PIAGGIO
GROUP

HALF-YEAR FINANCIAL REPORT AS OF 30 JUNE 2023

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REPORT ON OPERATIONS

REPORT ON OPERATIONS

INTRODUCTION

This Half-Year Financial Report as of 30 June 2023 has been prepared in accordance with Article 154-ter of Legislative Decree 58/1998 and includes the Interim Directors' Report, the Condensed Consolidated Half-Yearly Financial Report and the Certification required by Article 154-bis of Legislative Decree 58/98.
The Condensed Consolidated Interim Financial Statements were prepared in compliance with international accounting standards (IAS/IFRS) that are applicable pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in particular IAS 34 – Interim Financial Reporting, as well as measures issued implementing Article 9 of Legislative Decree 38/2005. The structure and content of the reclassified consolidated financial statements contained in the Interim Directors' Report and mandatory statements included in this Report are in line with those prepared for the annual Financial Statements.
The notes have been prepared in compliance with provisions in IAS 34 - Interim Financial Reporting, also considering the provisions of Consob in its communication no. 6064293 of 28 July 2006. The information in this Report is not therefore similar to the information of complete financial statements prepared in accordance with IAS 1.

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

HEALTH EMERGENCY - COVID-19

The World Health Organisation recently declared the end to the public health emergency of international concern.
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 at European plants – and of raw materials, partially mitigated by agreements reached with suppliers, and by the effects of inflation and rises in interest rates.

Given the current uncertain market environment, the Group's management will continue to constantly monitor the development of the conflict and its direct and indirect effects on the financial statements.

EMARKET SDIR CERTIFIED

KEY OPERATING AND FINANCIAL DATA

	1st half		2022 Financial Statements
	2023	2022	
IN MILLIONS OF EUROS			
Operating highlights			
Net revenues	1,172.0	1,053.1	2,087.4
Gross industrial margin[1]	332.6	277.1	554.9
Operating income	117.6	85.8	158.7
Profit before tax	98.2	72.9	127.2
Net profit (loss) for the period	64.8	45.2	84.9
.Non-controlling interests			
.Group	*64.8*	*45.2*	*84.9*
Financial highlights			
Net Capital Employed (NCE)	822.8	821.7	786.0
Consolidated net debt	(384.4)	(397.4)	(368.2)
Shareholders' equity	438.4	424.3	417.8
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	28.4%	26.3%	26.6%
Net profit as a percentage of net revenues (%)	5.5%	4.3%	4.1%
ROS (Operating income/net revenues)	10.0%	8.1%	7.6%
ROE (Net profit/shareholders' equity)	14.8%	10.7%	20.3%
ROI (Operating income/NCE)	14.3%	10.4%	20.2%
EBITDA[1]	191.2	152.2	298.1
EBITDA/net revenues (%)	16.3%	14.5%	14.3%
Other information			
Sales volumes (unit/000)	324.6	320.6	625.5
Investments in property, plant and equipment and intangible assets	65.8	66.6	151.7
Employees at the end of the period (number)	6,441	6,762	5,838

1 For a definition of the parameter see the "Economic glossary".

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	1st half of 2023	164.1	71.1	89.4	**324.6**
	1st half of 2022	158.3	72.2	90.1	**320.6**
	Change	5.8	(1.1)	(0.7)	**4.0**
	Change %	3.7%	-1.6%	-0.7%	**1.2%**
Net revenues (million Euros)	1st half of 2023	772.7	168.1	231.2	**1,172.0**
	1st half of 2022	679.5	140.1	233.5	**1,053.1**
	Change	93.2	28.0	(2.3)	**119.0**
	Change %	13.7%	20.0%	-1.0%	**11.3%**
Average number of staff (no.)	1st half of 2023	3,824.3	1,364.3	1,228.7	**6,417.3**
	1st half of 2022	3,875.3	1,480.2	1,093.0	**6,448.5**
	Change	(50.9)	(115.9)	135.7	**(31.1)**
	Change %	-1.3%	-7.8%	12.4%	**-0.5%**
Investment in property plant and equipment and intangible assets (million Euros)	1st half of 2023	43.5	15.6	6.8	**65.8**
	1st half of 2022	41.2	8.1	17.4	**66.6**
	Change	2.2	7.5	(10.6)	**(0.8)**
	Change %	5.4%	93.2%	-60.7%	**-1.2%**

GROUP PROFILE

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

- two-wheelers, scooters and motorbikes from 50cc to 1,100cc, with 516,200 vehicles sold in 2022. The Group's brands include: Piaggio (scooters include the Liberty, Beverly, Medley and MP3 models), Vespa, Aprilia (with Aprilia Racing in the MotoGP championship) and Moto Guzzi;
- light commercial vehicles, three-wheelers (Ape) and four-wheelers (Porter NP6) with 109,300 vehicles sold in 2022;
- the robotics division with Piaggio Fast Forward, the Group's research centre on the mobility of the future based in Boston.

Mission

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

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

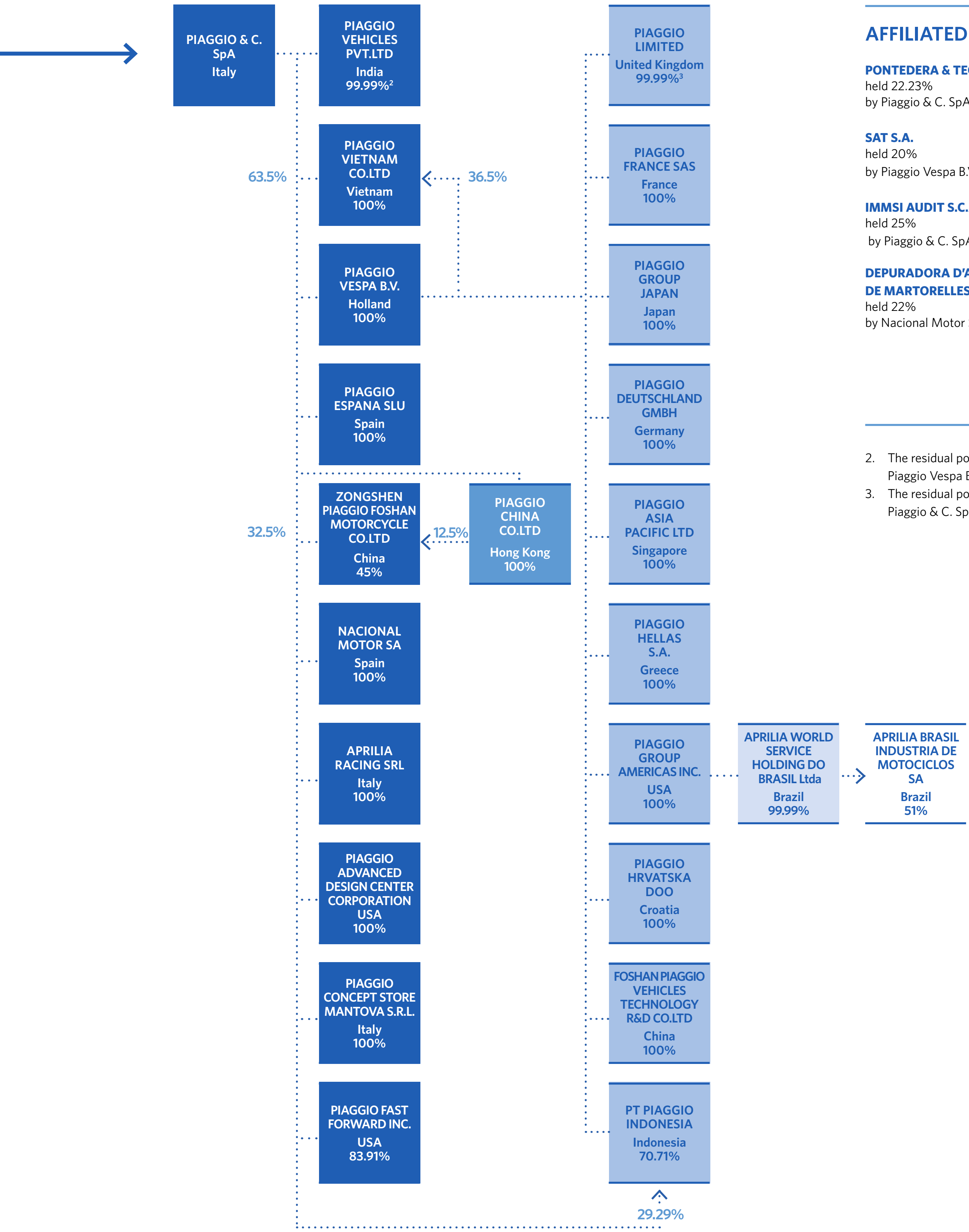
We are customer-driven. The customer's satisfaction, safety, pleasure and emotions come first. We develop products to customer requirements, accompanying the changes in the ecosystem within which customers move.

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

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

EMARKET SDIR CERTIFIED

COMPANY STRUCTURE AT 30 JUNE 2023



AFFILIATED COMPANIES

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

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

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

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

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

EMARKET SDIR CERTIFIED

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 HALF 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.

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.

27 May 2023 - To mark the Aprilia All Stars event held at the Misano circuit, Aprilia and the Piaggio Group donated €200,000 to the civil protection department, for communities in Emilia-Romagna affected by the floods.

8 June 2023 - RINA, a multinational audit, certification and engineering consultancy firm, and Aprilia Racing, signed a two-year sponsorship and technical partnership agreement to develop innovative technologies at the highest level of motorcycle sport.

14 June 2023 - The Group launched the new version of the Piaggio 1 E-Scooter with removable battery. In this new version, the Piaggio 1 combines the winning features of the most modern electric scooters, with agility, lightness and practicality even in maintenance, without sacrificing a performance comparable to that of scooters with conventional engines. The battery is located under the seat, is easy to remove in seconds and can be transported for convenient charging at home or in the office.

21 June 2023 - Two timeless icons Vespa and Disney have joined forces in a special project to celebrate 100 years of Disney: Vespa pays tribute to this anniversary by launching a global collaboration between two unique brands, with a Vespa dedicated to Disney Mickey Mouse.

FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (reclassified)

	1ST HALF OF 2023		1ST HALF OF 2022		CHANGE	
	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	%
Net revenues	1,172.0	100.0%	1,053.1	100.0%	119.0	11.3%
Cost to sell[4]	839.4	71.6%	776.0	73.7%	63.4	8.2%
Gross industrial margin[4]	**332.6**	**28.4%**	**277.1**	**26.3%**	**55.6**	**20.1%**
Operating expenses	215.0	18.3%	191.3	18.2%	23.8	12.4%
Operating income	**117.6**	**10.0%**	**85.8**	**8.1%**	**31.8**	**37.1%**
Result of financial items	(19.4)	-1.7%	(12.9)	-1.2%	(6.5)	50.6%
Profit before tax	**98.2**	**8.4%**	**72.9**	**6.9%**	**25.3**	**34.7%**
Income Taxes	33.4	2.8%	27.7	2.6%	5.7	20.5%
Net profit (loss) for the period	**64.8**	**5.5%**	**45.2**	**4.3%**	**19.6**	**43.4%**
Operating income	**117.6**	**10.0%**	**85.8**	**8.1%**	**31.8**	**37.1%**
Amortisation/depreciation and impairment costs	73.6	6.3%	66.4	6.3%	7.2	10.8%
EBITDA[4]	**191.2**	**16.3%**	**152.2**	**14.5%**	**39.0**	**25.6%**

Net revenues

	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
IN MILLIONS OF EUROS			
EMEA and Americas	772.7	679.5	93.2
India	168.1	140.1	28.0
Asia Pacific 2W	231.2	233.5	(2.3)
TOTAL NET REVENUES	**1,172.0**	**1,053.1**	**119.0**
Two-wheelers	956.1	875.8	80.3
Commercial Vehicles	215.9	177.3	38.7
TOTAL NET REVENUES	**1,172.0**	**1,053.1**	**119.0**

In terms of consolidated turnover, the Group ended the first half of 2023 with net revenues up compared to the same period in 2022 (+11.3%).
The increase refers to the EMEA and Americas markets (+13.7%) and India, (+20.0%; +27.5% at constant exchange rates) while Asia Pacific declined slightly (-1.0%; +0.6% at constant exchange rates).
As regards the product type, the growth concerned both two-wheeler vehicles (+9.2%) and commercial vehicles (+21.8%). As a result, the percentage of commercial vehicles accounting for overall turnover went up from 16.8% in the first half of 2022 to the current figure of 18.4%; vice versa, the percentage of two-wheeler vehicles fell from 83.2% in the first six months of 2022 to the current figure of 81.6%.

The Group's **gross industrial margin** increased in absolute terms by €55.6 million compared to the first half of the previous year, equal to 28.4% of net revenues (26.3% as of 30 June 2022).
Amortisation/depreciation included in the gross industrial margin was equal to €20.1 million (€19.8 million in the first half of 2022).

Operating expenses incurred in the period went up compared to the same period of the previous financial year (+12.4%), amounting to €215.0 million. This performance is closely linked to the increase in turnover and vehicles sold.

4 For a definition of the parameter see the "Economic glossary".

The change in the aforementioned income statement resulted in an increase in consolidated **EBITDA** which was equal to €191.2 million (€152.2 million in the first half of 2022). In relation to net revenues, EBITDA was equal to 16.3% (14.5% in the first half of 2022).

Operating income (**EBIT**) amounted to €117.6 million, also increasing on the first six months of 2022; in relation to turnover, EBIT was equal to 10.0% (8.1% in the first half of 2022).

Financing activities showed a net expense of €19.4 million (€12.9 million as of 30 June 2022). The deterioration was mainly due to the rise in interest rates on debt, partially mitigated by the positive impact of currency management.

Income taxes for the period are estimated to be €33.4 million, equivalent to 34.0% of profit before tax.

Net profit stood at €64.8 million (5.5% of net revenues), up on the figure for the same period of the previous financial year, when it amounted to €45.2 million (4.3% of net revenues).

Operating data

VEHICLES SOLD

	1ST HALF 2023	1ST HALF 2022	CHANGE
IN THOUSANDS OF UNITS			
EMEA and Americas	164.1	158.3	5.8
India	71.1	72.2	(1.1)
Asia Pacific 2W	89.4	90.1	(0.7)
TOTAL VEHICLES	**324.6**	**320.6**	**4.0**
Two-wheelers	267.4	271.6	(4.1)
Commercial Vehicles	57.1	49.0	8.1
TOTAL VEHICLES	**324.6**	**320.6**	**4.0**

During the first half of 2023, the Piaggio Group sold 324,600 vehicles worldwide, recording an increase of 1.2% compared to the first six months of the previous year, when vehicles sold amounted to 320,600. The growth recorded in Western markets offset the decline of Asian markets.
Regarding product type, sales of Commercial Vehicles went up (+16.6%), while sales of Two-Wheeler Vehicles declined (-1.5%).

STAFF

In the first half of 2023, the average workforce decreased overall (-31.1 units). Only Asia Pacific bucked the trend due to the start of the new production plant in Indonesia in November 2022.

AVERAGE NUMBER OF COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
EMPLOYEE/STAFF NUMBERS			
EMEA and Americas	3,824.3	3,875.3	(50.9)
of which Italy	*3,551.2*	*3,601.7*	*(50.5)*
India	1,364.3	1,480.2	(115.9)
Asia Pacific 2W	1,228.7	1,093.0	135.7
Total	**6,417.3**	**6,448.5**	**(31.1)**

The number of Group employees as of 30 June 2023 was up in all geographic areas compared to 31 December 2022. Employees totalled 6,441, increasing by 603 units compared to 31 December 2022, but decreasing by 321 units compared to 30 June 2022.

BREAKDOWN OF COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	AS OF 30 JUNE 2022
EMPLOYEE/STAFF NUMBERS			
EMEA and Americas	3,828	3,260	4,113
of which Italy	*3,554*	*2,989*	*3,839*
India	1,380	1,369	1,527
Asia Pacific 2W	1,233	1,209	1,122
Total	**6,441**	**5,838**	**6,762**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[5]

STATEMENT OF FINANCIAL POSITION	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
IN MILLIONS OF EUROS			
Net working capital	(175.0)	(224.8)	49.7
Property, plant and equipment	283.8	291.4	(7.6)
Intangible assets	732.8	729.5	3.3
Rights of use	33.5	36.9	(3.4)
Financial assets	9.3	10.0	(0.7)
Provisions	(61.6)	(56.9)	(4.7)
Net capital employed	**822.8**	**786.0**	**36.8**
Net financial debt	384.4	368.2	16.2
Shareholders' equity	438.4	417.8	20.6
Sources of financing	**822.8**	**786.0**	**36.8**
Non-controlling interests	(0.2)	(0.2)	(0.0)

Net working capital as of 30 June 2023, which was negative by €175.0 million, used cash for approximately €49.7 million in the first six months of 2023.

Property, plant and equipment amounted to €283.8 million as of 30 June 2023, registering a decrease of approximately €7.6 million compared to 31 December 2022. This decrease is mainly due to depreciation, with a value exceeding investments by approximately €6.1 million, the effect of the devaluation in the Indian rupee and the Vietnamese dong on the euro by approximately €1.2 million, as well as disposals of €0.3 million.

Intangible assets totalled €732.8 million, up by approximately €3.3 million compared to 31 December 2022. This growth is mainly due to investments for the period, with a value exceeding amortisation by approximately €3.9 million, the effect related to the devaluation of the Indian rupee and Vietnamese dong on the euro (approximately €0.5 million), as well as disposals of €0.1 million.

Rights of use, equal to €33.5 million, decreased by approximately €3.4 million compared to figures as of 31 December 2022.

Financial assets which totalled €9.3 million, decreased slightly compared to figures for the previous year (€10.0 million).

Provisions totalled €61.6 million, increasing compared to 31 December 2022 (€56.9 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 30 June 2023 was equal to €384.4 million, compared to €368.2 million as of 31 December 2022. The increase of approximately €16.2 million is mainly due to the seasonal 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 approximately €13.0 million compared to 30 June 2022.

Group **shareholders' equity** as of 30 June 2023 amounted to €438.4 million. The growth of approximately €20.6 million compared to 31 December 2022 was mitigated by €35.5 million from the payment of dividends.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Condensed Consolidated Interim Financial Statements as of 30 June 2023"; the following is a comment relating to the summary statement shown.

CHANGE IN CONSOLIDATED NET DEBT	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
IN MILLIONS OF EUROS			
Opening Consolidated Net Debt	**(368.2)**	**(380.3)**	**12.1**
Cash Flow from Operating Activities	137.9	98.9	39.0
(Increase)/Reduction in Net Working Capital	(49.7)	(12.0)	(37.8)
Net Investments	(65.8)	(66.6)	0.8
Other changes	5.7	(12.4)	18.1
Change in Shareholders' Equity	(44.2)	(25.0)	(19.2)
Total Change	***(16.2)***	***(17.1)***	***0.9***
Closing Consolidated Net Debt	**(384.4)**	**(397.4)**	**13.0**

During the first half of 2023 the Piaggio Group used **financial resources** amounting to €16.2 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €137.9 million.

Net working capital absorbed cash of approximately €49.7 million; in detail:
- the collection of trade receivables[6] used financial flows for a total of €69.4 million;
- stock management generated financial flows for a total of approximately €1.3 million;
- supplier payments used financial flows of approximately €15.6 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €34.0 million.

Investing activities involved a total of €65.8 million of financial resources. Investments mainly involved the capitalisation of development costs.
As a result of the above financial dynamics, which involved a cash flow of €16.2 million, the **net debt** of the Piaggio Group amounted to €384.4 million.

6 Net of customer advances.

ALTERNATIVE NON-GAAP PERFORMANCE MEASURES

In accordance with Consob Communication DEM/6064293 of 28 July 2006 as amended (Consob Communication 0092543 of 3 December 2015 that enacts ESMA/2015/1415 guidelines on alternative performance measures), Piaggio, in its Report on Operations, refers to some alternative performance measures, in addition to IFRS financial measures (Non-GAAP Measures).
These are presented in order to measure the trend of the Group's operations to a better extent and should not be considered as an alternative to IFRS measures.
In particular the following alternative performance measures have been used:
- **EBITDA:** defined as "Operating income" before the amortisation/depreciation and impairment costs of intangible assets, property, plant and equipment and rights of use, as resulting from the consolidated income statement;
- **Gross industrial margin:** defined as the difference between net revenues and the cost to sell;
- **Cost to sell:** this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers;
- **Consolidated net debt:** this consists of gross financial debt, including payables for rights of use, minus cash on hand and other cash and cash equivalents, as well as other current financial receivables. Consolidated net debt does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and otherwise, and the fair value adjustment of related hedged items and associated deferrals. The Notes to the condensed consolidated interim financial statements include a table indicating the statement of financial position items used to determine the measure.

EMARKET SDIR CERTIFIED

RESULTS BY TYPE OF PRODUCT

The Piaggio Group is comprised of and operates by geographic segments – EMEA and Americas, India and Asia Pacific 2W – to develop, manufacture and distribute two-wheeler and commercial vehicles.
Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. In particular:
- EMEA and Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution and sale of two-wheeler vehicles.

For details of final results from each operating segment, reference is made to the Notes to the condensed consolidated interim financial statements.
The volumes and net revenues in the three geographic segments, also by product type, are analysed below.

TWO-WHEELERS

	1ST HALF OF 2023		1ST HALF OF 2022		CHANGE %		CHANGE	
	VOLUMES SELL-IN (UNITS/ 000)	NET REVENUES (MILLION EUROS)	VOLUMES SELL-IN (UNITS/ 000)	NET REVENUES (MILLION EUROS)	VOLUMES	NET REVENUES	VOLUMES	NET REVENUES
EMEA and Americas	157.4	701.2	151.4	609.4	4.0%	15.1%	6.1	91.8
of which EMEA	142.6	617.6	136.7	532.9	4.3%	15.9%	5.9	84.7
(of which Italy)	*37.4*	*156.8*	*28.3*	*120.6*	*32.1%*	*30.0%*	*9.1*	*36.2*
of which America	14.8	83.6	14.6	76.5	1.2%	9.2%	0.2	7.1
India	20.6	23.7	30.2	33.0	-31.7%	-28.0%	(9.6)	(9.2)
Asia Pacific 2W	89.4	231.2	90.1	233.5	-0.7%	-1.0%	(0.7)	(2.3)
TOTAL	**267.4**	**956.1**	**271.6**	**875.8**	**-1.5%**	**9.2%**	**(4.1)**	**80.3**
Scooters	237.2	633.0	238.8	563.9	-0.7%	12.2%	(1.6)	69.1
Mechanical Scooters	*233.7*	*621.2*	*231.2*	*544.7*	*1.1%*	*14.0%*	*2.5*	*76.4*
Electric Scooters	*3.5*	*11.8*	*7.7*	*19.2*	*-54.2%*	*-38.5%*	*(4.1)*	*(7.4)*
Motorcycles	30.2	235.1	32.7	237.3	-7.6%	-0.9%	(2.5)	(2.2)
Other vehicles	0.009	0.005	0.078	0.032	-88.5%	-85.6%	(0.069)	(0.027)
Scooters Aprilia eSR	*0.008*	*0.003*	*0.077*	*0.030*	*-89.6%*	*-89.5%*	*(0.069)*	*(0.027)*
Wi Bike	*0.001*	*0.001*	*0.001*	*0.001*	*0.0%*	*10.5%*	*0.000*	*0.000*
Spare Parts and Accessories		84.2		73.9		14.0%		10.3
Other		3.8		0.7		458.7%		3.1
Gita		*0.1*		*0.2*		*-41.6%*		*(0.1)*
Other		*3.7*		*0.5*		*608.3%*		*3.2*
TOTAL	**267.4**	**956.1**	**271.6**	**875.8**	**-1.5%**	**9.2%**	**(4.1)**	**80.3**

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.

EMARKET SDIR CERTIFIED

Background

India, the most important two-wheeler market, reported an increase in the first six months of 2023, closing with sales of over 7.7 million vehicles, up by 8.9% compared to the first half of 2022.

The People's Republic of China recorded an increase in the first six months of 2023 (+2.4%), closing at well over 2.6 million vehicles sold.

The ASEAN 5 region (Philippines, Indonesia, Malaysia, Thailand and Vietnam) reported a growth of 15.9% over the first six months of 2022, closing at over 6.5 million units. Indonesia, the region's largest market, grew by 42.5% in the first six months of 2023, selling approximately 3.2 million vehicles.
On the other hand, registrations in Vietnam fell (more than 1.2 million units sold; -13.1% compared to the first half of 2022). The other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) overall recorded an increase of approximately 2,5% compared to the first half of 2022, closing with sales of around 680 thousand units. In the first six months of the year, the Japanese market remained substantially stable (-0.4%) at around 205,000 units sold.

The North American market recorded an increase compared to the first half of 2022 (+4.7%), selling 359,536 vehicles.
Europe, which is the reference area for the Piaggio Group's operations, reported an increase in sales on the two-wheeler market (+3.3%) compared to the first half of 2022 (+9.7% for the motorcycle segment and -3.7% for the scooter segment).
The electric scooter segment, after several years of steady growth, reported a decrease for the first time (-32.9% compared to the same period in 2022), and with 46,545 units sold accounts for 11.8% of the total scooter market (down from 16.9% in the first half of 2022).

The scooter market

In the first half of 2023, the European scooter market accounted for 395,506 registered vehicles, equal to a 3.7% decrease in sales compared to the same period of 2022.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	1ST HALF OF 2023	1ST HALF OF 2022		OVERALL	≤ 50 CC	> 50 CC
Italy	109,672	91,219	18,453	20.2%	-20.9%	24.8%
France	58,181	67,459	(9,278)	-13.8%	-21.1%	-6.6%
Spain	63,159	58,811	4,348	7.4%	-12.5%	9.8%
Germany	40,489	49,484	(8,995)	-18.2%	-44.0%	-1.6%
Holland	19,297	35,314	(16,017)	-45.4%	-47.2%	-7.8%
Greece	28,054	25,292	2,762	10.9%	0.8%	11.8%
United Kingdom	14,222	16,924	(2,702)	-16.0%	-28.5%	-13.8%
Europe	395,506	410,624	(15,118)	-3.7%	-29.9%	9.0%

Vehicle registrations were higher in the over 50cc segment, with 301,824 units compared to 93,682 units in the 50cc scooter segment. Over 50cc scooters reported an increase of 9.0%, while the 50cc segment recorded a considerable decrease (-29.9%).

North America

In the first half of 2023, the United States, the main market in the area (85.6% of the reference area), recorded a decrease of 14.2%, with 13,852 units sold: there was a drop in both the 50cc segment (-17.9%) and the over 50cc segment (-12.4%).

India

The automatic scooter market increased (+8.8%) in the first half of 2023, closing with 2.5 million units.
The over 90cc range is the main product segment, with nearly 2.3 million units sold in the first half of 2023 (+5.5% compared to the first half of the previous year) and accounting for 91.0% of the total automatic scooter market. The 50cc scooter segment is not operative in India.

The motorcycle market

Europe

With 489,918 units registered, the motorcycle market reported an increase in the first half of 2023 (+9.7% compared to the first half of 2022). The 50cc segment recorded a decrease of 1.5%, closing the period with 22,018 units sold; sales in the 51-125cc motorcycle segment fell to 79,985 units (-0.3%), while the 126-750cc segment reported sales of 177,609 units (+9.8%). The over 750cc segment recorded a 15.3% growth, with 210,306 units sold.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %
	1ST HALF OF 2023	1ST HALF OF 2022		
France	93,088	83,649	9,439	11.3%
Germany	98,769	87,026	11,743	13.5%
Italy	92,237	81,699	10,538	12.9%
United Kingdom	47,792	46,893	899	1.9%
Spain	46,997	41,931	5,066	12.1%
Europe	489,918	446,713	43,205	9.7%

North America

In the United States (accounting for 87.8% of the area), the motorcycle segment recorded a growth of 5.7%, selling 301,403 units compared to 285,102 units in the first half of 2022. The over 50cc segment went up by 6.2%, while the 50cc motorcycle segment deceased by 7.9%.

Asia

The most important motorcycle market in Asia is India, which reported sales of nearly 5 million vehicles in the first half 2023, with an increase of 9.5% over the first half of 2022.
The motorcycle market in the Asean 5 area is far less important than the scooter sector. Sales of motorcycles in Vietnam were not significant.

Main results

In the first six months of 2023, the Piaggio Group sold a total of 267,400 two-wheeler vehicles worldwide, accounting for net revenues equal to approximately €956.1 million, including spare parts and accessories (€84.2 million, +14.0%).
Overall, volumes decreased by 1.5% while net revenues increased by 9.2%.
As shown in the table, all markets showed positive trends except India (-31.7% volumes; -28.0% net revenues; -23.3% at constant exchange rates) and Asia Pacific (-0.7% volumes; -1.0% net revenues; -0.6% at constant exchange rates).

Market positioning[7]

On the European market, the Piaggio Group attained an overall share of 12.5% in the first half of 2023, compared to 12.8% in the first half of 2022, losing its leadership position in the scooter segment despite the increase in its market share (23.3% in the first half of 2023 compared to 22.6% in the first half of 2022).
In Italy, the Piaggio Group achieved a share of 16.3% (15.8% in the first half of 2022) which grew in the scooter segment to 25.3% (24.9% in the first half of 2022, benefiting from the positive contribution of a significant order from Poste Italiane).

The Group's position on the North American scooter market instead decreased, where it ended the period with a share of 29.3% (31.0% in the first half of 2022).

COMMERCIAL VEHICLES

	1ST HALF OF 2023		1ST HALF OF 2022		CHANGE %		CHANGE	
	VOLUMES SELL-IN (UNITS/000)	NET REVENUES (MILLION EUROS)	VOLUMES SELL-IN (UNITS/000)	NET REVENUES (MILLION EUROS)	VOLUMES	NET REVENUES	VOLUMES	NET REVENUES
EMEA and Americas	6.7	71.5	6.9	70.1	-3.9%	2.0%	(0.3)	1.4
of which EMEA	4.2	66.4	4.6	65.4	-7.9%	1.5%	(0.4)	1.0
(of which Italy)	*2.3*	*43.1*	*2.7*	*43.9*	*-16.7%*	*-1.6%*	*(0.5)*	*(0.7)*
of which America	*2.4*	*5.2*	*2.4*	*4.7*	*4.0%*	*9.6%*	*0.1*	*0.5*
India	50.5	144.4	42.1	107.2	20.0%	34.7%	8.4	37.2
TOTAL	**57.1**	**215.9**	**49.0**	**177.3**	**16.6%**	**21.8%**	**8.1**	**38.7**
Ape	54.1	132.3	45.6	96.5	18.7%	37.1%	8.5	35.8
of which the Ape Electrik	*10.5*	*41.8*	*2.2*	*8.9*	*378.8%*	*370.3%*	*8.3*	*32.9*
Porter	3.0	52.8	3.4	53.2	-10.8%	-0.8%	(0.4)	(0.4)
Spare Parts and Accessories		30.8		27.5		11.8%		3.3
TOTAL	**57.1**	**215.9**	**49.0**	**177.3**	**16.6%**	**21.8%**	**8.1**	**38.7**

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.

7 Market shares for the first half of 2022 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Background

Europe

In the first six months of 2023, the European light commercial vehicles market (vehicles with a maximum mass less than or equal to 3.5 tons), including the UK, recorded sales of approximately 896,307 units, a 12.7% increase compared to the first six months of 2022 (data source ACEA).

Going against this trend, the chassis-cab segment in which Piaggio Commercial operates recorded sales of approximately 130,000 units, down 2% compared to the same period in 2022. As for the served market, the trends of main European reference markets are as follows: France (-4%), Germany (-8.8%), Spain (+53%) and Italy (-8.6%). The Spanish market reported significant growth, with sales going up from 4,400 units to 6,700 units.

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 159,680 units in the first six months of 2022 to 298,281 units in the same period of 2023, registering an 86.8% increase.
On this market, the growth was due particularly to the passenger vehicles segment, which recorded a very strong increase in units (+114.9%) from 107,168 in the first six months of 2022 to 230,257 units in the first six months of 2023. However, the cargo segment showed a solid increase (+13.7%) from 43,654 units in the first half of 2022 to 49,613 units in the first six months of 2023.
Electric 3-wheelers reported considerable growth (+107.8%) from 8,858 units in the first six months of 2022 to 18,411 units in the first six months of 2023.

Main results

During the first six months of 2023, the Commercial Vehicles business generated a turnover of approximately €215.9 million, up by 21.8% compared to the same period of the previous year.
Growth was mainly concentrated in the India CGU (+34.7%; +43.1% at constant exchange rates).
The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 46,659 three-wheelers on the Indian market (31,645 in the first six months of 2022). The growth in three-wheeler vehicles with electric engines was considerable, going up from 2,194 units in the first half of 2022 to 10,504 units in the current half-year.
The Indian affiliate also exported 3,809 three-wheeler vehicles (10,412 in the first half of 2022).
EMEA markets, on the other hand, reported contrasting trends. The increases in net revenues of the Americas (+9.6%) and Emea (+1.5%) more than offset the decline in Italy (-1.6%). With regard to volumes, however, the negative performance of the Italian market (-16.7%) and remaining EMEA markets (-7.9%) was only partially offset by the growth of the US market (+4.0%).

Market positioning[8]

The Piaggio Group operates in Europe and India on the light commercial vehicles market, with products designed for short-range mobility in urban areas (European urban centres) and suburban areas (the product range for India).
On the Indian three-wheeler market, Piaggio has a market share of 14.5% (19.8% in the first six months of 2022). Detailed analysis of the market shows that Piaggio lost its leadership position in the goods transport segment (cargo segment) with a share of 27.8% (33.5% in the first half of 2022). In the Passenger segment, its share stood at 12.8% (15.9% in the first six months of 2022).

8 Market shares for the first half of 2022 might differ from figures published last year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

REGULATORY FRAMEWORK

European Union

Emissions

European institutions reached an agreement in March 2023 on the revision of Regulation (EU) 2019/631 setting CO_2 emission performance standards for new passenger cars and for new light commercial vehicles.
Contrary to expectations, the approved text provides for the possibility of marketing vehicles with combustion engines powered by synthetic fuels (e-fuels) after 2035, in addition to vehicles with electric engines. On the other hand, the possibility of including fuels made from plant and animal waste (bio-fuels) among fuels considered as 'carbon neutral' and thus permitted beyond 2035 is still under discussion.
As planned, however, the Regulation retains the possibility of applying until 2030 for a derogation for small manufacturers of light commercial vehicles registering less than 22,000 units per year. A clause reviewing the timing of the Regulation in 2026 has also been confirmed, which will mainly be related to the deployment of the charging infrastructure throughout the EU.

'EURO7' proposal

The European Commission presented a Proposal for new EURO7 emission limits in November 2022. In the text, EURO 7 would come into force in 2025 but, for small manufacturers producing less than 22,000 units per year, a postponement to 2030 is envisaged, which some countries would like to extend to 2035. In the Proposal, the new limits will be stricter than the previous EURO6 step and will include the monitoring of new substances such as ammonia. In addition, emissions from braking systems and tyres, including those of electric vehicles, will also be measured. The European Commission's proposal is under discussion with the European Council and Parliament and is expected to be approved in a plenary session before the end of 2024.

Battery regulations

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

Swappable Batteries Motorcycle Consortium - SBMC

Piaggio, together with Honda, Yamaha and KTM has created the Swappable Batteries Motorcycle Consortium (SBMC) with the aim of developing an international standard for swappable batteries. This technology aims to improve the sustainability of the battery lifecycle, reduce costs and cut recharging times, meeting key consumer needs. More than 30 companies have joined the initiative by becoming members of the consortium, which today counts global players in the automotive, infrastructure network and battery manufacturing sectors, ready to pool their know-how for the definition of a common open standard for the benefit of the consumer. The Consortium's Technical Committee has defined most of the common technical specifications, which will be verified through the development of a prototype battery by the end of 2023. In addition, Piaggio with some members of the Consortium submitted a draft proposal for a Horizon Europe call for proposals, with the aim of carrying out field-tests on swapping systems in a number of European cities.

Cybersecurity

From 2024 onwards, Light Commercial Vehicles (Category N1), like passenger cars, will have to comply with the requirements of the two international UNECE regulations R155 and R156 on cybersecurity.
The two regulations, which refer to the ISO 21434 and ISO 24089 standards, aim to protect new vehicles from the risk of cyber attacks. In addition, manufacturers will have to implement a Computer Security Management System (CSMS) that will cover all processes of the entire vehicle life cycle, from design to post-production monitoring and finally disposal.
As part of the 'Cyber Resilience Act', the European Commission is holding a discussion on a potential extension of cybersecurity to two/three-wheeler vehicles. The Commission could envisage such an extension by applying UNECE Regulation R155 to Category L as well.

End of life of vehicles - ELV

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

New EU Packaging Regulation

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

Emission trading

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

United Kingdom

UKCA marking for the UK

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

United Kingdom - phase-out proposal for combustion engines

The British government has submitted a proposal to phase-out combustion engines for L-category vehicles from as early as 2030 for vehicles up to 125cc. The proposal is currently under discussion, and the British National Association of Manufacturers has proposed a ban at 2030 only for vehicles up to 50cc, and to extend the deadline for all other vehicles to 2040.

Italy

Road Safety Bill

At the end of June 2023, a Road Safety Bill was presented, reforming numerous articles of the Highway Code. Several stringent measures have been proposed to increase the safety of electric scooter drivers, including:
- the definition of the technical and construction characteristics of the vehicle;
- making it compulsory in sharing systems, to have a mechanism that prevents transit outside permitted areas;
- making it compulsory to have a 'sticker' (adhesive, plastic-coated and non-removable) and 'insurance cover';
- making a helmet compulsory, also for adults;
- having a ban on transit on the wrong side of the road and outside town centres;
- having a general ban on pavement parking;
- making it mandatory to have luminous devices for turning (indicators) and braking (stop light).

The Bill was approved by the Council of Ministers and is currently under review in Parliament.

Refinancing electric vehicle incentives - Category L

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

USA

Inflation Reduction Act (IRA)

In August 2022, the US administration passed the Inflation Reduction Act (IRA), a massive $750 billion investment plan, with a wide range of measures primarily aimed at boosting investment in renewable energy and making the US more competitive in the green transition. A part of these investments is dedicated to the transport sector to encourage the production and purchase of electric vehicles and the development of a widespread charging infrastructure.

India

Onboard Diagnostic-II (OBD-II)

For all category L5N and L5M internal combustion engine vehicles, the implementation of the OBD-II Regulation for Bharat Stage VI (BS VI) vehicles is in the pipeline. As of 1 April 2023, the regulation came into force for newly type-approved vehicles and will be extended to all newly registered products in April 2025.

20% ethanol mix in petrol

As of 1 April 2023, the regulation issued by the Indian government (Ministry of Petroleum and Natural Gas) came into force, which provides for an increase in the percentage of ethanol in petrol to 20 per cent for metropolitan areas and tier 1 cities. For the rest of India, the legislation is being finalised and will be adopted from April 2025.

Electric Vehicle Safety Regulation (AIS-156)

As of 1 April 2023, the Electric Vehicle and Battery Safety Regulation came fully into force, which sets out the following requirements: traceability requirements, an additional safety fuse, regenerative braking protection, cell spacing, a battery charger for earth leakage detection, a thermal propagation test, audio-visual signalling in the event of a thermal event, 4 temperature sensors of the battery charge monitoring system (BMS).

"FAME" scheme - incentives

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

Vietnam

Emissions

Since 1 January 2017, the National Technical Regulation on the Third Level of Emission of Gaseous Pollutants no. 77 issued by the Ministry of Transport in 2014 ("QCVN 77:2014/BGTVT") has been in force in Vietnam for new assembled, manufactured and imported two-wheeler motorcycles. This level is equivalent to the Euro 3 standard specified in European Community technical regulations on vehicle gas emissions. Currently, the Ministry of Transport, in cooperation with other Ministries, is working on the Euro 4 technical standards (TCVN), which are expected to be published in 2024. Both the current law on environmental protection and the new one, which came into force on 1 January 2022 ('New Law on Environmental Protection'), require all transport vehicles to be certified to Vietnamese environmental regulations. However, at present, only gas emission limitation regulations for cars in circulation exist. In an attempt to reduce environmental pollution, the Vietnamese government also wants to apply gas emission limits to two-wheelers. Local governments in some large cities have worked with authorities and industry associations to test gas emissions of vehicles on the road, to be proposed to the government as a procedure to test and enforce gas emission limitation standards on vehicles.
In 2021, during the Climate Change Conference "COP 26", the Vietnamese Prime Minister declared Vietnam's commitment to achieving zero emissions by 2050. The main actions to be taken to achieve this goal are under discussion. Finally, with a government decree of 5 April 2022, 5 major cities (Hanoi, Ho Chi Minh, Danang, Cao Tho and Hai Phong) were asked to study and implement by 2030 a provision to limit the transit of motorcycles, in line with the conditions for public transport and infrastructure, as a measure to reduce pollution. With this in mind, Ho Chi Minh is considering a plan to convert to electric motorbikes for some interior districts.

Energy label

In order to reduce environmental pollution and ensure buyers are aware and informed, the government has introduced energy labelling for motorbikes. With Circular 59/2018/TT-BGTVT, the Ministry of Transport has regulated energy labelling for manufactured, assembled and imported motorbikes and mopeds. The energy label must be affixed to the motorbike by the manufacturer/importer/retailer and kept on the vehicle until it is delivered to the final customer. The energy labelling obligation will also be extended to electric and hybrid-electric vehicles pursuant to Decree 21/2021/NDD-CP and Circular 48/2022/TT-BGTVT of 30 December 2022, which provide guidelines for the application of the energy label on electric and hybrid-electric vehicles with a view to saving and an efficient use of electricity.

Recycling/End-of-Life

The new Environmental Protection Act, which came into force on 1 January 2022, and its guidelines (Decree 08/2022/ND-CP) stipulate that manufacturers and importers of products that can be recycled must recycle waste products in a mandatory proportion and manner. Generally, manufacturers and importers can opt to organise the recycling themselves, hire an agency, authorize a third party or pay the Environmental Fund to manage the recycling on their behalf. The new decree 08/2022/ND-CP on environmental protection, which came into force on 10 January 2022, sets out the responsibilities of producers and importers that are required to recycle accumulators, batteries, lubricating oil, inner tubes and tyres from 1 January 2024, and from 1 January 2027 of scrapped motorcycles. Producers and importers are also required to register their annual recycling plan and submit a recycling report of the previous year to the MONRE (Ministry of Natural Resources and the Environment) no later than 31 March of each year, unless they opt to pay into the Environment Fund. A different mandatory recycling ratio is set for each waste product; for motorcycles this is 0.5% of the annual sales volume.

Emission Trading

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

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

RISKS AND UNCERTAINTIES

Due to the nature of its business, the Group is exposed to different types of risks. To mitigate exposure to these risks, the Group has adopted a structured and integrated system to identify, measure and manage company risks, in line with industry best practices (i.e. CoSO ERM Framework). Scenarios applicable to Group operations are mapped, involving all organisational units, and are updated on an annual basis. These scenarios are grouped referring to external, strategic, financial or operational risk, also considering sustainability issues and in particular "ESG" ("Environmental, Social, Governance related") risks, i.e. which are related to environmental aspects, personnel, social matters, human rights and the fight against active and passive corruption. For details, see the 2022 Consolidated Non-Financial Statement.

EXTERNAL RISKS

Risks related to the macroeconomic and geopolitical context

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

Risks connected to consumer trends

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

Risks related to a high level of market competition

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

Risk relative to the regulatory and legal framework

Numerous national and international laws and regulations on safety, noise levels, consumption and the emission of pollutant gases apply to Piaggio products. Strict regulations on atmospheric emissions, waste disposal, the drainage and disposal of water and other pollutants and sustainability reporting obligations also apply to the Group's production sites.
Unfavourable changes in the regulatory and/or legal framework at a local, national and international level could mean that products can no longer be sold on the market, forcing manufacturers to invest to renew their product ranges and/or renovate/upgrade production plants.
To deal with these risks, the Group has invested in research and development into innovative products, anticipating any restrictions on current regulations. Moreover, the Group is not only a member of Confindustria, but also of important national and international associations in the automotive sector, such as ACEM (chaired by Michele Colaninno), ANFIA and ANCMA, which represent and protect the economic, technical and regulatory interests of the automotive sector in institutional and political dimensions, and with the authorities, bodies and associations responsible, at national and international level, for industrial policy and the individual and collective mobility of persons and goods.
As one of the sector's leading manufacturers, Piaggio is often requested to participate, through its representatives, in parliamentary committees appointed to discuss and formulate new laws.

Risks connected with natural events

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

Risks connected with the pandemic

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

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

Risk connected with the use of new technologies

Piaggio is exposed to the risk deriving from the Group's difficulty in keeping up with technological developments, both regarding the product and processes. To deal with this risk, on the one hand, as regards products, the R&D centres in Pontedera, Noale and the PADc (Piaggio Advance Design Center) in Pasadena carry out research, development and testing of new technological solutions, such as those dedicated to electric vehicles. Piaggio Fast Forward in Boston is also studying innovative solutions to anticipate and respond to the mobility needs of the future.
As regards the production process, Piaggio has operational areas dedicated to the study and implementation of new solutions to improve the performance of production facilities, with particular attention paid to sustainability and energy efficiency aspects.

Risks connected with the sales network

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

STRATEGIC RISKS

Reputational and Corporate Social Responsibility risks

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

Risks connected with the definition of strategies

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

Risks connected with the adoption of strategies

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

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FINANCIAL RISKS

Risks connected with exchange rate trends

The Piaggio Group undertakes operations in currencies other than the euro and this exposes it to the risk of fluctuating exchange rates of different currencies.
Exposure to business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.
The Group's policy is to hedge at least 66% of the exposure of each reference month.
Exposure to the settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.
During the year, currency exposure was managed based on a policy that aims to neutralise the possible negative effects of exchange rate variations on company cash flow. This was achieved by hedging economic risk, which refers to changes in company profitability compared to the planned annual economic budget, based on a reference change (the "budget change"), and transaction risk, which refers to differences between the exchange rate at which receivables and payables are recognised in currency in the financial statements and the exchange rate at which the relative amount received or paid is recognised.
The Group has assets and liabilities which are sensitive to changes in interest rates and are necessary to manage liquidity and financial requirements. These assets and liabilities are subject to an interest rate risk and are hedged by derivatives or by specific fixed-rate loan agreements.
For a further description, please refer to section 39 of the Notes to the condensed consolidated interim financial statements.

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

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

Risks connected with credit quality of counterparties

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

Risks connected with deleverage

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

OPERATING RISKS

Risks relative to the product

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

Risks connected with the production process/business continuity

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

Risks connected with the supply chain

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

Risks connected with the environment and with health and safety

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

Risks connected with processes and procedures adopted

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

Risks relative to human resources

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

Legal risks

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

Risks relative to internal offences

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

Risks relative to reporting

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

Risks related to ICT systems

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

EVENTS OCCURRING AFTER THE END OF THE PERIOD

No significant events are reported.

OPERATING OUTLOOK

Although it is still difficult to provide guidance given the persistent difficulties caused by geopolitical tensions, thanks to its portfolio of iconic brands, Piaggio confirms that it will continue to pursue profit margin and productivity goals in the management of its production, logistic and procurement costs and in the management of all its international markets, in line with the first half of the year. The productivity improvements will enable to offset the temporary slowdown in the Asian region, which has maintained a compound annual growth rate of 23% in the last five years. The Indian, European and US markets remain positive despite the increase in interest rates in the last 12 months. In light of this, Piaggio confirms the investments planned in new products in the two-wheeler sector and in commercial vehicles, and the consolidation of its commitment to ESG issues.

TRANSACTIONS WITH RELATED PARTIES

Revenues, costs, payables and receivables as of 30 June 2023 involving parent, subsidiary and associate companies, refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the Notes to the condensed consolidated interim financial statements.

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

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

ECONOMIC GLOSSARY

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

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

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

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

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

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

Gross industrial margin: defined as the difference between Net 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 and use of third-party assets, 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.

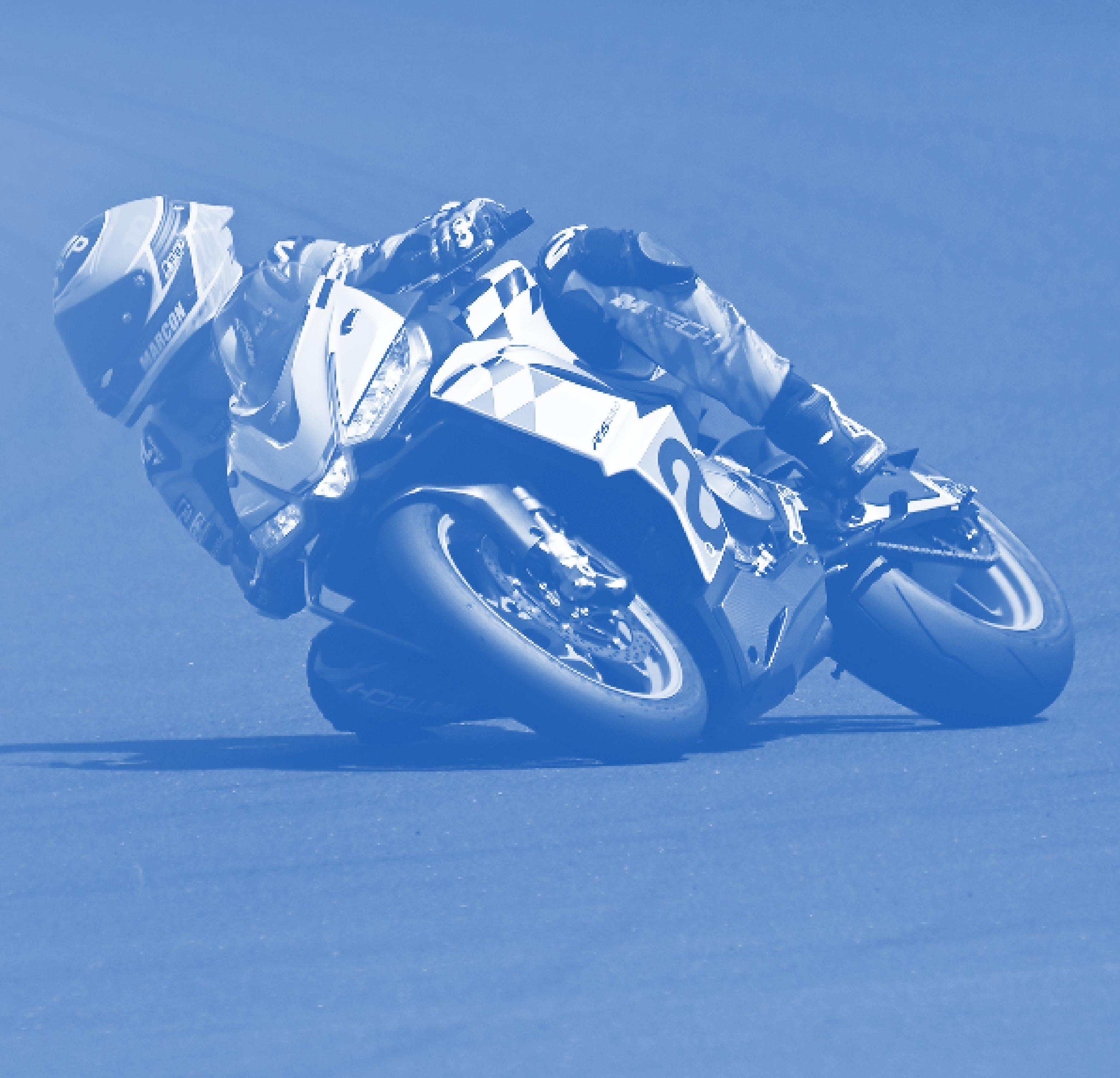
Consolidated EBITDA: defined as "Operating income" before the Amortisation/depreciation and impairment costs of intangible assets, property, plant and equipment and rights of use, as resulting from the Consolidated Income Statement.

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 of Euros; changes and percentages are calculated from figures in thousands of Euros and not from rounded off figures in millions of Euros.

PIAGGIO GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2023



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2023

CONSOLIDATED FINANCIAL STATEMENTS

The following accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

CONSOLIDATED INCOME STATEMENT

		1ST HALF OF 2023		1ST HALF OF 2022	
		TOTAL	of which related parties	TOTAL	of which related parties
NOTES	IN THOUSANDS OF EUROS				
4	Net revenues	1,172,048	6	1,053,078	
5	Cost for materials	744,434	15,506	682,144	26,120
6	Cost for services and use of third-party assets	155,385	771	147,003	648
7	Employee costs	141,887		134,526	
8	Depreciation and impairment costs of property, plant and equipment	27,072		24,787	
8	Amortisation and impairment costs of intangible assets	40,903		36,984	
8	Depreciation of rights of use	5,603		4,636	
9	Other operating income	80,619	202	76,021	269
10	Impairment of trade and other receivables, net	(2,226)		(1,292)	
11	Other operating costs	17,577	15	11,949	6
	Operating income	**117,580**		**85,778**	
12	Results of associates	139	139	(80)	(80)
13	Financial income	1,309		584	
13	Financial costs	20,253	28	11,756	40
13	Net exchange-rate gains/(losses)	(612)		(1,642)	
	Profit before tax	**98,163**		**72,884**	
14	Income taxes	33,375		27,696	
	Profit from continuing operations	**64,788**		**45,188**	
	Assets held for sale:				
15	Profits or losses arising from assets held for sale				
	Net Profit (loss) for the period	**64,788**		**45,188**	
	Attributable to:				
	Owners of the Parent Company	**64,788**		**45,188**	
	Non-controlling interests	**0**		**0**	
16	**Earnings per share (figures in €)**	**0.183**		**0.127**	
16	**Diluted earnings per share (figures in €)**	**0.183**		**0.127**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		1ST HALF OF 2023	1ST HALF OF 2022
NOTES	IN THOUSANDS OF EUROS		
	Net Profit (loss) for the period (A)	**64,788**	**45,188**
	Items that will not be reclassified in the income statement		
41	Remeasurements of defined benefit plans	67	3,342
	Total	**67**	**3,342**
	Items that may be reclassified in the income statement		
41	Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(2,086)	(416)
41	Share of Other Comprehensive Income of associates valued with the equity method	(744)	408
41	Total profits (losses) on cash flow hedges	(5,840)	(1,580)
	Total	**(8,670)**	**(1,588)**
	Other comprehensive income (B)[9]	**(8,603)**	**1,754**
	Total comprehensive income (loss) for the period (A + B)	**56,185**	**46,942**
	Attributable to:		
	Owners of the Parent Company	**56,197**	**46,966**
	Non-controlling interests	**(12)**	**(24)**

9 Other Profits (and losses) take account of relative tax effects.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS OF 30 JUNE 2023		AS OF 31 DECEMBER 2022	
		TOTAL	of which related parties	TOTAL	of which related parties
NOTES	IN THOUSANDS OF EUROS				
	ASSETS				
	Non-current assets				
17	Intangible assets	732,829		729,524	
18	Property, plant and equipment	283,816		291,366	
19	Rights of use	33,483		36,861	
34	Investments	9,308		9,913	
35	Other financial assets	16		16	
24	Tax receivables	6,681		8,820	
20	Deferred tax assets	56,470		71,611	
22	Trade receivables				
23	Other receivables	18,558		20,021	
	Total non-current assets	**1,141,161**		**1,168,132**	
26	**Assets held for sale**				
	Current assets				
22	Trade receivables	137,618	470	67,143	468
23	Other receivables	54,947	26,339	56,118	26,293
24	Tax receivables	50,081		45,101	
21	Inventories	378,379		379,678	
35	Other financial assets			59	
36	Cash and cash equivalents	249,728		242,616	
	Total current assets	**870,753**		**790,715**	
	Total assets	**2,011,914**		**1,958,847**	
	SHAREHOLDERS' EQUITY AND LIABILITIES				
	Shareholders' equity				
40	Share capital and reserves attributable to the owners of the Parent Company	438,555		417,977	
40	Share capital and reserves attributable to non-controlling interests	(178)		(166)	
	Total shareholders' equity	**438,377**		**417,811**	
	Non-current liabilities				
37	Financial liabilities	482,315		510,790	
37	Financial liabilities for rights of use	18,408	818	17,713	1,000
27	Trade payables				
28	Other non-current provisions	18,533		16,154	
29	Deferred tax liabilities	6,254		5,173	
30	Retirement funds and employee benefits	24,856		25,714	
31	Tax payables				
32	Other payables	15,657		15,530	
	Total non-current liabilities	**566,023**		**591,074**	
	Current liabilities				
37	Financial liabilities	125,091		71,149	
37	Financial liabilities for rights of use	8,342	895	11,192	1,296
27	Trade payables	725,391	11,841	739,832	9,858
31	Tax payables	26,281		19,022	
32	Other payables	104,181	26,788	93,710	26,450
28	Current portion of other non-current provisions	18,228		15,057	
	Total current liabilities	**1,007,514**		**949,962**	
	Total Shareholders' Equity and Liabilities	**2,011,914**		**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.

NOTES	IN THOUSANDS OF EUROS	1ST HALF OF 2023 TOTAL	1ST HALF OF 2023 of which related parties	1ST HALF OF 2022 TOTAL	1ST HALF OF 2022 of which related parties
	OPERATING ACTIVITIES				
	Net Profit (loss) for the period	64,788		45,188	
14	Income taxes	33,375		27,696	
8	Depreciation of property, plant and equipment	27,072		24,787	
8	Amortisation of intangible assets	40,903		36,564	
8	Depreciation of rights of use	5,603		4,636	
	Provisions for risks and retirement funds and employee benefits	16,238		10,106	
	Write-downs/(Reinstatements)	2,208		1,706	
	Losses/(Gains) on the disposal of property, plant and equipment	(2,187)		(164)	
13	Financial income	(1,309)		(584)	
13	Financial costs	20,253		11,756	
	Income from public grants	(2,808)		(2,784)	
12	Share or results of associates	(139)		80	
	Change in working capital:				
22	(Increase)/Decrease in trade receivables	(70,994)	(2)	(78,158)	151
23	(Increase)/Decrease in other receivables	945	(46)	11,497	339
21	(Increase)/Decrease in inventories	1,299		(99,630)	
27	Increase/(Decrease) in trade payables	(14,441)	1,983	134,011	6,688
32	Increase/(Decrease) in other payables	10,598	338	12,572	(108)
28	Increase/(Decrease) in provisions for risks	(5,899)		(9,133)	
30	Increase/(Decrease) in retirement funds and employee benefits	(5,795)		(5,539)	
	Other changes	(6,812)		(18,399)	
	Cash generated from operating activities	**112,898**		**106,208**	
	Interest paid	(15,519)		(11,259)	
	Taxes paid	(11,749)		(12,554)	
	CASH FLOW FROM OPERATING ACTIVITIES (A)	**85,630**		**82,395**	
	INVESTMENT ACTIVITIES				
18	Investment in property, plant and equipment	(21,027)		(27,400)	
	Sale price, or repayment value, of property, plant and machinery	2,483		698	
17	Investment in intangible assets	(44,816)		(39,243)	
	Sale price, or repayment value, of intangible assets	43		24	
	Public grants collected	466		579	
	Collected interests	1,623		546	
	CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(61,228)**		**(64,796)**	
	FINANCING ACTIVITIES				
40	Purchase of treasury shares	(158)		(3,552)	
40	Outflow for dividends paid	(35,461)		(23,203)	
37	Loans received	71,466		47,968	
37	Outflow for repayment of loans	(46,118)		(63,740)	
37	Repayment of lease liabilities	(4,771)		(4,578)	
	CASH FLOW FROM FINANCING ACTIVITIES (C)	**(15,042)**		**(47,105)**	
	Increase/(Decrease) in cash and cash equivalents (A+B+C)	9,360		(29,506)	
	OPENING BALANCE	**242,552**		**260,856**	
	Exchange differences	(2,184)		5,303	
	CLOSING BALANCE	**249,728**		**236,653**	

The data for the first half of 2022 have been represented with respect to figures published last year, for an easier comparison with the data for the first half of 2023.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Movements from 1 January 2023 / 30 June 2023

IN THOUSANDS OF EUROS	AS OF 1 JANUARY 2023	EARNINGS FOR THE PERIOD	OTHER COMPREHENSIVE INCOME	TOTAL PROFIT (LOSS) FOR THE PERIOD	TRANSACTIONS WITH SHAREHOLDERS: ALLOCATION OF PROFITS	TRANSACTIONS WITH SHAREHOLDERS: DISTRIBUTION OF DIVIDENDS	TRANSACTIONS WITH SHAREHOLDERS: CANCELLATION OF TREASURY SHARES	TRANSACTIONS WITH SHAREHOLDERS: PURCHASE OF TREASURY SHARES	AS OF 30 JUNE 2023
NOTES				41	40	40	40	40	
Share capital	207,614								207,614
Share premium reserve	7,171								7,171
Legal reserve	28,954				3,753				32,707
Reserve for measurement of financial instruments	2,545		(5,840)	(5,840)					(3,295)
IAS transition reserve	(15,525)						(5,789)		(21,314)
Group translation reserve	(43,488)		(2,818)	(2,818)					(46,306)
Treasury shares	(7,688)						7,688	(158)	(158)
Earnings reserve	183,705		67	67	15,475		(1,899)		197,348
Earnings for the period	54,689	64,788		64,788	(19,228)	(35,461)			64,788
Consolidated Group shareholders' equity	**417,977**	**64,788**	**(8,591)**	**56,197**	**0**	**(35,461)**	**0**	**(158)**	**438,555**
Share capital and reserves attributable to non-controlling interests	**(166)**		**(12)**	**(12)**					**(178)**
TOTAL SHAREHOLDERS' EQUITY	**417,811**	**64,788**	**(8,603)**	**56,185**	**0**	**(35,461)**	**0**	**(158)**	**438,377**

Movements from 1 January 2022 / 30 June 2022

IN THOUSANDS OF EUROS	AS OF 1 JANUARY 2022	EARNINGS FOR THE PERIOD	OTHER COMPREHENSIVE INCOME	TOTAL PROFIT (LOSS) FOR THE PERIOD	TRANSACTIONS WITH SHAREHOLDERS: ALLOCATION OF PROFITS	TRANSACTIONS WITH SHAREHOLDERS: DISTRIBUTION OF DIVIDENDS	TRANSACTIONS WITH SHAREHOLDERS: PURCHASE OF TREASURY SHARES	AS OF 30 JUNE 2022
NOTES				41	40	40	40	
Share capital	207,614							207,614
Share premium reserve	7,171							7,171
Legal reserve	26,052				2,902			28,954
Reserve for measurement of financial instruments	6,083		(1,580)	(1,580)				4,503
IAS transition reserve	(15,525)							(15,525)
Group translation reserve	(31,026)		16	16				(31,010)
Treasury shares	(2,019)						(3,552)	(5,571)
Earnings reserve	176,185		3,342	3,342	8,589	(4,994)		183,122
Earnings for the period	29,700	45,188		45,188	(11,491)	(18,209)		45,188
Consolidated Group shareholders' equity	**404,235**	**45,188**	**1,778**	**46,966**	**0**	**(23,203)**	**(3,552)**	**424,446**
Share capital and reserves attributable to non-controlling interests	**(149)**		**(24)**	**(24)**				**(173)**
TOTAL SHAREHOLDERS' EQUITY	**404,086**	**45,188**	**1,754**	**46,942**	**0**	**(23,203)**	**(3,552)**	**424,273**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 30 June 2022.

2. Compliance with international accounting standards

These Consolidated Condensed Interim Financial Statements have been prepared in compliance with IAS 34 — Interim Financial Reporting.
The Consolidated Condensed Interim Financial Statements should be read in conjunction with the Group's consolidated financial statements as of December 31, 2022 (the "Annual Consolidated Financial Statements"), which have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and in compliance with provisions established by Consob in Communication no. 6064293 of 28 July 2006. The accounting policies adopted are consistent with those applied in the Annual Consolidated Financial Statements, with the exception of the paragraph "New accounting standards, amendments and interpretations adopted from 1 January 2023".

The preparation of the Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of these Consolidated Condensed Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified 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 Annual Consolidated Financial Statements.
It should finally be noted that some assessment processes, in particular the most complex ones such as establishing any impairment of non-current assets, are generally undertaken in full only when preparing the annual consolidated 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.

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

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED FROM 1 JANUARY 2023

- On 18 May 2017, the IASB published **IFRS 17 - Insurance Contracts**, which is intended to replace IFRS 4 - Insurance Contracts. The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.
- On 9 December 2021, the IASB published an amendment called "**Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information**". The amendment is a transition option relating to comparative information about financial assets presented at the date of initial application of IFRS 17. The amendment is intended to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments 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" e "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.
- 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.

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 will apply from 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.
- On 23 May 2023, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules**". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides for specific disclosure requirements for entities affected by the relevant International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure requirements will only be applicable to annual financial statements commencing on or after 1 January 2023, but not to interim financial statements with a closing date prior to 31 December 2023.
- On 25 May 2023, the IASB published an amendment entitled "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**". The document requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, but early application is permitted.

The Group will adopt these new standards, amendments and interpretations, based on the application date indicated, and will evaluate potential impact, when the standards, amendments and interpretations are endorsed by the European Union.

Finally, it should be noted that the International Sustainability Standards Board (ISSB) published the first 2 'Sustainability Reporting Standards' on 26 June 2023. These concern:

- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1), which is the basic framework for the disclosure of material information on sustainability-related risks and opportunities along an entity's value chain.

- Climate-related Disclosures (IFRS S2), the first thematic standard issued that establishes disclosure requirements for climate-related risks and opportunities.

The new standards will apply to the CSRD[10], which for Piaggio will replace the Non-Financial Statement as of 1 January 2024.

Other information

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

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

CURRENCY	SPOT EXCHANGE RATE 30 JUNE 2023	AVERAGE EXCHANGE RATE 1ST HALF OF 2023	SPOT EXCHANGE RATE 31 DECEMBER 2022	AVERAGE EXCHANGE RATE 1ST HALF OF 2022
US Dollar	1.0866	1.08066	1.0666	1.09339
Pounds Sterling	0.85828	0.876377	0.88693	0.842397
Indian Rupee	89.2065	88.84427	88.1710	83.31790
Singapore Dollars	1.4732	1.44403	1.43	1.49208
Chinese Yuan	7.8983	7.48943	7.3582	7.08226
Croatian Kuna[11]	N.A.	N.A.	7.5345	7.54145
Japanese Yen	157.16	145.76039	140.66	134.30709
Vietnamese Dong	25,618.00	25,425.00	25,183.00	25,059.33071
Indonesian Rupiah	16,384.54	16,275.09142	16,519.82	15,798.55102
Brazilian Real	5.2788	5.48269	5.6386	5.55648

10 The Corporate Sustainability Reporting Directive will come into force for European listed companies from the 2024 financial statements.

11 Croatia entered the euro area on 1 January 2023.

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, which is considered the Chief Operating Decision Maker ("CODM") as defined under IFRS 8 - Operating Segments, for business management purposes, for the purposes of allocating resources and assessing the performance of the Group.
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.

Gross Industrial Margin is the key profit measure used by the CODM to assess performance and allocate resources to the Group's operating segments, as well as to analyze operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Gross Industrial Margin is defined as the difference between Net Revenues and the corresponding Cost to sell of the period.

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (unit/000)	1st half of 2023	164.1	71.1	89.4	324.6
	1st half of 2022	158.3	72.2	90.1	320.6
	Change	5.8	(1.1)	(0.7)	4.0
	Change %	3.7%	-1.6%	-0.7%	1.2%
Net revenues (millions of Euros)	1st half of 2023	772.7	168.1	231.2	1,172.0
	1st half of 2022	679.5	140.1	233.5	1,053.1
	Change	93.2	28.0	(2.3)	119.0
	Change %	13.7%	20.0%	-1.0%	11.3%
Cost to sell (millions of Euros)	1st half of 2023	555.6	138.2	145.6	839.4
	1st half of 2022	507.7	123.0	145.3	776.0
	Change	47.9	15.2	0.4	63.4
	Change %	9.4%	12.3%	0.3%	8.2%
Gross margin (millions of Euros)	1st half of 2023	217.2	29.9	85.6	332.6
	1st half of 2022	171.8	17.1	88.2	277.1
	Change	45.4	12.8	(2.6)	55.6
	Change %	26.4%	75.1%	-3.0%	20.1%

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues €/000 1,172,048

Revenues are shown net of rebates recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 28,549) and invoiced advertising cost recoveries (€/000 2,888), which are posted under other operating income.
The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

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

IN THOUSANDS OF EUROS	1ST HALF OF 2023		1ST HALF OF 2022		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	772,714	65.9	679,493	64.5	93,221	13.7
India	168,119	14.4	140,116	13.3	28,003	20.0
Asia Pacific 2W	231,215	19.7	233,469	22.2	(2,254)	-1.0
Total	**1,172,048**	**100.0**	**1,053,078**	**100.0**	**118,970**	**11.3**
Two-wheelers	956,140	81.6	875,828	83.2	80,312	9.2
Commercial Vehicles	215,908	18.4	177,250	16.8	38,658	21.8
Total	**1,172,048**	**100.0**	**1,053,078**	**100.0**	**118,970**	**11.3**

In the first half of 2023, net sales revenues recorded a 11.3% increase compared to the same period in 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 €/000 744,434

The increase in costs for materials compared to the first half of 2022 is due to the growth in production volumes and the rise in raw materials costs. The item includes €/000 15,506 (€/000 26,120 in the first half of 2022) for purchases of scooters from the Chinese affiliate Zongshen Piaggio Foshan Motorcycle Co., that are sold on European and Asian markets.

The following table details the content of this item:

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Raw, ancillary materials, consumables and goods	747,632	777,596	(29,964)
Change in inventories of raw, ancillary materials, consumables and goods	6,215	(40,921)	47,136
Change in work in progress of semi-finished and finished products	(9,413)	(54,531)	45,118
Total	**744,434**	**682,144**	**62,290**

6. Cost for services and use of third-party assets €/000 155,385

Below is a breakdown of this item:

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Employee costs	8,115	6,534	1,581
External maintenance and cleaning costs	5,042	4,948	94
Energy and telephone costs	9,336	13,351	(4,015)
Postal expenses	384	593	(209)
Commissions payable	449	566	(117)
Advertising and promotion	25,360	23,259	2,101
Technical, legal and tax consultancy and services	13,063	12,490	573
Company boards operating costs	1,784	1,704	80
Insurance	2,608	2,635	(27)
Insurance from related parties	32	32	0
Outsourced manufacturing	21,733	17,702	4,031
Outsourced services	10,322	8,953	1,369
Transport costs (vehicles and spare parts)	29,075	30,185	(1,110)
Sundry commercial expenses	3,669	4,168	(499)
Expenses for public relations	1,370	1,642	(272)
Product warranty costs	1,186	695	491
Quality-related events	679	128	551
Bank costs and factoring charges	3,959	3,304	655
Other services	7,848	5,563	2,285
Services from related parties	692	592	100
Cost for use of third-party assets	8,632	7,935	697
Cost for use of related parties assets	47	24	23
Total	**155,385**	**147,003**	**8,382**

Cost for services and use of third-party assets showed an increase of €/000 8,382 compared to the first half of 2022.
The item includes costs for temporary work of €/000 1,097.

7. Employee costs €/000 141,887

Employee costs include €/000 1,881 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Salaries and wages	108,153	103,175	4,978
Social security contributions	26,429	25,969	460
Termination benefits	4,575	4,131	444
Other costs	2,730	1,251	1,479
Total	**141,887**	**134,526**	**7,361**

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

	AVERAGE NUMBER		
LEVEL	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Senior management	115.3	109.2	6.1
Middle management	684.0	674.0	10.0
White collars	1,638.7	1,599.2	39.5
Blue collars	3,979.3	4,066.1	(86.8)
Total	**6,417.3**	**6,448.5**	**(31.2)**

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

	NUMBER AS OF		
	30 JUNE 2023	31 DECEMBER 2022	CHANGE
Senior management	113	116	(3)
Middle management	685	688	(3)
White collars	1,655	1,596	59
Blue collars	3,988	3,438	550
Total	**6,441**	**5,838**	**603**
EMEA and Americas	3,828	3,260	568
India	1,380	1,369	11
Asia Pacific 2W	1,233	1,209	24
Total	**6,441**	**5,838**	**603**

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

LEVEL	AS OF 31.12.22	INCOMING	LEAVERS	RELOCATIONS	AS OF 30.06.23
Senior management	116	4	(8)	1	113
Middle management	688	41	(56)	12	685
White collars	1,596	164	(109)	4	1,655
Blue collars	3,438	1,198	(631)	(17)	3,988
Total	**5,838**	**1,407**	**(804)**	**0**	**6,441**

8. Amortisation/depreciation and impairment costs €/000 73,578

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

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
PROPERTY, PLANT AND EQUIPMENT			
Buildings	2,645	2,521	124
Plant and machinery	11,200	11,438	(238)
Industrial and commercial equipment	8,199	7,500	699
Other assets	5,028	3,328	1,700
Total depreciation of property, plant and equipment	**27,072**	**24,787**	**2,285**
Write-down of property, plant and equipment			0
Total depreciation of property, plant and equipment and impairment costs	**27,072**	**24,787**	**2,285**

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
INTANGIBLE ASSETS			
Development costs	17,140	14,983	2,157
Industrial Patent and Intellectual Property Rights	23,624	21,485	2,139
Concessions, licences, trademarks and similar rights	33	33	0
Other	106	63	43
Total amortisation of intangible assets	**40,903**	**36,564**	**4,339**
Write-down of intangible assets		420	(420)
Total amortisation of intangible assets and impairment costs	**40,903**	**36,984**	**3,919**

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
RIGHTS OF USE			
Land	95	95	0
Buildings	4,049	3,043	1,006
Plant and machinery	428	428	0
Industrial and commercial equipment	212	114	98
Other assets	819	956	(137)
Total depreciation of rights of use	**5,603**	**4,636**	**967**

9. Other operating income — €/000 80,619

This item consists of:

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Operating grants	2,808	2,784	24
Increases in fixed assets for internal work	28,237	28,723	(486)
Rents	1,372	1	1,371
Capital gains on the disposal of assets	2,188	166	2,022
Sale of miscellaneous materials	511	836	(325)
Recovery of transport costs	28,549	23,889	4,660
Recovery of advertising costs	2,888	2,797	91
Recovery of sundry costs	2,286	1,967	319
Compensation	419	259	160
Compensation for quality-related events	541	145	396
Licence rights and know-how	1,107	1,552	(445)
Sponsorship	2,991	2,842	149
Other Group income	202	269	(67)
Other income	6,520	9,791	(3,271)
Total	**80,619**	**76,021**	**4,598**

The item "Operating grants" includes €/000 2,163 for government and community grants for research projects and capex, and export subsidies of €/000 645 received from the Indian affiliate. The former are recognised in profit or loss, strictly relating to the amortisation and depreciation of capitalised costs for which they were received.
Other income includes €/000 1,636 in subsidies from the Indian government given to the subsidiary 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.
The item "sponsorships" relates to the activities of the Aprilia Racing team.

10. Impairment of trade and other receivables, net €/000 (2,226)

This item consists of:

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Release of provisions	9		9
Losses on receivables	(27)	(6)	(21)
Impairment of receivables in working capital	(2,208)	(1,286)	(922)
Total	**(2,226)**	**(1,292)**	**(934)**

11. Other operating costs €/000 17,577

This item consists of:

IN THOUSANDS OF EUROS	1ST HALF OF 2023	1ST HALF OF 2022	CHANGE
Other provision for risks	4,172		4,172
Provisions for product warranties	6,972	5,920	1,052
Duties and taxes not on income	2,936	2,764	172
Subscriptions	820	694	126
Capital losses from disposal of assets	1	2	(1)
Miscellaneous expenses	2,044	2,569	(525)
Costs for ETS certificates	632		632
Total sundry operating costs	*6,433*	*6,029*	*404*
Total	**17,577**	**11,949**	**5,628**

The increase reported in the six-month period are mainly related to higher provisions for risks.

12. Results of associates €/000 139

Income from investments originated from the Group's share of the results of the joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd and the associated company Pontedera & Tecnolologia S.c.a.r.l. accounted for using the equity method.

13. Net financial income (financial costs) €/000 (19,556)

Financial income (financial costs) in the first half of 2023 showed a cost of €/000 19,556 (€/000 12,814 in the first six months of last year). The deterioration was mainly due to the rise in interest rates on debt, partially mitigated by the positive impact of currency management.

14. Income taxes €/000 33,375

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

15. Profits or losses arising from assets held for sale €/000 0

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

16. Earnings per share

Earnings per share are calculated as follows:

		1ST HALF 2023	1ST HALF OF 2022
Net profit	€/000	64,788	45,188
Earnings attributable to ordinary shares	€/000	64,788	45,188
Average number of ordinary shares in circulation		354,615,597	356,760,443
Earnings per ordinary share	€	0.183	0.127
Adjusted average number of ordinary shares		354,615,597	356,760,443
Diluted earnings per ordinary share	€	0.183	0.127

EMARKET SDIR CERTIFIED

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets €/000 732,829

Intangible assets went up overall by €/000 3,305, mainly due to investments for the period which were only partially balanced by amortisation for the period.
Increases mainly refer to the capitalisation of development costs and know-how for new products and new engines, as well as the purchase of software.
During the first half of 2023, financial costs for €/000 1,270 were capitalised.

The table below shows the breakdown of intangible assets as of 30 June 2023, as well as changes during the period.

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2022	MOVEMENTS FOR THE PERIOD						SITUATION AT 30.06.2023
	NET VALUE	INVESTMENTS	TRANSITIONS IN THE PERIOD	AMORTISATION	DISPOSALS	EXCHANGE DIFFERENCES	OTHER	NET VALUE
Development costs	**109,322**	**21,949**	**0**	**(17,140)**	**0**	**(445)**	**0**	**113,686**
In service	79,293	2,179	3,181	(17,140)	0	(306)	0	67,207
Assets under development and advances	30,029	19,770	(3,181)	0	0	(139)	0	46,479
Patent rights	**142,377**	**22,746**	**0**	**(23,624)**	**(43)**	**0**	**0**	**141,456**
In service	101,330	3,493	6,415	(23,624)	(43)	(5)	0	87,566
Assets under development and advances	41,047	19,253	(6,415)	0	0	5	0	53,890
Trademarks	**29,412**	**0**	**0**	**(33)**	**0**	**0**	**0**	**29,379**
In service	29,412	0	0	(33)	0	0	0	29,379
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**	**121**	**0**	**(106)**	**0**	**(53)**	**(67)**	**1,368**
In service	272	98	374	(106)	0	(11)	(67)	560
Assets under development and advances	1,201	23	(374)	0	0	(42)	0	808
Total	**729,524**	**44,816**	**0**	**(40,903)**	**(43)**	**(498)**	**(67)**	**732,829**
In service	657,247	5,770	9,970	(40,903)	(43)	(322)	(67)	631,652
Assets under development and advances	72,277	39,046	(9,970)	0	0	(176)	0	101,177

Development costs include costs for products and engines referable to projects for which, as regards the period of the useful life of the asset, revenues are expected that allow for at least the costs incurred to be recovered. Assets under development refer to costs for which conditions for capitalisation apply, but that refer to products that will go into production in subsequent years.
Financial costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.
In the first half of 2023, development costs amounting to €/000 11,800 were carried as expenses directly in the income statement.

The item Patent rights comprises software for €/000 24,713 and patents and know-how.
Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the Group, referring to main new products in the 2023-2024 range.
Costs for industrial patent and intellectual property rights are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

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

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Moto Guzzi trademark	9,750	9,750	0
Aprilia trademark	19,158	19,158	0
Minor trademarks	8	10	(2)
Foton licence	463	494	(31)
Total	**29,379**	**29,412**	**(33)**

As they have an indefinite useful life as of 2021, the Moto Guzzi and Aprilia brands are no longer amortised but are subjected annually, or more frequently if specific events take place or changed circumstances indicate that the asset may have been affected by impairment, to identify impairment as provided for by IAS 36 - Impairment of Assets.
The Foton licence is amortised over a 10-year period expiring in 2031.

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

IN THOUSANDS OF EUROS	EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
30 06 2023	305,311	109,695	31,934	446,940
31 12 2022	305,311	109,695	31,934	446,940

The organisational structure of the Group is based on 3 Geographic Segments (CGUs), involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and Americas, India and Asia Pacific 2W. Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. Central structures and development activities currently dealt with by EMEA and Americas, are handled by individual CGUs.
Goodwill cannot be amortised, but is tested for impairment annually or frequently, if specific events take place or changed circumstances indicate that the asset may have been affected by impairment, to identify impairment as provided for by IAS 36 - Impairment of Assets (impairment test).
The possibility of reinstating booked values is verified by comparing the net carrying amount of individual cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows which, it is estimated, will be derived from the continual use of goods referring to cash generating units and by the terminal value attributable to these goods.
The recoverability of goodwill is verified at least once per year (as of 31 December), even in the absence of indicators of impairment losses.
The Piaggio Group ended the first half of 2023 with very positive results, better than those of the same period of the previous year. Within the individual CGUs, EMEA and Americas reported a positive trend, as well as the Indian market, where there was a turnaround compared to 2022 that should lead to a recovery in margins by the second half of the year, consistent with the scenarios considered in the impairment analyses carried out for the 2022 Consolidated Financial Statements. As far as the Asia Pacific CGU is concerned, the slight decrease in turnover is mostly related to the exchange rate effect. In this context, the Group conducted an analysis of projected flows for current and forward-looking results with reference to the current year and a comparison of the same with the Budget and Plan data approved at the beginning of 2023 for the various Geographic Segments. This analysis showed it was not necessary to update the impairment test with reference to any CGU, also considering the extent of existing cover as of 31 December 2022.

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18. Property, plant and equipment €/000 283,816

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia).
Property, plant and equipment decreased by a total of €/000 7,550 mainly due to depreciation for the period, which was only partially offset by investments for the period, and the impact of the devaluation of the Indian rupee and Vietnamese dong on the euro. The increases mainly relate to the construction of moulds for new vehicles launched during the period.
Financial costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During the first half of 2023, financial costs for €/000 226 were capitalised.

The table below shows the breakdown of intangible assets as of 30 June 2023, as well as changes during the period.

IN THOUSANDS OF EUROS	SITUATION AT 31.12.2022	MOVEMENTS FOR THE PERIOD						SITUATION AT 30.06.2023
	NET VALUE	INVEST-MENTS	TRANSI-TIONS IN THE PERIOD	DEPRECIA-TION	DISPOSALS	EXCHANGE DIFFEREN-CES	OTHER	NET VALUE
Land	**37,213**	**0**	**0**	**0**	**0**	**79**	**0**	**37,292**
In service	37,213	0	0	0	0	79	0	37,292
Buildings	**89,830**	**1,350**	**0**	**(2,645)**	**(188)**	**(289)**	**(41)**	**88,017**
In service	86,377	142	888	(2,645)	(188)	(275)	(41)	84,258
Assets under construction and advances	3,453	1,208	(888)	0	0	(14)	0	3,759
Plant and machinery	**108,974**	**12,226**	**0**	**(11,200)**	**(8)**	**(950)**	**20**	**109,062**
In service	95,221	1,038	6,017	(11,200)	0	(743)	20	90,353
Assets under construction and advances	13,753	11,188	(6,017)	0	(8)	(207)	0	18,709
Equipment	**41,745**	**3,590**	**0**	**(8,199)**	**(57)**	**13**	**34**	**37,126**
In service	38,382	1,510	740	(8,199)	(57)	8	415	32,799
Assets under construction and advances	3,363	2,080	(740)	0	0	5	(381)	4,327
Other assets	**13,604**	**3,861**	**0**	**(5,028)**	**(43)**	**(62)**	**(13)**	**12,319**
In service	10,426	3,668	3,129	(5,028)	(40)	(61)	(13)	12,081
Assets under construction and advances	3,178	193	(3,129)	0	(3)	(1)	0	238
Total	**291,366**	**21,027**	**0**	**(27,072)**	**(296)**	**(1,209)**	**0**	**283,816**
In service	267,619	6,358	10,774	(27,072)	(285)	(992)	381	256,783
Assets under construction and advances	23,747	14,669	(10,774)	0	(11)	(217)	(381)	27,033

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19. Rights of use €/000 33,483

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.

IN THOUSANDS OF EUROS	AS OF 30 JUNE 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
Land			6,839	6,839			7,049	7,049	(210)
Buildings	15,240		87	15,327	18,513		146	18,659	(3,332)
Plant and machinery		6,847		6,847		7,275		7,275	(428)
Equipment	1,449			1,449	1,661			1,661	(212)
Other assets	3,007	14		3,021	2,195	22		2,217	804
Total	**19,696**	**6,861**	**6,926**	**33,483**	**22,369**	**7,297**	**7,195**	**36,861**	**(3,378)**

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER ASSETS	TOTAL
Situation at 31 12 2022	**7,049**	**18,659**	**7,275**	**1,661**	**2,217**	**36,861**
Increases		1,145			1,622	2,767
Depreciation	(95)	(4,049)	(428)	(212)	(819)	(5,603)
Decreases	(7)	(228)				(235)
Exchange differences	(108)	(200)			1	(307)
Movements for the period	**(210)**	**(3,332)**	**(428)**	**(212)**	**804**	**(3,378)**
Situation at 30 06 2023	**6,839**	**15,327**	**6,847**	**1,449**	**3,021**	**33,483**

Future lease rental commitments are detailed in note 37.

20. Deferred tax assets €/000 56,470

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.
As part of measurements to define deferred tax assets, the Group mainly considered the following:
- tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
- taxable income expected in the medium term for each single company and the economic and tax impact. In this scenario, plans resulting from the reworking of the Group plan were taken as a reference;
- the tax rate in effect in the year when temporary differences occur.

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

21. Inventories €/000 378,379

This item comprises:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Raw materials and consumables	198,381	202,223	(3,842)
Provision for write-down	(17,639)	(11,532)	(6,107)
Net value	*180,742*	*190,691*	*(9,949)*
Work in progress and semi-finished products	16,867	31,993	(15,126)
Provision for write-down	(852)	(852)	0
Net value	*16,015*	*31,141*	*(15,126)*
Finished products and goods	201,164	176,632	24,532
Provision for write-down	(19,984)	(19,754)	(230)
Net value	*181,180*	*156,878*	*24,302*
Advances	442	968	(526)
Total	**378,379**	**379,678**	**(1,299)**

22. Trade receivables (current and non-current) €/000 137,618

As of 30 June 2023 and 31 December 2022, there were no trade receivables in non-current assets. Current trade receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Trade receivables due from customers	137,148	66,675	70,473
Trade receivables due from JV	449	459	(10)
Trade receivables due from parent companies		9	(9)
Trade receivables due from associates	21		21
Total	**137,618**	**67,143**	**70,475**

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 32,472.
The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables, besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. As of 30 June 2023, trade receivables still due sold without recourse totalled €/000 281,384.
Of these amounts, Piaggio received payment prior to natural expiry of €/000 261,285.
As of 30 June 2023, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 19,054 with a counter entry recorded in current liabilities.

23. Other receivables (current and non-current) €/000 73,505

They consist of:

	AS OF 30 JUNE 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	25,767		25,767	25,721		25,721	46	0	46
Receivables due from JV	561		561	544		544	17	0	17
Receivables due from affiliated companies	11		11	28		28	(17)	0	(17)
Accrued income	1,018		1,018	1,390		1,390	(372)	0	(372)
Deferred charges	12,372	9,471	21,843	11,331	10,771	22,102	1,041	(1,300)	(259)
Advance payments to suppliers	863	1	864	1,095	1	1,096	(232)	0	(232)
Advances to employees	500	24	524	513	24	537	(13)	0	(13)
Fair value of hedging derivatives	4,246	417	4,663	5,530	582	6,112	(1,284)	(165)	(1,449)
Security deposits	309	1,161	1,470	299	1,125	1,424	10	36	46
Receivables due from others	9,300	7,484	16,784	9,667	7,518	17,185	(367)	(34)	(401)
Total	**54,947**	**18,558**	**73,505**	**56,118**	**20,021**	**76,139**	**(1,171)**	**(1,463)**	**(2,634)**

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 3,688 current portion), to the fair value of an Interest Rate Swap designated as a hedge and recognised on a cash flow hedge principle (€/000 417 non-current portion and €/000 278 current portion), and to the fair value of derivatives hedging commodities risk recognised on a cash flow hedge principle (€/000 9 current portion) and the fair value of a forex hedging transaction, not recognised according to the cash flow hedge principle (€/000 271 for the current portion).
Receivables due from others include €/000 4,287 (€/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. This receivable is recognised in the income statement in proportion to the depreciation of the assets on which the grant was made. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

24. Tax receivables (current and non-current) €/000 56,762

Tax receivables consist of:

	AS OF 30 JUNE 2023			AS OF 31 DECEMBER 2022			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
VAT	37,048	290	37,338	33,828	741	34,569	3,220	(451)	2,769
Income tax	4,425	5,779	10,204	2,949	6,270	9,219	1,476	(491)	985
Others	8,608	612	9,220	8,324	1,809	10,133	284	(1,197)	(913)
Total	**50,081**	**6,681**	**56,762**	**45,101**	**8,820**	**53,921**	**4,980**	**(2,139)**	**2,841**

25. Receivables due after 5 years €/000 0

As of 30 June 2023, there were no receivables due after 5 years.

26. Assets held for sale €/000 0

As of 30 June 2023, there were no assets held for sale.

27. Trade payables (current and non-current) €/000 725,391

As of 30 June 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:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Amounts due to suppliers	713,550	729,974	(16,424)
Trade payables to JV	11,755	9,518	2,237
Trade payables due to associates	36	26	10
Trade payables due to parent companies	50	314	(264)
Total	**725,391**	**739,832**	**(14,441)**
Of which indirect factoring	*301,744*	*297,231*	*4,513*

To facilitate credit conditions for its suppliers, the Group has always used some indirect factoring agreements, mainly supply chain financing and reverse factoring agreements. These operations have not changed the primary obligation or substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 30 June 2023, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 301,744 (€/000 297,231 as of 31 December 2022).

28. Provisions (current and non-current portion) €/000 36,761

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

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2022	ALLOCATIONS	UTILIZATIONS	EXCHANGE DIFFERENCES	BALANCE AS OF 30 JUNE 2023
Provision for product warranties	21,057	6,972	(5,280)	(164)	22,585
Provision for contractual risks	6,974	2,000		(17)	8,957
Risk provision for legal disputes	1,933		(48)	(1)	1,884
Provision for ETS certificates	513	500	(513)		500
Other provisions for risks	734	2,172	(58)	(13)	2,835
Total	**31,211**	**11,644**	**(5,899)**	**(195)**	**36,761**

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

	AS OF 30 JUNE 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	14,191	8,394	22,585	13,042	8,015	21,057	1,149	379	1,528
Provisions for contractual risks	957	8,000	8,957	974	6,000	6,974	(17)	2,000	1,983
Risk provision for legal disputes	163	1,721	1,884	212	1,721	1,933	(49)	0	(49)
Provision for ETS certificates	500		500	513		513	(13)	0	(13)
Other provisions for risks and charges	2,417	418	2,835	316	418	734	2,101	0	2,101
Total	**18,228**	**18,533**	**36,761**	**15,057**	**16,154**	**31,211**	**3,171**	**2,379**	**5,550**

The product warranty provision relates to allocations for technical assistance on products covered by customer service which are estimated to be provided over the contractually envisaged warranty period. This period varies according to the type of goods sold and the sales market, and is also determined by customer take-up to commit to a scheduled maintenance plan.
The provision increased during the period by €/000 6,972 and was used for €/000 5,280 in relation to charges incurred during the period.
The provision for contractual risks refers to charges that may arise from supply contracts.
The provision for litigation concerns labour litigation and other legal proceedings.
Other risk provisions include management's best estimate of probable liabilities at the reporting date.

29. Deferred tax liabilities — €/000 6,254

Deferred tax liabilities amount to €/000 6,254 compared to €/000 5,173 as of 31 December 2022.

30. Retirement funds and employee benefits — €/000 24,856

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Retirement funds	790	771	19
Termination benefits provision	24,066	24,943	(877)
Total	**24,856**	**25,714**	**(858)**

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.
The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.
The economic/technical assumptions used by Group companies operating in Italy to discount the value are shown in the table below:

Technical annual discount rate	3.67%
Annual inflation rate	2.30%
Annual rate of increase in termination benefit	3.225%

As regards the discount rate, the Group has decided to use the iBoxx Corporates AA rating with a 7-10 duration as the valuation reference.
If the iBoxx Corporates A rating with a 7-10 duration had been used, the value of actuarial losses and the provision as of 30 June 2023 would have been lower by €/000 817.

The table below shows the effects, in absolute terms, as of 30 June 2023, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	24,186
Turnover rate -2%	23,935
Inflation rate +0.25%	24,377
Inflation rate - 0.25%	23,759
Discount rate +0.50%	23,585
Discount rate -0.50%	24,560

The average financial duration of the bond ranges from 8 to 24 years.
Estimated future amounts are equal to:

IN THOUSANDS OF EUROS	
YEAR	FUTURE AMOUNTS
1	1,968
2	1,171
3	1,218
4	725
5	1,952

The affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. As of 30 June 2023, these provisions amounted to €/000 77 and €/000 341 respectively.

31. Tax payables (current and non-current) €/000 26,281

In both periods under review, there were no non-current tax liabilities outstanding.
"Current tax liabilities" are broken down as follows:

	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
IN THOUSANDS OF EUROS			
Due for income tax	14,837	11,651	3,186
Due for non-income tax	84	193	(109)
Tax payables for:			
. VAT	6,144	1,120	5,024
. Tax withheld at source	3,388	5,532	(2,144)
. Others	1,828	526	1,302
Total	11,360	7,178	4,182
Total	**26,281**	**19,022**	**7,259**

The item includes tax payables recorded in the financial statements of individual consolidated companies, set aside in relation to tax charges for the individual companies on the basis of applicable national laws.
Payables for tax withholdings made refer mainly to withholdings on employees' earnings, on employment termination payments and on self-employed earnings.

32. Other payables (current and non-current) €/000 119,838

This item comprises:

	AS OF 30 JUNE 2023			AS OF 31 DECEMBER 2022			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
IN THOUSANDS OF EUROS									
To employees	39,280	47	39,327	28,377	48	28,425	10,903	(1)	10,902
Guarantee deposits		4,373	4,373		4,087	4,087	-	286	286
Accrued expenses	5,926		5,926	4,696		4,696	1,230	-	1,230
Deferred income	5,244	11,158	16,402	4,233	11,318	15,551	1,011	(160)	851
Amounts due to social security institutions	6,185		6,185	9,037		9,037	(2,852)	-	(2,852)
Fair value of derivatives	8,688		8,688	3,062		3,062	5,626	-	5,626
To associates			-	114		114	(114)	-	(114)
To parent companies	26,788		26,788	26,336		26,336	452	-	452
Others	12,070	79	12,149	17,855	77	17,932	(5,785)	2	(5,783)
Total	**104,181**	**15,657**	**119,838**	**93,710**	**15,530**	**109,240**	**10,471**	**127**	**10,598**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 17,026 and other payments to be made for €/000 22,301.
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 (€/000 7,691 current portion) and the fair value of commodity hedging derivatives accounted for according to the cash flow hedge principle (€/000 997 current portion).
The item Accrued liabilities includes €/000 132 for interest on hedging derivatives and associated hedged items measured at fair value.
Deferred income includes €/000 5,525 (€/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 23 "Other receivables".

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".
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 9,308

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Interests in joint ventures	9,087	9,697	(610)
Investments in associates	221	216	5
Total	**9,308**	**9,913**	**(605)**

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

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

IN THOUSANDS OF EUROS	ACCOUNTS AS OF 30 JUNE 2023		ACCOUNTS AS OF 31 DECEMBER 2022	
ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE CO. LTD				
		45%*		45%*
Working capital	8,475	3,814	13,014	5,856
Financial debt	3,386	1,523	0	0
Total assets	11,059	4,977	12,946	5,826
Net capital employed	**22,920**	**10,314**	**25,960**	**11,682**
Provisions	411	185	441	198
Financial debt	0	0	1,309	589
Shareholders' equity	22,509	10,129	24,210	10,895
Total sources of financing	**22,920**	**10,314**	**25,960**	**11,682**
* Group ownership				
Shareholders' equity attributable to the Group		10,129		10,895
Elimination of margins on internal transactions		(1,042)		(1,198)
Value of the investment		**9,087**		**9,697**

IN THOUSANDS OF EUROS	
RECONCILIATION OF SHAREHOLDERS' EQUITY	
Opening balance as of 1 January 2023	**9,697**
Profit (Loss) for the period	(21)
Statement of Comprehensive Income	(744)
Elimination of margins on internal transactions	155
Closing balance as of 30 June 2023	**9,087**

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Investments in associates €/000 221

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2022	ADJUSTMENT	AS OF 30 JUNE 2023
ASSOCIATES			
Immsi Audit S.c.a r.l.	10		10
S.A.T. S.A. – Tunisia	0		0
Depuradora D'Aigues de Martorelles	28		28
Pontedera & Tecnologia S.c.a r.l.	178	5	183
Total associates	**216**	**5**	**221**

The change relates to the equity valuation of the investment in Pontedera & Tecnologia S.c.a r.l.

35. Other financial assets (current and non-current) €/000 16

This item comprises:

	AS OF 30 JUNE 2023			AS OF 31 DECEMBER 2022			CHANGE		
IN THOUSANDS OF EUROS	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Fair Value of hedging derivatives				59		59	(59)	0	(59)
Investments in other companies		16	16		16	16	0	0	0
Total	**0**	**16**	**16**	**59**	**16**	**75**	**(59)**	**0**	**(59)**

The breakdown of the item “Investments in other companies” is shown in the table below:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
OTHER COMPANIES:			
A.N.C.M.A. – Rome	2	2	0
ECOFOR SERVICE S.p.A. – Pontedera	2	2	0
Consorzio Fiat Media Center – Turin	3	3	0
S.C.P.S.T.V.	0	0	0
IVM	9	9	0
Total other companies	**16**	**16**	**0**

36. Cash and cash equivalents €/000 249,728

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

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
Bank and postal deposits	249,662	242,569	7,093
Cash on hand	66	47	19
Total	**249,728**	**242,616**	**7,112**

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

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

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 30 JUNE 2022	CHANGE
Liquidity	249,728	236,653	13,075
Current account overdrafts			0
Closing balance	**249,728**	**236,653**	**13,075**

37. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 634,156

During the first half of 2023, the Group's total debt went up by €/000 23,312. Net of the change in financial liabilities for rights of use, the Group's total financial debt increased by €/000 25,467 as of 30 June 2023.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 30 JUNE 2023			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial liabilities	125,091	482,315	607,406	71,149	510,790	581,939	53,942	(28,475)	25,467
Financial liabilities for rights of use	8,342	18,408	26,750	11,192	17,713	28,905	(2,850)	695	(2,155)
Total	**133,433**	**500,723**	**634,156**	**82,341**	**528,503**	**610,844**	**51,092**	**(27,780)**	**23,312**

Net financial debt of the Group amounted to €/000 384,428 as of 30 June 2023 compared to €/000 368,228 as of 31 December 2022.

The composition of "Net financial debt" as of 30 June 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)[12]

IN THOUSANDS OF EUROS		AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022	CHANGE
A	**Cash and cash equivalents**	**249,728**	**242,616**	**7,112**
B	**Cash equivalents**			**0**
C	**Other current financial assets**			**0**
D	**Liquidity (A + B + C)**	**249,728**	**242,616**	**7,112**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(89,085)**	**(33,739)**	**(55,346)**
	Payables due to banks	(61,618)	(10,436)	(51,182)
	Debenture loan			0
	Amounts due to factoring companies	(19,054)	(12,040)	(7,014)
	Financial liabilities for rights of use	(8,342)	(11,192)	2,850
	.of which finance leases	*(1,244)*	*(1,190)*	*(54)*
	.of which operating leases	*(7,098)*	*(10,002)*	*2,904*
	Current portion of payables due to other lenders	(71)	(71)	0
F	**Current portion of non-current financial debt**	**(44,348)**	**(48,602)**	**4,254**
G	**Current financial debt (E + F)**	**(133,433)**	**(82,341)**	**(51,092)**
H	**Net current financial debt (G - D)**	**116,295**	**160,275**	**(43,980)**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(254,212)**	**(282,767)**	**28,555**
	Medium-/long-term bank loans	(235,663)	(264,878)	29,215
	Financial liabilities for rights of use	(18,408)	(17,713)	(695)
	.of which finance leases	*(2,642)*	*(3,286)*	*644*
	.of which operating leases	*(15,766)*	*(14,427)*	*(1,339)*
	Amounts due to other lenders	(141)	(176)	35
J	**Debt instruments**	**(246,511)**	**(245,736)**	**(775)**
K	**Trade payables and other non-current payables**			
L	**Non-current financial debt (I + J + K)**	**(500,723)**	**(528,503)**	**27,780**
M	**Total financial debt (H + L)**	**(384,428)**	**(368,228)**	**(16,200)**

As regards indirect factoring, please refer to the comment in Note 27 "Trade payables".

12 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 in the two periods compared and relative accruals.

The table below summarises the breakdown of financial debt as of 30 June 2023 and as of 31 December 2022, as well as changes for the period.

IN THOUSANDS OF EUROS			CASH FLOWS						
		BALANCE AS OF 31.12.2022	MOVEMEN-TS	REPAY MENTS	NEW ISSUES	RECLASSIFI-CATIONS	EXCHAN-GE DELTA	OTHER CHANGES	BALANCE AS OF 30.06.2023
A	**Cash and cash equivalents**	**242,616**	**9,296**				**(2,184)**		**249,728**
B	**Cash equivalents**								**0**
C	**Other current financial assets**								**0**
D	**Liquidity (A + B + C)**	**242,616**	**9,296**	**0**	**0**	**0**	**(2,184)**	**0**	**249,728**
E	**Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)**	**(33,739)**	**0**	**16,992**	**(71,466)**	**(2,050)**	**1,005**	**173**	**(89,085)**
	Current account overdrafts	(64)		64					0
	Current account payables	(10,372)		82	(52,412)		911	173	(61,618)
	Total current bank loans	*(10,436)*	*0*	*146*	*(52,412)*	*0*	*911*	*173*	*(61,618)*
	Debenture loan								0
	Amounts due to factoring companies	(12,040)		12,040	(19,054)				(19,054)
	Financial liabilities for rights of use	(11,192)		4,771		(2,015)	94	0	(8,342)
	.of which finance leases	*(1,190)*		*591*		*(644)*		*(1)*	*(1,244)*
	.of which operating leases	*(10,002)*		*4,180*		*(1,371)*	*94*	*1*	*(7,098)*
	Current portion of payables due to other lenders	(71)		35		(35)			(71)
F	**Current portion of non-current financial debt**	**(48,602)**		**33,961**		**(29,343)**		**(364)**	**(44,348)**
G	**Current financial debt (E + F)**	**(82,341)**	**0**	**50,953**	**(71,466)**	**(31,393)**	**1,005**	**(191)**	**(133,433)**
H	**Net current financial debt (G - D)**	**160,275**	**9,296**	**50,953**	**(71,466)**	**(31,393)**	**(1,179)**	**(191)**	**116,295**
I	**Non-current financial debt (excluding current portion and debt instruments)**	**(282,767)**	**0**	**0**	**0**	**31,393**	**137**	**(2,975)**	**(254,212)**
	Medium-/long-term bank loans	(264,878)				29,343		(128)	(235,663)
	Liabilities for rights of use	(17,713)				2,015	137	(2,847)	(18,408)
	.of which finance leases	*(3,286)*				*644*			*(2,642)*
	.of which operating leases	*(14,427)*				*1,371*	*137*	*(2,847)*	*(15,766)*
	Amounts due to other lenders	(176)				35			(141)
J	**Debt instruments**	**(245,736)**						**(775)**	**(246,511)**
K	**Trade payables and other non-current payables**								
L	**Non-current financial debt (I + J + K)**	**(528,503)**	**0**	**0**	**0**	**31,393**	**137**	**(3,750)**	**(500,723)**
M	**Total financial debt (H + L)**	**(368,228)**	**9,296**	**50,953**	**(71,466)**	**0**	**(1,042)**	**(3,941)**	**(384,428)**

Financial liabilities €/000 607,406

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 30.06.2023	CARRYING AMOUNT AS OF 31.12.2022	NOMINAL VALUE AS OF 30.06.2023	NOMINAL VALUE AS OF 31.12.2022
Bank loans	341,629	323,916	342,488	325,266
Bonds	246,511	245,736	250,000	250,000
Other loans	19,266	12,287	19,266	12,287
Total	**607,406**	**581,939**	**611,754**	**587,553**

The table below shows the debt servicing schedule as of 30 June 2023:

IN THOUSANDS OF EUROS				AMOUNTS FALLING DUE IN				
	NOMINAL VALUE AS OF 30.06.2023	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2ND HALF OF 2024	2025	2026	2027	AFTER
Bank loans	342,488	106,024	236,464	39,018	38,715	87,564	36,167	35,000
- of which opening of credit lines and bank overdrafts	*61,618*	*61,618*	*0*					
- of which medium/long-term bank loans	*280,870*	*44,406*	*236,464*	*39,018*	*38,715*	*87,564*	*36,167*	*35,000*
Bonds	250,000	0	250,000		250,000			
Other loans	19,266	19,125	141	35	71	35		
Total	**611,754**	**125,149**	**486,605**	**39,053**	**288,786**	**87,599**	**36,167**	**35,000**

Medium and long-term bank debt amounts to €/000 280,011 (of which €/000 235,663 non-current and €/000 44,348 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 7 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 46,615 (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);
- a €/000 114,374 (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 20,165 medium-term loan (nominal value of €/000 20,250) 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 16,617 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 23,333 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 2,988 medium-term loan (nominal value of €/000 3,000) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 5,991 medium-term loan (nominal value of €/000 6,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;

- a €/000 4,235 medium-term loan (nominal value of €/000 4,239) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule;
- a €/000 14,979 (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 30 June 2023:
- a €/000 200,000 syndicated revolving loan facility maturing on 5 January 2024;
- a €/000 20,000 revolving credit line granted by Banca Intesa San Paolo maturing on 31 January 2024;
- a €/000 10,000 revolving credit line granted by Banca del Mezzogiorno maturing on 1 July 2026;
- a €/000 12,500 revolving credit line granted by Banca Popolare dell'Emilia Romagna maturing on 2 August 2026;
- a €/000 60,000 Loan granted by the European Investment Bank with maturity 9 years from disbursement.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 246,511 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a BB- rating with a stable outlook and a Ba3 rating with a stable outlook respectively. It should be noted that the Company may repay in advance all or part of the High Yield bond issued on 30 April 2018 on the terms specified in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 19,054.

Medium-/long-term payables to other lenders equal to €/000 212 of which €/000 141 maturing after the year and €/000 71 as the current portion refer to a loan from the Region of Tuscany, pursuant to regulations on incentives for investments in research and development.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:
1. financial covenants, on the basis of which the company undertakes to comply with certain levels of contractually defined financial indices, with the most significant comprising the ratio of net financial debt/gross operating margin (EBITDA), measured on the consolidated perimeter of the Group, according to definitions agreed on with lenders;
2. negative pledges according to which the company may not establish collaterals or other constraints on company assets;
3. "pari passu" clauses, on the basis of which the loans will have the same repayment priority as other financial liabilities, and change of control clauses, which are effective if the majority shareholder loses control of the company;
4. limitations on the extraordinary operations the company may carry out.

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.
The high yield debenture loan issued by the company in April 2018 provide for compliance with covenants which are typical of international practice on the high yield market. In particular, the company must observe the EBITDA/Net borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to:
1. pay dividends or distribute capital;
2. make some payments;
3. grant collaterals for loans;
4. merge with or establish some companies;
5. sell or transfer own assets.

Failure to comply with the covenants and other contract commitments of the loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit & Loss, for which the same measurement criteria used for the derivative are applied and receivables classified as Fair Value Through OCI): according to this method, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability.
IFRS 13 – Fair Value Measurement defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

- level 1 – quoted prices in active markets for assets or liabilities measured;
- level 2 – inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) on the market;
- level 3 – inputs not based on observable market data.

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

The table below shows the fair value of payables measured using the amortised cost method as of 30 June 2023:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE [13]
High yield debenture loan	250,000	246,511	247,243
EIB RDI	46,666	46,615	40,964
EIB RDI step up	25,000	25,000	21,511
Loan from B. Pop. Emilia Romagna	20,250	20,165	19,523
Loan from CDP	23,333	23,333	21,720
Loan from Banco BPM	16,667	16,617	15,609
Loan from Banca CARIGE	4,239	4,235	3,840
Loan from CariBolzano	6,000	5,991	5,622
Loan from B.Pop. Sondrio	3,000	2,988	2,903
Loan from OLB	15,000	14,979	16,089
Schuldschein loans	115,000	114,374	118,419

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

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

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 30 June 2023, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Financial derivatives:			
- of which financial assets			
- of which other receivables		4,663	
Investments in other companies			16
Total assets		**4,663**	**16**
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives:			
- of which financial liabilities			
- of which other payables		(8,688)	
Financial liabilities at fair value recognised through profit or loss.			
Total liabilities		**(8,688)**	
General total		**(4,025)**	**16**

The following table shows Level 2 and Level 3 changes during the first half of 2023.

IN THOUSANDS OF EUROS	LEVEL 2	LEVEL 3
Balance as of 31 December 2022	**3,049**	**16**
Gain (loss) recognised in profit or loss	621	
Gain (loss) recognised in the statement of comprehensive income	(7,695)	
Balance as of 30 June 2023	**(4,025)**	**16**

Financial liabilities for rights of use €/000 26,750

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

	AS OF 30 JUNE 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	7,098	15,766	22,864	10,002	14,427	24,429	(2,904)	1,339	(1,565)
Finance leases	1,244	2,642	3,886	1,190	3,286	4,476	54	(644)	(590)
Total	**8,342**	**18,408**	**26,750**	**11,192**	**17,713**	**28,905**	**(2,850)**	**695**	**(2,155)**

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 1,713 (€/000 818 non-current portion).
Payables for finance leases amounted to €/000 3,886 (nominal value of €/000 3,890) and break down as follows:
- a Sale&Lease back agreement for €/000 3,841 (nominal value of €/000 3,845) granted by Albaleasing on a production plant of the Parent Company. The agreement is for ten years, with quarterly repayments (non-current portion equal to €/000 2,642);
- a finance lease for €/000 45 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (all included in the current portion).

The table below shows the repayment schedule as of 30 June 2023:

IN THOUSANDS OF EUROS				AMOUNTS FALLING DUE IN				
	CARRYING AMOUNT AS OF 30.06.2023	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2ND HALF OF 2024	2025	2026	2027	AFTER
Financial liabilities for rights of use								
- of which operating leases	*22,864*	*7,098*	*15,766*	*4,211*	*4,626*	*2,309*	*943*	*3,677*
- of which finance leases	*3,886*	*1,244*	*2,642*	*615*	*1,259*	*768*		
Total	**26,750**	**8,342**	**18,408**	**4,826**	**5,885**	**3,077**	**943**	**3,677**

F) MANAGEMENT OF FINANCIAL RISK

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

38. Credit risk

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

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022
Liquid assets	249,662	242,569
Financial receivables	16	75
Other receivables	73,505	76,139
Tax receivables	56,762	53,921
Trade receivables	137,618	67,143
Total	**517,563**	**439,847**

The Group monitors and manages credit centrally by using established policies and guidelines. The portfolio of trade receivables shows no signs of concentrated credit risk in light of the broad distribution of our licensee or distributor network. In addition, most trade receivables are short-term. In order to optimise credit management, the Group has established revolving programmes with some primary factoring companies for selling its trade receivables without recourse in Europe and the United States.

39. Financial risks

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

Liquidity risk and capitals management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.
In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Parent Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.
As of 30 June 2023 the most important credit lines irrevocable until maturity granted to the Parent Company were as follows:
- a debenture loan of €/000 250,000 maturing in April 2025;
- a Schuldschein loan of €/000 115,000, with final settlement in February 2029;
- a €/000 200,000 syndicated revolving loan facility maturing in January 2024;
- revolving credit facilities for a total of €/000 42,500, with final settlement in August 2026;
- loans for a total of €/000 225,869, with final settlement in March 2028.

Other Group companies also have irrevocable loans totalling €/000 13,805 with final settlement in December 2023.

As of 30 June 2023, the Group had a liquidity of €/000 249,728, undrawn irrevocable credit lines of €/000 316,305 and revocable credit lines of €/000 175,215, as detailed below:

IN THOUSANDS OF EUROS	AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022
Variable rate with maturity within one year - irrevocable until maturity	233,805	14,063
Variable rate with maturity after one year - irrevocable until maturity	82,500	300,500
Variable rate with maturity within one year - cash revocable	166,215	184,418
Variable rate with maturity within one year - with revocation for self-liquidating typologies	9,000	9,000
Total undrawn credit lines	**491,520**	**507,981**

Exchange Risk

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

- **the transaction exchange risk:** the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
- **the translation exchange risk:** arises from the translation into Euro of the financial statements of subsidiaries prepared in currencies other than the Euro during consolidation. The policy adopted by the Group does not require this type of exposure to be covered;
- **the economic exchange risk:** arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging

As of 30 June 2023, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the transaction exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CAD	1,400	970	31/07/2023
Piaggio & C.	Purchase	CNY	218,000	28,535	02/08/2023
Piaggio & C.	Purchase	JPY	440,000	2,998	11/08/2023
Piaggio & C.	Purchase	SEK	18,000	1,575	15/08/2023
Piaggio & C.	Purchase	USD	63,150	57,865	10/08/2023
Piaggio & C.	Sale	CAD	5,800	3,944	21/08/2023
Piaggio & C.	Sale	CNY	115,000	14,668	01/08/2023
Piaggio & C.	Sale	IDR	11,700,000	711	26/09/2023
Piaggio & C.	Sale	JPY	255,000	1,740	09/08/2023
Piaggio & C.	Sale	USD	52,746	47,948	22/09/2023
Piaggio & C.	Sale	VND	634,600,000	23,692	22/04/2024
Piaggio Vietnam	Sale	JPY	123,288	21,773,106	06/08/2023
Piaggio Vietnam	Sale	USD	75,906	1,782,890,555	06/08/2023
Piaggio Indonesia	Purchase	USD	24,784	370,932,913	27/07/2023
Piaggio Vespa BV	Sale	IDR	29,807,771	1,812	26/09/2023
Piaggio Vespa BV	Sale	SGD	1,150	777	06/07/2023
Piaggio Vespa BV	Sale	VND	364,651,159	13,921	20/12/2023

As of 30 June 2023, the Group had undertaken the following hedging transactions on the exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Sale	USD	58,500	56,639	20/12/2023
Piaggio & C.	Sale	GBP	4,000	4,583	25/09/2023
Piaggio & C.	Purchase	USD	20,000	17,991	15/10/2023
Piaggio & C.	Purchase	INR	4,151,855	43,573	15/03/2025
Piaggio & C.	Purchase	CNY	943,000	128,038	20/03/2024

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 30 June 2023 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was negative by €/000 4,003. During the first half of 2023, profit was recognised under Other Comprehensive Income amounting to €/000 6,151 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 1,050.
The net balance of cash flows during the first half of 2023 in main currencies is shown below:

IN MILLIONS OF EUROS	CASH FLOW FOR THE 1ST HALF OF 2023
Canadian Dollar	10.4
Pound Sterling	16.2
Swedish Krone	(1.2)
Japanese Yen	(1.8)
US Dollar	79.0
Indian Rupee	(7.5)
Chinese Yuan[14]	(62.2)
Vietnamese Dong	(122.8)
Singapore Dollar	(9.5)
Indonesian Rupiah	44.9
Total cash flow in foreign currency	**(54.5)**

In view of the above, an assumed appreciation/deprecation of 3% of the euro would have generated potential profits for €/000 1,585 and potential losses for €/000 1,683 respectively.

Interest rate risk

This risk arises from fluctuating interest rates and the impact this may have on future cash flows arising from variable rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of interest rate changes, as established by its management policies, in order to reduce fluctuating borrowing costs, and limit the risk of a potential increase in interest rates. This objective is achieved through an adequate mix of fixed and variable rate exposure, and the use of derivatives, mainly interest rate swaps and cross currency swaps.

14 Cash flow partially in USD.

As of 30 June 2023, the following hedging derivatives were taken out:

Cash flow hedging

- An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 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 30 June 2023, the fair value of the instrument was positive by €/000 695. The sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the interest rates curve, showed a potential impact on equity, net of the related tax effect, of €/000 92 and €/000 -94 respectively.

Commodity Price Risk

This risk arises from the possibility of changes in company profitability due to fluctuations in commodity prices (specifically platinum and palladium). 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 30 June 2023, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative by €/000 987. During the first half of 2023, losses were recognised under Other Comprehensive Income amounting to €/000 1,025 and profits from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 709.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	695
Commodity hedges	(987)

G) INFORMATION ON SHAREHOLDERS' EQUITY

40. Share capital and reserves €/000 438,377

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

Share capital €/000 207,614

During the period, the nominal share capital of Piaggio & C. did not change.
The structure of Piaggio & C's share capital, equal to €207,613,944.37, fully subscribed and paid up, is indicated in the next table:

STRUCTURE OF SHARE CAPITAL AS OF 30 JUNE 2023

	NO. OF SHARES	% COMPARED TO THE SHARE CAPITAL	MARKET LISTING	RIGHTS AND OBLIGATIONS
Ordinary shares	354,632,049	100%	MTA	Right to vote in the Ordinary and Extraordinary Shareholders' Meetings of the Company

The Share of the Company are without par value, are indivisible, registered and issued on a dematerialisation basis, in the centralised management system of Monte Titoli S.p.A..
At the date of these financial statements, no other financial instruments with the right to subscribe to new issue shares had been issued, nor were there share-based incentive plans in place involving increases, also without a consideration, in share capital.

Treasury shares €/000 (158)

On 18 April 2023, the Shareholders' Meeting of Piaggio & C. S.p.A. resolved to cancel 3,521,595 treasury shares held in the Company's portfolio, while keeping the current share capital unchanged (equal to €207,613,944.37). The cancellation of the aforementioned treasury shares in the portfolio required an amendment to Article 5.1 of the Articles of Association to incorporate the new number of shares of 354,632,049.
During the period, 42,000 treasury shares were acquired. Therefore, as of 30 June 2023, Piaggio & C. held 42,000 treasury shares, equal to 0.0118% of the shares issued.

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2023	2022
Situation as of 1 January		
Number of shares	358,153,644	358,153,644
Of which treasury portfolio shares	3,521,595	1,045,818
Of which shares in circulation	354,632,049	357,107,826
Movements for the period		
Cancellation of treasury shares	(3,521,595)	
Purchase of treasury shares	42,000	2,475,777
Situation as of 30 June 2023 and 31 December 2022		
Number of shares	354,632,049	358,153,644
Of which treasury portfolio shares	42,000	3,521,595
Of which shares in circulation	354,590,049	354,632,049

Finally, it should be noted that a further 92,000 treasury shares were purchased in July 2023. Therefore, at the date of approval of this Half-Year Financial Report as of 30 June 2023, Piaggio & C. held 134,000 treasury shares, equivalent to 0.0378% of the shares issued.

Share premium reserve — €/000 7,171
The share premium reserve as of 30 June 2023 was unchanged compared to 31 December 2022.

Legal reserve — €/000 32,707
The legal reserve as of 30 June 2023 had increased by €/000 3,753 as a result of the allocation of earnings for the last period.

Financial instruments’ fair value reserve — €/000 (3,295)
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 euro, including taxes, for each ordinary share entitled (ex-dividend date no. 20 on 24 April 2023, record date 25 April 2023 and payment date 26 April 2023), in addition to the interim dividend of 0.085 euro paid on 21 September 2022 (ex-dividend date 19 September 2022), for a total dividend for the 2022 financial year of 0.185 euro. The total dividend on remaining profit for 2022 after allocations to reserves amounted to a total of €65,661,291.29.

Earnings reserve — €/000 197,348

Capital and reserves of non-controlling interest — €/000 (178)
The end of period figures refer to non-controlling interests in Aprilia Brasil Industria de Motociclos S.A.

41. Other comprehensive income €/000 8,603

The figure is broken down as follows:

IN THOUSANDS OF EUROS	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	GROUP TRANSLATION RESERVE	EARNINGS RESERVE	GROUP TOTAL	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL OTHER COMPREHENSIVE INCOME
AS OF 30 JUNE 2023						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			67	67		67
Total	0	0	67	67	0	67
Items that may be reclassified in the income statement						
Total translation gains (losses)		(2,074)		(2,074)	(12)	(2,086)
Share of Other Comprehensive Income of associates valued with the equity method		(744)		(744)		(744)
Total profits (losses) on cash flow hedges	(5,840)			(5,840)		(5,840)
Total	(5,840)	(2,818)	0	(8,658)	(12)	(8,670)
Other comprehensive income	**(5,840)**	**(2,818)**	**67**	**(8,591)**	**(12)**	**(8,603)**
AS OF 30 JUNE 2022						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			3,342	3,342		3,342
Total	0	0	3,342	3,342	0	3,342
Items that may be reclassified in the income statement						
Total translation gains (losses)		(392)		(392)	(24)	(416)
Share of Other Comprehensive Income of associates valued with the equity method		408		408		408
Total profits (losses) on cash flow hedges	(1,580)			(1,580)		(1,580)
Total	(1,580)	16	0	(1,564)	(24)	(1,588)
Other comprehensive income	**(1,580)**	**16**	**3,342**	**1,778**	**(24)**	**1,754**

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

	AS OF 30 JUNE 2023			AS OF 30 JUNE 2022		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	88	(21)	67	4,398	(1,056)	3,342
Total translation gains (losses)	(2,086)		(2,086)	(416)		(416)
Share of Other Comprehensive Income of associates valued with the equity method	(744)		(744)	408		408
Total profits (losses) on cash flow hedges	(7,684)	1,844	(5,840)	(2,079)	499	(1,580)
Other comprehensive income	**(10,426)**	**1,823**	**(8,603)**	**2,311**	**(557)**	**1,754**

H) OTHER INFORMATION

42. Share-based incentive plans

As of 30 June 2023, there were no incentive plans based on financial instruments.

43. Information on related parties

Revenues, costs, payables and receivables as of 30 June 2023 involving parent, subsidiary and associate companies, refer to the sale of goods or services which are a part of normal operations of the Group.
Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.
Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 no. DEM/6064293, is reported in the notes of the Consolidated Financial Statements.
The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under Governance.

Relations with Parent Companies
Piaggio & C. S.p.A. is controlled by the following companies:

NAME	REGISTERED OFFICE	TYPE	% OF OWNERSHIP	
			AS OF 30 JUNE 2023	AS OF 31 DECEMBER 2022
Immsi S.p.A.	Mantova - Italy	Direct parent company	50.5675	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[15] 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

15 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.

the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

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

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

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

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

Transactions among Piaggio Group companies

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

<u>Piaggio & C. S.p.A.</u>
- 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

- sells components to:
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Aprilia Racing

- It provides promotional material to:
  - Piaggio France
  - Piaggio Indonesia
  - Piaggio España
  - Piaggio Limited

- grants licences for rights to use the brand and technological know-how to:
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Aprilia Racing

- provides support services for scooter and engine industrialisation to:
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam

- leases a part of the owned property to:
  - Aprilia Racing

- subleases a part of the rented property to:
  - Piaggio Concept Store Mantova

- has cash pooling agreements with:
  - Piaggio France
  - Piaggio Deutschland
  - Piaggio España
  - Piaggio Vespa
  - 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.

<u>Piaggio Vietnam</u> 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

<u>Piaggio Vehicles Private Limited</u> 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..

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

<u>Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas, Piaggio Vietnam and Foshan Piaggio Vehicles Technology R&D</u>
- distribute vehicles, spare parts and accessories purchased by Piaggio & C. S.p.A. on their respective markets.

<u>Piaggio Indonesia and Piaggio Group Japan</u>
- provide a vehicle, spare part and accessory distribution service to Piaggio Vietnam for their respective markets.

<u>Piaggio France, Piaggio Deutschland, Piaggio Limited, Piaggio España and Piaggio Vespa</u>
- provide a sales promotion service and after-sales services to Piaggio & C. S.p.A. for their respective markets.

<u>Piaggio Asia Pacific</u>
- 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.

<u>Foshan Piaggio Vehicles Technology R&D</u> supplies:
- Piaggio & C. S.p.A. with:
  - a component and vehicle design/development service;
  - and 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 30 June 2023 and relations during the year, as well as their overall impact on financial statement items.

IN THOUSANDS OF EUROS	FONDAZIONE PIAGGIO	IMMSI	IMMSI AUDIT	OMNIA HOLDING	PONTECH - PONTEDERA & TECNOLOGIA	ZONGSHEN PIAGGIO FOSHAN	TOTAL	% OF ACCOUNTING ITEM
AS OF 30 JUNE 2023								
Income statement								
Net revenues		1				5	6	0.00%
Cost for materials						15,506	15,506	2.08%
Cost for services and use of third- party assets		201	360	41		169	771	0.50%
Other operating income		25	17			160	202	0.25%
Other operating costs	2	13					15	0.09%
Results of associates					5	134	139	100.00%
Financial costs		21		7			28	0.14%
Financial statements								
Current trade receivables			21			449	470	0.34%
Other current receivables		25,767	11			561	26,339	47.94%
Financial liabilities for rights of use > 12 months		535		283			818	4.44%
Financial liabilities for rights of use < 12 months		701		194			895	10.73%
Current trade payables	36	46		4		11,755	11,841	1.63%
Other current payables		26,788					26,788	25.71%

44. Disputes

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

Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned the Company before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The Company appeared in court requesting the rejection of all opposing requests. Da Lio requested and obtained the joinder of the proceedings with the proceedings opposing the injunction issued in favour of Piaggio for the return of the moulds retained by the supplier at the end of the supply agreement. The proceedings were therefore joined and with an order pursuant to Article 186ter of the code of civil procedure dated 7 June 2011, Piaggio was ordered to pay €109,586.60, plus interest, relative to the amounts not contested. During 2012, witness evidence was taken followed by a technical appraisal, requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The technical appraisal was concluded at the end of 2014. The case was adjourned to 23 September 2016 for specification of the pleadings and a decision was reached. Subsequently, the Court of Pisa had to reassign the case, and after the interruption, the re-appointed Judge decided to re-examine the proceedings and set a new hearing for closing arguments. The parties submitted their closing arguments again, exchanging relative briefs and rejoinders. In a ruling published on 8 August 2019, the Court of Pisa ordered Piaggio in the first instance to pay a total of approximately €7,600,000 and to publish the ruling in two national newspapers and two specialist journals. Piaggio, assisted by its lawyers providing counsel in the appeal proceedings who had indicated the many reasons for filing an appeal and the grounds of the Company, filed an appeal before the Appeal Court of Florence, requesting the ruling to be revised and its enforcement to be suspended. On 21 October 2020, the Florence Court of Appeal (Third Civil Court section) partially accepted the petition to suspend the enforceability of the ruling made by Piaggio up to the amount of €2,670,210.26, rejecting the rest of the appeal and confirming the enforceability of the ruling for the additional amounts. The Court of Appeal ordered the exchange of written submissions containing the Parties' requests and conclusions in lieu of the first hearing set for 9 June 2021. As a result of the situation related to the COVID-19 pandemic, the case was adjourned to the next hearing on 8 June 2022 for closing arguments. At the end of the hearing on 8 June 2022, the Court held the case for decision, assigning to the parties the deadline for the filing of the final and reply statements on 7 and 27 September 2022, respectively. On 28 November 2022, the Court of Appeal of Florence partially upheld the main (Piaggio's) and incidental (Da Lio's) grounds for appeal and, as a result, (i) reduced Piaggio's sentence to the payment of the lower amount of approximately €3 million as regards the item "default interest and penalties on invoices paid in arrears" compared to the previous amount of approximately €4.3 million (without prejudice to the other items of the sentence); (ii) declared that the sum due by Piaggio for unpaid invoices amounts to approximately €0.36 million and (iii) declared that (only) legal interest is to be calculated on the sums due by Piaggio as a penalty for invoices paid late, starting from the date of the court application rather than the date of the ruling. Piaggio appealed against the judgment before the Court of Cassation on 14 March 2023, which was followed by Da Lio's cross-appeal.

In June 2011 Elma srl, a Piaggio dealer since 1995, brought two separate proceedings against the Company, claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000.
During the case, Piaggio requested the enforcement of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop enforcement of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments, which was adjourned to 3 March 2016 and was then not held as the judge was transferred. The case was reassigned to a new Judge, who set the hearing for 19 July 2018, which was adjourned to 4 October 2018 and then to 10 January 2019 to discuss arguments. In the latter hearing, although the parties had already filed their closing arguments, the Judge adjourned the case, for closing arguments to be made, to the hearing of 9 April 2019. In ruling no. 1211/2019, published on 25 November 2019, the Court of Pisa ruled in favour of Piaggio. The Judge threw out all claims made by Elma, ruling it to pay Piaggio the sum of €966,787.95 plus interest on arrears, deducting the amount of €419,874.14, already received by Piaggio through enforcing the guarantee. Piaggio has paid Elma (offsetting the amount) the sum of €58,313.42 plus legal interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma in relation to the sums to receive, while on 15 January 2020, Elma appealed against the above ruling with the Court of Appeal of Florence. At the first hearing held by way of written hearing on 2 March 2021, with the filing of authorised notes, the Court held the case for decision, assigning the parties legal deadlines for filing their final statements and respective replies, which were filed within the deadlines by both parties.
Following the exchange of closing arguments, as a result of the resignation of the Reporting Judge, the case was adjourned, with a hearing for closing arguments set for 5 April 2022. The parties then submitted their conclusions and filed closing submissions. In a judgement dated 28 February 2023, the Court of Appeal of Florence rejected Elma's appeal in its entirety and upheld the first instance judgment.
As regards the matter, Elma has also brought a case against a former senior manager of the Company before the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among other things, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments set for 21 December 2015 and subsequently adjourned, was not held as the Judge, on petition of Elma, re-opened the preliminary investigation, admitting testimonial evidence and setting the hearing for 25 May 2016. On this date, examination of the witnesses began and the hearing was adjourned to 24 October 2016 to continue the preliminary investigation. On 11 April 2017, the parties made an attempt at conciliation, initiated by the Judge, which was unsuccessful. The Judge admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed, adjourning the case to the hearing of 9 October 2018 for closing arguments. The expert's appraisal was filed in October 2018. The parties exchanged their closing arguments and respective rejoinders. In a ruling of 31 May 2019 (published on 3 June 2019) the Ordinary Court of Rome, Civil Section XII, rejected the claim made by Elma S.r.l., also ordering it to pay the expert's fees and legal fees. Elma appealed to the Court of Appeal of Rome, summoning Piaggio to a hearing on 15 April 2020, postponed to 31 March 2021 and again postponed to 6 April 2021, and held by written hearing with exchange of authorised notes. At this stage, the Court rejected the request for annulment of the technical appraisal carried out at first instance, formulated by Elma, deeming this decision to be strictly related to the examination of the appeal on merits, and therefore adjourned the case to the hearing of 10 October 2023 for closing arguments.

The company TAIZHOU ZHONGNENG summoned Piaggio before the Court of Turin, requesting the annulment of the Italian part of the 3D trademark registered in Italy protecting the form of the Vespa, as well as a ruling denying the offence of the counterfeiting of the 3D trademark in relation to scooter models seized by the Italian tax police at the 2013 EICMA trade show, based on the petition filed by Piaggio, in addition to compensation for damages. At the first hearing for the parties to appear, set for 4 February 2015, adjourned to 5 February 2015, the Judge arranged for a technical appraisal to establish the validity of the Vespa 3D trademark and the infringement or otherwise of Znen scooter models. At the hearing of 29 May 2015, having appointed the expert, the Judge set 10 January 2016 as the deadline for filing the final appraisal report and 3 February 2016 as the date for the hearing to discuss it. During this hearing, the Judge, considering the preliminary investigation as completed, set the hearing for closing arguments for 26 October 2016. In a ruling of 6 April 2017, the Court of Turin upheld in full the validity of the 3D Vespa mark of Piaggio, and the counterfeiting of said by the "VES" scooter by Znen. The Court of Turin also recognised the protection of Vespa in accordance with copyright, confirming the creative nature and artistic value of its form, declaring that the scooter "VES" by Znen infringes Piaggio copyright. The other party appealed against the sentence at the Appeal Court of Turin, where the first hearing took place on 24 January 2018. The case was adjourned to the hearing of 13 June 2018 for the closing arguments, after which statements and rejoinders and replications were exchanged. The Court of Appeal of Turin rejected the appeal made by Zhongneng in a ruling published on 16 April 2019. The other party appealed to the Court of Cassation, to which Piaggio filed a counter-appeal on 5 September 2019. The Court of Cassation then set a hearing for 22 November 2022, after which it ordered a new hearing, in public session to be determined. The Court of Cassation set a public hearing on 17 October 2023.

In summons dated 27 October 2014, Piaggio summoned PEUGEOT MOTOCYCLES ITALIA S.p.A., MOTORKIT s.a.s. di Turcato Bruno and C., GI.PI MOTOR di Bastianello Attilio and GMR MOTOR s.r.l. before the Companies Court of Milan, to obtain the recall of Peugeot "Metropolis" motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation for damages for unfair competition, and the publication of the ruling in some newspapers ("Case 1").
In the hearing for the first appearance of 4 March 2015, the judge set the deadline for filing statements pursuant to Article 183.6 of the Italian Code of Civil Procedure and appointed an expert witness. The technical appraisal was filed on 2 May 2017 and the Judge adjourned the case to the hearing of 28 February 2018 for closing arguments. At the hearing, the Judge ordered an addition to the technical appraisal, filed on 20 June 2018 and set the new deadlines for the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio patents Nos. EP1363794B1, EP1571016B1, IT1357114 and Community design no. 487723-0001, as well as the claim of unfair competition, ordering Piaggio to pay 3/4 of the costs of the technical appraisal (equal to €22,800) and to pay the defendant €21,387 for the costs of the proceedings ("Judgment 1"), and also ordered the separation of the hearing on the infringement of patent No. EP1561612B1, combining it with the case brought by PEUGEOT MOTOCYCLES SAS for a declaration of erga omnes invalidity ("Case 2").
Piaggio appealed against Judgment 1 before the Court of Appeal of Milan. At the first hearing held on 17 February 2021, the Court verified the admissibility of the notification of the summons to appeal and the parties presented their respective arguments by referring to the filed documents. The Court rejected the objection raised by the Peugeot on the grounds that the appeal was inadmissible, and set the hearing for closing arguments for 10 November 2021, adjourned to 23 March 2022, in which the deadlines for filing closing and reply statements, which were exchanged between the parties. Piaggio also insisted on the setting of the oral hearing pursuant to Article 352, paragraph 2, of the Code of Civil Procedure. A hearing was therefore scheduled for 14 September 2022, after which the Court reserved its decision. In a judgement dated 18 January 2023, the same Court of Appeal upheld the first instance judgement in the appeal brought by Piaggio. In particular, it (i) ruled out the existence of the infringement of the three patents, deeming the objections of invalidity of EP'794, EP'016 and IT'114 raised by Peugeot to be absorbed, and (ii) rejected Piaggio's claims of infringement of the Community model and unfair competition, considering that the Court of First Instance was correct in its ruling on this point. As at 30 June 2023, no party has appealed to the Court of Cassation.

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

invalidity of the EP patent owned by Piaggio, (ii) ascertaining the infringement and inhibiting, limited to Italy, the production, import, export, marketing, advertising, also through the Internet, of the aforementioned motorcycles; (iii) ordering Peugeot Italia to withdraw the counterfeit motorcycles from the market; (iv) establishing a penalty of €6,000 to be paid by each of the defendants for each Metropolis motorcycle marketed after the expiry of the deadline of thirty days from the notification of this ruling and of €10,000 to be paid by Peugeot Italia and Peugeot Motocycles S.A.S. for each day's delay in implementing order sub 3, after the term of deadline of ninety days from the notification of this ruling; (v) charging Peugeot the costs of litigation and also ordering it to pay legal costs in favour of Piaggio.
Peugeot appealed against the ruling, and against Piaggio, at the same time taking action to suspend the provisional effect of the ruling in the first instance. The latter appeal was dismissed by an Order of 6 December 2021 confirming the provisional effect of the ruling in the first instance against Peugeot Italia. In the appeal judgment, during the first hearing held on 23 March 2022, the parties stated their findings at the request of the Court, which granted the legal deadlines for filing their final statements. The parties exchanged their briefs and Piaggio insisted on a date being set for the oral hearing pursuant to Article 352(2) of the Code of Civil Procedure. A hearing was therefore scheduled for 14 September 2022, after which the Court reserved its decision.
On 16 January 2023, the Court of Appeal of Milan ruled on case General Register App. 3052/2021 (i.e.: the appeal against the combined cases of infringement and invalidity) and: (i) upheld the first instance judgment with respect to the finding of the validity of EP'612 and the existence of a literal infringement of claims 1, 2 and 5 of the patent by Metropolis (ii) upheld the measures of the injunction and withdrawal from the market ordered by the Court of First Instance but, unlike the Court of First Instance, limited the order of withdrawal from the market only for Peugeot Motocycles Italia Srl in liquidation (iii) also rejected Peugeot's sixth ground of appeal (iv) ordered a general ruling against Peugeot Motocycles Italia Srl in liquidation (v) ordered, by separate ruling, the continuation of the case to determine the amount of compensable that may be awarded. The technical appraisal is ongoing. In the meantime, Peugeot appealed before the Court of Cassation against the non-final ruling, which was followed by Piaggio's counter-appeal.

Piaggio started a similar legal action against PEUGEOT MOTOCYCLES SAS before the Tribunal de Grande Instance in Paris. As a result of the Piaggio action ("Saisie Contrefaçon"), several documents were obtained by a bailiff and tests carried out to prove the infringement of the Piaggio MP3 motorcycle by the Peugeot "Metropolis" motorcycle. The hearing took place on 8 October 2015 for the appointment of the expert, who will examine the findings of the Saisie Contrefaçon. On 3 February 2016, the hearing took place to discuss the preliminary briefs exchanged between the parties. The hearing to assess preliminary findings, set for 29 September 2016, was adjourned to 9 February 2017 and then to 6 September 2017. In February 2018, a preliminary expert's appraisal was filed defining documents based on which a ruling will be made on the counterfeiting alleged by Piaggio. The hearing was held on 29 January 2019 and proceedings were adjourned to the hearing of 17 October 2019. Subsequently, the term deadline for filing briefs was extended. A procedural hearing was held on 17 September 2020. The parties filed their respective pleadings and at the hearing on 11 March 2021, the case was held for decision. In a sentence of 7 September 2021, the Court of Paris ruled in favour of Piaggio ordering Peugeot Motocycles to pay compensation for damages amounting to €1,500,000, in addition to further fines for infringement and legal costs, ordering a ban on Peugeot Motocycles manufacturing, promoting, marketing, importing, exporting, using and / or possessing in French territory any three-wheeler scooter that uses the control system patented by Piaggio (including the Peugeot Metropolis). The judgement, however, is not provisionally enforceable. Piaggio appealed for the provisional enforceability of the judgment in the first instance with a hearing held on 8 February 2022. The Court rejected the application to grant Piaggio provisional enforceability with a decision on 8 March 2022. At the same time, Peugeot appealed against the ruling in the first instance and Piaggio appeared in the appeal proceedings. On 11 June 2022, Piaggio filed the first defence brief in which it insisted on rejecting the appeal presented by Peugeot. Peugeot therefore requested that a new technical expert's report be ordered; the application was rejected on 10 January 2023. A final hearing was set for 29 May 2024 with a deadline for filing final papers until 14 November 2023.

On 28 September 2022, Piaggio Fast Forward (PFF) was sued by Hood Park, LLC ("Hood") before the Business Litigation Session of the Superior Court of Massachusetts, located in Suffolk County, in civil lawsuit no.: 2284CV02233 BLS2. Piaggio Group Americas Inc. ('PGA') also appeared as guarantor.
Hood is the owner of a building for commercial use that PFF had planned to lease as its principal place of business. At Hood's request, PFF forwarded - via its broker - a copy of a page of the signed contract, but pointing out that PFF's acceptance of the entire contract would be subject to prior agreement on the termination clause now mentioned. Nevertheless, Hood asserted that this was now to be considered as signed and, therefore, binding. Hood then sued PFF (as well as PGA as guarantor) demanding payment of the full amount of the lease payments, amounting to USD 24,831,856.49 plus any multiplication, interest and all costs, including legal fees.
On 22 December 2022, the defendants PFF and PGA filed a motion for dismissal. The hearing, originally set for 10 January 2023, was then postponed to 20 March 2023 and then again to 1 May 2023.
On 2 May 2023, the Court granted the defendants' motion to dismiss and, therefore, dismissed all claims of Hood Park, which failed to appeal this decision within the statutory time limit (30 days). Therefore, the litigation may be considered as concluded.

On 7 December 2022, the French company SCOOTER CENTER S.à.r.l. notified Piaggio and Piaggio France of a writ of summons before the Tribunal de Commerce of Paris, requesting the two companies of the Piaggio group to be ordered to pay compensation for alleged damages caused by the (alleged) brutal termination of the sales concession agreement in place between Piaggio and the same dealer Scooter Center without due notice. These damages were quantified in the court application as €4,150,000 (plus legal costs).
At the first hearing, on 16 February 2023, the judge set the case schedule. Moreover, at the same hearing, the Judge requested the parties to consider a settlement and granted a deadline until 12 April 2023 for Piaggio to file its statement. This deadline was then postponed to 24 May 2023. Piaggio therefore entered a plea and confirmed it wished to attempt settlement. Similarly, Scooter centre has also stated that it wishes to proceed in the same way. Therefore, the judge granted the parties until 13 September 2023 to conclude the settlement procedure. The conciliator has been appointed to set the date for the first meeting.

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

With reference to tax disputes involving the parent company Piaggio & C. SpA (hereinafter also "the Company" or "the Parent Company"), it should be noted that the dispute concerning the notices of assessment for regional production tax and corporate income tax notified to Piaggio & C. S.p.A. on 22 December 2017, both relating to the 2012 tax period and containing findings on transfer pricing, is pending before the Regional Tax Tribunal of Tuscany. In this regard, it should be noted that the Company was successful in the first instance before the Florence Provincial Tax Commission with a ruling filed on 15 January 2020; the Revenue Agency appealed against this decision before the Provincial Tax Commission with a summons issued to Piaggio & C. on 12 October 2020; the Company therefore appeared in court on 2 December 2020. In a ruling of 13 February 2023, filed on 1 March 2023, the CTR rejected the appeal filed by the Revenue Agency and confirmed the first instance ruling, which was favourable to the Company. The deadlines for a possible appeal to the Court of Cassation by the Tax Agency are still pending.

With reference to the disputes arising from inspections relating to income produced by Piaggio & C. S.p.A. in India in the Indian tax years 2010-2011, 2011-2012 and 2012-2013, respectively involving claims for approximately €1.3 million, €1.1 million and €0.9 million, inclusive of interest, the following is reported:
- for all the years concerned, the Parent Company was successful before the Income Tax Appellate Tribunal;
- as regards disputes relative to the 2010-2011, 2011-2012 and 2012-2013 periods, the Indian tax authorities filed an appeal against the first instance decision before the High Court;
- in connection with these disputes, a date for the hearing is pending.

Following the favourable judgements in the first instance, the Parent Company obtained the reimbursement of the disputed amounts previously paid to the Indian tax authorities (for a total of €1.1 million) in compliance with local regulations.
The Company has not considered allocating provisions for these disputes, considering the rules in its favour, in the first instance, and the positive opinions expressed by consultants appointed as counsel.

Moreover, the Parent Company received a VAT assessment order from the Indian tax authorities relative to the 2010-2011 tax period, concerning the non-application of VAT to intergroup transactions with Piaggio Vehicles PVT Ltd relative to royalties. A similar order was also notified for the 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018 tax periods. The amount of the dispute including interest is approximately €0.8 million for each of the disputed tax periods, of which a small part already paid to the Indian tax authorities, in compliance with local law. The Company decided to appeal the order for the 2010-2011 tax period before the High Court and subsequently before the Supreme Court; the Departmental Appellate Authority – Joint Commissioner of Sales Tax orders were appealed relating to subsequent tax periods, with appeals filed in July 2020 for the dispute concerning the 2011-2012 tax period and on 21 June 2021 in relation to the dispute concerning the 2012-2013 tax period and on 28 April 2022 for the remaining tax periods.

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

With reference to the Indian subsidiary, some disputes concerning different tax years from 2003 to 2017 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

With reference to PT Piaggio Indonesia, the Company has certain disputes outstanding relating to the 2015, 2017, 2018, 2019 and 2022 tax periods.
With regard to the dispute on Value Added Tax, the Company filed an appeal on 4 May 2021 with the Tax Court and the first hearing took place on 22 October 2021. It should be noted that the dispute concerns not only the year 2015, but also the month of December 2014. The Tax Court ruled in favour of the Indonesian company in a decision issued on 20 December 2022. The Indonesian tax authorities have not challenged this decision.
With respect to the 2017 period, the company filed an appeal with the Tax Court on 8 September 2020 against the transfer pricing and withholding tax notice. The Tax Court expressed an unfavourable opinion regarding the Company, which filed an appeal with the Supreme Court on 13 July 2022.
The total amount currently in question amounts to €0.1 million and where due (i.e. where not offset by the company's past losses) has already been paid in full to the Indonesian tax authorities in accordance with the regulations in force there.
As regards the 2018 tax period, the dispute, relating to transfer pricing, concerns a higher tax of about €0.2 million. On 17 September 2021, the company appealed against filed action against the notice of assessment before the Tax Court and is waiting for the decision.
In relation to the 2019 tax year, the Indonesian tax authorities reiterate the same transfer pricing challenges made in 2018, as well as the tax claim made in previous years in relation to Withholding taxes. The total amount currently under dispute amounts to approximately €0.9 million. The company filed an appeal against the assessment notice on 15 September 2022 before the Tax Court and is waiting for the decision.
In relation to the 2022 tax year, the dispute concerns the non-recognition of the duty exemption originally granted on certain imports of vehicles originating in Vietnam. The total amount currently under dispute amounts to approximately EUR 0.5 million. Against this dispute, the company appealed to the Tax Court, which ruled in June 2023 against the company.

On 8 April 2015, Piaggio Hellas S.A. received a Tax Report following a general assessment for the 2008 tax period, with findings for approximately €0.5 million, including sanctions. On 12 June 2015, the Greek company appealed against the report with the Tax Center – Dispute Resolution Department. Following the unfavourable outcome of this appeal, the Company appealed before the Administrative Court of Appeal, which ruled in favour of the local tax authorities in a ruling of 27 April 2017. The company then filed an appeal with the Supreme Court. On 18 January 2023, a hearing was held before this body and the judgement is currently pending. The amount in question was paid in full to the Greek tax authorities. Based on positive opinions from professionals appointed as counsel, the Company considers a favourable outcome and subsequent reimbursement of amounts paid as likely.

45. Significant non-recurring events and operations

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

46. Transactions arising from atypical and/or unusual transactions

During 2022 and the first six months of 2023, 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.

47. Events occurring after the end of the period

To date, no events have occurred after 30 June 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 30 June 2023.

48. Authorisation for publication

This document was published on 11 August 2023 authorised by the Chairman and Chief Executive Officer.

Mantova, 27 July 2023

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno

ATTACHMENTS

Piaggio Group companies

Companies and material investments of the Group are listed below.
The list presents the companies divided by type of control and method of consolidation.
The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency, in addition to the percentage held by Piaggio & C. S.p.A. or by other subsidiaries. It should be noted that the percentage share of ownership corresponds to the percentage share of the voting rights exercised at Ordinary General Meetings of Shareholders.

List of companies included in the scope of consolidation on a line-by-line basis as of 30 June 2023

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING			% TOTAL INTEREST
					DIRECT	INDIRECT	MEANS	
Parent company:								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	207,613,944.37	Euros				
Subsidiaries:								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	R$		51%	Aprilia World Service Holding do Brasil Ltda	51%
Aprilia Racing S.r.l.	Pontedera (Pisa)	Italy	250,000.00	Euros	100%			100%
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	R$		99.999950709%	Piaggio Group Americas Inc	99.999950709%
Foshan Piaggio Vehicles Technology Research and Development Co Ltd.	Foshan City	China	10,500,000.00	CNY		100%	Piaggio Vespa B.V.	100%
Nacional Motor S.A.	Barcelona	Spain	60,000.00	Euros	100%			100%
Piaggio Advanced Design Center Corp.	Pasadena	USA	100,000.00	USD	100%			100%
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	SGD		100%	Piaggio Vespa B.V.	100%
Piaggio China Co. Ltd.	Hong Kong	China	12,500,000 auth. capital (12,166,000 subscribed and paid up)	USD	100%			100%
Piaggio Concept Store Mantova S.r.l.	Mantova	Italy	100,000.00	Euros	100%			100%
Piaggio Deutschland GmbH	Düsseldorf	Germany	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio España S.L.U.	Alcobendas	Spain	426,642.00	Euros	100%			100%
Piaggio Fast Forward Inc.	Boston	USA	15,135.98	USD	83.91%			83.91%
Piaggio France S.A.S.	Clichy Cedex	France	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Group Americas Inc.	New York	USA	2,000.00	USD		100%	Piaggio Vespa B.V.	100%
Piaggio Group Japan	Tokyo	Japan	99,000,000.00	JPY		100%	Piaggio Vespa B.V.	100%
Piaggio Hellas S.A.	Athens	Greece	1,004,040.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Hrvatska D.o.o.	Split	Croatia	53,089.12	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Limited	Orpington	United Kingdom	250,000.00	GBP	0.0004%	99.9996%	Piaggio Vespa B.V.	100%
Piaggio Vehicles Private Limited	Maharashtra	India	340,000,000.00	INR	99.9999971%	0.0000029%	Piaggio Vespa B.V.	100%
Piaggio Vespa B.V.	Breda	Holland	91,000.00	Euros	100%			100%
Piaggio Vietnam Co Ltd.	Hanoi	Vietnam	64,751,000,000.00	VND	63.50%	36.50%	Piaggio Vespa B.V.	100%
PT Piaggio Indonesia	Jakarta	Indonesia	10,254,550,000.00	IDR	29.285714286%	70.714285714%	Piaggio Vespa B.V.	100%

EMARKET SDIR CERTIFIED

List of companies included in the scope of consolidation with the equity method as of 30 June 2023.

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

List of investments in associates as of 30 June 2023

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

EMARKET SDIR CERTIFIED

PIAGGIO GROUP

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

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

- the appropriateness with regard to the company's characteristics and
- the actual application of administrative and accounting procedures for the formation of the Condensed Consolidated Interim Financial Statements during the first half of 2023.

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

3. Moreover, it is stated that

3.1 the Condensed Consolidated Interim Financial Statements:

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

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

Date: 27 July 2023

/s/ Roberto Colaninno	/s/ Alessandra Simonotto
Roberto Colaninno Chairman and Chief Executive Officer	Alessandra Simonotto Executive in charge of financial reporting

Piaggio & C. S.p.A.
Capitale Sociale Euro
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Sede legale
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Report of the Independent Auditors on the Condensed Consolidated Interim Financial Statements

Deloitte.

Deloitte & Touche S.p.A.
Via Pier Capponi, 24
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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Piaggio & C. S.p.A. and subsidiaries (the "Piaggio Group"), which comprise the consolidated statement of financial position as of June 30, 2023, and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated statement of cashflows for the six month period then ended and the related explanatory notes. The Directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the interim financial statements under Resolution n° 10867 of July 31, 1997. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Piaggio Group as of June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, August 9, 2023

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


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EMARKET SDIR CERTIFIED

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

Disclaimer

This Half-Year Financial Report as of 30 June 2023 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

PIAGGIO GROUP

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