. In accordance with legal obligations, the two situations have been reported to the relevant authorities and are managed according to their instructions.

Disposal of end-of-life vehicles

Piaggio's passion for the environment is channelled into its commitment to guaranteeing the environmental compatibility of its vehicles, from the design stage until the end of their working life.

<u>2-Wheelers</u>
Although no legislation on recyclability for two-wheelers is currently in force or is planned, the Piaggio Group has taken steps in this direction. The tecóologies and materials used for the design and construction of the Group's scooters and motorcycles have targeted environmental compatibility and their effective end-of-life disposal since the introduction of the Sfera 50 model (1990). As from 2008, Piaggio has also changed the title blocks of drawings and information in its bills of materials so that materials used in constructing vehicles can be checked and disassembly can be optimised for easier disposal.
Through a partnership with UniFi, the characteristics of recyclability of the MP3 125 Hybrid in accordance with ISO 22628 were analysed. This was achieved by taking apart a real vehicle and registering all of its components. The recyclability rate was 88%, far higher than the limit of 85% set for the automotive industry for category N1 and M1 vehicles.

<u>4-Wheelers</u>
In the four-wheeler sector, the regulatory panorama is similar to that of cars.
With the introduction of the European Regulation REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances) in 2007, automotive manufacturers are required to follow AIG (Automotive Industries Guidelines) which include monitoring the use of hazardous/prohibited substances, and checking the recyclability and recoverability rates of materials used.
Over the years, Piaggio has embarked on a challenging path to ensure a high level of recyclability of its vehicles, culminating in the production of a manual for end-of-life vehicle dismantling.
Piaggio constantly monitors the recyclability and recoverability rates of its vehicles according to an internal procedure that complies with the requirements of Directive 2000/53/EC, and these two indicators are always above permitted thresholds.
The indicators are calculated and supplied to Approval Bodies in an ISO 22628 format, according to the tables of the European Commission. Starting from the production list of the complete vehicle, it is possible to trace the datasheet of each kit of components, with an indication of the relative materials with their codes and the recycling and recoverability percentages.
The survey also paved the way for a database, which updates vehicle material compositions and their recyclability and recoverability rates, from the design stage onwards.

The Recyclability and Recoverability values of the new Porter NP6 (calculated for the heaviest variant) are presented below.

	NEW PORTER NP6 SW LPG SR 2.12T
Recyclability (Rcyc)	89.5%
Recoverability (RCOV)	98.9%

Logistics

The Group has consolidated its logistics model aimed at benefiting from the synergies among various distribution centres in Europe and identifying opportunities for optimisation, paying particular attention to service quality aspects.
To optimise distribution, the model provides for the following:
- the targeted management of departures and itineraries to be covered;
- the storage of vehicles produced in Italy at the distribution hub adjacent to the production site, of vehicles imported from abroad at the distribution hub corresponding to the type of product.

The procedure also regulates:
- the resources and equipment used by logistics operators, which are checked by Piaggio to ensure they meet the required quality standards;
- the replacement of vehicles for internal shuttle services with other vehicles equipped with systems to cut CO_2 emissions;
- the collection of packaging from dealers and related disposal in accordance with local regulations in force;
- the disposal with separate collection of waste materials and replacement of packaging;
- printing only documents which are necessary.

Thanks to the centralised management of all logistics centres (Pontedera, Scorzè, Mandello):
- the number of trips needed to transfer stock between centres has been optimised;
- the use of electronic archives for storing shipment documents has been consolidated and paper copies have been reduced;
- printing of shipping documents to be sent to end customers has been minimised, and electronic documents are used whenever possible.

The Parent Company, through planning transport to directly managed markets, placed the utmost attention on distribution operations. Unfortunately, the critical issues caused by the COVID-19 pandemic, as well as the difficulties related to Brexit, did not allow for maximum efficiency.
Despite these contingencies, in 2022 there was an improvement in distribution operations per vehicle of 1.71% for two-wheelers, while for commercial vehicles there was an inefficiency of -1.83%, compared to the previous year.
As part of activities to streamline the distribution warehouses at the Pontedera production hub, the crating process, with vehicles only being crated during the dispatch stage, made it possible to optimise vehicle stock. This meant that for scooters from Asia (excluding those from India) transit necessary for transport to Europe was optimised.
Activities have started to have paperless transport documents as far as possible, so that hard copy documents can be phased out, where feasible.
The production centres in India and Vietnam also set up procedures aimed at minimising the number of trips for shipping produced vehicles and consumption of packing materials.

THE SOCIAL DIMENSION

Developing human resources

Human resources, with their skills, capacities and dedication, are a key factor in Piaggio's competitiveness and growth.
Everything we do as individuals or as a team is shaped by our strategic vision, our results-driven approach, our constant commitment to customer satisfaction, our desire for innovation and our awareness of future market scenarios, to generate value for each and every stakeholder. People are the key element that enables us to meet challenges in an increasingly dynamic and competitive international scenario.
It is for these reasons that Piaggio places such central importance on people in the organisation, assuring them our respect and protection in all Group companies.

Staff

Over the years, the Group has always focused on aligning its organisation with international best practices. In 2022, also considering the gradual changes in the impacts of the COVID-19 emergency, Piaggio adopted organisational initiatives to support commercial, innovation and new product development objectives, while maintaining efficiency and productivity targets.
As of 31 December 2022, Group employees totalled 5,838, an overall increase of 2.4% compared to 31 December 2021.

COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

EMPLOYEE/STAFF NUMBERS	2022	2021	2020
EMEA and Americas	3,260	3,295	3,331
of which Italy	*2,989*	*3,026*	*3,057*
India	1,369	1,328	1,550
Asia Pacific 2W	1,209	1,079	975
Total	**5,838**	**5,702**	**5,856**

AVERAGE NUMBER OF COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY

EMPLOYEE/STAFF NUMBERS	2022	2021	2020
Senior management	111.3	108.9	106.3
Middle management	675.0	672.0	663.6
White collars	1,607.3	1,615.9	1,673.0
Blue collars	3,993.9	3,762.4	3,791.5
Total	**6,387.6**	**6,159.2**	**6,234.4**

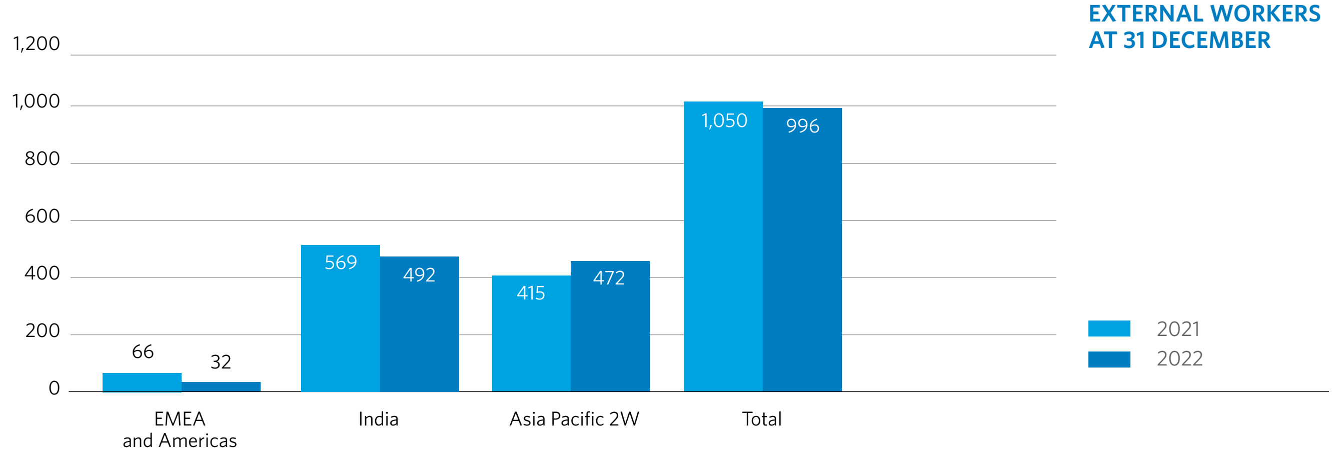
An entry turnover rate of 6.4% and leaving turnover rate of 7.3% were recorded in Italy in 2022 (excluding staff on a fixed-term contract).

GROUP EMPLOYEE TURNOVER AS OF 31 DECEMBER 2022

NEW RECRUITS															
	< 30			30-50			> 50			TOTAL			% TURNOVER		
EMPLOYEE/STAFF NUMBERS	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
EMEA and Americas	42	15	57	50	13	63	2	-	2	94	28	122	4.2%	2.8%	3.7%
India	54	5	59	110	6	116	5	1	6	169	12	181	12.6%	36.4%	13.2%
Asia Pacific 2W	32	5	37	25	6	31	-	-	-	57	11	68	5.7%	5.1%	5.6%
Total	128	25	153	185	25	210	7	1	8	320	51	371			
% Turnover	18.3%	22.9%	18.9%	7.3%	3.3%	6.4%	0.5%	0.2%	0.5%	7.0%	4.0%	6.4%			
LEAVERS															
	< 30			30-50			> 50			TOTAL			% TURNOVER		
EMPLOYEE/STAFF NUMBERS	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
EMEA and Americas	18	4	22	44	25	69	79	19	98	141	48	189	6.3%	4.7%	5.8%
India	33	5	38	147	2	149	6	1	7	186	8	194	13.9%	24.2%	14.2%
Asia Pacific 2W	8	3	11	22	8	30	1	1	2	31	12	43	3.1%	5.6%	3.6%
Total	59	12	71	213	35	248	86	21	107	358	68	426			
% Turnover	8.4%	11.0%	8.8%	8.4%	4.7%	7.5%	6.4%	5.2%	6.1%	7.8%	5.4%	7.3%			

The use of external workers within the Group is essentially limited to the Indian and Vietnamese plants and is related to the need to cope with temporary peaks in demand, so external workers are recruited during these periods.
In addition, internships and external collaborations are used for the gradual inclusion of new graduates in the company, to complete training activities and taking into account the specific aspects and local regulations of each country. The number of external workers at 31 December 2022 was 996.

EXTERNAL WORKERS AT 31 DECEMBER



Personnel management policies

Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Any type of discrimination is specifically forbidden by the Code of Ethics.

The primary focus on human resources and the development of core competencies for business development are the cornerstone of relationships with people and are reflected in the following corporate policies:

COMPETITIVE ORGANISATION

The Group pursues an innovative organisational approach as a way to create a competitive edge and support a multicultural, multinational, lean organisation focused on the customer and on generating value.
In its relations with staff and regardless of the work they carry out, Piaggio respects the principles set forth by the Group's Code of Ethics in all circumstances, as well as the laws in force in the geographic areas where it operates.
Piaggio does not resort to child labour according to the age limits in force in the various countries or to forced labour and adheres to main international laws, such as the UN Convention on the Rights of the Child (UNCRC) and the 1998 Human Rights Act.

RECRUITMENT AND INTERNAL MOBILITY

Scouting and recruitment, in keeping with the previous year, focused on innovative activities and skills in the fields of electric mobility, environmental issues and digitisation.
Professionals from the most advanced companies in the automotive sector have been recruited with a particular focus on specialised skills in passive vehicle safety, cyber security and digital connectivity.

Another area highly impacted by recruiting was Quality, regarding both Products and Manufacturing, to pursue an ever higher level of global quality standards.

For the selection of specialised external resources, direct recruitment was used for positions with a high or medium-high level of specialisation.

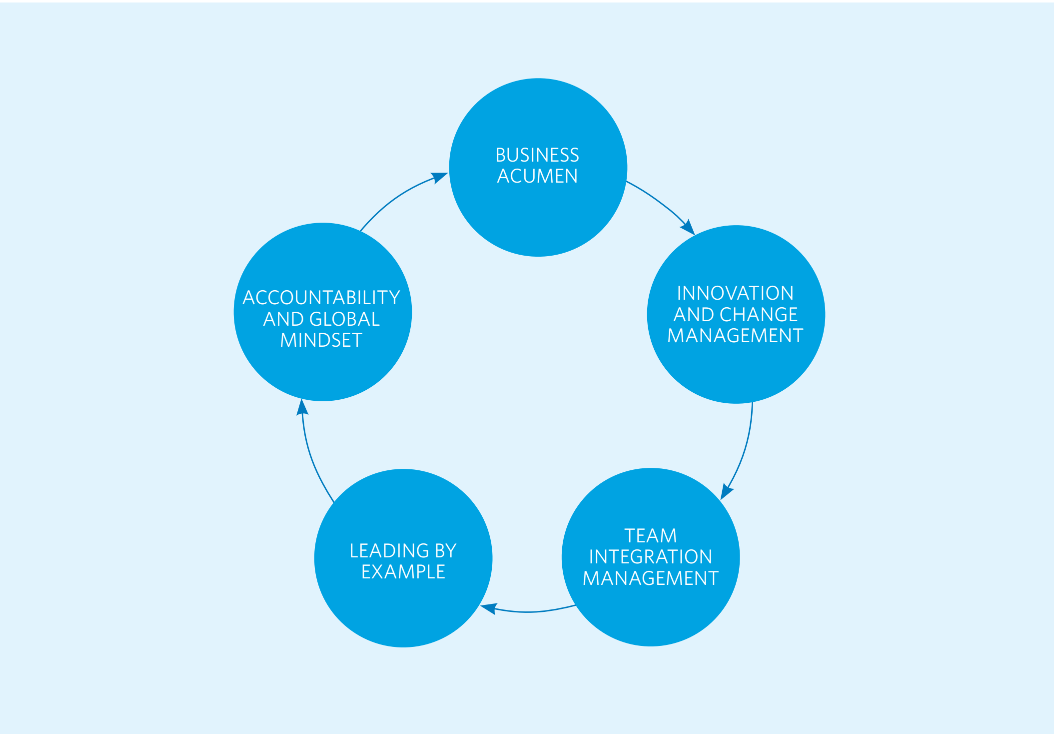
In parallel, internal resources were selected with a view to job rotation.

CAREER DEVELOPMENT

Development and career paths at Piaggio are mainly based on the assessment of managerial and tecóical skills, behaviour, performance and potential, with the aim of creating a pool of highly motivated individuals to fill key positions.
The development of the core skills necessary to remain in step with evolving markets and business is a priority. This is why the Group's human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving.

The Group's managerial and professional competencies model

Piaggio has identified a managerial skills model, which constitutes the set of behaviours to be put into practice each day, in order to ensure the success of the manager in question and the Group as a whole at global level.
At the same time, Piaggio has developed a reference model regarding the various professional skills required, which represent the shared assets of professionalism and expertise that constitute the true foundation of the company and serve as the only real guarantee of continuity and quality of results.
In 2022, detailed periodic gap analysis was conducted, in order to set up training and continual professional development plans.



THE GROUP'S MANAGERIAL COMPETENCIES MODEL

Development paths

The goal of the development tools is to build and improve the managerial and professional skills required by the respective models, while realising potential and assessing and rewarding excellent performance, as well as safeguarding specific tecóical know-how. Specifically, the tools used by Piaggio include:
- development plans, which identify the actions to be taken for employee development;
- job rotation and participation in strategic or international projects;
- management and professional training (see "training" section);
- the talent management programme for younger employees (see the "talent management" section).

Career paths

Resources are encouraged to follow a career path focused on continual improvement through training and development of their expertise, so they can successfully tackle the changes and challenges of the near future.

Performance appraisal processes for succession planning are created to develop the tecóical expertise and managerial skills of resources, in order to consolidate the Group's leadership role. Expatriation and job rotation, plus Talent Development programmes are key to encouraging the growth of resources and laying the foundations for shaping the managers of tomorrow.

In line with market best practices, Piaggio deploys a number of tools for the supervision and management of succession plans with regard to key Group positions, and in 2022, the Group used the global IT platform to test the methodology implemented, which also takes into account the skills and performances recorded each year.

EVALUATION

The Group places great importance on using transparent criteria and methods for reviewing employees with respect to:

- performance,
- managerial and professional competencies and language skills,
- international mobility,
- potential,
- professional aspirations and goals,

as regards their specific role and company needs.

Both the evaluator and the person being evaluated are given the opportunity to share the result of the performance and skills assessment, and to add to this with suggestions for the establishment of the individual development and training path, to be implemented in accordance with a clearly defined time scale through the dedicated SAP SuccessFactors IT platform.

Employees are evaluated by comparing their competencies against the company model for their specific role, as evidenced by concrete and observable behavioural indicators relative to their everyday work. The review process is managed in an integrated way through a dedicated IT platform and provides the information necessary for the processes of succession planning, management reviews and a gap analysis of professional competencies, which are conducted across the Group.

PERCENTAGE OF EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS IN 2021 AND IN 2022[51]

	EMEA&AMERICAS	*OF WHICH ITALY*	ASIA PACIFIC 2W	INDIA
Senior management	100%	*100%*	100%	100%
Middle management	100%	*100%*	100%	100%
White collars	100%	*100%*	100%	100%
Blue collars	-	-	100%	-

Talent Management: The talent development programme

Programmes to manage young talent are one of the main tools used for development, attraction and retention. The programmes are aimed at employees around the world who show high potential, great enthusiasm for their work and the courage to undertake new directions, in order to identify and ensure a growth path for the most deserving resources.

In general, these programmes allow talented employees to access customised development plans, which comprise:

- coaching and personalised training;
- strategic and international projects;
- job rotation.

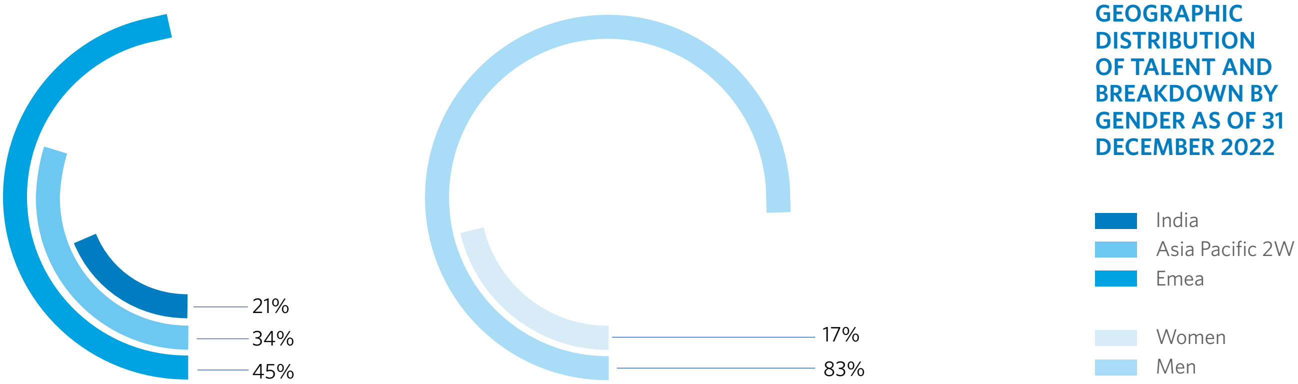
The programmes also include Piaggio Way, which involves employees under 35 years of age, from all geographic areas of the Group. At present 29 employees are involved, in addition to a community of 58 students who have completed their development plan and who still remain active in the programme.

The geographic breakdown of active participants is as follows: 45% EMEA, 21% India, 34% Asia Pacific.

51. The company population and work performance during an appraisal period of at least 6 months is considered.

Access to the programme is on a meritocratic basis and includes an assessment by a third party to guarantee the impartiality and objectivity of the evaluation.
A structured Talent Review process is conducted each year to verify programme participation.

GEOGRAPHIC DISTRIBUTION OF TALENT AND BREAKDOWN BY GENDER AS OF 31 DECEMBER 2022



TRAINING

Training is one of the tools used to consolidate and develop the competences of resources and strengthen their motivation. In particular, the Piaggio Group's training system is based on four main clusters: managerial, vocational/tecóical, linguistic and Health & Safety (H&S).
Training activities are managed with the support of an IT tool that includes the following steps:

- annual analysis of training needs with line Managers, HR Managers and H&S (for safety aspects) taking into account gaps emerging from performance appraisals, development and career plans and specific business projects;
- planning of training activities in line with the Piaggio competency model;
- planning and delivery of courses with the identification of participants' level of satisfaction.

The analysis of occupational health and safety training needs is carried out together with the Health & Safety department, with the aim of meeting legal obligations, observing company procedures introduced to strengthen awareness and enhance knowledge of specific risks and respond to any particular needs.
In 2022, thanks to the gradual changes in limitations due to anti-COVID measures, classroom-based training activities were gradually reintroduced, and digital tools for training (e-learning courses and synchronous training in virtual classrooms) on particular subject areas such as language and tecóical training were still used.
"Catalogue" management training has been renewed, introducing 10 new courses putting the "person at the centre", with the aim of encouraging the best expression of individual potential through the acquisition of behaviour and skills consistent with the objectives and changes required by the organisation.
Tecóical and vocational training focused considerably on the development of skills in Automotive Cyber Security, Vehicle Design and Project Management.
More than 4,000 hours of training/awareness-raising were provided to Indian employees on the Code of Ethics and for the prevention of sexual harassment crimes.

TRAINING HOURS[52] BY AREA OF INTERVENTION AND GEOGRAPHIC SEGMENT

THEMATIC AREA	2022				2021			
	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Managerial training	3,223	24,384	3,905	31,512	2,161	16,484	1,013	19,658
Tecóical - professional training	5,172	9,762	2,367	17,301	7,802	28,290	2,875	38,967
Language training	8,265	774	995	10,034	2,795	157	1	2,953
Health and safety training	20,589	10,755	7,061	38,405	11,272	9,379	4,020	24,671
Total	**37,249**	**45,675**	**14,328**	**97,251**	**24,030**	**54,310**	**7,909**	**86,249**

In 2022, there was a marked increase in training hours in EMEA and Americas, driven in particular by training in Italy. Both the compulsory refresher training for workers carried out at all Italian sites, with a significant uptake, and specific initiatives (e.g. training for testers, for electrical risks, etc.) contributed to this figure.

TRAINING HOURS BY GENDER

THEMATIC AREA	2022			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managerial training	28,903	2,609	31,512	18,286	1,373	19,658
Tecóical - professional training	15,210	2,091	17,301	35,215	3,752	38,967
Language training	6,791	3,244	10,034	1,728	1,225	2,953
Health and safety training	31,274	7,130	38,405	21,813	2,857	24,671
Total	**82,178**	**15,073**	**97,251**	**77,042**	**9,207**	**86,249**

TOTAL TRAINING HOURS BY PROFESSIONAL CATEGORY

HOURS	2022			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	665	45	710	816	61	877
Middle management	17,586	1,212	18,798	14,806	627	15,432
White collars	27,368	5,851	33,219	22,221	4,598	26,819
Blue collars	30,557	7,041	37,598	33,193	3,275	36,468
Other workers[53]	6,002	925	6,927	6,006	647	6,653
Total	**82,178**	**15,073**	**97,251**	**77,042**	**9,207**	**86,249**

HOURS PER CAPITA	2022			2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	6.1	6.4	6.1	8.2	7.6	8.1
Middle management	29.6	13.0	27.3	25.0	7.7	22.9
White collars	23.6	13.4	20.8	19.2	10.4	16.8
Blue collars	11.3	9.7	10.9	12.8	4.5	11.0
Total	**16.7**	**11.2**	**15.5**	**16.0**	**6.8**	**14.0**

52. The figure does not include hours of on-the-job training.
53. This category includes agency workers and interns.

REWARDS

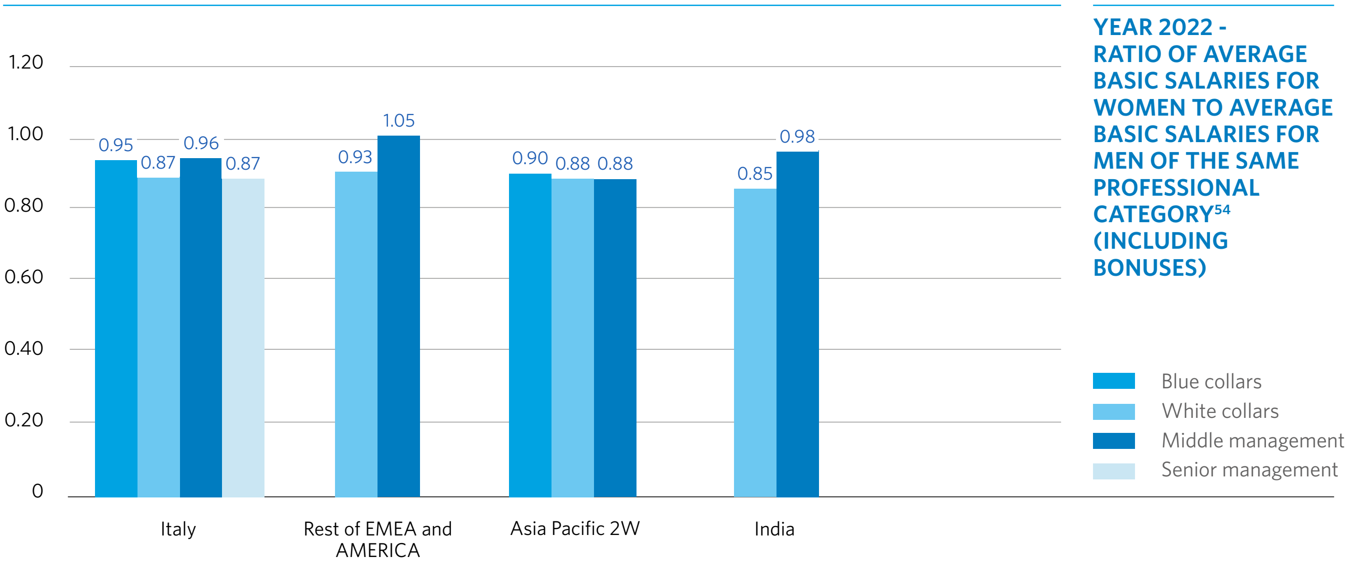
Reward policies are designed to reward individuals and recognise their contribution to the company, according to the criteria of competitiveness, fairness and meritocracy, which are openly shared throughout the evaluation processes, in order to motivate and retain those individuals who make significant contributions to the achievement of business results.
The Group reward system is differentiated for the various professional groups in the company and consists of a fixed salary component and variable objective- and benefits-based incentive systems.
In Italy, in 2021 Piaggio employees were able to use a digital platform to manage welfare services, through which they can exercise the choice options provided for in their national employment contracts and supplementary company agreements.

Salary packages

Piaggio offers to new recruits and all its employees a salary package in line with best market practices. Accordingly, Piaggio has adopted a structured salary review process based on:
- comparing salaries with market benchmarks, considering the market positioning of the company as a whole and the review of individual organisational roles, which is periodically revised. Comparisons are conducted using internationally recognised methods, with the support of specialist consultants;
- setting out guidelines for the salary review process that take into account company results and focus on criteria of meritocracy, competitiveness, internal fairness and sustainability;
- the timely identification of fixed and variable remuneration actions, consistent with defined guidelines, with meritocratic logics and the retention needs of strategic resources for the business, also with a view to the development of roles defined through the succession planning process.

An analysis performed on a single country basis did not reveal any significant differences between the basic salary and remuneration of men compared to women with the same category, experience and assigned duties.

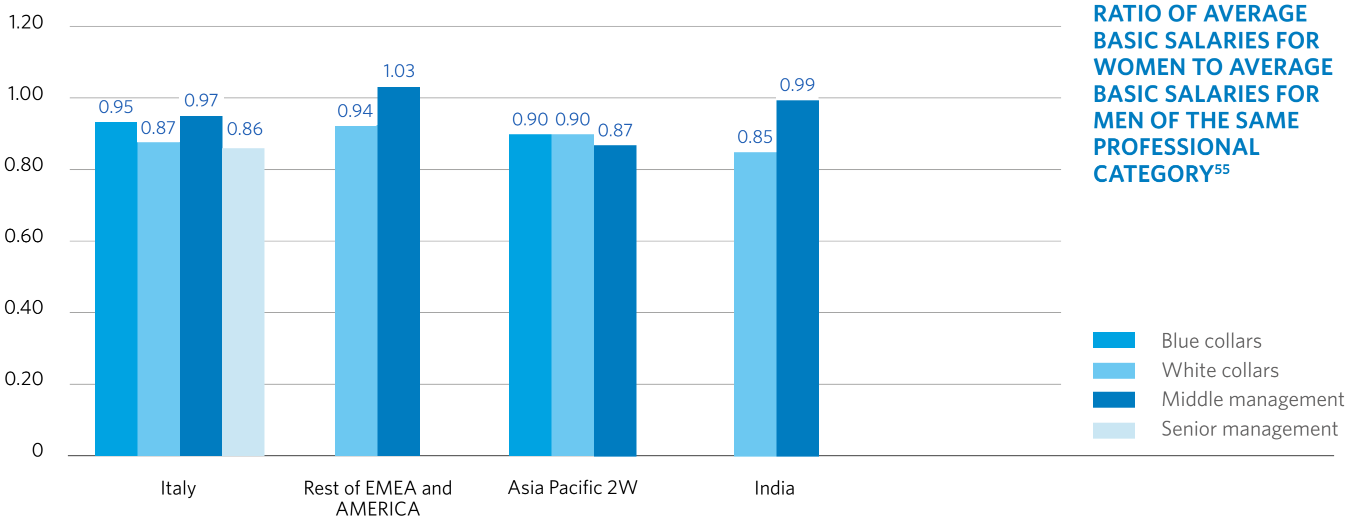
Piaggio complies with labour laws in the various countries where it operates, adopting collective bargaining agreements where applicable.



YEAR 2022 - RATIO OF AVERAGE BASIC SALARIES FOR WOMEN TO AVERAGE BASIC SALARIES FOR MEN OF THE SAME PROFESSIONAL CATEGORY[54] (INCLUDING BONUSES)

54. In individual geographical areas, the categories not represented do not have female employees or their small number would make the calculation insignificant.

YEAR 2022 - RATIO OF AVERAGE BASIC SALARIES FOR WOMEN TO AVERAGE BASIC SALARIES FOR MEN OF THE SAME PROFESSIONAL CATEGORY[55]



Objective-based incentive systems

The achievement of excellent results in terms of objectives set by the company is rewarded through variable incentive systems, focused on business-related qualitative and quantitative objectives as well as on the internal efficiency of each area of responsibility.
The full process of setting objectives and reviewing results is conducted with employees, using objective criteria.

Benefits

Piaggio offers a benefits package in line with best local market practices, which is structured on an organisational basis. Benefits include, by way of example:
- company car;
- private health insurance;
- company medical centre at various production sites;
- agreements with local groups and facilities of interest for employees.

Benefits are provided to full-time as well as to part-time employees without differentiation.

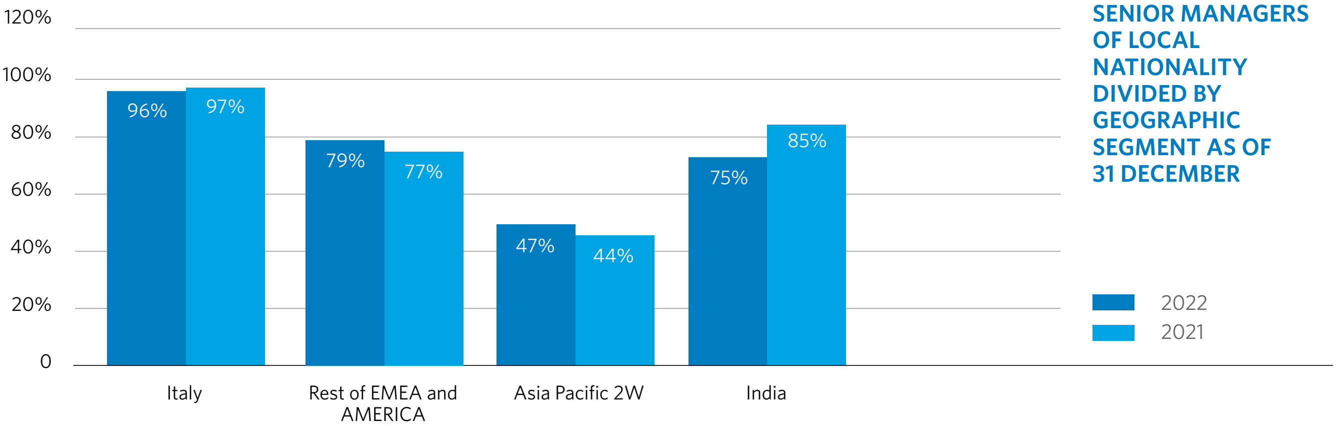
DIVERSITY AND EQUAL OPPORTUNITIES

Piaggio operates globally with a diversity of employees, in terms of age and gender, in Europe, America, India, Asia and China. Staff diversity represents values and opportunities arising from various different ways of pursuing and achieving the highest levels of performance within a single, broader Group organisational design.
For Piaggio, managing diversity means acknowledging and respecting differences as part of the shared substratum of company culture. The Group therefore rejects any form of discrimination on the basis of gender, age, nationality, etóic background, ideology or religion. It operates in strict compliance with law and with contractual requirements, and in keeping with the customs, practices and usages of each country in which the Group operates.
The Group's concrete commitment to embracing diversity is reflected by its adoption of a Code of Ethics, conformity to international laws on equal opportunities and use of policies that protect forms of diversity already found within the company.
The Group seeks to spread its culture and values throughout the world through shared digital platforms (company Intranet and tools supporting the work of HR such as the Success Factor, Piaggio Global Training), with a view to creating the conditions for fostering an international mindset and a building a truly multinational organisation, in which all employees can benefit from equal opportunities.
Human resources management processes are conducted applying the same principles of merit, fairness and transparency in all the countries in which the Group operates, with the accent placed on aspects of relevance for the local culture.

55. In individual geographical areas, the categories not represented do not have female employees or their small number would make the calculation insignificant.

Piaggio selects and hires its staff based solely on the candidates' characteristics and experiences and the requirements of the position. As shown in the graph below[56] , Piaggio promotes and supports the recruitment of candidates from many parts of the world, to contribute to the international mindset that is a key value for the Group.

PERCENTAGE OF SENIOR MANAGERS OF LOCAL NATIONALITY DIVIDED BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER



In order to promote and sustain intercultural exchange and diversity management, the Group encourages the international mobility of its people, enabling the reciprocal secondment of employees between Group companies.

Female employment

Female employees at Piaggio play a fundamental role at all levels of the organisational structure. Females make up 22% of the workforce, in line with the previous year in all professional categories.

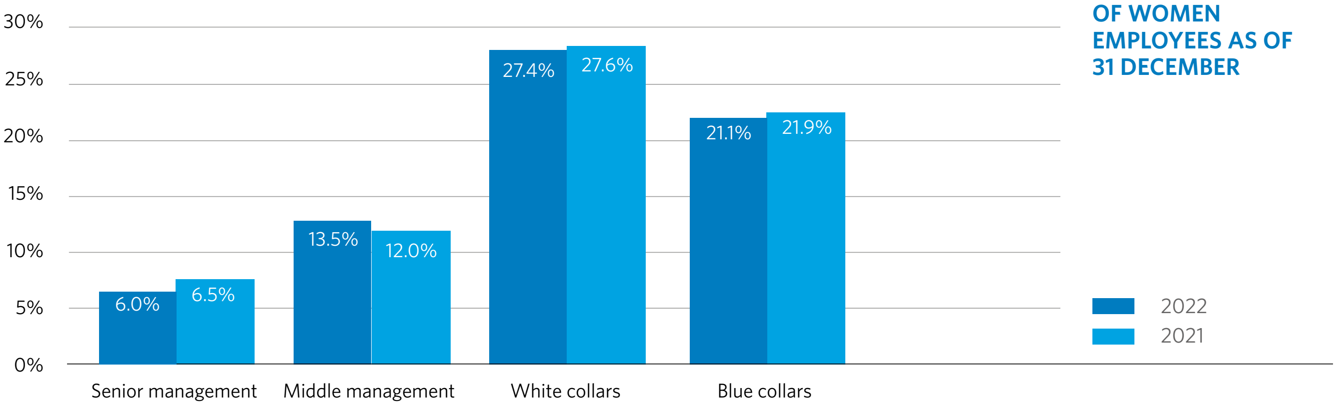
It is worth mentioning that the Indian subsidiary has adopted initiatives to facilitate women joining the company, for both corporate and production activities. For this purpose, there have been specific recruitment drives at tecóical training institutes, awareness-raising training activities and the redesign of workplaces and some assembly lines (e.g. Ape Electric).

COMPANY EMPLOYEES BY GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

	2022				2021			
	MEN		WOMEN		MEN		WOMEN	
	NR	%	NR	%	NR	%	NR	%
EMEA and Americas	2,244	68.8%	1,016	31.2%	2,268	68.8%	1,027	31.2%
of which Italy	*2,032*	*68.0%*	*957*	*32.0%*	*2,059*	*68.0%*	*967*	*32.0%*
India	1,336	97.6%	33	2.4%	1,297	97.7%	31	2.3%
Asia Pacific 2W	995	82.3%	214	17.7%	882	81.7%	197	18.3%
Total	**4,575**	**78.4%**	**1,263**	**21.6%**	**4,447**	**78.0%**	**1,255**	**22.0%**

56. Figures include senior managers, first- and second-level executives reporting to top management at Piaggio & C SpA, and the first- and second-level executives of subsidiaries. The term local refers to the national level and local senior managers means senior managers with nationality the same as the country where they work.

NUMBER OF WOMEN EMPLOYEES AS OF 31 DECEMBER



COMPANY EMPLOYEES BY CONTRACT TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2022

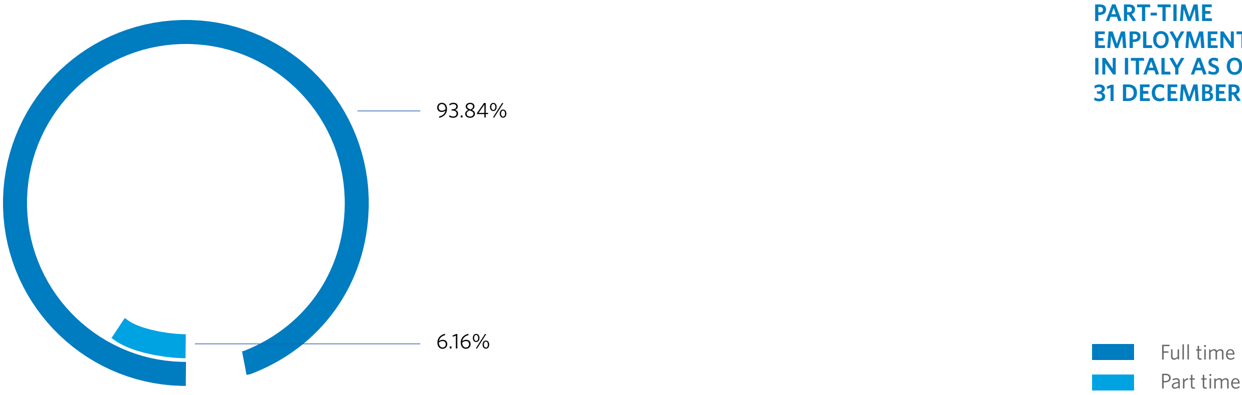
EMPLOYEE/ STAFF NUMBERS	FIXED-TERM CONTRACT			OPEN-ENDED CONTACT		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	6	1	7	2,238	1,015	3,253
of which Italy	*6*	*1*	*7*	*2,026*	*956*	*2,982*
India	204	7	211	1,132	26	1,158
Asia Pacific 2W	370	75	445	625	139	764
Total	**580**	**83**	**663**	**3,995**	**1,180**	**5,175**

Equal opportunities are offered to employees of both genders, with concrete initiatives in place to help people strike a balance between work and domestic life. Such initiatives include alternatives to full-time work.

COMPANY EMPLOYEES BY PROFESSION, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2022

EMPLOYEE/ STAFF NUMBERS	FULL TIME			PART TIME		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	2,228	844	3,072	16	172	188
of which Italy	*2,017*	*788*	*2,805*	*15*	*169*	*184*
India	1,336	33	1,369	0	0	0
Asia Pacific 2W	995	214	1,209	0	0	0
Total	**4,559**	**1,091**	**5,650**	**16**	**172**	**188**

PART-TIME EMPLOYMENT IN ITALY AS OF 31 DECEMBER 2022

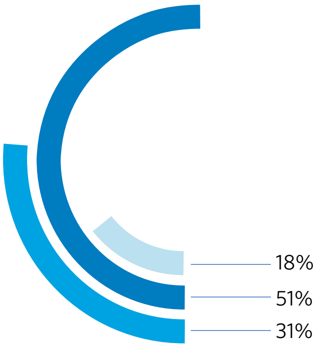


Within the Group, the largest population is in the 30-50 age group. At the same time, there was a significant growth in the under-30 population compared to the previous year.
The generational mix is essential for more experienced workers, who can set an example and pass on skills and abilities learned over time, to impart their knowledge to younger employees.

COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE BRACKET AS OF 31 DECEMBER

EMPLOYEE/STAFF NUMBERS		< 30	30-50	> 50	TOTAL
2022	Senior management	0	44	72	116
	Middle management	4	456	228	688
	White collars	209	985	402	1,596
	Blue collars	596	1,800	1,042	3,438
	Total	**809**	**3,285**	**1,744**	**5,838**
	%	**14%**	**56%**	**30%**	**100%**
2021	Senior management	0	42	66	108
	Middle management	1	463	209	673
	White collars	174	1,019	407	1,600
	Blue collars	494	1,809	1,018	3,321
	Total	**669**	**3,333**	**1,700**	**5,702**
	%	**12%**	**58%**	**30%**	**100%**

COMPANY EMPLOYEES UP TO 30 YEARS OF AGE BY GEOGRAPHIC SEGMENT AT 31 DECEMBER 2022



Parental/maternity leave

Our companies apply laws passed by pertinent national legislation.
The Group does not discriminate in any way against women who take maternity leave. Indeed, to support work-child care balance, a horizontal part-time contract has been granted to 183 employees in Italy. In addition, as further support for work-life balance, employees at the Pontedera site can benefit from an agreement for childcare support (see the Industrial Relations section). As demonstration of the above, the following information has been provided for the companies where the phenomenon is more numerically significant[57].

	EMEA & AMERICAS			INDIA			ASIA PACIFIC 2W		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Total number of employees entitled to parental leave in 2022	2,244	1,016	3,260	555	33	588	995	214	1,209
Employees on maternity/paternity leave during 2022	28	15	43	0	0	0	64	24	88
Employees returning in 2022 after maternity/paternity leave	28	7	35	0	1	1	64	22	86
Employees returning in 2021 after maternity/paternity leave	25	10	35	0	0	0	102	20	122
Employees returning to work and on the payroll 12 months after returning from maternity/paternity leave	24	8	32	0	0	0	96	20	116
% Return to work Rate	100.00%	58.33%	87.50%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Retention rate (%)	96.00%	80.00%	91.43%	0.00%	0.00%	100.00%	94.12%	100.00%	95.08%

In Italy, all employees who are parents of a child[58] up to 12 years of age are entitled to an additional period of absence from work. In Vietnam, this opportunity is guaranteed up to 7 years of age.

ENGAGEMENT AND DIALOGUE WITH STAFF

The Piaggio Group's internal communication guidelines are designed to keep employees informed with regard to business performance and prospects, bringing them closer to top management strategies.
The system is based on the conviction that sharing strategic objectives with every employee is a key factor to success.
Piaggio uses communication and information tools which respect and empower the social and cultural realities within the Group.
In particular, in Italy there is an active national Intranet portal, "PiaggioNet", which provides information on the Group, with company news and the latest on the product ranges of the various brands, as well as a range of staff services (e.g. transfer management, manuals/internal procedures, Piaggio Global Training platform and direct access to the online company publication Wide Piaggio Group Magazine, which is also published on the Group's websites, updated on a continual basis and available in Italian and English versions).
In order to facilitate communication with employees and workers and dematerialise the payroll distribution process, a specific portal accessible to employees has been set up.

57. The figures refer only to parental leave requested up to the child's first birthday.
58. Natural, adopted or in foster care.

Similar information is made available to the employees of foreign subsidiaries through the dedicated Intranet portal "PiaggioNet International", whose contents are published in English.
Additional specific initiatives are provided for employees of premises in Vietnam and India.

Industrial relations

The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focused on attention, engagement and a common understanding; in fact ongoing dialogue is considered as fundamental for finding the best solutions to specific company needs.

The Group's approach lies in involving workers and their representatives in the pursuit of company objectives, establishing a continuous dialogue with them. The solutions and conduct adopted in various countries where the Group operates are in line with the social and institutional context, but are always consistent with the fundamental principles and overall needs of the Group.

Piaggio complies with the labour legislation of countries where it operates.
All employees working at the Group's production companies have 100% salary and welfare cover, in accordance with law and collective bargaining agreements.

Italy

During 2022, dialogue and discussion with trade unions and workers' representatives continued with the aim of seeking shared solutions in an international scenario characterised by new international geopolitical tensions and interlinked unpredictable factors such as soaring gas and oil prices, economic sanctions against belligerent countries and blockades imposed by supplier countries to counter new pandemic outbreaks with negative consequences on the supply of production systems in terms of rising costs and the unavailability of raw materials.

Nevertheless, the positive performance of the reference markets led to the signing of a trade union agreement at the end of November 2021, which initiated a fixed-term recruitment plan to strengthen the workforce of the Group's plants in Pontedera (Pisa), Mandello del Lario (Lecco) and Scorzè (Venice) as early on as the first quarter of 2022.

The "provisional" agreements signed in 2021 with the trade unions for the Pontedera and Mandello del Lario sites led to workers who have already had experience at Piaggio over the last few years to being hired, to avoid wasting skills acquired and at the same time allow for a more effective response to changing market trends. Under the agreements, some 50 people had their contracts changed to a permanent status for the Pontedera site in March 2022, and vertical part-timers and a part of staff leasing staff [59] for the Mandello del Lario production site were stabilised.

In keeping with actions taken at the end of 2021 and with the need to take all useful measures to increase the company's competitiveness and at the same time respond to temporary market needs, in December 2022, the Company signed "provisional" trade union agreements at the three Italian production sites of Pontedera (Pisa), Mandello del Lario (Lecco) and Scorzè (Venice), that will allow, within the scope of the recruitment plan planned for 2023, to waive the constraints of current legislation on flexible forms of work.

As far as the COVID-19 health crisis is concerned, shared monitoring continued with the trade union representatives and workers' representatives (RLS), within the framework of the company's Control Committees, set up at individual sites, to verify the application of rules to combat and contain the spread of the COVID-19 virus in the workplace.

These Committees were attended by the company trade union representatives and workers' safety representatives (RLS).
With reference to collective bargaining, the National Collective Bargaining Agreement (CCNL) for workers in the private metalworking and plant installation sectors was confirmed as valid throughout Italy.
For the Scorzè site, it was necessary to resort to the Ordinary Temporary Layoff Benefits Fund (Cassa Integrazione Guadagni Ordinaria) mainly in the period from September 2022 to December 2022.

59. Staff leasing means provision for an indefinite period.

The number of hours lost due to strikes in 2022 shows a trend in line with the previous year between hours lost due to company micro-conflicts and hours lost due to general/category strikes.
However, It should be noted that micro-conflicts do not account for significant values in absolute terms and are limited exclusively to initiatives by a minority of trade union representatives.
All corporate micro-conflict events referred to the Pontedera site.
The table below provides a summary of the hours lost due to strikes in the last three years at the company's sites in Italy:

		2022	2021	2020
No. of hours lost due to strikes	general/category	7,571	9,919	1,596
	company	14,825	12,920	15,816
	Total	**22,396**	**22,839**	**17,412**
% hours lost compared to hours worked[60]	general/category	0.14%	0.35%	0.06%
	company	0.28%	0.46%	0.75%
	Total	**0.43%**	**0.81%**	**0.83%**
No. of days lost due to strikes	general/category	946	1,240	200
	company	1,853	1,615	1,977
	TOTAL	**2,799**	**2,855**	**2,177**

A structured company welfare system has been established in Italy, with services that aim to increase the well-being of employees and their families, in economic and social terms.

In general, a supplementary health care fund (Métasalute) for the engineering sector has been in place since the end of 2011, based on a national trade union agreement. Membership of the plan has been automatic for all Group employees since October 2017.

The scheme also includes health benefits/services for employees:
- at Pontedera, the company medical centre for employees has specialists (an optician, an orthopaedic specialist, a lung specialist, a dermatologist and an ENT specialist) for consultations;
- at Noale/Scorzè and Mandello del Lario, all employees are entitled to paid time off for specialist consultations outside the company, and there is also permanent healthcare oversight at the plants.
- All sites also offer employees flu vaccinations free of charge.

India

In India, trade unions have a two-tier structure: one at company level and the other at local/area level; this structure is also replicated at the Indian subsidiary, where the trade union system comprises a company trade union committee with Piaggio worker representatives, and a central trade union committee, which is the highest hierarchical level, with members selected by the trade union. The company union committee consists of 5 members elected annually by the workers.

At the Indian subsidiary, following bilateral discussions with trade union representatives, a new collective company agreement was signed on 21 December 2022, which will enter into force on 1 January 2023 and will be valid for four years.
In 2022, a considerable effort was required to adapt production to the complex and changing scenario with a view to production flexibility, also taking into account the gradual changes made to anti-Covid measures. This effort was facilitated by constructive dialogue with trade union representatives. In this regard, there were no strikes in 2022.

In 2022, further initiatives were taken to ensure, in addition to full compliance with labour legislation, ongoing collaboration with workers and trade unions and the involvement of workers, with a view to improving employee satisfaction and consequently their motivation. In line with this approach, Piaggio has carried out numerous activities including: the distribution of the anti-COVID vaccine, various initiatives for disease control and prevention, awareness-raising on health and safety issues, the purchase of books and uniforms for employees' children.

60. For the calculation of the %, only the hours of production staff were considered.

Vietnam

In Vietnam, trade union representatives at a company level (selected by a company trade union committee) are tasked with protecting employees, helping them to understand aspects concerning labour regulations and company policies, and providing economic support for some company initiatives benefiting employees.
In particular, the current Trade Union Committee, elected in February 2019 and comprising 15 members, made an excellent contribution in 2022, having sponsored and assisted the company in a number of initiatives to bolster employee motivation.

In the first part of 2022, considering the changing state of the COVID-19 pandemic, initiatives focused on prevention and reducing contagion, while in the second half of the year, events were also started up again to support employee motivation (e.g. the misentobene-piaggiolympics2022 event to raise awareness of the importance of physical health).

No strikes took place in 2022.

Occupational health and safety

For the Piaggio Group, Health and Safety in the workplace is a corporate value and striving for continuous improvement in this area is an integral part of its business. This activity represents a clear strategic commitment to the Group's broader objectives. This principle is valid and applied in all countries where the Piaggio Group operates. In particular, Piaggio continually pursues concrete actions aimed at:
- a continual and systematic evolution towards ever higher safety standards, which considers the assessment of occupational safety and related tools, starting from the definition of new activities, or when reviewing existing ones;
- a safer conduct through the education, information, training and awareness of all workers, to enable them to perform their duties safely and with awareness and have a central role and be accountable for occupational health and safety aspects.

All employees guarantee and work together to put in place effective occupational health and safety programmes, to safeguard their own safety and that of others, based on interdependence.
Prevention and protection activities to safeguard the health of workers in a complex industrial context like the Piaggio Group, both in Italy and abroad, can only be achieved effectively through an adequately structured organisation which specifically aims to foster a "culture" of safety within the company. This includes behavioural training initiatives (the principles of which were also introduced in the most recent training updates) and initiatives to develop a "Culture of Safety", that strategies for current and near future actions will also be based on. The belief that prevention must steer behaviour and daily activities, at all levels, has led the Piaggio Group to adopt very similar safety management standards in all the countries where it operates, regardless of any regulatory constraints that are less stringent than the Group's standards. From this perspective, the plants in Italy, Vietnam and India have an Occupational Health and Safety management system certified by a certification body accredited according to ISO 45001 standard (Occupational Health and Safety Management System). The ISO 45001 certified management system applies to 83% of all Piaggio Group employees worldwide. Audits are conducted annually and were successfully completed in 2022.
Production processes or company support processes are subject to a risk assessment, conducted according to a systematic process, and with the support of external specialised tecóical resources where necessary, with registration in specific Risk Assessment Reports.
The Occupational Health and Safety Management System that has been implemented at Piaggio envisages a rather extensive document system which, starting from the H&S Policy issued by Management, is set out in the Manual and actually implemented in the Management Procedures (which involve the entire company organisation), in the Operating Procedures (which instead involve only some company structures) and in the Work Instructions, which specify the correct methods for performing individual operations.
Specific procedures are in place for change management, both with a view to risk prevention and to identify opportunities for improvement (ergonomics, plant safety, etc.).
In addition, a consolidated system of immediate reporting and analysis of accidents, dressings and near misses is in place, with standardised methods and defined working groups, in order to identify the root causes of these events and prevent the occurrence of accidents or recurrence. Another example of the applied prevention approach is the computerised "risk condition report", available on the company intranet. Through these methods, company managers, as well as individual workers through specific officers, can identify and report any risk conditions present, initiating a system of assigning and evaluating preventive actions and monitoring their effectiveness, so as to guarantee a complete and accurate management of actions to improve safety at work. The management of so-called "near misses" is a key element in preventing the occurrence of dangerous situations, which can even lead to serious accidents.
Great importance is attached to emergency management. A plan has been prepared for each site, as required by current legislation, which includes an analysis of the main risks, the definition of the operating procedures to be adopted during the various types of emergency, the roles and actions to be implemented by designated, trained personnel and the communication protocols. Obviously, the efficiency of this organisational system is tested through numerous drills involving Piaggio's sites.

All workers, consultants and suppliers who enter the Group's sites are required to comply with this management system which provides for internal and external audits on compliance with procedures adopted.
In 2022, initiatives were further developed to mitigate occupational health and safety impacts within the commercial network. A specific training initiative was launched for the risks of electric vehicles, in view of the increasing use of this tecóology, which is particularly important for service network personnel.
Promoting health is another important aspect for Piaggio, and this is achieved based on two main areas of action: free testing and information campaigns on healthy lifestyles. Each Group site has a health unit for prevention, surveillance and first aid, manned by specialist medical and paramedical staff.
During 2022, also in view of the gradual updates to regulatory guidance, Piaggio kept the measures to guarantee criteria for the prevention of COVID-19 infection in place (e.g. social distancing, sanitisation of workstations and communal areas, distribution of masks, temperature detection at the entrance, etc.).

Italy

In Italy, in line with applicable current laws, Piaggio has put in place a structured organisation, based on six Employers corresponding to the different company areas, and consequently managers and supervisors who oversee the various organisational units and sites, with the support of Safety Department Managers and Competent Doctors. In addition, the presence of Workers' Safety Representatives at all company sites is widespread and timely.

Response to the health emergency caused by the spread of the COVID-19 pandemic has shifted during 2022, however organisational, procedural and tecóical measures to prevent contagion in the workplace have remained in place, as per the company protocol signed with the company trade union representatives for each site and in line with the "Shared regulation protocol for measures to combat and contain the spread of the COVID-19 virus in the workplace" between the Government and social partners.

Specific strategies to contain the virus were defined in collaboration with competent doctors for people who tested positive or were suspected to be positive (nasal/throat swabs, etc.).

In 2022, a post-COVID medical evaluation and support service, set up in 2021, operated for employees who had contracted the virus, with specialist follow-up visits, in addition to clinics already running, that employees can access free of charge for specialist visits at the Pontedera Company Medical Centre.
As part of the strategy to continuously strengthen a corporate Culture of Safety, particular emphasis was placed on the creation of an international, interdisciplinary team of "Safety Ambassadors": i.e. the development of skills and capabilities for people who, within their own operational/management area, become reference points for the application of health and safety systems, for continuous improvement and for the involvement and awareness of colleagues, etc. In fact, 8 employees, evenly distributed among company sites and functions, completed the tecóical training for ASPP[61], and will work alongside the 3 people already trained.
2022 also saw the consolidation of the H&S Network both at international level, continuing the process started in 2021, and at Italian level, with a considerable extension and intensification of activities resulting from the training of the new "Safety Ambassadors".
Significant impetus compared to the previous two-year period (affected by the difficulties in conducting in-person activities due to the Covid Emergency) was given to H&S training, which saw a marked increase in the number of hours provided, especially in Italy, and a considerable focus on behavioural aspects and staff involvement.

61. Company Safety Officer.

OCCUPATIONAL ACCIDENTS AT ITALIAN PLANTS[62]

	PONTEDERA	NOALE AND SCORZÈ	MANDELLO
YEAR 2022			
Hours worked	4,041,218	871,545	307,575
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	31	6	7
Rate of recordable occupational accidents	7.7	6.9	22.8
No. of occupational accidents with serious consequences	1	0	0
Rate of occupational accidents with serious consequences	0.25	0	0
2021			
Hours worked	4,206,574	767,712	255,760
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	57	6	1
Rate of recordable occupational accidents	13.6	7.8	3.9
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0

Accidents that occurred at Italian sites in 2022 refer solely to Group employees and mainly involved bruising and wounds. A single injury lasted longer than 6 months.
Accidents at country level (Italy) decreased significantly both as an absolute number and as a frequency index. Bucking the general trend was the Mandello del Lario plant, which has had a prevention plan in place since the end of 2022, based on specific tecóical and training actions.
Accidents are mainly attributable to conduct, such as distractions, inadequate behaviour, failure to comply with procedures.
As for external companies operating at Piaggio's Italian production sites, one accident was recorded in 2022, while no accidents were recorded in 2021.
There were no fatal accidents in Italy in 2022, as was the case in 2021 and 2020.

India

In 2022, as in the previous year, health and safety was one of the main priorities for the company, especially with a view to the pandemic. In order to guarantee the best occupational health and safety standards, the Indian subsidiary has an organisational structure that operatively involves the "Occupier" (employer), a single person across various production sites who has responsibility for the health, safety and well-being of all employees in the workplace, Factory Managers and a Safety Committee comprising 20 members that includes executives, managers and office workers.
The Safety Committee meets at regular intervals to plan, revise and discuss action plans necessary to establish and disseminate an awareness and safety culture among employees in the workplace. The presence of a Health & Safety team guarantees that the entire system may operate effectively.
To deal with the pandemic and ensure the effective adoption of anti-COVID protocols and preventive measures, a Safety Committee was set up in which members of all company functions participate and audits were carried out on a daily/weekly basis to ensure that this Committee can promptly adopt specific corrective actions.
Numerous surveys and situation assessments were carried out with the effective implementation of health and safety protocols across the organisation.
A priority for the Company was the strict compliance with central and local government regulations relating to the prevention of the spread of COVID-19.
To this end, the Company began to work with a primary hospital in Pune, for the preparation and assessment of health protocols and a consultation service by a specialist doctor was made available to employees at the Pune office.

All employees participated in e-learning/information activities on the anti-COVID measures followed, which are binding for entry to the company, and frequent awareness sessions were held on the conduct to adopt.

62. Accident rates, for all geographic segments, are calculated taking into account the hours worked by employees during the reporting year and the multiplication factor of 1,000,000.

Specific prevention measures were adopted for workers at higher risk of infection (e.g. frail workers and the over 60s).
Employees were given the chance to take out additional medical insurance for any medical/hospital expenses incurred due to COVID-19.

To facilitate the management of potential symptoms of anxiety and depression related to the situation arising from the COVID-19 emergency, a virtual counselling service was also made available for employees and their families provided by a company specialised in compliance with privacy regulations.
Comprehensive risk assessments were carried out to help identify and mitigate occupational risks related to mental health.

In line with the Group's approach, a great deal has been invested in training over the last few years as a key driver to increase employee accountability in relation to safety and, consequently, to promote a proactive approach to and engagement with safety issues.

OCCUPATIONAL ACCIDENTS IN INDIA

	COMMERCIAL VEHICLES PLANT	TWO-WHEELER PLANT	ENGINE PLANT
YEAR 2022			
Hours worked	2,537,453	588,873	741,476
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	0	2	0
Rate of recordable occupational accidents	0	3.4	0
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0
2021			
Hours worked	1,986,376	771,123	723,510
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	2	1	1
Rate of recordable occupational accidents	1.0	1.3	1.4
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0

Vietnam

A Safety Committee is active in Piaggio Vietnam, involving all members of the corporate functions, and is chaired by the Head of Operations. Committee members are responsible for dealing with any safety problems in their area of operation and for taking necessary corrective actions. They must also carry out periodic follow-up audits of the entire site and report any relevant safety issues or opportunities to the committee, in order for immediate corrective/preventive actions to be taken.
To effectively implement general health and safety regulations, an H&S programme is defined each year, based on operating plans, that are updated on an ongoing basis.
In the first quarter of 2022, the COVID situation called for a high level of attention. The company focused on adopting all necessary preventive measures to ensure the health of its employees during production activities. These measures included: wearing face masks, safe distancing, hand washing, sanitisation, rotation of shifts in parallel with screening tests to isolate positive cases. At the same time, third-dose vaccinations were stepped up for all employees in February 2022. In addition, all positive cases received active support.
From the second quarter of the year onwards, with the reduced COVID alert, the company redefined its activities, through networks of OHS coordinators, with OHS surveillance focused on safe behaviour. Many on-site improvement opportunities have been undertaken and completed.
In the third quarter, a six-monthly campaign was launched to improve the health of employees with a number of activities also dedicated to wellness and mental health (Health news, Healthy Friday, Health Corner, Run for Dream Challenge, PIAGGIOLYMPIC). This project has involved numerous online and offline activities of employees, through which they were able to learn and have fun in order to improve their health.

The local H&S plan was fully implemented, resulting in the achievement of the H&S objectives and 2022 targets. The recertification audit was implemented regularly, successfully renewing ISO 45001 certification, valid until 2025.

OCCUPATIONAL ACCIDENTS IN VIETNAM

	VIETNAM
YEAR 2022	
Hours worked	2,545,753
No. of fatalities from occupational accidents	0
Fatality rate	0
No. of recordable occupational accidents	0
Rate of recordable occupational accidents	0
No. of occupational accidents with serious consequences	0
Rate of occupational accidents with serious consequences	0
2021	
Hours worked	2,160,537
No. of fatalities from occupational accidents	0
Fatality rate	0
No. of recordable occupational accidents	1
Rate of recordable occupational accidents	0.5
No. of occupational accidents with serious consequences	0
Rate of occupational accidents with serious consequences	0

Indonesia

At the end of 2022, activities started at the Indonesian plant, which also involved significant occupational health and safety initiatives. The local H&S organisation was defined to support project and operational activities. The greatest efforts initially went into the design of working environments and utilities, including fire-fighting systems. Particular care was taken in the design of workflows, to ensure maximum separation between operational, logistics and test areas and thus minimise risks to personnel. Consequently, H&S activities focused on the education and training of personnel and the coordination of the local organisation with the central H&S service, in order to consolidate a constant and effective functional network. No accidents occurred.

Responsible management of the supply chain

Piaggio Group produces vehicles that are sold under its brand on the various markets around the world. The only exception regards vehicles purchased by the Chinese subsidiary Zongshen Piaggio Foshan and scooters purchased by third parties (24,043 units in 2022, equivalent to 3.8% of vehicles sold).
Piaggio is a leader in engine tecóology and produces engines at its plans both for internal production and to meet the demand of other manufacturers.
All the other components that constitute a vehicle are purchased externally and assembled in-company.

Purchases of production sites related to goods and spare parts are indicated below. Purchases of commercial companies and research centres are not considered, as they are residual and not relevant.

Italian plants

In 2022, Italian plants purchased merchandise and spare parts for an overall value of €663 million (excluding complete vehicles) from 620 suppliers.
The first ten suppliers made up 21.5% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF ITALIAN PLANTS[63]

GEOGRAPHIC SEGMENT	2022	2021
Italy	48.1%	49.3%
Europe	8.4%	7.9%
China+Taiwan	28.2%	28.8%
Vietnam	9.3%	7.8%
India	4.9%	4.9%
Japan	0.5%	0.7%
Others	0.6%	0.6%

Indian plants

In 2022, plants in India purchased raw materials, merchandise and spare parts for an overall value of €278 million from around 545 suppliers.
The first ten suppliers made up 31.5% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF INDIAN PLANTS

GEOGRAPHIC SEGMENT	2022	2021
India	98.0%	95.9%
Other	2.0%	4.1%

Vietnamese plants

In 2022, plants in Vietnam purchased merchandise and spare parts for an overall value of €386 million from 304 suppliers.
The first ten suppliers made up 32% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF VIETNAMESE PLANTS

GEOGRAPHIC SEGMENT	2022	2021
Vietnam	63.8%	57.2%
China+Taiwan	15.8%	16.6%
EMEA	15.1%	22.1%
India	2.1%	0.9%
Others	3.2%	3.2%

Indonesian plant

The main supplier of the Indonesian plant is the subsidiary Piaggio Vietnam, from which it receives Vespa components to be assembled.
In 2022, components, goods and spare parts with a total value of €103 million were purchased from 22 suppliers.
The first ten suppliers made up 99% of the total purchases.

63. For the calculation of the percentages, the value of incoming goods - open orders was taken into consideration.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF INDONESIAN PLANT

GEOGRAPHIC SEGMENT	2022
Indonesia	1.2%
Vietnam	98.8%

Group relations with suppliers are based on loyalty, impartiality and respect of equal opportunities of all parties concerned.
The Group requires its suppliers to sign the Group's general terms and conditions of supply, which include the "Code of Ethics and Business Conduct". In India, until 2022, the general conditions of supply did not refer to the Code of Ethics, but to an explicit commitment to comply with environmental, pollution, health and safety laws and respect for workers' rights. As of December 2022, the Code of Ethics is an integral part of the General Terms and Conditions of Supply in India.

Supply verification/audits

The quality of Piaggio products also depends on the quality of its supplies. The Piaggio Group is very much involved in scouting and audits, in order to select new suppliers, constantly monitor quality levels and approve processes for the development of new components. Piaggio's auditors carry out these activities through scheduled supplier audits.
New suppliers only become part of Piaggio's "base" after a detailed and positive assessment of their production processes, the products that derive from them and certification of the functions, dimensions and materials described in the project specifications.
Audits, which are requested by the Purchasing Department, evaluate a potential supplier's quality system and capacity to develop the product in question.
Suppliers successfully evaluated and included as qualified suppliers may also be subject to process audits in the event of:
- the development of new products;
- the resolution of problems identified during mass production;
- problems reported during the vehicle warranty period.

Audits for new products are scheduled to evaluate the supplier's capacity to manage the processes necessary to manufacture the new product and provide tecóical support in defining and controlling these processes as and when deemed necessary or as requested.
Audits for consolidated products are performed to solve specific problems identified during production, verify the supplier's capacity to control processes involved in product manufacturing and periodically monitor improvement in services in terms of output/complaints[64], to resolve problems identified under warranty and, finally, to verify the effectiveness of corrective actions taken by suppliers to prevent these problems reoccurring.

In line with the Group's guidelines, every year the Purchasing Unit seeks to improve the procurement process by promoting the tecóical skills of buyers and focusing on the management of the various goods categories.

Over the last few years, Piaggio Group Management has started a process of common development with its suppliers by setting up a specific department called "Vendor Assessment" as well as assigning the "Finance" Function to define and monitor activities of possible risks areas involving financial and corporate issues, guaranteeing the complete independence between corporate areas involved in the procurement processes, as well as meeting the needs of all stakeholders.

Corporate Finance Area

Responsibility for activities relating to the monitoring of the financial and corporate reliability of Strategic Suppliers rests with the Finance Area.

In 2022, Piaggio & C. SpA Supplier analysis and monitoring continued, as did the mapping of controlling partners/shareholders (identified as "Beneficial Owners") of strategic partners. Furthermore, on the subject of compliance, controls of any politically exposed persons and/or subjects included on anti-terrorist lists (or in any case on lists of possible offences that could harm the company's reputation) among Suppliers continued, in order to mitigate "reputation risk". All possible corporate and financial variations that may affect perceived risk are presented to a Suppliers' Committee (comprising the Purchasing Manager, the Manager of 3/4W Product

64. Returns, reprocessed, selected, material accepted as an exception.

Development, the Manager of 2W R&D, the Manager of Administration, the Finance Manager and the Chief Financial Officer) during periodic meetings in order to identify possible corrective and improvement actions, whenever critical issues are identified. The supply chain was also monitored in terms of financial sustainability following COVID-19 and critical aspects related to higher energy costs.
In 2020, a new company procedure was published to assess Suppliers, in terms of their being legal entities and members of groups, identifying possible risks in the control chain.
The Financial Assessment of Aprilia Racing Strategic Suppliers continued in 2022, along with an analysis of the financial and corporate reliability of the main Sponsor Companies of the Team, including the monitoring of possible reputation risk.

Vendor Assessment

With the strategic objective of creating a network of lasting and mutually satisfactory partnerships with highly qualified associates, the Vendor Assessment function, in addition to managing the Supplier Qualification Process, assesses supplier performance through Vendor Rating campaigns.
Supplier relations are defined by specific company processes comprising two fundamental stages: new supplier qualification and periodic supplier monitoring.
New supplier qualification is an interfunctional process based on specific standards that lead to a potential supplier being included in the Supplier List, for its chosen goods' category; after an initial documentary evaluation stage, a multidisciplinary, supplier qualification team is involved, with specific positions giving a tecóical, economic/financial and corporate rating on goods' categories.

Periodic supplier assessment is conducted at the Italian, Indian and Vietnamese plants through six-monthly Vendor Rating campaigns, in which supplies relating to the period are examined, based on the quality of the product supplied, tecóical/scientific collaboration, and compliance with delivery plans. Over 1,000 suppliers are involved, representing nearly all supplies. This provides a reference framework for procurement strategies and actions concerning suppliers.
The process involves:
- assignment of a Vendor Rating Index, which measures the performance of the vendor using a weighted average of the assessments made by corporate functions (for direct materials, the relevant functions are R&D, Quality, Manufacturing and Spare Parts);
- assignment of a Criticality Rating that takes into account the Quality function's assessment, to decide whether a supplier is "critical" for the purposes of granting them new supply agreements.

Supplier Portal

To ensure the effective and efficient management of supplier relationships, the Supplier Portal, based on the SRM-SAP system, is available in Italy, India and Vietnam.
The "SRM – Suppliers Portal" system is a computer tool to exchange information and documents on purchasing materials, components, equipment and services in real time between all company functions and suppliers, so as to guarantee the proper and transparent management of all purchasing process stages: purchase requests to purchase orders, price lists and supply programmes, incoming goods, invoices and information on payments.
In particular, the Portal ensures the achievement of the following objectives:
- greater collaboration with suppliers, through self-service, document and information sharing tools;
- greater efficiency of purchasing processes, through the implementation of automated tools, and greater compliance with purchasing procedures;
- minimisation of manual activities;
- quality and accuracy of information;
- reducing business processes and communication times;
- low use of paper (including through the use of the digital signature);
- reducing billing anomalies;
- visibility of the entire authorisation process, from purchase requests to orders.

Meeting customer requirements

The Group's vehicles are sold in over 100 nations. Piaggio has its own sales network on main European markets, in America, India and Asia Pacific, while it operates through importers in other areas of EMEA and Africa.
Dealers and their staff represent the main communication channel for managing customers and for conveying the corporate image, assisted by the activities of the Group's Customer Service department. Product quality and the services provided to the customer in general are the company's top priorities.
Our customers are the testimonials of the quality of our vehicles and together with our brands and know how, are the cornerstones of our business.
Piaggio markets its vehicles mainly by participating in the MotoGP Championships and other competitions, by taking part in industry trade fairs worldwide, and organising test rides and events/rallies promoting the Group's various brands.

To continually improve the quality of its vehicles and perceived comfort, Piaggio has put in place a product development process that is detailed, precise, robust and binding, an outgoing quality audit process that is customer-driven and an effective product and constantly monitors data from the service network on customer issues.
The Group also has dedicated functions, which test the reliability and safety of all products that are new and already on the market, from initial design to marketing. Tests are not limited to laboratory testing, but also to dynamic road testing based on different purposing profiles, based on the actual use of vehicles by customers.
Reports of product quality problems from the Market/Customers should be channelled to Tecóical Support, which will immediately inform the Product Development Department and, if necessary, Legal and Corporate Affairs.

The Product Development Department will carry out and coordinate a preliminary analysis and, if the reported quality problem raises concrete and relevant risks, will immediately convene the Committee to identify a timely action plan.

In other cases, quality problems that prove to be well-founded will be investigated and presented at the monthly Committee meeting.

To ensure the sales network carries out maintenance work in a safe environment, Piaggio publishes on the portal dedicated to dealers and in individual manuals (one per model), along with the tecóical instructions for carrying out maintenance operations, the general rules of conduct which service network staff must observe during maintenance work.

Quality systems certification

Achieving and maintaining quality management system certification at global level (ISO 9001:2015) is part of the company's shared culture and belongs to all Group employees. The results obtained in terms of product reliability, improving process performance, increasing customer satisfaction (internal and external customers) stem from the fact that all employees pursue quality, customer focus, continual improvement and excellence as part of their everyday activities.

Determination and distribution of the economic value generated

Economic value generated represents the wealth produced by Piaggio which, net of the value retained by the Group, is distributed to the various stakeholders in various forms.
The distributed economic value is distributed among the different stakeholders as follows: remuneration to suppliers (reclassified operating costs), remuneration to human resources (direct remuneration comprising salaries, wages and termination benefits and indirect remuneration comprising social security contributions), remuneration to lenders (borrowing costs), remuneration to shareholders (dividends distributed), remuneration to the Public Administration sector (total taxes paid), external donations and donations to the community. The value retained by the Group is represented by profits retained as reserves and non-monetary items (depreciation, amortisation, write-downs, provisions and deferred taxes).

DETERMINATION OF THE ECONOMIC VALUE GENERATED AND DISTRIBUTED

IN THOUSANDS OF EUROS	2022	2021
Economic value generated by the Group	**2,337,040**	**1,909,899**
Remuneration to suppliers	1,775,095	1,421,291
Staff remuneration	264,614	238,721
Remuneration to lenders	26,725	24,897
Shareholder remuneration	53,403	39,639
Remuneration to the Public Administration sector	43,615	40,343
Communities	1,562	1,768
Economic value distributed by the Group	**2,165,014**	**1,766,659**
Economic value retained by the Group	**172,026**	**143,240**

ECONOMIC VALUE DISTRIBUTED BY THE GROUP - 2022

- Remuneration to suppliers
- Remuneration to human resources
- Remuneration to lenders
- Shareholders remuneration
- Remuneration to the Public Administration sector
- Community

The economic value distributed by Piaggio in 2022 amounted to approximately €2,165,014 thousand, or 93% of the economic value generated. Most of this amount refers to the remuneration of suppliers (82.0%), followed by remuneration to human resources (12.2%), shareholders (2.5%) and the Public Administration sector (2.0%), lenders (1.2%) and the community (0.1%). Compared to 2021, the Economic value distributed increased by 23%.

Public grants and tax benefits

In 2022, the Piaggio Group benefited from government aid and public funding amounting to a total of €9,618 thousand.
Piaggio & C. obtained research grants, totalling €272 thousand, for research projects. The contents and results of these are commented on in the chapter on the product dimension, as well as funding for training equal to €165 thousand.
Piaggio Vehicles Private Limited (India) obtained a grant for exports, the amount of which (€1,469 thousand) was calculated as a percentage of the FOB value of the exports.

GRANTS RECEIVED (COLLECTED)[65]

IN THOUSANDS OF EUROS	2022	2021
Grants	272	70
Export grants	1,469	1,351
Total	**1,741**	**1,421**

65. Values in currencies other than the Euro have been translated using the annual average exchange rate.

Tax benefits of Euro €7,877 thousand, on the other hand, were obtained by Piaggio & C. S.p.A., Aprilia Racing S.r.l. and Piaggio France S.A.S.

In particular:
- Piaggio & C. accrued tax credits during the 2022 financial year to partially offset the higher charges incurred during the same year for the purchase of electricity and natural gas, as introduced by Decree Law 4 of 27 January 2022 and subsequently confirmed for the entire financial year by numerous legislative measures, most recently by Decree Law 176 of 18 November 2022, for a total amount of €3,239 thousand. In addition, it accrued a tax credit for investments made during the 2020 financial year in capital goods 4.0 pursuant to Article 1 of Law 160 of 27 December 2019, for €1,286 thousand, and a credit for investments in research and development activities made during the 2021 financial year, pursuant to Law 160 of 27 December 2019, as amended, for a total of €2,687 thousand;
- Aprilia Racing obtained the recognition of a tax credit for investments in research and development activities carried out during the 2021 financial year, pursuant to Law 160 of 27 December 2019 as amended, for a total amount of €602 thousand and a tax credit for investments in capital goods pursuant to Article 1 of Law 178 of 30 December 2020, amounting to €44 thousand;
- Piaggio France benefited from a tax credit of €19 thousand. This credit is equal to 50% the expenditure incurred in financing the creation and management of a nursery or other forms of childcare for the children of company employees under 3 years of age.

TAX RELIEF

	2022	2021
IN THOUSANDS OF EUROS		
Tax credit		
Piaggio & C.	7,212	2,429
Aprilia Racing	646	411
Piaggio France	19	24
Total	**7,877**	**2,864**

Finally, during 2022 the Group did not receive new loans at a subsidised rate.

Taxes

The Piaggio Group operates in many countries through its subsidiaries, with production, distribution, sales and research and development functions.

Approach to taxation

All Group companies operate mainly in the country and market in which they are located, paying taxes on profits generated there, on the income of employees directly employed in these activities, as well as consumption taxes and other local taxes imposed by the various regulations in force.
Subsidiaries are not located in countries that are "non-cooperative" for tax purposes or in countries considered by Italian tax law to have a so-called privileged tax status, unless this is required by unavoidable industrial or commercial needs. Where this is the case, the Parent Company adopts and complies with the tax regime envisaged by Italian legislation on "Controlled Foreign Companies" (i.e. the so-called CFC rules).
The Group adopts an approach based on principles of rigour, prudence and correctness in its financial decisions and rejects the use of "aggressive tax planning" schemes through the creation of artificial corporate structures aimed at evading its tax obligations and obtaining undue tax advantages.
All tax incentives and benefits are used in full compliance with the rationale that drives individual countries to adopt them and in any case according to a transparent approach. The tax variable is used exclusively to support industrial and commercial plans and objectives and is never the main or prevailing cause.
In order to eliminate or contain economic and legal double taxation, the Group, where permitted, applies the "International Conventions against double taxation on income and capital and for the prevention of tax evasion and avoidance" as interpreted by the OECD.
Intra-group transactions are settled based on the arm's length principle, as interpreted by the OECD in its guidelines (i.e. the "Transfer Pricing Guidelines"). In this regard, the Group also adopts instruments aimed at avoiding or reducing the risk of disputes with the tax authorities and any tax disputes, such as so-called APA - "Advance Pricing Agreements".
Finally, it should be noted that the Parent Company fulfils all the documentary requirements necessary for the disapplication of penalties for misstatement pursuant to Article 1, paragraph 2 of Legislative Decree 471/1997, in the event of adjustment of the normal value of transfer prices charged as part of transactions pursuant to Article 110, paragraph 7 of the Consolidated Income Tax Act, by preparing the so-called "Masterfile", which contains information about the multinational group and its overall transfer pricing policy, and the "country file", which contains more specific information about the Parent Company, pursuant to Article 26 of Decree Law 78/2010, converted, with amendments, into Law 122/2010.

Tax governance and risk management

In recognition of the importance that tax policy has for the individual countries in which it operates and of the potential economic and reputational risks associated with incorrect management of taxation, the Group has set up a specific tax department at the Parent Company which, under the supervision of the Board of Directors, operates as an effective control point for identifying, managing and containing the risks of violation or abuse of tax regulations, which is also responsible for support, direction and strategic coordination of subsidiaries.
Since 2014, the Parent Company has set up an optional system for identifying, monitoring and mitigating tax risk, known as the "Tax Control Framework" which has made it possible to:
1. map the areas of activity considered most critical;
2. create and share appropriate procedures and instructions with a clear assignment of roles and responsibilities within the overall system of internal controls;
3. carry out analysis, information and training activities on the contents of the Tax Control Framework for the main corporate functions;
4. and, finally, adopt a monitoring and updating system aimed at ensuring the effective implementation of the Tax Risk Management System through periodic internal and external audits of the operation of the Tax Control Framework.

This has promoted a process of centralisation for the Tax Entity and a greater comparison between said and all main corporate bodies. The current organisation is more likely to guarantee the identification of the most relevant tax risks, an the assessment of the consequences and the adoption of necessary solutions or corrective tools. All of this also helps to ensure correct performance of all tax compliance activities and the settlement of taxes due, reducing the risk of formal and/or substantial violations.

For its analyses and activities, the Group also avails of leading professional firms or, if necessary and permitted, it consults the competent Tax Authorities in advance.

Stakeholder engagement

Relations with the Financial Authorities are based on transparency, good faith and honest cooperation, to enable continuous dialogue and, if possible, preventive engagement with all the relevant institutions.

Reporting

Piaggio recognises the social role of tax issues and the importance they play in promoting sustainable development.
To ensure full transparency and in compliance with GRI Standard 207-Tax, the following is a breakdown of consolidated data required by the above standard by tax jurisdiction.

As required by GRI Disclosure 207-4, since all necessary information referring to the most recent consolidated financial statements was not available for the purposes of this report, the information in this section refers to the year ended 31 December 2021, as this period refers to the consolidated financial statements immediately preceding the most recent consolidated financial statements.

The following should be noted:
- the data presented refer to the 2021 financial year;
- the workforce is that indicated at 31 December 2021;
- revenues from third parties also include other revenues;
- revenues from the Group exclude those between companies operating in the same tax jurisdiction;
- pre-tax profit (loss) and property, plant and equipment are presented on an aggregate basis, without taking into account eliminations on consolidation;
- Pre-tax Profit (Loss) includes income from investments related to other Group entities;
- regarding any differences between the income tax accrued on profits and the tax due (GRI 207-4-b-x), please refer to Note 14 of the Consolidated Financial Statements as of 31 December 2022 of the Piaggio Group. It should also be noted that both the income taxes accrued and those paid on a cash basis in various countries are affected by the significant presence of dividends received from Group entities, which are included in the pre-tax profit (loss). As is the case in most countries, these jurisdictions also have exemption tax regimes for dividends, as they are the expression of a profit already taxed from the investee company.

2021

COUNTRY	NAME	ACTIVITIES	NO. OF EMPLOYEES	REVENUES FROM THIRD PARTIES	REVENUES FROM THE GROUP	PROFIT BEFORE TAX	PROPERTY, PLANT AND EQUIPMENT	TAXES PAID	ACCRUED TAXES
IN MILLIONS OF EUROS									
Italy	Piaggio & C. S.p.A.	Production and sale of vehicles							
	Aprilia Racing S.r.l.	Research and development							
	Piaggio Concept Store Mantova S.r.l.	Commercial distributor							
	Total Italy		**3,026**	**1,110**	**184**	**74**	**182**	**11**	**23**
Croatia	**Piaggio Hrvatska Doo**	Commercial distributor	**9**	**4**	**0**	**0**	**0**	**0**	**0**
France	**Piaggio France SAS**	Selling agency	**42**	**0**	**7**	**1**	**0**	**3**	**0**
Germany	**Piaggio Deutschland GMBH**	Selling agency	**31**	**0**	**4**	**1**	**0**	**0**	**0**
Greece	**Piaggio Hellas S.A.**	Commercial distributor	**19**	**34**	**0**	**1**	**1**	**0**	**0**
Holland	**Piaggio Vespa B.V.**	Holding company and selling agency	**18**	**0**	**4**	**32**	**0**	**0**	**0**
Spain	Piaggio Espana S.L.	Selling agency							
	Nacional Motor S.A.	Inactive							
	Total Spain		**31**	**0**	**4**	**1**	**0**	**0**	**0**
UK	**Piaggio Limited**	Selling agency	**16**	**0**	**2**	**0**	**0**	**0**	**0**
USA	Piaggio Group Americas Inc.	Commercial distributor							
	Piaggio Advanced Design Center Corp.	Research and development							
	Piaggio Fast Forward Inc.	Research and development							
	Total USA		**103**	**94**	**3**	**(10)**	**2**	**0**	**0**
India	**Piaggio Vehicles Pvt Ltd**	Production and sale of vehicles	**1,328**	**242**	**27**	**(5)**	**64**	**0**	**0**
Vietnam	**Piaggio Vietnam Co. Ltd.**	Production and sale of vehicles	**940**	**187**	**201**	**62**	**31**	**12**	**13**
Indonesia	**Pt. Piaggio Indonesia**	Selling agency	**36**	**58**	**0**	**1**	**5**	**0**	**1**
Singapore	**Piaggio Asia Pacific Ltd**	Selling agency	**14**	**0**	**3**	**1**	**0**	**0**	**0**
Japan	**Piaggio Group Japan**	Selling agency	**10**	**11**	**0**	**0**	**0**	**0**	**0**
China	Piaggio China Co Ltd.	Holding							
	Foshan Piaggio Vehicles Tech.Dev. Co.Ltd.	Research and development							
	Total China		**79**	**80**	**4**	**5**	**0**	**1**	**1**
Brazil	AWS do Brasil	Inactive							
	Aprilia Brasil	Inactive							
	Total Brazil								
	Grand total				**444**	**164**	**286**		**40**
	Consolidation entries				(443)	(70)	(3)		0
	Total consolidated		**5,702**	**1,820**	**1**	**94**	**283**	**28**	**40**

Supporting local communities

FONDAZIONE PIAGGIO[66]

After two years severely affected by the COVID-19 pandemic, all the scientific, historical and cultural activities that have always characterised the Piaggio Foundation resumed at their normal pace in 2022. All events were held in attendance in our Auditorium or in our halls, with a reduced capacity, and, during the summer, were hosted outdoors, on the stage set up in Piazzale Corradino D'Ascanio. The main exhibitions were mainly dedicated to the environment and the link between the Vespa and art.
The musical events organised and hosted as part of the Pontedera Music Festival were also particularly important in 2022, with over 30 concerts featuring internationally renowned artists. The autumn also saw the organisation and hosting of the Vespa Chi Legge literary festival, which featured important names from the contemporary Italian literary scene.
The Piaggio Museum has also been the venue for numerous events focussed on the themes of science, history and customs. These include the Mille Miglia race, the world launch of the Lego Vespa and the National Police Rally.
In 2022, study activities and historical and documentary support for Piaggio activities and the projects of authorised third parties (Universities, scholars, Publishers etc.) continued.

PIAGGIO MUSEUM

Starting in March, the Piaggio Museum reopened its doors to the public, from Tuesday to Saturday and on the first and fourth Sunday of each month, as it did before the pandemic. As a precautionary measure, however, the system of visits by appointment only was confirmed, at fixed time slots and with the number of visitors that was gradually increased over the course of the year. Guided tours and all educational and social activities also resumed. In-person visits were complemented by virtual tours, that allowed fans from all over the world to immerse themselves in our exhibition halls and admire our temporary exhibitions.
The resumption of activities led to around 45,000 visitors coming to the museum during the year, in addition to around 12,000 virtual visits. Some 3,000 people attended outdoor events again this year. These figures must be considered satisfactory, in view of activities only starting in March, the slow recovery of tourist flows from Asian countries, the limitations we placed on the number of visitors and the caution with which school visits and organised tours resumed.
The museum exhibition rooms have been further improved and the collections on display have been added to, with new and valuable Vespa models being showcased.

PIAGGIO HISTORICAL ARCHIVE

During 2022, the Piaggio Historical Archive made an important contribution to the company's communication activities, especially for the editorial activities of Vespa Magazine, with it continuously providing inspiration for themes and support in iconographic research. The same inspiration has provided the Vespa brand with new advertising campaigns. Traditional support for licensing took the form of iconographic research to support the Lego Creator Vespa project (and its launch at the Piaggio Museum), as well as tecóical consultancy for the creation of scale models and ride-ons for children.
As part of the activities of the Piaggio Museum and Foundation, the archive has spent time on the conception, iconographic research and drafting of texts for the "Vespa sounds cool" exhibition, which will be discussed in more detail, and its "virtual" version. As for Moto Guzzi's documentary heritage, the work of digitising and indexing the archive material collected from Mandello in October 2020 (in particular the photographic material on racing, factories, events and rallies, military and product supplies, communication material, press clippings and a selection of tecóical documentation, as well as brochures and magazines of a historical nature) was transferred to the dedicated digital portal - developed by Promemoria Group - after careful, extensive filing work (almost 2000 files for a total of more than 4800 published media items). At the same time, digitisation and filing work continued on the digital portal of the Piaggio Historical Archive (almost 1500 files for more than 2000 published media items). The Aprilia portal is also being developed, with the first 500 files.
The Archive also provided research support - in-person and remotely - for students, scholars and journalists in their work to write term papers, dissertations and publications. It contributed with its own iconographic and documentary material to the exhibition (and catalogue) "Donne in equilibrio 1955-1965" [Women in balance 1955-1965] (Florence, Museo Salvatore Ferragamo, 20 May 2022-18 April 2023). Finally, images from the Moto Guzzi archive were added to the permanent "Made in Polimi" exhibition space at Milan Polytecóic.

66. Information on the Piaggio Foundation, which is not included in the scope of consolidation of the Group, refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation.

CULTURAL PROJECT

The Piaggio Foundation's Cultural Project was again a great success in 2022, making an important contribution to bringing the public back to the Museum and attracting many new visitors, also thanks to the new features in the programme.

EVENTS AND CONFERENCES ORGANISED AT THE MUSEUM

Year 2022

18	53	23
Organised by the Fondazione Piaggio	Organised in cooperation with Third Parties	Organised by Third Parties

SOCIAL MEDIA

Even though in-person visits at the Museum resumed after its long, forced closure (and the subsequent restriction of visitor numbers), with considerable peaks in the summer period, the new use of social and virtual visits has become customary and has in any case become a part of the daily routines of the Museum's fans. So the virtual tour continued to be an alternative and complementary way to follow the Museum's activities.
As mentioned before, virtual visits to the Museum's permanent collections and temporary exhibitions totalled about 12,000 in the year.
A social editorial programme (PED) shared with relevant Piaggio functions (Brand and Digital) was also defined during 2022, to ensure consistency with the corporate communication plan. The Museum's social programming - which includes news about cultural events, posts dedicated to iconic archive images, and information about the permanent collection - pays special attention to the publication of content created to promote current exhibitions.
In particular, the column dedicated to the flagship exhibition #VespaSoundsCool, from 23 April to 8 September 2022, with 10 posts, reached out to 40,188 people, with a total of 1,116 reactions, comments and shares.
The PED dedicated to the Lego Vespa was a particular success story: with four posts on Facebook and four on Instagram, a total coverage of 108,270 was reached with a maximum of 1,115 likes for the last post on 14 August 2022.
Greater alignment with the corporate communication plan and improved synergy with Piaggio's Brand and Digital functions led to 1,076 more likes for the Museum's Facebook page, with followers going up from 29,728 to 30,804, and from 5,205 to 6,756 for the Instagram page.
On the Facebook page, a total of 115 posts were made during 2022, of which 32 about the images archive, 22 about theme-related features, 31 about events and 30 about news and images from the Museum's collection.
On the Instagram page, 70 posts were published during the year, under regular features and stock images.

Vespa World Club

In 2006, on the initiative of the Piaggio Group and the Piaggio Foundation, the Vespa World Club, a non-profit association, was founded; this organisation is a way for Piaggio to directly follow the management of Vespa Clubs in order to preserve the fleet of vintage Vespas still in circulation, to support collectors in researching and restoring these vintage vehicles and to continue to organise tourist rallies and exciting races in Europe and around the world, guaranteeing Vespa fans a high quality event.
The Vespa World Club has the following mission:
- promote initiatives and coordinate social, tourist, sports and competitive events;
- establishes bodies which represent National Vespa Clubs in dealings with all national and international organisations;
- hold trophy events, rallies, competitions, shows, exhibitions, congresses, conferences and meetings;

- deal with and act in the interests of members;
- promotes and provides training on road safety and awareness;
- promote studies and historical research work on relations between Vespa and the community;
- provide a channel for the Company to reach fans.

In 2022, the number of official Vespa Clubs in Italy had reached 600, with over 85,000 members, despite the curbs of the pandemic. Worldwide, the number of Vespa fans exceeds 110,000.
Among the events organised during the year just ended, the most significant include:

- Vespa Days, Pontedera 23-24 April. Celebrating the Birthday of the Vespa born in 1946. A thousand Vespa fans invaded the small Tuscan town during the two-day event celebrating the Vespa (International Gathering);
- Vespa World Days Bali, 9-12 June. A Vespa World Event with 37,700 Vespa fans from 17 countries;
- European Vespa Days, Guimaraes Portugal 30 June - 3 July. During the important Portuguese stage, attended by 6.800 Vespa fans representing 30 nations, the Ordinary General Meeting of Vespa Clubs was held, chaired by the newly elected president Mauro Calestrini of Vespa Club Italia;
- Vespa Trophy: the European Vespa Days event was complemented by the famous touring trophy for all event participants. A fun game, with the Piaggio Network as the check point on the road and Vespa fans as competitors battling it out to take home the coveted trophy. VC Verona was victorious for the third time in twelve years, proving it can tirelessly burn up the kilometres with all its members;
- Vespa in the World, 12 November at the San Rocco Auditorium in Carpi (Modena). A conference promoted by the Vespa World Club with the participation, as host, of the President Mauro Calestrini and guests Roberto Leardi, President of Vespa Club d'Italia, Lorenzo Boscarelli (AISA) and Luigi Frisinghelli, Curator of the Vespa Historical Register.

Moto Guzzi World Club

The Moto Guzzi World Club was established in 2002 with a view to:
- promoting interest, awareness and the historic value of the Moto Guzzi brand and motorcycles;
- creating and developing bonds between the owners of Moto Guzzi motorcycles;
- organising events, meeting, conferences and competitions;
- promoting national and international motorcycle tourism and rediscovering and promoting local touring opportunities thanks to club activities and the exchange of information between members;
- creating and developing ties with non-profit organisations and other charities and sports and non-sports associations with a social, humanitarian or environmental mission, etc., which can benefit from the initiatives promoted by the Club in the motorcycling world and other sectors;
- promoting relations with the parent company and coordinating its own activities and those of its members with the work of other national and international brand-related clubs.

Today, after 20 years of activity, and in addition to its direct members and 82 recognised clubs in Italy, the Moto Guzzi World Club also boasts:
- 6 clubs recognised in America, Asia and Australia, representing approximately 7,500 members;
- 20 clubs recognised in Europe, representing approximately 5,000 members.

After activities were forced stop to stop because of the pandemic emergency, the "Mondo Moto Guzzi" rally was organised once again (May/Genoa), and on 17 December, in Leuca (Lecce), the General Assembly was held to re-appoint the Executive Board, where the Piaggio Group is represented by 4 members.

Moto Guzzi Fast Endurance Trophy

The fourth Moto Guzzi Fast Endurance Trophy took place from May to October 2022.
The event, organised by FMI, was dedicated to the Moto Guzzi V7 III (750cc and 850cc), fitted out with a special kit created by Guareschi Moto, the long-established dealer considered a specialist in fitting out racing vehicles. The kit featured the windshield, side number plates, handlebar halves, raised floorboards, front mudguard, underpan, front suspensions, rear suspensions, control unit, brake pads and single seat.

The event had 6 races held at Italy's main motorcycle racing circuits, held over 4 separate weekends.
Teams of two riders compete, taking turns at the wheel every 15 minutes, with the duration of the races ranging from 60 to 90 minutes depending on the circuit.
36 teams were involved, from Italy, France and Spain.

Charity and sponsorship activities

The Piaggio Group consists of 23 companies, 19 of which are operational. The latter are located in 15 countries. In four of these countries, the Group launched charity projects for approximately €1.6 million in 2022.

The percentage of involvement of local communities is calculated as follows: 4 / 15 = 26.7%.

The funded projects are analysed below.

In 2022, the partnership between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued, which, thanks to the help of partners and supporters, has allocated more than USD 700 million to the fight against AIDS and COVID-19. (RED) aid to the Global Fund has impacted more than 220 million lives through prevention, treatment, counselling, HIV testing and support services. Since the beginning of its collaboration with (RED), Piaggio has donated $1.7 million.
This year the partnership has been extended with the introduction of the new model (VESPA ELETTRICA)^{RED} which will be marketed from Spring 2022.

The Piaggio Group's interest in research and progress in the health sector led it to donate €250,000 to the IEO CCM Foundation (European Institute of Oncology).
In the field of international cooperation, €40,000 was also donated to ISPI (Institute for International Political Studies) and €10,000 to AIICP (Italy-India Association for Cooperation between the two countries), as well as €3,000 to IJBG (the Italy-Japan Association).

A Piaggio 1 was donated to the Mantova Oncological Institute, a Vespa JB to support the San Patrignano Community through an auction organised by Charity Stars, a Vespa JB to the Laureus Italia Onlus Foundation, a My Moover to the social promotion association Il Sogno di Tommi.

Lastly, for some years now, for the end of year festive season, the Piaggio Group, together with the entire Immsi Group, has been fostering educational and rehabilitative activities for disabled children affected by brain damage by making a donation to the "Casa del Sole Onlus" association, in the name of all the employees of the Immsi and Piaggio Groups. This year the Piaggio Group contributed €20,000. In forty years of activities, the non-profit-making organisation Casa del Sole Onlus has assisted over five thousand children affected by brain damage and been a valuable source of help for their families.

The Indian and Vietnamese subsidiaries have also been active in the social field, supporting and promoting charitable initiatives, despite the impossibility of organising events due to the pandemic.
In particular, Piaggio Vietnam organised charity activities for children in schools, hospitals and orphanages, and distributed 100 gift kits to the most needy in Vinh Phuc Province on the occasion of the Tet holiday.

Particular mention should go to the Indian subsidiary.

The Company Act of 2013 enacted by the Government of India in 2013 stipulated that large companies operating in India must spend in each financial year, at least two percent of the average net profits of the last three years, in accordance with the Company's Corporate Social Responsibility Policy and favouring local areas adjacent to the production site. Schedule VII of the Companies Act 2013 lists the CSR activities that can be undertaken by companies in compliance with the Company's Corporate Social Responsibility Policy: (i) eradicating hunger and extreme poverty; (ii) promoting training; (iii) promoting gender equality and women's empowerment; (iv) reducing infant mortality and improving maternal health; (v) combating HIV, malaria and other diseases; (vi) ensuring environmental sustainability; (vii) promoting employment and the improvement of professional skills; (viii) social entrepreneurial projects; (ix) contribution to the Prime

Minister's National Relief Fund or any other fund created by central government or local governments for socio-economic development. Piaggio Vehicles Private Limited (PVPL) has focused its commitment on social projects generally in the areas of water and sanitation, education, women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the plant.

The following projects were developed by the Indian subsidiary during 2022:

Community Empowerment. Making the "Invisible" visible

As a result of the pandemic, in many Indian cities the situation of extremely vulnerable, street children has worsened. PVPL has worked to dignify these children through a project that aims to give them a legal identity so that they can more easily access their legitimate benefits and rights, particularly through the variety of government programmes. Furthermore, students are expected to have the opportunity to develop the right skills, but also to live responsibly as citizens of society. The project involved around 8.000 children.

Feeding kits for tuberculosis patients

PVPL encourages meeting the Indian government's requirement to contribute to the needs of tuberculosis patients. So the organisation supports the cause with 150 food kits that include 3kg of wheat flour, 1kg of peanut oil, 1kg of mung beans and 500g of peanuts.

Scholarships for children of 3-wheeler taxi drivers

A scholarship programme was launched to support the children of 3-wheeler taxi drivers who are studying for a diploma, bachelor's degree or at upper secondary school. The market demands more tecóically qualified workers and through this scholarship programme, PVPL is offering young people the chance to acquire the skills to find a job and support their families.
Thanks to the project, 549 students received a scholarship to continue their higher education after school.
Only 25% of students opt for higher education. Studies have shown that 57% of students drop out of education because they cannot afford it.

Menstrual hygiene management

A report by the NGO Dasra, published in 2019, pointed out that 23 million girls drop out of school each year due to a lack of proper facilities for menstrual hygiene management. Millions of girls in India are absent from school due to cycle stigma and lack of sanitation. In line with this, PVPL has adopted school girls from Zilla Parishad and provided them with free sanitary towels for one year, to reduce the gradual drop-out rate of female students from the education system.


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TABLE OF CORRESPONDENCE LEGISLATIVE DECREE NO. 254/2016 AND MATERIAL TOPICS – GRI STANDARDS

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
ENVIRONMENT	Innovation of product and sustainable mobility	Risk related to an inadequate level of innovation that could result in reduced recyclability/ recoverability of end-of-life vehicles and the production of vehicles with obsolete engines	Practised policy of tecóological leadership in the sector and substantial investment in R&D activities	GRI 3-3 (2021): Management of material topics	Materiality analysis Research, Development and Innovation Guidelines The Environmental Dimension
				GRI 305-3 (2016): Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants
	Climate change	Risk of environmental damage attributable to the direct responsibility of the Group and indirectly through the supply chain	Environmental policy - for a description of the policies practised see the chapter The Environmental Dimension - ISO 14001 Suppliers sign the Code of Ethics or general terms and conditions of supply	GRI 3-3 (2021): Management of material topics	Materiality analysis The Environmental Dimension - Emissions of CO_2 and other pollutants - Energy consumption
				GRI 302-1 (2016): Energy consumption within the organisation	The Environmental Dimension - Emissions of CO_2 and other pollutants
				GRI 305-1 (2016): Direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants
				GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants
				GRI 305-3 (2016):Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants
				GRI 305-4 (2016): GHG emissions intensity	The Environmental Dimension - Emissions of CO_2 and other pollutants
				GRI 305-7 (2016): Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants
	Waste handling	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental Policy - for a description of the policies practised see the chapter The Environmental Dimension - ISO 14001	GRI 3-3 (2021): Management of material topics	Materiality analysis The Environmental Dimension - Waste handling and recovering
				GRI 306-1 (2020): Waste generation and significant waste related impacts	The Environmental Dimension - Certifications - Waste handling and recovering Materiality analysis
				GRI 306-2 (2020): Management of significant waste related impacts	The Environmental Dimension - Waste handling and recovering
				GRI 306-3 (2020): Waste generated	The Environmental Dimension - Waste handling and recovering

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
ENVIRONMENT	Conserving water resources	Risk of environmental damage attributable to the Group's responsibility with potential impact on the surrounding community due to uncontrolled use of the resource	Environmental Policy - for a description of the policies practised see the chapter The Environmental Dimension - ISO 14001	GRI 3-3 (2021): Management of material topics	Materiality analysis The Environmental Dimension - Conserving water resources
				GRI 303-1 (2018): Interactions with water as a shared resource	The Environmental Dimension - Conserving water resources
				GRI 303-2 (2018): Management of water discharge-related impacts	
				GRI 303-3 (2018): Water withdrawal	
				GRI 303-4 (2018): Water discharge	
				GRI 303-5 (2018): Water consumption	
SOCIAL	Product safety and reliability	Risk associated with (real or presumed) product defects due to errors/ omissions attributable to supplier activity, the product development phase, the production/assembly phase and the quality control phase	Policy adopted to produce vehicles that guarantee a high level of active, passive and preventive safety. The adoption of this policy is demonstrated by the Group's commitment to maintaining certification of its quality management systems (ISO 9001)	GRI 3-3 (2021): Management of material topics	Materiality analysis Research, Development and Innovation Guidelines
				GRI 416-1 (2016): Assessment of the health and safety impacts of product and service categories	Research, Development and Innovation Guidelines
	Customer Satisfaction	Service quality level not in line with customer requirements and expectations	Quality audits, market analysis, focus groups, concept and product tests, investments in research and development activities Sales and service network control activities Widespread diffusion of the network	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability governance
				GRI 417-3 (2016): Incidents of non-compliance concerning marketing communications	Sustainability governance - The system for responsible business management

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
SOCIAL	Supporting on local communities	Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values (e.g. partnerships with non-profit/non-government, volunteer associations, etc.)	Policies adopted to establish roots in the area and increase value for the community. The Fondazione Piaggio is an example of the Group's focus on the community	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension
				GRI 413-1 (2016): Operations with local community engagement, impact assessment, and development programs	The Social Dimension - Supporting Local Communities, Charity activities and sponsorships
	Creation of economic value	Risk of possible inadequacy of corporate strategies and possible insolvency with suppliers and lenders and/or unsatisfactory shareholder remuneration due to failure to achieve set growth targets	Externally audited mandatory financial information Group management is subject to an ongoing skills training programme	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension
				GRI 201-1 (2016): Direct economic value generated and distributed	The European Taxonomy - The Social Dimension - Determination and distribution of the economic value generated
				GRI 203-1 (2016): Infrastructure investments and services supported	The Social Dimension - Charity and sponsorships
				GRI 204-1 (2016): Proportion of spending on local suppliers	The Social Dimension - Responsible management of the supply chain

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
EMPLOYEES	Developing human resources	Risk arising from employee dissatisfaction, a lack of skills, professionalism and experience of company resources, the inadequate sizing of the structure and trade union tensions	Policies adopted to manage personnel (e.g. recruitment and internal mobility, development and careers, training, industrial relations, internal communication systems)	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension
				GRI 401-1 (2016): New employee hires and employee turnover	The Social Dimension - Personnel management policies – Staff
				GRI 401-2 (2016): Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Social Dimension - Personnel management policies - Benefits
				GRI 401-3 (2016): Parental leave	The Social Dimension - Diversity and equal opportunity
				GRI 404-1 (2016): Average hours of training per year per employee	The Social Dimension - Training
				GRI 404-2 (2016): Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Development and careers
				GRI 404-3 (2016): Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies - Evaluation

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
EMPLOYEES	Health and Safety	Risk of injuries/accidents sustained by personnel of the Group's offices / sites	Occupational health and safety (ISO 45001) Compliance of products with current regulations (Reach, End of life)	GRI 3-3 (2021): Management of material topics	Materiality analysis The Social Dimension - Occupational health and safety
				GRI 403-1 (2018): Occupational health and safety management system	The Social Dimension - Occupational health and safety
				GRI 403-2 (2018): Hazard identification, risk assessment, and incident investigation	
				GRI 403-3 (2018): Occupational health services	
				GRI 403-4 (2018): Worker participation, consultation, and communication on occupational health and safety	
				GRI 403-5 (2018): Worker training on occupational health and safety	
				GRI 403-6 (2018): Promotion of worker health	
				GRI 403-7 (2018): Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
				GRI 403-8 (2018): Workers covered by an occupational health and safety management system	
				GRI 403-9 (2018): Work-related injuries	

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
RESPECTING HUMAN RIGHTS	Responsible management and respect for human rights in the supply chain	Risk related to suppliers' non-compliance with human rights and ESG principles	Policy to ensure that all suppliers sign the Group Code of Ethics or the General Terms and Conditions of Supply	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability governance
				GRI 407-1 (2016): Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management
				GRI 408-1 (2016): Operations and suppliers at significant risk for incidents of child labour	
				GRI 409-1 (2016): Operations and suppliers at significant risk for incidents of forced or compulsory labour	
	Diversity and equal opportunity	Risk arising from acts of discrimination or exclusion committed by employees	Policies for personnel management - Diversity and equal opportunities	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability governance - The system for responsible business management The Social Dimension - Personnel management policies
				GRI 202-2 (2016): Proportion of senior management hired from the local community	The Social Dimension - Developing human resources - Diversity and equal opportunity
				GRI 405-1 (2016): Diversity of governance bodies and employees	The Social Dimension - Diversity and equal opportunity Sustainability governance
				GRI 405-2 (2016): Ratio of basic salary and remuneration of women to men	The Social Dimension - Personnel management policies
				GRI 406-1 (2016): Incidents of discrimination and corrective actions taken	Sustainability Governance - Guidelines for compliance with laws and regulations

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/ DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH
FIGHTING CORRUPTION	Business integrity	Risk from unlawful activities carried out by employees	Code of Ethics	GRI 3-3 (2021): Management of material topics	Materiality analysis Sustainability Governance - Anti-Corruption - The Social Dimension
				GRI 205-3 (2016): Confirmed incidents of corruption and actions taken	Sustainability governance - The system for responsible business management - Guidelines for compliance with laws and regulations
				GRI 206-1 (2016): Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	
				GRI 207-1 (2019): Approach to tax	The Social Dimension - Taxes
				GRI 207-2 (2019): Tax governance, control, and risk management	
				GRI 207-3 (2019): Stakeholder engagement and management of concerns related to tax	
				GRI 207-4 (2019): Country-by-country reporting	

GRI CONTENT INDEX

Statement of use: Piaggio & C. reported in accordance with GRI Standards for the period from 01.01.2022 to 31.12.2022
GRI 1 used: GRI 1: Foundation 2021
Applicable GRI Sectors standard: Not applicable

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: GENERAL DISCLOSURES 2021					
2-1	Organisational detail	Methodology -Report on Operations -Generation of sustainable value -Corporate Structure			
2-2	Entities included in the organisation's sustainability reporting	Methodology - Report on Operations - Corporate Structure			
2-3	Reporting period, frequency and contact point	Methodology - Report on Operations -Piaggio and the financial markets			
2-4	Restatements of information	Methodology			
2-5	External assurance	Independent Auditors' Report			
2-6	Activities, value chain, and other business relationships	The Business Model - Generation of sustainable value The Social Dimension - Responsible Management of the Supply Chain - Meeting Customer Needs			
2-7	Employees	The Social Dimension - Diversity and equal opportunity			
2-8	Workers who are not employees	The Social Dimension - Staff			
2-9	Governance structure and composition	Sustainability Governance - Corporate Governance Report 2022			
2-10	Nomination and selection of the highest governance body	Corporate Governance Report 2022 - Board of Directors			
2-11	Chair of the highest governance body	Sustainability Governance - Corporate Governance Report 2022 - Composition			
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance - The Materiality Analysis			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: GENERAL DISCLOSURES 2021					
2-13	Delegation of responsibility for managing impacts	Sustainability Governance - The Materiality Analysis			
2-14	Role of the highest governance body in sustainability reporting	Materiality analysis			
2-15	Conflicts of interest	Corporate Governance Report 2022 - Directors' Interests and Related Party Transactions - Role of the Board of Directors - Related Party Procedure - Code of Ethics			
2-16	Communication of critical concerns	Corporate Governance Report 2022 - Internal Control and Risk Management System - Risk manager and compliance officer			
2-17	Collective knowledge of the highest governance body	Corporate Governance Report 2022 - Appointment and Replacement of Directors			
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report 2022 - Director self-evaluation and succession			
2-19	Remuneration policies	Remuneration Report (Section 1 paragraphs 2-3-4)			
2-20	Process to determine remuneration	Remuneration Report (Section 1 paragraph 1)			
2-21	Annual total compensation ratio	Sustainability governance			
2-22	Statement on sustainable development strategy	Report on Operations (Chairman's Letter)			
2-23	Policy commitments	Sustainability Governance			
2-24	Embedding policy commitments	Sustainability Governance			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: GENERAL DISCLOSURES 2021					
2-25	Processes to remediate negative impacts	The Materiality Analysis (Materiality Table) - Sustainability Governance - Compliance Programme - Guidelines for respecting human rights - Meeting Customer Needs			
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Governance - Compliance Programme - Guidelines for respecting human rights			
2-27	Compliance with laws and regulations	Sustainability Governance - Guidelines for compliance with laws and regulations			
2-28	Membership associations	Report on Operations - Risks and uncertainties - Risk relative to the regulatory and legal framework			
2-29	Approach to stakeholder engagement	Expectations and ways of involving stakeholders			
2-30	Collective bargaining agreements	Industrial Relations			
MATERIAL TOPICS					
GRI 3: MATERIAL TOPICS 2021					
3-1 (2021)	Process to determine material topics	Description of the process to identify material issues for Non-Financial Statement purposes			
3-2 (2021)	List of material topics	Materiality analysis			
		Methodology			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
CREATION OF ECONOMIC VALUE					
3-3 (2021)	Management of material topics	Materiality analysis The Social Dimension			
201-1 (2016)	Direct economic value generated and distributed	The Social Dimension - Determination and distribution of the economic value generated			
203-1 (2016)	Infrastructure investments and services supported	The Social Dimension - Charity and sponsorship			
204-1 (2016)	Proportion of spending on local suppliers	The Social Dimension - Responsible management of the supply chain			
INNOVATION OF PRODUCT AND SUSTAINABLE MOBILITY					
3-3 (2021)	Management of material topics	Materiality Analysis The Environmental Dimension Research, Development and Innovation Guidelines			
305-3 (2016)	Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants			
CLIMATE CHANGE					
3-3 (2021)	Management of material topics	Materiality analysis The Environmental Dimension - Energy consumption - Emissions of CO_2 and other pollutants			
302-1 (2016)	Energy consumption within the organisation	The Environmental Dimension - Energy consumption			
305-1 (2016)	Direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants			
305-2 (2016)	Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants			
305-3 (2016)	Other indirect (Scope 3) GHG Emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants			
305-4 (2016)	GHG emissions intensity	The Environmental Dimension - Emissions of CO_2 and other pollutants			
305-7 (2016)	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
CUSTOMER SATISFACTION					
3-3 (2021)	Management of material topics	Materiality analysis Sustainability governance			
417-3 (2016)	Incidents of non-compliance concerning marketing communications	Sustainability governance - The system for responsible business management			
SUPPORTING ON LOCAL COMMUNITIES					
3-3 (2021)	Management of material topics	Materiality analysis The Social Dimension			
413-1 (2016)	Operational with local community engagement, impact assessments, and development programs	The Social Dimension - Support local communities - Charity and sponsorship activities			
PRODUCT SAFETY AND RELIABILITY					
3-3 (2021)	Management of material topics	Materiality Analysis Research, Development and Innovation Guidelines			
416-1 (2016)	Assessment of the health and safety impacts of product and service categories	Research, Development and Innovation Guidelines			
DEVELOPING HUMAN RESOURCES					
3-3 (2021)	Management of material topics	Materiality analysis The Social Dimension			
401-1 (2016)	New employee hires and employee turnover	The Social Dimension - Staff			
401-2 (2016)	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Social Dimension - Personnel management policies - Benefits			
401-3 (2016)	Parental leave	The Social Dimension - Diversity and equal opportunity			
404-1 (2016)	Average hours of training per year per employee	The Social Dimension - Training			
404-2 (2016)	Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Development and careers			
404-3 (2016)	Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies - Evaluation			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
RESPONSIBLE MANAGEMENT AND RESPECT FOR HUMAN RIGHTS IN THE SUPPLY CHAIN					
3-3 (2021)	Management of material topics	Materiality analysis Sustainability governance			
407-1 (2016)	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management			
408-1 (2016)	Operations and suppliers at significant risk for incidents of child labour	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management			
409-1 (2016)	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Governance - Social and environmental-oriented policies and guidelines Risk management			
HEALTH AND SAFETY					
3-3 (2021)	Management of material topics	Materiality analysis			
403-1 (2018)	Occupational health and safety management system	The Social Dimension - Occupational health and safety			
403-2 (2018)	Hazard identification, risk assessment, and incident investigation	The Social Dimension - Occupational health and safety			
403-3 (2018)	Occupational health services	The Social Dimension - Occupational health and safety			
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety	The Social Dimension - Occupational health and safety			
403-5 (2018)	Worker training on occupational health and safety	The Social Dimension - Occupational health and safety			
403-6 (2018)	Promotion of worker health	The Social Dimension - Occupational health and safety			
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The Social Dimension - Occupational health and safety			
403-8 (2018)	Workers covered by an occupational health and safety management system	The Social Dimension - Occupational health and safety			
403-9 (2018)	Work-related injuries	The Social Dimension - Occupational health and safety			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
BUSINESS INTEGRITY					
3-3 (2021)	Management of material topics	Materiality Analysis Sustainability governance - The Social Dimension			
205-3 (2016)	Confirmed incidents of corruption and actions taken	Governance of sustainability - The system for responsible business management - Anti-corruption			
206-1 (2016)	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability governance - The system for responsible business management - Guidelines for compliance with laws and regulations			
207-1 (2019)	Approach to tax	The Social Dimension - Taxes			
207-2 (2019)	Tax governance, control, and risk management	The Social Dimension - Taxes			
207-3 (2019)	Stakeholder engagement and management of concerns related to tax	The Social Dimension - Taxes			
207-4 (2019)	Country-by-country reporting	The Social Dimension - Taxes			
WASTE HANDLING					
3-3 (2021)	Management of material topics	Materiality Analysis The Environmental Dimension - Waste handling and recovering			
306-1 (2020)	Waste generation and significant waste-related impacts	The Environmental Dimension - Environmental Certifications - Waste handling and recovering Materiality analysis			
306-2 (2020)	Management of significant waste related impacts	The Environmental Dimension - Waste handling and recovering			
306-3 (2020)	Waste generated	The Environmental Dimension - Waste handling and recovering			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSIONS		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
CONSERVING WATER RESOUCES					
3-3 (2021)	Management of material topics	Materiality Analysis The Environmental Dimension - Conserving water resources			
303-1 (2018)	Interactions with water as a shared resource	The Environmental Dimension - Conserving water resources			
303-2 (2018)	Management of water discharge-related impacts	The Environmental Dimension - Conserving water resources			
303-3 (2018)	Water withdrawal	The Environmental Dimension - Conserving water resources			
303-4 (2018)	Water discharge	The Environmental Dimension - Conserving water resources			
303-5 (2018)	Water consumption	The Environmental Dimension - Conserving water resources			
DIVERSITY AND EQUAL OPPORTUNITY					
3-3 (2021)	Management of material topics	Materiality Analysis The Social Dimension - Personnel management policy Sustainability governance - The system for responsible business management			
202-2 (2016)	Proportion of senior management hired from the local community	The Social Dimension - Developing human resources - Diversity and equal opportunity			
405-1 (2016)	Diversity of governance bodies and employees	The Social Dimension - Diversity and equal opportunity Sustainability governance			
405-2 (2016)	Ratio of basic salary and remuneration of women to men	The Social Dimension - Personnel management policies			
406-1 (2016)	Incidents of discrimination and corrective actions taken	Sustainability Governance - Guidelines for compliance with laws and regulations			

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INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

To the Board of Directors of
Piaggio & C. S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Piaggio & C. S.p.A. and its subsidiaries (hereinafter "Piaggio Group" or "Group") as of December 31, 2022 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 2, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the *"Global Reporting Initiative Sustainability Reporting Standards"* established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;

2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;

3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Piaggio Group;

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4. understanding of the following matters:

    - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
    - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
    - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

    Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

    In particular, we carried out interviews and discussions with the management of Piaggio & C. S.p.A. and with the employees of Piaggio Vehicles Private Limited and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

    In addition, for material information, taking into consideration the Group's activities and characteristics:

    - at the parent company's and subsidiaries' level:

        a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
        b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

    - for the following companies and sites, Pontedera (Pisa) headquarters and production site for Piaggio & C. S.p.A. and Baramati (India) production sites for Piaggio Vehicles Private Limited, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

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Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Piaggio & C. Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of Piaggio Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “European Taxonomy”.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
March 23, 2023

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

PIAGGIO GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

EMARKET SDIR CERTIFIED

CONSOLIDATED INCOME STATEMENT

NOTES	IN THOUSANDS OF EUROS	2022 TOTAL	2022 of which related parties	2021 TOTAL	2021 of which related parties
4	Net revenues	2,087,443		1,668,689	25
5	Cost for materials	1,352,460	38,069	1,057,855	31,331
6	Cost for services and leases and rentals	294,993	1,277	257,902	1,558
7	Employee costs	264,614		238,721	
8	Depreciation and impairment costs of property, plant and equipment	51,131		45,173	
8	Amortisation and impairment costs of intangible assets	78,272		74,656	
8	Depreciation of rights of use	9,999		8,205	
9	Other operating income	150,763	419	152,237	500
10	Net reversals (impairment) of trade and other receivables	(2,423)		(1,510)	
11	Other operating costs	25,574	129	24,330	9
	Operating income	**158,740**		**112,574**	
12	Income/(loss) from investments	(892)	(907)	642	644
13	Financial income	1,536		802	
13	Borrowing costs	26,725	80	24,897	107
13	Net exchange gains/(losses)	(5,440)		4,557	
	Profit before tax	**127,219**		**93,678**	
14	Taxes for the period	42,330	(4,793)	33,624	(3,817)
	Profit from continuing operations	**84,889**		**60,054**	
	Assets held for sale:				
15	Profits or losses arising from assets held for sale				
	Net Profit (loss) for the period	**84,889**		**60,054**	
	Attributable to:				
	Owners of the Parent	**84,889**		**60,054**	
	Non-controlling interests	**0**			
16	**Earnings per share (figures in €)**	**0.239**		**0.168**	
16	**Diluted earnings per share (figures in €)**	**0.239**		**0.168**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTES	IN THOUSANDS OF EUROS	2022	2021
	Net Profit (loss) for the period (A)	**84,889**	**60,054**
	Items that will not be reclassified in the income statement		
45	Remeasurements of defined benefit plans	3,925	(1,521)
	Total	**3,925**	**(1,521)**
	Items that may be reclassified in the income statement		
45	Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(12,251)	6,172
45	Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	(228)	1,259
45	Total profits (losses) on cash flow hedges	(3,538)	5,802
	Total	**(16,017)**	**13,233**
	Other comprehensive income (B)[68]	**(12,092)**	**11,712**
	Total Profit (loss) for the period (A + B)	**72,797**	**71,766**
	Attributable to:		
	Owners of the Parent	**72,814**	**71,768**
	Non-controlling interests	**(17)**	**(2)**

67. Other Profits (and losses) take account of related tax effects

EMARKET SDIR CERTIFIED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOTES	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022 TOTAL	AS OF 31 DECEMBER 2022 of which related parties	AS OF 31 DECEMBER 2021 TOTAL	AS OF 31 DECEMBER 2021 of which related parties
	ACTIVITIES				
	Non-current assets				
17	Intangible assets	729,524		720,209	
18	Property, plant and equipment	291,366		283,041	
19	Rights of use	36,861		30,727	
38	Investments	9,913		11,047	
39	Other financial assets	16		16	
24	Tax receivables	8,820		8,904	
20	Deferred tax assets	71,611		72,479	
22	Trade receivables				
23	Other receivables	20,021		23,628	67
	Total non-current assets	**1,168,132**		**1,150,051**	
28	**Assets held for sale**				
	Current assets				
22	Trade receivables	67,143	468	71,225	610
23	Other receivables	56,118	26,293	57,273	20,018
24	Tax receivables	45,101		17,542	
21	Inventories	379,678		278,538	
39	Other financial assets	59		176	
40	Cash and cash equivalents	242,616		260,868	
	Total current assets	**790,715**		**685,622**	
	Total assets	**1,958,847**		**1,835,673**	

EMARKET SDIR CERTIFIED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOTES	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022 TOTAL	of which related parties	AS OF 31 DECEMBER 2021 TOTAL	of which related parties
	SHAREHOLDERS' EQUITY AND LIABILITIES				
	Shareholders' equity				
44	Share capital and reserves attributable to the owners of the Parent	417,977		404,235	
44	Share capital and reserves attributable to non-controlling interests	(166)		(149)	
	Total shareholders' equity	**417,811**		**404,086**	
	Non-current liabilities				
41	Financial liabilities	510,790		532,213	
41	Financial liabilities for rights of use	17,713	1,000	14,536	2,220
29	Trade payables				
30	Other long-term provisions	16,154		17,364	
31	Deferred tax liabilities	5,173		7,495	
32	Retirement funds and employee benefits	25,714		33,070	
33	Tax payables			1,387	
34	Other payables	15,530		12,760	
	Total non-current liabilities	**591,074**		**618,825**	
	Current liabilities				
41	Financial liabilities	71,149		86,840	
41	Financial liabilities for rights of use	11,192	1,296	7,601	1,319
29	Trade payables	739,832	9,858	623,564	16,829
33	Tax payables	19,022		16,976	
34	Other payables	93,710	26,450	63,425	15,037
30	Current portion of other long-term provisions	15,057		14,356	
	Total current liabilities	**949,962**		**812,762**	
	Total Shareholders' Equity and Liabilities	**1,958,847**		**1,835,673**	

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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	IN THOUSANDS OF EUROS	2022 TOTAL	2022 of which related parties	2021 TOTAL	2021 of which related parties
	Operating activities				
	Net Profit (loss) for the period	84,889		60,054	
14	Taxes for the period	42,330		33,624	
8	Depreciation of property, plant and equipment	51,131		44,998	
8	Amortisation of intangible assets	76,282		73,382	
8	Depreciation of rights of use	9,999		8,205	
	Provisions for risks and retirement funds and employee benefits	24,029		23,903	
	Write-downs/(Reinstatements)	4,383		2,960	
	Losses/(Gains) on the disposal of property, plant and equipment	(216)		(323)	
	Losses/(Gains) on the disposal of intangible assets	24			
13	Financial income	(1,536)		(802)	
	Dividend income	(15)		(19)	
13	Borrowing costs	26,725		24,897	
	Income from public grants	(10,402)		(4,488)	
12	Portion of earnings of associates	907		(642)	
	Change in working capital:				
22	(Increase)/Decrease in trade receivables	3,379	142	(3,831)	(187)
23	(Increase)/Decrease in other receivables	3,072	(6,208)	(10,613)	(3,730)
21	(Increase)/Decrease in inventories	(101,140)		(88,674)	
29	Increase/(Decrease) in trade payables	116,268	(6,971)	133,600	11,059
34	Increase/(Decrease) in other payables	33,055	11,413	18,775	10,979
30	Increase/(Decrease) in provisions for risks	(15,642)		(15,277)	
32	Increase/(Decrease) in retirement funds and employee benefits	(11,818)		(11,743)	
	Other changes	(41,034)		(11,703)	
	Cash generated from operating activities	**294,670**		**276,283**	
	Interest paid	(21,891)		(21,377)	
	Taxes paid	(33,284)		(28,404)	
	Cash flow from operating activities (A)	**239,495**		**226,502**	
	Investment activities				
18	Investment in property, plant and equipment	(63,043)		(56,887)	
	Sale price, or repayment value, of property, plant and machinery	316		5,326	
17	Investment in intangible assets	(88,632)		(97,261)	
	Sale price, or repayment value, of intangible assets	0		63	
	Public grants collected	1,741		1,421	
	Dividends cashed	15		19	
	Collected interests	1,078		546	
	Cash flow from investment activities (B)	**(148,525)**		**(146,773)**	
	Financing activities				
44	Purchase of treasury shares	(5,669)		(53)	
44	Outflow for dividends paid	(53,403)		(39,639)	
41	Loans received	73,401		204,873	
41	Outflow for repayment of loans	(111,744)		(213,909)	
41	Lease payments for rights of use	(10,263)		(9,646)	
	Cash flow from financing activities (C)	**(107,678)**		**(58,374)**	
	Increase/(Decrease) in cash and cash equivalents (A+B+C)	**(16,708)**		**21,355**	
	Opening balance	**260,856**		**228,906**	
	Exchange differences	(1,596)		10,595	
	Closing balance	**242,552**		**260,856**	

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Movements from 1 January 2022 / 31 December 2022

					TRANSACTIONS WITH SHAREHOLDERS				
IN THOUSANDS OF EUROS	AS OF 1 JANUARY 2022	EARNINGS FOR THE PERIOD	OTHER COMPREHENSIVE INCOME	TOTAL PROFIT (LOSS) FOR THE PERIOD	ALLOCATION OF PROFITS	DISTRIBUTION OF DIVIDENDS	PURCHASE OF TREASURY SHARE	INTERIM DIVIDEN	AS OF 31 DECEMBER 2022
NOTES				45	44	44	44	44	
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		(3,538)	(3,538)					2,545
IAS transition reserve	(15,525)								(15,525)
Group translation reserve	(31,026)		(12,462)	(12,462)					(43,488)
Treasury shares	(2,019)						(5,669)		(7,688)
Earnings reserve	176,185		3,925	3,925	8,589	(4,994)			183,705
Earnings for the period	29,700	84,889		84,889	(11,491)	(18,209)		(30,200)	54,689
Consolidated Group shareholders' equity	**404,235**	**84,889**	**(12,075)**	**72,814**	**0**	**(23,203)**	**(5,669)**	**(30,200)**	**417,977**
Share capital and reserves attributable to non-controlling interests	**(149)**		**(17)**	**(17)**					**(166)**
TOTAL SHAREHOLDERS' EQUITY	**404,086**	**84,889**	**(12,092)**	**72,797**	**0**	**(23,203)**	**(5,669)**	**(30,200)**	**417,811**

Movements from 1 January 2021 / 31 December 2021

					TRANSACTIONS WITH SHAREHOLDERS				
IN THOUSANDS OF EUROS	AS OF 1 JANUARY 2021	EARNINGS FOR THE PERIOD	OTHER COMPREHENSIVE INCOME	TOTAL PROFIT (LOSS) FOR THE PERIOD	ALLOCATION OF PROFITS	DISTRIBUTION OF DIVIDENDS	PURCHASE OF TREASURY SHARES	INTERIM DIVIDEND	AS OF 31 DECEMBER 2021
NOTES				45	44	44	44	44	
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		5,802	5,802					6,083
IAS transition reserve	(15,525)								(15,525)
Group translation reserve	(38,459)		7,433	7,433					(31,026)
Treasury shares	(1,966)						(53)		(2,019)
Earnings reserve	170,720		(1,521)	(1,521)	12,703	(5,717)			176,185
Earnings for the period	18,108	60,054		60,054	(14,540)	(3,568)		(30,354)	29,700
Consolidated Group shareholders' equity	**372,159**	**60,054**	**11,714**	**71,768**	**0**	**(9,285)**	**(53)**	**(30,354)**	**404,235**
Share capital and reserves attributable to non-controlling interests	**(147)**		**(2)**	**(2)**					**(149)**
TOTAL SHAREHOLDERS' EQUITY	**372,012**	**60,054**	**11,712**	**71,766**	**0**	**(9,285)**	**(53)**	**(30,354)**	**404,086**


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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 Group's main activity is the manufacture and sale of vehicles.
These Financial Statements are expressed in Euros (€) since this is the currency in which most of the Group's transactions take place.
Foreign operations are included in the consolidated financial statements according to the standards indicated in the notes below.

Scope of consolidation

As of 31 December 2022, the structure of the Piaggio Group was as indicated in the Report on Operations and is the structure referred to herein.
The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2021.

Compliance with international accounting standards

The Consolidated Financial Statements of the Piaggio Group as of 31 December 2022 have been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at the date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions issued in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolution 15519 of 27/7/06 on "Provisions on financial statements", Consob Resolution 15520 of 27/7/06 on "Amendments and additions to the Issuers' Regulation adopted by Resolution 11971/99"), Consob Communication 6064293 of 28/7/06 concerning "Corporate reporting required under Article 114, paragraph 5, of Legislative Decree 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.
Moreover, international accounting standards have been uniformly adopted for all Group companies.
The financial statements of subsidiaries, used for consolidation and for the joint venture consolidated using the equity method, have been appropriately modified and reclassified, where necessary, to bring them in line with the international accounting standards and classification criteria used by the Group on a consistent basis.

The Financial Statements have been prepared on a historical cost basis, amended as required for the measurement of investment property and some financial instruments, and on a going-concern basis. Despite the macroeconomic instability related to the spread of COVID-19, which is regaining ground in many parts of the world, and taking into account the positive results of the impairment tests approved by the Board of Directors on 24 February 2023, the Group considers that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, also because of the actions already identified to adapt to changed levels of demand, as well as the Group's industrial and financial flexibility.
These consolidated financial statements have been audited by Deloitte & Touche S.p.A..

Effects of the COVID-19 pandemic

For the effects of the COVID-19 pandemic, please refer to the chapter "Health emergency - COVID-19" in the report.

Other information

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

1. FORM AND CONTENT OF THE FINANCIAL STATEMENTS

Form of the consolidated financial statements

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

Consolidated Income Statement

The Consolidated Income Statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Profit before tax. In addition, the income and cost items arising from assets that are held for sale or to be discontinued, including any capital gains or losses net of the tax element, are recorded in a specific item preceding profit attributable to the owners of the parent and to non-controlling interests.

Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income is presented in accordance with the revised version of IAS 1. Components presented in 'Other comprehensive income' are grouped according to whether or not they can be reclassified subsequently to profit or loss.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities and shareholders' equity.
In turn, assets and liabilities are reported in the Consolidated Financial Statements on the basis of their classification as current and non-current.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is divided into cash-flow generating areas. The Statement of Cash Flows model adopted by the Piaggio Group has been prepared using the indirect method. The cash and cash equivalents recorded in the Consolidated Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Cash flows in foreign currency have been converted at the average exchange rate for the period. Interest expense paid as well as taxes paid are included in the cash flows generated by operations. Interest received and dividends received are included in cash flows generated by investing activities. Finally, dividends paid are included in financing activities.
The opening balance and closing balance of cash and cash equivalents are presented net of short-term bank holdings, as required by IAS No. 7.

Statement of Changes in Consolidated Shareholders' Equity

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

Contents of the Consolidated Financial Statements

The Consolidated Financial Statements of the Piaggio Group include the Financial Statements of the Parent Company Piaggio & C. S.p.A. and Italian and foreign companies in which it has direct or indirect control, which are listed in the attachments.
As of 31 December 2022 subsidiaries and associates of Piaggio & C. S.p.A. were as follows:

COMPANIES:	SUBSIDIARIES			ASSOCIATES			TOTAL
	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	
- consolidated on a line-by-line basis	2	20	22				22
- consolidated with the equity method				2	3	5	5
Total companies	**2**	**20**	**22**	**2**	**3**	**5**	**27**

2. CONSOLIDATION PRINCIPLES AND MEASUREMENT CRITERIA

2.1 Principles of consolidation

Assets and liabilities, and income and costs, of consolidated companies are recognised on a global integration basis, eliminating the carrying amount of consolidated investments in relation to the relative shareholders' equity at the time of purchase or underwriting. The carrying amount of investments has been eliminated against the shareholders' equity of subsidiaries/associates, assigning to non-controlling interests under specific items the relative portion of shareholders' equity and relative net profit due for the period, in the case of subsidiaries consolidated on a line-by-line basis.

Subsidiaries

Subsidiaries are companies in which the Group exercises control. This control exists when the Group is exposed, or is entitled to receive, variable returns from its involvement in the company and has the capacity to influence such variable returns through its power over the controlled company. The acquisition of subsidiaries is recognised according to the acquisition method. The cost of acquisition is determined by the sum of present values at the date control of the given assets was obtained, liabilities borne or undertaken and financial instruments issued by the Group in exchange for control of the acquired company.
In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.
The financial statements of subsidiaries are included in the Consolidated Financial Statements starting from the date when control is acquired until control ceases.
The portions of shareholders' equity and income attributable to non-controlling interests are separately indicated in the Consolidated Statement of Financial Position and Consolidated Income Statement respectively.

Associates and joint arrangements

Associates are companies in which the Group has considerable influence but not control of financial and operational policies.
The Group adopts IFRS 11 for all joint arrangements. According to IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures depending on the contractual obligations and rights of each investor. The Group has classified the only joint arrangement agreement in place as being a joint venture.
In adopting the equity method, the investment in an associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the Group of profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the Group is recognised separately in consolidated profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the Group, is recognised under other components of consolidated comprehensive income. If the portion of losses of an entity in an associate or joint venture is equal to or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate, or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its portion of those profits only after its portion of the profits equals the share of losses not recognised.
Profit and losses arising from "upwards" or "downwards" transactions between a Group and an associate or joint venture are recognised in the consolidated financial statements only as regards the portion attributable to minority interest in the associate or joint venture. The portion of profit or loss of the associate or joint venture arising from these transactions, attributable to the Group, is eliminated in the consolidated income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards transactions".

Transactions eliminated during the consolidation process

In preparing the Consolidated Financial Statements, all balances and significant transactions between Group companies have been eliminated, as well as unrealised profits and losses arising from intergroup transactions. Unrealised profits and losses generated from transactions with associates or jointly controlled companies are eliminated based on the value of the investment of the Group in the companies.

Transactions in foreign currency

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.

Consolidation of foreign companies

The separate financial statements of each company belonging to the Group are prepared in the currency of the primary economic environment in which they operate (the functional currency). For the purposes of the Consolidated Financial Statements, the financial statements of each foreign entity are in euro, which is the functional currency of the Group and the presentation currency of the Consolidated Financial Statements.
All assets and liabilities of foreign companies in a currency other than the euro which come under the scope of consolidation are translated, using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the application of this method, as well as translation differences arising from a comparison of initial shareholders' equity translated at current exchange rates and the same equity translated at historical rates, are recognised in the statement of comprehensive income and allocated to a specific reserve in shareholders' equity until disposal of the investment. Average exchange rates for translating the cash flows of foreign subsidiaries are used in preparing the Consolidated Statement of Cash Flows.
The exchange rates used to translate the financial statements of companies included in the scope of consolidation into Euros are shown in the table below.

CURRENCY	SPOT EXCHANGE RATE 31 DECEMBER 2022	AVERAGE EXCHANGE RATE 2022	SPOT EXCHANGE RATE 31 DECEMBER 2021	AVERAGE EXCHANGE RATE 2021
US Dollar	1.0666	1.05305	1.1326	1.18274
Pounds Sterling	0.88693	0.852761	0.84028	0.859604
Indian Rupee	88.1710	82.68639	84.2292	87.43916
Singapore Dollars	1.43	1.45116	1.5279	1.58910
Chinese Yuan	7.3582	7.07880	7.1947	7.62823
Croatian Kuna	7.5345	7.53487	7.5156	7.52841
Japanese Yen	140.66	138.02739	130.38	129.87671
Vietnamese Dong	25,183.00	24,630.01167	25,137.39	26,372.96376
Indonesian Rupiah	16,519.82	15,625.25113	16,166.73	16,914.56136
Brazilian Real	5.6386	5.43990	6.3101	6.37789

2.2 Accounting policies

The most significant accounting policies adopted to prepare the Consolidated Financial Statements as of 31 December 2022 are outlined below.

Intangible assets

As provided for in IAS 38 - Intangible Assets, an intangible asset which is purchased or internally generated, is recognised as an asset only if it is identifiable, controllable and future economic benefits are expected and its cost may be measured reliably.
Intangible assets with a definite useful life are measured at acquisition cost or production cost net of amortisation and accumulated impairment losses. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.
Amortisation is referred to the expected useful life and commences when the asset is available for use.

Goodwill

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.
Goodwill is not amortised but tested annually for impairment, or more frequently if specific events or changed circumstances indicate that an asset may be impaired, as provided for in IAS 36 - Impairment of Assets.
After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.
At the disposal of part of or an entire company previously acquired from whose acquisition goodwill arose, the corresponding residual value of goodwill is considered when measuring the capital gain or loss of the disposal.

Development costs

Development costs of projects for the manufacture of vehicles and engines are recognised as assets only if all of the following conditions are met: the costs can be reliably measured and the tecóical feasibility of the product, the volumes and expected prices indicate that costs incurred during development will generate future economic benefits. Capitalised development costs include only costs incurred that may be directly attributed to the development process.
Capitalised development costs are amortised on a systematic criterion basis, starting from the beginning of production through the estimated life of the product.
All other development costs are recognised in profit or loss when they are incurred.

Other intangible assets

As provided for in IAS 38 – Intangible Assets, other intangible assets which are purchased or internally generated are recognised as assets if it is probable that use of the asset will generate future economic benefits and the cost of the asset can be reliably measured.
These assets are recognised at acquisition or production cost and are amortised on a straight line basis over their estimated useful life, if they have a definite useful life.
Other intangible assets recognised following the acquisition of a company are accounted for separately from goodwill, if their fair value may be reliably measured.
The amortisation period for an intangible asset with a useful life is revised at least at the end of each reporting period. If the expected useful life of the asset differs from estimates previously made, the amortisation period is changed accordingly.
The amortisation periods of intangible assets are shown below:

Development costs	3-5 years
Industrial Patent and Intellectual Property Rights	3-5 years
Other	5 years
Trademarks	20 years
Licences	10 years
Environmental certification	Not depreciated

Other intangible assets also include environmental certificates.

Environmental certification

The Pontedera plant in Italy falls within the scope of the "Emissions Trading" Directive (Directive 2003/87/EC), which assigns a generally lower number of emission permits compared to the emissions recorded in the reference year, with the Parent Company having to purchase quotas in order to achieve compliance on the emissions market.
For the purpose of recognising the expenses arising from regulatory obligations relating to ETS certificates, the Group applies the so-called 'net liability approach'.
This accounting treatment requires the certificates obtained free of charge from the authority be recognised at nominal value under intangible assets (null).
In addition, expenses for the purchase, against payment, of certificates required to meet the obligation of the reporting period, i.e. purchased in excess of the amount required to meet regulatory obligations, are capitalised and recognised as intangible assets.

These intangible assets:
- are classified as assets with an indefinite useful life and are not amortised;
- after initial recognition they are kept at cost;
- they are recognised under Profit and Loss in the period when they are accrued, under sundry operating costs, for the necessary quantification to meet the regulatory obligation for the reference period.

Any provision for the estimated expenses to be incurred for the purchase, against payment, of certificates required to meet the obligation of the reporting period, will generate a cost to be recognised in the period when it is accrued, under sundry operating expenses, with a contra-entry in the provision for risks.
If the cost of the certificates to be redelivered to the Authority differs from the estimate made at the end of the reporting period, any difference, if negative (higher cost), is recognised in profit or loss under sundry operating expenses, as a contingent liability in the year when the recognition was made. In the case of a positive difference (lower cost), the differential will generate a contingent asset.

Property, plant and equipment

The Piaggio Group opted for the cost method when first preparing its IAS/IFRS financial statements, as allowed by IFRS 1. For the measurement of property, plant and equipment, it was therefore decided not to use the fair value method. Property, plant and equipment were booked at the purchase or production cost and were not revalued. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.
Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recognised in profit or loss when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.
Depreciation is determined, on a straight line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life.
The depreciation periods of Plant, property and equipment are summarised below:

Land	Land is not depreciated
Buildings	33-60 years
Plant and machinery	5 -15 years
Equipment	4-20 years
Other assets	3-10 years

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sale revenue and net carrying amount of the asset and are recognised in profit or loss for the period.

Lease agreements as lessor

Lease agreements for property, plant and machinery entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, of if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.
If the contract provides for a renewal option in favour of the lessee, the Group also includes the rentals for the renewal period if it is considered highly probable in the calculation of the right of use.
The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.
The Group has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).
The Group has its own production plants even in countries where ownership rights are not allowed. Rental paid in advance, to obtain the availability of land where own production sites are located, is recognised as a right of use.

Impairment

At the end of the reporting period, the Group reviews the carrying amount of its tangible and intangible assets and rights of use to determine whether there is any indication that these assets may be impaired (impairment test). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the asset's cash generating unit.
The recoverable amount is the higher of an asset's fair value less costs to sell (if available) and its value in use. In measuring the value in use, estimated future cash flows are discounted at their fair value, using a rate which reflects current market changes in the fair value of money and specific risks of the asset.
If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the relative carrying amount, the carrying amount of the asset is reduced to the lower recoverable value. An impairment loss is immediately recognised in profit or loss, unless the asset concerns land or property other than investment property recognised at revalued values. In said case, the loss is recorded in the relative revaluation reserve.
When the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset (or of a cash generating unit), except for goodwill, is increased to the new value arising from an estimate of its recoverable amount, up to the net carrying amount applicable to the asset if no impairment loss had been recognised. The reversal of the impairment loss is immediately recognised in profit or loss.
An intangible asset with an indefinite useful life is tested annually for impairment, or more frequently if there is an indication that an asset may be impaired.

Transactions with affiliates and related parties

Transactions with affiliates and related parties are indicated in specific sections of the Report on Operations and Notes, referred to herein.

Non-current assets held for sale

Non-current assets (or disposal groups) that are classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.
Non-current assets (and disposal groups) are classified as held for sale when it is expected that their carrying amount will be recovered through a sale rather than through their use in company operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale and management is committed to a plan to sell, which should take place within 12 months from the date in which this item was classified as held for sale.

Financial assets

IFRS 9 adopts a single approach to analysing and classifying all financial assets, including those containing embedded derivatives. Classification and measurement consider the business model of the financial asset and the contractual characteristics of cash flows that may be obtained from the asset. Depending on the characteristics of the instrument and business model adopted, the following three categories are determined:
(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, with the effects recognised in other comprehensive income (OCI); (iii) financial assets measured at fair value, with the effects recognised in profit or loss.

The financial asset is measured at amortised cost if both the following conditions are met:
- the business model holds the financial asset only to collect the relative cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that only represent the return on the financial asset.

According to the amortised cost method, the value of initial recognition is subsequently adjusted to take into account repayments of principal, any impairment and amortisation of the difference between the repayment value and value of initial recognition.
Amortisation is based on the internal effective interest rate that represents the rate which, at the time of initial recognition, makes the present value of expected cash flows equal to the value of initial recognition.
Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the relative provision for write-downs.
Financial assets representing debt instruments whose business model covers the possibility of collecting contractual cash flows and realising capital gains from sale (the hold to collect and sell business model), are measured at fair value, recognising the effects in OCI. In this case, changes in fair value of the instrument are recognised as shareholders' equity in OCI. The total of changes in fair value, recognised in a shareholders' equity reserve that includes OCI, is reversed to profit or loss when the instrument is deleted from the accounts. Interest expense is recognised in profit or loss using the effective interest rate, exchange differences and write-downs.
A financial asset representing a debt instrument that has not been measured at amortised cost or FVTOCI is measured at fair value with the effects recognised in profit or loss.

Inventories

Inventories are recognised as the lower of the purchase or production cost, determined by assigning to products the costs directly incurred in addition to the portion of indirect costs reasonably attributable to the performance of production activities in normal production capacity conditions and the market value at the end of the reporting period.
The purchase or production cost is determined based on the weighted average cost method.
As regards raw materials and work in progress, the market value is represented by the estimated net realisable value of corresponding finished products minus completion costs. As regards finished products, the market value is represented by the estimated net realisable value (price lists minus the costs to sell and distribution costs).
The lower measurement based on market trends is eliminated in subsequent years, if the trends no longer exist.
Obsolete, slow moving and/or excess inventories are impaired in relation to their possible use or future realisation, in a provision for the write-down of inventories.

Receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently recognised based on the amortised cost method, net of the provisions for write-downs.
IFRS 9 establishes a new model for the impairment/write-down of these assets, with the aim of providing useful information for financial statement users on relative expected losses. According to this model, the Group measures receivables on an expected loss basis, replacing the provisions in IAS 39 which typically measure receivables on an incurred loss basis. For trade receivables, the Group adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but instead the recognition of an expected credit loss (ECL) calculated over the ECL lifetime. In particular, the policy adopted by the Group involves the stratification of trade receivables in categories based on past due days, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment.
Trade receivables are wholly written down in the absence of a reasonable expectation of their recovery, or in the case of inactive counterparties.
The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement.
When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

Factoring

The Group sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.
In the case of transfers in which the risks and benefits are not transferred, the relative receivables remain in the statement of financial position until the transferred sum has been paid. In this case any advance payments collected by the factor are recognised under payables as amounts due to other lenders.
Interest and fees paid under contractual terms are recognised based on their nature.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, current bank accounts, deposits payable on demand and other high liquidity short term financial investments, which are readily convertible into cash and not affected by any major risk of a change in value. This item does not include bank overdrafts payable on demand.

Treasury shares

Treasury shares are recognised as a reduction of shareholders' equity. The original cost of treasury shares and revenues arising from subsequent sales are recognised as movements of shareholders' equity.

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Financial liabilities

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements.
Pursuant to IFRS 9, they include trade and other payables.
Financial liabilities are recognised at fair value net of additional transaction costs. After initial recognition, loans are measured at amortised cost, calculated using the effective interest rate. With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount value of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement.
Financial liabilities hedged by derivatives are recognised at present value, according to procedures established for hedge accounting: gains and losses arising from subsequent measurements at present value are recognised in profit or loss and are offset by the effective portion of the loss and again arising from subsequent measurements at present value of the hedging instrument. On initial recognition, a liability may be designated at fair value recognised in profit or loss when this eliminates or considerably reduces a lack of uniformity in the measurement or recognition (sometimes defined as "asymmetric accounting") that would otherwise arise from the measurement of an asset or liability or recognition of relative profit and loss on different bases. This fair value designation is exclusively applied to some financial liabilities in currency subject to exchange risk hedging.

Derivatives and measurement of hedging transactions

Group assets are primarily exposed to financial risks from changes in exchange and interest rates. The Group uses derivatives to hedge risks arising from changes in foreign currency and interest rates in particular irrevocable commitments and planned future transactions. The use of these instruments is regulated by written procedures on the use of derivatives, in line with risk management policies of the Group.
In compliance with IFRS 9, derivatives are initially recognised at fair value, represented by the initial amount and aligned with the fair value at subsequent ends of reporting periods. Financial derivatives are used solely for hedging purposes, in order to reduce exchange risk, interest rate risk and the risk of changes in the market price. Financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated. When financial instruments may be measured by hedge accounting, the following accounting treatment is adopted:

- Fair value hedge: if a financial derivative is designated as a hedge of the exposure to changes in present value of a recognised asset or liability, attributable to a particular risk and could affect profit or loss, the gain or loss from the subsequent change in present value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the hedged item and is recognised in profit or loss;
- Cash flow hedge: if an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or of a highly probable forecast transaction which could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognised in the Statement of Comprehensive Income. Accumulated gain or loss is reversed from the Statement of Comprehensive Income and recognised in profit or loss in the same period as the hedging transaction. The gain or loss associated with hedging or the part of hedging which is ineffective, is immediately recognised in profit or loss. If the hedging instrument or hedging ceases, but the transaction covered by hedging is not yet realised, profits and losses, recognised in equity, are instead recognised in profit or loss when the transaction takes place. If the transaction to be hedged is deemed no longer probable, gains or losses deferred in the Statement of Comprehensive Income are recognised immediately in profit or loss.

If hedge accounting cannot be applied, gains or losses from measurement at present value of the financial derivative are immediately recognised in profit or loss.

Long-term provisions

The Group recognises provisions for risks and charges when it has a legal or implicit obligation to third parties and it is likely that Group resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated.
Changes in estimates are recognised in profit or loss when the change takes place.
If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specifics risks of the liability.

Retirement funds and employee benefits

Liabilities relative to employee benefits paid on or after termination of employment for defined benefit plans are determined separately for each plan, based on actuarial hypotheses estimating the amount of future benefits that employees will accrue at the reporting date (the "projected unit credit method"). Liabilities, recognised in the financial statements net of any assets serving the plan, are entered for the period when the right accrues. Liabilities are measured by independent actuaries.
The cost components of defined benefits are recognised as follows:

- the costs relative to services are recognised in the Income Statement under employee costs;
- net borrowing costs of liabilities or assets with defined benefits are recognised in the Income Statement as financial income/(borrowing costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
- the remeasurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the assets, are immediately recognised as "Other comprehensive income (expense)". These components must not be reclassified to the Income Statement in a subsequent period.

Termination benefits

Termination benefits are recognised at the closest of the following dates: i) when the Group can no longer withdraw the offer of such benefits and ii) when the Group recognises the costs of restructuring.

Tax assets and liabilities

Deferred taxes are determined based on the temporary differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred taxes are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income.
In the case of reserves of undistributed profits of subsidiaries and since the Group is able to control distribution times, deferred taxes are allocated for the reserves when distribution is expected in the future.
Deferred tax assets and liabilities are recognised at their net value when applied by the tax authorities and when they may be lawfully offset in the same tax jurisdiction.

Payables

Payables are recognised at fair value and then measured based on the amortised cost method.

Reverse factoring

To guarantee suppliers easier credit conditions, the Group has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Group to a lender and collect amounts before maturity.
In some cases, payment terms are extended further in agreements between the supplier and the Group; these extensions may be interest or non-interest bearing.
The Group has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differs by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IAS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IAS 9 B3.3.6.
According to IAS 1 paragraph 54, trade and other payables must be shown separately from financial payables.
In this context, relations, for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

Revenue recognition

Based on the five-step model introduced by IFRS 15, the Group measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).

In particular, the Group measures revenues only if the following requirements have been met (requirements to identify the "contract" with the customer):

a. the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; an agreement therefore exists between the parties that establishes the rights and obligations to be met, regardless of the form by which the agreement is made;
b. the Group can identify each party's rights in relation to the goods or services to be transferred;
c. the Group can identify the payment terms for the goods or services to be transferred;
d. the contract has commercial substance; and
e. it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the relative revenues are recognised when: (i) the Group has already transferred control of the goods and/or provided the services to the customer and all or nearly all of the consideration from the customer has been received and cannot be reimbursed; or (ii) the contract has ended and the consideration received by the Group from the customer cannot be reimbursed.
If the above requirements are instead met, the Group adopts the following rules for recognition.
Revenues for the sale of vehicles and spare parts are recognised when control of the good is transferred to the purchaser, or when the customer can use in full the good or substantially benefit from it.
Revenues are represented net of discounts, including, among others, sales incentive programmes and bonuses to customers, as well as taxes directly connected with the sale of the goods.
Revenues from the provision of services are recognised when the services are provided based on their progress.
Revenues also include lease payments recognised on a straight line basis for the duration of the contract.

Grants
Set-up grants are recognised in the financial statements when their payment is certain and are recognised in profit or loss based on the useful life of the asset for which the grants have been provided.
Operating grants are recognised in the financial statements, when their payment is certain and are recognised in profit or loss in relation to costs for which the grants have been provided.

Recognition of costs
The Group has chosen to adopt a scheme based on the classification of costs and expenses by nature.

Financial income
Financial income is recognised on an accrual basis and includes interest payable on invested funds, exchange differences receivable and income from financial instruments, when not offset in hedging transactions. Interest receivable is recognised in profit or loss when it matures, considering the actual return.

Borrowing costs
Borrowing costs are recognised on an accrual basis and include interest payable on financial payables calculated using the effective interest rate method, exchange differences payable and losses on derivative financial instruments. The rate of interest payable of finance lease payments is recognised in profit or loss, using the effective interest rate method.

Dividends
Dividends recognised in profit or loss, from non-controlling interests, are recognised on an accrual basis, and therefore at the time when, following the resolution to distribute dividends by the subsidiary, the relative right to payment arises.

Income tax
Taxes represent the sum of current and deferred tax assets and liabilities.
Taxes allocated under accounting circumstances of individual companies included in the scope of consolidation are recognised in the consolidated financial statements, based on taxable income estimated in compliance with national laws in force at the end of the reporting period, considering applicable exemptions and tax receivables owing. Income taxes are recognised in the income statement, with the exception of those taxes relative to items directly deducted from or charged to the statement of comprehensive income.
Taxes are recorded under "Tax payables" net of advances and withheld taxes. Taxes due in the event of the distribution of reserves

as withheld taxes recognised in the financial statements of individual Group companies are not allocated, as their distribution is not planned.
In 2022, for a further three years, the Parent Company signed up to the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report. 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.

Earnings per share

Basic earnings per share are calculated dividing the profit or loss attributable to shareholders of the Parent Company by the weighted average of ordinary shares in circulation during the period. Diluted earnings per share are calculated dividing the profit or loss attributable to shareholders of the Parent Company by the weighted average of ordinary shares in circulation adjusted to take account of the effects of all potential ordinary shares with a dilutive effect. Any shares related to the stock option plan are considered as shares that may be potentially issued. The adjustment to make to the number of stock options to calculate the number of adjusted shares is determined by multiplying the number of stock options by the subscription cost and dividing it by the share market price.

Use of estimates

The preparation of the financial statements and notes in compliance with IFRS requires management to make estimates and assumptions which have an impact on the values of assets and liabilities and on disclosure regarding contingent assets and liabilities at the end of the reporting period. Actual results could differ from estimates. Estimates are used to measure intangible assets tested for impairment (see § Impairment losses) and to identify provisions for bad debts, for obsolete inventories, amortisation and depreciation, impairment of assets, employee benefits, taxes, restructuring provisions and other allocations and funds. Estimates and assumptions are periodically revised and the effects of any change are immediately recognised in profit or loss.
In the current situation of global economic and financial instability, assumptions made as to future trends are marked by a considerable degree of uncertainty. Therefore the possibility in the next reporting period of results that differ from estimates cannot be ruled out, and these could require even significant adjustments which at present cannot be predicted or estimated.
The critical measurement processes and key assumptions used by the Group in adopting IFRS and that may have a significant impact on figures in the Consolidated Financial Statements or for which a risk exists that significant differences in value may arise in relation to the carrying amount of assets and liabilities in the future are summarised below.

Recoverable value of non-current assets

Non-current assets include Property, Plant and Equipment, Goodwill, Other Intangible Assets, Investment Property, Investments and Other Financial Assets. The Group periodically revises the carrying amount of non-current assets held and used and of assets held for sale, when facts and circumstances make this necessary. This analysis is carried out at least annually for Goodwill, and whenever facts and circumstances make it necessary. Analysis of the recoverability of the carrying amount of Goodwill is generally based on estimates of expected cash flows from the use or sale of the asset and adequate discount rates to calculate the fair value. When the carrying amount of a non-current asset is impaired, the Group recognises a write-down equal to the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to cash flows of the most recent company plans.

Recoverability of deferred tax assets

The Group has deferred tax assets from deductible temporary differences and theoretical tax benefits from losses to be carried forward. In estimating recoverable value, the Group considered the results of the company plan in line with the results used for impairment testing. Net deferred tax assets allocated on this basis refer to temporary differences and tax losses which, to a significant extent, may be recovered over an indefinite period, longer than the time frame of the above-mentioned estimates. As regards Piaggio & C. SpA, which is party to the IMMSI Group National Consolidated Tax Convention, the recovery of deferred tax assets is related to results forecast for the company, and also to the taxable amounts of companies which are part of the IMMSI Group National Consolidated Tax Convention.

Pension schemes and other termination benefits

Provisions for employee benefits and net borrowing costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements. The assumptions used for the measurement are explained in section 32 "Retirement funds and employee benefits".

Provisions for bad debts

The provision for bad debts reflects management's estimate of expected losses related to receivables. The Group adopts the simplified approach of IFRS 9 and recognises expected losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (Expected Credit Loss – ECL concept).

Provision for obsolete inventories

The provision for obsolete inventories reflects management's estimate of impairment losses expected by the Group, determined based on past experience. Anomalous market price trends could have an effect on future inventory write-downs.

Provision for product warranties

At the time of a product's sale, the Group makes provisions relative to estimated costs for the product warranty. This provision is estimated based on historical information about the nature, frequency and average cost of warranty jobs.

Potential liabilities

The Group recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements. The Group is subject to legal and tax proceedings concerning complex and difficult legal issues, of varying degrees of uncertainty, including facts and circumstances relative to each case, jurisdiction and different applicable laws. Given the uncertainties concerning these issues, it is hard to predict with certainty the outflow arising from these disputes and it is therefore possible that the value of provisions for legal proceedings and disputes of the Group may vary as a result of future developments in proceedings underway.
The Group monitors the status of ongoing proceedings and consults its legal and tax advisers.

Amortisation/Depreciation

The cost of assets is amortised/depreciated on a straight line basis over their estimated useful life, which for rights of use coincides with the assumed contract duration. The economic useful life of Group assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of tecóological innovations that may make the asset obsolete and no longer economical.
The Group periodically evaluates tecóological and segment changes, in order to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

Income tax

The Group is subject to different income tax laws in various jurisdictions. Group tax liabilities are determined based on management valuations referred to transactions of which the tax effect is not certain at the end of the reporting period. The Group recognises the liabilities that could arise from future inspections of tax authorities based on an estimate of taxes that will be due. If the outcome of inspections differs from management's estimates, significant effects on current and deferred taxes could arise.

Rounding off

All amounts in the tables and in these notes have been rounded off to thousands of Euros.

Climate Change Information

In a regulatory context in which the European Union has developed a strategy aimed at more sustainable economic models, all aimed at achieving the 2050 climate neutrality target, the Piaggio Group has initiated a process aimed at:
- the identification and analysis of risks and opportunities arising from climate change in line with the Paris Agreement (as more fully described in the 'Risks and Uncertainties' section of the Management Report and the Consolidated Non-Financial Statement), which could affect the adoption of applicable accounting standards;
- the assessment of potential impacts on financial statement valuations.

2.3 New accounting standards, amendments and interpretations applied as from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 1 January 2022:

- On 14 May 2020, the IASB published the following amendments entitled:
  - **Amendments to IFRS 3 Business Combinations:** The amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and the related costs will therefore be recognised in the income statement.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to the contract should be taken into account when estimating whether a contract is onerous. Accordingly, the assessment of whether a contract is burdensome includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g. the portion of depreciation of machinery used to perform the contract).
  - **Annual Improvements 2018-2020:** amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

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

2.4 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 31 December 2022

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts. The standard 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.
- On 9 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 directors do not expect a material effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates—Amendments to IAS 8**". The amendments are intended to improve the disclosure on accounting policy so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments will apply from 1 January 2023, but early application is permitted.
  Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.
- On 7 May 2021, the IASB published its "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.

Directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.

2.5 Accounting standards amendments and interpretations not yet applicable

As of the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published its "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**'' and on 31 October 2022 published its "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**". The documents aim to clarify how to classify payables and other short- or long-term liabilities. The amendments enter into force on 1 January 2024; although earlier application is permitted.
- On 7 May 2021, the IASB published its "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.
- On 9 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.
- On 22 September 2022, the IASB published its "**Amendments to IFRS 16 Insurance contracts: Lease Liability in a Sale and Leaseback**". The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognise income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but early application is permitted.

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.

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 the 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/ NET CAPITAL EMPLOYED BY OPERATING SEGMENT

		EMEA AND AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (unit/000)	2022	279.7	148.8	197.0	625.5
	2021	262.2	138.4	135.4	536.0
	Change	17.5	10.3	61.7	89.5
	Change %	6.7%	7.5%	45.6%	16.7%
Turnover (in millions of Euros)	2022	1,240.5	323.6	523.4	2,087.4
	2021	1,104.4	231.2	333.1	1,668.7
	Change	136.1	92.4	190.3	418.8
	Change %	12.3%	40.0%	57.1%	25.1%
Cost to sell (million Euros)	2022	925.1	278.9	328.6	1,532.5
	2021	795.5	192.7	217.9	1,206.2
	Change	129.5	86.1	110.7	326.3
	Change %	16.3%	44.7%	50.8%	27.1%
Gross margin (millions of Euros)	2022	315.4	44.7	194.8	554.9
	2021	308.9	38.4	115.2	462.5
	Change	6.5	6.3	79.6	92.4
	Change %	2.1%	16.3%	69.1%	20.0%
EBITDA (millions of Euros)	2022				298.1
	2021				240.6
	Change				57.5
	Change %				23.9%
EBIT (millions of Euros)	2022				158,7
	2021				112,6
	Change				46,2
	Change %				41,0%
Net profit (millions of Euros)	2022				84.9
	2021				60.1
	Change				24.8
	Change %				41.4%
Capital employed (millions of Euros)	2022	426.2	145.7	214.1	786.0
	2021	448.1	145.2	191.1	784.4
	Change	(21.9)	0.5	23.0	1.6
	Change %	-4.9%	0.3%	12.0%	0.2%
Of which receivable (millions of Euros)	2022	1,072.8	287.2	351.4	1,711.4
	2021	1,018.1	278.0	273.5	1,569.6
	Change	54.7	9.2	77.9	141.8
	Change %	5.4%	3.3%	28.5%	9.0%
Of which payable (millions of Euros)	2022	646.6	141.5	137.3	925.4
	2021	570.0	132.8	82.4	785.2
	Change	76.6	8.7	54.9	140.2
	Change %	13.4%	6.6%	66.6%	17.9%

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 2,087,443

Group revenues mainly consist of income from the sale of 2-wheelers, light commercial 3- and 4-wheelers, and related spare parts and accessories.
Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 42,009) and invoiced advertising cost recoveries (€/000 5,680), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographic segment

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

IN THOUSANDS OF EUROS	2022		2021		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	1,240,485	59.4	1,104,422	66.2	136,063	12.3
India	323,559	15.5	231,159	13.8	92,400	40.0
Asia Pacific 2W	523,399	25.1	333,108	20.0	190,291	57.1
Total	**2,087,443**	**100.0**	**1,668,689**	**100.0**	**418,754**	**25.1**

In 2022, net sales revenue increased by 25.1% compared to 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 1,352,460

The increase in material costs compared to 2021 (+27.8%) is due to the growth in production volumes and the cost of raw materials.
The item includes €/000 38,069 (€/000 31,331 in 2021) for purchases of two-wheelers from the Chinese subsidiary Zongshen Piaggio Foshan Motorcycle Co. Ltd., that are sold on European and Asian markets.

The following table details the content of this item:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Raw, ancillary materials, consumables and goods	1,456,090	1,140,827	315,263
Change in inventories of raw, ancillary materials, consumables and goods	(30,853)	(53,202)	22,349
Change in work in progress of semifinished and finished products	(72,777)	(29,770)	(43,007)
Total	**1,352,460**	**1,057,855**	**294,605**

6. Costs for services and leases and rental costs €/000 294,993

Below is a breakdown of this item:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Employee costs	13,935	10,653	3,282
External maintenance and cleaning costs	9,852	10,808	(956)
Energy and telephone costs	27,657	12,294	15,363
Postal expenses	998	1,082	(84)
Commissions payable	1,390	519	871
Advertising and promotion	44,307	53,257	(8,950)
Tecóical, legal and tax consultancy and services	27,990	22,432	5,558
Company boards operating costs	3,312	2,704	608
Insurance	5,173	4,580	593
Insurance from related parties	63	53	10
Outsourced manufacturing	30,908	26,921	3,987
Outsourced services	18,112	16,435	1,677
Transport costs (vehicles and spare parts)	58,112	48,423	9,689
Sundry commercial expenses	8,293	7,341	952
Expenses for public relations	3,730	2,737	993
Product warranty costs	1,476	1,241	235
Quality-related events	3,271	5,805	(2,534)
Bank costs and factoring charges	6,553	5,662	891
Other services	12,666	12,800	(134)
Services by related parties	1,127	1,467	(340)
Lease and rental costs	15,981	10,650	5,331
Costs for leases and rentals of related parties	87	38	49
Total costs for services, leases and rental costs	**294,993**	**257,902**	**37,091**

Costs for services, lease and rental showed a growth of 14.4% compared to the previous year, consistent with the increase in sales volumes and substantially lower than the growth in revenues.
The item includes costs for temporary work of €/000 2,637.

7. Employee costs €/000 264,614

Employee costs include €/000 2,106 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Salaries and wages	203,596	181,761	21,835
Social security contributions	49,001	46,322	2,679
Termination benefits	8,958	8,109	849
Other costs	3,059	2,529	530
Total	**264,614**	**238,721**	**25,893**

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

LEVEL	AVERAGE NUMBER		CHANGE
	2022	2021	
Senior management	111.3	108.9	2.4
Middle management	675.0	672.0	3.0
White collars	1,607.3	1,615.9	(8.6)
Blue collars	3,993.9	3,762.4	231.5
Total	**6,387.6**	**6,159.2**	**228.4**

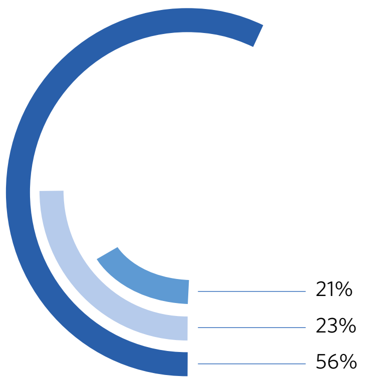
LEVEL	NUMBER AS OF		CHANGE
	31 DECEMBER 2022	31 DECEMBER 2021	
Senior management	116	108	8
Middle management	688	673	15
White collars	1,596	1,600	(4)
Blue collars	3,438	3,321	117
Total	**5,838**	**5,702**	**136**

As of 31 December 2022, Group employees totalled 5,838,[69] up overall by 2.4% compared to 31 December 2021.

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

LEVEL	AS OF 31.12.21	INCOMING	LEAVERS	RELOCATIONS	AS OF 31.12.22
Senior management	108	5	(6)	9	116
Middle management	673	69	(96)	42	688
White collars	1,600	268	(224)	(48)	1,596
Blue collars	3,321	2,074	(1,954)	(3)	3,438
Total	**5,702**	**2,416**	**(2,280)**	**0**	**5,838**

DISTRIBUTION OF THE WORKFORCE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2022



Asia Pacific 2W
India
EMEA and Americas

68. Of which 663 on fixed-term contracts.

8. Amortisation/depreciation and impairment costs €/000 139,402

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

IN THOUSANDS OF EUROS	2022	2021	CHANGE
PROPERTY, PLANT AND EQUIPMENT:			
Buildings	5,159	4,910	249
Plant and machinery	23,076	21,887	1,189
Industrial and commercial equipment	15,143	11,538	3,605
Other assets	7,753	6,663	1,090
Total depreciation of property, plant and equipment	**51,131**	**44,998**	**6,133**
Impairment costs of property, plant and equipment		175	(175)
Total depreciation of property, plant and equipment and impairment costs	**51,131**	**45,173**	**5,958**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
INTANGIBLE ASSETS:			
Development costs	32,068	31,504	564
Industrial Patent and Intellectual Property Rights	44,030	41,616	2,414
Concessions, licences, trademarks and similar rights	66	61	5
Other	118	201	(83)
Total amortisation of intangible assets	**76,282**	**73,382**	**2,900**
Impairment costs of intangible assets	1,990	1,274	716
Total amortisation of intangible assets and impairment costs	**78,272**	**74,656**	**3,616**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
RIGHTS OF USE:			
Land	194	180	14
Buildings	6,525	5,197	1,328
Plant and equipment	856	857	(1)
Equipment	318		318
Other assets	2,106	1,971	135
Total depreciation of rights of use	**9,999**	**8,205**	**1,794**

As indicated in more detail in the section on intangible assets, impairment testing of goodwill confirmed the full recoverability of values indicated in the financial statements.
Impairment costs of intangible assets refer to development projects for two new vehicles, for which production plans were reviewed in the context of the Group's Business Plan.

EMARKET SDIR CERTIFIED

9. Other operating income — €/000 150,763

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Operating grants	10,402	4,488	5,914
Increases in fixed assets for internal work	59,235	57,379	1,856
Rent receipt	8	5,634	(5,626)
Capital gains on the disposal of assets	216	352	(136)
Sale of miscellaneous materials	1,567	1,302	265
Recovery of transport costs	42,009	33,997	8,012
Recovery of advertising costs	5,680	5,109	571
Recovery of sundry costs	4,531	3,919	612
Compensation	911	1,188	(277)
Compensation for quality-related events	407	8,726	(8,319)
Licence rights and know-how	4,088	2,534	1,554
Sponsorship	5,364	2,749	2,615
Other income	15,926	24,360	(8,434)
Other Group income	419	500	(81)
Total	**150,763**	**152,237**	**(1,474)**

Contributions include:
- €/000 3,349 of tax credits recognised mainly for electricity and gas consumption;
- €/000 1,587 for public and EU grants to support research projects and government grants related to Research and Development, Tecóological Innovation and Design and Aesthetic Creation activities. These are recognised in profit or loss, with reference to the amortisation and depreciation of capitalised costs for which the grants were received;
- €/000 1,721 in export grants received by the Indian subsidiary;
- €/000 2,994 in grants to participate in MotoGP races paid by the organisers;
- €/000 416 of funding for professional training provided by trade associations;
- €/000 335 in grants for plant recognised on investments in tangible assets and Industry 4.0.

The reduction in the item Fee Income is related to the Group's decision to participate directly in the MotoGP Championship in 2022 and no longer outsource management to external teams.
Revenues include €/000 3,727 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in during previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

10. Net reversals (impairment) of trade and other receivables — €/000 (2,423)

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Reversals		384	(384)
Losses on receivables	(30)	(383)	353
Write-downs of receivables in working capital	(2,393)	(1,511)	(882)
Total	**(2,423)**	**(1,510)**	**(913)**

EMARKET SDIR CERTIFIED

11. Other operating costs €/000 25,574

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Provision for future risks	3,171	4,303	(1,132)
Provisions for product warranties	11,374	10,837	537
Duties and taxes not on income	5,586	4,986	600
Various subscriptions	1,312	1,171	141
Capital losses from disposal of assets	24	29	(5)
Miscellaneous expenses	3,564	3,004	560
Costs for ETS certificates	543		543
Total sundry operating costs	*11,029*	*9,190*	*1,839*
Total	**25,574**	**24,330**	**1,244**

The increase is partly due to expenses related to the purchase of ETS certificates. In fact, the Pontedera plant in Italy falls within the scope of the "Emissions Trading" Directive (Directive 2003/87/EC), which assigns a generally lower number of emission permits compared to the emissions recorded in the reference year, with the Parent Company having to purchase quotas in order to achieve compliance on the emissions market.

12. Income/(loss) from investments €/000 (892)

Net income from investments comprises the following:
- €/000 (925) relative to the portion of loss 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;
- €/000 15 dividends received from the minority interest in Ecofor Service Pontedera.

EMARKET SDIR CERTIFIED

13. Net financial income (borrowing costs) €/000 (30,629)

Below is the breakdown of borrowing costs and income:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Income:			
- Interest receivable from clients	308	14	294
- Bank and post office interest payable	1,215	546	669
- Interest payable on financial receivables	-	201	(201)
- Income from fair value measurements	13	-	13
- Other	-	41	(41)
Total financial income	**1,536**	**802**	**734**
Expenses:			
- Interest payable on bank accounts	2,536	2,688	(152)
- Interest payable on debenture loans	10,682	11,437	(755)
- Interest payable on bank loans	6,904	5,598	1,306
- Interest payable to other lenders	4,080	2,619	1,461
- Interest to suppliers	1,257	569	688
- Cash discounts to clients	537	801	(264)
- Bank charges on loans	986	1,408	(422)
- Income from fair value measurements		17	(17)
- Borrowing costs from discounting back termination and termination benefits	522	53	469
- Interest on rights of use (finance leases)	98	93	5
- Interest on rights of use (operating leases)	1,294	764	530
- Interest to parent companies on rights of use	80	107	(27)
- Other	40	24	16
Total borrowing costs	**29,016**	**26,178**	**2,838**
Costs capitalised on property, plant and equipment	(644)	(250)	(394)
Costs capitalised on intangible assets	(1,647)	(1,031)	(616)
Total Capitalised Costs	**(2,291)**	**(1,281)**	**(1,010)**
Total net borrowing costs	**26,725**	**24,897**	**1,828**
Exchange gains	55,350	26,324	29,026
Exchange losses	(60,790)	(21,767)	(39,023)
Total net exchange gains/(losses)	**(5,440)**	**4,557**	**(9,997)**
Net financial income (borrowing costs)	**(30,629)**	**(19,538)**	**(11,091)**

The balance of financial income (expenses) for 2022 was negative by €/000 30,629. The poorer performance compared to the corresponding period of the previous year (€/000 19,538) is essentially due to foreign-exchange losses, affected by the exceptional volatility of forex markets. Net interest income rose modestly due to the impact of the rate hike limited to the fourth quarter.

During 2022, borrowing costs for €/000 2,291 were capitalised (in the previous year, borrowing costs for €/000 1,281 had been capitalised).
The average rate used during 2022 for the capitalisation of borrowing costs (because of general loans), was equal to 3.3%.
Interest payable to other lenders mainly refers to interest payable to factoring companies and banks for the sale of trade receivables.

14. Taxes €/000 42,330

The item "Income taxes" is detailed below:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Current taxes	43,615	40,343	3,272
Deferred tax assets/liabilities	(1,285)	(6,719)	5,434
Total	**42,330**	**33,624**	**8,706**

In 2022 the impact of taxes on profit before tax was estimated as equal to 33.3% (35.9% in 2021).
The decrease is mainly related to the growth of income generated in Vietnam.

The item current taxes includes net income from the Consolidated Tax Convention of €/000 4,793.

Reconciliation in relation to the theoretical rate is shown below:

IN THOUSANDS OF EUROS	2022	2021
Profit before tax	127,219	93,678
Theoretical rate	24.00%	24.00%
Theoretical income taxes	30,533	22,483
Effect arising from tax differences and the difference between foreign tax rates and the theoretical rate	(2,354)	(520)
Tax effect arising from losses for the year not offset	8,311	5,514
Tax effect arising from deferred taxes	(1,285)	(6,719)
Taxes on income generated abroad	5,817	6,282
Expenses/(income) from the Consolidated Tax Convention	(4,793)	(3,817)
Regional production tax and other local taxes	3,484	2,892
Other differences	2,617	7,509
Income taxes recognised in the financial statements	**42,330**	**33,624**

Theoretical tax rates were determined applying the corporate tax rate in effect in Italy (24.0%) to profit before tax. The effect arising from the rate of regional production tax and other taxes paid abroad was determined separately, as these taxes are not calculated on the basis of profit before tax.

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:

		2022	2021
Net profit	€/000	84,889	60,054
Earnings attributable to ordinary shares	€/000	84,889	60,054
Average number of ordinary shares in circulation		355,911,520	357,114,186
Earnings per ordinary share	€	0.239	0.168
Adjusted average number of ordinary shares		355,911,520	357,114,186
Diluted earnings per ordinary share	€	0.239	0.168

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets €/000 729,524

Intangible assets went up overall by €/000 9,315 mainly due to investments for the period which were only partially balanced by amortisation for the period.
Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.
During 2022, borrowing costs for €/000 1,647 were capitalised.

The table below shows the breakdown of intangible assets as of 31 December 2022 and 31 December 2021, as well as movements during the period.

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2020	MOVEMENTS FOR THE PERIOD							SITUATION AT 31.12.2021
	NET VALUE	INVEST-MENTS	TRANSITIONS IN THE PERIOD	AMORTISA-TION	DISPOSALS	WRITE-DOWNS	EXCHANGE DIFFERENCES	OTHER	NET VALUE
Development costs	**91,623**	**41,906**	**0**	**(31,504)**	**0**	**(717)**	**1,960**	**(6)**	**103,262**
In service	49,908	18,630	42,303	(31,504)		(717)	1,533	0	80,153
Assets under development and advances	41,715	23,276	(42,303)	0			427	(6)	23,109
Patent rights	**127,251**	**55,136**	**0**	**(41,616)**	**(39)**	**(557)**	**42**	**12**	**140,229**
In service	55,373	24,654	65,436	(41,616)	(37)	(557)	38	12	103,303
Assets under development and advances	71,878	30,482	(65,436)		(2)	0	4	0	36,926
Trademarks	**29,539**	**0**	**0**	**(61)**	**0**	**0**	**0**	**0**	**29,478**
In service	29,539			(61)					29,478
Goodwill	**446,940**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**446,940**
In service	446,940								446,940
Other	**293**	**219**	**0**	**(201)**	**(24)**	**0**	**13**	**0**	**300**
In service	293	141	28	(201)	(24)		10		247
Assets under development and advances	0	78	(28)		0		3		53
Total	**695,646**	**97,261**	**0**	**(73,382)**	**(63)**	**(1,274)**	**2,015**	**6**	**720,209**
In service	582,053	43,425	107,767	(73,382)	(61)	(1,274)	1,581	12	660,121
Assets under development and advances	113,593	53,836	(107,767)	0	(2)	0	434	(6)	60,088

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2021	MOVEMENTS FOR THE PERIOD							SITUATION AT 31.12.2022
	NET VALUE	INVEST-MENTS	TRANSITIONS IN THE PERIOD	AMORTISA-TION	DISPOSALS	WRITE-DOWNS	EXCHANGE DIFFERENCES	OTHER	NET VALUE
Development costs	**103,262**	**41,145**	**0**	**(32,068)**	**0**	**(1,990)**	**(1,027)**	**0**	**109,322**
In service	80,153	16,525	17,075	(32,068)	0	(1,708)	(684)	0	79,293
Assets under development and advances	23,109	24,620	(17,075)	0	0	(282)	(343)	0	30,029
Patent rights	**140,229**	**46,246**	**0**	**(44,030)**	**(24)**	**0**	**(47)**	**3**	**142,377**
In service	103,303	19,195	22,912	(44,030)	(24)	0	(26)	0	101,330
Assets under development and advances	36,926	27,051	(22,912)	0	0	0	(21)	3	41,047
Trademarks	**29,478**	**0**	**0**	**(66)**	**0**	**0**	**0**	**0**	**29,412**
In service	29,478	0	0	(66)	0	0	0	0	29,412
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**	**1,241**	**0**	**(118)**	**0**	**0**	**(20)**	**70**	**1,473**
In service	247	53	18	(118)	0	0	2	70	272
Assets under development and advances	53	1,188	(18)	0	0	0	(22)	0	1,201
Total	**720,209**	**88,632**	**0**	**(76,282)**	**(24)**	**(1,990)**	**(1,094)**	**73**	**729,524**
In service	660,121	35,773	40,005	(76,282)	(24)	(1,708)	(708)	70	657,247
Assets under development and advances	60,088	52,859	(40,005)	0	0	(282)	(386)	3	72,277

Development costs €/000 109,322

Development costs include costs for products and engines referable to projects for which, as regards the period of the useful life of the asset, revenues are expected that allow for at least the costs incurred to be recovered. This item also includes assets under development for €/000 30,029 that represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.
With regard to development expenses, new projects capitalised in 2022 refer to the study of new vehicles and new engines, which are the flagship products of the 2022-2024 range.
Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years (lead products), in consideration of their remaining useful life.
During 2022, development expenditure amounting to €/000 23,578 was directly recognised in profit or loss. The write-downs concern the project of two new vehicles for which the production plans have been revised as part of the update of the Business Plan prepared by the Group.

Industrial patent rights and know-how €/000 142,377

This item includes assets under construction for €/000 41,047.
Know-how costs mainly refer to new tecóiques and methods of calculation, design and production developed by the Group.
The costs of industrial patent rights are mainly developed internally.
Both items are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.
Write-downs concern projects for which production plans were revised as part of the update to the Business Plan.

Trademarks, concessions and licences €/000 29,412

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Guzzi trademark	9,750	9,750	0
Aprilia trademark	19,158	19,158	0
Minor trademarks	10	15	(5)
Foton licence	494	555	(61)
Total	**29,412**	**29,478**	**(66)**

The Moto Guzzi and Aprilia brands, as they have an indefinite useful life as from 2021, are no longer amortised, but are tested at least annually for impairment, in accordance with IAS 36 'Impairment of Assets' as part of the impairment test described in more detail in the section 'Goodwill'.

The Foton licence is amortised over a 10-year period expiring in 2031.

Goodwill €/000 446,940

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

IN THOUSANDS OF EUROS	EMEA AND AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
31 12 2022	305,311	109,695	31,934	446,940
31 12 2021	305,311	109,695	31,934	446,940

The organisational structure of the Group is based on 3 Geographic Segments (CGUs), involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and Americas, India and Asia Pacific 2W. Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. Central structures and development activities currently dealt with by EMEA and Americas, are handled by individual CGUs.
As specified in the section on accounting standards, from 1 January 2004 goodwill is no longer amortised, but is tested annually or more frequently for impairment if specific events or changed circumstances indicate the possibility of it having been impaired, in accordance with the provisions of IAS 36 Impairment of Assets (impairment test).
The possibility of reinstating booked values is verified by comparing the net carrying amount of individual cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows which, it is estimated,

will be derived from the continual use of goods referring to cash generating units and by the terminal value attributable to these goods. The recoverability of goodwill is verified at least once per year (as of 31 December), even in the absence of indicators of impairment losses.
The main assumptions used by the Group to determine future cash flows, relative to a four-year period, and the consequent recoverable value (value in use) refer to:

a. a hypothesis of estimated cash flows over a four-year period, inferred from budget data for 2023, approved by the Board of Directors of Piaggio & C. S.p.A. on 26 January 2023, supplemented by forecast data for the period 2024-2026, approved by the Board of Directors of Piaggio & C. S.p.A. on 24 February 2023, along with an impairment test;
b. the WACC discount rate;
c. in addition to the period, a growth rate (g rate) has been estimated.

In particular, for discounting cash flows, the Group has adopted a discount rate (WACC) which differs based on different cash generating units. This reflects market valuations of the fair value of money and takes account of specific risks of activities and the geographic segment in which the cash generating unit operates.
In the future cash flows discounting model, a terminal value is entered at the end of the cash flow projection period, to reflect the residual value each cash-generating unit should produce. The terminal value represents the current value, at the last year of the projection, of all subsequent cash flows calculated as perpetual income, and was determined using a growth rate (g rate) which differed by CGU, to reflect the different growth potentials of each CGU.

	EMEA AND AMERICAS	ASIA PACIFIC 2W	INDIA
2022			
WACC	7.3%	8.3%	10.6%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	3.5%	5.1%	21.9%
2021			
WACC	5.2%	7.4%	10.1%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	4.4%	6.5%	22.9%

The terminal value growth rate (g rate) is specific for CGUs, considering the area's growth potential.
The medium-/long-term growth rate (g rate) for determining the Terminal Value of each CGU was considered as reasonable and prudent, in the light of:
- analysts' expectations for the Piaggio Group (source: most recent Analyst Reports);
- the long-term real GDP growth trend expected for main countries where the Group operates (source: Economist Intelligence Unit – EIU).

The WACC was determined in continuity with the previous year, and showed growth for all CGUs, in line with the changed reference scenarios.

The growth rate over the Plan period was determined using the expected trend of the sector as a reference, and for India, the Group forecast an increase in the market share currently held in the light commercial vehicles segment.
Analyses did not identify any impairment losses. Therefore no impairment was reflected in consolidated data as of 31 December 2022.
In addition, and on the basis of information in the document produced jointly by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009, the Group conducted sensitivity analysis of test results in relation to changes in basic assumptions (use of the growth rate in producing the terminal value and discount rate) which affect the value in use of cash generating units. In the case of a positive or negative change of 0.5% of the WACC and G used, analyses would not identify impairment losses.
In all cases, the value in use of the Group was higher than the net carrying amount tested.

In addition, with reference to the Indian CGU, which began to show signs of recovery during the second half of the year, the Group performed an additional sensitivity analysis considering certain scenarios characterised by the continuing effects of the pandemic. The assumed scenarios envisage a reduction in volumes throughout the plan period (2023-2026) compared to the baseline scenario.

In particular, the following alternative hypotheses were considered:
- a reduction of about 16% throughout the entire plan period (2023-2026);
- a decrease from 25% in 2023 to about 12% in 2026.

In both scenarios analysed, despite a strong penalisation, the value in use exceeds the net carrying amount for the Indian CGU, even though the surplus is close to breakeven, with the value in use and the carrying amount balancing out.

In addition, as explained further in the Annual Report and the Non-Financial Statement, the Group has carried out an analysis, and assessed the risks and short- and medium/long-term opportunities related to climate change and the reduction of polluting emissions. In this regard, it should be noted that although the Piaggio Group has not set specific quantitative targets in terms of reducing greenhouse gas emissions at present, it has considered the impact on investments, costs and cash flows in the process of preparing accounting estimates.

Therefore, in preparing the 2023 budget and the 2024-2026 plan, management took the following aspects into account:
- Research into new tecóologies with a view to future mobility in the context of a new urbanisation;
- A significant increase in investments in electric vehicles (2-3-4 wheelers);
- Investments in the active and passive safety of all vehicles;
- Inclusion of energy transition costs.

The analyses conducted during impairment testing did not identify aspects making write-downs of assets necessary.

Given that the recoverable value was determined based on estimates, the Group cannot ensure that there will be no impairment losses of goodwill in future financial periods.

Given the current market uncertainty, the various factors used in processing estimates could require revision; the Piaggio Group will constantly monitor these factors as well as the existence of impairment losses.

Other intangible assets €/000 1,473

The increase in this item compared to the previous year is related to the capitalisation of expenses for updating the SAP management programme.

This item includes €/000 70 for the purchase of ETS certificates made during the year and still in the portfolio. For more details on the Emission Trading Directive (Directive 2003/87/EC), that established the ETS certificate trading system, see Note 11 Other Operating Costs.

18. Property, plant and equipment €/000 291,366

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia).

During the period, the item showed an increase of €/000 8,325 mainly due to investments in the period and the effects of the devaluation of the rupee and the dong, which more than offset depreciation.

The increases mainly relate to the construction of a new CKD vehicle assembly factory[69] 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. During 2022, borrowing costs for €/000 644 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 31 December 2022 and 31 December 2021, as well as movements during the period.

69. CKD Completely Knocked Down.

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2020	MOVEMENTS FOR THE PERIOD							SITUATION AT 31.12.2021
	NET VALUE	INVEST-MENTS	TRANSITIONS IN THE PERIOD	DEPRECIA-TION	DISPOSALS	WRI-TE-DOWNS	EXCHANGE DIFFERENCES	OTHER	NET VALUE
Land	**27,640**	**3,737**	**0**	**0**	**0**	**0**	**173**	**0**	**31,550**
In service	27,640	3,737					173		31,550
Buildings	**84,614**	**4,578**	**0**	**(4,910)**	**0**	**0**	**1,645**	**5**	**85,932**
In service	82,646	674	1,046	(4,910)			1,525	3	80,984
Assets under construction and advances	1,968	3,904	(1,046)				120	2	4,948
Plant and machinery	**108,991**	**19,811**	**0**	**(21,887)**	**(72)**	**0**	**5,044**	**4**	**111,891**
In service	86,436	6,206	28,530	(21,887)	(48)		4,535	0	103,772
Assets under construction and advances	22,555	13,605	(28,530)		(24)		509	4	8,119
Equipment	**34,270**	**18,566**	**0**	**(11,538)**	**(70)**	**(175)**	**4**	**771**	**41,828**
In service	18,220	11,903	15,324	(11,538)	(70)	(175)	0	771	34,435
Assets under construction and advances	16,050	6,663	(15,324)				4		7,393
Other assets	**9,101**	**10,195**	**0**	**(6,663)**	**(261)**	**0**	**239**	**(771)**	**11,840**
In service	7,610	7,224	1,297	(6,663)	(201)		233		9,500
Assets under construction and advances	1,491	2,971	(1,297)		(60)		6	(771)	2,340
Total	**264,616**	**56,887**	**0**	**(44,998)**	**(403)**	**(175)**	**7,105**	**9**	**283,041**
In service	222,552	29,744	46,197	(44,998)	(319)	(175)	6,466	774	260,241
Assets under construction and advances	42,064	27,143	(46,197)	0	(84)	0	639	(765)	22,800

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2021	MOVEMENTS FOR THE PERIOD							SITUATION AT 31.12.2022
	NET VALUE	INVEST-MENTS	TRANSITIONS IN THE PERIOD	DEPRECIA-TION	DISPOSALS	WRI-TE-DOWNS	EXCHANGE DIFFERENCES	OTHER	NET VALUE
Land	**31,550**	**6,075**	**0**	**0**	**0**	**0**	**(412)**	**0**	**37,213**
In service	31,550	6,075	0	0	0		(412)	0	37,213
Buildings	**85,932**	**11,738**	**0**	**(5,159)**	**(3)**	**0**	**(878)**	**(1,800)**	**89,830**
In service	80,984	1,887	9,575	(5,159)	0		(910)	0	86,377
Assets under construction and advances	4,948	9,851	(9,575)	0	(3)		32	(1,800)	3,453
Plant and machinery	**111,891**	**21,198**	**0**	**(23,076)**	**(77)**	**0**	**(2,163)**	**1,201**	**108,974**
In service	103,772	4,169	11,008	(23,076)	(22)		(1,834)	1,204	95,221
Assets under construction and advances	8,119	17,029	(11,008)	0	(55)		(329)	(3)	13,753
Equipment	**41,828**	**14,530**	**0**	**(15,143)**	**0**	**0**	**(88)**	**618**	**41,745**
In service	34,435	10,895	7,646	(15,143)	0		(69)	618	38,382
Assets under construction and advances	7,393	3,635	(7,646)	0	0		(19)	0	3,363
Other assets	**11,840**	**9,502**	**0**	**(7,753)**	**(20)**	**0**	**58**	**(23)**	**13,604**
In service	9,500	7,961	689	(7,753)	(5)		57	(23)	10,426
Assets under construction and advances	2,340	1,541	(689)	0	(15)		1	0	3,178
Total	**283,041**	**63,043**	**0**	**(51,131)**	**(100)**	**0**	**(3,483)**	**(4)**	**291,366**
In service	260,241	30,987	28,918	(51,131)	(27)		(3,168)	1,799	267,619
Assets under construction and advances	22,800	32,056	(28,918)	0	(73)		(315)	(1,803)	23,747

Land — €/000 37,213

Land is not depreciated.

Land mainly refers to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice) and Mandello del Lario (Lecco) and Jakarta (Indonesia). The item also includes land in Pisa, with a warehouse. The increase compared to the previous year is related to the land on which a new 2-wheeler CKD assembly plant in Indonesia was built.

Buildings — €/000 89,830

The item Buildings, net of accumulated depreciation, comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Industrial buildings	85,292	79,844	5,448
Ancillary buildings	240	245	(5)
Light constructions	845	895	(50)
Assets under construction	3,453	4,948	(1,495)
Total	**89,830**	**85,932**	**3,898**

Industrial buildings refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia). The item also includes a building at Pisa used as a warehouse.
Buildings are depreciated on a straight-line basis using rates considered suitable to represent their useful life.

Plant and machinery — €/000 108,974

The item Plant and machinery, net of accumulated depreciation, consists of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
General plants	64,370	73,397	(9,027)
Automatic machinery	8,529	8,914	(385)
Furnaces and sundry equipment	621	631	(10)
Other	21,701	20,830	871
Assets under construction	13,753	8,119	5,634
Total	**108,974**	**111,891**	**(2,917)**

Plant and machinery refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia).
The "Other" item mainly includes non-automatic machinery and robotic centres.

Equipment — €/000 41,745

The item Equipment mainly refers to production equipment at Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia). Main investments in equipment concerned moulds for new vehicles launched during the year or scheduled to be launched in the first half of next year, moulds for new engines and specific equipment for assembly lines, including the lines of the new plant in Indonesia.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Industrial equipment	37,929	34,429	3,500
Commercial equipment	453	6	447
Assets under construction	3,363	7,393	(4,030)
Total	**41,745**	**41,828**	**(83)**

Other plant, property and equipment — €/000 13,604

The item Other assets comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
EDP systems	2,316	2,405	(89)
Office furniture and equipment	2,545	2,367	178
Vehicles	1,557	1,359	198
Others	4,008	3,369	639
Assets under construction	3,178	2,340	838
Total	**13,604**	**11,840**	**1,764**

Warranties

As of 31 December 2022, the Group had no buildings with mortgages.

19. Rights of use

This note provides information regarding leases as a lessee. The Group has no existing lease agreements as lessor.

Assets for rights of use €/000 36,861

The item "Rights of use" includes operating lease agreements, finance lease agreements and lease instalments paid in advance for the use of property.
The Group has stipulated rental/hire contracts for offices, plants, warehouses, company accommodation, cars and forklift trucks. The rental/lease agreements are typically for a fixed duration, but extension options are possible.
These agreements may also include service components. The Group opted to include only the component relative to the rental/hire payment in the recognition of rights of use.
The rental/hire agreements do not have any covenants to be met, nor require guarantees to be provided in favour of the lessor.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022				AS OF 31 DECEMBER 2021				
	OPERATING LEASES	FINANCE LEASES	RENTAL/HIRE PAYMENTS MADE IN ADVANCE	TOTAL	OPERATING LEASES	FINANCE LEASES	RENTAL/HIRE PAYMENTS MADE IN ADVANCE	TOTAL	CHANGE
Land			7,049	7,049			7,212	7,212	(163)
Buildings	18,513		146	18,659	12,970		241	13,211	5,448
Plant and machinery		7,275		7,275		8,131		8,131	(856)
Equipment	1,661			1,661				0	1,661
Other assets	2,195	22		2,217	2,123	50		2,173	44
Total	**22,369**	**7,297**	**7,195**	**36,861**	**15,093**	**8,181**	**7,453**	**30,727**	**6,134**

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER ASSETS	TOTAL
As of 31 12 2021	**7,212**	**13,211**	**8,131**	**0**	**2,173**	**30,727**
Increases	134	12,309		1,979	2,258	16,680
Amortisation/Depreciation	(194)	(6,525)	(856)	(318)	(2,106)	(9,999)
Decreases		(248)			(101)	(349)
Exchange differences	(103)	(88)			(7)	(198)
Other changes						0
Movements in 2022	**(163)**	**5,448**	**(856)**	**1,661**	**44**	**6,134**
As of 31 12 2022	**7,049**	**18,659**	**7,275**	**1,661**	**2,217**	**36,861**

Financial liabilities for rights of use €/000 28,905

The composition of and changes in financial liabilities for rights of use are illustrated in Note 41 "Financial liabilities and liabilities for rights of use", to which reference should be made.

Amounts recognised in the income statement

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

IN THOUSANDS OF EUROS	NOTE	2022	2021	CHANGE
Depreciation of rights of use	8	9,999	8,205	1,794
Financial charges for rights of use	13	1,472	964	508
Rental payments (not IFRS 16)	6	16,068	10,688	5,380

In 2022, leasing agreements subject to IFRS 16 resulted in a cash outflow of €/000 10,263.

20. Deferred tax assets €/000 71,611

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Deferred tax assets	79,909	80,651	(742)
Deferred tax liabilities	(8,298)	(8,172)	(126)
Total	**71,611**	**72,479**	**(868)**

The main effects recognised in the year are attributable to changes in temporary differences and tax losses.

As part of measurements to define deferred tax assets, the Group mainly considered the following:

- tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
- taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Piaggio Group plan were approved by the Board of Directors on 24 February 2023. As regards Piaggio & C. SpA, which is part of the National Consolidated Tax Convention of the IMMSI Group, the recovery of deferred tax assets is related to and confirmed by company forecasts and by taxable amounts of companies that are part of the above convention, as indicated in the long-term plans approved by their respective Boards;
- the tax rate in effect in the year when temporary differences occur.

Based on a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences.

IN THOUSANDS OF EUROS	AMOUNT OF TEMPORARY DIFFERENCES	TAX RATE	TAX EFFECT
	7,722	24%/27.9%	2,152
	2,459	27.90%	686
Provisions for risks	10,181		2,838
	14,326	27.90%	3,997
	1,330	24.38%	324
	563	22.00%	124
	483	25.00%	121
	406	33.58%	136
	156	22.00%	34
Provision for product warranties	17,264		4,736
	16,537	24.00%	3,969
	1,575	22.00%	346
	145	24.00%	35
	124	24.38%	30
	15	33.58%	5
Provisions for bad debts	18,396		4,385
	21,177	27.90%	5,908
	3,059	20.00%	612
	1,242	24.38%	303
	466	22.00%	103
	262	25.00%	66
	119	33.58%	40
	40	27.90%	11
	31	22.00%	7
Provisions for obsolete stock	26,396		7,050
	37,752	24%/27.9%	10,438
	25,646	20.00%	5,129
	14,189	24%/27.9%	3,414
	10,923	25.00%	2,731
	10,477	24.384%	2,555
	692	22.00%	152
	400	33.58%	134
	394	27.90%	110
	374	25.17%	94
	326	17.00%	55
	203	25.00%	51
	207	22%/24%	47
	217	18.00%	39
	63	31.16%	20
	26	30.00%	8
	34	15.00%	5
Offsetting of Deferred Tax Liabilities	(22,153)	10%/27.9%	(8,298)
Other changes	79,770		16,684
Total for provisions and other changes	**152,007**		**35,693**
Deferred tax assets already recognised			**35,638**
Deferred tax assets not recognised			**55**
Piaggio & C. S.p.A.	131,802	24.00%	31,633
Piaggio Fast Forward Inc.	96,225	27.32%	26,289
Nacional Motor S.A.	35,436	25.00%	8,859
Piaggio Group Americas Inc.	10,367	24.38%	2,528
Piaggio Concept Store Mantova S.r.l.	3,209	24.00%	770
Piaggio Group Japan	1,873	33.58%	629
Aprilia Racing S.r.l.	2,494	24.00%	599
Piaggio Vespa BV	959	15.00%	144
Total out of tax losses	**282,365**		**71,451**
Deferred tax assets already recognised			**35,973**
Deferred tax assets not recognised			**35,478**

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21. Inventories — €/000 379,678

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Raw materials and consumables	202,223	167,349	34,874
Provision for write-down	(11,532)	(12,425)	893
Net value	*190,691*	*154,924*	*35,767*
Work in progress and semi-finished products	31,993	22,934	9,059
Provision for write-down	(852)	(852)	0
Net value	*31,141*	*22,082*	*9,059*
Finished products and goods	176,632	118,555	58,077
Provision for write-down	(19,754)	(18,067)	(1,687)
Net value	*156,878*	*100,488*	*56,390*
Advances	968	1,044	(76)
Total	**379,678**	**278,538**	**101,140**

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.
The provision for write-down is calculated to align the value of inventories with their presumed realisable value, recognising obsolescence and slow rotation where necessary.

22. Trade receivables (current and non-current) — €/000 67,143

As of 31 December, no non-current trade payables were recorded for the periods compared.
Current trade receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Trade receivables due from customers	66,675	70,615	(3,940)
Trade receivables due from JV	459	590	(131)
Trade receivables due from parent companies	9	20	(11)
Total	**67,143**	**71,225**	**(4,082)**

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycles Co. Ltd. Receivables due from parent companies regard amounts due from Immsi.
The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 30,573.

Movements of write-down provision were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2022	**29,235**
Increases for allocations	703
Decreases for use	(668)
Other changes	1,303
Closing balance as of 31 December 2022	**30,573**

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, monitor and manage its trade receivables, besides offering its customers an instrument for funding their own inventories and, as regards factoring without recourse, the substantial transfer of risks and benefits. As of 31 December 2022, trade receivables still due, sold without recourse, totalled €/000 168,249. Of these amounts, Piaggio received payment prior to natural expiry of €/000 167,027.
As of 31 December 2022, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €/000 12,040 with a counter entry recorded in current liabilities.

23. Other receivables (current and non-current) €/000 76,139

They consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Receivables due from parent companies	25,721		25,721	19,098		19,098	6,623	0	6,623
Receivables due from joint ventures	544		544	900		900	(356)	0	(356)
Receivables due from affiliated companies	28		28	20	67	87	8	(67)	(59)
Accrued income	1,390		1,390	2,267		2,267	(877)	0	(877)
Deferred charges	11,331	10,771	22,102	8,014	14,948	22,962	3,317	(4,177)	(860)
Advance payments to suppliers	1,095	1	1,096	1,850	1	1,851	(755)	0	(755)
Advances to employees	513	24	537	688	26	714	(175)	(2)	(177)
Fair value of hedging derivatives	5,530	582	6,112	8,326		8,326	(2,796)	582	(2,214)
Security deposits	299	1,125	1,424	278	1,122	1,400	21	3	24
Receivables due from others	9,667	7,518	17,185	15,832	7,464	23,296	(6,165)	54	(6,111)
Total	**56,118**	**20,021**	**76,139**	**57,273**	**23,628**	**80,901**	**(1,155)**	**(3,607)**	**(4,762)**

Receivables due from affiliated companies are 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 of derivative instruments consists of hedging transactions recognised in accordance with the cash flow hedge principle and broken down as follows: fair value of exchange rate risk hedging transactions on forecast transactions (€/000 4,808 current portion); fair value of a designated hedging Interest Rate Swap (€/000 291 current portion and €/000 582 non-current portion); fair value of commodity hedging transactions (€/000 431).
Receivables due from others include €/000 3,480 (€/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 2022, the Indian company collected receivables related to these subsidies worth €/000 5,520.
For more details, see Note 9 "Other operating income".

Other receivables are recognised net of a write-down provision of €/000 6,537.
Movements of write-down provision were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2022	**6,609**
Increases for allocations	1,690
Decreases for use	(209)
Other changes	(1,553)
Closing balance as of 31 December 2022	**6,537**

24. Tax receivables (current and non-current) €/000 53,921

Tax receivables consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
VAT	33,828	741	34,569	11,619	543	12,162	22,209	198	22,407
Income tax	2,949	6,270	9,219	2,114	7,333	9,447	835	(1,063)	(228)
Others	8,324	1,809	10,133	3,809	1,028	4,837	4,515	781	5,296
Total	**45,101**	**8,820**	**53,921**	**17,542**	**8,904**	**26,446**	**27,559**	**(84)**	**27,475**

25. Breakdown of operating receivables by measurement method

The table below shows the breakdown of operating receivables by measurement method:

AS OF 31 DECEMBER 2022	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
AS OF 31 DECEMBER 2022					
Non-current					
Tax receivables				8,820	8,820
Other receivables			582	19,439	20,021
Total non-current operating receivables			**582**	**28,259**	**28,841**
Current					
Trade receivables				67,143	67,143
Tax receivables				45,101	45,101
Other receivables			5,530	50,588	56,118
Total current operating receivables			**5,530**	**162,832**	**168,362**
Total operating receivables			**6,112**	**191,091**	**197,203**
AS OF 31 DECEMBER 2021					
Non-current					
Tax receivables				8,904	8,904
Other receivables				23,628	23,628
Total non-current operating receivables				**32,532**	**32,532**
Current					
Trade receivables				71,225	71,225
Tax receivables				17,542	17,542
Other receivables			8,326	48,947	57,273
Total current operating receivables			**8,326**	**137,714**	**146,040**
Total operating receivables			**8,326**	**170,246**	**178,572**

26. Receivables due after 5 years €/000 0

At the end of the reporting period, there were no receivables with a maturity of more than 5 years.

27. Breakdown of assets by geographic segment

As regards the breakdown of assets by geographic segment, reference is made to the section on segment reporting.

28. Assets held for sale €/000 0

At the end of the reporting period, there were no assets held for sale.

29. Trade payables (current and non-current) €/000 739,832

As of 31 December 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:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Amounts due to suppliers	729,974	606,735	123,239
Trade payables to JV	9,518	16,622	(7,104)
Amounts due to affiliates	26	117	(91)
Amounts due to parent companies	314	90	224
Total	**739,832**	**623,564**	**116,268**
Of which indirect factoring	*297,231*	*258,667*	*38,563*

To facilitate credit conditions for its suppliers, the Group has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements, as described in more detail in "Consolidation principles and measurement criteria", to which reference is made. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 31 December 2022, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 297,231 (€/000 258,667 as of 31 December 2021).

30. Provisions (current and non-current portion) €/000 31,211

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

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2021	ALLOCA-TIONS	USES	EXCHANGE DIFFERENCES	BALANCE AS OF 31 DECEMBER 2022
Provision for product warranties	20,373	11,374	(10,650)	(40)	21,057
Provision for contractual risks	8,043	3,000	(4,123)	54	6,974
Risk provision for legal disputes	1,971	48	(91)	5	1,933
Provision for ETS certificates		513			513
Other provisions for risks	1,333	176	(778)	3	734
Total	**31,720**	**15,111**	**(15,642)**	**22**	**31,211**

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Provision for product warranties	13,042	8,015	21,057	12,416	7,957	20,373	626	58	684
Provision for contractual risks	974	6,000	6,974	920	7,123	8,043	54	(1,123)	(1,069)
Risk provision for legal disputes	212	1,721	1,933	250	1,721	1,971	(38)	0	(38)
Provision for ETS certificates	513	-	513	-	-	-	513	0	513
Other provisions for risks and charges	316	418	734	770	563	1,333	(454)	(145)	(599)
Total	**15,057**	**16,154**	**31,211**	**14,356**	**17,364**	**31,720**	**701**	**(1,210)**	**(509)**

The product warranty provision relates to allocations for tecóical 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 11,374 and €/000 10,650 was used in relation to costs incurred during the period.
The provision for litigation concerns labour litigation and other legal proceedings.
The provision for ETS certificates refers to the provision made by the Parent Company for the costs it will have to bear for the purchase of ETS certificates to be returned to the Authority by next 30 April. For more details on the Emission Trading Directive (Directive 2003/87/EC), that established the ETS certificate trading system, see Note 11 Other Operating Costs.
Other risk provisions include management's best estimate of probable liabilities at the reporting date.

31. Deferred tax liabilities €/000 5,173

The deferred tax liability is mainly attributable to taxable temporary differences between the carrying amount and tax value of tangible and intangible assets held by subsidiaries located in India and Vietnam.

32. Retirement funds and employee benefits €/000 25,714

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Retirement funds	771	811	(40)
Termination benefits provision	24,943	32,259	(7,316)
Total	**25,714**	**33,070**	**(7,356)**

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. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans. Their breakdown was as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2022	**32,259**
Cost for the period	8,958
Actuarial losses recognised in Equity	(4,978)
Interest cost	522
Uses and transfers of retirement funds	(11,818)
Closing balance as of 31 December 2022	**24,943**

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

Tecóical annual discount rate	3.63%
Annual inflation rate	2.30%
Annual rate of increase in termination benefit	3.225%

As regards the discount rate, the Group uses 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 31 December 2022 would have been lower by €/000 1,001.
The table below shows the effects, in absolute terms, as of 31 December 2022, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	25,179
Turnover rate -2%	24,665
Inflation rate +0.25%	25,266
Inflation rate - 0.25%	24,624
Discount rate +0.50%	23,960
Discount rate -0.50%	25,988

The average financial duration of the bond ranges from 9 to 25 years.

Estimated future amounts are equal to:

IN THOUSANDS OF EUROS	
YEAR	FUTURE AMOUNTS
1	2,706
2	1,134
3	1,210
4	1,552
5	741

The affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. As of 31 December 2022, these provisions amounted to €/000 77 and €/000 334 respectively. The amount of profits/(losses) recognised in the statement of comprehensive income related to foreign companies amounted to €/000 -40.

33. Tax payables (current and non-current) €/000 19,022

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Due for income tax	11,651		11,651	9,011	1,387	10,398	2,640	(1,387)	1,253
Due for non-income tax	193		193	154		154	39	0	39
Tax payables for:									
. VAT	1,120		1,120	1,007		1,007	113	0	113
. Tax withheld at source	5,532		5,532	5,032		5,032	500	0	500
. Others	526		526	1,772		1,772	(1,246)	0	(1,246)
Total	7,178	-	7,178	7,811	-	7,811	(633)	0	(633)
Total	**19,022**	**0**	**19,022**	**16,976**	**1,387**	**18,363**	**2,046**	**(1,387)**	**659**

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

34. Other payables (current and non-current) €/000 109,240

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
To employees	28,377	48	28,425	19,056	543	19,599	9,321	(495)	8,826
Guarantee deposits		4,087	4,087		4,048	4,048	-	39	39
Accrued expenses	4,696		4,696	4,559		4,559	137	-	137
Deferred income	4,233	11,318	15,551	3,798	8,065	11,863	435	3,253	3,688
Amounts due to social security institutions	9,037		9,037	8,718		8,718	319	-	319
Fair value of derivatives	3,062		3,062	217	34	251	2,845	(34)	2,811
To associates	114		114	118		118	(4)	-	(4)
To parent companies	26,336		26,336	14,919		14,919	11,417	-	11,417
Others	17,855	77	17,932	12,040	70	12,110	5,815	7	5,822
Total	**93,710**	**15,530**	**109,240**	**63,425**	**12,760**	**76,185**	**30,285**	**2,770**	**33,055**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 12,282 and other payments to be made for €/000 16,143.
Payables due to associates refer to various amounts due to the Fondazione Piaggio (Foundation).
Payables to parent companies consist of payables to Immsi.
The item Fair Value of derivative instruments consists of hedging transactions recognised in accordance with the cash flow hedge principle and broken down as follows: fair value of exchange rate risk hedging transactions on forecast transactions (€/000 1,610 current portion); fair value of hedging transactions on commodities (€/000 1,102) and the fair value of a forex hedging transaction not recognised according to the cash flow hedge principle (€/000 350 current portion).
The item Accrued liabilities includes €/000 164 for interest on hedging derivatives and relative hedged items measured at fair value.
Deferred income includes €/000 5,711 (€/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 9 "Other operating income".

35. Breakdown of operating payables by measurement method

The table below shows the breakdown of operating payables by measurement method:

IN THOUSANDS OF EUROS	LIABILITIES MEASURED AT FVPL	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
AS OF 31 DECEMBER 2022				
Non-current				
Tax payables				
Other payables			15,530	15,530
Total non-current operating payables			**15,530**	**15,530**
Current				
Trade payables			739,832	739,832
Tax payables			19,022	19,022
Other payables		3,062	90,648	93,710
Total current operating payables		**3,062**	**849,502**	**852,564**
Total operating payables		**3,062**	**865,032**	**868,094**
AS OF 31 DECEMBER 2021				
Non-current				
Tax payables			1,387	1,387
Other payables		34	12,726	12,760
Total non-current operating payables		**34**	**14,113**	**14,147**
Current				
Trade payables			623,564	623,564
Tax payables			16,976	16,976
Other payables		217	63,208	63,425
Total current operating payables		**217**	**703,748**	**703,965**
Total operating payables		**251**	**717,861**	**718,112**

36. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 41 "Financial Liabilities and financial liabilities for rights of use".
With the exception of the above payables, no other long-term payables due after five years exist.

37. Breakdown of liabilities by geographic segment

As regards the breakdown of liabilities by geographic segment, reference is made to the section on segment reporting.


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E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This section provides information on the carrying amount of financial assets and liabilities held, and in particular:
- specifically describes the type of financial assets and liabilities;
- the accounting standards adopted;
- describes how fair value is determined, how measurements and estimates are made, and the uncertainties involved.

The Group holds the following financial assets and liabilities:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
FINANCIAL ASSETS AS OF 31 DECEMBER 2022					
Non-current					
Other financial assets	16				16
Total non-current financial assets	**16**	**-**	**-**	**-**	**16**
Current					
Other financial assets			59		59
Cash and cash equivalents				242,616	242,616
Total current financial assets	**-**	**-**	**59**	**242,616**	**242,675**
Total financial assets	**16**	**-**	**59**	**242,616**	**242,691**
FINANCIAL ASSETS AS OF 31 DECEMBER 2021					
Non-current					
Other financial assets	16				16
Total non-current financial assets	**16**	**-**	**-**	**-**	**16**
Current					
Other financial assets			176		176
Cash and cash equivalents				260,868	260,868
Total current financial assets	**-**	**-**	**176**	**260,868**	**261,044**
Total financial assets	**16**	**-**	**176**	**260,868**	**261,060**

IN THOUSANDS OF EUROS	LIABILITIES MEASURED AT FVPL	FAIR VALUE ADJUSTMENT	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022					
Non-current					
Bank loans				264,878	264,878
Bonds				245,736	245,736
Other loans				176	176
Liabilities for rights of use				17,713	17,713
Total non-current financial liabilities	**-**	**-**	**-**	**528,503**	**528,503**
Current					
Bank loans				59,038	59,038
Bonds					-
Other loans				12,111	12,111
Liabilities for rights of use				11,192	11,192
Total current financial liabilities	**-**	**-**	**-**	**82,341**	**82,341**
Total financial liabilities	**-**	**-**	**-**	**610,844**	**610,844**
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021					
Non-current					
Bank loans				287,816	287,816
Bonds				244,150	244,150
Other loans				247	247
Liabilities for rights of use				14,536	14,536
Total non-current financial liabilities	**-**	**-**	**-**	**546,749**	**546,749**
Current					
Bank loans				76,956	76,956
Bonds					-
Other loans				9,884	9,884
Liabilities for rights of use				7,601	7,601
Total current financial liabilities	**-**	**-**	**-**	**94,441**	**94,441**
Total financial liabilities	**-**	**-**	**-**	**641,190**	**641,190**

38. Investments €/000 9,913

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Interests in joint ventures	9,697	10,850	(1,153)
Investments in associates	216	197	19
Total	**9,913**	**11,047**	**(1,134)**

The item Investments in joint ventures relates to the investment in Zongshen Piaggio Foshan Motorcycles Co. Ltd, of which the Group holds 45% (of which 12.5% through the direct subsidiary Piaggio China Company Ltd). The investment was classified under the item "joint ventures" in relation to agreements made in the contract signed on 15 April 2004 between Piaggio & C. S.p.A. and its historical partner Foshan Motorcycle Plant, and the Chinese company Zongshen Industrial Group Company Limited.

The carrying amount of the investment refers to shareholders' equity pro-quota adjusted to take into account the measurement criteria adopted by the Group.

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

IN THOUSANDS OF EUROS	ACCOUNTS AS OF 31 DECEMBER 2022		ACCOUNTS AS OF 31 DECEMBER 2021	
ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE CO. LTD				
		45% *		45% *
Working capital	13,014	5,856	16,651	7,493
Financial debt	0	0	0	0
Total assets	12,946	5,826	13,918	6,263
Net capital employed	**25,960**	**11,682**	**30,569**	**13,756**
Provisions	441	198	592	267
Financial debt	1,309	589	2,513	1,131
Shareholders' equity	24,210	10,895	27,464	12,359
Total sources of financing	**25,960**	**11,682**	**30,569**	**13,756**
* Group ownership				
Shareholders' equity attributable to the Group		10,895		12,359
Elimination of margins on internal transactions		(1,198)		(1,509)
Value of the investment		**9,697**		**10,850**

IN THOUSANDS OF EUROS	
RECONCILIATION OF SHAREHOLDERS' EQUITY	
Opening balance as of 1 January 2022	**10,850**
Profit (Loss) for the period	(1,236)
Statement of Comprehensive Income	(228)
Elimination of margins on internal transactions	311
Closing balance as of 31 December 2022	**9,697**

Investments in associates €/000 216

This item comprises:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31 DECEMBER 2021	ADJUSTMENT	CARRYING AMOUNT AS OF 31 DECEMBER 2022
ASSOCIATES			
Immsi Audit S.c.a.r.l.	10		10
S.A.T. S.A. - Tunisia	0		0
Depuradora D'Aigues de Martorelles	27	1	28
Pontedera & Tecnologia S.c.a r.l.	160	18	178
Total associates	**197**	**19**	**216**

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

39. Other financial assets (current and non-current) €/000 75

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Fair Value of hedging derivatives	59		59	176		176	(117)	0	(117)
Investments in other companies		16	16		16	16	0	0	0
Total	**59**	**16**	**75**	**176**	**16**	**192**	**(117)**	**0**	**(117)**

The item Fair Value of derivative instruments relates to hedging transactions on intercompany flows in foreign currencies.
The breakdown of the item "Investments in other companies" is shown in the table below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
OTHER COMPANIES:		
A.N.C.M.A. - Rome	2	2
ECOFOR SERVICE S.p.A. - Pontedera	2	2
Consorzio Fiat Media Center - Turin	3	3
S.C.P.S.T.V.	0	0
IVM	9	9
Total other companies	**16**	**16**

40. Cash and cash equivalents €/000 242,616

This item mainly includes short-term or on demand bank deposits.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Bank and postal deposits	242,569	260,829	(18,260)
Cash on hand	47	39	8
Total	**242,616**	**260,868**	**(18,252)**

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

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Liquidity	242,616	260,868	(18,252)
Current account overdrafts	(64)	(12)	(52)
Closing balance	**242,552**	**260,856**	**(18,304)**

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41. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 610,844

During 2022, the Group's total debt decreased by €/000 30,346. Excluding the change in financial liabilities for rights of use, the Group's total financial debt decreased by €/000 37,114 as of 31 December 2022.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial liabilities	71,149	510,790	581,939	86,840	532,213	619,053	(15,691)	(21,423)	(37,114)
Financial liabilities for rights of use	11,192	17,713	28,905	7,601	14,536	22,137	3,591	3,177	6,768
Total	**82,341**	**528,503**	**610,844**	**94,441**	**546,749**	**641,190**	**(12,100)**	**(18,246)**	**(30,346)**

Net financial debt of the Group amounted to €/000 368,228 as of 31 December 2022 compared to €/000 380,322 as of 31 December 2021.
The composition of "Net financial debt" as of 31 December 2022, prepared in accordance with paragraph 175 and following of ESMA Recommendations 2021/32/382/1138, is set out below.

Consolidated net financial position (Consolidated net financial debt)[70]

	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
A	**Cash and cash equivalents**	**242,616**	**260,868**	**(18,252)**
B	**Cash equivalents**			**0**
C	**Other current financial assets**			**0**
D	**Liquidity (A + B + C)**	**242,616**	**260,868**	**(18,252)**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(33,739)**	**(37,861)**	**4,122**
	Payables due to banks	(10,436)	(20,376)	9,940
	Debenture loan			0
	Amounts due to factoring companies	(12,040)	(9,813)	(2,227)
	Financial liabilities for rights of use	(11,192)	(7,601)	(3,591)
	.of which finance leases	*(1,190)*	*(1,201)*	*11*
	.of which operating leases	*(10,002)*	*(6,400)*	*(3,602)*
	Current portion of payables due to other lenders	(71)	(71)	0
F	**Current portion of non-current financial debt**	**(48,602)**	**(56,580)**	**7,978**
G	**Current financial debt (E + F)**	**(82,341)**	**(94,441)**	**12,100**
H	**Net current financial debt (G - D)**	**160,275**	**166,427**	**(6,152)**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(282,767)**	**(302,599)**	**19,832**
	Medium-/long-term bank loans	(264,878)	(287,816)	22,938
	Financial liabilities for rights of use	(17,713)	(14,536)	(3,177)
	.of which finance leases	*(3,286)*	*(4,479)*	*1,193*
	.of which operating leases	*(14,427)*	*(10,057)*	*(4,370)*
	Amounts due to other lenders	(176)	(247)	71
J	**Debt instruments**	**(245,736)**	**(244,150)**	**(1,586)**
K	**Trade payables and other non-current payables**			**0**
L	**Non-current financial debt (I + J + K)**	**(528,503)**	**(546,749)**	**18,246**
M	**Total financial debt (H + L)**	**(368,228)**	**(380,322)**	**12,094**

As regards indirect factoring, please refer to the comment in Note 29 "Trade payables".

70. 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 as of 31 December 2022 and 2021, and relative accruals.

The following table summarises the changes in the last two years.

	IN THOUSANDS OF EUROS		CASH FLOWS						
		BALANCE AS OF 31.12.2020	MOVE-MENTS	REPAY-MENTS	NEW ISSUES	RECLASSIFI-CATIONS	EXCHAN-GE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2021
A	**Cash and cash equivalents**	**230,093**	**20,180**				**10,595**		**260,868**
B	**Cash equivalents**	**0**							**0**
C	**Other current financial assets**	**0**							**0**
D	**Liquidity (A + B + C)**	**230,093**	**20,180**	**0**	**0**	**0**	**10,595**	**0**	**260,868**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(59,202)**	**0**	**84,729**	**(23,885)**	**(38,735)**	**0**	**(768)**	**(37,861)**
	Current account overdrafts	(1,187)		1,187	(12)				(12)
	Current account payables	(29,191)		23,642	(14,060)			(755)	(20,364)
	Total current bank loans	*(30,378)*	*0*	*24,829*	*(14,072)*	*0*	*0*	*(755)*	*(20,376)*
	Debenture loan	(11,038)		41,050		(30,000)		(12)	0
	Amounts due to factoring companies	(9,133)		9,133	(9,813)				(9,813)
	Financial liabilities for rights of use	(8,582)		9,646		(8,664)	0	(1)	(7,601)
	.of which finance leases	*(1,182)*		*1,184*		*(1,202)*		*(1)*	*(1,201)*
	.of which operating leases	*(7,400)*		*8,462*		*(7,462)*			*(6,400)*
	Current portion of payables due to other lenders	(71)		71		(71)			(71)
F	**Current portion of non-current financial debt**	**(110,738)**		**140,013**		**(85,703)**		**(152)**	**(56,580)**
G	**Current financial debt (E + F)**	**(169,940)**	**0**	**224,742**	**(23,885)**	**(124,438)**	**0**	**(920)**	**(94,441)**
H	**Net current financial debt (G - D)**	**60,153**	**20,180**	**224,742**	**(23,885)**	**(124,438)**	**10,595**	**(920)**	**166,427**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(211,191)**	**0**	**0**	**(181,000)**	**94,438**	**(647)**	**(4,199)**	**(302,599)**
	Medium-/long-term bank loans	(192,879)			(181,000)	85,703		360	(287,816)
	Liabilities for rights of use	(17,994)			0	8,664	(647)	(4,559)	(14,536)
	.of which finance leases	*(5,681)*				*1,202*			*(4,479)*
	.of which operating leases	*(12,313)*				*7,462*	*(647)*	*(4,559)*	*(10,057)*
	Amounts due to other lenders	(318)				71			(247)
J	**Debt instruments**	**(272,579)**				**30,000**		**(1,571)**	**(244,150)**
K	**Trade payables and other non-current payables**								
L	**Non-current financial debt (I + J + K)**	**(483,770)**	**0**	**0**	**(181,000)**	**124,438**	**(647)**	**(5,770)**	**(546,749)**
M	**Total financial debt (H + L)**	**(423,617)**	**20,180**	**224,742**	**(204,885)**	**0**	**9,948**	**(6,690)**	**(380,322)**

	IN THOUSANDS OF EUROS		CASH FLOWS						
		BALANCE AS OF 31.12.2021	MOVE-MENTS	REPAY-MENTS	NEW ISSUES	RECLASSI-FICATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2022
A	**Cash and cash equivalents**	**260,868**	**(16,656)**				**(1,596)**		**242,616**
B	**Cash equivalents**								**0**
C	**Other current financial assets**								**0**
D	**Liquidity (A + B + C)**	**260,868**	**(16,656)**	**0**	**0**	**0**	**(1,596)**	**0**	**242,616**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(37,861)**	**0**	**38,682**	**(20,965)**	**(13,923)**	**330**	**(2)**	**(33,739)**
	Current account overdrafts	(12)		12	(64)				(64)
	Current account payables	(20,364)		18,523	(8,861)		330		(10,372)
	Total current bank loans	*(20,376)*	*0*	*18,535*	*(8,925)*	*0*	*330*	*0*	*(10,436)*
	Debenture loan								0
	Amounts due to factoring companies	(9,813)		9,813	(12,040)				(12,040)
	Financial liabilities for rights of use	(7,601)		10,263		(13,852)	0	(2)	(11,192)
	.of which finance leases	*(1,201)*		*1,200*		*(1,189)*			*(1,190)*
	.of which operating leases	*(6,400)*		*9,063*		*(12,663)*		*(2)*	*(10,002)*
	Current portion of payables due to other lenders	(71)		71		(71)			(71)
F	**Current portion of non-current financial debt**	**(56,580)**		**83,337**		**(75,195)**		**(164)**	**(48,602)**
G	**Current financial debt (E + F)**	**(94,441)**	**0**	**122,019**	**(20,965)**	**(89,118)**	**330**	**(166)**	**(82,341)**
H	**Net current financial debt (G - D)**	**166,427**	**(16,656)**	**122,019**	**(20,965)**	**(89,118)**	**(1,266)**	**(166)**	**160,275**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(302,599)**	**0**	**0**	**(52,500)**	**89,118**	**111**	**(16,897)**	**(282,767)**
	Medium-/long-term bank loans	(287,816)			(52,500)	75,195		243	(264,878)
	Liabilities for rights of use	(14,536)			0	13,852	111	(17,140)	(17,713)
	.of which finance leases	*(4,479)*				*1,189*		*4*	*(3,286)*
	.of which operating leases	*(10,057)*				*12,663*	*111*	*(17,144)*	*(14,427)*
	Amounts due to other lenders	(247)				71			(176)
J	**Debt instruments**	**(244,150)**						**(1,586)**	**(245,736)**
K	**Trade payables and other non-current payables**								
L	**Non-current financial debt (I + J + K)**	**(546,749)**	**0**	**0**	**(52,500)**	**89,118**	**111**	**(18,483)**	**(528,503)**
M	**Total financial debt (H + L)**	**(380,322)**	**(16,656)**	**122,019**	**(73,465)**	**0**	**(1,155)**	**(18,649)**	**(368,228)**

Financial liabilities €/000 581,939

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	BALANCE AT		NOMINAL VALUE AT	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Bank loans	323,916	364,772	325,266	366,043
Bonds	245,736	244,150	250,000	250,000
Other loans	12,287	10,131	12,287	10,131
Total	**581,939**	**619,053**	**587,553**	**626,174**

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2022	CARRYING AMOUNT AS OF 31.12.2021	CHANGE
Current financial debt	71,149	86,840	(15,691)
Non-current financial debt	510,790	532,213	(21,423)
Financial debt	**581,939**	**619,053**	**(37,114)**
Gross debt, fixed rate	397,506	425,224	(27,718)
Gross debt, variable rate	184,433	193,829	(9,396)
Financial debt	**581,939**	**619,053**	**(37,114)**

The table below shows the repayment schedule as of 31 December 2022:

IN THOUSANDS OF EUROS				AMOUNTS FALLING DUE IN				
	NOMINAL VALUE AS OF 31.12.2022	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2024	2025	2026	2027	AFTER
Bank loans	325,266	59,121	266,145	68,700	38,715	87,563	36,167	35,000
- of which opening of credit lines and bank overdrafts	*10,436*	*10,436*	*0*					
- of which medium/long-term bank loans	*314,830*	*48,685*	*266,145*	*68,700*	*38,715*	*87,563*	*36,167*	*35,000*
Bonds	250,000	0	250,000		250,000			
Other loans	12,287	12,111	176	71	71	34		0
Total	**587,553**	**71,232**	**516,321**	**68,771**	**288,786**	**87,597**	**36,167**	**35,000**

The following table analyses financial debt by currency.

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2021	ACCOUNTING BALANCE	NOMINAL VALUE
		AS OF 31.12.2022	
Euros	603,689	571,568	577,182
Indian Rupee		81	81
Vietnamese Dong	13,523	7,873	7,873
Japanese Yen	1,841	2,417	2,417
Total currencies other than euro	*15,364*	*10,371*	*10,371*
Total	**619,053**	**581,939**	**587,553**

Medium and long-term bank debt amounts to €/000 313,480 (of which €/000 264,878 non-current and €/000 48,602 current) and consists of the following loans:

- a €/000 9,986 medium-term loan (nominal value of €/000 10,000) 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 58,274 (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 1,662 (with a nominal value of €/000 2,000) use of the syndicated revolving credit line for a total of €/000 200,000 maturing on 5 January 2024 (with one year's extension at the discretion of the borrower). Contract terms require covenants (described below);
- a €/000 114,272 (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 22,404 medium-term loan (nominal value of €/000 22,500) 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 19,938 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 26,667 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 3,486 medium-term loan (nominal value of €/000 3,500) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 6,990 medium-term loan (nominal value of €/000 7,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 4,825 medium-term loan (nominal value of €/000 4,830) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule;
- a €/000 14,976 (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 revolving credit lines and loans unused at 31 December 2022:
- a €/000 20,000 revolving credit line granted by Banca Intesa San Paolo maturing on 31 January 2024;
- a €/000 10,000 revolving credit line granted by Banca del Mezzogiorno maturing on 1 July 2026;
- a €/000 12,500 revolving credit line granted by Banca Popolare Emilia Romagna maturing on 2 August 2026;
- a €/000 60,000 Loan granted by the European Investment Bank with maturity 9 years from disbursement.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 245,736 (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 12,040.
Medium-/long-term payables to other lenders equal to €/000 247 of which €/000 176 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.

As of 31 December 2022, all covenants had been met in full.

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit & Loss, for which the same measurement criteria used for the derivative are applied). According to this criterion, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability.
IFRS 13 – Fair Value Measurement defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation tecóiques. The standard defines a fair value hierarchy:
- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

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

The table below shows the fair value of payables measured using the amortised cost method as of 31 December 2022:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE [71]
High yield debenture loan	250,000	245,736	247,230
EIB RDI	58,333	58,274	53,670
EIB RDI step-up	30,000	30,000	27,009
Loan from B. Pop. Emilia Romagna	22,500	22,404	21,612
Loan from CDP	26,667	26,667	24,994
Loan from Banco BPM	20,000	19,938	19,196
Loan from Banca CARIGE	4,830	4,825	5,137
Loan from BPop Sondrio	3,500	3,486	3,386
Loan from CariBolzano	7,000	6,990	6,657
Loan from OLB	15,000	14,976	16,223
SSD loans	115,000	114,272	101,920

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

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 31 December 2022, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Financial derivatives:			
- of which financial assets			
- of which other receivables		6,112	
Investments in other companies			16
Total assets		**6,112**	**16**
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives:			
- of which financial liabilities			
- of which other payables		(3,063)	
Financial liabilities at fair value recognised through profit or loss			
Total liabilities		**(3,063)**	
General total		**3,049**	**16**

The following tables show Level 2 and Level 3 changes during 2022:

IN THOUSANDS OF EUROS	LEVEL 2	LEVEL 3
Balance as of 31 December 2021	**8,075**	**16**
Gain (loss) recognised in profit or loss	(350)	
Gain (loss) recognised in the statement of comprehensive income	(4,676)	
Increases/(Decreases)		
Balance as of 31 December 2022	**3,049**	**16**

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

Financial liabilities for rights of use €/000 28,905

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Operating leases	10,002	14,427	24,429	6,400	10,057	16,457	3,602	4,370	7,972
Finance leases	1,190	3,286	4,476	1,201	4,479	5,680	(11)	(1,193)	(1,204)
Total	**11,192**	**17,713**	**28,905**	**7,601**	**14,536**	**22,137**	**3,591**	**3,177**	**6,768**

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 2,296 (€/000 1,000 non-current portion).

Payables for finance leases amounted to €/000 4,476 (nominal value of €/000 4,480) and break down as follows:

- a Sale&Lease back agreement for €/000 4,426 (nominal value of €/000 4,430) 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 3,246);
- a finance lease for €/000 50 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 40).

The table below shows the repayment schedule as of 31 December 2022:

IN THOUSANDS OF EUROS				AMOUNTS FALLING DUE IN				
	CARRYING AMOUNT AS OF 31.12.2022	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2024	2025	2026	2027	AFTER
Rights of use								
- of which operating leases	24,429	10,002	14,427	5,141	3,025	1,542	920	3,799
- of which finance leases	4,476	1,190	3,286	1,261	1,258	767		
Total	**28,905**	**11,192**	**17,713**	**6,402**	**4,283**	**2,309**	**920**	**3,799**

F) MANAGEMENT OF FINANCIAL RISK

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

42. Credit risk

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
Liquid assets	242,569	260,829
Financial receivables	75	192
Other receivables	76,139	80,901
Tax receivables	53,921	26,446
Trade receivables	67,143	71,225
Total	**439,847**	**439,593**

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

43. Financial risks

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

Liquidity risk and capitals management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.
In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Parent Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.
As of 31 December 2022 the most important sources of financing irrevocable until maturity granted to the Parent Company were as follows:

- a debenture loan of €/000 250,000 maturing in April 2025;
- a Schuldschein loan of €/000 115,000, with final settlement in February 2029;
- a revolving credit line from €/000 200,000 maturing in January 2024 and a loan of €/000 22,500 maturing in December 2027;
- Revolving credit facilities for a total of €/000 42,500, with final settlement in August 2026;
- loans for a total of €/000 257,830, with final settlement in March 2028.

Other Group companies also have irrevocable loans totalling €/000 14,063 with final settlement in December 2023.

EMARKET SDIR CERTIFIED

As of 31 December 2022, the Group had a liquidity of €/000 242,616, €/000 314,563 of undrawn credit lines irrevocable to maturity and €/000 193,418 of revocable credit lines, as detailed below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
Variable rate with maturity within one year - irrevocable until maturity	14,063	195,500
Variable rate with maturity after one year - irrevocable until maturity	300,500	20,000
Variable rate with maturity within one year - cash revocable	184,418	226,844
Variable rate with maturity within one year - with revocation for self-liquidating typologies	9,000	11,000
Total undrawn credit lines	**507,981**	**453,344**

The table below shows the timing of future payments in relation to trade payables:

IN THOUSANDS OF EUROS	WITHIN 30 DAYS	BETWEEN 31 AND 60 DAYS	BETWEEN 61 AND 90 DAYS	OVER 90 DAYS	TOTAL AS OF 31 DECEMBER 2022
Trade payables	350,697	223,127	98,422	67,586	739,832

Management considers that currently available funds, as well as funds that will be generated from operations and loans, will enable the Group to meet its requirements relative to investments, the management of working capital and repayment of loans on expiry and will ensure an adequate level of operating and strategic flexibility.

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;
- **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 exchange rate") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging

As of 31 December 2022, the Group had undertaken the following futures transactions (recognised based on the regulation date) relative to payables and receivables already recognised to hedge the transaction exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	182,000	25,166	02/02/2023
Piaggio & C.	Purchase	JPY	480,000	3,354	10/02/2023
Piaggio & C.	Purchase	SEK	14,000	1,285	29/01/2023
Piaggio & C.	Purchase	USD	31,550	30,506	15/02/2023
Piaggio & C.	Sale	CAD	650	467	07/02/2023
Piaggio & C.	Sale	CNY	65,000	8,837	01/03/2023
Piaggio & C.	Sale	USD	65,410	61,289	23/04/2023
Piaggio Vietnam	Purchase	EUR	2,218	57,902,983	16/01/2023
Piaggio Vietnam	Sale	JPY	171,831	29,786,732	20/02/2023
Piaggio Vietnam	Sale	USD	17,532	422,892,203	14/02/2023
Piaggio Vespa BV	Sale	USD	29,464	27,535	24/04/2023
Piaggio Indonesia	Sale	USD	14,610	229,073,941	27/02/2023
Piaggio Vehicles Private Limited	Sale	USD	6,100	505,613	17/02/2023

As of 31 December 2022, the Group had undertaken the following transactions to hedge the business exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	1,420,000	193,515	24/11/2023
Piaggio & C.	Purchase	USD	20,000	18,681	04/03/2023
Piaggio & C.	Sale	USD	90,000	88,404	26/08/2023

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 31 December 2022, the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 3,198. During 2022, profit was recognised under Other Comprehensive Income amounting to €/000 3,198 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 8,305.
The net balance of cash flows during 2022 is shown below, divided by main currency:

IN MILLIONS OF EUROS	CASH FLOW 2022
Canadian Dollar	17.5
Pound Sterling	34.8
Swedish Krone	(1.6)
Japanese Yen	(1.9)
US Dollar	133.7
Indian Rupee	(68.6)
Chinese Yuan[72]	(121.1)
Vietnamese Dong	(205.2)
Singapore Dollar	(3.1)
Indonesian Rupiah	91.7
Total cash flow in foreign currency	**(123.8)**

72. Cash flow partially in euro.

In view of the above, an assumed appreciation/deprecation of 3% of the euro would have generated potential profits for €/000 3,601 and potential losses for €/000 3,824 respectively.

Interest rate risk

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

As of 31 December 2022, the following hedging derivatives were in use:

Cash flow hedging

An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 26,667 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 31 December 2022, the fair value of the instrument was positive by €/000 873; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on equity, net of the related tax effect, of €/000 137 and €/000 -140 respectively.

Commodities price risk

This risk arises from the possibility of changes in company profitability due to fluctuations in metal and energy prices (specifically platinum, palladium, aluminium and gas). The Group's objective is therefore to neutralise such possible adverse changes deriving from highly probable future transactions by compensating them with opposite variations related to the hedging instrument.
Cash flow hedging is adopted with this type of hedging, 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 31 December 2022, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative by €/000 671. During 2022, profit was recognised under Other Comprehensive Income amounting to €/000 671 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 184.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	873
Commodities hedges	(671)


Vespa

G) INFORMATION ON SHAREHOLDERS' EQUITY

44. Share capital and reserves €/000 417,811

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 31 DECEMBER 2022

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

The Share of the Company are without par value, are indivisible, registered and issued on a dematerialisation basis, in the centralised management system of Monte Titoli S.p.A..
At the date of these financial statements, no other financial instruments with the right to subscribe to new issue shares had been issued, nor were there share-based incentive plans in place involving increases, also without a consideration, in share capital.

Treasury shares €/000 (7,688)

During the period, 2,475,777 treasury shares were acquired. Therefore, as of 31 December 2022, Piaggio & C. held 3,521,595 treasury shares, equal to 0.9833% of shares issued.

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2022	2021
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	2,475,777	17,000
Situation as of 31 December		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	3,521,595	1,045,818
Shares in circulation	354,632,049	357,107,826

Share premium reserve €/000 7,171

The share premium reserve as of 31 December 2022 had not changed.

Legal reserve €/000 28,954

The legal reserve as of 31 December 2022 had increased by €/000 2,902 as a result of the allocation of earnings for the previous year.

Financial instruments' fair value reserve €/000 2,545

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 no. 19, 19.09.2022 and record date 20.09.2022).

	DIVIDEND PAID IN THE YEAR			
	TOTAL		PER SHARE	
	2022	2021	2022	2021
	€/000	€/000	€	€
Of the previous year's result	23,203	9,285	0.065	0.026
Interim dividend for current year's result	30,200	30,354	0.085	0.085

The Board of Directors of Piaggio & C S.p.A. proposes allocating the profit for 2022 amounting to €75,057,500.48 as follows:

- €3,752,875.02 to the legal reserve;
- €5,641,334.17 to the "Retained Earnings" reserve;
- €65,663,291.29 to shareholders by way of dividend, of which €30,200,086.39 by way of interim dividend already paid.

As resolved by the Board of Directors on 28 July 2022, the Company already paid an interim dividend per share of €0.085 on 21 September 2022 with an ex-dividend date of 19 September 2022; the Board of Directors is therefore requested to propose to the Shareholders' Meeting to pay, in settlement of the interim dividend already paid, a dividend equal to €0.10 for each ordinary share entitled, for a total maximum amount of €35,463,204.90 to be taken from the available profit for the year of €35,463,204.90, with ex-dividend date no. 20 on 24 April 2023, record date coinciding with 25 April 2023 and payment date on 26 April 2023.

Earnings reserve €/000 183,705

Capital and reserves of non-controlling interest €/000 (166)

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

45. Other Comprehensive Income €/000 (12,092)

The figure is broken down as follows:

IN THOUSANDS OF EUROS	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	GROUP TRANSLATION RESERVE	EARNINGS RESERVE	GROUP TOTAL	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL OTHER COMPREHENSIVE INCOME
As of 31 December 2022						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			3,925	3,925		3,925
Total	0	0	3,925	3,925	0	3,925
Items that may be reclassified in the income statement						
Total translation gains (losses)		(12,234)		(12,234)	(17)	(12,251)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		(228)		(228)		(228)
Total profits (losses) on cash flow hedges	(3,538)			(3,538)		(3,538)
Total	(3,538)	(12,462)	0	(16,000)	(17)	(16,017)
Other Comprehensive Income	**(3,538)**	**(12,462)**	**3,925**	**(12,075)**	**(17)**	**(12,092)**
As of 31 December 2021						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			(1,521)	(1,521)		(1,521)
Total	0	0	(1,521)	(1,521)	0	(1,521)
Items that may be reclassified in the income statement						
Total translation gains (losses)		6,174		6,174	(2)	6,172
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		1,259		1,259		1,259
Total profits (losses) on cash flow hedges	5,802			5,802		5,802
Total	5,802	7,433	0	13,235	(2)	13,233
Other Comprehensive Income	**5,802**	**7,433**	**(1,521)**	**11,714**	**(2)**	**11,712**

The tax effect related to Other Comprehensive Income is broken down as follows:

	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	5,131	(1,206)	3,925	(1,949)	428	(1,521)
Total translation gains (losses)	(12,251)		(12,251)	6,172		6,172
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	(228)		(228)	1,259		1,259
Total profits (losses) on cash flow hedges	(4,655)	1,117	(3,538)	7,634	(1,832)	5,802
Other Comprehensive Income	**(12,003)**	**(89)**	**(12,092)**	**13,116**	**(1,404)**	**11,712**

H) OTHER INFORMATION

46. Share-based incentive plans

As of 31 December 2022, there were no incentive plans based on financial instruments.

47. Fees for Directors, Statutory Auditors and Key Managers

For a complete description and analysis of fees of Directors and Statutory Auditors, reference is made to the remuneration report available from the registered office, and on the Company's website in the section "Governance". At present, the Company has not identified any Key Senior Managers.

IN THOUSANDS OF EUROS	2022
Directors	2,788
Statutory auditors	155
Total fees	**2,943**

48. Information on related parties

Revenues, costs, payables and receivables as of 31 December 2022 involving parent companies, subsidiaries and affiliated companies refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 no. DEM/6064293, is reported below.
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**, in the section "Governance".

Relations with Parent Companies

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

NAME	REGISTERED OFFICE	TYPE	% OF OWNERSHIP AS OF 31 DECEMBER 2022	% OF OWNERSHIP 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 2022, for a further three years, the Parent Company[73] 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. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.
Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.
Piaggio & C. S.p.A. has two office lease agreements with IMMSI, one for property in Via Broletto 13 in Milan, and the other for property in Via Abruzzi 25 in Rome. A part of the property in Via Broletto 13 in Milan is sub-leased by Piaggio & C. S.p.A. to Piaggio Concept Store Mantova Srl.

Piaggio & C. S.p.A. has undertaken a rental agreement for offices owned by Omniaholding S.p.A.. This agreement, signed in normal market conditions, was previously approved by the Related Parties Transactions Committee, as provided for by the procedure for transactions with related parties adopted by the Company.
Piaggio Concept Store Mantova Srl has a lease contract for its sales premises and workshop with Omniaholding S.p.A.. This agreement was signed in normal market conditions.

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

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 Tecóology 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

73. 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.

- grants licences for rights to use the brand and tecóological 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
  - Aprilia Racing
  - Piaggio Concept Store Mantova

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

- Piaggio Vehicles Private Limited:
  - scouting of local suppliers to Piaggio & C S.p.A.;

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

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

Piaggio Fast Forward provides Piaggio & C. S.p.A.:
- 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 tecóological know-how to Zongshen Piaggio Foshan Motorcycle Co. Ltd..

Foshan Piaggio Vehicles Tecóology 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 31 December 2022 and relations during the year, as well as their overall impact on financial statement items.

AS OF 31 DECEMBER 2022	FONDAZIONE PIAGGIO	IMMSI	IMMSI AUDIT	OMNIA HOLDING	PONTECH - PONTEDERA & TECNOLOGIA	ZONGSHEN PIAGGIO FOSHAN	TOTAL	% OF ACCOUNTING ITEM
IN THOUSANDS OF EUROS								
Income statement								
Net revenues		9				(9)	-	0.00%
Cost for materials						38,069	38,069	2.81%
Costs for services, leases and rentals	10	442	711	43		71	1,277	0.43%
Other operating income		52	25			342	419	0.28%
Other operating costs	103	1	6	1		18	129	0.50%
Income/(loss) from investments					18	(925)	(907)	101.68%
Borrowing costs		62		18			80	0.30%
Taxes		(4,793)					(4,793)	n.a.
Financial statements								
Current trade receivables		9				459	468	0.70%
Other current receivables		25,721	28			544	26,293	46.85%
Non-current financial liabilities for rights of use > 12 months		645		355			1,000	5.65%
Current financial liabilities for rights of use < 12 months		1,076		220			1,296	11.58%
Current trade payables	26	301		13		9,518	9,858	1.33%
Other current payables	114	26,336					26,450	28.23%

49. Contract commitments and guarantees

Contract commitments of the Piaggio Group are summarised based on their expiry.

IN THOUSANDS OF EUROS	IN 1 YEAR	BETWEEN 2 AND 5 YEARS	AFTER 5 YEARS	TOTAL
IAS 16 operating leases	804	330		1,134
Other commitments	32,730	12,080	1,322	46,132
Total	**33,534**	**12,410**	**1,322**	**47,266**

The main guarantees issued by banks on behalf of Piaggio & C. S.p.A in favour of third parties are listed below:

TYPE	AMOUNT €/000
Guarantee of BCC-Fornacette issued in favour of Motoride Spa to reimburse VAT following the deductible tax surplus	298
Guarantee of Banco di Brescia issued to the local authorities of Scorzè, to guarantee payment of urbanisation and construction charges relative to the Scorzè site	166
Guarantee of Banca Intesa Sanpaolo issued to the Ministry of the Defence of Algeria, to guarantee contract obligations for the supply of vehicles	158

50. Disputes

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

Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned the Company before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The Company appeared in court requesting the rejection of all opposing requests. Da Lio requested and obtained the joinder of the proceedings with the proceedings opposing the injunction issued in favour of Piaggio for the return of the moulds retained by the supplier at the end of the supply agreement. The proceedings were therefore joined and with an order pursuant to Article 186ter of the code of civil procedure dated 7 June 2011, Piaggio was ordered to pay €109,586.60, plus interest, relative to the amounts not contested. During 2012, witness evidence was taken followed by a tecóical appraisal, requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The tecóical appraisal was concluded at the end of 2014. The case was adjourned to 23 September 2016 for specification of the pleadings, with the case held for decision. Subsequently, the Court of Pisa had to reassign the case, and after the interruption, the re-appointed Judge decided to re-examine the proceedings and set a new hearing for closing arguments. The parties submitted their closing arguments again, exchanging relative briefs and rejoinders. In a ruling published on 8 August 2019, the Court of Pisa ordered Piaggio in the first instance to pay a total of approximately €7,600,000 and to publish the ruling in two national newspapers and two specialist journals. Piaggio, assisted by its lawyers providing counsel in the appeal proceedings who had indicated the many reasons for filing an appeal and the grounds of the Company, filed an appeal before the Appeal Court of Florence, requesting the ruling to be revised and its enforcement to be suspended. On 21 October 2020, the Florence Court of Appeal (Third Civil Court section) partially accepted the petition to suspend the enforceability of the ruling made by Piaggio up to the amount of €2,670,210.26, rejecting the rest of the appeal and confirming the enforceability of the ruling for the additional amounts. The Court of Appeal ordered the exchange of written submissions containing the Parties' requests and conclusions in lieu of the first hearing set for 9 June 2021. As a result of the situation related to the COVID-19 pandemic, the case was adjourned to the next hearing on 8 June 2022 for closing arguments. At the end of the hearing on 8 June 2022, the Court held the case for decision, assigning to the parties the deadline for the filing of the final and reply statements on 7 and 27 September 2022, respectively. On 28 November 2022, the Court of Appeal of Florence partially upheld the main (Piaggio's) and incidental (Da Lio's) grounds for appeal and, as a result, (i) reduced Piaggio's sentence to the payment of the lower amount of approximately €3 million as regards the item "default interest and penalties on invoices paid in arrears" compared to the previous amount of approximately €4.3 million (without prejudice to the other items of the sentence); (ii) declared that the sum due by Piaggio for unpaid invoices amounts to approximately €0.36 million and (iii) declared that (only) legal interest is to be calculated on the sums due by Piaggio as a penalty for invoices paid late, starting from the date of the court application rather than the date of the ruling. The time limits for an appeal before the Court of Cassation now run.

In June 2011 Elma Srl, a Piaggio dealer since 1995, brought two separate proceedings against the Company, claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000.
During the case, Piaggio requested the enforcement of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop enforcement of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments, which was adjourned to 3 March 2016 and was then not held as the judge was transferred. The case was reassigned to a new Judge, who set the hearing for 19 July 2018, which was adjourned to 4 October 2018 and then to 10 January 2019 to discuss arguments. In the latter hearing, although the parties had already filed their closing arguments, the Judge adjourned the case, for closing arguments to be made, to the hearing of 9 April 2019. In ruling no. 1211/2019, published on 25 November 2019, the Court of Pisa ruled in favour of Piaggio. The Judge threw out all claims made by Elma, ruling it to pay Piaggio the sum of €966,787.95 plus interest on arrears, deducting the amount of €419,874.14, already received by Piaggio through enforcing the guarantee. Piaggio has paid Elma (offsetting the amount) the sum of €58,313.42 plus legal interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma in relation to the sums to receive, while on 15 January 2020, Elma appealed against the above ruling with the Court of Appeal of Florence. At the first hearing held by way of written hearing on 2 March 2021, with the filing of authorised notes, the Court held the case for decision, assigning the parties legal

deadlines for filing their final statements and respective replies, which were filed within the deadlines by both parties.
Following the exchange of closing arguments, as a result of the resignation of the Reporting Judge, the case was adjourned, with a hearing for closing arguments set for 5 April 2022. The parties then submitted their conclusions and filed closing submissions. In a judgement dated 28 February 2023, the Court of Appeal of Florence rejected Elma's appeal in its entirety and upheld the first instance judgment.
As regards the matter, Elma has also brought a case against a former senior manager of the Company before the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among other things, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments set for 21 December 2015 and subsequently adjourned, was not held as the Judge, on petition of Elma, re-opened the preliminary investigation, admitting testimonial evidence and setting the hearing for 25 May 2016. On this date, examination of the witnesses began and the hearing was adjourned to 24 October 2016 to continue the preliminary investigation. On 11 April 2017, the parties made an attempt at conciliation, initiated by the Judge, which was unsuccessful. The Judge admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed, adjourning the case to the hearing of 9 October 2018 for closing arguments. The expert's appraisal was filed in October 2018. The parties exchanged their closing arguments and respective rejoinders. In a ruling of 31 May 2019 (published on 3 June 2019) the Ordinary Court of Rome, Civil Section XII, rejected the claim made by Elma S.r.l., also ordering it to pay the expert's fees and legal fees. Elma appealed to the Court of Appeal of Rome, summoning Piaggio to a hearing on 15 April 2020, postponed to 31 March 2021 and again postponed to 6 April 2021, and held by written hearing with exchange of authorised notes. At this stage, the Court rejected the request for annulment of the tecóical appraisal carried out at first instance, formulated by Elma, deeming this decision to be strictly related to the examination of the appeal on merits, and therefore adjourned the case to the hearing of 10 October 2023 for closing arguments.

The company TAIZHOU ZHONGNENG summoned Piaggio before the Court of Turin, requesting the annulment of the Italian part of the 3D trademark registered in Italy protecting the form of the Vespa, as well as a ruling denying the offence of the counterfeiting of the 3D trademark in relation to scooter models seized by the Italian tax police at the 2013 EICMA trade show, based on the petition filed by Piaggio, in addition to compensation for damages. At the first hearing for the parties to appear, set for 4 February 2015, adjourned to 5 February 2015, the Judge arranged for a tecóical appraisal to establish the validity of the Vespa 3D trademark and the infringement or otherwise of Znen scooter models. At the hearing of 29 May 2015, having appointed the expert, the Judge set 10 January 2016 as the deadline for filing the final appraisal report and 3 February 2016 as the date for the hearing to discuss it. During this hearing, the Judge, considering the preliminary investigation as completed, set the hearing for closing arguments for 26 October 2016. In a ruling of 6 April 2017, the Court of Turin upheld in full the validity of the 3D Vespa mark of Piaggio, and the counterfeiting of said by the "VES" scooter by Znen. The Court of Turin also recognised the protection of Vespa in accordance with copyright, confirming the creative nature and artistic value of its form, declaring that the scooter "VES" by Znen infringes Piaggio copyright. The other party appealed against the sentence at the Appeal Court of Turin, where the first hearing took place on 24 January 2018. The case was adjourned to the hearing of 13 June 2018 for the closing arguments, after which statements and rejoinders and replications were exchanged. The Court of Appeal of Turin rejected the appeal made by Zhongneng in a ruling published on 16 April 2019. The other party appealed to the Court of Cassation, to which Piaggio filed a counter-appeal on 5 September 2019. The Court of Cassation then set a hearing for 22 November 2022, after which it ordered a new hearing, in public session on a date to be determined.

In summons dated 27 October 2014, Piaggio summoned PEUGEOT MOTOCYCLES ITALIA S.p.A., MOTORKIT s.a.s. di Turcato Bruno and C., GI.PI to the Companies Court of Milan. MOTOR di Bastianello Attilio and GMR MOTOR s.r.l. before the Court of Milan, to obtain the recall of Peugeot "Metropolis" motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation for damages for unfair competition, and the publication of the ruling in some newspapers ("Case 1").
In the hearing for the first appearance of 4 March 2015, the judge set the deadline for filing statements pursuant to Article 183.6 of the Italian Code of Civil Procedure and appointed an expert witness. The witness's appraisal report was filed on 2 May 2017 and the Judge adjourned the case to the hearing of 28 February 2018 for closing arguments. At the hearing, the Judge ordered an addition to the expert's appraisal, filed on 20 June 2018 and set the new deadlines for the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio patents Nos. EP1363794B1, EP1571016B1, IT1357114 and Community design no. 487723-0001, as well as the claim of unfair competition, ordering Piaggio to pay 3/4 of the costs of the witness appraisal (equal to €22,800) and to pay the defendant €21,387 for the costs of the proceedings ("Judgment 1"), and also ordered the separation of the hearing on the infringement of patent No. EP1561612B1, combining it with the case brought by PEUGEOT MOTOCYCLES SAS for a declaration of erga omnes invalidity ("Case 2").
Piaggio appealed against Judgment 1 before the Court of Appeal of Milan. At the first hearing held on 17 February 2021, the Court verified the admissibility of the notification of the summons to appeal and the parties presented their respective arguments by referring to the filed documents. The Court rejected the objection raised by the Peugeot on the grounds that the appeal was inadmissible, and set the

hearing for closing arguments for 10 November 2021, adjourned to 23 March 2022, in which the deadlines for filing closing and reply statements, which were exchanged between the parties. Piaggio also insisted on a date being set for the oral hearing pursuant to Article 352(2) of the Code of Civil Procedure. A hearing was set for 14 September 2022, after which the Court reserved its decision.

PEUGEOT MOTOCYCLES SAS summoned Piaggio to appear before the Court of Milan, claiming that the patent based on which Piaggio filed a claim in Case 1 for counterfeiting would be voidable, due to a previously existing Japanese patent ("Case 2"). Piaggio appeared in court, claiming that the action taken by Peugeot could not proceed further and that the patent application referred to by Peugeot was irrelevant. During the hearing of 20 February 2018, the Judge established the deadlines for filing preliminary briefs and the case was adjourned to the hearing of 22 May 2018, after which an expert's appraisal was ordered, with the date of 15 January 2019 set for the filing. After the expert's appraisal was filed (confirming the validity of Piaggio's patent), and discussed during the hearing of 29 January 2019, the Judge requested further tecóical confirmations from the expert, establishing a deadline by which Peugeot must have requested additions to the appraisal. The Judge rejected Peugeot's request for clarification and considered that the case was ready for decision, adjourning the hearing to 15 December 2020 for the definition of the closing arguments of the joined cases (infringement and nullity). The Judge granted the time limits prescribed by law for the filing of closing statements, which were duly exchanged between the parties. At Peugeot's request pursuant to Article 275, paragraph 2 of the Italian Code of Civil Procedure, the Court ordered the discussion of arguments of the case, setting the hearing for 24 June 2021, holding the case for decision. On 20 September 2021, the Court of Milan – Business Section – ruled in favour of Piaggio (i) rejecting the application for invalidity of the EP patent owned by Piaggio, (ii) ascertaining the infringement and inhibiting, limited to Italy, the production, import, export, marketing, advertising, also through the Internet, of the aforementioned motorcycles; (iii) ordering Peugeot Italia to withdraw the counterfeit motorcycles from the market; (iv) establishing a penalty of €6,000 to be paid by each of the defendants for each Metropolis motorcycle marketed after the expiry of the deadline of thirty days from the notification of this ruling and of €10,000 to be paid by Peugeot Italia and Peugeot Motocycles S.A.S. for each day's delay in implementing order sub 3, after the term of deadline of ninety days from the notification of this ruling; (v) charging Peugeot the costs of litigation and also ordering it to pay legal costs in favour of Piaggio.
Peugeot appealed against the ruling, and against Piaggio, at the same time taking action to suspend the provisional effect of the ruling in the first instance. The latter appeal was dismissed by an Order of 6 December 2021 confirming the provisional effect of the ruling in the first instance against Peugeot Italia. In the appeal judgment, during the first hearing held on 23 March 2022, the parties stated their findings at the request of the Court, which granted the legal deadlines for filing their final statements. The parties exchanged their briefs and Piaggio insisted on a date being set for the oral hearing pursuant to Article 352(2) of the Code of Civil Procedure. A hearing was then scheduled for 14 September 2022, after which the Court reserved its decision.
On 16 January 2023, the Court of Appeal of Milan ruled on case General Register App. 3052/2021 (i.e.: the appeal against the combined cases of infringement and invalidity) and: (i) upheld the first instance judgment with respect to the finding of the validity of EP'612 and the existence of a literal infringement of claims 1, 2 and 5 of the patent by Metropolis (ii) upheld the measures of the injunction and withdrawal from the market ordered by the Court of First Instance but, unlike the Court of First Instance, limited the order of withdrawal from the market only for Peugeot Motocycles Italia Srl in liquidation (iii) also rejected Peugeot's sixth ground of appeal (iv) ordered a general ruling against Peugeot Motocycles Italia Srl in liquidation (v) ordered, by separate ruling, the continuation of the case to determine the amount of compensable that may be awarded.
In a judgement dated 18 January 2023, the same Court of Appeal upheld the first instance judgement in the appeal brought by Piaggio. In particular, it (i) ruled out the existence of the infringement of the three patents, deeming the objections of invalidity of EP'794, EP'016 and IT'114 raised by Peugeot to be absorbed, and (ii) rejected Piaggio's claims of infringement of the Community model and unfair competition, considering that the Court of First Instance was correct in its ruling on this point. The time limits for any appeals to the Court of Cassation now run.
Piaggio started a similar legal action against PEUGEOT MOTOCYCLES SAS before the Tribunal de Grande Instance in Paris. As a result of the Piaggio action ("Saisie Contrefaçon"), several documents were obtained by a bailiff and tests carried out to prove the infringement of the Piaggio MP3 motorcycle by the Peugeot "Metropolis" motorcycle. The hearing took place on 8 October 2015 for the appointment of the expert, who will examine the findings of the Saisie Contrefaçon. On 3 February 2016 the hearing took place to discuss the preliminary briefs exchanged between the parties. The hearing to assess preliminary findings, set for 29 September 2016, was adjourned to 9 February 2017 and then to 6 September 2017. In February 2018, a preliminary expert's appraisal was filed defining documents based on which a ruling will be made on the counterfeiting alleged by Piaggio. The hearing was held on 29 January 2019 and proceedings were adjourned to the hearing of 17 October 2019. Subsequently, the term deadline for filing briefs was extended. A hearing was held on 17 September 2020. The parties filed their respective pleadings and at the hearing on 11 March 2021, the case was held for decision. In a sentence of 7 September 2021, the Court of Paris ruled in favour of Piaggio ordering Peugeot Motocycles to pay compensation for damages amounting to €1,500,000, in addition to further fines for infringement and legal costs, ordering a ban on Peugeot Motocycles manufacturing, promoting, marketing, importing, exporting, using and / or possessing in French territory any three-wheeler scooter that uses the control system patented by Piaggio (including the Peugeot Metropolis). The ruling, however, is not provisionally enforceable. Piaggio appealed for the provisional enforceability of the judgment in the first instance with a hearing held on 8 February 2022. The

Court rejected the application to grant Piaggio provisional enforceability with a decision on 8 March 2022. At the same time, Peugeot appealed against the ruling in the first instance and Piaggio appeared in the appeal proceedings. On 11 June 2022, Piaggio filed the first defence brief in which it insisted on rejecting the appeal presented by Peugeot. Peugeot therefore requested that a new tecóical expert's report be ordered; the application was rejected on 10 January 2023. The case will then continue with the final hearing.

On 28 September 2022, Piaggio Fast Forward (PFF) was sued by Hood Park, LLC ("Hood") before the Business Litigation Session of the Superior Court of Massachusetts, located in Suffolk County, in civil lawsuit no.: 2284CV02233 BLS2. Piaggio Group Americas Inc. ("PGA") also appeared as guarantor.
Hood is the owner of a building for commercial use that PFF had planned to lease as its principal place of business. At Hood's request, PFF forwarded - via its broker - a copy of a page of the signed contract, but pointing out that PFF's acceptance of the entire contract would be subject to prior agreement on the termination clause now mentioned. Nevertheless, Hood asserted that this was now to be considered as signed and, therefore, binding. Hood then sued PFF (as well as PGA as guarantor) demanding payment of the full amount of the lease payments, amounting to USD 24,831,856.49 plus any multiplication, interest and all costs, including legal fees.
On 22 December 2022, the defendants PFF and PGA filed a motion for dismissal. The hearing, originally scheduled for 10 January 2023, was later postponed to 20 March 2023 (but due to a rescheduling request by opposing counsel, it will be further postponed).

On 7 December 2022, the French company SCOOTER CENTER S.à.r.l. notified Piaggio and Piaggio France of a writ of summons before the Tribunal de Commerce of Paris, requesting the two companies of the Piaggio group to be ordered to pay compensation for alleged damages caused by the (alleged) brutal termination of the sales concession agreement in place between Piaggio and the same dealer Scooter Center without due notice. These damages were quantified in the court application as €4,150,000 (plus legal costs).
At the first hearing, on 16 February 2023, the judge set the case schedule.

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

With reference to tax disputes involving the parent company Piaggio & C. SpA (hereinafter also "the Company" or "the Parent Company"), it should be noted that the dispute concerning the notices of assessment for regional production tax and corporate income tax notified to Piaggio & C. S.p.A. on 22 December 2017, both relating to the 2012 tax period and containing findings on transfer pricing, is pending before the Regional Tax Tribunal of Tuscany. In this regard, it should be noted that the Company was successful in the first instance before the Florence Provincial Tax Commission with a ruling filed on 15 January 2020; the Revenue Agency appealed against this decision before the Provincial Tax Commission with a summons issued to Piaggio & C. on 12 October 2020; the Company therefore appeared in court on 2 December 2020.

With reference to the disputes arising from inspections relating to income produced by Piaggio & C. S.p.A. in India in the Indian tax years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, respectively involving claims for approximately €1.4 million, €1.3 million, €1.1 million and €0.9 million, inclusive of interest, the following is reported:
- for all the years concerned, the Parent Company was successful before the Income Tax Appellate Tribunal;
- As regards disputes relative to the 2009-2010, 2010-2011, 2011-2012 and 2012-2013 periods, the Indian tax authorities filed an appeal against the first instance decision before the High Court;
- the dispute relative to the 2009-2010 period can be considered as settled, as no reply was received from the local tax authorities within the deadlines established by local regulations in response to a request for clarifications made over 800 days previously by the ruling body. In this regard, the Indian tax authorities could request a remittal for the reply, but in the opinion of consultants assisting the Company the likelihood of the High Court granting this is remote;
- in relation to the disputes relating to the tax periods 2010-2011, 2011-2012 and 2012-2013, the date of the hearing is pending.

Following the favourable judgements in the first instance, the Parent Company obtained the reimbursement of the disputed amounts previously paid to the Indian tax authorities (for a total of €1.1 million) in compliance with local regulations.
The Company has not considered allocating provisions for these disputes, considering the rules in its favour, in the first instance, and the positive opinions expressed by consultants appointed as counsel.

Moreover, the Parent Company received a VAT assessment order from the Indian tax authorities relative to the 2010-2011 tax period, concerning the non-application of VAT to intergroup transactions with Piaggio Vehicles PVT Ltd relative to royalties. A similar order was also notified for the 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018 tax periods. The amount of the dispute including interest is approximately €0.8 million for each of the disputed tax periods, of which a small part already paid to the Indian tax authorities, in compliance with local law. The Company decided to appeal against the order relative to the 2010-2011 tax period before the High Court, filing its appeal on 17 June 2019; the Departmental Appellate Authority – Joint Commissioner of Sales Tax orders were appealed relating to subsequent tax periods, with appeals filed in July 2020 for the dispute concerning the 2011-2012 tax period and on 21 June 2021 in relation to the dispute concerning the 2012-2013 tax period and on 28 April 2022 for the remaining tax periods.

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

With reference to the Indian subsidiary, some disputes concerning different tax years from 2003 to 2017 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

With reference to PT Piaggio Indonesia, the company has certain disputes outstanding relating to the 2015, 2017, 2018 and 2019 tax periods.
In particular, in relation to the 2015 tax period, the company appealed against the notices concerning Withholding Taxes and Value Added Tax respectively.
in relation to the dispute concerning Withholding Taxes, on 10 October 2019, the company appealed to the Tax Court, which on 5 March 2021, ruled against one of the findings made by the local tax authorities concerning financial guarantees. The Company appealed against this ruling to the Supreme Court, which, in December 2022, definitively ruled against the Company, only as regards the dispute concerning the financial guarantees. This ruling refers to the periods of March, May and July 2015, while the ruling for the period October 2015 is still pending.
With regard to the dispute on Value Added Tax, the Company filed an appeal on 4 May 2021 with the Tax Court and the first hearing took place on 22 October 2021. It should be noted that the dispute also concerns the month of December 2014. The Tax Court ruled in favour of the Indonesian company in a decision issued on 20 December 2022. The Indonesian tax authorities have the opportunity to appeal this decision by 19 February 2023.
With respect to the 2017 period, the company filed an appeal with the Tax Court on 8 September 2020 against the transfer pricing and withholding tax notice. The Tax Court expressed an unfavourable opinion regarding the Company, which filed an appeal with the Supreme Court on 13 July.
The total amount currently in question amounts to €0.1 million and where due (i.e. where not offset by the company's past losses) has already been paid in full to the Indonesian tax authorities in accordance with the regulations in force there.
As regards the 2018 tax period, the dispute, relating to transfer pricing, concerns a higher tax of about €0.2 million. On 17 September 2021, the company appealed against filed action against the notice of assessment before the Tax Court and is waiting for the decision.
Finally, in relation to the 2019 tax year, the Indonesian tax authorities have repeated the same transfer pricing allegations made in 2018, as well as the tax claim made in previous years in relation to Withholding taxes. The total amount currently under dispute amounts to approximately €0.9 million. The company filed an appeal against the assessment notice on 15 September 2022 before the Tax Court and is waiting for the date of the hearing to be set.

On 8 April 2015, Piaggio Hellas S.A. received a Tax Report following a general assessment for the 2008 tax period, with findings for approximately €0.5 million, including sanctions. On 12 June 2015, the Greek company appealed against the report with the Tax Center – Dispute Resolution Department. Following the unfavourable outcome of this appeal, the Company appealed before the Administrative Court of Appeal, which ruled in favour of the local tax authorities in a ruling of 27 April 2017. The Company therefore appealed before the Supreme Court. On 18 January 2023, a hearing was held before this body and the ruling is currently pending. The amount in question was paid in full to the Greek tax authorities. Based on positive opinions from professionals appointed as counsel, the Company considers a favourable outcome and subsequent reimbursement of amounts paid as likely.

51. 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 2022 and 2021.

52. Transactions arising from atypical and/or unusual transactions

During 2022 and 2021, the Group did not record any significant atypical and/or unusual transactions, as defined by CONSOB Communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

53. Events occurring after the end of the period

After 31 December 2022 and up to the date of approval of these financial statements, no other events occurred that could have a material impact on the reported performance and financial position, as determined by IAS 10 paragraph 9.

54. Authorisation for publication

This document was published on 27 March 2023 authorised by the Chairman and Chief Executive Officer.

Mantova, 2 March 2023

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno

ATTACHMENTS

Piaggio Group companies

Companies and material investments of the Group are listed below.
The list presents the companies divided by type of control and method of consolidation.
The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency, in addition to the percentage held by Piaggio & C. S.p.A. or by other subsidiaries. It should be noted that the percentage share of ownership corresponds to the percentage share of the voting rights exercised at Ordinary General Meetings of Shareholders.

List of companies included in the scope of consolidation on a line-by-line basis as of 31 December 2022

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING			% TOTAL INTEREST
					DIRECT	INDIRECT	MEANS	
Parent company:								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	207,613,944.37	Euros				
Subsidiaries:								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	R$		51%	Aprilia World Service Holding do Brasil Ltda	51%
Aprilia Racing S.r.l.	Pontedera (Pisa)	Italy	250,000.00	Euros	100%			100%
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	R$		99.999950709%	Piaggio Group Americas Inc	99.999950709%
Foshan Piaggio Vehicles Tecóology Research and Development Co Ltd.	Foshan City	China	10,500,000.00	CNY		100%	Piaggio Vespa B.V.	100%
Nacional Motor S.A.	Barcelona	Spain	60,000.00	Euros	100%			100%
Piaggio Advanced Design Center Corp.	Pasadena	USA	100,000.00	USD	100%			100%
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	SGD		100%	Piaggio Vespa B.V.	100%
Piaggio China Co. Ltd.	Hong Kong	China	12,500,000 auth. capital (12,166,000 subscribed and paid up)	USD	100%			100%
Piaggio Concept Store Mantova S.r.l.	Mantova	Italy	100,000.00	Euros	100%			100%
Piaggio Deutschland GmbH	Düsseldorf	Germany	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio España S.L.U.	Alcobendas	Spain	426,642.00	Euros	100%			100%
Piaggio Fast Forward Inc.	Boston	USA	15,135.98	USD	83.91%			83.91%
Piaggio France S.A.S.	Clichy Cedex	France	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Group Americas Inc.	New York	USA	2,000.00	USD		100%	Piaggio Vespa B.V.	100%
Piaggio Group Japan	Tokyo	Japan	99,000,000.00	JPY		100%	Piaggio Vespa B.V.	100%
Piaggio Hellas S.A.	Athens	Greece	1,004,040.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Hrvatska D.o.o.	Split	Croatia	400,000.00	HRK		100%	Piaggio Vespa B.V.	100%
Piaggio Limited	Orpington	United Kingdom	250,000.00	GBP	0.0004%	99.9996%	Piaggio Vespa B.V.	100%
Piaggio Vehicles Private Limited	Maharashtra	India	340,000,000.00	INR	99.9999971%	0.0000029%	Piaggio Vespa B.V.	100%
Piaggio Vespa B.V.	Breda	Holland	91,000.00	Euros	100%			100%
Piaggio Vietnam Co Ltd.	Hanoi	Vietnam	64,751,000,000.00	VND	63.50%	36.50%	Piaggio Vespa B.V.	100%
PT Piaggio Indonesia	Jakarta	Indonesia	10,254,550,000.00	IDR	29.285714286%	70.714285714%	Piaggio Vespa B.V.	100%

List of companies included in the scope of consolidation with the equity method as of 31 December 2022

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

List of investments in affiliated companies as of 31 December 2022

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

Information pursuant to Article 149-duodiecies of the Consob Regulation on Issuers

Pursuant to Article 149-duodecies of the Consob Regulation on Issuers, the following table indicates the fees for 2022 paid for auditing services and services other than auditing services provided by the independent auditors and entities of its network.

	SUBJECT PROVIDING THE SERVICE	RECIPIENT	FEES FOR 2022
IN EUROS			
Auditing services	Deloitte	Parent Company Piaggio & C	370,972
	Deloitte	Subsidiaries	474,370
	Other auditors	Subsidiaries	42,469
Limited assurance engagement for the NFS	Deloitte	Parent Company Piaggio & C	41,518
Certification services	Deloitte	Parent Company Piaggio & C	29,000
	Deloitte	Subsidiaries	53,088
Other services	Deloitte	Parent Company Piaggio & C	15,670
Total			**1,027,087**

N.B.: Sums of subsidiaries operating in currencies other than the euro and agreed on in a local currency have been converted to the average exchange rate of 2022.


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CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. hereby certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with regard to the company's characteristics and
   - the actual application of administrative and accounting procedures for the formation of the Consolidated Financial Statements as of 31 December 2022.

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

3. Moreover

3.1 The Consolidated Financial Statements:

a. have been prepared in compliance with the international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

b. correspond to accounting records;

c. give a true and fair view of the consolidated statement of financial position and results of operations of the Issuer and of all companies included in the scope of consolidation;

3.2 The Report on Operations includes reliable analysis of the trend of operations and operating results, as well as the situation of the Issuer and companies included in the scope of consolidation, as well as a description of main risks and uncertainties to which they are exposed.

Date: 2 March 2023

Roberto Colaninno
Chairman and Chief Executive Officer

Alessandra Simonotto
Executive in charge of financial reporting

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REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piaggio Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piaggio & C. S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Verification of capitalization criteria related to investments in development costs, industrial patent and intellectual property rights

Description of the key audit matter	The Group has accounted as of December 31, 2022 activities relating to development costs, industrial patent and intellectual property rights for Euro 251,7 million; the related investments made during 2022 amounted to Euro 87,4 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2022 - 2024 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure to verify the technical feasibility of projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold. The Piaggio Group's procedure also includes the estimation of expected future cash flows from the sale of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least once per year. Given the magnitude of the value of the related assets, considering the complexity of the related procedure and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter. Note D 17) "intangible assets" provides information on this caption.
Audit procedures performed	In the context of our audit, we have carried out, among others, the following procedures: • understanding of the Piaggio Group's procedure for capitalizing development costs, industrial patent and intellectual property rights; • understanding of the relevant controls implemented by Piaggio Group; • discussions with Management and obtaining of supporting documentation to understand the characteristics of the projects; • obtaining details of the costs capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year; • verification, for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets; • analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year.

Assessment of the recoverability of Goodwill

Description of the key audit matter	The Piaggio Group's consolidated financial statements include Goodwill amounting to Euro 446,9 million, unchanged from the previous year. The recoverability of Goodwill is verified by the Directors at least once annually and whenever indicators of potential impairment appear, by comparing the carrying amount with the estimated recoverable amount through an impairment test.

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	The Directors performed the impairment test on Goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each cash-generating unit (CGU) identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows included in a four-year period, on the basis of the budget data for the financial year 2023, supplemented by forecast data for the period 2024 - 2026 (the "Plan"), the discount rate (WACC) and the growth rate beyond the explicit forecast period (g-rate). Based on the result of impairment test, the Directors did not identify any impairment losses. Considering the materiality of the caption, the subjectivity and the nature of the estimates relating to the determination of the cash generating units cash flow, the key variables of impairment test, the recoverability of goodwill has been considered a key audit matter of the consolidated Financial Statement. Note D 17) "intangible assets" provides information on goodwill.
Audit procedures performed	In the context of our audit, we carried out, among others, the following procedures, also with the involvement of experts from Deloitte network: • understanding of the method used by Directors for the determination of the value in use of cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the development of the impairment test; • analysis of the reasonableness of the assumptions made in estimating the cash flows and the parameters used by the Directors for the impairment test. In this context we have examined industry studies and sector analyzes and examined the methods used by the Directors to estimate WACC and g-rate; • verification of the correct determination of the carrying amount of the assets and liabilities attributed to CGU; • verification of the sensitivity analysis carried out by the Directors with reference to the main assumptions used for carrying out the impairment test on goodwill; • examination of the adequacy and compliance with the accounting standard of reference, of the disclosure provided by the Directors in the consolidated financial statements as of December 31, 2022.

Assessment of the recoverability of Deferred Tax Assets	
Description of the key audit matter	Deferred tax assets recognized in the consolidated financial statements as at December 31, 2022 of Piaggio Group amount to Euro 71,6 million and are related to prior year tax losses, as well as temporary differences, mainly due to provisions on taxed funds.

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The parent company Piaggio & C. S.p.A. has adhered to the National Consolidation Tax Convention of the IMMSI Group, whose consolidating entity is the parent company IMMSI S.p.A..

The recoverability of deferred tax assets depends on the future results expected by Piaggio Group as well as those of all the companies that participate in the National Consolidation Tax Convention of the IMMSI Group. Consequently, the recognition and the recoverability of deferred assets requires the Directors to carry out an estimation process with the objective of forecasting the future taxable tax results of Piaggio Group which must also be confirmed by the estimates of the future taxable incomes of the companies participating in the IMMSI Group's National Consolidation Tax Convention.

Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter.

Note D 20) "Deferred tax assets" provides information on this caption.

Audit procedures performed

In the context of our audit, we have carried out, among others, the following procedures, also with the involvement of expert from Deloitte network:

- evaluation of the reasonableness of the assumptions formulated by Directors and Management in forecasting the future taxable incomes of Piaggio Group, included in the plan approved by the Board of Directors on February 24, 2023;
- examination of the National Consolidation Tax Convention contract with IMMSI S.p.A.;
- examination of the methods used by the Management to verify the recoverability of deferred tax assets, including information flows with the parent company IMMSI S.p.A. regarding the capacity of future taxable incomes expected at consolidated level;
- to the extent deemed necessary for the audit procedures on Piaggio Group deferred tax-asset, we have also examined the work carried out by the auditor of the parent company IMMSI S.p.A. concerning the analysis of the future taxable incomes of the companies participating in the National Consolidation Tax Convention contract with IMMSI;
- examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we

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conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piaggio & C. S.p.A. has appointed us on April 22, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piaggio & C. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format)

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(hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piaggio Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Piaggio Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Piaggio Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

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Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

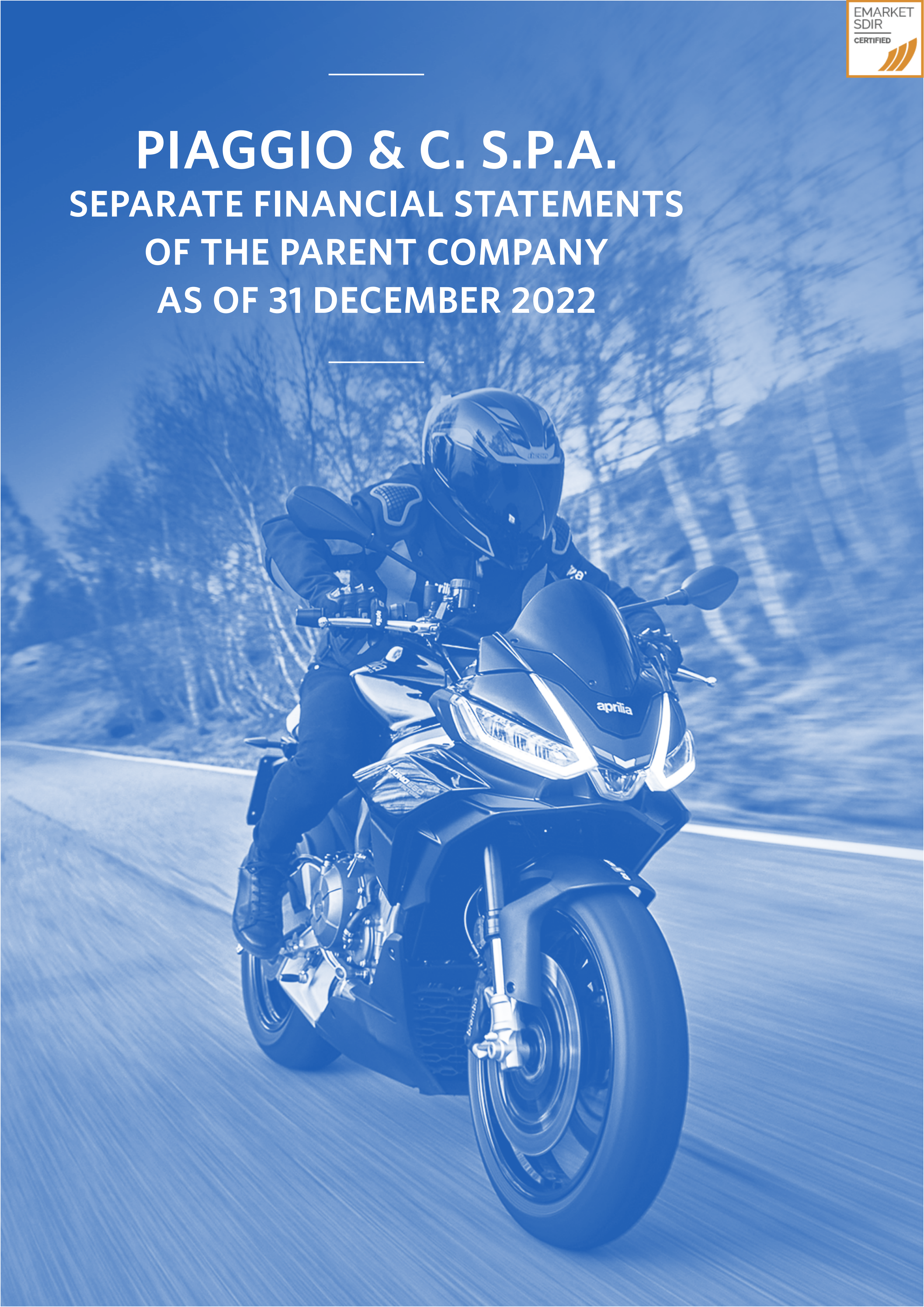
Signed by
Gianni Massini
Partner

Florence, Italy
March 23, 2023

As disclosed by the Directors, the accompanying financial statements of Piaggio & C. S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PIAGGIO & C. S.P.A.

SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2022



SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2022

INCOME STATEMENT

NOTES	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022 TOTAL	AS OF 31 DECEMBER 2022 of which related parties	AS OF 31 DECEMBER 2021 TOTAL	AS OF 31 DECEMBER 2021 of which related parties
3	**Net revenues**	**1,284,021**	**220,630**	**1,122,951**	**147,690**
4	Cost for materials	836,239	169,580	721,834	132,753
5	Cost for services and leases and rentals	233,812	56,700	198,569	47,726
6	Employee costs	181,708		168,977	21
7	Depreciation and impairment costs of property, plant and equipment	27,403		23,512	
7	Amortisation and impairment costs of intangible assets	69,441		66,726	
7	Depreciation of rights of use	3,646		3,563	
8	Other operating income	161,927	65,201	140,345	47,638
9	Net reversals (impairment) of trade and other receivables	604		315	
10	Other operating costs	20,067	498	19,685	693
	Operating income	**73,028**		**60,115**	
11	Income/(loss) from investments	43,445	43,429	34,134	34,136
12	Financial income	3,840	3,626	2,074	2,062
12	Borrowing costs	21,799	110	20,391	104
12	Net exchange gains/(losses)	(1,988)		(1,497)	
	Profit before tax	**96,526**		**74,435**	
13	Taxes for the period	21,469	(3,832)	16,403	(3,705)
	Profit from continuing operations	**75,057**		**58,032**	
	Assets held for sale:				
14	Profits or losses arising from assets held for sale				
	Net Profit (loss) for the period	**75,057**		**58,032**	

STATEMENT OF COMPREHENSIVE INCOME

NOTES	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
	Net Profit (loss) for the period (A)	**75,057**	**58,032**
	Items that will not be reclassified in the income statement		
40	Remeasurements of defined benefit plans	3,635	(1,302)
40	Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	312	(487)
	Total	**3,947**	**(1,789)**
	Items that may be reclassified in the income statement		
40	Total profits (losses) on cash flow hedges	(3,483)	5,802
40	Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	(3,109)	11,853
	Total	**(6,592)**	**17,655**
	Other comprehensive income (B) [74]	**(2,645)**	**15,866**
	Total Profit (loss) for the period (A + B)	**72,412**	**73,898**

74. Other Profits (and losses) take account of related tax effects

STATEMENT OF FINANCIAL POSITION

		AS OF 31 DECEMBER 2022		AS OF 31 DECEMBER 2021	
		TOTAL	of which related parties	TOTAL	of which related parties
NOTES	IN THOUSANDS OF EUROS				
	ASSETS				
	Non-current assets				
15	Intangible assets	612,586		608,242	
16	Property, plant and equipment	171,563		176,858	
17	Rights of use	10,250		12,330	
33	Investments	114,662		140,306	
34	Other financial assets	16		90	74
22	Tax receivables	2,496		5,242	
18	Deferred tax assets	48,475		50,888	
21	Other receivables	17,356		20,745	67
	Total non-current assets	**977,404**		**1,014,701**	
25	**Assets held for sale**				
	Current assets				
20	Trade receivables	65,122	57,958	53,404	34,351
21	Other receivables	159,123	140,073	119,261	96,637
22	Short-term tax receivables	15,248		4,783	
19	Inventories	247,427		193,351	
34	Other financial assets	25,557	25,557	18,660	18,660
35	Cash and cash equivalents	79,447		122,154	
	Total current assets	**591,924**		**511,613**	
	TOTAL ASSETS	**1,569,328**		**1,526,314**	
	SHAREHOLDERS' EQUITY AND LIABILITIES				
	Shareholders' equity				
39	Capital	207,614		207,614	
39	Share premium reserve	7,171		7,171	
39	Legal reserve	28,954		26,052	
39	Other reserves	(29,991)		(23,399)	
39	Retained earnings (losses)	58,062		58,057	
39	Net Profit (loss) for the period	75,057		58,032	
	Total shareholders' equity	**346,867**		**333,527**	
	Non-current liabilities				
36	Financial liabilities falling due after one year	510,790		532,214	
36	Financial liabilities for rights of use > 12 months	4,408	645	6,676	1,724
27	Other long-term provisions	12,408		13,580	
28	Retirement funds and employee benefits	24,223		31,338	
29	Tax payables	0		1,387	
30	Other payables	6,655		3,230	
	Total non-current liabilities	**558,484**		**588,425**	
	Current liabilities				
36	Financial liabilities falling due within one year	61,152	375	75,380	3,904
36	Financial liabilities for rights of use < 12 months	3,303	1,142	3,531	1,168
26	Trade payables	482,418	34,596	439,297	35,286
29	Tax payables	8,909		9,594	
30	Other short-term payables	97,569	49,567	66,050	32,390
27	Current portion of other long-term provisions	10,626		10,510	
	Total current liabilities	**663,977**		**604,362**	
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,569,328**		**1,526,314**	

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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	IN THOUSANDS OF EUROS	2022	Of which related parties	2021	Of which related parties	CHANGE
	Operating activities					
	Net Profit (loss) for the period	75,057		58,032		17,025
13	Taxes for the period	21,469		16,403		5,066
7	Depreciation of property, plant and equipment	27,403		23,337		4,066
7	Amortisation of intangible assets	67,734		65,452		2,282
7	Depreciation of rights of use	3,646		3,563		83
	Provisions for risks and retirement funds and employee benefits	19,843		20,966		(1,123)
	Write-downs/(Reinstatements)	(41,120)		(32,352)		(8,768)
	Losses / (Gains) on the disposal of property, plant and equipment	(2)		(40)		38
12	Financial income	(3,840)		(2,074)		(1,766)
	Dividend income	(15)		(19)		4
12	Borrowing costs	21,799		20,391		1,408
	Income from public grants	(5,032)		(1,515)		(3,517)
	Change in working capital:					
20	(Increase)/Decrease in trade receivables	(12,183)	(23,607)	(13,297)	(10,800)	1,114
21	(Increase)/Decrease in other receivables	(36,609)	(43,369)	(34,519)	(22,180)	(2,090)
19	(Increase)/Decrease in inventories	(54,076)		(62,532)		8,456
26	Increase/(Decrease) in trade payables	43,121	(690)	111,505	10,802	(68,384)
30	Increase/(Decrease) in other payables	34,944	17,177	17,656	15,811	17,288
27	Increase/(Decrease) in provisions for risks	(12,297)		(7,471)		(4,826)
28	Increase/(Decrease) in retirement funds and employee benefits	(11,435)		(11,336)		(99)
	Other changes	5,545	(11,457)	14,118	2,608	(8,573)
	Cash generated from operating activities	**143,952**		**186,268**		**(42,316)**
	Interest paid	(17,812)		(18,443)		631
	Taxes paid	(11,191)		(10,738)		(453)
	Cash flow from operating activities (A)	**114,949**		**157,087**		**(42,138)**
	Investment activities					
16	Investment in property, plant and equipment	(22,115)		(30,423)		8,308
	Sale price, or repayment value, of property, plant and equipment	10		177		(167)
15	Investment in intangible assets	(73,809)		(85,463)		(11,654)
	Sale price, or repayment value, of intangible assets	24		25		(1)
	Investment in non-current financial assets	403		(6,514)		6,917
	Loans provided	(30,159)		(23,263)		(6,896)
	Repayment of loans provided	90		1,636		(1,546)
	Grants collected	271		69		202
	Collected interests	3,209		1,864		1,345
	Dividends from investments	59,744		60,281		(537)
	Cash flow from investment activities (B)	**(62,332)**		**(81,611)**		**19,279**
	Financing activities					
39	Purchase of treasury shares	(5,669)		(53)		(5,616)
39	Outflow for dividends paid	(53,403)		(39,639)		(13,764)
36	Loans received	66,237		202,436		(136,199)
36	Outflow for repayment of loans	(98,246)		(189,517)		91,271
36	Repayment of liabilities for rights of use	(4,223)		(5,242)		1,019
	Cash flow from financing activities (C)	**(95,304)**		**(32,015)**		**(63,289)**
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	(42,687)		43,461		(86,148)
	Opening balance	**122,142**		**78,504**		**43,638**
	Exchange differences	(72)		177		(249)
	Closing balance	**79,383**		**122,142**		**(42,759)**

CHANGES IN SHAREHOLDERS' EQUITY

Movements from 1 January 2022/31 December 2022

					TRANSACTIONS WITH SHAREHOLDERS				
IN THOUSANDS OF EUROS	AS OF 1 JANUARY 2022	EARNINGS FOR THE PERIOD	OTHER COMPREHENSIVE INCOME	TOTAL PROFIT (LOSS) FOR THE PERIOD	ALLOCATION OF PROFITS	DISTRIBUTION OF DIVIDENDS	PURCHASE OF TREASURY SHARES	INTERIM DIVIDEND	AS OF 31 DECEMBER 2022
NOTES				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
Net capital gain from contribution	152								152
Reserve for measurement of financial instruments	6,083		(3,483)	(3,483)					2,600
IAS transition reserve	1,861								1,861
Translation reserve	(31,495)		(3,109)	(3,109)					(34,604)
Treasury shares	(2,019)						(5,669)		(7,688)
Earnings reserve	90,430		3,947	3,947	6,567	(4,994)			95,950
Earnings for the period	27,678	75,057		75,057	(9,469)	(18,209)		(30,200)	44,857
TOTAL SHAREHOLDERS' EQUITY	**333,527**	**75,057**	**(2,645)**	**72,412**	**0**	**(23,203)**	**(5,669)**	**(30,200)**	**346,867**

Movements from 1 January 2021/31 December 2021

					TRANSACTIONS WITH SHAREHOLDERS				
IN THOUSANDS OF EUROS	AS OF 1 JANUARY 2021	EARNINGS FOR THE PERIOD	OTHER COMPREHENSIVE INCOME	TOTAL PROFIT (LOSS) FOR THE PERIOD	ALLOCATION OF PROFITS	DISTRIBUTION OF DIVIDENDS	PURCHASE OF TREASURY SHARES	INTERIM DIVIDEND	AS OF 31 DECEMBER 2021
NOTES				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
Net capital gain from contribution	152								152
Reserve for measurement of financial instruments	281		5,802	5,802					6,083
IAS transition reserve	1,861								1,861
Translation reserve	(43,348)		11,853	11,853					(31,495)
Treasury shares	(1,966)						(53)		(2,019)
Earnings reserve	79,805		(1,789)	(1,789)	18,131	(5,717)			90,430
Earnings for the period	23,536	58,032		58,032	(19,968)	(3,568)		(30,354)	27,678
TOTAL SHAREHOLDERS' EQUITY	**299,321**	**58,032**	**15,866**	**73,898**	**0**	**(9,285)**	**(53)**	**(30,354)**	**333,527**


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NOTES TO THE 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 operations of the Company and its subsidiaries are described in the Report on Operations of the Consolidated Financial Statements.
These Financial Statements are expressed in Euros (€) since this is the currency in which most of the Company's transactions take place.

Compliance with international accounting standards

The Financial Statements as of 31 December 2022 have been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at the date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions issued in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolution 15519 of 27/7/06 on "Provisions on financial statements", Consob Resolution 15520 of 27/7/06 on "Amendments and additions to the Issuers' Regulation adopted by Resolution 11971/99"), Consob Communication 6064293 of 28/7/06 concerning "Corporate reporting required under Article 114, paragraph 5, of Legislative Decree 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.
The Financial Statements have been prepared on a historical cost basis, amended as required for the measurement of some financial instruments, and on a going-concern basis. Despite the macroeconomic instability related to the spread of COVID-19, and taking into account the positive results of the impairment tests approved by the Board of Directors on 24.02.2023, the Company considers that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, also because of the actions already identified to adapt to changed levels of demand, as well as the Company's industrial and financial flexibility.

These financial statements have been audited by Deloitte & Touche S.p.A..

Effects of the COVID-19 pandemic

For the effects of the COVID-19 pandemic, please refer to the chapter "Health emergency - COVID-19" in the report.

1. FORM AND CONTENT OF THE FINANCIAL STATEMENTS

Form of the financial statements
The Company has chosen to highlight all changes generated by transactions with non-shareholders in two statements reporting trends of the period, the "Income Statement" and "Statement of Comprehensive Income". The Financial Statements are therefore composed of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Shareholders' Equity and these notes.

Income Statement
The Income Statement is presented with items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and profit before tax. In addition, income and cost items arising from assets held for sale or to be discontinued, including any capital gains or losses net of the tax element, are recognised in a specific item of the Financial Statements which precede financial performance.

Statement of Comprehensive Income

The Statement of Comprehensive Income is presented in accordance with the revised version of IAS 1. Components presented in 'Other comprehensive income' are grouped according to whether or not they can be reclassified subsequently to profit or loss.

Statement of Financial Position

The Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities and shareholders' equity.
In turn, assets and liabilities are reported in the Financial Statements on the basis of their classification as current and non-current.

Statement of Cash Flows

The Statement of Cash Flows is divided into cash-flow generating areas. The Statement of Cash Flows model adopted by Piaggio & C. S.p.A. has been prepared using the indirect method. The cash and cash equivalents recorded in the Consolidated Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Cash flows in foreign currency were converted at the spot rate in force at the end of the reporting period. Interest expense paid as well as taxes paid are included in the cash flows generated by operations. Interest received and dividends received are included in cash flows generated by investing activities. Finally, dividends paid are included in financing activities.
The opening balance and closing balance of cash and cash equivalents are presented net of short-term bank holdings, as required by IAS No. 7.

Statement of Changes in Shareholders' Equity

The Statement of Changes in Shareholders' Equity is presented as provided for in IAS 1 revised.
The Statement includes overall profit (loss) for the period. Reconciliation between the opening and closing balance of each item for the period is presented.

2. ACCOUNTING POLICIES ADOPTED BY THE COMPANY

2.1 Accounting policies

The most significant accounting policies adopted to prepare the Financial Statements as of 31 December 2022 are outlined below.

Intangible assets

As provided for in IAS 38 - Intangible Assets, an intangible asset which is purchased or internally generated is recognised as an asset only if it is identifiable, controllable and future economic benefits are expected and its cost may be measured reliably. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.
Intangible assets with a definite useful life are measured at acquisition cost or production cost net of amortisation and accumulated impairment losses. Amortisation is referred to the expected useful life and commences when the asset is available for use.

Goodwill

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and share of the Company at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.
Goodwill is not amortised but tested annually for impairment, or more frequently if specific events or changed circumstances indicate that an asset may be impaired, as provided for in IAS 36 - Impairment of Assets. After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.
At the disposal of part of or an entire company previously acquired from whose acquisition goodwill arose, the corresponding residual value of goodwill is considered when measuring the capital gain or loss of the disposal.

Development costs
Development costs of projects for the manufacture of vehicles and engines are recognised as assets only if all of the following conditions are met: the costs can be reliably measured and the tecóical feasibility of the product, the volumes and expected prices indicate that costs incurred during development will generate future economic benefits. Capitalised development costs include only costs incurred that may be directly attributed to the development process.
Capitalised development costs are amortised on a systematic criterion basis, starting from the beginning of production through the estimated life of the product.
All other development costs are recognised in profit or loss when they are incurred.

Other intangible assets
As provided for in IAS 38 – Intangible Assets, other intangible assets which are purchased or internally generated are recognised as assets if it is probable that use of the asset will generate future economic benefits and the cost of the asset can be reliably measured.
These assets are recognised at acquisition or production cost and are amortised on a straight line basis over their estimated useful life, if they have a definite useful life.
Other intangible assets recognised following the acquisition of a company are accounted for separately from goodwill, if their fair value may be reliably measured.
The amortisation period for an intangible asset with a useful life is revised at least at the end of each reporting period. If the expected useful life of the asset differs from estimates previously made, the amortisation period is changed accordingly.
The amortisation periods of intangible assets are shown below:

Development costs	3-5 years
Industrial Patent and Intellectual Property Rights	3-5 years
Other	5 years
Trademarks	20 years
Licences	10 years
Environmental certification	Not depreciated

Other intangible assets also include environmental certificates.

Environmental certification
The Pontedera plant in Italy falls within the scope of the "Emissions Trading" Directive (Directive 2003/87/EC), which assigns a generally lower number of emission permits compared to the emissions recorded in the reference year, with the Company having to purchase quotas in order to achieve compliance on the emissions market.
For the purposes of recognising expenses arising from regulatory obligations relating to ETS certificates, the Company applies the so-called 'net liability approach'.
This accounting treatment requires the certificates obtained free of charge from the Authority be recognised at nominal value under intangible assets (null).
In addition, expenses for the purchase, against payment, of certificates required to meet the obligation of the reporting period, i.e. purchased in excess of the amount required to meet regulatory obligations, are capitalised and recognised as intangible assets.
These intangible assets:
- are classified as assets with an indefinite useful life and are not amortised;
- after initial recognition they are kept at cost;
- they are recognised under Profit and Loss in the period when they are accrued, under sundry operating costs, for the necessary quantification to meet the regulatory obligation for the reference period.

Any provision for the estimated expenses to be incurred for the purchase, against payment, of certificates required to meet the obligation of the reporting period, will generate a cost to be recognised in the period when it is accrued, under sundry operating expenses, with a contra-entry in the provision for risks.
If the cost of the certificates to be redelivered to the Authority differs from the estimate made at the end of the reporting period, any difference, if negative (higher cost), is recognised in profit or loss under sundry operating expenses, as a contingent liability in the year when the recognition was made. In the case of a positive difference (lower cost), the differential will generate a contingent asset.

Property, plant and equipment

The Company opted for the cost method when first preparing its IAS/IFRS financial statements, as allowed by IFRS 1. For the measurement of property, plant and equipment, it was therefore decided not to use the fair value method. Property, plant and equipment were booked at the purchase or production cost and were not revalued. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.
Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recognised in profit or loss when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.
Depreciation is determined, on a straight line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life.
The depreciation periods of Plant, property and equipment are summarised below:

Land	Land is not depreciated
Buildings	33 years
Plant and machinery	From 5 to 15 years
Equipment	From 4 to 5 years
Other assets	From 5 to 10 years

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sale revenue and net carrying amount of the asset and are recognised in profit or loss for the period.

Lease contracts

Lease agreements for property, plant and machinery entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, of if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.
If the contract provides for a renewal option in favour of the lessee, the Company also includes the rentals for the renewal period if it is considered highly probable in the calculation of the right of use.
The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.
The Company has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recognised in the financial statements according to the equity method, as allowed by IAS 27 and as provided for by IAS 28 (Investments in Associates and Joint Ventures).
Subsidiaries, associates and joint venture are included in the financial statements from when control, significant influence or joint control commences until it ceases.
The financial statements of subsidiaries, associates and joint ventures, are appropriately modified and reclassified, where necessary, to bring them in line with the international accounting standards and uniform classification criteria used by the Group.
In adopting the equity method, the investment in a subsidiary, associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the investor of profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the investor is recognised separately in profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the investor, is recognised under other components of comprehensive income. If the portion of losses of an entity in a subsidiary, associate or joint venture is equal to or exceeds its interest in the subsidiary, associate or joint venture, the entity discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate, subsidiary or joint venture. If the subsidiary, associate or joint venture subsequently reports profits, the entity resumes recognising its portion of those profits only after its portion of the profits equals the share of losses not recognised. Profit and losses arising from "upwards" or "downwards" transactions between an entity

and a subsidiary, associate or joint venture are recognised in the entity's financial statements only as regards the portion attributable to minority interest in the subsidiary, associate or joint venture. The portion of profit or loss of the subsidiary, associate or joint venture arising from these transactions, attributable to the investor, is eliminated in the income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards transactions".
If there is objective evidence of an impairment loss, the investment is tested for impairment, as described in the relative section, to which reference is made.
Separate financial statements are prepared in the currency of the primary economic sector in which the subsidiary, associate or joint venture operates (functional currency). For the purposes of adopting the equity method, the financial statements of each foreign entity are in euro, which is the functional currency of Piaggio & C. SpA and the presentation currency of the separate Financial Statements.
All assets and liabilities of foreign companies in a currency other than the euro are translated, using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the application of this method, as well as translation differences arising from a comparison of initial shareholders' equity translated at current exchange rates and the same equity translated at historical rates, are recognised in the statement of comprehensive income and allocated to a specific reserve in shareholders' equity until disposal of the investment.
The exchange rates used to translate the financial statements of subsidiaries, associates and joint ventures into euro are shown in the table below.

CURRENCY	SPOT EXCHANGE RATE 31 DECEMBER 2022	AVERAGE EXCHANGE RATE 2022	SPOT EXCHANGE RATE 31 DECEMBER 2021	AVERAGE EXCHANGE RATE 2021
US Dollar	1.0666	1.05305	1.1326	1.18274
Pounds Sterling	0.88693	0.852761	0.84028	0.859604
Indian Rupee	88.1710	82.68639	84.2292	87.43916
Singapore Dollars	1.43	1.45116	1.5279	1.58910
Chinese Yuan	7.3582	7.07880	7.1947	7.62823
Croatian Kuna	7.5345	7.53487	7.5156	7.52841
Japanese Yen	140.66	138.02739	130.38	129.87671
Vietnamese Dong	25,183.00	24,630.01167	25,137.39	26,372.96376
Indonesian Rupiah	16,519.82	15,625.25113	16,166.73	16,914.56136
Brazilian Real	5.6386	5.43990	6.3101	6.37789

Impairment

At the end of the reporting period, the Company reviews the carrying amount of its plant, property and equipment, intangible assets, rights of use and investments, to determine whether there is any indication that these assets may be impaired (impairment test). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the asset's cash generating unit.
The recoverable amount is the greater of the net sale price and value in use. In measuring the value in use, estimated future cash flows are discounted at their fair value, using a rate gross of taxes, which reflects current market changes in the fair value of money and specific risks of the asset.
If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the relative carrying amount, the carrying amount of the asset is reduced to the lower recoverable value. An impairment loss is immediately recognised in profit or loss, unless the asset concerns land or property other than investment property recognised at revalued values. In said case, the loss is recorded in the relative revaluation reserve.
When the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset (or of a cash generating unit), except for goodwill, is increased to the new value arising from an estimate of its recoverable amount, up to the net carrying amount applicable to the asset if no impairment loss had been recognised. The reversal of the impairment loss is immediately recognised in profit or loss.
An intangible asset with an indefinite useful life is tested annually for impairment, or more frequently if there is an indication that an asset may be impaired.

Transactions with affiliates and related parties
Relations with subsidiaries and related parties are indicated in the specific section of the Notes, to which reference is made.

Non-current assets held for sale
Non-current assets (or disposal groups) that are classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.
Non-current assets (and disposal groups) are classified as held for sale when it is expected that their carrying amount will be recovered through a sale rather than through their use in company operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale and management is committed to a plan to sell, which should take place within 12 months from the date in which this item was classified as held for sale.

Financial assets
IFRS 9 adopts a single approach to analysing and classifying all financial assets, including those containing embedded derivatives. Classification and measurement consider the business model of the financial asset and the contractual characteristics of cash flows that may be obtained from the asset. Depending on the characteristics of the instrument and business model adopted, the following three categories are determined:
(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, with the effects recognised in other comprehensive income (OCI); (iii) financial assets measured at fair value, with the effects recognised in profit or loss.
The financial asset is measured at amortised cost if both the following conditions are met:
- the business model holds the financial asset only to collect the relative cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that only represent the return on the financial asset.

According to the amortised cost method, the value of initial recognition is subsequently adjusted to take into account repayments of principal, any impairment and amortisation of the difference between the repayment value and value of initial recognition.
Amortisation is based on the internal effective interest rate that represents the rate which, at the time of initial recognition, makes the present value of expected cash flows equal to the value of initial recognition.
Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the relative provision for write-downs.
Financial assets representing debt instruments whose business model covers the possibility of collecting contractual cash flows and realising capital gains from sale (the hold to collect and sell business model), are measured at fair value, recognising the effects in OCI. In this case, changes in fair value of the instrument are recognised as shareholders' equity in OCI. The total of changes in fair value, recognised in a shareholders' equity reserve that includes OCI, is reversed to profit or loss when the instrument is deleted from the accounts. Interest expense is recognised in profit or loss using the effective interest rate, exchange differences and write-downs.
A financial asset representing a debt instrument that has not been measured at amortised cost or FVTOCI is measured at fair value with the effects recognised in profit or loss.

Inventories
Inventories are recognised as the lower of the purchase or production cost, determined by assigning to products the costs directly incurred in addition to the portion of indirect costs reasonably attributable to the performance of production activities in normal production capacity conditions and the market value at the end of the reporting period.
The purchase or production cost is determined based on the weighted average cost method.
As regards raw materials and work in progress, the market value is represented by the estimated net realisable value of corresponding finished products minus completion costs. As regards finished products, the market value is represented by the estimated net realisable value (price lists minus the costs to sell and distribution costs).
The lower measurement based on market trends is eliminated in subsequent years, if the trends no longer exist.
Obsolete, slow moving and/or excess inventories are impaired in relation to their possible use or future realisation, in a provision for the write-down of inventories.

Receivables
IFRS 9 establishes a new model for the impairment/write-down of these assets, with the aim of providing useful information for financial statement users on relative expected losses. According to this model, the Company measures receivables on an expected loss basis, replacing the provisions in IAS 39 which typically measure receivables on an incurred loss basis. For trade receivables, the Company adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but instead the recognition of an expected credit loss (ECL) calculated over the ECL lifetime. In particular, the policy adopted by the Company involves the stratification of trade receivables in categories based on past due days, defining the allocation based on the historical experience of credit losses,

adjusted to take into account specific forecasts referred to creditors and the economic environment.
Trade receivables are wholly written down in the absence of a reasonable expectation of their recovery, or in the case of inactive counterparties.
The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement. When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

Factoring

The Company sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.
In the case of transfers in which the risks and benefits are not transferred, the relative receivables remain in the statement of financial position until the transferred sum has been paid. In this case any advance payments collected by the factor are recognised under payables as amounts due to other lenders.
Interest and fees paid under contractual terms are recognised based on their nature.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, current bank accounts, deposits payable on demand and other high liquidity short term financial investments, which are readily convertible into cash and not affected by any major risk of a change in value. This item does not include bank overdrafts payable on demand.

Treasury shares

Treasury shares are recognised as a reduction of shareholders' equity. The original cost of treasury shares and revenues arising from subsequent sales are recognised as movements of shareholders' equity.

Financial liabilities

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements. Pursuant to IFRS 9, they include trade and other payables.
Financial liabilities are recognised at fair value net of additional transaction costs. After initial recognition, loans are measured at amortised cost and calculated using the effective interest rate. With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount value of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement.
Financial liabilities hedged by derivatives are recognised at present value, according to procedures established for hedge accounting: gains and losses arising from subsequent measurements at present value are recognised in profit or loss and are offset by the effective portion of the loss and again arising from subsequent measurements at present value of the hedging instrument. On initial recognition, a liability may be designated at fair value recognised in profit or loss when this eliminates or considerably reduces a lack of uniformity in the measurement or recognition (sometimes defined as "asymmetric accounting") that would otherwise arise from the measurement of an asset or liability or recognition of relative profit and loss on different bases. This fair value designation is exclusively applied to some financial liabilities in currency subject to exchange risk hedging.

Derivatives and measurement of hedging transactions

Company assets are primarily exposed to financial risks from changes in exchange and interest rates. The Company uses derivatives to hedge risks arising from changes in foreign currency and interest rates in particular irrevocable commitments and planned future transactions. The use of these instruments is regulated by written procedures on the use of derivatives, in line with risk management policies.

In compliance with IFRS 9, derivatives are initially recognised at fair value, represented by the initial amount and aligned with the fair value at subsequent ends of reporting periods. Financial derivatives are used solely for hedging purposes, in order to reduce exchange risk, interest rate risk and the risk of changes in the market price. Financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated. When financial instruments may be measured by hedge accounting, the following accounting treatment is adopted:

- Fair value hedge: if a financial derivative is designated as a hedge of the exposure to changes in present value of a recognised asset or liability, attributable to a particular risk and could affect profit or loss, the gain or loss from the subsequent change in present value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the hedged item and is recognised in profit or loss;
- Cash flow hedge: if an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or of a highly probable forecast transaction which could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognised in the Statement of Comprehensive Income. Accumulated gain or loss is reversed from the Statement of Comprehensive Income and recognised in profit or loss in the same period as the hedging transaction. The gain or loss associated with hedging or the part of hedging which is ineffective, is immediately recognised in profit or loss. If the hedging instrument or hedging ceases, but the transaction covered by hedging is not yet realised, profits and losses, recognised in equity, are instead recognised in profit or loss when the transaction takes place. If the transaction to be hedged is deemed no longer probable, gains or losses deferred in the Statement of Comprehensive Income are recognised immediately in profit or loss.

If hedge accounting cannot be applied, gains or losses from measurement at present value of the financial derivative are immediately recognised in profit or loss.

Long-term provisions

The Company recognises provisions for risks and charges when it has a legal or implicit obligation to third parties and it is likely that Company resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated.
Changes in estimates are recognised in profit or loss when the change takes place.
If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specifics risks of the liability.

Retirement funds and employee benefits

Liabilities relative to employee benefits paid on or after termination of employment for defined benefit plans are determined separately for each plan, based on actuarial hypotheses estimating the amount of future benefits that employees will accrue at the reporting date (the "projected unit credit method"). Liabilities, recognised in the financial statements net of any assets serving the plan, are entered for the period when the right accrues. Liabilities are measured by independent actuaries.
The cost components of defined benefits are recognised as follows:
the costs relative to services are recognised in the Income Statement under employee costs;
net borrowing costs of liabilities or assets with defined benefits are recognised in the Income Statement as financial income/(borrowing costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
the remeasurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the assets, are immediately recognised as "Other income (expense) into OCI". These components must not be reclassified to the Income Statement in a subsequent period.

Termination benefits
Termination benefits are recognised at the closest of the following dates: i) when the Company can no longer withdraw the offer of such benefits and ii) when the Company recognises the costs of restructuring.

Tax assets and liabilities
Deferred taxes are determined based on the temporary taxable differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred taxes are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income.
Deferred tax assets and liabilities are recognised at their net value when applied by the tax authorities and when they may be lawfully offset in the same tax jurisdiction.

Payables
Payables are recognised at fair value and then measured based on the amortised cost method.

Reverse factoring
To guarantee suppliers easier credit conditions, the Company has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Company to a lender and collect amounts before the due date.
In some cases, payment terms are extended further in agreements between the supplier and the company; these extensions may be interest or non-interest bearing.
The Company has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differs by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IAS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IAS 9 B3.3.6.
According to IAS 1 paragraph 54, trade and other payables must be shown separately from financial payables.
In this context, relations, for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

Revenue recognition
Based on the five-step model introduced by IFRS 15, the Company measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).
In particular, the Company measures revenues only if the following requirements have been met (requirements to identify the "contract" with the customer):

a. the contract has been approved by the parties to the contract (in writing, verbally or in compliance with other standard business practices) and the parties undertake to meet their respective obligations; an agreement therefore exists between the parties that establishes the rights and obligations to be met, regardless of the form by which the agreement is made;
b. the Company can identify each party's rights in relation to the goods or services to be transferred;
c. the Company can identify the payment terms for the goods or services to be transferred;
d. the contract has commercial substance; and
e. it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the relative revenues are recognised when: (i) the Company has already transferred control of the goods and/or provided the service to the customer and all or nearly all of the consideration from the customer has been received and cannot be reimbursed; or (ii) the contract has ended and the consideration received by the Company from the customer cannot be reimbursed.

If the above requirements are instead met, the Company adopts the following rules for recognition.
Revenues for the sale of vehicles and spare parts are recognised when control of the good is transferred to the purchaser, or when the customer can use in full the good or substantially benefit from it. Revenues are represented net of discounts, including, among others, sales incentive programmes and bonuses to customers, as well as taxes directly connected with the sale of the goods.
Revenues from the provision of services are recognised when the services are provided based on their progress.
Revenues also include lease payments recognised on a straight line basis for the duration of the contract.

Grants

Set-up grants are recognised in the financial statements when their payment is certain and are recognised in profit or loss based on the useful life of the asset for which the grants have been provided.
Operating grants are recognised in the financial statements, when their payment is certain and are recognised in profit or loss in relation to costs for which the grants have been provided.

Recognition of costs

The Company has chosen to adopt a scheme based on the classification of costs and expenses by nature.

Financial income

Financial income is recognised on time accrual basis. includes interest payable on invested funds, exchange differences receivable and income from financial instruments, when not offset in hedging transactions. Interest receivable is recognised in profit or loss when it matures, considering the actual return.

Borrowing costs

Borrowing costs are recognised on an accrual basis. and include interest payable on financial payables calculated using the effective interest rate method, exchange differences payable and losses on derivative financial instruments. The rate of interest payable of finance lease payments is recognised in profit or loss, using the effective interest rate method.

Dividends

Dividends are recognised on an accrual basis, and therefore at the time when, following the resolution to distribute dividends by the subsidiary, the relative right to payment arises. In compliance with IAS 27 Revised "Separate Financial Statements", dividends distributed by subsidiaries, associates and joint ventures are recognised minus their investment value.

Income tax

Taxes represent the sum of current and deferred tax assets and liabilities.
Taxes allocated on the basis of estimated taxable income determined in compliance with national laws in force at the year end are recorded, taking account of applicable exemptions and tax receivables due. Income tax is recognised in profit or loss, with the exception of items directly charged or credited to shareholders' equity, in which case the tax effect is directly recognised in shareholders' equity.
Taxes are recorded under "Tax payables" net of advances and withheld taxes.
As from the 2007 reporting period, the Company has been party to the National Consolidated Tax Convention 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. Participation in the agreement was renewed starting from 2022 and will last for three years, up until the tax period ending at 31.12.2024.
Based on the procedure, the consolidating company determines one taxable base for the group of companies that are party to the National Consolidated Tax Convention and may therefore offset taxable income against tax losses in one tax return. Each company which is party to the National Consolidated Tax Convention transfers taxable income (taxable income or loss) to the consolidating company. The latter recognises a receivable from the consolidated company which is equal to the corporate tax to be paid. 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 offset at a Group level.

Use of estimates

The preparation of the financial statements and notes in compliance with IFRS requires management to make estimates and assumptions which have an impact on the values of assets and liabilities and on disclosure regarding contingent assets and liabilities at the end of the reporting period. Actual results could differ from estimates. Estimates are used to measure intangible assets tested for impairment (see § Impairment losses) and to identify provisions for bad debts, for obsolete inventories, amortisation and depreciation, impairment of assets, employee benefits, taxes, restructuring provisions and other allocations and funds. Estimates and assumptions are periodically revised and the effects of any change are immediately recognised in profit or loss.

In the current situation of global economic and financial instability, assumptions made as to future trends are marked by a considerable degree of uncertainty. Therefore the possibility in the next reporting period of results that differ from estimates cannot be ruled out and these could require even significant adjustments which at present cannot be predicted or estimated.
The critical measurement processes and key assumptions used by the Company in adopting IFRS and that may have a significant impact on figures in the Financial Statements or for which a risk exists that significant differences in value may arise in relation to the carrying amount of assets and liabilities in the future are summarised below.

Recoverable value of non-current assets
Non-current assets include Property, Plant and Equipment, Goodwill, Other Intangible Assets, Investment Property, Investments and Other Financial Assets. The Company periodically revises the carrying amount of non-current assets held and used and of assets held for sale, when facts and circumstances make this necessary. This analysis is carried out at least annually for Goodwill, and whenever facts and circumstances make it necessary. Analysis of the recoverability of the carrying amount of Goodwill is generally based on estimates of expected cash flows from the use or sale of the asset and adequate discount rates to calculate the fair value. When the carrying amount of a non-current asset is impaired, the Company recognises a write-down equal to the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to cash flows of the most recent company plans.

Recoverability of deferred tax assets
The Company has deferred tax assets from deductible temporary differences and theoretical tax benefits from losses to be carried forward. In estimating recoverable value, the Company considered the results of the company plan in line with the results used for impairment testing. Net deferred tax assets allocated on this basis refer to temporary differences and tax losses which, to a significant extent, may be recovered over an indefinite period, longer than the time frame of the above-mentioned estimates. As the Company is party to the IMMSI Group National Consolidated Tax Convention, the recovery of deferred tax assets is related to results forecast for the company, and also to the taxable amounts of companies which are part of the IMMSI Group National Consolidated Tax Convention.

Pension schemes and other termination benefits
Provisions for employee benefits and net borrowing costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements.
The assumptions used for the measurement are explained in section 28 "Retirement funds and employee benefits".

Provisions for bad debts
The provision for bad debts reflects management's estimate of expected losses related to receivables. The Company adopts the simplified approach of IFRS 9 and recognises expected losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (Expected Credit Loss – ECL concept).

Provision for obsolete inventories
The provision for obsolete inventories reflects management's estimate of impairment losses expected by the Company, determined based on past experience. Anomalous market price trends could have an effect on future inventory write-downs.

Provision for product warranties
At the time of a product's sale, the Company makes provisions relative to estimated costs for the product warranty. This provision is estimated based on historical information about the nature, frequency and average cost of warranty jobs.

Potential liabilities
The Company recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements. The Company is subject to legal and tax proceedings concerning complex and difficult legal issues, of varying degrees of uncertainty, including facts and circumstances relative to each case, jurisdiction and different applicable laws. Given the uncertainties concerning these issues, it is hard to predict with certainty the outflow arising from these disputes and it is therefore possible that the value of provisions for legal proceedings and disputes of the Company may vary as a result of future developments in proceedings underway.
The Company monitors the status of ongoing proceedings and consults its legal and tax advisers.

Amortisation/Depreciation
The cost of assets is amortised/depreciated on a straight line basis over their estimated useful life. The economic useful life of Company assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of tecóological innovations that may make the asset obsolete and no longer economical.
The Company periodically evaluates tecóological and segment changes, in order to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

Income tax
The Company is subject to Italian income tax laws. Tax liabilities are determined based on management valuations referred to transactions of which the tax effect is not certain at the end of the reporting period. The Company recognises the liabilities that could arise from future inspections of tax authorities based on an estimate of taxes that will be due. If the outcome of inspections differs from management's estimates, significant effects on current and deferred taxes could arise.

Rounding off
All amounts in the tables and in these notes have been rounded off to thousands of Euros.

Climate Change Information
In a regulatory context in which the European Union has developed a strategy aimed at more sustainable economic models, all aimed at achieving the 2050 climate neutrality target, the Company has initiated a process aimed at:
- the identification and analysis of risks and opportunities arising from climate change in line with the Paris Agreement (as more fully described in the 'Risks and Uncertainties' section of the Management Report and the Consolidated Non-Financial Statement), which could affect the adoption of applicable accounting standards;
- the assessment of potential impacts on financial statement valuations.

2.2 New accounting standards, amendments and interpretations applied as from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company as of 1 January 2022:
- On 14 May 2020, the IASB published the following amendments entitled:
  - **Amendments to IFRS 3 Business Combinations**: The amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
  - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the amendments is to disallow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and the related costs will therefore be recognised in the income statement.
  - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that all costs directly attributable to the contract should be taken into account when estimating whether a contract is onerous. Accordingly, the assessment of whether a contract is burdensome includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid because it has entered into the contract (e.g. the portion of depreciation of machinery used to perform the contract).
  - **Annual Improvements 2018-2020**: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

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

2.3 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 Company as of 31 December 2022

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts. The standard 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.
- On 9 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 directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments entitled "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "Definition of Accounting Estimates—Amendments to IAS 8". The amendments are intended to improve the disclosure on accounting policy so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments will apply from 1 January 2023, but early application is permitted.
  The directors do not expect a material effect on the Company's financial statements from the adoption of these amendments.
- On 7 May 2021, the IASB published its "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.
- The directors do not expect a material effect on the Company's financial statements from the adoption of these amendments.

2.4 Accounting standards amendments and interpretations not yet applicable

As of the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and principles described below.

- On 23 January 2020, the IASB published its "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**'' and on 31 October 2022 published its 'Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify payables and other short- or long-term liabilities. The amendments enter into force on 1 January 2024; although earlier application is permitted.
- On 7 May 2021, the IASB published its "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.
- On 9 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.
- On 22 September 2022, the IASB published its "**Amendments to IFRS 16 Insurance contracts: Lease Liability in a Sale and Leaseback**". The document requires the seller-lessee to measure the lease liability arising from a sale & leaseback transaction so as not to recognise income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but early application is permitted.

The Company 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

Departures pursuant to Article 2423, section 4 of the Italian Civil Code

No exceptional circumstances occurred requiring departures from legal provisions concerning Financial Statements pursuant to Article 2423, section 4 of the Italian Civil Code.

Article 2428 of the Civil Code

The information required by Article 2428, paragraphs 1, 2, 3 and 6, is included in the Report on Operations. Information on financial instruments, objectives and financial risk management policies is given in Section E of these notes. The registered office of the Company is in Viale R. Piaggio 25 56025 Pontedera (Pisa). Other offices of the Company are in Via G. Galilei 1 Noale (Venice) and in via E.V. Parodi 57 Mandello del Lario (Lecco).

EMARKET SDIR CERTIFIED

B) INFORMATION ON THE INCOME STATEMENT

3. Net revenues €/000 1,284,021

Revenues mainly consist of income from the sale of 2-wheelers, light commercial 3- and 4-wheelers, and related spare parts and accessories, on European and non-European markets.
They are recognised net of premiums paid to customers and include sales to Group companies amounting to €/000 220,630.

Revenues by geographic segment

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

IN THOUSANDS OF EUROS	2022		2021		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	1,220,815	95.08	1,073,928	95.63	146,887	13.68
India	62,408	4.86	48,049	4.28	14,359	29.88
Asia Pacific	798	0.06	975	0.09	(177)	(18.15)
TOTAL	**1,284,021**	**100.00**	**1,122,951**	**100.00**	**161,070**	**14.34**

Revenues by type of product

The breakdown of revenues by type of product is shown in the following table:

IN THOUSANDS OF EUROS	2022		2021		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Two-wheelers	1,141,488	88.90	988,504	88.03	152,984	15.48
Commercial Vehicles	142,533	11.10	134,448	11.97	8,085	6.01
TOTAL	**1,284,021**	**100.00**	**1,122,951**	**100.00**	**161,070**	**14.34**

In 2022, net sales revenues increased by €/000 161,070.

4. Costs for materials €/000 836,239

The increase in material costs compared to 2021 (+15.8%) is due to the growth in production volumes and the cost of raw materials.
The item includes €/000 169,580 (€/000 132,753 in 2021) for purchases from subsidiaries and associates.
Costs for materials include costs for transport and outsourcing services relative to purchased assets.
The following table details the content of this item:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Raw, ancillary materials, consumables and goods	890,103	784,678	105,425
Change in inventories of raw, ancillary materials, consumables and goods	(24,148)	(53,310)	29,162
Change in work in progress of semifinished and finished products	(29,716)	(9,534)	(20,182)
Total costs for purchases	**836,239**	**721,834**	**114,405**

EMARKET SDIR CERTIFIED

5. Costs for services and leases and rental costs €/000 233,812

This item includes costs from Group companies and other related parties of €/000 56,700 (€/000 47,726 in 2021).

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Employee costs	5,675	4,493	1,182
External maintenance and cleaning costs	7,299	8,526	(1,227)
Energy and telephone costs	21,805	7,894	13,911
Postal expenses	749	863	(114)
Commissions payable	21,034	20,464	570
Advertising and promotion	18,904	16,365	2,539
Tecóical, legal and tax consultancy and services	12,195	10,714	1,481
Company boards operating costs	3,234	2,631	603
Insurance	3,376	2,919	457
Outsourced manufacturing	27,696	24,946	2,750
Outsourced services	10,058	9,301	757
Transport costs (vehicles and spare parts)	35,006	31,763	3,243
Internal shuttle services	434	315	119
Sundry commercial expenses	4,529	4,950	(421)
Public relations	1,754	1,781	(27)
Product warranty costs	1,263	1,160	103
Costs for quality-related events	3,867	7,014	(3,147)
Bank costs and factoring charges	5,351	4,886	465
Misc services provided in the business year	3,823	3,684	139
Other services	32,672	25,252	7,420
Use of provisions to cover costs of services	(153)	(1)	(152)
Lease and rental costs	13,241	8,649	4,592
Total costs for services, leases and rental costs	**233,812**	**198,569**	**35,243**

Costs for services, lease and rental went up by 17.75% compared to the previous year.
Costs for quality-related events were offset by compensation recognised under "Other operating income" for €/000 407, and other amounts recovered from suppliers for €/000 2,000.
Third party work of €/000 27,696 refers to the processing of production components by outsourced suppliers.
Expenses for company boards are shown in the table below:

IN THOUSANDS OF EUROS	2022	2021
Directors	2,940	2,337
Statutory auditors	161	161
Supervisory Body	62	62
Internal Control Committee	41	41
Remuneration Committee	30	30
Total fees	**3,234**	**2,631**

Directors' remuneration also includes the extraordinary remuneration for the financial year 2021 paid to a director.

Business services include services for the disposal of waste and water treatment amounting to €/000 2,092.
Other services include €/000 25,685 for tecóical, sports and promotional services for Group brands supplied by the subsidiary Aprilia Racing, €/000 3,744 for tecóical services supplied by the subsidiaries Foshan Piaggio Vehicles Tecóology Research and Development Co LTD (€/000 3,256) and Piaggio Advanced Design Center Corp. (€/000 488) and €/000 442 for management services supplied by IMMSI S.p.A..
Insurance costs include €/000 63 paid with related parties.

EMARKET SDIR CERTIFIED

6. Employee costs €/000 181,708

Employee costs are broken down as follows:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Salaries and wages	130,494	119,921	10,573
Social security contributions	40,435	38,954	1,481
Termination benefits	8,593	7,767	826
Other costs	2,186	2,335	(149)
Total	**181,708**	**168,977**	**12,731**

The workforce as of 31 December 2022 totalled 2,926, of which 6 members of staff on a fixed-term contract.

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

	AVERAGE NUMBER		
LEVEL	2022	2021	CHANGE
Senior management	81	79	2
Middle management	227	235	(8)
White collars	796	810	(14)
Intermediates and blue collars	2,314	2,192	122
Total	**3,418**	**3,316**	**102**

	NUMBER AS OF		
LEVEL	31-DEC-22	31-DEC-21	CHANGE
Senior management	84	79	5
Middle management	221	229	(8)
White collars	792	801	(9)
Intermediates and blue collars	1,829	1,855	(26)
Total	**2,926**	**2,964**	**(38)**

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

LEVEL	AS OF 31.12.21	INCOMING	LEAVERS	RELOCATIONS	AS OF 31.12.22
Senior management	79	4	(5)	6	84
Middle management	229	9	(25)	8	221
White collars	801	55	(50)	(14)	792
Blue collars	1,855	1,059	(1,085)	0	1,829
Total (*)	**2,964**	**1,127**	**(1,165)**	**0**	**2,926**
(*) of which fixed-term contracts	15	1,047	(1,056)		6

7. Amortisation/depreciation and impairment costs €/000 100,490

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

IN THOUSANDS OF EUROS	2022	2021	CHANGE
PROPERTY, PLANT AND EQUIPMENT:			
Buildings	4,318	4,252	66
Plant and machinery	7,043	6,532	511
Industrial and commercial equipment	14,915	11,407	3,508
Other assets	1,127	1,146	(19)
Total depreciation of property, plant and equipment	**27,403**	**23,337**	**4,066**
Impairment costs of property, plant and equipment	-	175	(175)
Total depreciation of property, plant and equipment and impairment costs	**27,403**	**23,512**	**3,891**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
INTANGIBLE ASSETS:			
Development costs	24,026	24,128	(102)
Industrial Patent and Intellectual Property Rights	43,641	41,263	2,378
Concessions, licences, trademarks and similar rights	66	61	5
Total amortisation of intangible assets	**67,733**	**65,452**	**2,281**
Write-down of intangible assets	1,708	1,274	434
Total depreciation of intangible assets and impairment costs	**69,441**	**66,726**	**2,715**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
RIGHTS OF USE:			
Buildings	1,570	1,420	150
Plant and machinery	856	856	0
Other assets	1,220	1,287	(67)
Total depreciation of rights of use	**3,646**	**3,563**	**83**

Impairment costs of intangible assets refer to the disposal of assets under construction no longer necessary for Company activities.
As indicated in more detail in the section on intangible assets, goodwill was tested for impairment, confirming the full recoverability of values indicated in the financial statements.
Impairment costs of intangible assets refer to development projects for which production plans were reviewed in the context of the Company's Business Plan.
The item "Industrial Patent and Intellectual Property Rights" includes amortisation relative to software equal to €/000 10,143.

EMARKET SDIR CERTIFIED

8. Other operating income €/000 161,927

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Operating grants	5,032	1,515	3,517
Increases in fixed assets from internal work	38,400	40,127	(1,727)
Expenses recovered in invoices	33,593	29,150	4,443
Fee income	594	410	184
Contingent assets from measurement	44	14	30
Capital gains on the disposal of assets	6	62	(56)
Recovery of transport costs	671	302	369
Recovery of business costs	4,633	4,054	579
Recovery of registration costs	32	31	1
Recovery of advertising costs	52		52
Recovery of stamp duty	950	855	95
Recovery of labour costs	5,771	5,469	302
Recovery of supplier costs	1,552	520	1,032
Recovery of warranty costs	28	30	(2)
Recovery of taxes from customers	367	678	(311)
Recovery of sundry costs	1,535	1,773	(238)
Provision of services to group companies	14,482	11,360	3,122
Licence rights and know-how	43,230	29,180	14,050
Commission receivable	2,158	2,132	26
Compensation from damage to third parties	631	1,040	(409)
Compensation from third parties for quality-related events	407	8,726	(8,319)
Clearance of payables	77	159	(82)
Revenues from surplus funds	4,201	0	4,201
Other income	3,481	2,758	723
Total other operating income	**161,927**	**140,345**	**21,582**

This item includes income from Group companies for a total of €/000 65,201.
Operating grants refer to:
- €/000 199 for public and European grants concerning research projects;
- €/000 397 for funding for professional training provided by trade associations;
- €/000 786 for state contributions related to Research and Development, Tecóological Innovation and Design and Aesthetic Creation;
- €/000 224 for grants accrued on investments in ordinary tangible and intangible assets;
- €/000 93 for government grants related to Industry 4.0 investments;
- €/000 94 for government grants commensurate with the value of advertising investments made during the 2021 financial year;
- €/000 3,239 for tax receivables recognised on electricity and gas consumption.

During the reporting period, internal costs were capitalised on development projects and know-how for €/000 36,816, internal costs related to the construction of software for €/000 672 and internal costs for the construction of tangible assets for €/000 912.
Expenses recovered in invoices refer to costs for preparation, advertising, insurance, transport and packaging charged to clients directly in product sales invoices.
This item also includes charges made to other Group companies amounting to €/000 686 and to third parties for €/000 849 for the recovery of sundry costs.
Licence rights were obtained for €/000 40,238 from the other Group companies (Piaggio Vehicles €/000 12,218, Piaggio Vietnam €/000 27,743, Piaggio Indonesia €/000 104, Aprilia Racing €/000 14, and Zongshen Piaggio Foshan Motorcycle Co. Ltd €/000 159).
Income from the recovery of labour costs mainly refers to amounts charged to Group companies for the use of personnel.
The recovery of costs from suppliers refers to amounts charged for the reprocessing of materials and final inspections, and for failure to supply assembly lines with material.
The recovery of tax duties mainly refers to dealers being charged stamp duty on vehicle conformity certificates.
In compliance with paragraph 125 of Law 124/2017 of 4 August 2017, the breakdown by project of the grants received during 2022 is shown in Note 46 "Grants, contributions, paid appointments and economic benefits from the public administration".

EMARKET SDIR CERTIFIED

9. Net reversals (impairment) of trade and other receivables €/000 604

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Losses on receivables	2	-	2
Write-downs of receivables in working capital	602	315	287
Total	**604**	**315**	**289**

The write-downs of receivables made during the year concern both trade receivables and other receivables.

10. Other operating costs €/000 20,067

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Allocation for litigation	0	160	(160)
Provision for future risks	3,000	4,123	(1,123)
Total provisions for risks	*3,000*	*4,283*	*(1,283)*
Provisions for product warranties	7,722	8,228	(506)
Total other provisions	*7,722*	*8,228*	*(506)*
Stamp duty	1,139	1,043	96
Duties and taxes not on income	1,833	1,787	46
Local tax, formerly council tax	1,445	1,445	0
Various subscriptions	1,030	966	64
Social charges	904	719	185
Capital losses from disposal of assets	8	21	(13)
Environmental certification	543	-	543
Miscellaneous expenses	2,443	1,193	1,250
Total sundry operating costs	*9,345*	*7,174*	*2,171*
Total other operating costs	**20,067**	**19,685**	**382**

In total, other operating costs, which include costs from Group companies of €/000 498, increased by €/000 382.

Stamp duty of €/000 1,139 mainly refers to the tax due on vehicle conformity certificates. This cost is charged to Dealers and the recovered amount is entered under "Other operating income".
The item Costs for ETS certificates refers to provisions related to expenses for the purchase of these certificates. In fact, the Pontedera plant in Italy falls within the scope of the "Emissions Trading" Directive (Directive 2003/87/EC), which assigns a generally lower number of emission permits compared to the emissions recorded in the reference year, with the Company having to purchase quotas in order to achieve compliance on the emissions market.

11. Income/(loss) from investments €/000 43,445

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Positive differences from the equity method valuation in subsidiaries	84,803	60,487	24,316
Positive differences from the equity method valuation in associates	18	398	(380)
Negative differences from the equity method valuation in subsidiaries	(40,698)	(26,749)	(13,949)
Negative differences from the equity method valuation in associates	(693)	0	(693)
Write-down of non-controlling interests	-	(21)	21
Dividends from the investments of non-controlling interests	15	19	(4)
Total	**43,445**	**34,134**	**9,311**

Dividends from investments of non-controlling interests were distributed by the company Ecofor Service Pontedera (€/000 15).

The tables below show the positive and negative differences for investments in subsidiaries and associates, valued using the Equity Method.

IN THOUSANDS OF EUROS	2022	2021	CHANGE
POSITIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SUBSIDIARIES			
Piaggio Vespa B.V.	34,566	29,156	5,410
Piaggio China	-	139	(139)
Piaggio Vietnam	48,827	30,054	18,773
Aprilia Racing	126	176	(50)
Piaggio España	392	588	(196)
Piaggio Indonesia	859	352	507
Piaggio Advanced Design Center Corporation	33	22	11
Total	**84,803**	**60,487**	**24,316**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
POSITIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN ASSOCIATES			
Pontedera & Tecnologia	18	18	-
Zongshen Piaggio Foshan Motorcycle	0	380	(380)
Total	**18**	**398**	**(380)**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
NEGATIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SUBSIDIARIES			
Piaggio China	(274)	-	(274)
Piaggio Vehicles Pvt.	(6,951)	(4,091)	(2,860)
Nacional Motor	(77)	(147)	70
Piaggio Fast Forward	(33,194)	(22,155)	(11,039)
Piaggio Concept Store	(202)	(356)	154
Total	**(40,698)**	**(26,749)**	**(13,949)**

IN THOUSANDS OF EUROS	2022	2021	CHANGE
NEGATIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SASSOCIATES			
ZPFM	(693)	0	(693)
Total	**(693)**	**0**	**(693)**

12. Net financial income (borrowing costs) €/000 (19,947)

This item consists of:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Total financial income	3,840	2,074	1,766
Total borrowing costs	(21,799)	(20,391)	(1,408)
Total net exchange gains/(losses)	(1,988)	(1,497)	(491)
Net financial income (borrowing costs)	**(19,947)**	**(19,814)**	**(133)**

The balance of financial income (borrowing costs) in 2022 was negative by €/000 19,947, registering an increase compared to the figure of €/000 19,814 of the previous year. The poorer performance compared to figures from the previous year is essentially due to foreign-exchange losses, affected by the exceptional volatility of forex markets. Net interest income rose modestly due to the impact of the rate hike limited to the fourth quarter.

Below is the breakdown of borrowing costs and income:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Financial income:			
- From subsidiaries	3,623	2,057	1,566
- From subsidiaries for operating leases	3	5	(2)
Financial income from third parties:			
- Interest receivable from clients	5	5	0
- Bank and post office interest payable	67	2	65
- Interest income on tax receivables		1	(1)
- Other	142	4	138
Total financial income from third parties	*214*	*12*	*202*
Total financial income	**3,840**	**2,074**	**1,766**

The amount of €/000 3,623 recognised as financial income from subsidiaries refers to interest from financing activities relative to the subsidiaries Piaggio Fast Forward (€/000 3,410), Aprilia Racing (€/000 210) and other minor companies (€/000 3).

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Borrowing costs with Parent Companies:			
- Interest expense on loans received from Subsidiaries	45	15	30
Borrowing costs with Parent Companies:			
- Interest expense on operating leases with Parent Companies	65	88	(23)
Borrowing costs with Parent Companies:			
- Interest payable on a debenture loan	10,682	11,437	(755)
- Interest payable on bank accounts	225	73	152
- Interest payable on bank loans	6,807	5,451	1,356
- Interest to suppliers	1,257	569	688
- Interest payable to other lenders	948	742	206
- Interest payable on sub-discount factor operations	1,251	690	561
- Cash discounts to clients	537	801	(264)
- Income from fair value measurements		17	(17)
- Expense from commodities measurement	205	-	205
- Bank charges on loans	981	1,408	(427)
- Interest on finance lease agreements	96	90	6
- Interest payable on operating lease agreements	95	96	(1)
- Borrowing costs from discounting back termination and termination benefits	504	52	452
- Other	29	8	21
Total borrowing costs with third parties	*23,617*	*21,434*	*2,183*
Total borrowing costs	**23,727**	**21,537**	**2,190**
Costs capitalised on Property, Plant and Equipment	(348)	(186)	(162)
Costs capitalised on Intangible Assets	(1,580)	(960)	(620)
Total Capitalised Costs	**(1,928)**	**(1,146)**	**(782)**
Total borrowing costs	**21,799**	**20,391**	**1,408**

During 2022, borrowing costs for €/000 1,928 were capitalised (€/000 1,146 in 2021). The average rate used for the capitalisation of borrowing costs (because of general loans), was equal to 3.46% (3.1% in 2021).
Interest payable to other lenders mainly refers to interest payable to factoring companies and banks for the sale of trade receivables.

IN THOUSANDS OF EUROS	2022	2021	CHANGE
EXCHANGE DIFFERENCES FROM SALE			
- Exchange gains	39,250	14,539	24,711
- Exchange losses	(41,148)	(15,050)	(26,098)
Total exchange gains (losses)	*(1,898)*	*(511)*	*(1,387)*
EXCHANGE DIFFERENCES FROM MEASUREMENT			
- Exchange gains	2,572	764	1,808
- Exchange losses	(2,662)	(1,750)	(912)
Total valuation exchange gains (losses)	*(90)*	*(986)*	*896*
Net exchange gains/(losses)	**(1,988)**	**(1,497)**	**(491)**

13. Taxes €/000 21,469

The item "Income taxes" is detailed below:

IN THOUSANDS OF EUROS	2022	2021	CHANGE
Current taxes	16,862	20,111	(3,249)
Deferred tax assets/liabilities	2,365	(6,532)	8,897
Taxes of previous years	2,242	2,824	(582)
Total taxes	**21,469**	**16,403**	**5,066**

During 2022, taxes generated a total income of €/000 21,469
Current taxes generated an expense of €/000 16,862 and comprise:
- €/000 5,430 from taxes on income produced abroad;
- €/000 3,483 from regional production tax on income for the year;
- €/000 11,781 from corporate income tax for the year;
- €/000 (6,469) from income related to transfers within the framework of the Consolidated Tax Convention;
- €/000 2,637 from expenses related to transfers within the framework of the Consolidated Tax Convention.

Deferred tax represents the effects on income generated by the deferred tax assets and liabilities.
As regards deferred tax liabilities, during the year new provisions were made for €/000 1,956 to profit and loss, and provisions from previous years were released for €/000 816.
With regard to deferred tax assets, on the other hand, new provisions amounted to €/000 3,230, while the release of amounts allocated in previous years came to €/000 4,455.
The balance of prior-year taxes was negative at €/000 2,242.

Reconciliation in relation to the theoretical rate is shown below:

IN THOUSANDS OF EUROS	2022	2021
REVENUE TAXES ON INCOME		
Profit before tax	96,526	74,436
Theoretical rate	24.00%	24.00%
Theoretical tax	23,166	17,865
Effect due to changes in Profit Before Taxes due to the adoption of tax laws	(11,385)	(6,876)
Reversal of deferred corporate tax liabilities allocated in previous years for temporary changes	(801)	(4,298)
Reversal of deferred corporate tax assets allocated in previous years for temporary changes	1,598	1,616
Reversal of deferred tax assets allocated in previous years for tax losses	2,637	1,560
Taxes on income generated abroad	5,430	5,882
Taxes relative to previous years	1,905	2,821
Expenses (income) from the Consolidated Tax Convention	(3,832)	(3,705)
Tax affect arising from deferred corporate tax liabilities for temporary changes	1,876	2,549
Tax affect arising from deferred corporate tax assets for temporary changes	(516)	(3,451)
Tax effect arising from the adjustment of deferred corporate income tax assets allocated for the tax loss of previous years	(2,637)	0
REGIONAL PRODUCTION TAX (IRAP)		
Regional production tax on net revenues for the year	3,483	2,783
Regional production tax referred to previous years	337	4
Reversal of deferred regional production tax liabilities allocated in previous years for temporary changes	(15)	(15)
Reversal of deferred regional production tax assets allocated in previous years for temporary changes	220	107
Tax affect arising from deferred regional production tax liabilities for temporary changes	80	80
Tax affect arising from deferred regional production tax assets for temporary changes	(77)	(519)
Income taxes recognised in the financial statements	**21,469**	**16,403**

Theoretical tax rates were determined applying the corporate tax rate in effect in Italy (24%) to profit before tax. The impact arising from the regional production tax rate was determined separately, as this tax is not calculated on the basis of profit before tax.

14. Gain/(loss) on 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.

C) INFORMATION ON OPERATING ASSETS AND LIABILITIES

15. Intangible assets €/000 612,586

Intangible assets increased by a total of €/000 4,344 as a result of investments net of divestments during the year and amortisation for the period.
Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software. During 2022 borrowing costs for €/000 1,580 were capitalised, applying an average interest rate of 3.46%.

The table below shows the breakdown of intangible assets as of 31 December 2021 and 31 December 2022, as well as movements during the two years.

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2020	MOVEMENTS FOR THE PERIOD						SITUATION AT 31.12.2021
	NET VALUE	INVEST-MENTS	TRANSI-TIONS IN THE PERIOD	AMORTISA-TION	DISPOSALS	WRI-TE-DOWNS	OTHER	NET VALUE
Development costs	**66,694**	**30,518**	**0**	**(24,128)**	**0**	**(717)**	**0**	**72,367**
In service	31,745	18,406	32,320	(24,128)		(717)		57,626
Assets under development and advances	34,949	12,112	(32,320)					14,741
Patent rights	**126,410**	**54,945**	**0**	**(41,263)**	**(25)**	**(557)**	**0**	**139,510**
In service	54,580	24,580	65,348	(41,263)	(25)	(557)		102,663
Assets under development and advances	71,830	30,365	(65,348)					36,847
Trademarks	**27,875**	**0**	**0**	**(61)**	**0**	**0**	**0**	**27,814**
In service	27,875			(61)				27,814
Assets under development and advances								0
Goodwill	**368,551**	**0**	**0**	**0**	**0**	**0**	**0**	**368,551**
In service	368,551							368,551
Assets under development and advances								0
Other	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
In service								0
Assets under development and advances								0
Total	**589,530**	**85,463**	**0**	**(65,452)**	**(25)**	**(1,274)**	**0**	**608,242**
In service	482,751	42,986	97,668	(65,452)	(25)	(1,274)	0	556,654
Assets under development and advances	106,779	42,477	(97,668)	0	0	0	0	51,588

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2021	MOVEMENTS FOR THE PERIOD						SITUATION AT 31.12.2022
	NET VALUE	INVEST-MENTS	TRANSI-TIONS IN THE PERIOD	AMORTISA-TION	DISPOSALS	WRI-TE-DOWNS	OTHER	NET VALUE
Development costs	**72,367**	**28,346**	**0**	**(24,026)**	**0**	**(1,708)**	**0**	**74,979**
In service	57,626	16,440	8,671	(24,026)	0	(1,708)		57,003
Assets under development and advances	14,741	11,906	(8,671)					17,976
Patent rights	**139,510**	**45,393**	**0**	**(43,641)**	**(24)**	**0**	**0**	**141,238**
In service	102,663	18,973	22,575	(43,641)	(24)			100,546
Assets under development and advances	36,847	26,420	(22,575)					40,692
Trademarks	**27,814**	**0**	**0**	**(66)**	**0**	**0**	**0**	**27,748**
In service	27,814			(66)				27,748
Goodwill	**368,551**	**0**	**0**	**0**	**0**	**0**	**0**	**368,551**
In service	368,551							368,551
Other	**0**	**70**	**0**	**0**	**0**	**0**	**0**	**70**
In service	0	70						70
Assets under development and advances								0
Total	**608,242**	**73,809**	**0**	**(67,733)**	**(24)**	**(1,708)**	**0**	**612,586**
In service	556,654	35,483	31,246	(67,733)	(24)	(1,708)	0	553,918
Assets under development and advances	51,588	38,326	(31,246)	0	0	0	0	58,668

Development costs €/000 74,979

Development costs include costs for products and engines in projects for which there is an expectation, for the period of the useful life of the asset, to see net sales at such a level in order to allow the recovery of the costs incurred.
With regard to development expenses, new projects capitalised in 2022 refer to the study of new vehicles and new engines, which are the flagship products of the 2022-2024 range.
Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years (lead products), in consideration of their remaining useful life.
During 2022, development expenditure amounting to €/000 20,955 was directly recognised in profit or loss.
Pursuant to article 2426, section 5 of the Italian Civil Code, the value of research and development costs still to be amortised equal to €/000 74,979 is unavailable in shareholders' equity.

Industrial Patent and Intellectual Property Rights €/000 141,238

This item comprises patents for €/000 4,276, know-how for €/000 107,577 and software for €/000 29,385.
As regards software, the increase for the year amounted to €/000 7,722 and mainly refers to the purchase of various licences, as well as the implementation of commercial, production, personnel and administration projects.
Investments in know how amount to €/000 35,919 and mainly refer to new calculation, design and production tecóiques and methodologies developed by the Company, principally for new products in the 2022-2024 range.
As regards patent rights, costs for €/000 1,751 were capitalised.
Costs for industrial patent and intellectual property rights are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

Trademarks, concessions and licences €/000 27,748

The item Trademarks, concessions and licences is broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Guzzi trademark	9,750	9,750	0
Aprilia trademark	17,494	17,494	0
Minor trademarks	10	15	(5)
Foton licence	494	555	(61)
Total trademarks	**27,748**	**27,814**	**(66)**

The Moto Guzzi and Aprilia brands, as they have an indefinite useful life as from 2021, are no longer amortised, but are tested at least annually for impairment, in accordance with IAS 36 'Impairment of Assets' as part of the impairment test described in more detail in the section 'Goodwill'.
The Foton licence is amortised over a 10-year period expiring in 2031.
The value of other brands acquired with the Aprilia merger decreased during the year by €/000 5 following amortisation calculated on the basis of the estimated useful life.

Goodwill €/000 368,551

As specified in the section on accounting standards, from 1 January 2005 goodwill is no longer amortised, but is tested annually or more frequently for impairment if specific events or changed circumstances indicate the possibility of it having been impaired, in accordance with the provisions of IAS 36 Impairment of Assets (impairment test).
In compliance with IAS 36 the methodology adopted is based on the unlevered version of discounted cash flows.
The main assumptions used by the Company to determine future cash flows, relative to a four-year period, and the consequent recoverable value (value in use) refer to:

a. a hypothesis of estimated cash flows over a four-year period, inferred from budget data for 2023, approved by the Board of Directors of the Company on 26 January 2023, supplemented by forecast data for the period 2024-2026, approved by the Board of Directors of the Company on 24 February 2023, along with an impairment test;
b. the WACC discount rate;
c. in addition to the period, a growth rate (g rate) has been estimated.

In particular, for discount cash flows, the Company has adopted a discount rate (WACC) for the relevant cash generating unit, which reflects current market valuations of the fair value of money and takes account of specific risks of activities and the geographic segment in which the cash generating unit operates.

In the future cash flows discounting model, a terminal value is entered at the end of the cash flow projection period, to reflect the residual value the cash-generating unit should produce. The terminal value represents the current value, at the last year of the projection, of all subsequent cash flows calculated as perpetual income, and was determined using a growth rate (g rate) which the CGU belongs to.

	EMEA AND AMERICAS	ASIA PACIFIC 2W	INDIA
2022			
WACC	7.3%	8.3%	10.6%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	3.5%	5.1%	21.9%
2021			
WACC	5.2%	7.4%	10.1%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	4.4%	6.5%	22.9%

The medium-/long-term growth rate (g rate) for determining the Terminal Value was considered as reasonable and prudent, in the light of:
- analysts' expectations for the Company (source: Analyst Reports);
- the long-term real GDP growth trend expected for main countries where the Group operates (source: Economist Intelligence Unit – EIU).

The growth rate during the period of the Plan was determined using the trend expected for the sector of origin as the benchmark.
Analyses did not identify any impairment losses. Therefore no impairment was reflected in the data of the separate financial statements as of 31 December 2022.
In addition, and on the basis of information in the document produced jointly by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009, the Company conducted sensitivity analysis of test results in relation to changes in basic assumptions (use of the growth rate in producing the terminal value and discount rate) which affect the value in use of cash generating units. In the case of a positive or negative change of 0.5% of the WACC and G used, analyses would not identify impairment losses.
In all cases, the value in use of the Company was higher than the net carrying amount tested.

Notwithstanding this additional serious penalisation, due to the above considerations the value in use is higher than the net carrying amount.

In addition, as explained further in the Annual Report and the Non-Financial Statement, the Company has carried out an analysis, and assessed the risks and short- and medium/long-term opportunities related to climate change and the reduction of polluting emissions. In this regard, it should be noted that although the Company has not set specific quantitative targets in terms of reducing greenhouse gas emissions at present, it has considered the impact on investments, costs and cash flows in the process of preparing accounting estimates.
Therefore, in preparing the 2023 budget and the 2024-2026 plan, management took the following aspects into account:
- Research into new tecóologies with a view to future mobility in the context of a new urbanisation;
- A significant increase in investments in electric vehicles (2-3-4 wheelers);
- Investments in the active and passive safety of all vehicles;
- Inclusion of energy transition costs.

Given that the recoverable value was estimated, the Company cannot guarantee the absence of goodwill impairment in future financial periods.
Given the current market uncertainty, the various factors used in processing estimates could require revision; the Company will constantly monitor these factors as well as the existence of impairment losses.

Other intangible assets €/000 70

This item includes €/000 70 for the purchase of ETS certificates made during the year and still in the portfolio. For more details on the Emission Trading Directive (Directive 2003/87/EC), that established the ETS certificate trading system, see Note 10 Other Operating Costs.

16. Property, plant and equipment €/000 171,563

Property, plant and equipment decreased overall by €/000 5,295.
Investments for the period amount to €/000 22,116 and mainly refer to moulds for new vehicles and engines that will be launched in the subsequent year, to drive shaft processing lines, engine test benches and the experimental workshop at Pontedera.
Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets.
During 2022 borrowing costs for €/000 348 were capitalised, applying an average interest rate of 3.46%.

The table below shows the breakdown of property, plant and equipment as of 31 December 2021 and 31 December 2022, as well as movements during the two years.

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2020	MOVEMENTS FOR THE PERIOD						SITUATION AT 31.12.2021
	NET VALUE	INVEST-MENTS	TRANSI-TIONS IN THE PERIOD	DEPRECIA-TION	DISPOSALS	WRI-TE-DOWNS	OTHER	NET VALUE
Land	**27,640**	**0**	**0**	**0**	**0**	**0**	**0**	**27,640**
In service	27,640							27,640
Assets under construction and advances								0
Buildings	**67,005**	**1,934**	**0**	**(4,252)**	**0**	**0**	**3**	**64,690**
In service	65,053	565	967	(4,252)			3	62,336
Assets under construction and advances	1,952	1,369	(967)					2,354
Plant and machinery	**38,656**	**7,811**	**0**	**(6,532)**	**(47)**	**0**	**0**	**39,888**
In service	23,851	6,042	14,486	(6,532)	(47)			37,800
Assets under construction and advances	14,805	1,769	(14,486)					2,088
Equipment	**34,455**	**17,953**	**0**	**(11,407)**	**(69)**	**(175)**	**771**	**41,528**
In service	18,032	11,741	15,324	(11,407)	(69)	(175)	771	34,217
Assets under construction and advances	16,423	6,212	(15,324)					7,311
Other assets	**2,699**	**1,580**	**0**	**(1,146)**	**(21)**	**0**	**0**	**3,112**
In service	1,674	1,354	1,025	(1,146)	(21)			2,886
Assets under construction and advances	1,025	226	(1,025)					226
Total	**170,455**	**29,278**	**0**	**(23,337)**	**(137)**	**(175)**	**774**	**176,858**
In service	136,250	19,702	31,802	(23,337)	(137)	(175)	774	164,879
Assets under construction and advances	34,205	9,576	(31,802)	0	0	0	0	11,979

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2021	MOVEMENTS FOR THE PERIOD						SITUATION AT 31.12.2022
	NET VALUE	INVEST-MENTS	TRANSI-TIONS IN THE PERIOD	DEPRECIA-TION	DISPOSALS	WRI-TE-DOWNS	OTHER	NET VALUE
Land	**27,640**	**0**	**0**	**0**	**0**	**0**	**0**	**27,640**
In service	27,640	0	0	0	0	0	0	27,640
Assets under construction and advances								0
Buildings	**64,690**	**3,097**	**0**	**(4,318)**	**0**	**0**	**0**	**63,469**
In service	62,336	1,708	1,336	(4,318)	0	0	0	61,062
Assets under construction and advances	2,354	1,389	(1,336)	0	0	0	0	2,407
Plant and machinery	**39,888**	**4,371**	**0**	**(7,043)**	**(8)**	**0**	**0**	**37,208**
In service	37,800	3,742	1,521	(7,043)	(8)			36,012
Assets under construction and advances	2,088	629	(1,521)					1,196
Equipment	**41,528**	**13,107**	**0**	**(14,915)**	**0**	**0**	**0**	**39,720**
In service	34,217	10,513	6,924	(14,915)	0			36,739
Assets under construction and advances	7,311	2,594	(6,924)					2,981
Other assets	**3,112**	**1,541**	**0**	**(1,127)**	**0**	**0**	**0**	**3,526**
In service	2,886	1,099	202	(1,127)				3,060
Assets under construction and advances	226	442	(202)					466
Total	**176,858**	**22,116**	**0**	**(27,403)**	**(8)**	**0**	**0**	**171,563**
In service	164,879	17,062	9,983	(27,403)	(8)	0	0	164,513
Assets under construction and advances	11,979	5,054	(9,983)	0	0	0	0	7,050

Land €/000 27,640

The value of land has not changed compared to the previous year.

Buildings €/000 63,469

Buildings decreased overall by €/000 1,221. The negative imbalance is due to new investments made during the year amounting to €/000 3,097 and to the decrease from depreciation for the period of €/000 4,318.
Investments refer to office buildings and mainly to renovation works at sites at Pontedera, Mandello del Lario, Noale and Scorzè.
During the period, capitalisation for the year amounted to €/000 3,044 of which €/000 1,336 relative to investments made in previous years.

Plant and machinery €/000 37,208

This item decreased overall by €/000 2,680. The negative imbalance is due to new investments made during the year amounting to €/000 4,371, the decrease generated by depreciation for the period of €/000 7,043 and the disposal of residual costs for €/000 8.
Capitalisation mainly concerned investments for production lines of new vehicles and the purchase of new machinery for mechanical processing.
During the period, capitalisation amounting to €/000 5,263 was recognised, of which €/000 1,521 relative to investments made in previous years.

Equipment €/000 39,720

This item decreased overall by €/000 1,808. The negative imbalance is due to depreciation for the period amounting to €/000 14,915 and to new investments for €/000 13,107.
Capitalisation concerned moulds for new vehicles launched during the year or scheduled to be launched in the first half of next year, moulds for new engines and specific equipment for assembly lines.
During the period, capitalisation amounting to €/000 17,437 was recognised, of which €/000 6,924 relative to investments made in previous years.

Other plant, property and equipment €/000 3,526

The item increased overall by €/000 414. The positive difference is due to new investments made during the year for €/000 1,541, partially offset by depreciation for the period for €/000 1,127.
During the period, capitalisation amounting to €/000 1,301 was recognised, of which €/000 202 relative to investments made in previous years.

Warranties

As of 31 December 2022 the Company did not own land and buildings encumbered by mortgage liens or privileges in favour of banks to secure loans obtained in previous years.

17. Rights of use

This note provides information regarding leases.

Assets for rights of use €/000 10,250

The item "Rights of use" includes operating lease agreements and finance lease agreements for the use of property.
The Company has stipulated rental/hire contracts for offices, plants, warehouses, company accommodation, cars and forklift trucks.
The rental/lease agreements are typically for a fixed duration, but extension options are possible. These agreements may also include service components.
The Company opted to include only the rent component in the recognition of rights of use.
The rental lease agreements do not have any covenants to be met, nor require guarantees to be provided in favour of the lessor.

The following tables show the breakdown of rights of use as of 31 December 2022, as well as movements during the year.

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER ASSETS	TOTAL
Amount as of 31.12.2021	**0**	**2,959**	**8,131**	**0**	**1,240**	**12,330**
Increases		940			758	1,698
Depreciation		(1,570)	(856)		(1,220)	(3,646)
Decreases		(45)			(87)	(132)
Movements in 2022	**0**	**(675)**	**(856)**	**0**	**(549)**	**(2,080)**
Amount as of 31.12.2022	**0**	**2,284**	**7,275**	**0**	**691**	**10,250**

Financial receivables for rights of use €/000 74

The Company subleases a part of the rented property to Piaggio Concept Store Mantova.

Financial liabilities for rights of use €/000 7,711

The composition of and changes in financial liabilities for rights of use are illustrated in Note 37 "Financial liabilities and liabilities for rights of use", to which reference should be made.

Amounts recognised in the income statement

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

IN THOUSANDS OF EUROS	NOTE	2022	2021	CHANGE
Depreciation of rights of use	7	3,646	3,563	83
Financial charges for rights of use	12	256	274	(18)
Rental payments (not IFRS 16)	5	13,241	8,649	4,592

In 2022, leasing agreements subject to IFRS 16 resulted in a cash outflow of €/000 4,223.

18. Deferred tax assets €/000 48,475

In compliance with IAS 12, the item indicates the net balance of deferred tax assets and liabilities. This net balance is broken down in the table below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Deferred tax assets	56,658	58,947	(2,289)
Deferred tax liabilities	(8,183)	(8,059)	(124)
Total	**48,475**	**50,888**	**(2,413)**

Deferred tax assets total €/000 56,658, compared to €/000 58,947 as of 31 December 2021, with a decrease of €/000 2,289.
The balance of deferred tax assets as of 31 December 2022 refers to:
- €/000 25,026 for allocations made for temporary differences;
- €/000 31,632 for allocations made for tax losses generated under the National Consolidated Tax Convention of which IMMSI S.p.A. is the consolidating company.

The negative change of €/000 2,289 is attributable to:
- €/000 (1,818) from the recognition in profit of loss of deferred tax assets recognised in previous years;
- €/000 (1,208) from the recognition in profit of loss of deferred tax assets recognised in previous years;
- €/000 593 from the recognition in profit of loss of new deferred tax assets;
- €/000 144 from the recognition in profit and loss of new deferred tax assets.

Deferred tax assets were recognised in light of forecast results of Piaggio & C. S.p.A., and the foreseeable use of relative tax benefits in future years based on the plan approved by the Board of Directors on 24 February 2023. As Piaggio & C. S.p.A. is part of the National Consolidated Tax Convention of the IMMSI Group, the recovery of these deferred tax assets is related to and confirmed by the taxable amounts of companies that are part of the above convention, as indicated in the long-term plans approved by their respective Boards.

Details of items affected by the allocation of deferred tax assets as well as the amount of deferred tax assets already recognised and not recognised are shown in the table below.

Overall, the movement of deferred tax assets can be summarised as follows:

IN THOUSANDS OF EUROS	AMOUNT	TAX EFFECT 24%	TAX EFFECT 3.9%
Nacional Motor goodwill	9,948	2,388	387
Derbi trademark	5,225	1,254	204
Provisions for risks	7,720	1,853	299
Provision for product warranties	14,326	3,438	559
Provisions for bad debts	16,537	3,969	
Provisions for obsolete stock	21,177	5,082	826
Other changes	16,809	4,034	577
Total for provisions and other changes	**91,742**	**22,018**	**2,852**
2011 tax loss transferred to IMMSI	1,024	246	
2012 tax loss transferred to IMMSI	26,625	6,390	
2013 tax loss transferred to IMMSI	30,553	7,333	
2014 tax loss transferred to IMMSI	18,668	4,480	
2015 tax loss transferred to IMMSI	23,167	5,560	
2016 tax loss transferred to IMMSI	7,621	1,829	
2017 tax loss transferred to IMMSI	17,850	4,284	
2018 tax loss transferred to IMMSI	1,892	454	
2019 tax loss transferred to IMMSI	4,400	1,056	
Total out of tax losses	**131,800**	**31,632**	**0**
Losses from the fair value measurement of financial instruments		**156**	
Deferred tax assets already recognised		**56,658**	
Deferred tax assets not recognised for provisions and other changes		**0**	

IN THOUSANDS OF EUROS	VALUES AS OF 31 DECEMBER 2021	PORTION TO THE INCOME STATEMENT	PORTION TO THE STATEMENT OF COMPREHENSIVE INCOME	PORTION TO THE INCOME STATEMENT	PORTION TO THE STATEMENT OF COMPREHENSIVE INCOME	VALUES AS OF 31 DECEMBER 2022
DEFERRED TAX ASSETS FOR:						
Temporary changes	27,315	(1,818)	(1,208)	593	144	25,026
Losses generated within the framework of tax consolidation	31,632					31,632
Total	**58,947**	**(1,818)**	**(1,208)**	**593**	**144**	**56,658**

As of 31 December 2022, deferred tax liabilities totalled €/000 8,183 compared to €/000 8,059 as of 31 December 2021, recording an increase of €/000 124.

The item refers to:
- €/000 2,829 for the surplus value recognised by the merged company Aprilia in 2005 for buildings already held through leases, and purchased back by Aprilia Leasing S.p.A.;
- €/000 1,256 for temporary changes in taxable income that will be annulled next year;
- €/000 2,486 for future dividend distributions subject to foreign taxes;
- €/000 1,148 for depreciation charges minus tax-recognised goodwill values;
- €/000 464 for tax-deducted costs, off the accounts, in relation to the application of IAS/IFRS;

Deferred tax liabilities were reduced in the period by €/000 2,805 following the issue of the relative portion, and increased by €/000 2,929 due to new provisions, of which €/000 977 to the statement of comprehensive income.

Deferred tax assets and liabilities were determined applying the tax rate in effect in the year when temporary differences occur.

19. Inventories €/000 247,427

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Raw materials and consumables	136,344	116,176	20,168
Provision for write-down	(4,930)	(5,076)	146
Net value	**131,414**	**111,100**	**20,314**
Work in progress and semi-finished products	28,508	21,177	7,331
Provision for write-down	(852)	(852)	-
Net value	**27,656**	**20,325**	**7,331**
Finished products and goods	103,469	75,976	27,493
Provision for write-down	(15,395)	(14,121)	(1,274)
Net value	**88,074**	**61,855**	**26,219**
Advances	283	71	212
TOTAL	**247,427**	**193,351**	**54,076**

As of 31 December 2022, inventories had increased by €/000 54,076.
The provision for write-down is calculated to align the value of inventories with their presumed realisable value, recognising obsolescence and slow rotation where necessary. Movements are summarised in the table below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	USE	ALLOCATION	AS OF 31 DECEMBER 2022
Raw materials	5,076	(1,146)	1,000	4,930
Work in progress and semi-finished products	852	-	-	852
Finished products and goods	14,121	(1,161)	2,435	15,395
TOTAL	**20,049**	**(2,307)**	**3,435**	**21,177**

20. Current trade receivables €/000 65,122

Current trade receivables increased by €/000 11,718.
No non-current trade receivables were recorded for either period.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Trade receivables	7,164	19,053	(11,889)
Trade receivables due from subsidiaries	57,497	33,764	23,733
Trade receivables due from affiliated companies	452	567	(115)
Trade receivables due from parent companies	9	20	(11)
Total	**65,122**	**53,404**	**11,718**

Trade receivables are recorded net of a provision for bad debts equal to €/000 22,514.
Trade receivables comprise receivables referred to normal sales operations and include receivables in foreign currency for a total value, at the exchange rate in effect as of 31 December 2022, taking account of exchange risk hedging, of €/000 43,546.

The item "Trade receivables" includes invoices to issue amounting to €/000 710 relative to normal business transactions and credit notes to issue amounting to €/000 21,421 mainly referring to premiums to pay to the sales network in Italy and abroad for having reached targets.
Trade receivables are usually sold to factoring companies and mainly on a without recourse and advance payment collection basis.
The Company sells 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, monitor and manage its trade receivables, besides offering its customers an instrument for funding their own inventories, and, as regards factoring without recourse, the substantial transfer of risks and benefits. As of 31 December 2022, trade receivables still due, sold without recourse, totalled €/000 115,708. Of these amounts, Piaggio received payment prior to natural expiry of €/000 114,485.

As of 31 December 2022, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €/000 12,040 with a counter entry recorded in current liabilities.
Movements of the provisions for write-down relative to trade receivables were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2022	**22,626**
Decreases for use recognised in profit or loss	(577)
Increases for allocations	465
Closing balance as of 31 December 2022	**22,514**

During the period, the provision for bad trade debts was used to cover losses amounting to €/000 577.
Allocations to the provision were made against risks arising from the valuation of relative receivables as of 31 December 2022.
Trade receivables due from subsidiaries and associates refer to the supply of products undertaken in normal market conditions.

21. Other receivables (current and non-current) €/000 176,479

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Due to subsidiaries	116,512		116,512	78,402		78,402	38,110	0	38,110
Due to affiliated companies	572		572	920	67	987	(348)	(67)	(415)
Due to parent companies	22,989		22,989	17,315		17,315	5,674	0	5,674
Receivables due from employees	237	2	239	597		597	(360)	2	(358)
Due from social security institutions	117		117	704		704	(587)	0	(587)
Amounts due to suppliers	167		167	116		116	51	0	51
Supplier advances	-		-	-		-	0	0	0
Invoices and credit to issue	2,171		2,171	5,365		5,365	(3,194)	0	(3,194)
Sundry receivables from third parties	813	6,391	7,204	675	6,391	7,066	138	0	138
Fair value of derivatives	5,530	582	5,530	8,326		8,326	(2,796)	582	(2,214)
Other receivables	10,015	10,381	20,396	6,841	14,287	21,128	3,174	(3,906)	(732)
Total	**159,123**	**17,356**	**176,479**	**119,261**	**20,745**	**140,006**	**39,862**	**(3,389)**	**36,473**

Receivables due from social security institutions refer mainly to sums receivable from the Italian National Social Security Institute (INPS).
The item "Other" includes guarantee deposits amounting to €/000 571 and prepaid expenses amounting to €/000 9,798.
Receivables due from employees refer to advances paid for secondments, sick leave, contract advances, cash provisions, etc.
Sundry receivables mainly refer to receivables due from Italian and foreign parties, originating from transactions not related to typical activities.
Other current receivables are recognised net of a write-down provision of €/000 6,536.
Movements of the provision for bad debts relative to sundry receivables were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2022	**6,609**
Decreases for use	(209)
Increases for allocations	136
Closing balance as of 31 December 2022	**6,536**

During the measurement of relative receivables as of 31 December 2022, a further allocation to the provision of €/000 136 was necessary.

22. Tax receivables (current and non-current) €/000 17,744

Tax receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Tax receivables:									
- VAT	8,219	282	8,501	3,222	125	3,347	4,997	157	5,154
- income tax	36	405	441	35	4,226	4,261	1	(3,821)	(3,820)
- other	6,993	1,809	8,802	1,526	891	2,417	5,467	918	6,385
Total	**15,248**	**2,496**	**17,744**	**4,783**	**5,242**	**10,025**	**10,465**	**(2,746)**	**7,719**

23. Breakdown of operating receivables by measurement method

The table below shows the breakdown of operating receivables by measurement method:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
OPERATING ASSETS AS OF 31 DECEMBER 2022					
Non-current assets					
Tax receivables				2,496	2,496
Other receivables			582	16,774	17,356
Total non-current operating receivables	**0**	**0**	**582**	**19,270**	**19,852**
Current assets					
Trade receivables				65,035	65,035
Other receivables			5,530	153,593	159,123
Tax receivables				15,248	15,248
Total current operating receivables	**0**	**0**	**5,530**	**233,876**	**239,406**
Total	**0**	**0**	**6,112**	**253,146**	**259,258**
OPERATING ASSETS AS OF 31 DECEMBER 2021					
Non-current assets					
Tax receivables				5,242	5,242
Other receivables				20,745	20,745
Total non-current operating receivables	**0**	**0**	**0**	**25,987**	**25,987**
Current assets					
Trade receivables				53,404	53,404
Other receivables	-		8,326	110,935	119,261
Tax receivables				4,783	4,783
Total current operating receivables	**0**	**0**	**8,326**	**166,485**	**174,811**
Total	**0**	**0**	**8,326**	**192,472**	**200,798**

24. Receivables due after 5 years €/000 0

As of 31 December 2022, there were no receivables due after 5 years.

25. Assets held for sale €/000 0

As of 31 December 2022, there were no assets held for sale.

26. Trade payables (current) €/000 482,418

All trade payables are included in current liabilities.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
CURRENT LIABILITIES:			
Amounts due to suppliers	447,822	404,011	43,811
Trade payables due to subsidiaries	24,886	19,013	5,873
Trade payables due to associates	9,403	16,102	(6,699)
Trade payables due to parent companies	307	85	222
Trade payables due to other related parties	-	86	(86)
Total	**482,418**	**439,297**	**43,121**

Trade payables arising from the purchase of materials, goods and services for business operations for €/000 430,944 and the purchase of fixed assets for €/000 16,878.
The item includes payables in foreign currency for a total value, at the exchange rate in effect at 31 December 2022, taking account of hedging on exchange risk, of €/000 102,739.
To facilitate credit conditions for its suppliers, the Company has used indirect factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements, as described in more detail in "accounting policies adopted by the Company", to which reference is made. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 31 December 2022, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 238,280 (€/000 200,804 as of 31 December 2021).

27. Provisions (current and non-current portion) €/000 23,034

IN THOUSANDS OF EUROS	BALANCE ASOF 31 DECEMBER 2021	ALLOCATIONS	USES	RECLASSIFICA-TION	BALANCE AS OF 31 DECEMBER 2022
Provisions for risks					
Provision for contractual risks	7,123	3,000	(4,123)		6,000
Risk provision for legal disputes	1,720				1,720
Total provisions for risks	*8,843*	*3,000*	*(4,123)*	*0*	*7,720*
Provisions for expenses					
Provision for product warranties	14,000	7,722	(7,396)		14,326
Other reserves	710	5	(630)		85
Provision for environmental clean-ups	537		(147)		390
Provision for ETS certificates	0	513			513
Total provisions for expenses	*15,247*	*8,240*	*(8,173)*	*0*	*15,314*
Total provisions for risks and charges	**24,090**	**11,240**	**(12,296)**	**0**	**23,034**

They consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Provision for product warranties	10,028	4,298	14,326	9,800	4,200	14,000	228	98	326
Promotional expense fund	6	-	6	76	-	76	(70)	-	(70)
Provision for competition	79	-	79	634	-	634	(555)	-	(555)
Provision for contractual risks	-	6,000	6,000	-	7,123	7,123	-	(1,123)	(1,123)
Risk provision for legal disputes	-	1,720	1,720	-	1,720	1,720	-	-	-
Provision for environmental clean-ups	-	390	390	-	537	537	-	(147)	(147)
Env. certificates fund and emission qt	513	-	513	-	-	-	513	-	513
TOTAL	**10,626**	**12,408**	**23,034**	**10,510**	**13,580**	**24,090**	**116**	**(1,172)**	**(1,056)**

The provision for contract risks refers mainly to charges which could arise from supply contracts.
The provision for litigation concerns labour litigation and other legal proceedings.
The provision for product warranties refers to potential liabilities related to the sale of products. The provision refers to allocations for tecóical 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 to the sales market and to the customer acceptance of a scheduled maintenance plan.
The provision increased during the year by €/000 7,722 for new allocations and was used for €/000 7,396 for expenses sustained referring to sales in previous years.
The provision for ETS certificates refers to the provision made by the Parent Company for the costs it will have to bear for the purchase of ETS certificates to be returned to the Authority by next 30 April. For more details on the Emission Trading Directive (Directive 2003/87/EC), that established the ETS certificate trading system, see Note 10 Other Operating Costs.

28. Retirement funds and employee benefits — €/000 24,223

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Provision for retirement	108	156	(48)
Termination benefits provision	24,115	31,182	(7,067)
Total	**24,223**	**31,338**	**(7,115)**

The provision for retirement mainly consists of provision for supplementary customer allowances, representing the amounts payable to agents if agency agreements are terminated for reasons not attributable to them. During the year, the aforementioned provision was increased by €/000 9 for indemnities accrued during the period, with a partial release of €/000 57.

Movements for post-employment benefits provision are as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2022	**31,182**
Cost for the period	8,593
Actuarial losses recognised as Shareholders' equity	(4,783)
Interest cost	504
Uses and transfers of retirement funds	(11,375)
Other movements	(6)
Closing balance as of 31 December 2022	**24,115**

Economic/tecóical assumptions

The economic/tecóical assumptions used to discount the value are described in the table below:

Tecóical annual discount rate	3.63%
Annual inflation rate	2.30%
Annual rate of increase in termination benefit	3.225%

As regards the discount rate, the Company uses the iBoxx Corporates AA rating with a 7-10 duration as the valuation benchmark. If the iBoxx Corporates A rating with a 7-10 duration had been used, the value of actuarial losses and the provision as of 31 December 2022 would have been lower by €/000 965.

The table below shows the effects, in absolute terms, as of 31 December 2022, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	24,342
Turnover rate -2%	23,850
Inflation rate +0.25%	24,426
Inflation rate – 0.25%	23,809
Discount rate +0.50%	23,168
Discount rate -0.50%	25,122

The average financial duration of the bond is 9 years.

Estimated future amounts are equal to:

	IN THOUSANDS OF EUROS
YEAR	FUTURE AMOUNTS
1	2,632
2	1,093
3	1,095
4	1,516
5	706

29. Tax payables (current and non-current) €/000 8,909

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Due for income tax	3,488		3,488	4,106	1,387	5,493	(618)	(1,387)	(2,005)
Other tax payables for:			-				0	0	0
- VAT	1,062		1,062	880		880	182	0	182
- Tax withheld at source	4,254		4,254	4,367		4,367	(113)	0	(113)
- Duty and tax records to pay	68		68	48		48	20	0	20
- Stamp duty paid online	37		37	193		193	(156)	0	(156)
Total other tax payables	5,421	-	5,421	5,488		5,488	(67)	0	(67)
TOTAL	**8,909**	**0**	**8,909**	**9,594**	**1,387**	**10,981**	**(685)**	**(1,387)**	**(2,072)**

Income tax payables refer to €/000 1,770 for taxes to be paid abroad on income generated in 2022, mainly for royalties, tecóical consultancy and other services provided to the subsidiary Piaggio Vietnam, €/000 363 for payable regional production tax and €/000 1,355 for substitute tax on income due for the realignment of tax values of certain fixed assets to civil law values.
Payables for regional production tax are entered offset against relative receivables. Regional production tax due for the year amounted to €/000 3,483.
Payables for withheld taxes paid refer to the income of employee and outsourced work and commission.

30. Other payables (current and non-current) €/000 104,224

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Amounts due to subsidiaries	23,303		23,303	17,648		17,648	5,655	0	5,655
Amounts due to affiliated companies	114		114	118		118	(4)	0	(4)
Amounts due to parent companies	26,150		26,150	14,624		14,624	11,526	0	11,526
Payables to employees	18,095		18,095	11,508		11,508	6,587	0	6,587
Amounts due to social security institutions	7,961		7,961	7,640		7,640	321	0	321
Amounts due to company boards	743		743	688		688	55	0	55
Amounts due for temporary funding	318		318	212		212	106	0	106
Amounts due for financial statement assessments	261		261	448		448	(187)	0	(187)
Amounts due to customers	6,511		6,511	2,860		2,860	3,651	0	3,651
Payables from the fair value measurement of financial instruments	3,062		3,062	217	33	250	2,845	(33)	2,812
Accrued expenses	3,830		3,830	3,731		3,731	99	0	99
Deferred income	2,298	6,585	8,883	2,101	3,127	5,228	197	3,458	3,655
Other payables	4,923	70	4,993	4,255	70	4,325	668	0	668
Total	**97,569**	**6,655**	**104,224**	**66,050**	**3,230**	**69,280**	**31,519**	**3,425**	**34,944**

As regards the non-current portion:
- deferred income comprises €/000 4,068 from contributions to recognise in the income statement in relation to amortisation, €/000 75 from royalties for years after 2022, €/000 2,232 from income related to extended warranties on vehicles for years after 2022 and €/000 210 from income related to scheduled maintenance packages, also for years after 2022;
- Other payables refer to €/000 70 for a guarantee deposit.

As regards the current portion:
- amounts due to employees refer to the amount for holidays accrued but not taken of €/000 10,720 and other payments to be made for €/000 7,375;
- grants of €/000 318 refer to funding received for research projects in progress that have not yet been definitively acquired;
- amounts due to clients mainly refer to premiums paid for achieving sales targets that will be paid at the end of the reporting period and to credit notes for returns;
- The item Fair Value of derivative instruments consists of hedging transactions recognised in accordance with the cash flow hedge principle and broken down as follows: fair value of exchange rate risk hedging transactions on forecast transactions (€/000 1,960); fair value of hedging transactions on commodities (€/000 1,102).
- deferred income refers to €/000 1,175 from contributions for research activities to recognise in profit or loss under amortisation, €/000 78 from commissions due in subsequent years, €/000 256 from royalties, €/000 777 from income related to extended warranties on vehicles and €/000 12 from income from scheduled maintenance packages;
- accrued expenses refer to €/000 1,991 relative to interest expense, €/000 1,776 relative to interest on bonds and €/000 35 relative to interest on lease agreements and other minor expenses for €/000 28;
- other payables are composed of €/000 2,841 of advances received.

31. Breakdown of operating payables by measurement method

The table below shows the breakdown of operating payables by measurement method:

IN THOUSANDS OF EUROS	DERIVATIVES AT FVPL	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
OPERATING LIABILITIES AS OF 31 DECEMBER 2022				
Non-current				
Tax payables				-
Other payables		-	6,655	6,655
Total non-current liabilities	**-**	**-**	**6,655**	**6,655**
Current				
Trade payables			482,418	482,418
Tax payables			8,909	8,909
Other payables	-	3,062	94,507	97,569
Total current liabilities	**-**	**3,062**	**585,834**	**588,896**
Total	**-**	**3,062**	**592,489**	**595,551**
OPERATING LIABILITIES AS OF 31 DECEMBER 2021				
Non-current				
Tax payables				-
Other payables		33	3,197	3,230
Total non-current liabilities	**-**	**33**	**3,197**	**3,230**
Current				
Trade payables			439,297	439,297
Tax payables			9,594	9,594
Other payables	-	217	65,833	66,050
Total current liabilities	**-**	**217**	**514,724**	**514,941**
Total	**-**	**250**	**517,921**	**518,171**

32. Payables due after 5 years

The Company has loans due after 5 years, which are referred to in detail in Note 36 "Financial Liabilities and financial liabilities for rights of use". With the exception of the above payables, no other long-term payables due after five years exist.

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This section provides information on the carrying amount of financial assets and liabilities held, and in particular:
- specifically describes the type of financial assets and liabilities;
- the accounting standards adopted;
- describes how fair value is determined, how measurements and estimates are made, and the uncertainties involved.

The Company holds the following financial assets and liabilities:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
FINANCIAL ASSETS AS OF 31 DECEMBER 2022					
Non-current					
Other financial assets	16			0	16
Total non-current assets	**16**	**0**	**0**	**0**	**16**
Current					
Other financial assets			0	25,557	25,557
Cash and cash equivalents				79,447	79,447
Total current assets	**0**	**0**	**0**	**105,004**	**105,004**
Total	**16**	**0**	**0**	**105,004**	**105,020**
FINANCIAL ASSETS AS OF 31 DECEMBER 2021					
Non-current					
Other financial assets	16			74	90
Total non-current assets	**16**	**0**	**0**	**74**	**90**
Current					
Other financial assets			0	18,660	18,660
Cash and cash equivalents				122,154	122,154
Total current assets	**0**	**0**	**0**	**140,814**	**140,814**
Total	**16**	**0**	**0**	**140,888**	**140,904**

IN THOUSANDS OF EUROS	DERIVATIVES AT FVPL	FAIR VALUE ADJUSTMENT	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022					
Non-current					
Bank loans				264,878	264,878
Bonds				245,736	245,736
Other loans				176	176
Liabilities for rights of use				4,408	4,408
Total non-current liabilities	**-**	**-**	**-**	**515,198**	**515,198**
Current					
Bank loans				48,666	48,666
Bonds		-		-	-
Other loans				12,486	12,486
Liabilities for rights of use				3,303	3,303
Total current liabilities	**-**	**-**	**-**	**64,455**	**64,455**
Total	**-**	**-**	**-**	**579,653**	**579,653**
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021					
Non-current					
Bank loans				287,817	287,817
Bonds				244,150	244,150
Other loans				247	247
Liabilities for rights of use				6,676	6,676
Total non-current liabilities	**-**	**-**	**-**	**538,890**	**538,890**
Current					
Bank loans				61,592	61,592
Bonds		-		-	-
Other loans				13,788	13,788
Liabilities for rights of use				3,531	3,531
Total current liabilities	**-**	**-**	**-**	**78,911**	**78,911**
Total	**-**	**-**	**-**	**617,801**	**617,801**

33. Investments €/000 114,662

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Investments in subsidiaries	107,569	132,373	(24,804)
Investments in associates	7,093	7,933	(840)
Total	**114,662**	**140,306**	**(25,644)**

Movements for the period are shown below:

IN THOUSANDS OF EUROS				COMPANY TRANSACTIONS			
	CARRYING AMOUNT AS OF 31/12/2021	2022 RESULT	TRANSLATION RESERVE	IAS 19 DISCOUNTING RESERVE	DECREASES FOR THE DISTRIBUTION OF DIVIDENDS	CAPITALISATION/REDUCTION	CARRYING AMOUNT AS OF 31/12/2022
SUBSIDIARIES							
Piaggio Vespa B.V.	37,287	34,566	(412)		(44,496)		26,945
Piaggio Vehicles Pvt Ltd	67,520	(6,951)	(2,446)	183			58,306
Nacional Motor	3,919	(77)				(3,500)	342
Piaggio Vietnam Co Ltd	14,394	48,827	40		(50,628)		12,633
Piaggio China Ltd	2,987	(274)	(63)			14	2,664
Aprilia Racing S.r.l.	495	126		85			706
Piaggio España SL	3,081	392			(375)		3,098
Piaggio Indonesia	2,112	859	(87)	(20)	(873)	76	2,067
Piaggio Advanced Design Center	383	33	23				439
Piaggio Fast Forward Inc.	0	(33,194)				33,194	0
Piaggio Concept Store Mantova S.r.l.	195	(202)		63		313	369
Total subsidiaries	**132,373**	**44,105**	**(2,945)**	**311**	**(96,372)**	**30,097**	**107,569**
ASSOCIATES							
Zongshen Piaggio Foshan	7,763	(693)	(165)				6,905
Pontedera & Tecnologia S.c.a r.l.	160	18					178
Immsi Audit S.c.a.r.l.	10						10
Total associates	**7,933**	**(675)**	**(165)**	**0**	**0**	**0**	**7,093**
Total investments	**140,306**	**43,430**	**(3,110)**	**311**	**(96,372)**	**30,097**	**114,662**

Investments in subsidiaries — €/000 107,569

The following company transactions concerned investments in subsidiaries during the year:
- Piaggio Vespa B.V., the recognition of dividends for €/000 44,496;
- National Motor, repayment of capital contribution through partial repayment of the loan granted to the parent company €/000 3,500;
- Piaggio Vietnam, the recognition of dividends for €/000 50,628;
- Piaggio España, the recognition of dividends for €/000 375;
- Piaggio Indonesia, the recognition of dividends for €/000 873;
- Piaggio Indonesia, capitalisation of €/000 76;
- Piaggio Fast Forward, the conversion of a financial receivable in a equity reserve for €/000 96,176;
- Piaggio Concept Store Mantova S.r.l., payment to cover the loss for the year 2021 of €/000 313.

Investments in associates — €/000 7,093

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

34. Other financial assets (current and non-current) €/000 25,573

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Financial receivables from third parties	-	-	0			0	0	0	0
Financial receivables due from subsidiaries	25,483	-	25,483	18,573		18,573	6,910	0	6,910
Financial receivables due from subsidiaries for rights of use	74	-	74	87	74	161	(13)	(74)	(87)
Financial receivables from subsidiaries	-	-	0			0	0	0	0
Fair value of hedging derivatives	-	-	0			0	0	0	0
Available-for-sale government bonds	-	-	0			0	0	0	0
Investments in other companies	-	16	16		16	16	0	0	0
Total	**25,557**	**16**	**25,573**	**18,660**	**90**	**18,750**	**6,897**	**(74)**	**6,823**

The item Other current financial assets includes financial receivables due from the subsidiaries Piaggio Fast Forward for €/000 4,430 and Aprilia Racing for €/000 21,053.
The table below shows the composition of investments in other companies:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
OTHER COMPANIES:			
A.N.C.M.A. – Rome	2	2	0
ECOFOR SERVICE S.p.A. – Pontedera	2	2	0
Consorzio Fiat Media Center – Turin	3	3	0
S.C.P.S.T.V.	0	0	0
IVM	9	9	0
Total other companies	**16**	**16**	**0**

35. Cash and cash equivalents €/000 79,447

This item mainly includes short-term or on demand bank deposits.

Cash and cash equivalents are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Bank and postal deposits	79,421	122,135	(42,714)
Cash on hand	26	19	7
Total	**79,447**	**122,154**	**(42,707)**

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

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Cash and cash equivalents	79,447	122,154	(42,707)
Current account overdrafts	(64)	(12)	(52)
Closing balance	**79,383**	**122,142**	**(42,759)**

36. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 579,653

During 2022, total debt decreased by €/000 38,148. Net of the change in financial liabilities for rights of use, as of 31 December 2022 total financial debt had increased by €/000 35,652.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial liabilities	61,152	510,790	571,942	75,380	532,214	607,594	(14,228)	(21,424)	(35,652)
Financial liabilities for rights of use	3,303	4,408	7,711	3,531	6,676	10,207	(228)	(2,268)	(2,496)
Total	**64,455**	**515,198**	**579,653**	**78,911**	**538,890**	**617,801**	**(14,456)**	**(23,692)**	**(38,148)**

The composition of "Net financial debt" as of 31 December 2022, prepared in accordance with paragraph 175 and following of ESMA Recommendations 2021/32/382/1138, is set out below.

NET FINANCIAL POSITION (OR NET FINANCIAL DEBT)[75]

	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
A	**Cash and cash equivalents**	**79,447**	**122,154**	**(42,707)**
B	**Cash equivalents**			**0**
C	**Other current financial assets**	**27,195**	**18,660**	**8,535**
	Short-term financial receivables due from subsidiaries	27,121	18,573	8,548
	Short-term financial receivables due from subsidiaries for rights of use	74	87	(13)
D	**Liquidity (A + B + C)**	**106,642**	**140,814**	**(34,172)**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(15,853)**	**(22,331)**	**6,478**
	Current account overdrafts	(64)	(12)	(52)
	Payables due to banks	0	(5,000)	5,000
	Amounts due to factoring companies	(12,040)	(9,813)	(2,227)
	Financial liabilities for rights of use	(3,303)	(3,531)	228
	- of which finance leases	(1,180)	(1,188)	8
	- of which operating leases	*(2,123)*	*(2,343)*	*220*
	Current portion of payables due to other lenders	(71)	(71)	0
	Borrowings from subsidiaries	(375)	(3,904)	3,529
F	**Current portion of non-current financial debt**	**(48,602)**	**(56,580)**	**7,978**
G	**Current financial debt (E + F)**	**(64,455)**	**(78,911)**	**14,456**
H	**Net current financial debt (G - D)**	**42,187**	**61,903**	**(19,716)**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(269,462)**	**(294,740)**	**25,278**
	Medium-/long-term bank loans	(264,878)	(287,817)	22,939
	Financial liabilities for rights of use	(4,408)	(6,676)	2,268
	- of which finance leases	*(3,246)*	*(4,424)*	*1,178*
	- of which operating leases	*(1,162)*	*(2,252)*	*1,090*
	Amounts due to other lenders	(176)	(247)	71
J	**Debt instruments**	**(245,736)**	**(244,150)**	**(1,586)**
K	**Trade payables and other non-current payables**			**0**
L	**Non-current financial debt (I + J + K)**	**(515,198)**	**(538,890)**	**23,692**
M	**Total financial debt (H + L)**	**(473,011)**	**(476,987)**	**3,976**

The tables above and below show payables for finance leases, and payables for operating leases, on separate rows, for an easier understanding and greater comparability between data for the two years.
The tables below analyse the movements of the net financial position year on year.

75. 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 as of 31 December 2022 and 2021, and relative accruals.

	IN THOUSANDS OF EUROS		CASH FLOWS						
		BALANCE AS OF 31.12.2020	MOVEMENTS	REPAYMENTS	NEW ISSUES	RECLASSIFICATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2021
A	**Cash and cash equivalents**	**79,690**	**42,288**				**176**		**122,154**
B	**Cash equivalents**								
C	**Other current financial assets**	**19,074**	**0**	**(1,636)**	**23,263**	**80**	**29**	**(22,150)**	**18,660**
	Short-term financial receivables due from subsidiaries	18,925		(1,489)	23,263		29	(22,155)	18,573
	Short-term financial receivables due from subsidiaries for rights of use	149		(147)		80		5	87
D	**Liquidity (A + B + C)**	**98,764**	**42,288**	**(1,636)**	**23,263**	**80**	**205**	**(22,150)**	**140,814**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(26,092)**	**0**	**57,782**	**(19,825)**	**(33,993)**	**0**	**(203)**	**(22,331)**
	Current account overdrafts	(1,186)		1,186	(12)				(12)
	Payables due to banks	0		0	(5,000)				(5,000)
	Debenture loan	(11,038)		41,050		(30,000)		(12)	(0)
	Amounts due to factoring companies	(9,133)		9,133	(9,813)				(9,813)
	Financial liabilities for rights of use:	(4,664)	0	5,242	0	(3,922)	0	(187)	(3,531)
	- of which amounts due under finance leases	*(1,169)*		*1,172*		*(1,188)*		*(3)*	*(1,188)*
	- of which amounts due under operating leases	*(1,691)*		*2,192*		*(1,580)*		*(96)*	*(1,175)*
	- of which operating leases payable to Parent Companies	*(1,804)*		*1,878*		*(1,154)*		*(88)*	*(1,168)*
	Amounts due to other lenders	(71)		71		(71)			(71)
	Borrowing costs with subsidiaries	0		1,100	(5,000)			(4)	(3,904)
F	**Current portion of non-current financial debt**	**(108,888)**		**138,163**		**(85,703)**		**(152)**	**(56,580)**
G	**Current financial debt (E + F)**	**(134,980)**	**0**	**195,945**	**(19,825)**	**(119,696)**	**0**	**(355)**	**(78,911)**
H	**Net current financial debt (G - D)**	**(36,216)**	**42,288**	**194,309**	**3,438**	**(119,616)**	**205**	**(22,505)**	**61,903**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(202,919)**	**0**	**0**	**(181,000)**	**89,696**	**0**	**(517)**	**(294,740)**
	Medium-/long-term bank loans	(192,879)			(181,000)	85,703		359	(287,817)
	Financial liabilities for rights of use:	(9,722)	0	0		3,922	0	(876)	(6,676)
	- of which amounts due under finance leases	*(5,612)*				*1,188*			*(4,424)*
	- of which amounts due under operating leases	*(1,232)*				*1,580*		*(876)*	*(528)*
	- of which operating leases payable to Parent Companies	*(2,878)*				*1,154*			*(1,724)*
	Amounts due to other lenders	(318)				71		0	(247)
J	**Debt instruments**	**(272,579)**				**30,000**		**(1,571)**	**(244,150)**
K	**Trade payables and other non-current payables**								
L	**Non-current financial debt (I + J + K)**	**(475,498)**	**0**	**0**	**(182,623)**	**119,696**	**0**	**(2,088)**	**(538,890)**
M	**Total financial debt (H + L)**	**(511,714)**	**42,288**	**194,309**	**(177,562)**	**80**	**205**	**(24,593)**	**(476,987)**

	IN THOUSANDS OF EUROS	BALANCE AS OF 31.12.2021	CASH FLOWS MOVE-MENTS	CASH FLOWS REPAY-MENTS	CASH FLOWS NEW ISSUES	RECLASSIFI CATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2022
A	**Cash and cash equivalents**	**122,154**	**(42,635)**				**(72)**		**79,447**
B	**Cash equivalents**								
C	**Other current financial assets**	**18,660**	**0**	**(90)**	**30,159**	**74**	**12,305**	**(33,913)**	**27,195**
	Short-term financial receivables due from subsidiaries	18,573		0	30,159		12,305	(33,916)	27,121
	Short-term financial receivables due from subsidiaries for rights of use	87		(90)		74		3	74
D	**Liquidity (A + B + C)**	**140,814**	**(42,635)**	**(90)**	**30,159**	**74**	**12,233**	**(33,913)**	**106,642**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(22,331)**	**0**	**19,144**	**(12,104)**	**(3,906)**	**0**	**3,344**	**(15,853)**
	Current account overdrafts	(12)		12	(64)				(64)
	Payables due to banks	(5,000)		5,000	0				0
	Debenture loan	(0)							(0)
	Amounts due to factoring companies	(9,813)		9,813	(12,040)				(12,040)
	Financial liabilities for rights of use:	(3,531)	0	4,223		(3,835)	0	(160)	(3,303)
	- of which amounts due under finance leases	*(1,188)*		*1,187*		*(1,180)*		*1*	*(1,180)*
	- of which amounts due under operating leases	*(1,175)*		*1,794*		*(1,504)*		*(96)*	*(981)*
	- of which operating leases payable to Parent Companies	*(1,168)*		*1,242*		*(1,151)*		*(65)*	*(1,142)*
	Amounts due to other lenders	(71)		71		(71)			(71)
	Borrowing costs with subsidiaries	(3,904)		25				3,504	(375)
F	**Current portion of non-current financial debt**	**(56,580)**		**83,337**		**(75,195)**		**(164)**	**(48,602)**
G	**Current financial debt (E + F)**	**(78,911)**	**0**	**102,481**	**(12,104)**	**(79,101)**	**0**	**3,180**	**(64,455)**
H	**Net current financial debt (G - D)**	**61,903**	**(42,635)**	**102,391**	**18,055**	**(79,027)**	**12,233**	**(30,733)**	**42,187**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(294,740)**	**0**	**0**	**(52,500)**	**79,101**	**0**	**(1,323)**	**(269,462)**
	Medium-/long-term bank loans	(287,817)			(52,500)	75,195		244	(264,878)
	Financial liabilities for rights of use:	(6,676)	0	0		3,835	0	(1,567)	(4,408)
	- of which amounts due under finance leases	*(4,424)*				*1,180*		*(2)*	*(3,246)*
	- of which amounts due under operating leases	*(528)*				*1,504*		*(1,493)*	*(517)*
	- of which operating leases payable to Parent Companies	*(1,724)*				*1,151*		*(72)*	*(645)*
	Amounts due to other lenders	(247)				71		0	(176)
J	**Debt instruments**	**(244,150)**				**0**		**(1,586)**	**(245,736)**
K	**Trade payables and other non-current payables**								
L	**Non-current financial debt (I + J + K)**	**(538,890)**	**0**	**0**	**(52,500)**	**79,101**	**0**	**(2,909)**	**(515,198)**
M	**Total financial debt (H + L)***	**(476,987)**	**(42,635)**	**102,391**	**(34,445)**	**74**	**12,233**	**(33,642)**	**(473,011)**

Financial liabilities €/000 571,942

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2022	ACCOUNTING BALANCE AS OF 31.12.2021	NOMINAL VALUE AS OF 31.12.2022	NOMINAL VALUE AS OF 31.12.2021
Bank loans	313,544	349,409	314,830	345,667
Bonds	245,736	244,150	250,000	250,000
Other loans	12,662	14,035	12,662	10,131
Total	**571,942**	**607,594**	**577,492**	**605,798**

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2022	CARRYING AMOUNT AS OF 31.12.2021	CHANGE
Current financial debt	61,152	75,380	(14,228)
Non-current financial debt	510,790	532,214	(21,424)
Net Financial debt	**571,942**	**607,594**	**(35,652)**
Gross debt, fixed rate	397,506	425,224	(27,718)
Gross debt, variable rate	174,436	182,370	(7,934)
Net Financial debt	**571,942**	**607,594**	**(35,652)**

The table below shows the repayment schedule as of 31 December 2022:

				AMOUNTS FALLING DUE IN				
IN THOUSANDS OF EUROS	NOMINAL VALUE AS OF 31.12.2022	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2024	2025	2026	2027	AFTER
Bank loans	314,830	48,685	266,145	68,700	38,715	87,563	36,167	35,000
Bonds	250,000	0	250,000		250,000			
Other medium-/long-term loans	12,662	12,111	551	71	71	35		
Total	**577,492**	**60,796**	**516,696**	**68,771**	**288,786**	**87,598**	**36,167**	**35,000**

Medium and long-term bank debt amounts to €/000 313,480 (of which €/000 264,878 non-current and €/000 48,602 current) and consists of the following loans:

- a €/000 9,986 medium-term loan (nominal value of €/000 10,000) 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 58,274 (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 1,662 (with a nominal value of €/000 2,000) use of the syndicated revolving credit line for a total of €/000 200,000 maturing on 5 January 2024 (with one year's extension at the discretion of the borrower). Contract terms require covenants (described below);
- a €/000 114,272 (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 22,404 medium-term loan (nominal value of €/000 22,500) 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 19,938 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 26,667 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 3,486 medium-term loan (nominal value of €/000 3,500) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 6,990 medium-term loan (nominal value of €/000 7,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 4,825 medium-term loan (nominal value of €/000 4,830) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule;
- a €/000 14,976 (with a nominal value of €/000 15,000) medium-term loan granted by Oldenburgische Landensbank Aktiengesellschaft maturing on 30 September 2027.

The Company also has the following revolving credit lines and loans undrawn as of 31 December 2022:
- a €/000 20,000 revolving credit line granted by Banca Intesa San Paolo maturing on 31 January 2024;
- a €/000 10,000 revolving credit line granted by Banca del Mezzogiorno maturing on 1 July 2026;
- a €/000 12,500 revolving credit line granted by Banca Popolare Emilia Romagna maturing on 2 August 2026;
- a €/000 60,000 Loan granted by the European Investment Bank with maturity 9 years from disbursement.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 245,736 (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 12,040.
Medium-/long-term payables to other lenders equal to €/000 247 of which €/000 176 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 Company 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.

As of 31 December 2022, all covenants had been met in full.

Amortised Cost and Fair Value Measurement

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

IFRS 13 – Fair Value Measurement defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation tecóiques. The standard defines a fair value hierarchy:

- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

The valuation tecóiques referred to levels 2 and 3 must take into account adjustment factors that measure the risk of insolvency of both parties. To this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA): CVA makes it possible to include the counterparty credit risk in the fair value measurement; DVA reflects the risk of insolvency of the Group.
The table below shows the fair value of payables measured using the amortised cost method as of 31 December 2022:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE[76]
High yield debenture loan	250,000	245,736	247,230
EIB RDI	58,333	58,274	53,670
EIB RDI step-up	30,000	30,000	27,009
Loan from B. Pop. Emilia Romagna	22,500	22,404	21,612
Loan from CDP	26,667	26,667	24,994
Loan from Banco BPM	20,000	19,938	19,196
Loan from Banca CARIGE	4,830	4,825	5,137
Loan from BPop Sondrio	3,500	3,486	3,386
Loan from CariBolzano	7,000	6,990	6,657
Loan from OLB	15,000	14,976	16,223
SSD loans	115,000	114,272	101,920

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

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

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 31 December 2022, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Financial derivatives:			
- of which financial assets			
- of which other receivables		6.112	
Partecipazioni in altre imprese			16
Totale attività		**6.112**	**16**
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives			
- of which financial liabilities			
- of which other payables		(3,063)	
Financial liabilities at fair value recognised through profit or loss			
Total liabilities		**(3,063)**	
General total		**3,049**	**16**

The following tables show Level 2 and Level 3 changes during 2022:

IN THOUSANDS OF EUROS	LEVEL 2	LEVEL 3
Balance as of 31 December 2021	**8,075**	**16**
Gain (loss) recognised in profit or loss	(350)	
Gain (loss) recognised in the statement of comprehensive income	(4,676)	
Increases/(Decreases)		
Balance as of 31 December 2022	**3,049**	**16**

Financial liabilities for rights of use — €/000 7,711

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Operating leases	2,123	1,162	3,285	2,343	2,252	4,595	(220)	(1,090)	(1,310)
Finance leases	1,180	3,246	4,426	1,188	4,424	5,612	(8)	(1,178)	(1,186)
Total	**3,303**	**4,408**	**7,711**	**3,531**	**6,676**	**10,207**	**(228)**	**(2,268)**	**(2,496)**

Finance lease payables refer to a Sale&Lease back agreement for €/000 4,426 (nominal value of €/000 4,430) granted by Albaleasing on a production plant of the Company. The agreement is for ten years, with quarterly repayments (non-current portion equal to €/000 3,246);
Payables for rights of use include payables with the parent companies Immsi and Omniaholding for €/000 2,296 (€/000 1,000 non-current portion).

The table below shows the repayment schedule as of 31 December 2022:

				AMOUNTS FALLING DUE IN				
IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2022	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2024	2025	2026	2027	AFTER
Rights of use:								
- of which operating leases	3,285	2,123	1,162	572	556	35		
- of which finance leases	4,426	1,180	3,246	1,218	1,257	771		
Total	**7,711**	**3,303**	**4,408**	**1,790**	**1,813**	**806**	**-**	**-**

E) MANAGEMENT OF FINANCIAL RISK

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

37. Credit risk

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
Liquid assets	79,447	122,154
Financial receivables	25,573	18,660
Trade receivables	65,122	53,404
Tax receivables	17,744	10,025
Other receivables	176,479	140,006
Total	**364,365**	**344,249**

The Company monitors and manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of our licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, the Company has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse.

38. Financial risks

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

Liquidity risk and capitals management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with this risk, cash flows and the Company's credit line needs are monitored or managed centrally under the control of the Treasury in order to guarantee an effective and efficient management of financial resources as well as optimise the debt's maturity standpoint.
In addition, the Company finances the temporary cash requirements of subsidiaries by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.
As of 31 December 2022, the most important sources of financing irrevocable until maturity granted to the Company were as follows:
- a debenture loan of €/000 250,000 maturing in April 2025;
- a Schuldschein loan of €/000 115,000, with final settlement in February 2029;
- a revolving credit line from €/000 200,000 maturing in January 2024 and a loan of €/000 22,500 maturing in December 2027;
- Revolving credit facilities for a total of €/000 42,500, with final settlement in August 2026;
- loans for a total of €/000 257,830, with final settlement in March 2028.

As of 31 December 2022, the Company had a liquidity of €/000 79,447, €/000 300,500 of undrawn credit lines irrevocable to maturity and €/000 98,006 of revocable credit lines, as detailed below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
Variable rate with maturity within one year - irrevocable until maturity		195,500
Variable rate with maturity after one year - irrevocable until maturity	300,500	20,000
Variable rate with maturity within one year - cash revocable	89,006	100,485
Variable rate with maturity within one year - with revocation for self-liquidating typologies	9,000	11,000
Total	**398,506**	**326,985**

The table below shows the timing of future payments in relation to trade payables:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	WITHIN 30 DAYS	BETWEEN 31 AND 60 DAYS	BETWEEN 61 AND 90 DAYS	OVER 90 DAYS
Amounts due to suppliers	447,822	197,559	120,877	71,412	57,974
Amounts due to subsidiaries	24,886	14,108	10,758	20	-
Amounts due to affiliates	9,403	2,589	4,554	823	1,437
Amounts due to parent companies	307	287	20	-	-
Total trade payables	**482,418**	**214,543**	**136,209**	**72,255**	**59,411**

Management considers that currently available funds, as well as funds that will be generated from operations and loans, will enable the Company to meets its requirements relative to investments, the management of working capital and repayment of loans on expiry and will ensure an adequate level of operating and strategic flexibility.

Exchange Risk

The company operates in an international context where transactions are conducted in currencies different from the euro. This exposes it to risks arising from exchange rates fluctuations. For this purpose, the Company has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash-flows.
This policy analyses:

- **the transaction exchange risk:** the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
- **the 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 exchange rate") 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.

At the end of the reporting period, the Company's exposure to exchange risk was as follows:

AS OF 31 DECEMBER 2022 IN THOUSANDS OF EUROS	USD	GBP	CHF	CNY	DKK	SGD	CAD	SEK	HKD	INR	JPY	RMB	PLZ	VND	TOTAL
Non-current assets															
Financial receivables															0
Trade and other receivables				163											163
Long-term tax receivables										370					370
Fair value of derivatives															0
Total non-current assets	**0**	**0**	**0**	**163**	**0**	**0**	**0**	**0**	**0**	**370**	**0**	**0**	**0**	**0**	**533**
Current assets															
Trade and other receivables	34,407	(1,061)		11,494		689	1,745	58		3,126	874			55,303	106,635
Fair value of derivatives															0
Other financial assets	6,069														6,069
Bank and postal deposits	2,469	190		1,633		3	40	48			653				5,036
Securities															0
Total current assets	**42,945**	**(871)**	**0**	**13,127**	**0**	**692**	**1,785**	**106**	**0**	**3,126**	**1,527**	**0**	**0**	**55,303**	**117,740**
Total assets	**42,945**	**(871)**	**0**	**13,290**	**0**	**692**	**1,785**	**106**	**0**	**3,496**	**1,527**	**0**	**0**	**55,303**	**118,273**
Non-current liabilities															
Bank loans															0
Bonds															0
Other loans															0
Leases															0
Fair value of derivatives															0
Total non-current liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Current liabilities															
Bank loans															0
Trade and other payables	56,497	1,064	21	38,950	2	90		1,331	4	902	4,356		1		103,218
Tax payables	3	1,062		30								20			1,115
Other loans															0
Leases															0
Fair value of derivatives															0
Total current liabilities	**56,500**	**2,126**	**21**	**38,980**	**2**	**90**	**0**	**1,331**	**4**	**902**	**4,356**	**20**	**1**	**0**	**104,333**
Total liabilities	**56,500**	**2,126**	**21**	**38,980**	**2**	**90**	**0**	**1,331**	**4**	**902**	**4,356**	**20**	**1**	**0**	**104,333**

At the end of the reporting period, the company had no financial liabilities in currency subject to exchange risk.

Cash flow hedging

As of 31 December 2022, the Group had undertaken the following futures transactions (recognised based on the regulation date) relative to payables and receivables already recognised to hedge the transaction exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	182,000	25,166	02/02/2023
Piaggio & C.	Purchase	JPY	480,000	3,354	10/02/2023
Piaggio & C.	Purchase	SEK	14,000	1,285	29/01/2023
Piaggio & C.	Purchase	USD	31,550	30,506	15/02/2023
Piaggio & C.	Sale	CAD	650	467	07/02/2023
Piaggio & C.	Sale	CNY	65,000	8,837	01/03/2023
Piaggio & C.	Sale	USD	65,410	61,289	23/04/2023

As of 31 December 2022, the Company had undertaken the following transactions to hedge business exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	1,420,000	193,515	24/11/2023
Piaggio & C.	Purchase	USD	20,000	18,681	04/03/2023
Piaggio & C.	Sale	USD	90,000	88,404	26/08/2023

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 31 December 2022, the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 3,198. During 2022, profit was recognised under Other Comprehensive Income amounting to €/000 3,198 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 8,305.

The net balance of cash flows during 2022 is shown below, divided by main currency:

IN MILLIONS OF EUROS	CASH FLOW 2022
Pound Sterling	34.5
Canadian Dollar	15.2
Swedish Krone	(1.6)
Japanese Yen	(10.2)
US Dollar	(66.9)
Singapore Dollar	0.5
Chinese Yuan[77]	(175.6)
Total cash flow in foreign currency	**(204.1)**

77. Cash flow partially in euro.

In view of the above, an assumed appreciation/deprecation of 3% of the euro would have generated potential profits for €/000 5,946 and potential losses for €/000 6,314 respectively.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.
As of 31 December 2022, the following hedging derivatives were in use:

Cash flow hedging

An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 26,667 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 31 December 2022, the fair value of the instrument was positive by €/000 873; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on equity, net of the related tax effect, of €/000 137 and €/000 -140 respectively.

Commodities price risk

This risk arises from the possibility of changes in company profitability due to fluctuations in metal and energy prices (specifically platinum, palladium, aluminium and gas). The Group's objective is therefore to neutralise such possible adverse changes deriving from highly probable future transactions by compensating them with opposite variations related to the hedging instrument.
Cash flow hedging is adopted with this type of hedging, 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 31 December 2022, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative by €/000 600. During 2022, profit was recognised under Other Comprehensive Income amounting to €/000 600 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 184.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	873
Commodities hedges	(600)


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F) INFORMATION ON SHAREHOLDERS' EQUITY

39. Share capital and reserves — €/000 346,867

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 31 DECEMBER 2022

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

The Share of the Company are without par value, are indivisible, registered and issued on a dematerialisation basis, in the centralised management system of Monte Titoli S.p.A..
At the date of these financial statements, no other financial instruments with the right to subscribe to new issue shares had been issued, nor were there share-based incentive plans in place involving increases, also without a consideration, in share capital.

Treasury shares — €/000 (7,688)

During the period, 2,475,777 treasury shares were acquired. Therefore, as of 31 December 2022, Piaggio & C. held 3,521,595 treasury shares, equal to 0.9833% of shares issued.

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2022	2021
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	2,475,777	17,000
Situation as of 31 December		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	3,521,595	1,045,818
Shares in circulation	354,632,049	357,107,826

Share premium reserve €/000 7,171

The share premium reserve as of 31 December 2022 had not changed.

Legal reserve €/000 28,954

The legal reserve as of 31 December 2022 had increased by €/000 2,902 as a result of the allocation of earnings for the previous year.

Other reserves €/000 (29,991)

This item consists of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021	CHANGE
Net capital gain from contribution	152	152	0
IFRS transition reserve	1,861	1,861	0
Financial instruments' fair value reserve	2,600	6,083	(3,483)
Translation reserve from the valuation of investments using the equity method	(34,604)	(31,495)	(3,109)
Total other reserves	**(29,991)**	**(23,399)**	**(6,592)**

The financial instruments fair value provision is negative and refers to the effects of cash flow hedge accounting in foreign currencies and interest. 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 no. 19, 19.09.2022 and record date 20.09.2022).

	DIVIDEND PAID IN THE YEAR			
	TOTAL		PER SHARE	
	2022	2021	2022	2021
	€/000	€/000	€	€
Of the previous year's result	23,203	9,285	0.065	0.026
Interim dividend for current year's result	30,200	30,354	0.085	0.085

Earnings reserve €/000 140,807

The composition of reserves as of 31 December 2022 was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	AS OF 31 DECEMBER 2021
Earnings reserve from the valuation of investments with the equity method	39,246	41,674
Retained earnings (losses)	53,188	48,876
Stock option reserve	11,195	11,195
Reserve for actuarial gains (losses) relative to termination benefit	(7,679)	(11,315)
Interim dividend	(30,200)	(30,354)
Total retained earnings (losses)	65,750	60,076
Profit (loss) for the period	75,057	58,032
Total earnings reserves	140,807	118,108
Total earnings reserves	**140,807**	**118,108**

Individual items of Shareholders' equity are analytically presented in the table below, based on origin, availability and use in previous years.

TYPE/DESCRIPTION	AMOUNT	POSSIBLE USE	PORTION AVAILABLE	2014 USES TO COVER LOSSES
IN THOUSANDS OF EUROS				
Share capital	207,614			
Capital reserves:				
Share premium	7,171	A,B,C(*)	7,171	
Profit reserves:				
Legal reserve	28,954	B		
Net capital gain from contribution	152	A,B	152	
IAS transition reserve	1,861	A,B	1,861	
Financial instruments' fair value reserve	2,600			
Translation reserve from the valuation of investments with the equity method: Translation Difference	(34,604)			
Total Reserves	6,134		9,184	
Earnings reserve from the valuation of investments with the equity method:				
- Discounting the DBO	(1,325)			
- Financial gains	40,572	A,B	40,572	
Treasury shares	(7,688)			
Reserve for actuarial gains (losses) relative to termination benefit	(7,680)			
Stock option reserve	11,195	A,B,C	11,195	
Retained earnings (losses)	53,188	A,B,C	53,188	1,649
Interim dividend	(30,200)			
Total retained earnings (losses)	58,062			
Profits (losses) for the period	75,057			
Total shareholders' equity	**346,867**		**114,139**	

Key:

A: to increase capital

B: to cover losses

C: to allocate to shareholders

(*) wholly available to increase capital and cover losses. For other uses prior adjustment (also by transfer from the share premium reserve) of the legal reserve to 20% of the Share Capital is necessary. As of 31 December 2022 this adjustment would be equal to €/000 12,569.

Pursuant to Article 2426, section 5 of the Italian Civil Code, the value of research and development costs still to be amortised as of 31 December 2022, equal to €/000 74,979, is unavailable in shareholders' equity.

40. Other comprehensive income €/000 (2,645)

The value of other components of the Statement of Comprehensive Income is broken down as follows:

IN THOUSANDS OF EUROS	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	EARNINGS RESERVE	TOTAL OTHER COMPREHENSIVE INCOME
As of 31 December 2022			
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans		3,635	3,635
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		312	312
Total	0	3,947	3,947
Items that may be reclassified in the income statement			
Total income (losses) for the fair value adjustment of financial assets available for sale			0
Total profits (losses) on cash flow hedges	(3,483)		(3,483)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		(3.109)	(3.109)
Total	(3,483)	(3,109)	(6,592)
Other Comprehensive Income	**(3,483)**	**838**	**(2,645)**
As of 31 December 2021			
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans		(1,302)	(1,302)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		(487)	(487)
Total	0	(1,789)	(1,789)
Items that may be reclassified in the income statement			
Total income (losses) for the fair value adjustment of financial assets available for sale			0
Total profits (losses) on cash flow hedges	5,802		5,802
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		11.853	11.853
Total	5,802	11,853	17,655
Other Comprehensive Income	**5,802**	**10,064**	**15,866**

The tax effect related to Other Comprehensive Income is broken down as follows:

	AS OF 31 DECEMBER 2022			AS OF 31 DECEMBER 2021		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	4,783	(1,148)	3,635	(1,713)	411	(1,302)
Total profits (losses) on cash flow hedges	(4,583)	1,100	(3,483)	7,634	(1,832)	5,802
Portion of components of the Statement of Comprehensive Income of subsidiaries/ associates measured with the equity method	(2,797)		(2,797)	11,366		11,366
Other Comprehensive Income	**(2,597)**	**(48)**	**(2,645)**	**17,287**	**(1,421)**	**15,866**

G) OTHER INFORMATION

41. Share-based incentive plans

As of 31 December 2022, there were no incentive plans based on financial instruments.

42. Fees for Directors, Statutory Auditors and Key Managers

For a complete description and analysis of fees of Directors and Statutory Auditors, reference is made to the remuneration report available from the registered office, and on the Company's website in the section "Governance". At present, the Company has not identified any Key Senior Managers.

IN THOUSANDS OF EUROS	2022	2021
Directors	2,788	2,335
Statutory auditors	155	155
Total fees	**2,943**	**2,490**

43. Information on related parties

Revenues, costs, payables and receivables as of 31 December 2022 involving parent companies, subsidiaries and affiliated companies refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 no. DEM/6064293, is reported below.
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**, in the section "Governance".

Relations with Parent Companies
Piaggio & C. S.p.A. is controlled by the following companies:

NAME	REGISTERED OFFICE	TYPE	% OF OWNERSHIP AS OF 31 DECEMBER 2022	% OF OWNERSHIP AS OF 31 DECEMBER 2021
Immsi S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703

During 2022, transactions on the shares of parent companies were not carried out directly or indirectly.
Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to Article 2497 and following of the Italian Civil Code. During the period, this management and coordination concerned 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 Company 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 for the Company and subsidiaries concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2022, the Company signed up for a further three years to the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR) of which IMMSI S.p.A. is the consolidating company, and which 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 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 & 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.

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 intercompany relations with subsidiaries 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 Tecóology 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 tecóological 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:
  - Aprilia Racing
  - Piaggio Concept Store Mantova
  - 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.

- purchases vehicles, spare parts and accessories from:
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam

- purchases components from:
  - Piaggio Fast Forward

- receives a vehicle, spare parts and accessories distribution service on respective markets from:
  - Piaggio Hrvatska
  - Piaggio Hellas
  - Piaggio Group Americas
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Foshan Piaggio Vehicles Tecóology R&D

- receives a sales promotion service and after-sales services on respective markets from:
  - Piaggio France
  - Piaggio Deutschland
  - Piaggio Limited
  - Piaggio España
  - Piaggio Vespa

- receives a components and vehicles design/development service and a local supplier scouting service from Foshan Piaggio Vehicles Tecóologies R&D;

- receives a vehicle and component research/design/development service from:
  - Piaggio Advanced Design Center
  - Piaggio Fast Forward

- receives a racing team management service and vehicle design service from Aprilia Racing.

Relations between Piaggio & C. S.p.A. and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd

Main intercompany relations between Piaggio & C S.p.A. 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 tecóological know-how 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 Piaggio & C. S.p.A. for subsequent sale.

The tables below summarise relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 31 December 2022 and relations during the year, as well as their overall impact on financial statement items.

IN THOUSANDS OF EUROS	APRILIA RACING SRL	FONDAZIONE PIAGGIO	FPVT	IMMSI AUDIT	IMMSI S.P.A.
Income statement:					
Net revenues	1,125	-	25,523	-	9
Cost for materials	159				
Cost for services and leases and rentals	25,814	10	3,256	711	442
Other operating income	1,632	-	1,325	25	52
Other operating costs	-	103	-	6	1
Income/(loss) from investments	126	-	-	-	-
Financial income	210	-	-	-	-
Borrowing costs	-	-	-	-	62
Taxes	-	-	-	-	(3,832)
Financial statements:					
Trade receivables	311	-	10,953		9
Other receivables < 12 months	664	-	1,466	28	22,989
Other financial assets < 12 months	21,053	-	-	-	-
Financial liabilities for rights of use > 12 months	-	-	-	-	645
Financial liabilities < 12 months	-	-	-	-	-
Financial liabilities for rights of use < 12 months	-	-	-	-	1,076
Trade payables	187	26	919	-	301
Other payables < 12 months	5,170	114	-	-	26,150

IN THOUSANDS OF EUROS	IS MOLAS S.P.A.	NACIONAL MOTOR S.A.	OMNIAHOLDING	PADC	PIAGGIO ASIA PACIFIC LTD
Income statement:					
Net revenues	-	-	-	-	-
Cost for materials	-	-	-	-	-
Cost for services and leases and rentals	-	-	7	488	-
Other operating income	-	-	-	-	739
Other operating costs	-	-	-	-	-
Income/(loss) from investments	-	(77)	-	33	-
Financial income	-	-	-	-	-
Borrowing costs	-	7	3	-	-
Taxes					
Financial statements:					
Trade receivables	-	-	-	-	-
Other receivables < 12 months	-	-	-	-	689
Other financial assets < 12 months	-	-	-	-	-
Financial liabilities for rights of use > 12 months	-	-	-	-	-
Financial liabilities < 12 months	-	375	-	-	-
Financial liabilities for rights of use < 12 months	-	-	66	-	-
Trade payables	-	-	6	57	-
Other payables < 12 months	-	-	-	-	138

IN THOUSANDS OF EUROS	PIAGGIO CONCEPT STORE MANTOVA	PIAGGIO DEUTSCHLAND	PIAGGIO ESPAÑA	PIAGGIO FAST FORWARD	PIAGGIO FRANCE
Income statement:					
Net revenues	2,690	2	22	-	17
Cost for materials	-	-	-	698	-
Cost for services and leases and rentals	75	4,756	4,845	1,208	6,924
Other operating income	189	118	104	7	190
Other operating costs	-	-	3	-	-
Income/(loss) from investments	(202)	-	392	(33,194)	-
Financial income	3	1	-	3,410	2
Borrowing costs	-	1	-	-	-
Taxes	-	-	-	-	-
Financial statements:					
Trade receivables	3,247	5	24	-	1
Other receivables < 12 months	76	312	66	59	403
Other financial assets < 12 months	74			4,430	
Financial liabilities for rights of use > 12 months	-	-	-	-	-
Financial liabilities < 12 months	-	-	-	-	-
Financial liabilities for rights of use < 12 months	-	-	-	-	-
Trade payables	139	641	1,477	587	960
Other payables < 12 months	107	417	170		

IN THOUSANDS OF EUROS	PIAGGIO GROUP AMERICAS INC.	PIAGGIO GROUP JAPAN	PIAGGIO HELLAS	PIAGGIO HRVATSKA	PIAGGIO LIMITED
Income statement:					
Net revenues	113,102	-	35,634	4,656	21
Cost for materials	-	-	-	-	-
Cost for services and leases and rentals	1,973		370	6	2,316
Other operating income	1,101	70	1,804	157	96
Other operating costs	-	-	-	-	-
Income/(loss) from investments	-	-	-	-	-
Financial income	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Taxes	-	-	-	-	-
Financial statements:					
Trade receivables	24,979	-	6,365	1,432	8
Other receivables < 12 months	334	33	89	42	43
Other financial assets < 12 months	-	-	-	-	-
Financial liabilities for rights of use > 12 months	-	-	-	-	-
Financial liabilities < 12 months	-	-	-	-	-
Financial liabilities for rights of use < 12 months	-	-	-	-	-
Trade payables	119	-	86	-	322
Other payables < 12 months	-	-	-	-	-

IN THOUSANDS OF EUROS	PIAGGIO VEHICLES PVT. LTD	PIAGGIO VESPA	PIAGGIO VIETNAM	PONTEDERA & TECNOLOGIA	PT PIAGGIO INDONESIA
Income statement:					
Net revenues	798	9	36,686	-	26
Cost for materials	25,587		106,295		-
Cost for services and leases and rentals	191	3,040	197	-	-
Other operating income	17,472	69	38,044	-	1,848
Other operating costs	-	367	-	-	-
Income/(loss) from investments	(6,951)	34,566	48,827	18	859
Financial income	-	-	-	-	-
Borrowing costs	-	37	-	-	-
Taxes	-	-	-	-	-
Financial statements:					
Trade receivables	480	7	9,684	-	1
Other receivables < 12 months	6,449	44,551	60,321	-	915
Other financial assets < 12 months	-	-	-	-	-
Financial liabilities for rights of use > 12 months	-	-	-	-	-
Financial liabilities < 12 months	-	-	-	-	-
Financial liabilities for rights of use < 12 months	-	-	-	-	-
Trade payables	5,448	905	13,039	-	-
Other payables < 12 months	109	16,642	334	-	216

IN THOUSANDS OF EUROS	ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE	PIAGGIO CHINA	TOTAL	% OF ACCOUNTING ITEM
Income statement:				
Net revenues	310	-	220,630	17.2%
Cost for materials	36,841	-	169,580	20.3%
Cost for services and leases and rentals	71	-	56,700	24.3%
Other operating income	159	-	65,201	40.3%
Other operating costs	18	-	498	2.5%
Income/(loss) from investments	(693)	(274)	43,429	100.0%
Financial income	-	-	3,626	94.4%
Borrowing costs	-	-	110	0.5%
Taxes	-	-	(3,832)	N.A.
Financial statements:				
Trade receivables	452	-	57,958	89.0%
Other receivables < 12 months	544	-	140,073	88.0%
Other financial assets < 12 months	-	-	25,557	100.0%
Financial liabilities for rights of use > 12 months	-	-	645	14.6%
Financial liabilities < 12 months	-	-	375	0.6%
Financial liabilities for rights of use < 12 months	-	-	1,142	34.6%
Trade payables	9,377	-	34,596	7.2%
Other payables < 12 months	-	-	49,567	50.8%

44. Contract commitments and guarantees

Contract commitments of the Company are summarised based on their expiry.

IN THOUSANDS OF EUROS	IN 1 YEAR	BETWEEN 2 AND 5 YEARS	AFTER 5 YEARS	TOTAL
IAS 16 operating leases	425	285	-	710
Other commitments	7,011	2,508	-	9,519
Total	**7,436**	**2,793**	**-**	**10,229**

The main guarantees issued by banks on behalf of Piaggio & C. S.p.A in favour of subsidiaries are listed below:

TYPE	AMOUNT €/000
A guarantee of Piaggio & C. for USD 11,000,000 relative to the working capital loan of USD 10,000,000 granted by Hongkong and Shanghai Banking Corporation to the subsidiary Piaggio Vietnam	
- of which drawn	0
- of which undrawn	9,376
A guarantee of Piaggio & C. for USD 5,500,000 relative to the working capital loan of USD 5,000,000 granted by Hongkong and Shanghai Banking Corporation to the subsidiary Piaggio Indonesia	
- of which drawn	0
- of which undrawn	4,688
A guarantee of Piaggio & C. for USD 3,000,000 relative to the working capital loan of USD 2,500,000 granted by Bank of America to the subsidiary Piaggio Indonesia	
- of which drawn	0
- of which undrawn	2,344
A warrant to grant credit of Piaggio & C. to guarantee the credit line from Intesa Sanpaolo to the subsidiary Piaggio Group Americas for USD 5,000,000	
- of which drawn	0
- of which undrawn	4,688
A warrant to grant credit of Piaggio & C. to guarantee the credit line from Intesa Sanpaolo to the subsidiary Piaggio Group Japan for USD 4,500,000	
- of which drawn	2,417
- of which undraw	1,802
A guarantee of Piaggio & C. for USD 16,000,000 relative to the working capital loan of USD 15,000,000 granted by Hongkong and Shanghai Banking Corporation to the subsidiary Piaggio Vietnam	
- of which drawn	0
- of which undrawn	14,063

The main guarantees issued by banks on behalf of Piaggio & C. S.p.A in favour of third parties are listed below:

TYPE	AMOUNT €/000
Guarantee of BCC-Fornacette issued in favour of Motoride Spa to reimburse VAT following the deductible tax surplus	298
Guarantee of Banco di Brescia issued to the local authorities of Scorzè, to guarantee payment of urbanisation and construction charges relative to the Scorzè site	166
Guarantee of Banca Intesa Sanpaolo issued to the Ministry of the Defence of Algeria, to guarantee contract obligations for the supply of vehicles	158

45. Disputes

For details of litigation, see the same section in the Notes to the Consolidated Financial Statements.

46. Grants, contributions, paid appointments and economic benefits from the public administration

In compliance with paragraph 125 of Law no. 124/2017 of 4 August 2017, details per research project are given below of funds received during 2022, and revenues from sales to public administrations:

PROJECTS	FUNDING ENTITY	GRANTS 2022
FIGURES IN EURO		
C-MOBILE	EUROPEAN COMMISSION	997.44 €
I_HeERO	INEA	439.99 €
PIONEERS	EUROPEAN COMMISSION	1,334.44 €
LENS	EUROPEAN COMMISSION	104,522.43 €
Total		**107,294.30 €**

CUSTOMER	2022 REVENUES FROM SALES
FIGURES IN EURO	
Italian local authorities	198,803.40
Carabinieri Corps	283,970.00
Local health authorities	1,450.00
Total	**484,223.40**

During the year, grants were also obtained for investments in property, plant and equipment financed by the National Industry 4.0 Plan amounting to €/000 1,286, for investments in advertising of €/000 94, and €/000 2,687 for investments in Research, Development, Innovation and Design.

47. 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 2022 and 2021.

48. Transactions arising from atypical and/or unusual transactions

During 2022 and 2021, the Company 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.

49. Events occurring after the end of the period

After 31 December 2022 and up to the date of approval of these financial statements, no event occurred that could have a material impact on the reported results of operations, as determined by IAS 10 paragraph 9.

50. Proposal to allocate profit

The Financial Statements as of 31 December 2022 record a profit for the period equal to €75,057,500.48.

The Board of Directors of Piaggio & C S.p.A. proposes allocating profit as follows:
- €3,752,875.02 to the legal reserve;
- €5,641,334.17 to the "Retained Earnings" reserve;
- €65,663,291.29 to shareholders by way of dividend, of which €30,200,086.39 by way of interim dividend already paid.

As resolved by the Board of Directors on 28 July 2022, the Company already paid an interim dividend per share of €0.085 on 21 September 2022 with an ex-dividend date of 19 September 2022; the Board of Directors is therefore requested to propose to the Shareholders' Meeting to pay, in settlement of the interim dividend already paid, a dividend equal to €0.10 for each ordinary share entitled, for a total maximum amount of €35,463,204.90 to be taken from the available profit for the year of €35,463,204.90, with ex-dividend date no. 20 on 24 April 2023, record date coinciding with 25 April 2023 and payment date on 26 April 2023.

51. Authorisation for publication

This document was published on 27 March 2023 authorised by the Chairman and Chief Executive Officer.

Mantova, 2 March 2023

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno


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ATTACHMENTS

Piaggio Group companies

Reference is made to attachments to the Consolidated Financial Statements.

Information pursuant to Article 149-duodiecies of the Consob Regulation on Issuers

Pursuant to Article 149-duodecies of the Consob Regulation on Issuers, the following table indicates the fees for 2022 paid for auditing services and services other than auditing services provided by the independent auditors and entities of its network.

TYPE OF SERVICE	SUBJECT PROVIDING THE SERVICE	FEES FOR 2022
IN EUROS		
Auditing services	Deloitte	370,972
Limited assurance engagement for the NFS	Deloitte	41,958
Certification services	Deloitte	29,000
Other services	Deloitte	15,670
Total		**457,160**

Information on company management and coordination activities

The Company is subject to the management and coordination of IMMSI S.p.A..
Pursuant to Article 2497-bis, section 4 of the Italian Civil Code, main data of the last financial statements of the parent company IMMSI S.p.A, with registered office in Mantova (MN), Piazza Vilfredo Pareto 3 – tax code 07918540019, for the year ended 31 December 2021, are summarised below. The above essential data were taken from the Financial Statements for the year ended 31 December 2021. To fully understand the financial position of IMMSI S.p.A as of 31 December 2021, as well as the financial performance of the company in the year ending at this date, reference is made to the financial statements, and the report of the independent auditors, available in the forms and according to procedures established by law.

INCOME STATEMENT

IN THOUSANDS OF EUROS		2021	2020
Financial income		32,734	29,192
	- of which related parties and intergroup	*32,697*	*29,189*
Borrowing costs		(59,352)	(23,647)
	- of which related parties and intergroup	*(50,527)*	*(15,020)*
Income/(loss) from investments		0	0
Operating income		515	2,015
	- of which related parties and intergroup	*515*	*2,015*
Costs for materials		(23)	(18)
Costs for services, leases and rentals		(3,432)	(3,155)
	- of which related parties and intergroup	*(396)*	*(422)*
Employee costs		(1,340)	(1,271)
Depreciation of plant, property and equipment		(401)	(401)
Amortisation of goodwill		0	0
Amortisation of intangible assets with a definite life		0	0
Other operating income		126	187
	- of which related parties and intergroup	*80*	*80*
Net reversals (write-downs) of trade and other receivables			
Other operating costs		(276)	(277)
PROFIT BEFORE TAX		**(31,449)**	**2,625**
Taxes		185	2,266
	- of which related parties and intergroup	*0*	*0*
PROFIT AFTER TAXES FROM CONTINUING OPERATIONS		**(31,264)**	**4,891**
Gain (loss) from assets held for sale or disposal		0	0
Net Profit for the period		**(31,264)**	**4,891**

STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUROS	2021	2020
NET PROFIT FOR THE PERIOD	**(31,264)**	**4,891**
Items that may be reclassified to profit or loss:		
Effective portion of profit (losses) from instruments to hedge cash flows	(45)	8
Items that will not be reclassified in the income statement:		
Gains (losses) from the fair value measurement of financial assets	1,649	(1,502)
Actuarial gains (losses) on defined benefit plans	(9)	(13)
TOTAL GAINS (LOSSES) OF THE PERIOD	**(29,669)**	**3,384**

STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS		AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
NON-CURRENT ASSETS			
Intangible assets		0	0
Plant, property and equipment		837	1,225
Investment Property		0	0
Investments in subsidiaries and associates		305,392	309,780
Other financial assets		265,823	288,062
	- of which related parties and intergroup	*265,823*	*288,062*
Tax receivables		0	0
Deferred tax assets		1,573	1,624
Trade receivables and other receivables		13,059	13,017
	- of which related parties and intergroup	*12,931*	*12,889*
TOTAL NON-CURRENT ASSETS		**586,684**	**613,708**
ASSETS HELD FOR DISPOSAL		**0**	**0**
CURRENT ASSETS			
Trade receivables and other receivables		4,752	5,069
	of which related parties and intergroup	*3,759*	*4,045*
Tax receivables		407	413
Inventories		0	0
Works in progress to order		0	0
Other financial assets		4,906	3,593
	of which related parties and intergroup	*1,119*	*1,455*
Cash and cash equivalents		13,944	8,460
TOTAL CURRENT ASSETS		**24,009**	**17,535**
TOTAL ASSETS		**610,693**	**631,243**
SHAREHOLDERS' EQUITY			
Share capital		178,464	178,464
Reserves and retained earnings		197,653	191,167
Net profit for the period		(31,264)	4,891
TOTAL SHAREHOLDERS' EQUITY		**344,853**	**374,522**
NON-CURRENT LIABILITIES			
Financial liabilities		40,790	71,226
	of which related parties and intergroup	*223*	*345*
Trade payables and other payables		49	4
Retirement fund and similar obligations		403	373
Other long-term provisions		0	0
Deferred tax assets/liabilities		5,511	8,033
TOTAL NON-CURRENT LIABILITIES		**46,753**	**79,636**
LIABILITIES ON DISCONTINUED OPERATIONS		**0**	**0**
CURRENT LIABILITIES			
Financial liabilities		214,066	172,312
	- of which related parties and intergroup	*122*	*161*
Trade payables		1,033	1,915
	- of which related parties and intergroup	*159*	*782*
Current taxes		2,467	876
Other payables		1,521	1,982
	- of which related parties and intergroup	*0*	*139*
Current portion of other long-term provisions		0	0
TOTAL CURRENT LIABILITIES		**219,087**	**177,085**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**610,693**	**631,243**

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. hereby certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with regard to the company's characteristics and
   - the actual application of administrative and accounting procedures for the formation of the Separate Financial Statements as of 31 December 2022.

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

3. Moreover

   3.1 the financial statements:

   a. have been prepared in compliance with the international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b. correspond to accounting records;

   c. give a true and fair view of the statement of financial position and results of operations of the Issuer;

   3.2 The Report on Operations includes reliable analysis of the trend of operations and operating results, as well as the situation of the Issuer and a description of main risks and uncertainties to which they are exposed.

Date: 2 March 2023

Roberto Colaninno
Chairman and Chief Executive Officer

Alessandra Simonotto
Executive in charge of financial reporting

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Piaggio & C. S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2022, the income statement, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not ide a separate opinion on these matters.

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Verification of capitalization criteria related to investments in development costs, industrial patent and intellectual property rights	
Description of the key audit matter	The Company has accounted as of December 31, 2022 activities relating to development costs, industrial patent and intellectual property rights for Euro 216,2 million; the related investments made during 2022 amounted to Euro 73,7 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2022 - 2024 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure to verify the technical feasibility of projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold. The Company's procedure also includes the estimation of expected future cash flows from the sale of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least once per year. Given the magnitude of the value of the related assets, considering the complexity of the related procedure and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter. Note C15) "intangible assets" provides information on this caption.
Audit procedures performed	In the context of our audit, we have carried out, among others, the following procedures: • understanding of the company's procedure for capitalizing development costs, industrial patent and intellectual property rights adopted by the Company; • understanding of the relevant controls implemented by the Company; • discussions with Management and obtaining of supporting documentation to understand the characteristics of the projects; • obtaining details of the costs capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year; • verification, for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets; • analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year.

Assessment of the recoverability of Goodwill	
Description of the key audit matter	The Company's separate financial statements include a Goodwill amounting to Euro 369 million, unchanged from the previous year. The recoverability of Goodwill is verified by the Directors at least once annually and whenever indicators of potential impairment appear, by

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comparing the carrying amount with the estimated recoverable amount through an impairment test.

The Directors performed impairment test on Goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each cash-generating unit (CGU) identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows included in a four-year period, on the basis of the budget data for the financial year 2023, supplemented by forecast data for the period 2024 - 2026 (the "Plan"), the discount rate (WACC) and the growth rate beyond the explicit forecast period (g-rate).

Based on the result of impairment test, the Directors did not identify any impairment losses.

Considering the materiality of the caption, the subjectivity and the nature of the estimates relating to the determination of the cash flow, the key variables of impairment test, the recoverability of goodwill has been considered a key audit matter of the separate Financial Statement.

Note C 15) "Intangible assets" provides information on goodwill.

Audit procedures performed	In the context of our audits, we carried out, among others, the following procedures, also with the involvement of experts from Deloitte network: • an understanding of the method used by Directors for the determination of the value in use of cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the development of the impairment test; • analysis of the reasonableness of the assumptions made in estimating the cash flows and the parameters used by the directors for the impairment test. In this context we have examined industry studies and sector analyzes and retraced the methods used by the Directors to estimate WACC and g-rate; • verification of the correct determination of the carrying amount of the assets and liabilities attributed to each CGU identified; • verification of the sensitivity analysis carried out by directors with reference to the main assumptions used for carrying out the impairment test on goodwill; • examination of the adequacy and compliance, in relation with the accounting standard, of the information provided by directors in the separate financial statements as of December 31, 2022.

Assessment of the recoverability of Deferred Tax Assets

Description of the key audit matter	Deferred tax assets recognized in the separate financial statements as at December 31, 2022 of Piaggio & C. S.p.A. amounted to Euro 48,5 million and are related to the temporary differences connected to prior year tax losses, as well as temporary differences, mainly due to provisions on taxed funds.

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	Piaggio & C. S.p.A. has adhered to the National Consolidation Tax Convention of the IMMSI Group, whose consolidating entity is the parent company IMMSI S.p.A.. The recoverability of deferred tax assets depends, on the future results expected by Piaggio & C. S.p.A. as well as those of all the companies that participate in the National Consolidation Tax Convention of the IMMSI Group. Consequently, the recognition and the recoverability of deferred assets requires the Directors to carry out an estimation process with the objective of forecasting the future taxable tax results of Piaggio & C. S.p.A. which must also be confirmed by the estimates of the future taxable incomes of the companies participating in the IMMSI Group's National Consolidation Tax Convention. Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter. Note C 18) "Deferred tax assets" provides information on this caption.
Audit procedures performed	In the context of our audit, we have carried out, among others, the following procedures, also with the involvement of expert from Deloitte network: • evaluation of the reasonableness of the assumptions formulated by Directors and by Management in forecasting the future taxable incomes of Piaggio & C. S.p.A., included in the plan approved by the Board of Directors on February 24, 2023; • examination of the National Consolidation Tax Convention contract with IMMSI S.p.A.; • examination of the methods used by the Management to verify the recoverability of deferred tax assets, including information flows with the parent company IMMSI S.p.A. regarding the capacity of future taxable incomes expected at consolidated level; • to the extent deemed necessary for the audit procedures on Piaggio & C S.p.A. deferred-tax asset, we have also examined the work carried out by the auditor of the parent company IMMSI S.p.A. concerning the analysis of the future taxable incomes of the companies participating in the National Consolidation Tax Convention contract with IMMSI; • examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

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report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piaggio & C. S.p.A. has appointed us on April 22, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piaggio & C. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

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In our opinion, the financial statements as at December 31, 2022 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piaggio & C. S.p.A. as at December 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Piaggio & C. S.p.A. as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Piaggio & C. S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, Italy
March 23, 2023

As disclosed by the Directors, the accompanying financial statements of Piaggio & C. S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

BOARD OF STATUTORY AUDITORS' REPORT
to the FINANCIAL STATEMENTS as of 31 December 2022

Dear Shareholders,

With this report - drawn up pursuant to Art. 153 of Legislative Decree No. 58/1998 and Art. 2429, paragraph 2 of the Italian Civil Code - the Board of Statutory Auditors of Piaggio & C. SpA (hereinafter also the Company) reports on the supervisory and control activities carried out during the financial year ended 31 December 2022, in compliance with the relevant regulations, also taking into account the Rules of Conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Professional Accountants).

1. Activities of the Board of Statutory Auditors

During the 2022 financial year, the Board of Statutory Auditors performed its institutional duties in compliance with the provisions of the Italian Civil Code and Legislative Decree No. 39/2010 as amended by Legislative Decree No. 135/2016 and No. 58/1998 (Consolidated Law on Finance), the Articles of Association, as well as those provisions issued by public authorities exercising supervisory and control activities, also taking into account the rules of conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Professional Accountants).

During the year, the Board of Statutory Auditors carried out its activities by holding eight (8) meetings, five (5) of which were held jointly with the Audit, Risk and Sustainability Committee.
The Board also participated in all nine (9) meetings of the Board of Directors.
The Board of Statutory Auditors or some of its members attended the meetings of the Audit, Risk and Sustainability Committee, the Remuneration Committee, the Related Parties Committee and the Appointment Proposal Committee held in 2022 and early 2023.

The Board also met the Board of Statutory Auditors of the subsidiary Aprilia Racing S.r.l. in order to exchange information.
The head of the Internal Audit function also attended the meetings of the Board of Statutory Auditors as a permanent guest to ensure continuous interaction with the company's third-level control function.

2. Significant transactions during the year

In the course of its supervisory work, the Board of Statutory Auditors periodically obtained from the company's directors, also by attending their board meetings, information on the activities and most important business, economic and financial transactions approved and implemented by the company and its subsidiaries, also pursuant to Art. 150, paragraph 1 of the Consolidated Law on Finance.

The Board of Statutory Auditors also checked whether there were any significant non-recurring transactions, as defined in Consob Communication No. DEM/6064293 of 28 July 2006, noting that in 2022 there were no such transactions.

3. Supervisory activities

EMARKET SDIR CERTIFIED

3.1 Checking of compliance with the law, the Articles of Association, and the Corporate Governance Code for listed companies

Based on the information gathered in the course of its work, the Board of Statutory Auditors did not discover any transactions that were (i) not compliant with the principles of sound governance, not approved and implemented in compliance with the law and the company's Articles of Association, not in the company's interests, or not in line with the resolutions adopted by the shareholders' meeting, or (ii) manifestly imprudent, risky or such as to compromise the integrity of the company's equity value.

The Board of Statutory Auditors was not aware of any transactions involving a potential conflict of interest.

The Board of Statutory Auditors checked that the procedure governing business with related parties was compliant with the rules of law and was properly followed.
In particular, as required by the relevant regulation, the Chairman and/or the other Statutory Auditors attended the meetings of the Audit, Risk and Sustainability Committee in order to discuss transactions with related parties; the Board of Statutory Auditors also received regular progress updates.

The Board of Statutory Auditors judged that the Board of Directors, in its report on operations and in the notes on the financial statements, had provided adequate information about transactions with related parties, taking account of the rules in force. So far as the Board of Statutory Auditors is aware, no intercompany transactions in 2022 were in conflict with the company's interests.

In 2022, there were no atypical or unusual transactions. The most significant ordinary transactions were prudent, did not conflict with the resolutions adopted by the shareholders' meeting, and were not such as to harm the company's equity value.

The Board of Statutory Auditors, in acknowledging the adhesion of Piaggio & C. S.p.A., effective 1 January 2021, to the Corporate Governance Code for listed companies, (hereinafter also the Code) notes that the recommendations formulated in the letter dated 27 January 2023 from the Chairman of the Corporate Governance Committee were brought to the attention of the Board of Directors and the Board of Statutory Auditors at the meeting of 2 March 2023. The Board of Statutory Auditors took note of these recommendations and found the Company's overall adequacy with respect to what was required therein.
In particular, with reference to the areas for improvement indicated in the letter, the Company has implemented the recommendation to highlight, in summary form, the essential information on the adherence to the specific recommendations of the Code by including, in Appendix 2 to the Corporate Governance Report, a table indicating, for each provision of the Code, the application, disapplication or non-applicability.
The Board of Statutory Auditors also verified the independence requirements of its members, as well as the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of Directors.

3.2 Checking of the adequacy of the internal control system and the systems for managing risk and the organisational framework

The Board of Statutory Auditors checked the adequacy of the internal control system and risk management system by:

- holding meetings with the company's management;
- holding periodic meetings with the control functions - Internal Audit, Risk Management and the Executive in Charge of Financial Reporting - in order to evaluate their planning methods, based on identification and evaluation of the main risks involved in the processes and associated with the organisational units;
- examining the periodic reports by the control functions and periodic information on the outcome of monitoring;
- gathering information from those in charge of the functions;
- discussing the results of the Independent Auditors' work;
- participating in the work of the Audit, Risk and Sustainability Committee and, where required, joint discussion of the same with the Committee;
- meeting the subsidiary's supervisory bodies.

3.3 - Checking of the administrative and accounting system and the process of reporting financial and other information

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, also following the changes made to the Italian system by Legislative Decree No. 135/2016, monitored the process and checked the efficacy of the internal control and risk management systems in respect of financial reporting.

The Board of Statutory Auditors periodically met the Executive in Charge of Financial Reporting to exchange information on the administrative and accounting system, and on its reliability to give a true picture of transactions.
In the course of these meetings, the Executive in Charge of Financial Reporting did not report any shortcomings in the operating and control processes that could alter the view that the administrative and accounting procedures are adequate and actually applied.
The Board reviewed the Report that the Executive in Charge of Financial Reporting prepared on the 2022 financial statements with support from their department and from Internal Audit. This report contains the outcome of the audit tests carried out, as well as the main problems detected in the application of the relevant regulations and the methodologies used, and identifies the appropriate remedies.

The Board of Statutory Auditors also took note of the certifications issued on 2 March 2023 by the Chief Executive Officer and the Executive in Charge of Financial Reporting, pursuant to the provisions of Art. 154 bis of the Consolidated Law on Finance and Art. 81-ter of Consob Regulation 1I971/1999, from which no deficiencies emerged that could affect the judgement of the adequacy of the administrative-accounting procedures.

The Board of Statutory Auditors also took note of the checks carried out by the Executive in Charge of Financial Reporting with regard to the consolidated subsidiaries; no critical issues emerged from these.

The Independent Auditors Deloitte & Touche S.p.A, (hereinafter also Deloitte) in the course of its periodic meetings and in the light of the Supplementary Report - provided for under Art. 11 of Regulation (EU) No. 537/2014 and issued on 23 March 2023 - did not reported to the Board of Statutory Auditors any critical situations that could affect the internal control system inherent to the administrative and accounting procedures, nor did it ever highlight any facts considered reprehensible or irregularities that would require reporting pursuant to Art. 155, paragraph 2 of the Consolidated Law on Finance.

Pursuant to law, the Board of Directors has prepared the Consolidated Financial Statements as of 31 December 2022 of the Piaggio Group. These financial statements have been audited by the Independent Auditors Deloitte, in respect of which (as required by the rules of conduct recommended by the Italian National Council of Accountants) the Board of Statutory Auditors checked the observance of the procedural rules concerning the preparation and layout of the report and of the Report on Operations.

In light of the above, there is nothing that leads the Board of Statutory Auditors to believe that the business was not run in compliance with the principles of sound governance or that the organisational framework, system of internal controls and accounting and administrative apparatus were not, as a whole, suited to the needs and size of the company.

The Company has prepared the Non-Financial Statement (hereinafter also NFS) as a section of the Report on Operations, on a consolidated basis. In accordance with the provisions of Art. 3, paragraph 7 of Legislative Decree No. 254/2016 and taking into account Consob notice No. 1/21 of 16-2-21, the Board of Statutory Auditors has verified the NFS's completeness and compliance with the provisions of the regulations and the drafting criteria illustrated in the Methodological Note of the NFS; nothing was found that requires mention in this report.

The Board of Statutory Auditors also took note of the Report issued by the Independent Auditors Deloitte on 23 March 2023, concluding the limited review of the NFS. This Report states that no evidence came to the attention of the Independent Auditors to suggest that the NFS for the financial year 2022 had not been prepared in all significant aspects in accordance with the relevant regulations.

3.4 – Checking in accordance with Legislative Decree No. 39/2010

The Board of Statutory Auditors, in its capacity as "Internal Control Committee", has monitored (to the extent of its remit) the operations of the Independent Auditors Deloitte & Touche SpA, appointed by the Shareholders' Meeting of 22 April 2020 for the financial years from 31/12/2021 to 31/12/2029.
As already mentioned, the Board of Statutory Auditors met several times during the year with the Independent Auditors pursuant to Art. 150 of the Consolidated Law on Finance, in order to exchange data and information concerning the activities carried out in the performance of their respective tasks.

On 23 March 2023, Independent Auditors issued - pursuant to Art. 14 of Legislative Decree No. 39/201O and Art. 10 of Regulation (EU) No. 537 of 16 April 2014 - the certification reports showing that the financial statements and the consolidated financial statements as of 31 December 2022 are clearly drawn up and give a true and fair view of the financial position, results of operations and cash flows of Piaggio & C. S.p.A. and the group for the year then ended in accordance with the International Financial Reporting Standard, as well as the measures issued in implementation of Art. 9 of Legislative Decree No. 38/05.

In the Independent Auditors' opinion, moreover:

- the financial statements and the consolidated financial statements were prepared in XHTML format in accordance with the provisions of Delegated Decree (EU) 2019/815 of the European Commission on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF);
- the Report on Operations to the financial statements and the consolidated financial statements as of 31 December 2022 and some specific information in the "Report on Corporate Governance and Ownership Structure" are consistent with the financial statements and the consolidated financial statements of Piaggio & C. SpA and are drafted in accordance with the law.

Also on 23 March 2023, the Independent Auditors submitted to the Board of Statutory Auditors the Supplementary Report, required under Art. 11 of Regulation (EU) No 537/2014, which this Board of Statutory Auditors will bring to the attention of the next Board of Directors.

In relation to the financial reporting process, the Supplementary Report does not indicate any significant shortcomings in the internal control system that deserve to be brought to the attention of those responsible for governance.
In the Supplementary Report, the Independent Auditors submitted the declaration on independence to the Board of Statutory Auditors, as required by Art. 6 of Regulation (EU) No. 537/2014, from which there are no situations that could compromise its independence.
Moreover, the Board of Statutory Auditors took note of the Report on Transparency drawn up by the Independent Auditors and published on its website in accordance with Art. 18 of Legislative Decree No. 39/2010.

Finally, the Board examined, as mentioned above, the content of Deloitte's report on the Statement of Non-Financial Information issued pursuant to Art. 3, paragraph 10 of Legislative Decree No. 254/2016 on 23 March 2023.

The Board of Statutory Auditors points out that during 2022, in addition to the tasks of auditing the individual financial statements, the consolidated financial statements and the financial statements of the subsidiaries, other activities were entrusted to Deloitte and its network, with the approval of this Board, as indicated below:

	Entity that provided the service	**Recipient**	**Fee for the financial year 2022**
In euros			
Audit	Deloitte	Parent Company Piaggio & C	370,972
	Deloitte	Subsidiaries	474,370
	Other auditors	Subsidiaries	42,469
NFS Limited audit	Deloitte	Parent Company Piaggio & C	41,518
Certification services	Deloitte	Parent Company Piaggio & C	29,000
	Deloitte	Subsidiaries	53,088
Other services	Deloitte	Parent Company Piaggio & C	15,670
Total			**1,027,087**

The Independent Auditors also confirmed to the Board of Statutory Auditors that it did not issue any other opinions required by law over the course of the year, as there were no grounds for doing so.

3.5 – Dealings with the Supervisory Board

As recommended by the rules of conduct issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Professional Accountants), in 2022 the Board of Statutory Auditors obtained all useful information from the Supervisory Board in order to verify that it had the necessary level of autonomy, independence and expertise to carry out its duties effectively.
The Board of Statutory Auditors has therefore acquired information from the Supervisory Board concerning the adequacy of the organisational model adopted by the Company, its actual functioning and its effective implementation. The Supervisory Board reported on the work it carried out in the course of the year ended 31 December 2022, without flagging up any particular issues, and describing a situation basically in line with that required by the Organisational and Management Model referred to in Legislative Decree No. 231/2001.

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Apart from the facts that it has already described above, the Board of Statutory Auditors is not aware of anything to be reported to the shareholders' meeting.

In 2022 the Board of Statutory Auditors did not receive any reports from shareholders under Art. 2408 of the Italian Civil Code.

In the course of its work, and on the basis of the information gathered, the Board of Statutory Auditors has not discovered any omissions, reprehensible facts, irregularities or significant circumstances that need to be reported to the regulatory authorities or mentioned in this report.

In conclusion, the Board of Statutory Auditors - taking into account the specific tasks entrusted to the Independent Auditors on the subject of auditing the accounts and verifying the reliability of the financial statements, which issued its opinion without reservations, in light of the certifications issued pursuant to Art. 154 bis of Legislative Decree No. 58/1998 by the Executive in Charge of Financial Reporting and the Chief Executive Officer and considering the favourable opinion of the Audit, Risks and Sustainability Committee on the adequacy of the Company's Internal Control and Risk Management System - does not have any comments to make to the Shareholders' Meeting, pursuant to Art. 153 of the Consolidated Law on Finance, regarding the approval of the financial statements for the year ending 31 December 2022, accompanied by the Report on Operations, as presented by the Board of Directors, and therefore has no objections to the approval of the financial statements, the proposal for the allocation of the profit for the year and the distribution of dividends.

Milan, 23 March 2023

For the Board of Statutory Auditors
The Chair

Piera Vitali

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We would like to thank all colleagues for their valuable help
in preparing this document.

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

Disclaimer

The Financial Statements as of December 31, 2022 of Piaggio & C S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815 and has been translated into English solely for the convenience of the international readers. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document. Accordingly, only the original text in Italian language is authoritative.

PIAGGIO GROUP

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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