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PIAGGIO GROUP

Interim Report on Operations
As of 31 March 2023

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

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Management and Coordination

IMMSI S.p.A.

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

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

Pisa Register of Companies and Tax Code 04773200011

Pisa Economic and Administrative Index no. 134077

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Introduction

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

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

Mission

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

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

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

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

For these reasons, we are not just vehicle manufacturers.
Through technological and social progress, we champion global mobility, in a responsible and sustainable way. Our aim is to make the quality of our life and that of future generations better.

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Health emergency - COVID-19

According to the World Health Organisation, the end of the public health emergency of international concern could be declared in the coming months.

In all markets in which the Group operates, lockdown measures are no longer in place and cases of contagion are falling sharply.

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 generated 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. The latter effect was partially mitigated by agreements entered into with suppliers and hedging transactions during the period.

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, carried out during the preparation of the 2022 Consolidated Financial Statements (described in greater detail in the notes to the financial statements in the section on goodwill) and the formulation of the 2023 budget.

Key operating and financial data

	1st Quarter 2023	1st Quarter 2022	Year 2022
In millions of Euros			
Operating highlights			
Net revenues	546.8	455.8	2,087.4
Gross industrial margin	148.2	116.8	554.9
Operating income	44.9	27.7	158.7
Profit before tax	36.5	20.4	127.2
Net profit	24.1	12.7	84.9
.Non-controlling interests			
.Group	24.1	12.7	84.9
Financial highlights			
Net capital employed (NCE)	867.4	858.6	786.0
Consolidated net debt	(428.0)	(441.1)	(368.2)
Shareholders’ equity	439.4	417.5	417.8
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	27.1%	25.6%	26.6%
Net profit as a percentage of net revenues (%)	4.4%	2.8%	4.1%
ROS (Operating income/net revenues)	8.2%	6.1%	7.6%
ROE (Net profit/shareholders’ equity)	5.5%	3.0%	20.3%
ROI (Operating income/NCE)	5.2%	3.2%	20.2%
EBITDA	81.0	60.1	298.1
EBITDA/net revenues (%)	14.8%	13.2%	14.3%
Other information			
Sales volumes (unit/000)	154.9	141.8	625.5
Investments in property, plant and equipment and intangible assets	32.4	26.6	151.7
Employees at the end of the period (number)	6,429	6,332	5,838

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	**TOTAL**
	1-1/31-3-2023	70.2	37.6	47.1	**154.9**
Sales volumes	1-1/31-3-2022	65.5	35.5	40.8	**141.8**
(units/000)	Change	4.7	2.1	6.3	**13.1**
	Change %	7.2%	5.9%	15.5%	**9.2%**
	1-1/31-3-2023	339.6	88.0	119.3	**546.8**
Turnover	1-1/31-3-2022	284.1	65.6	106.1	**455.8**
(million Euros)	Change	55.5	22.4	13.1	**91.0**
	Change %	19.5%	34.1%	12.4%	**20.0%**
	1-1/31-3-2023	3,735.7	1,361.3	1,220.3	**6,317.3**
Average number of staff	1-1/31-3-2022	3,832.0	1,445.7	1,073.3	**6,351.0**
(no.)	Change	(96.3)	(84.4)	147.0	**(33.7)**
	Change %	-2.5%	-5.8%	13.7%	**-0.5%**
Investment in property	1-1/31-3-2023	22.0	7.3	3.1	**32.4**
plant and equipment	1-1/31-3-2022	19.0	3.9	3.7	**26.6**
and intangible assets	Change	3.1	3.3	(0.6)	**5.8**
(million Euros)	Change %	16.1%	84.5%	-16.1%	**21.7%**

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.

Significant events during the first quarter of 2023

18 January 2023 - Vespa 946 celebrated its anniversary with a special edition dedicated to the Year of the Rabbit. With 1,000 pieces produced in a limited, numbered series, this will be just the first step in a major project that will run over the next 12 years and will see the release of an annual edition, inspired by that year’s lunar horoscope animal.

10 March 2023 - Aprilia Racing - ready for the MotoGP World Championship 2023. As planned, the project is continuing: for the first time, four RS-GPs and four top drivers will be on the track. After an excellent 2022 season, the project is operating at full throttle, aiming to be even more competitive, but above all to give thousands of Aprilia brand fans around the world the chance to enjoy the experience and dream.

Financial position and performance of the Group

Consolidated income statement (reclassified)

	1st Quarter 2023		1st Quarter 2022		Change	
	In millions of Euros	*Accounting for a %*	*In millions of Euros*	*Accounting for a %*	*In millions of Euros*	*%*
Net revenues	546.8	100.0%	455.8	100.0%	91.0	20.0%
Cost to sell[1]	398.5	72.9%	339.1	74.4%	59.5	17.5%
Gross industrial margin[1]	**148.2**	**27.1%**	**116.8**	**25.6%**	**31.5**	**27.0%**
Operating expenses	103.4	18.9%	89.1	19.5%	14.3	16.0%
Operating income	**44.9**	**8.2%**	**27.7**	**6.1%**	**17.2**	**62.2%**
Result of financial items	(8.4)	-1.5%	(7.2)	-1.6%	(1.1)	15.6%
Profit before tax	**36.5**	**6.7%**	**20.4**	**4.5%**	**16.1**	**78.7%**
Taxes	12.4	2.3%	7.8	1.7%	4.6	59.9%
Net profit	**24.1**	**4.4%**	**12.7**	**2.8%**	**11.4**	**90.2%**
Operating income	**44.9**	**8.2%**	**27.7**	**6.1%**	**17.2**	**62.2%**
Amortisation/depreciation and impairment costs	36.2	6.6%	32.4	7.1%	3.8	11.6%
EBITDA[1]	**81.0**	**14.8%**	**60.1**	**13.2%**	**21.0**	**34.9%**

Net revenues

	1st Quarter 2023	1st Quarter 2022	Change
In millions of Euros			
EMEA and Americas	339.6	284.1	55.5
India	88.0	65.6	22.4
Asia Pacific 2W	119.3	106.1	13.1
TOTAL NET REVENUES	**546.8**	**455.8**	**91.0**
Two-wheelers	438.0	374.0	64.0
Commercial Vehicles	108.8	81.8	27.0
TOTAL NET REVENUES	**546.8**	**455.8**	**91.0**

In terms of consolidated turnover, the Group closed the first three months of 2023 with higher net revenues compared to the same period of 2022 (+20.0%).
Both Two-Wheelers (+17.1%) and Commercial Vehicles (+32.9%) recorded growth. The percentage of Commercial Vehicles accounting for overall turnover went up from 18.0% in the first three months of 2022 to the current figure of 19.9%; vice versa, the percentage of two-wheeler vehicles fell from 82.0% in the first six months of 2022 to the current figure of 80.1%.

The Group's **gross industrial margin** rose compared to the first three months of the previous year (+27.0%), accounting for 27.1% of turnover (25.6% in the first three months of 2022).

[1] For a definition of the parameter, see the "Economic Glossary".

Amortisation/depreciation included in the gross industrial margin was equal to €10.1 million (€9.7 million in the first three months of 2022).

Operating expenses incurred in the period went up compared to the same period of the previous financial year (+16.0%), amounting to €103.4 million. This performance is closely linked to the increase in turnover and vehicles sold.

The above-described change in the income statement resulted in a strong increase in consolidated **EBITDA**, which stood at €81.0 million (€60.1 million in the first three months of 2022). In relation to turnover, EBITDA was equal to 14.8% (13.2% in the first three months of 2022).
Operating income (**EBIT**) amounted to €44.9 million, again a strong increase on the first three months of 2022; in relation to turnover, EBIT was equal to 8.2% (6.1% in the first three months of 2022).

The result of **financial items** recorded Net Charges of €8.4 million (€7.2 million in the first three months of 2022). The deterioration was substantially due to the rise in interest rates on debt only partially offset by the positive impact of currency management.

Income taxes for the period amounted to €12.4 million, equivalent to 34.0% of profit before tax.

Net profit stood at €24.1 million (4.4% of turnover), up on the figure for the same period of the previous financial year, when it amounted to €12.7 million (2.8% of turnover).

Operating data

Vehicles sold

	1st Quarter 2023	1st Quarter 2022	Change
In thousands of units			
EMEA and Americas	70.2	65.5	4.7
India	37.6	35.5	2.1
Asia Pacific 2W	47.1	40.8	6.3
TOTAL VEHICLES	**154.9**	**141.8**	**13.1**
Two-wheelers	124.7	119.0	5.7
Commercial Vehicles	30.2	22.8	7.4
TOTAL VEHICLES	**154.9**	**141.8**	**13.1**

In the first three months of 2023, the Piaggio Group sold 154,900 vehicles worldwide, recording an increase compared to the first three months of the previous year, when 141,800 vehicles had been sold (+9.2%). 2W sales were up in Emea and Americas (+7.2%), in India (+5.9%) and Asia Pacific (+15.5%). Regarding product type, sales of Two-Wheeler vehicles grew (+4.8%), as well as sales of Commercial Vehicles (+32.4%).

Staff

During the first three months of 2023, the average headcount was down overall in all geographic segments except Asia Pacific, where the Indonesian plant started up in the last quarter of 2022 was not operational.

Average number of company employees by geographic segment

Employee/staff numbers	1st Quarter 2023	1st Quarter 2022	Change
EMEA and Americas	3,735.7	3,832.0	(96.3)
of which Italy	*3,462.3*	*3,560.0*	*(97.7)*
India	1,361.3	1,445.7	(84.4)
Asia Pacific 2W	1,220.3	1,073.3	147.0
Total	**6,317.3**	**6,351.0**	**(33.7)**

As of 31 March 2023, Group employees totalled 6,429, up by 591 compared to 31 December 2022.

Breakdown of company employees by geographic segment

Employee/staff numbers	**As of 31 March 2023**	**As of 31 December 2022**	**As of 31 March 2022**
EMEA and Americas	3,873	3,260	3,824
of which Italy	*3,600*	*2,989*	*3,550*
India	1,331	1,369	1,441
Asia Pacific 2W	1,225	1,209	1,067
Total	**6,429**	**5,838**	**6,332**

Consolidated statement of financial position[2]

In millions of Euros	As of 31 March 2023	As of 31 December 2022	Change
Statement of financial position			
Net working capital	(139.5)	(224.8)	85.3
Property, plant and equipment	286.8	291.4	(4.6)
Intangible assets	731.3	729.5	1.8
Rights of use	36.2	36.9	(0.7)
Financial assets	10.0	10.0	(0.0)
Provisions	(57.3)	(56.9)	(0.4)
Net capital employed	**867.4**	**786.0**	**81.4**
Net financial debt	428.0	368.2	59.8
Shareholders' equity	439.4	417.8	21.5
Sources of financing	**867.4**	**786.0**	**81.4**
Non-controlling interests	(0.2)	(0.2)	(0.0)

Net working capital as of 31 March 2023, which was negative by €-139.5 million, used cash for approximately €85.3 million in the first three months of 2023.

Property, plant and equipment amounted to €286.8 million as of 31 March 2023, registering a decrease of approximately €4.6 million compared to 31 December 2022. This reduction is mainly due to depreciation, the value of which exceeded investments for the period by approximately €3.4 million.

Intangible assets totalled €731.3 million, up by approximately €1.8 million compared to 31 December 2022. This growth is mainly due to investments for the period, the value of which exceeded amortisation by approximately €2.2 million.

Rights of use, equal to €36.2 million, represent the current value of future operating lease payments, as required by the adoption of IFRS 16.

Financial assets which total €10.0 million, were in line with the figures for the previous year.

Provisions totalled €57.3 million, up compared to 31 December 2022.

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 31 March 2023 was equal to €428.0 million, compared to €368.2 million as of 31 December 2022. The increase of approximately €59.8 million is mainly due to the seasonal

[2] For a definition of individual items, see the "Economic Glossary".

nature of two-wheelers which, as is well-known, uses resources in the first part of the year and generates them in the second half.

Net financial debt decreased by €13.0 million compared to 31 March 2022.

The Group's **shareholders' equity** as of 31 March 2023 totalled €439.4 million, up by approximately €21.5 million compared to 31 December 2022.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Consolidated Condensed Interim Financial Statements as of 31 March 2023"; the following is a comment relating to the summary statement shown.

	1st Quarter 2023	1st Quarter 2022	Change
In millions of Euros			
Change in Consolidated Net Debt			
Opening Consolidated Net Debt	**(368.2)**	**(380.3)**	**12.1**
Cash Flow from Operating Activities	58.3	39.3	19.0
(Increase)/Reduction in Net Working Capital	(85.3)	(74.0)	(11.3)
Investment activities	(32.4)	(26.6)	(5.8)
Other changes	2.1	(0.2)	2.3
Change in Shareholders' Equity	(2.5)	0.8	(3.3)
Total Change	**(59.8)**	**(60.7)**	**0.9**
Closing Consolidated Net Debt	**(428.0)**	**(441.1)**	**13.0**

In the first three months of 2023, the Piaggio Group used **financial resources** amounting to €59.8 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €58.3 million.

Working capital involved a negative cash flow of approximately €85.3 million; in detail:

- the collection of trade receivables[3] used financial flows for a total of €38.3 million;
- stock management absorbed financial flows for a total of approximately €21.7 million;
- supplier payments used financial flows of approximately €40.2 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €14.9 million.

Investing activities involved a total of €32.4 million of financial resources.

Other changes, which mainly include changes in right of use assets, other changes in property, plant and equipment and intangible assets and the change in shareholders' equity, absorbed €0.4 million.

[3] Net of customer advances.

As a result of the above financial dynamics, which involved a cash flow of €59.8 million, the **net debt** of the Piaggio Group amounted to €-428.0 million, a €13.0 million improvement on the same period of the previous year.

Alternative non-GAAP performance measures

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

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

In particular the following alternative performance measures have been used:

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

Results by type of product

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

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

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

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

Two-wheelers

Two-wheelers	***1st Quarter 2023***		***1st Quarter 2022***		***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	67.0	306.5	62.5	251.5	7.1%	21.9%	4.5	55.1
of which EMEA	60.1	268.3	58.1	227.3	3.5%	18.0%	2.0	41.0
(of which Italy)	*15.1*	*66.9*	*10.6*	*47.7*	*42.1%*	*40.3%*	*4.5*	*19.2*
of which America	6.9	38.3	4.4	24.2	54.7%	58.2%	2.4	14.1
India	10.6	12.2	15.7	16.4	-32.2%	-25.7%	(5.0)	(4.2)
Asia Pacific 2W	47.1	119.3	40.8	106.1	15.5%	12.4%	6.3	13.1
TOTAL	**124.7**	**438.0**	**119.0**	**374.0**	**4.8%**	**17.1%**	**5.7**	**64.0**
Scooters	110.2	284.5	105.5	243.6	4.5%	16.8%	4.7	40.9
Mechanical Scooters	*108.5*	*278.3*	*102.1*	*235.3*	*6.3%*	*18.3%*	*6.4*	*43.0*
Electric Scooters	*1.7*	*6.2*	*3.4*	*8.3*	*-49.8%*	*-25.5%*	*(1.7)*	*(2.1)*
Motorcycles	14.5	113.0	13.4	100.3	7.8%	12.7%	1.0	12.7
Other vehicles	0.008	0.004	0.033	0.013	-75.8%	-67.2%	(0.025)	(0.009)
Scooters	*0.007*	*0.003*	*0.033*	*0.013*	*-78.8%*	*-77.7%*	*(0.026)*	*(0.010)*
Wi Bike	*0.001*	*0.001*	*0.000*	*0.000*			*0.001*	*0.001*
Spare Parts and Accessories		38.7		29.4		31.4%		9.2
Other		1.8		0.7		163.2%		1.1
Gita		*0.03*		*0.10*		*-74.0%*		*(0.07)*
Other		*1.8*		*0.6*		*202.7%*		*1.2*
TOTAL	**124.7**	**438.0**	**119.0**	**374.0**	**4.8%**	**17.1%**	**5.7**	**64.0**

Two-wheeler vehicles can mainly be grouped into two product segments, scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.
The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).
In the first macro area, which is a minority segment in terms of volumes, the Piaggio Group has a historical presence, with scooters meeting the need for mobility in urban areas and motorcycles for recreational purposes.
In the second macro area, which in terms of sales, accounts for most of the world market and is the Group's target for expanding operations, two-wheeler vehicles are the primary mode of transport.

Background

In Europe[4], the Piaggio Group's reference area, the two-wheeler market sold 360,384 vehicles in the first quarter of 2023, a 5.6% increase compared to the first three months of 2022 (+10.0% for the motorcycle segment and +0.4% for the scooter segment).
The electric scooter segment decreased by 34.1% compared to the same period in 2022, and with 20,138 units accounted for 12.9% of the total scooter market (down from 19.6% in the first quarter of 2022).
In Italy, the scooter segment increased by 37.3%, while the motorcycle segment registered a growth of 18.6%.
North America's two-wheeler market decreased slightly in the first three months of 2023 compared to the same period of the previous year (-2.0%). The motorcycle market, which accounts for 96.2% of the overall market, decreased by 1.5%, while the scooter market fell by 13.4%.
In Vietnam, the Asian nation with most Group vehicles, sales decreased overall by 15.8%.
In India, the two-wheeler market recorded a rise (+6.3%) in the first three months of 2023 compared to the same period of the previous year, driven by growth in the scooter segment (+10.3%) and in the motorcycle segment (+4.7%).

Main results

In the first three months of 2023, the Piaggio Group sold a total of 124,700 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €438.0 million, including spare parts and accessories (€38.7 million, +31.4%).

[4] Italy, France, Spain, Germany, United Kingdom, Belgium, Holland, Greece, Croatia, Portugal, Switzerland, Austria, Finland, Sweden, Norway, Denmark, Czech Republic, Hungary and Slovenia.

The excellent performance recorded in Emea and Americas (+7.1% volumes; +21.9% turnover) and Asia Pacific (+15.5% volumes; +12.4% turnover) more than offset the decline recorded in India (-32.2% volumes; -25.7% turnover; -22.3% at constant exchange rates). Overall, volumes grew by 4.8% while turnover grew by 17.1%.

Market positioning[5]

On the European two-wheeler market, the Piaggio Group achieved a total share of 11.5% in the first three months of 2023, remaining stable compared to the first quarter of 2022 (11.5%). In the scooter segment, the Group, which is one of the leading market players, slightly increased its market share to 21.7% from 21.0% in the first three months of 2022.

In Italy, the Piaggio Group's share of the two-wheeler market changed from 14.9% in the first quarter of 2022 to 14.8% in the same period of 2023. The Group held a 23.5% share in the scooter segment (24.4% in the first three months of 2022) and a 5.6% share in the motorcycle segment (6.2% in the first three months of 2022).

In India, in the first three months of 2023, the Group recorded a decrease in sell-out volumes compared to the same period of the previous year, closing at 9,128 vehicles (-38.5%).

The Group's position on the North American scooter grew, ending the period with a share of 26.4% (24.6% in the first quarter of 2022).

[5] Market shares for the first three months of 2022 might differ from figures published in the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Commercial Vehicles

Commercial Vehicles	*1st Quarter 2023* Volumes Sell-in (units/000)	*1st Quarter 2023* Turnover (million Euros)	*1st Quarter 2022* Volumes Sell-in (units/000)	*1st Quarter 2022* Turnover (million Euros)	*Change %* Volumes	*Change %* Turnover	*Change* Volumes	*Change* Turnover
EMEA and Americas	3.2	33.0	3.0	32.6	7.7%	1.2%	0.2	0.4
of which EMEA	*2.0*	*30.6*	*2.2*	*30.9*	*-10.2%*	*-1.1%*	*(0.2)*	*(0.3)*
(of which Italy)	*1.1*	*20.0*	*1.3*	*20.2*	*-20.5%*	*-1.1%*	*(0.3)*	*(0.2)*
of which America	*1.2*	*2.5*	*0.8*	*1.8*	*59.0%*	*40.2%*	*0.5*	*0.7*
India	27.0	75.8	19.8	49.2	36.1%	54.0%	7.1	26.6
TOTAL	30.2	108.8	22.8	81.8	32.4%	32.9%	7.4	27.0
Ape	28.8	69.7	21.1	43.6	36.5%	59.8%	7.7	26.1
of which the Ape Electric	*5.6*	*21.9*	*0.8*	*3.2*	*595.0%*	*578.8%*	*4.8*	*18.6*
Porter	1.4	23.7	1.7	25.5	-18.5%	-7.1%	(0.3)	(1.8)
of which the Electric Porter	*0.001*	*0.008*	*0.000*	*0.000*			*0.001*	*0.008*
Spare Parts and Accessories		15.4		12.7		21.1%		2.7
TOTAL	30.2	108.8	22.8	81.8	32.4%	32.9%	7.4	27.0

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

Background

Europe

In the first three months of 2023, registrations on the European market (including the UK) of light commercial vehicles (gross vehicle weight less than or equal to 3.5 tons), in which the Piaggio Group operates, increased by 9.5% (data source ACEA). On key markets, demand decreased only in France (-3.0%), while it grew in Germany (+9.2%), Italy (+7.0%) and Spain (+31.2%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went up from 83,387 units in the first three months of 2022 to 153,645 units in the same period of 2023, registering an 84.3% increase. Within this market, this growth was driven above all by the passenger segment, which showed a marked increase in terms of units (105.2%), rising from 56,505 units in the first three months of 2022 to 115,969 units in the first three months of 2023. The cargo segment grew by 25.2%, from 22,304 units in the first quarter of 2022 to 27,918 units in the first three months of 2023.

Main results

During the first three months of 2023, the Commercial vehicles business generated a turnover of approximately €108.8 million, up by 32.9% compared to the same period of the previous year.
Growth was driven by a recovery in the Indian market (+54.0%; 60.5% at constant exchange rates) where there was a 36.1% increase in volumes and a different mix of products sold.
The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 25,759 three-wheelers on the Indian market (13,977 in the first three months of 2022). The growth in volumes (+4,800 units) and turnover (+€18.6 million) of the electric version of the Ape is worth noting.
The Indian affiliate also exported 1,200 three-wheeler vehicles (5,836 in the first quarter of 2022).

The EMEA and Americas region also showed a positive trend in sales (+1.2%) supported by a growth in volume in the Americas (+59.0%).

Market positioning[6]

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with products designed for short-range mobility in urban areas (European urban centres) and suburban areas (the product range for India).
The Group is present in India in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it is market leader.
On the Indian three-wheeler market, Piaggio has a market share of 15.3% (16.8% in the first quarter of 2022). Analysing the market in detail, in the cargo segment Piaggio has a market share of 26.2% (33.1% in the first three months of 2022). In the passenger segment, Piaggio increased its share closing at 13.9%, (11.7% in the first quarter of 2022).

[6] Market shares for the first three months of 2022 might differ from figures published in the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Events occurring after the end of the period

23 April 2023 - Aprilia consolidated its dominance in the Twins class of the MotoAmerica championship. In an exciting weekend at Road Atlanta, riders Rocco Landers and Gus Rodio took half of the podiums, giving the Aprilia RS 660 its second win in four races this season. Landers dominated race 2 while Rodio, after only two rounds of the championship, is aiming to break away at the top.

Operating outlook

Despite forecasts that are still complex overall, because of ongoing critical aspects concerning geopolitical tensions, Piaggio will continue its growth path, thanks to a portfolio of brands unique in the world, confirming planned investments in new products and new plants and strengthening its commitment to ESG issues.

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, receivables and payables as of 31 March 2023 involving parent companies, subsidiaries and affiliates refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the "Notes to the consolidated financial statements".

Investments of members of the board of directors and members of the control committee

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

Economic glossary

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

Property, plant and equipment: consist of property, plant, machinery and industrial equipment, net of accumulated depreciation 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.

Condensed Interim Financial Statements as of 31 March 2023

EMARKET SDIR CERTIFIED

Consolidated Income Statement

		1st Quarter 2023		1st Quarter 2022	
		Total	*of which related parties*	Total	*of which related parties*
In thousands of Euros	*Notes*				
Net revenues	4	546,784	6	455,818	
Cost for materials	5	352,364	7,579	291,801	14,001
Cost for services and leases and rentals	6	73,727	496	65,076	307
Employee costs	7	67,133		65,310	
Depreciation and impairment costs of property, plant and equipment	8	13,409		12,068	
Amortisation and impairment costs of intangible assets	8	20,204		18,270	
Depreciation of rights of use	8	2,568		2,073	
Other operating income	9	34,859	109	32,654	103
Net reversals (impairment) of trade and other receivables	10	(1,165)		(972)	
Other operating costs	11	6,205	8	5,237	
Operating income		**44,868**		**27,665**	
Income/(loss) from investments	12	5	5	(67)	(67)
Financial income	13	757		349	
Borrowing costs	13	9,362	14	5,695	20
Net exchange gains/(losses)	13	234		(1,826)	
Profit before tax		**36,502**		**20,426**	
Taxes for the period	14	12,411		7,762	
Profit from continuing operations		**24,091**		**12,664**	
Assets held for sale:					
Profits or losses arising from assets held for sale	15				
Net Profit (loss) for the period		**24,091**		**12,664**	
Attributable to:					
Owners of the Parent		**24,091**		**12,664**	
Non-controlling interests		**0**		**0**	
Earnings per share (figures in €)	16	**0.068**		**0.035**	
Diluted earnings per share (figures in €)	16	**0.068**		**0.035**	

EMARKET SDIR CERTIFIED

Consolidated Statement of Comprehensive Income

		1st Quarter 2023	1st Quarter 2022
In thousands of Euros	*Notes*		
		24,091	**12,664**
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans	39	(281)	1,370
Total		**(281)**	**1,370**
Items that may be reclassified in the income statement			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	39	(1,568)	(1,272)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	39	(171)	269
Total profits (losses) on cash flow hedges	39	(446)	594
Total		**(2,185)**	**(409)**
Other comprehensive income (B)*		**(2,466)**	**961**
Total Profit (loss) for the period (A + B)		**21,625**	**13,625**

* The other components of the comprehensive income account for the related tax effects

Attributable to:			
Owners of the Parent		**21,629**	**13,653**
Non-controlling interests		**(4)**	**(28)**

EMARKET SDIR CERTIFIED

Consolidated Statement of Financial Position

In thousands of Euros	*Notes*	**As of 31 March 2023** Total	*of which related parties*	**As of 31 December 2022** Total	*of which related parties*
ACTIVITIES					
Non-current assets					
Intangible assets	17	731,276		729,524	
Property, plant and equipment	18	286,773		291,366	
Rights of use	19	36,178		36,861	
Investments	34	9,748		9,913	
Other financial assets	35	16		16	
Tax receivables	24	8,820		8,820	
Deferred tax assets	20	67,592		71,611	
Trade receivables	22				
Other receivables	23	19,344		20,021	
Total non-current assets		**1,159,747**		**1,168,132**	
Assets held for sale	26				
Current assets					
Trade receivables	22	111,298	544	67,143	468
Other receivables	23	60,709	26,161	56,118	26,293
Tax receivables	24	38,133		45,101	
Inventories	21	401,392		379,678	
Other financial assets	35	191		59	
Cash and cash equivalents	36	235,595		242,616	
Total current assets		**847,318**		**790,715**	
Total assets		**2,007,065**		**1,958,847**	

In thousands of Euros	Notes	As of 31 March 2023 Total	As of 31 March 2023 of which related parties	As of 31 December 2022 Total	As of 31 December 2022 of which related parties
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the owners of the Parent	38	439,528		417,977	
Share capital and reserves attributable to non-controlling interests	38	(170)		(166)	
Total shareholders' equity		**439,358**		**417,811**	
Non-current liabilities					
Financial liabilities	37	500,639		510,790	
Financial liabilities for rights of use	37	16,025	944	17,713	1,000
Trade payables	27				
Other long-term provisions	28	16,047		16,154	
Deferred tax liabilities	29	5,422		5,173	
Retirement funds and employee benefits	30	25,497		25,714	
Tax payables	31				
Other payables	32	15,468		15,530	
Total non-current liabilities		**579,098**		**591,074**	
Current liabilities					
Financial liabilities	37	134,622		71,149	
Financial liabilities for rights of use	37	12,347	1,184	11,192	1,296
Trade payables	27	705,456	11,010	739,832	9,858
Tax payables	31	19,548		19,022	
Other payables	32	100,850	26,424	93,710	26,450
Current portion of other long-term provisions	28	15,786		15,057	
Total current liabilities		**988,609**		**949,962**	
Total Shareholders' Equity and Liabilities		**2,007,065**		**1,958,847**	

Consolidated Statement of Cash Flows

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

		1st Quarter 2023		1st Quarter 2022	
		Total	of which related parties	Total	of which related parties
In thousands of Euros	*Notes*				
Operating activities					
Net Profit (loss) for the period		24,091		12,664	
Taxes for the period	14	12,411		7,762	
Depreciation of property, plant and equipment	8	13,409		12,068	
Amortisation of intangible assets	8	20,204		18,270	
Depreciation of rights of use	8	2,568		2,073	
Provisions for risks and retirement funds and employee benefits		5,589		4,689	
Write-downs/(Reinstatements)		1,147		972	
Losses / (Gains) on the disposal of property, plant and equipment		(3)		1	
Financial income	13	(757)		(349)	
Borrowing costs	13	9,362		5,695	
Income from public grants		(1,321)		(944)	
Portion of earnings of associates		(5)		67	
Change in working capital:					
(Increase)/Decrease in trade receivables	22	(44,368)	(76)	(59,853)	96
(Increase)/Decrease in other receivables	23	(4,848)	132	(397)	(208)
(Increase)/Decrease in inventories	21	(21,714)		(72,145)	
Increase/(Decrease) in trade payables	27	(34,376)	1,152	57,890	3,807
Increase/(Decrease) in other payables	32	7,078	(26)	5,486	(158)
Increase/(Decrease) in provisions for risks	28	(2,789)		(3,779)	
Increase/(Decrease) in retirement funds and employee benefits	30	(2,782)		(3,044)	
Other changes		5,257		(9,953)	
Cash generated from operating activities		**(11,847)**		**(22,827)**	
Interest paid		(4,850)		(3,378)	
Taxes paid		(7,353)		(6,044)	
Cash flow from operating activities (A)		**(24,050)**		**(32,249)**	
Investment activities					
Investment in property, plant and equipment	18	(9,970)		(7,826)	
Sale price, or repayment value, of property, plant and equipment		60		1	
Investment in intangible assets	17	(22,424)		(18,785)	
Sale price, or repayment value, of intangible assets		0		3	
Public grants collected		184		61	
Collected interests		570		356	
Cash flow from investment activities (B)		**(31,580)**		**(26,190)**	
Financing activities					
Purchase of treasury shares	38	(78)		(206)	
Loans received	37	89,242		56,073	
Outflow for repayment of loans	37	(37,452)		(37,574)	
Lease payments for rights of use	37	(2,679)		(2,004)	
Cash flow from financing activities (C)		**49,033**		**16,289**	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(6,597)		(42,150)	
Opening balance		**242,552**		**260,856**	
Exchange differences		(2,425)		182	
Closing balance		**233,530**		**218,888**	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2023 / 31 March 2023

In thousands of Euros	Notes	As of 1 January 2023	Profit for the period	Other comprehensive income	Total profit (loss) for the period	Transactions with shareholders: Allocation of profits	Distribution of dividends	Purchase of treasury shares	Interim dividend	As of 31 March 2023
					39	38	38	38	38	
Share capital		**207,614**								**207,614**
Share premium reserve		**7,171**								**7,171**
Legal reserve		**28,954**								**28,954**
Reserve for measurement of financial instruments		**2,545**		(446)	**(446)**					**2,099**
IAS transition reserve		**(15,525)**								**(15,525)**
Group translation reserve		**(43,488)**		(1,735)	**(1,735)**					**(45,223)**
Treasury shares		**(7,688)**						(78)		**(7,766)**
Earnings reserve		**183,705**			**0**	54,689				**238,394**
Earnings for the period		**54,689**	24,091	(281)	**23,810**	(54,689)				**23,810**
Consolidated Group shareholders' equity		**417,977**	**24,091**	**(2,462)**	**21,629**	**0**	**0**	**(78)**	**0**	**439,528**
Share capital and reserves attributable to non-controlling interests		**(166)**		**(4)**	**(4)**					**(170)**
TOTAL SHAREHOLDERS' EQUITY		**417,811**	**24,091**	**(2,466)**	**21,625**	**0**	**0**	**(78)**	**0**	**439,358**

Movements from 1 January 2022 / 31 March 2022

In thousands of Euros	Notes	As of 1 January 2022	Profit for the period	Other comprehensive income	Total profit (loss) for the period	Transactions with shareholders: Allocation of profits	Distribution of dividends	Purchase of treasury shares	Interim dividend	As of 31 March 2022
					39	38	38	38	38	
Share capital		**207,614**								**207,614**
Share premium reserve		**7,171**								**7,171**
Legal reserve		**26,052**								**26,052**
Reserve for measurement of financial instruments		**6,083**		594	**594**					**6,677**
IAS transition reserve		**(15,525)**								**(15,525)**
Group translation reserve		**(31,026)**		(975)	**(975)**					**(32,001)**
Treasury shares		**(2,019)**						(206)		**(2,225)**
Earnings reserve		**176,185**				29,700				**205,885**
Earnings for the period		**29,700**	12,664	1,370	**14,034**	(29,700)				**14,034**
Consolidated Group shareholders' equity		**404,235**	**12,664**	**989**	**13,653**	**0**	**0**	**(206)**	**0**	**417,682**
Share capital and reserves attributable to non-controlling interests		**(149)**		**(28)**	**(28)**					**(177)**
TOTAL SHAREHOLDERS' EQUITY		**404,086**	**12,664**	**961**	**13,625**	**0**	**0**	**(206)**	**0**	**417,505**

Notes to the Consolidated Financial Statements

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The address of the registered office is Viale Rinaldo Piaggio 25 - Pontedera (Pisa). The main activities of the company and its subsidiaries are set out in the Report on Operations.
These Financial Statements are expressed in Euros (€) since this is the currency in which most of the Group's transactions take place. Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

1. Scope of consolidation

The scope of consolidation is unchanged from the consolidated financial statements as of 31 December 2022 and 31 March 2022.

2. Compliance with international accounting standards

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (CONSOB Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", CONSOB Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", CONSOB communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with 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.
During the drafting of these Condensed Consolidated Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Reporting*, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2022 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2023". The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2022, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2022.

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

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

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

<u>New accounting standards, amendments and interpretations adopted from 1 January 2023</u>

- 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 was 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 apply from 1 January 2023, together with the application of IFRS 17.
- 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 policies 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 apply from 1 January 2023, but early application was permitted.
- On 7 May 2021, the IASB published an amendment called "*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 apply from 1 January 2023, but early application was permitted.

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

Accounting standards, amendments and interpretations not yet applicable

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 an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 published an amendment called "*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 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an 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

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

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

Currency	**Spot exchange rate 31 March 2023**	**Average exchange rate 1st Quarter 2023**	**Spot exchange rate 31 December 2022**	**Average exchange rate 1st Quarter 2022**
US Dollar	1.0875	1.07301	1.0666	1.12168
Pounds Sterling	0.87920	0.883090	0.88693	0.836406
Indian Rupee	89.3995	88.24376	88.1710	84.39443
Singapore Dollars	1.4464	1.43018	1.43	1.51692
Chinese Yuan	7.4763	7.34192	7.3582	7.12120
Croatian Kuna[7]	n.a.	n.a.	7.5345	7.54421
Japanese Yen	144.83	141.98062	140.66	130.46359
Vietnamese Dong	25,528.00	25,289.38462	25,183.00	25,541.75000
Indonesian Rupiah	16,300.19	16,345.24815	16,519.82	16,088.34031
Brazilian Real	5.5158	5.57505	5.6386	5.86956

[7] Starting from 1 January 2023 Croatia joined the euro area.

B) SEGMENT REPORTING

3. Operating segment reporting

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

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

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

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

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

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	**Total**
Sales volumes (unit/000)	1-1/31-3-2023	70.2	37.6	47.1	**154.9**
	1-1/31-3-2022	65.5	35.5	40.8	**141.8**
	Change	4.7	2.1	6.3	**13.1**
	Change %	7.2%	5.9%	15.5%	**9.2%**
Net turnover (millions of Euros)	1-1/31-3-2023	339.6	88.0	119.3	**546.8**
	1-1/31-3-2022	284.1	65.6	106.1	**455.8**
	Change	55.5	22.4	13.1	**91.0**
	Change %	19.5%	34.1%	12.4%	**20.0%**
Cost to sell (millions of Euros)	1-1/31-3-2023	248.3	72.2	78.1	**398.5**
	1-1/31-3-2022	214.6	58.4	66.1	**339.1**
	Change	33.7	13.8	11.9	**59.5**
	Change %	15.7%	23.6%	18.1%	**17.5%**
Gross margin (millions of Euros)	1-1/31-3-2023	91.3	15.8	41.2	**148.2**
	1-1/31-3-2022	69.5	7.2	40.0	**116.8**
	Change	21.7	8.6	1.2	**31.5**
	Change %	31.2%	118.7%	3.0%	**27.0%**
EBITDA (millions of Euros)	1-1/31-3-2023				**81.0**
	1-1/31-3-2022				**60.1**
	Change				**21.0**
	Change %				**34.9%**
EBIT (millions of Euros)	1-1/31-3-2023				**44.9**
	1-1/31-3-2022				**27.7**
	Change				**17.2**
	Change %				**62.2%**
Net profit (millions of Euros)	1-1/31-3-2023				**24.1**
	1-1/31-3-2022				**12.7**
	Change				**11.4**
	Change %				**90.2%**

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 546,784

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 12,177) and invoiced advertising cost recoveries (€/000 1,204), 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:

	1st Quarter 2023		1st Quarter 2022		Change	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
In thousands of Euros						
EMEA and Americas	339,565	62.1	284,095	62.3	55,470	19.5
India	87,957	16.1	65,591	14.4	22,366	34.1
Asia Pacific 2W	119,262	21.8	106,132	23.3	13,130	12.4
Total	**546,784**	**100.0**	**455,818**	**100.0**	**90,966**	**20.0**

In the first three months of 2023 net sales revenues increased by 20.0% compared to the same period of the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials €/000 352,364

Costs for materials increased by €/000 60,563 compared to the first three months of 2022, mainly due to the growth in products sold and commodity costs. The item includes purchases of two-wheelers from the Chinese affiliate Zongshen Piaggio Foshan Motorcycle Co. (€/000 7,579 in the first quarter of 2023 and €/000 14,001 in the first three months of 2022) that are sold on European and Asian markets.

6. Costs for services and leases and rental costs €/000 73,727

Costs for services and leases and rental costs recorded growth of €/000 8,651 compared to the first three months of 2022. The item includes costs for temporary work of €/000 625.

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7. Employee costs €/000 67,133

Employee costs include €/000 340 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	1st Quarter 2023	1st Quarter 2022	Change
In thousands of Euros			
Salaries and wages	51,985	50,448	1,537
Social security contributions	12,658	12,544	114
Termination benefits	2,066	2,001	65
Other costs	424	317	107
Total	**67,133**	**65,310**	**1,823**

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

	Average number		
	1st Quarter 2023	1st Quarter 2022	Change
Level			
Senior management	116.6	108.3	8.3
Middle management	682.0	675.7	6.3
White collars	1,626.7	1,592.0	34.7
Blue collars	3,892.0	3,975.0	(83.0)
Total	**6,317.3**	**6,351.0**	**(33.7)**

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

	Number as of		
	31 March 2023	31 December 2022	Change
Level			
Senior management	116	116	0
Middle management	685	688	(3)
White collars	1,635	1,596	39
Blue collars	3,993	3,438	555
Total	**6,429**	**5,838**	**591**
EMEA and Americas	3,873	3,260	613
India	1,331	1,369	(38)
Asia Pacific 2W	1,225	1,209	16
Total	**6,429**	**5,838**	**591**

8. Amortisation/depreciation and impairment costs **€/000 36,181**

This item consists of:

In thousands of Euros	1st Quarter 2023	1st Quarter 2022	Change
Amortisation of intangible assets and impairment costs	20,204	18,270	1,934
Depreciation of plant, property and equipment and impairment costs	13,409	12,068	1,341
Depreciation of rights of use	2,568	2,073	495
Total	**36,181**	**32,411**	**3,770**

9. Other operating income **€/000 34,859**

This item, consisting mainly of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, went up by €/000 2,205 compared to the first three months of 2022.
Revenues include €/000 1,334 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 (1,165)**

This item mainly comprises the impairment of trade receivables in current assets.

11. Other operating costs **€/000 6,205**

The increase of €/000 968 recorded by the item is mainly related to higher allocations to the provision for ETS certificates and the product warranty provision, necessary due to higher sales volumes.

12. Income/(loss) from investments **€/000 5**

Income refers to the portion attributable to the Group from the Zongshen Piaggio Foshan Motorcycle Co. Ltd. joint venture, valued at equity.

13. Net financial income (borrowing costs) €/000 (8,371)

The balance of financial income (borrowing costs) in the first three months of 2023 was negative by €/000 8,371, worsening compared to the figures for the same period of the previous year (€/000 7,172), mainly due to an increase in interest rates on debt, only partially offset by the positive impact of currency management.

14. Taxes €/000 12,411

Income tax for the period, determined based on IAS 34, is estimated by applying a rate of 34.0% to profit before tax, equivalent to the best estimate of the weighted average rate predicted for the financial year.

15. Gain/(loss) from assets held for disposal or sale €/000 0

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

16. Earnings per share

Earnings per share are calculated as follows:

		1st Quarter 2023	1st Quarter 2022
Net profit	€/000	24,091	12,664
Earnings attributable to ordinary shares	€/000	24,091	12,664
Average number of ordinary shares in circulation		354,625,812	357,086,845
Earnings per ordinary share	€	0.068	0.035
Adjusted average number of ordinary shares		354,625,812	357,086,845
Diluted earnings per ordinary share	€	0.068	0.035

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets €/000 731,276

Intangible assets went up overall by €/000 1,752 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.

In the first three months of 2023, borrowing costs for €/000 511 were capitalised.

The table below shows the breakdown of intangible assets as of 31 March 2023, as well as changes during the period.

In thousands of Euros	Situation at 31.12.2022	Movements for the period						Situation at 31.03.2023
	Net value	Investments	Transitions in the period	Amortisation	Disposals	Exchange differences	Other	Net value
Development costs	**109,322**	**11,332**	**0**	**(8,479)**	**0**	**(449)**	**0**	**111,726**
In service	79,293	1,194	1,328	(8,479)	0	(300)	0	73,036
Assets under development and advances	30,029	10,138	(1,328)	0	0	(149)	0	38,690
Patent rights	**142,377**	**11,047**	**0**	**(11,658)**	**0**	**1**	**0**	**141,767**
In service	101,330	1,471	2,246	(11,658)	0	(3)	0	93,386
Assets under development and advances	41,047	9,576	(2,246)	0	0	4	0	48,381
Trademarks	**29,412**	**0**	**0**	**(17)**	**0**	**0**	**0**	**29,395**
In service	29,412	0	0	(17)	0	0	0	29,395
Goodwill	**446,940**	**0**	**0**	**0**	**0**	**0**	**0**	**446,940**
In service	446,940	0	0	0	0	0	0	446,940
Other	**1,473**	**45**	**0**	**(50)**	**0**	**(20)**	**0**	**1,448**
In service	272	35	365	(50)	0	(8)	0	614
Assets under development and advances	1,201	10	(365)	0	0	(12)	0	834
Total	**729,524**	**22,424**	**0**	**(20,204)**	**0**	**(468)**	**0**	**731,276**
In service	657,247	2,700	3,939	(20,204)	0	(311)	0	643,371
Assets under development and advances	72,277	19,724	(3,939)	0	0	(157)	0	87,905

18. Property, plant and equipment €/000 286,773

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).

Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets.

In the first three months of 2023, borrowing costs for €/000 121 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 31 March 2023, as well as changes during the period.

In thousands of Euros	Situation at 31.12.2022	Movements for the period						Situation at 31.03.2023
	Net value	Investments	Transitions in the period	Depreciation	Disposals	Exchange differences	Other	Net value
Land	**37,213**	**0**	**0**	**0**	**0**	**129**	**0**	**37,342**
In service	37,213	0	0	0	0	129	0	37,342
Buildings	**89,830**	**452**	**0**	**(1,323)**	**0**	**(254)**	**(41)**	**88,664**
In service	86,377	92	38	(1,323)	0	(238)	(41)	84,905
Assets under construction and advances	3,453	360	(38)	0	0	(16)	0	3,759
Plant and machinery	**108,974**	**5,247**	**0**	**(5,623)**	**(56)**	**(947)**	**20**	**107,615**
In service	95,221	323	4,085	(5,623)	0	(760)	20	93,266
Assets under construction and advances	13,753	4,924	(4,085)	0	(56)	(187)	0	14,349
Equipment	**41,745**	**1,420**	**0**	**(4,070)**	**0**	**21**	**41**	**39,157**
In service	38,382	841	411	(4,070)	0	16	41	35,621
Assets under construction and advances	3,363	579	(411)	0	0	5	0	3,536
Other assets	**13,604**	**2,851**	**0**	**(2,393)**	**(1)**	**(46)**	**(20)**	**13,995**
In service	10,426	2,707	3,055	(2,393)	(1)	(46)	(20)	13,728
Assets under construction and advances	3,178	144	(3,055)	0	0	0	0	267
Total	**291,366**	**9,970**	**0**	**(13,409)**	**(57)**	**(1,097)**	**0**	**286,773**
In service	267,619	3,963	7,589	(13,409)	(1)	(899)	0	264,862
Assets under construction and advances	23,747	6,007	(7,589)	0	(56)	(198)	0	21,911

19. Rights of use €/000 36,178

This note provides information regarding leases as a lessee. The Group has no existing lease agreements as lessor.
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.

	As of 31 March 2023				As of 31 December 2022				
	Operating leases	**Finance leases**	**Rental/hire payments made in advance**	**Total**	**Operating leases**	**Finance leases**	**Rental/hire payments made in advance**	**Total**	**Change**
In thousands of Euros									
Land			6,906	6,906			7,049	7,049	(143)
Buildings	17,194		118	17,312	18,513		146	18,659	(1,347)
Plant and machinery		7,061		7,061		7,275		7,275	(214)
Equipment	1,555			1,555	1,661			1,661	(106)
Other assets	3,326	18		3,344	2,195	22		2,217	1,127
Total	**22,075**	**7,079**	**7,024**	**36,178**	**22,369**	**7,297**	**7,195**	**36,861**	**(683)**

In thousands of Euros	***Land***	***Buildings***	***Plant and machinery***	***Equipment***	***Other assets***	***Total***
Amount as of 31 12 2022	**7,049**	**18,659**	**7,275**	**1,661**	**2,217**	**36,861**
Increases		716			1,558	2,274
Depreciation	(47)	(1,770)	(214)	(106)	(431)	(2,568)
Decreases		(81)				(81)
Exchange differences	(96)	(212)				(308)
Movements for the period	**(143)**	**(1,347)**	**(214)**	**(106)**	**1,127**	**(683)**
Amount as of 31 03 2023	**6,906**	**17,312**	**7,061**	**1,555**	**3,344**	**36,178**

Future lease rental commitments are detailed in note 37.

20. Deferred tax assets €/000 67,592

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

1. 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;
2. taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Group plan were used as a reference.

In view of these considerations, and with a prudential approach, it was decided to not wholly recognise the tax benefits arising from losses that can be carried over and from temporary differences.

21. Inventories €/000 401,392

This item comprises:

	As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros			
Raw materials and consumables	223,958	202,223	21,735
Provision for write-down	(13,515)	(11,532)	(1,983)
Net value	*210,443*	*190,691*	*19,752*
Work in progress and semi-finished products	15,952	31,993	(16,041)
Provision for write-down	(852)	(852)	0
Net value	*15,100*	*31,141*	*(16,041)*
Finished products and goods	194,624	176,632	17,992
Provision for write-down	(19,680)	(19,754)	74
Net value	*174,944*	*156,878*	*18,066*
Advances	905	968	(63)
Total	**401,392**	**379,678**	**21,714**

The increase recorded as of 31 March 2023 is in line with the forecast production and sales volumes.

22. Trade receivables (current and non-current) €/000 111,298

As of 31 March 2023 and 31 December 2022, there were no trade receivables in non-current assets. Current trade receivables are broken down as follows:

	As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros			
Trade receivables due from customers	110,754	66,675	44,079
Trade receivables due from JV	542	459	83
Trade receivables due from parent companies	-	9	(9)
Trade receivables due from associates	2	-	2
Total	**111,298**	**67,143**	**44,155**

Receivables due from joint ventures refer to amounts due from Zongshen Piaggio Foshan Motorcycles Co. Ltd.
Receivables due from associates regard amounts due from Immsi Audit.

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 31,553.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits.
As of 31 March 2023, trade receivables still due sold without recourse totalled €/000 254,386.
Of these amounts, Piaggio received payment prior to natural expiry of €/000 241,449.
As of 31 March 2023, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 11,029 with a counter entry recorded in current liabilities.

23. Other receivables (current and non-current) €/000 80,053

They consist of:

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	*Non-current*	*Total*	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
In thousands of Euros									
Receivables due from parent companies	25,582		25,582	25,721		25,721	(139)	0	(139)
Receivables due from joint ventures	565		565	544		544	21	0	21
Receivables due from affiliated companies	14		14	28		28	(14)	0	(14)
Accrued income	794		794	1,390		1,390	(596)	0	(596)
Deferred charges	14,105	10,205	24,310	11,331	10,771	22,102	2,774	(566)	2,208
Advance payments to suppliers	1,416	1	1,417	1,095	1	1,096	321	0	321
Advances to employees	498	24	522	513	24	537	(15)	0	(15)
Fair value of hedging derivatives	4,975	447	5,422	5,530	582	6,112	(555)	(135)	(690)
Security deposits	305	1,186	1,491	299	1,125	1,424	6	61	67
Receivables due from others	12,455	7,481	19,936	9,667	7,518	17,185	2,788	(37)	2,751
Total	**60,709**	**19,344**	**80,053**	**56,118**	**20,021**	**76,139**	**4,591**	**(677)**	**3,914**

Receivables due from associates regard amounts due from Immsi Audit.
Receivables due from Parent Companies refer to receivables due from Immsi and arise from the recognition of accounting effects relating to the transfer of taxable bases pursuant to the Group Consolidated Tax Convention.

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

The item Fair Value of derivatives refers to the fair value of hedges on exchange risk on forecast transactions recognised on a cash flow hedge principle (€/000 4,545 current portion), to the fair value of an Interest Rate Swap designated as a hedge and recognised on a cash flow hedge principle (€/000 447 non-current portion and €/000 298 current portion), and to the fair value of derivatives hedging commodities risk recognised on a cash flow hedge principle (€/000 132 current portion).

Receivables due from others include €/000 4,835 (€/000 3,480 as of 31 December 2022) 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. For more details, see Note 9 "Other operating income".

24. Tax receivables (current and non-current) €/000 46,953

Tax receivables consist of:

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	***Non-current***	***Total***	***Current***	***Non-current***	***Total***	***Current***	***Non-current***	***Total***
In thousands of Euros									
VAT	28,706	736	29,442	33,828	741	34,569	(5,122)	(5)	(5,127)
Income tax	3,526	6,257	9,783	2,949	6,270	9,219	577	(13)	564
Others	5,901	1,827	7,728	8,324	1,809	10,133	(2,423)	18	(2,405)
Total	**38,133**	**8,820**	**46,953**	**45,101**	**8,820**	**53,921**	**(6,968)**	**0**	**(6,968)**

25. Receivables due after 5 years €/000 0

As of 31 March 2023, there were no receivables due after 5 years.

26. Assets held for sale €/000 0

As of 31 March 2023, there were no assets held for sale.

27. Trade payables (current and non-current) €/000 705,456

As of 31 March 2023 and as of 31 December 2022 no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

	As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros			
Amounts due to suppliers	694,446	729,974	(35,528)
Trade payables to JV	10,866	9,518	1,348
Amounts due to affiliates	26	26	0
Amounts due to parent companies	118	314	(196)
Total	**705,456**	**739,832**	**(34,376)**

28. Provisions (current and non-current portion) €/000 31,833

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

	Balance as of 31 December 2022	Allocations	Uses	Exchange differences	Balance as of 31 March 2023
In thousands of Euros					
Provision for product warranties	21,057	3,029	(2,738)	(95)	21,253
Provision for contractual risks	6,974			(18)	6,956
Risk provision for legal disputes	1,933		(34)	(1)	1,898
Provision for ETS certificates	513	500			1,013
Other provisions for risks	734		(17)	(4)	713
Total	**31,211**	**3,529**	**(2,789)**	**(118)**	**31,833**

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

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	*Non-current*	*Total*	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
In thousands of Euros									
Provision for product warranties	13,345	7,908	21,253	13,042	8,015	21,057	303	(107)	196
Provisions for contractual risks	956	6,000	6,956	974	6,000	6,974	(18)	0	(18)
Risk provision for legal disputes	177	1,721	1,898	212	1,721	1,933	(35)	0	(35)
Provision for ETS certificates	1,013		1,013	513		513	500	0	500
Other provisions for risks and charges	295	418	713	316	418	734	(21)	0	(21)
Total	**15,786**	**16,047**	**31,833**	**15,057**	**16,154**	**31,211**	**729**	**(107)**	**622**

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

The provision increased during the period by €/000 3,029 and was used for €/000 2,738 in relation to charges incurred during the period.
The provision for litigation concerns labour litigation and other legal proceedings.
For an analysis of disputes pending, reference is made to the 2022 Financial Statements.
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.

29. Deferred tax liabilities €/000 5,422

The deferred tax liability is mainly attributable to taxable temporary differences between the carrying amount and the tax value of property, plant and equipment and intangible assets held by subsidiaries located in India and Vietnam arising from the deduction of tax depreciation allowances for an amount greater than those charged to the income statement for the year.

30. Retirement funds and employee benefits €/000 25,497

	As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros			
Retirement funds	765	771	(6)
Termination benefits provision	24,732	24,943	(211)
Total	**25,497**	**25,714**	**(217)**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.
As regards the discount rate, the Group has decided to use the iBoxx Corporates AA rating with a 7-10 duration as the valuation reference.
If the iBoxx Corporates A rating with a 7-10 duration had been used, the value of actuarial losses and the provision as of 31 March 2023 would have been lower by €/000 1,062.

31. Tax payables (current and non-current) €/000 19,548

Tax payables are broken down as follows:

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	***Non-current***	***Total***	***Current***	***Non-current***	***Total***	***Current***	***Non-current***	***Total***
In thousands of Euros									
Due for income tax	12,306		12,306	11,651		11,651	655	0	655
Due for non-income tax	67		67	193		193	(126)	0	(126)
Tax payables for:									
- VAT	2,392		2,392	1,120		1,120	1,272	0	1,272
- Tax withheld at source	3,494		3,494	5,532		5,532	(2,038)	0	(2,038)
- Other	1,289		1,289	526		526	763	0	763
Total	7,175	-	7,175	7,178	-	7,178	(3)	0	(3)
TOTAL	**19,548**	**0**	**19,548**	**19,022**	**0**	**19,022**	**526**	**0**	**526**

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.

32. Other payables (current and non-current) €/000 116,318

This item comprises:

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	***Non-current***	***Total***	***Current***	***Non-current***	***Total***	***Current***	***Non-current***	***Total***
In thousands of Euros									
Other payables:									
- to employees	35,867	47	35,914	28,377	48	28,425	7,490	(1)	7,489
- guarantee deposits		4,092	4,092		4,087	4,087	0	5	5
- accrued expenses	9,590		9,590	4,696		4,696	4,894	0	4,894
- deferred income	7,516	11,253	18,769	4,233	11,318	15,551	3,283	(65)	3,218
- amounts due to social security institutions	5,661		5,661	9,037		9,037	(3,376)	0	(3,376)
- fair value of derivatives	2,640		2,640	3,062		3,062	(422)	0	(422)
- to associates	30		30	114		114	(84)	0	(84)
- to parent companies	26,394		26,394	26,336		26,336	58	0	58
- other	13,152	76	13,228	17,855	77	17,932	(4,703)	(1)	(4,704)
Total	**100,850**	**15,468**	**116,318**	**93,710**	**15,530**	**109,240**	**7,140**	**(62)**	**7,078**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 14,063 and other payments to be made for €/000 21,851.

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

The item Fair value of derivative instruments refers to the *fair value of* exchange-rate hedging transactions for *forecast transactions* accounted for according to the *cash flow hedge principle*

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(€/000 2,228 current portion) and the fair value of commodity hedging derivatives accounted for according to the cash flow hedge principle (€/000 412 current portion).
The item Accrued liabilities includes €/000 56 for interest on hedging derivatives and associated hedged items measured at fair value.
Deferred income includes €/000 5,719 (€/000 5,711 as of 31 December 2022) 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".

33. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 37 "Financial Liabilities and right of use liabilities".
With the exception of the above payables, no other long-term payables due after five years exist.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

34. Investments €/000 9,748

The investments heading comprises:

	As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros			
Interests in joint ventures	9,532	9,697	(165)
Investments in associates	216	216	0
Total	**9,748**	**9,913**	**(165)**

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

35. Other financial assets (current and non-current) €/000 207

The item currently refers to investments in other companies.

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	*Non-current*	*Total*	*Current*	*Non-Current*	*Total*	*Current*	*Non-current*	*Total*
In thousands of Euros									
Fair Value of hedging derivatives	191		191	59		59	132	0	132
Investments in other companies		16	16		16	16	0	0	0
Total	**191**	**16**	**207**	**59**	**16**	**75**	**132**	**0**	**132**

36. Cash and cash equivalents €/000 235,595

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

	As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros			
Bank and postal deposits	235,535	242,569	(7,034)
Cash on hand	60	47	13
Total	**235,595**	**242,616**	**(7,021)**

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

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

	As of 31 March 2023	**As of 31 March 2022**	**Change**
In thousands of Euros			
Liquidity	235,595	220,895	14,700
Current account overdrafts	(2,065)	(2,007)	(58)
Closing balance	**233,530**	**218,888**	**14,642**

37. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 663,633

In the first three months of 2023, the Group's total debt increased by €/000 52,789. Net of the change in financial liabilities for rights of use, the Group's total financial debt increased by €/000 53,322 as of 31 March 2023.

	Financial liabilities as of 31 March 2023			**Financial liabilities as of 31 December 2022**			**Change**		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
In thousands of Euros									
Financial liabilities	134,622	500,639	635,261	71,149	510,790	581,939	63,473	(10,151)	53,322
Gross financial debt	*134,622*	*500,639*	*635,261*	*71,149*	*510,790*	*581,939*	*63,473*	*(10,151)*	*53,322*
Financial liabilities for rights of use	12,347	16,025	28,372	11,192	17,713	28,905	1,155	(1,688)	(533)
Total	**146,969**	**516,664**	**663,633**	**82,341**	**528,503**	**610,844**	**64,628**	**(11,839)**	**52,789**

Net financial debt of the Group amounted to €/000 428,038 as of 31 March 2023 compared to €/000 368,228 as of 31 December 2022.

The composition of "Net financial debt" as of 31 March 2023, prepared in accordance with paragraph 175 and following of ESMA Recommendations 2021/32/382/1138, is set out below.

Consolidated net debt/(Net financial debt)[8]

		As of 31 March 2023	As of 31 December 2022	Change
In thousands of Euros				
A	**Cash**	**235,595**	**242,616**	**(7,021)**
B	**Cash equivalents**			**0**
C	**Other current financial assets**			**0**
D	**Liquidity (A + B + C)**	**235,595**	**242,616**	**(7,021)**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(97,881)**	**(33,739)**	**(64,142)**
	Payables due to banks	(74,434)	(10,436)	(63,998)
	Debenture loan			0
	Amounts due to factoring companies	(11,029)	(12,040)	1,011
	Financial liabilities for rights of use	(12,347)	(11,192)	(1,155)
	.of which finance leases	*(1,200)*	*(1,190)*	*(10)*
	.of which operating leases	*(11,147)*	*(10,002)*	*(1,145)*
	Current portion of payables due to other lenders	(71)	(71)	0
F	**Current portion of non-current financial debt**	**(49,088)**	**(48,602)**	**(486)**
G	**Current financial debt (E + F)**	**(146,969)**	**(82,341)**	**(64,628)**
H	**Net current financial debt (G - D)**	**88,626**	**160,275**	**(71,649)**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(270,928)**	**(282,767)**	**11,839**
	Medium-/long-term bank loans	(254,727)	(264,878)	10,151
	Financial liabilities for rights of use	(16,025)	(17,713)	1,688
	.of which finance leases	*(2,982)*	*(3,286)*	*304*
	.of which operating leases	*(13,043)*	*(14,427)*	*1,384*
	Amounts due to other lenders	(176)	(176)	0
J	**Debt instruments**	**(245,736)**	**(245,736)**	**0**
K	**Trade payables and other non-current payables**			**0**
L	**Non-current financial debt (I + J + K)**	**(516,664)**	**(528,503)**	**11,839**
M	**Total financial debt (H + L)**	**(428,038)**	**(368,228)**	**(59,810)**

[8] 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 March 2023, and relative accruals.

The attached tables summarise the breakdown of financial debt as of 31 March 2023 and as of 31 December 2022, as well as changes for the period.

		Balance as of 31.12.2022	Cash flows			Reclassifications	Exchange delta	Other changes	Balance as of 31.03.2023
			Movements	Repayments	New issues				
	In thousands of Euros								
A	Cash	**242,616**	**(4,596)**				**(2,425)**		**235,595**
B	Cash equivalents								0
C	Other current financial assets								0
D	**Liquidity (A + B + C)**	**242,616**	**(4,596)**	**0**	**0**	**0**	**(2,425)**	**0**	**235,595**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(33,739)**	**0**	**14,864**	**(75,807)**	**(3,949)**	**115**	**635**	**(97,881)**
	Current account overdrafts	(64)		64	(2,065)				(2,065)
	Current account payables	(10,372)		81	(62,713)			635	(72,369)
	Total current bank loans	*(10,436)*	*0*	*145*	*(64,778)*	*0*	*0*	*635*	*(74,434)*
	Debenture loan								0
	Amounts due to factoring companies	(12,040)		12,040	(11,029)				(11,029)
	Financial liabilities for rights of use	*(11,192)*		*2,679*		*(3,949)*	*115*	*0*	(12,347)
	.of which finance leases	*(1,190)*		*294*		*(304)*			*(1,200)*
	.of which operating leases	*(10,002)*		*2,385*		*(3,645)*	*115*		*(11,147)*
	Current portion of payables due to other lenders	(71)							(71)
F	**Current portion of non-current financial debt**	**(48,602)**		**25,331**	**(3,000)**	**(23,049)**		**232**	**(49,088)**
G	**Current financial debt (E + F)**	**(82,341)**	**0**	**40,195**	**(78,807)**	**(26,998)**	**115**	**867**	**(146,969)**
H	**Net current financial debt (G - D)**	**160,275**	**(4,596)**	**40,195**	**(78,807)**	**(26,998)**	**(2,310)**	**867**	**88,626**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(282,767)**	**0**	**0**	**(12,500)**	**26,998**	**122**	**(2,781)**	**(270,928)**
	Medium-/long-term bank loans	(264,878)			(12,500)	23,049		(398)	(254,727)
	Liabilities for rights of use	(17,713)			0	3,949	122	(2,383)	(16,025)
	.of which finance leases	*(3,286)*				*304*			*(2,982)*
	.of which operating leases	*(14,427)*				*3,645*	*122*	*(2,383)*	*(13,043)*
	Amounts due to other lenders	(176)							(176)
J	**Debt instruments**	**(245,736)**							**(245,736)**
K	**Trade payables and other non-current payables**								
L	**Non-current financial debt (I + J + K)**	**(528,503)**	**0**	**0**	**(12,500)**	**26,998**	**122**	**(2,781)**	**(516,664)**
M	**Total financial debt (H + L)**	**(368,228)**	**(4,596)**	**40,195**	**(91,307)**	**0**	**(2,188)**	**(1,914)**	**(428,038)**

Medium and long-term bank debt amounts to €/000 303,815 (of which €/000 254,727 non-current and €/000 49,088 current) and consists of the following loans:

- a €/000 5,714 medium-term loan from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of seven fixed-rate annual instalments. Contract terms require covenants (described below);

- a €/000 46,610 (nominal value €/000 46,666) 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 25,000 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 4,744 (with a nominal value of €/000 5,000) 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 €/000 114,322 (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 22,441 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 16,611 loan (nominal value of €/000 16,667) granted by Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- €/000 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 3,237 medium-term loan (nominal value of €/000 3,250) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 6,490 medium-term loan (nominal value of €/000 6,500) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 12,470 revolving credit line (nominal value of €/000 12,500) granted by Banca Popolare Emilia Romagna. The line matures on 2 August 2026;
- a €/000 4,531 medium-term loan (nominal value of €/000 4,535) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule;
- a €/000 14,978 (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 March 2023:

- 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 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 11,029.

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.

Financial liabilities for rights of use €/000 28,372

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

	As of 31 March 2023			As of 31 December 2022			Change		
	Current	*Non-current*	*Total*	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
In thousands of Euros									
Operating leases	11,147	13,043	24,190	10,002	14,427	24,429	1,145	(1,384)	(239)
Finance leases	1,200	2,982	4,182	1,190	3,286	4,476	10	(304)	(294)
Total	**12,347**	**16,025**	**28,372**	**11,192**	**17,713**	**28,905**	**1,155**	**(1,688)**	**(533)**

Payables for finance leases amounted to €/000 4,182 (nominal value of €/000 4,187) and break down as follows:

- a Sale&Lease back agreement for €/000 4,134 (nominal value of €/000 4,139) granted by Albaleasing on a production plant of the Parent Company. The loan will mature in August 2026, with quarterly repayments (non-current portion equal to €/000 2,944);
- a finance lease for €/000 48 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 38).

Payables for rights of use include payables with the parent companies Immsi and Omniaholding for €/000 2,128 (€/000 944 non-current portion).

Financial instruments

Exchange Risk

The Group operates in an international context where transactions are conducted in currencies different from the Euro. This exposes the Group to risks arising from exchange rates fluctuations. For this purpose, the Group has an exchange rate risk management policy which aims to neutralise the possible negative effects of the changes in exchange rates on company cash flows.

This policy analyses:

- **the transaction exchange risk:** the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency.

As of 31 March 2023, the Group had undertaken the following futures operations (recognised based on the settlement date), relating to payables and receivables already recognised to hedge the transaction exchange risk:

Company	Operation	Currency	Amount Currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CAD	2,400	1,635	06/04/2023
Piaggio & C.	Purchase	CNY	287,000	39,030	30/04/2023
Piaggio & C.	Purchase	JPY	670,000	4,739	02/05/2023
Piaggio & C.	Purchase	SEK	19,000	1,694	23/04/2023
Piaggio & C.	Purchase	USD	75,900	70,256	08/05/2023
Piaggio & C.	Sale	CAD	9,550	6,572	12/05/2023
Piaggio & C.	Sale	CNY	117,000	15,811	10/05/2023
Piaggio & C.	Sale	GBP	400	453	30/06/2023
Piaggio & C.	Sale	JPY	285,000	2,032	09/06/2023
Piaggio & C.	Sale	SEK	1,000	90	04/04/2023
Piaggio & C.	Sale	USD	114,730	106,831	12/05/2023
Piaggio Asia Pacific	Purchase	USD	10,934	14,659	12/04/2023
Piaggio Vietnam	Sale	JPY	115,753	20,664,092	23/05/2023
Piaggio Vietnam	Sale	USD	94,120	2,232,048,347	05/05/2023
Piaggio Vespa BV	Sale	USD	29,464	27,535	24/04/2023
Piaggio Indonesia	Purchase	USD	30,702	468,011,465	02/05/2023
Piaggio Vehicles Private Limited	Sale	USD	2,000	164,190	28/04/2023

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

- the economic exchange risk: arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget 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.

As of 31 March 2023, the Group had the following transactions to hedge the exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			In thousands	*In thousands*	
Piaggio & C.	Purchase	CNY	1,221,000	166,213	09/01/2024
Piaggio & C.	Purchase	USD	5,000	4,656	19/04/2023
Piaggio & C.	Sale	USD	66,500	65,253	30/10/2023
Piaggio & C.	Purchase	INR	2,038,030	21,495	19/12/2024

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 March 2023 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 2,317.

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 March 2023, 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 16,667 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 March 2023, the fair value of the instrument was positive by €/000 745.

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 March 2023, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative by €/000 280.

	FAIR VALUE
In thousands of Euros	
Piaggio & C. S.p.A.	
Interest Rate Swap	745
Commodities hedges	(280)

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F) INFORMATION ON SHAREHOLDERS' EQUITY

38. Share capital and reserves — €/000 439,358

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

Share capital — €/000 207,614

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

Therefore, as of 31 March 2023, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to €207,613,944.37, divided into 358,153,644 ordinary shares.

Treasury shares — €/000 (7,766)

During the period, 20,000 treasury shares were acquired. Therefore, as of 31 March 2023, Piaggio & C. held 3,541,595 treasury shares, equal to 0.9888% of the shares issued.

Shares in circulation and treasury shares

	2023	2022
no. of shares		
Situation as of 1 January		
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
Movements for the period		
Purchase of treasury shares	20,000	2,475,777
Situation as of 31 March 2023 and 31 December 2022		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	3,541,595	3,521,595
Shares in circulation	354,612,049	354,632,049

Please be informed that on 18 April 2023, the Extraordinary Shareholders' Meeting resolved to cancel 3,521,595 treasury shares. Therefore, at the time of publication of this document, Piaggio & C. holds 20,000 treasury shares, equivalent to 0.0056% of the shares issued.

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 not changed.

Financial instruments' fair value reserve €/000 2,099

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

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 18 April 2023 resolved to distribute a final dividend of 0.10 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 0.085 eurocents paid on 21 September 2022, coupon detachment date 19 September 2022), for a total dividend of 0.185 eurocents for 2022, equal to an overall amount of €65,663,291.29 (from residual profit for 2022, after allocations to the reserve). It should be noted that, without affecting the amount of the final unit dividend, the total amount of the dividend could vary depending on the number of treasury shares held in the portfolio. Coupon no. 20 will be detached on 24 April 2023, with record date on 25 April 2023 and payment date on 26 April 2023.

Earnings reserve €/000 238,394

Capital and reserves of non-controlling interest €/000 (170)

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

39. Other comprehensive income €/000 (2,466)

The figure is broken down as follows:

	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*
In thousands of Euros						
As of 31 March 2023						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			(281)	(281)		(281)
Total	0	0	(281)	(281)	0	(281)
Items that may be reclassified in the income statement						
Total translation gains (losses)		(1,564)		(1,564)	(4)	(1,568)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		(171)		(171)		(171)
Total profits (losses) on cash flow hedges	(446)			(446)		(446)
Total	(446)	(1,735)	0	(2,181)	(4)	(2,185)
Other comprehensive income	**(446)**	**(1,735)**	**(281)**	**(2,462)**	**(4)**	**(2,466)**
As of 31 March 2022						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			1,370	1,370		1,370
Total	0	0	1,370	1,370	0	1,370
Items that may be reclassified in the income statement						
Total translation gains (losses)		(1,244)		(1,244)	(28)	(1,272)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		269		269		269
Total profits (losses) on cash flow hedges	594			594		594
Total	594	(975)	0	(381)	(28)	(409)
Other comprehensive income	**594**	**(975)**	**1,370**	**989**	**(28)**	**961**

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

	As of 31 March 2023			**As of 31 March 2022**		
	Gross value	***Tax (expense) / benefit***	***Net value***	***Gross value***	***Tax (expense) / benefit***	***Net value***
In thousands of Euros						
Remeasurements of defined benefit plans	(290)	9	(281)	1,802	(432)	1,370
Total translation gains (losses)	(1,568)		(1,568)	(1,272)		(1,272)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	(171)		(171)	269		269
Total profits (losses) on cash flow hedges	(611)	165	(446)	782	(188)	594
Other comprehensive income	**(2,640)**	**174**	**(2,466)**	**1,581**	**(620)**	**961**

G) OTHER INFORMATION

40. Share-based incentive plans

As of 31 March 2023, there were no incentive plans based on financial instruments.

41. Information on related parties

Revenues, costs, receivables and payables as of 31 March 2023 involving parent companies, subsidiaries and affiliates refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in these notes to the consolidated financial statements.
The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 31 March 2010 is published on the Issuer's website www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

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

Name	Registered office	Type	% of ownership	
			As of 31 March 2023	As of 31 December 2022
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[9] signed up to the National Consolidated Tax Mechanism pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.
Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

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

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

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

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

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

Transactions with Piaggio Group companies

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

Piaggio & C. S.p.A.

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

- Piaggio Hrvatska
- Piaggio Hellas
- Piaggio Group Americas
- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Piaggio Concept Store Mantova
- Foshan Piaggio Vehicles Technology R&D
- Piaggio Asia Pacific
- Piaggio Group Japan

- o sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Aprilia Racing

- o provides promotional material to:

- Piaggio France
- Piaggio Indonesia
- Piaggio España
- Piaggio Limited

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

- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Aprilia Racing

- o provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- o leases a part of the owned property to:

- Aprilia Racing

- o 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 Technology R&D
- Piaggio Asia Pacific

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

Piaggio Vehicles Private Limited and Piaggio Vietnam reciprocally exchange materials and components to use in their manufacturing activities.

Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas, Piaggio Vietnam and Foshan Piaggio Vehicles Technology R&D

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

Piaggio Indonesia and Piaggio Group Japan

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

Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio España and Piaggio Vespa

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

Piaggio Asia Pacific

- distributes vehicles, spare parts and accessories purchased from Piaggio & C. S.p.A., Piaggio Vietnam and Zongshen Piaggio Foshan Motorcycle Co. Ltd on markets in Asia where the Group is not present with its own companies.

Foshan Piaggio Vehicles Technology R&D supplies:

- Piaggio & C. S.p.A. with:
  - a component and vehicle design/development service;
  - a local supplier scouting services;
- Piaggio Vehicles Private Limited with:
  - a local supplier scouting services;
- Piaggio Vietnam with:
  - a local supplier scouting services;
  - a distribution service for vehicles, spare parts and accessories on its own market.

Piaggio Advanced Design Center supplies Piaggio & C. S.p.A. with:

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

Piaggio Fast Forward supplies Piaggio & C. S.p.A. with:

- a research/design/development service;
- and sells some components to it.

Aprilia Racing supplies Piaggio & C. S.p.A. with:

- a service for the management and organisation of the racing team and the promotion of commercial brands (owned by Piaggio & C. S.p.A.);

Piaggio Espana supplies Nacional Motor with:

- an administrative/accounting service.

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

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

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

Piaggio & C. S.p.A.

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

Foshan Piaggio Vehicles Technology R&D

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

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, which it has manufactured in some cases, to the following companies for sale on their respective markets:
    - Piaggio Vietnam
    - Piaggio & C. S.p.A.
    - Piaggio Vehicles Private Limited
    - Piaggio Indonesia
    - Piaggio Group Japan
    - Piaggio Asia Pacific.

The table below summarises relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 31 March 2023 and relations during the year, as well as their overall impact on financial statement items.

As of 31 March 2023	Fondazione Piaggio	IMMSI	IMMSI Audit	Omniaholding	Zongshen Piaggio Foshan	**Total**	**% on accounting item**
In thousands of Euros							
Income statement							
Net revenues		1			5	**6**	**0.00%**
Cost for materials					7,579	**7,579**	**2.15%**
Cost for services and leases and rentals		111	200	25	160	**496**	**0.67%**
Other operating income		13	6		90	**109**	**0.31%**
Other operating costs		8				**8**	**0.13%**
Income/(loss) from investments					5	**5**	**100.00%**
Borrowing costs		11		3		**14**	**0.15%**
Financial statements							
Current trade receivables			2		542	**544**	**0.49%**
Other current receivables		25,582	14		565	**26,161**	**43.09%**
Non-current financial liabilities for rights of use > 12 months		625		319		**944**	**5.89%**
Current financial liabilities for rights of use < 12 months		977		207		**1,184**	**9.59%**
Current trade payables	26	92		26	10,866	**11,010**	**1.56%**
Other current payables	10	26,394	20			**26,424**	**26.20%**

42. Significant non-recurring events and operations

No significant, non-recurring operations, as defined by Consob Communication DEM/6064293 of 28 July 2006 took place during the first three months of 2023 and 2022.

43. Transactions arising from atypical and/or unusual transactions

During the first quarter of 2023 and in 2022, the Group did not record any significant atypical and/or unusual operations, as defined by Consob Communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

44. Events occurring after the end of the period

To date, no events have occurred after 31 March 2023 that make additional notes or adjustments to these Financial Statements necessary.

In this regard, reference is made to the Report on Operations for significant events after 31 March 2023.

45. Authorisation for publication

This document was published on 15 May 2023 authorised by the Chairman and Chief Executive Officer.

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In accordance with paragraph 2 of article 154-bis of the Consolidated Finance Act, the Executive in Charge of Financial Reporting, Alessandra Simonotto, states that the accounting information in this document is consistent with the accounts.

Mantova, 5 May 2023

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