# FINANCIAL STATEMENTS 2023

PIAGGIO GROUP

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# LETTER
# TO SHAREHOLDERS

# LETTER TO SHAREHOLDERS

Dear Stakeholders,

2023 will be remembered for its geopolitical tensions: from the conflict between Russia and Ukraine to the Middle East, with repercussions on trade in the Red Sea due to frequent attacks on cargo ships. The macroeconomic scenario has also been impacted by persistent inflation, which central banks sought to respond to, with restrictive monetary policies, raising interest rates to their highest levels in decades in many cases.

In spite of this uncertain context, the internationalisation strategy developed in recent years by the Piaggio Group in those areas where economic and demographic scenarios have created prospects for growth, has made it possible to offset the slowdown in some markets, gaining ground in the more responsive ones. Thanks to a portfolio of iconic brands that are increasingly appreciated worldwide, the Group has been able to achieve even higher margins and productivity levels, confirming the investments envisaged in its strategic plans on electric mobility and ESG issues.

As further confirmation of the Piaggio Group's focus on the environment, the Decarbonisation Plan was presented at the end of 2023, which envisages the implementation of concrete actions to help achieve the climate objectives set by the European Union, with a dual time horizon: 2030 and 2050. Specifically, the Group, in line with the objectives of the Paris Agreement, has committed to reducing emissions associated with production activities by 42% by 2030 compared to 2022. Furthermore, through the increase of electric vehicles sold, the improvement of combustion engines, the evolution of product design and preparation for alternative fuels, Scope 3 emissions from the use of Group vehicles will be further reduced.

A pioneer in the study of electric and hybrid engines, the Piaggio Group now has several models of electric scooters and commercial vehicles in its range, including the Vespa Primavera and Vespa Sprint, the Piaggio 1, and the Ape e-City, designed for the Indian market. In addition, in 2023 it announced the launch of the Porter NP6 electric project, in partnership with Foton Motor Group, which will be produced at the Piaggio Group's Pontedera plant in Italy and marketed in major European countries from early 2025.

Building on the experience gained since 2009 with the Piaggio Mp3 Hybrid, the world's first parallel hybrid scooter, Piaggio has never stopped studying hybrid propulsion, which combines the advantages of electric engines with internal combustion engines (ICE). In addition, the Group is also paying particular attention to alternative energy vectors, such as Hydrogen with Fuel Cells (HEV - Hybrid Electric Vehicle).

Adapting to the constant and rapid changes imposed by the evolution of urban mobility is second nature to the Piaggio Group. To achieve the target set by the international community to reduce emissions by 90% by 2050, the adoption of diversified technologies such as e-fuel, biofuels and widespread use of electric vehicles will also be crucial.

The Piaggio Group's commitment to ESG issues is also underscored by it receiving, for the eighth consecutive year, an "AA" rating from Morgan Stanley Capital International (MSCI) Research - one of the leading ESG rating agencies that assesses the environmental, social and governance (ESG) performance of major companies worldwide - together with a "B" rating (Climate Change and Water Security) from CDP (Carbon Disclosure Project).

We are also continuing to study new solutions to ensure even greater driving safety. After the 2022 debut of the innovative ARAS systems developed by Piaggio Fast Forward in Boston, on the new Piaggio MP3 range, the Moto Guzzi Stelvio was unveiled on the market in 2023, the Group's first motorbike equipped with the "PFF Rider Assistance Solution" system which, thanks to radar technology derived from robotics, makes riding safer in all situations.

We started 2024 by reaching an important milestone: 140 years of our company. A long journey made up of industry, technological innovation, design and passion, unique ingredients that will continue to make the Piaggio Group a leader in mobility, an interpreter and anticipator of the changes taking place, accompanying people on their own travels, whether everyday or something more special.

**Matteo Colaninno,**
Executive Chairman Piaggio Group

# REPORT ON OPERATIONS

# REPORT ON OPERATIONS

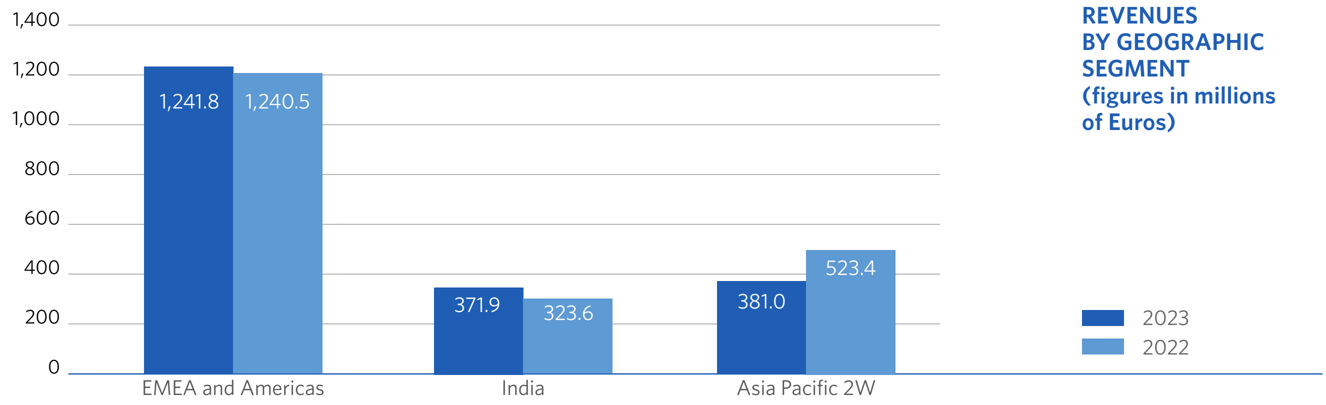
# KEY OPERATING AND FINANCIAL DATA

| IN MILIONI DI EURO | 2023 | 2022 |
|---|---|---|
| **Operating highlights** | | |
| Net Revenues | 1,994.6 | 2,087.4 |
| Gross Industrial Margin | 574.7 | 554.9 |
| Operating income | 180.7 | 158.7 |
| Profit before tax | 135.3 | 127.2 |
| Net profit | 91.1 | 84.9 |
| .Non-controlling interests | | |
| .Group | 91.1 | 84.9 |
| | | |
| **Financial highlights** | | |
| Net Capital Employed (NCE) | 850.0 | 786.0 |
| Consolidated net debt[1] | (434.0) | (368.2) |
| Shareholders' equity | 416.0 | 417.8 |
| | | |
| **Financial ratios** | | |
| Gross Margin as a Percentage of Net Revenues (%) | 28.8% | 26.6% |
| Net profit as a percentage of net revenues (%) | 4.6% | 4.1% |
| ROS (Operating income/net revenues) | 9.1% | 7.6% |
| ROE (Net profit/shareholders' equity) | 21.9% | 20.3% |
| ROI (Operating income/NCE) | 21.3% | 20.2% |
| EBITDA | 325.0 | 298.1 |
| EBITDA/net revenues (%) | 16.3% | 14.3% |
| | | |
| **Other information** | | |
| Sales volumes (unit/000) | 559.5 | 625.5 |
| Investments in property plant and equipment and intangible assets | 162.9 | 151.7 |
| Employees at year-end (number) | 5,925 | 5,838 |
| | | |
| **Social indicators** | | |
| Carbon Disclosure Project Score Climate Change | B | B |
| Carbon Disclosure Project Score Water Security | B | B |
| MSCI ESG Research | AA | AA |

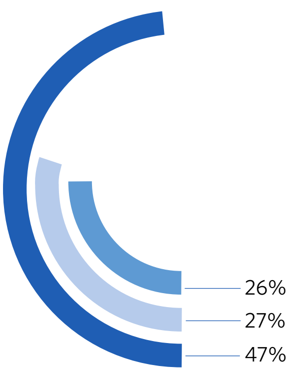
1. Please refer to the section on "Alternative Non-Gaap Performance Indicators" for the definition of the parameter.

## Results by operating segments

| | | EMEA and AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL |
|---|---|---|---|---|---|
| Sales volumes (unit/000) | 2023 | 262.1 | 151.7 | 145.8 | **559.5** |
| | 2022 | 279.7 | 148.8 | 197.0 | **625.5** |
| | Change | (17.6) | 2.9 | (51.3) | **(65.9)** |
| | Change % | -6.3% | 1.9% | -26.0% | **-10.5%** |
| Net revenues (millions of Euros) | 2023 | 1,241.8 | 371.9 | 381.0 | **1,994.6** |
| | 2022 | 1,240.5 | 323.6 | 523.4 | **2,087.4** |
| | Change | 1.3 | 48.3 | (142.4) | **(92.9)** |
| | Change % | 0.1% | 14.9% | -27.2% | **-4.4%** |
| Average number of staff (no.) | 2023 | 3,615.6 | 1,391.0 | 1,225.4 | **6,232.0** |
| | 2022 | 3,752.9 | 1,501.3 | 1,133.4 | **6,387.6** |
| | Change | (137.3) | (110.3) | 92.0 | **(155.6)** |
| | Change % | -3.7% | -7.3% | 8.1% | **-2.4%** |
| Investments in Property, plant and equipment and intangible assets (millions of Euros) | 2023 | 112.8 | 32.1 | 18.0 | **162.9** |
| | 2022 | 94.1 | 20.7 | 36.9 | **151.7** |
| | Change | 18.7 | 11.4 | (18.8) | **11.2** |
| | Change % | 19.8% | 54.9% | -51.1% | **7.4%** |




**REVENUES BY GEOGRAPHIC SEGMENT (figures in millions of Euros)**




**SALES VOLUMES BY GEOGRAPHIC SEGMENT - 2023**

# HISTORY

## 1884

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

## 1916

Aeronautical production activity begins.

## 1924

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

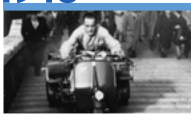
## 1938

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

## 1946

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

## 1948



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

## 1964

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

## 1965

Enrico Piaggio dies and Umberto Agnelli succeeds him as president.

## 1967

Presentation of the Ciao.

## 1969

GILERA

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

## 1990

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

## 1992

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

## 1996

Presentation of the new Vespa.

## 1997

Giovanni Alberto Agnelli dies prematurely.

## 1998

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

## 2001

DERBI

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

## 2003

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

## 2004

aprilia

MOTO GUZZI

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

## 2006

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

## 2009

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

## 2012

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

## 2014

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

## 2015

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

## 2018

Commercial launch of the Vespa Elettrica.

## 2021

PIAGGIO 1

Commercial launch of the Piaggio1

## 2022

Opening of a new production facility in Indonesia

## 2023

Roberto Colaninno dies. His sons Matteo and Michele are nominated President and CEO respectively


Vespa
Vespa

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

## MISSION

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

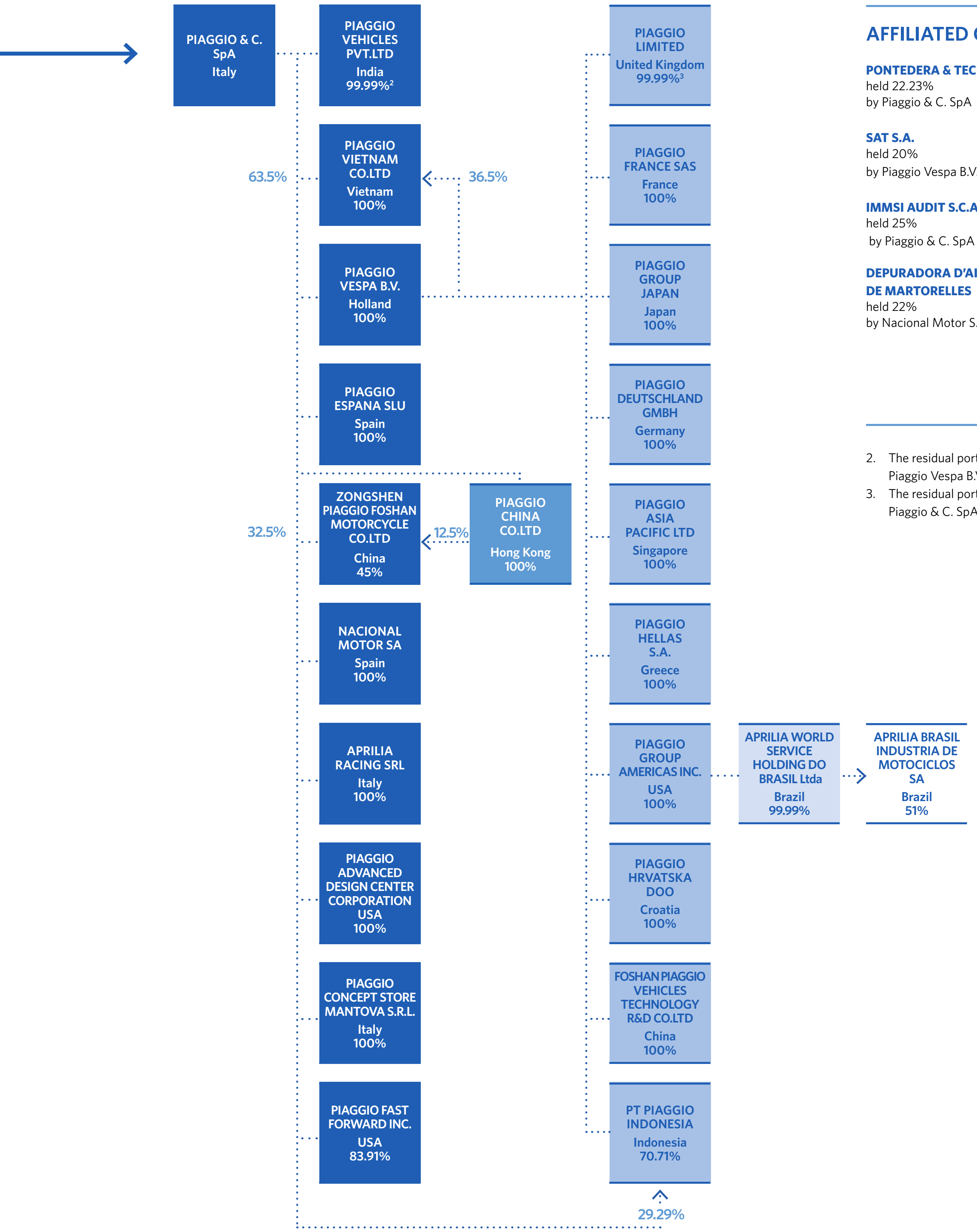
We are committed to broadening the horizons of our brands and products by constantly promoting technological innovation, uniqueness of design, attention to quality and safety, respecting communities and the environment.

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

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

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

# COMPANY STRUCTURE AT 31 DICEMBER 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

# COMPANY BOARDS

| BOARD OF DIRECTORS | |
|---|---|
| Executive Chairman | Matteo Colaninno (2) |
| Chief Executive Officer | Michele Colaninno (1), (2) |
| Directors | Graziano Gianmichele Visentin (3), (4), (5), (6), (7) |
| | Rita Ciccone (4), (5), (6), (7) |
| | Patrizia Albano |
| | Federica Savasi |
| | Carlo Zanetti |
| | 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**.

# ORGANISATIONAL STRUCTURE

As of 31 December 2023, Piaggio's organisation was structured through the following first-level functions:

- **Finance Department:** responsible for the administration, finance, planning and control and information technology functions and for the coordination and reporting of sustainability activities.

- **Legal & Tax:** responsible for support activities concerning legal aspects, providing assistance in contractual matters, managing the Group's litigation issues, ensuring the global protection of the Group's brands, ensuring the management of corporate legal obligations, as well as those relating to tax, customs and intercompany matters.

- **Human Resources Department:** responsible for the selection, management and development of human resources, as well as the management of industrial relations.

- **Marketing and Communication Department:** responsible for managing and coordinating commercial communication, digital marketing and customer experience activities on a global level, as well as overseeing brand image and awareness for the Group's brands and the management of the Group's Museums and Historical Brand Archives. It also manages and coordinates communication activities and relations with the media and end consumers, and ensures the global management and coordination of relations with product and racing media.

- **Product Development and Marketing Division:** responsible for identifying market/customer needs, opportunities arising from technological innovation and regulatory developments, in order to support vehicle concept definition activities, within the evolution of the product range and responsible for styling activities on a global level for the Group's brands.

- **Racing:** responsible for racing activities.

- **2-Wheeler R&D Department:** responsible for technological innovation, engineering, reliability and quality activities relating to scooters, motorbikes and 2-Wheeler engines, as well as ensuring the protection of industrial property relating to the Group's technical patents and models.

- **Product Development Management 3-4 Wheels:** responsible for styling, engineering, reliability and quality activities related to commercial vehicles and 3-4 wheeler engines.

- **Product Manufacturing Management:** responsible for ensuring the production and quality of products, managing production technologies, infrastructures and facilities, ensuring after-sales activities, spare parts sales and distribution of spare parts and accessories, guaranteeing the achievement of turnover.

- **Purchasing:** responsible for purchasing activities and supplier management, including in-bound logistics activities.

- **Materials Management:** responsible for managing vehicle distribution logistics activities and optimising commercial and production planning processes.

- **Italy, EMEA and America 2-Wheelers Department**,

- **Emea and Emerging Markets 3-4 Wheelers Department:** each Department, for the area and products within its competence, is responsible for the achievement of sales objectives, defining pricing policies for individual markets and identifying appropriate actions for the development of the sales network, through the co-ordination of sales companies present in Europe, as well as the management of corporate sales to Major Customers and Central Public Administrations at a European level.

- **Asia Pacific 2-Wheeler:** responsible for ensuring the coordination of Piaggio Vietnam, Piaggio Asia Pacific, Piaggio Group Japan and Piaggio Indonesia to guarantee the commercial and industrial profitability, turnover, market share and customer satisfaction of the Group's 2-wheeler vehicles, through the management of production and sales on reference markets.

- **China:** responsible for overseeing operations in the area through the coordination of the Foshan Piaggio Vehicles Technology Research & Development Company.

- **Piaggio Vehicles Private Limited:** responsible for ensuring the commercial and industrial profitability, turnover, market share and customer satisfaction of the Group's commercial vehicles and scooters in India, through the management of production and sales in the relevant markets.

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

- **Internal Audit:** responsible for developing all activities pertaining to and functional to internal auditing to improve the effectiveness and efficiency of the internal control system and assess its functionality.

- **Corporate Press Office:** responsible for managing and coordinating relations with the media for corporate activities, getting newspapers to participate in institutional events, drafting information messages and disseminating press releases.

- **Investor Relations:** responsible for promoting the Piaggio share and handling relations with the national and international financial community.

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

# STRATEGY AND LINES OF DEVELOPMENT

## Business strategy

The Piaggio Group aims to create value through a strategy of:
- strengthening its leadership position in the European two-wheeler and Indian light commercial vehicle markets, also with a view to climate change related to the transition towards the use of renewable energy sources;
- growth on international markets, with particular reference to the Asian region;
- increased operational efficiency across all business processes, with a focus on industrial productivity.

### EMEA and Americas

Europe 2-Wheeler - lever market recovery, consolidating a leadership position in the scooter segment. Focus on the Aprilia and Moto Guzzi brands to improve sales and profitability in the motorcycle segment. Expand the range of electric vehicles, targeting its technological and design leadership, and the distribution network.
America 2-Wheeler - growth through the introduction of premium Aprilia and Moto Guzzi products and the strengthening of the sales network.
Europe Commercial Vehicles - maintenance based on eco-sustainable solutions, with a product range developed for new engines featuring a low or zero-environmental impact and reduced consumption.

### India

2-Wheeler - strength the position in the scooter market by expanding the Vespa and Aprilia branded range.
Commercial Vehicles - growth in volumes and profitability, consolidating the strong competitive position in the local three-wheeler market and boosting vehicle exports to Africa and Latin America.

### Asia Pacific 2W

Development: the aim is to increase scooter sales throughout the region (Vietnam, Indonesia, Thailand, Malaysia, Taiwan), explore opportunities for medium-sized motorcycles, and strengthen penetration in the premium segment of the Chinese market.

### Key Assets

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

## Sustainability strategy

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

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

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

Piaggio believes that the SDGs represent an opportunity and a path towards which to direct the Group's future development. Piaggio believes that its activities can contribute to achieving the following SDGs:

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

The Group's objectives include creating value for all shareholders, while complying with ethical business principles and adopting a number of key social values.

Specifically, the Group's industrial strategy is founded upon technological innovation, which in turn is focused on environmentally friendly mobility. In this context, the Group considers research into cutting-edge solutions as a critical factor for successful investment choices and industrial and commercial initiatives. Innovation is geared to cutting pollutant emissions and consumption, as well as increasing vehicle safety.

Moreover, the Piaggio Group strongly believes that stakeholder involvement is one of the fundamental elements for the development of Piaggio and at the same time of the communities where it operates, in terms of economic and social well-being.

Protecting the environment in all company activities is essential for people, technology and nature to live peacefully side by side. Piaggio's focus on the creation of sustainable products is not limited to minimising the consumption of natural resources, harmful emissions and waste resulting from production activities, but extends to allphases of a vehicle's life cycle, from the choice of raw materials and suppliers to its use by the end customer, and its disposal.

This commitment took concrete form in the definition of a Decarbonisation Plan in which Piaggio has set out a number of intermediate targets to be reached by 2030 with the objective of zero $CO_2$ emissions by 2050. This Plan is described in the Consolidated Non-Financial Statement.

People are a fundamental asset for Piaggio, indispensable for the creation of added value in the long term. The Group has defined objectives for the growth, enhancement and training of human capital, ensuring that everyone's contributions are rightly recognised and expectations and aspirations are met.

In order to achieve the objective of sustainable development, growth must extend beyond the company perimeter and also embrace suppliers and dealers, for whom Piaggio wants to be a reliable partner, with whom to build a common development path, aimed at creating value for the end customer. A company's success over time is closely linked to customer trust and satisfaction: customers must be listened to, informed and respected, establishing relations based on transparency and trust.

# PIAGGIO AND THE FINANCIAL MARKETS

## INVESTOR RELATIONS

Piaggio believes that financial communication is of crucial importance in building a relationship of trust with the financial market.
In particular, the Investor Relations function engages institutional and individual investors as well as financial analysts in an ongoing dialogue, producing transparent, timely and accurate information to promote a correct perception of the Group's value.
During 2023 numerous opportunities for engagement with the financial community were promoted, through participation in roadshows and conferences held almost exclusively online, in order to limit the environmental impact of Investor Relations activities.
In addition, there are conference calls managed by the IR function and institutional events to announce quarterly results.
To ensure adequate reporting and compliance with Borsa Italiana and Consob regulations, the Company's website is promptly and continually updated with all information concerning the Group and key corporate documents, published in both Italian and English.
In particular, press releases disclosed to the market, the Company's periodic financial reports, data on business and financial performance, material used in meetings with the financial community, the Piaggio share consensus, as well as corporate governance documents (articles of association, insider trading and material concerning shareholders' meetings) are all published online.

**Contact Investor Relations Office**
Raffaele Lupotto - Executive Vice President, Head of Investor Relations
Email: investorrelations@piaggio.com Tel: +39 0587 272286
Fax: +39 0587 276093

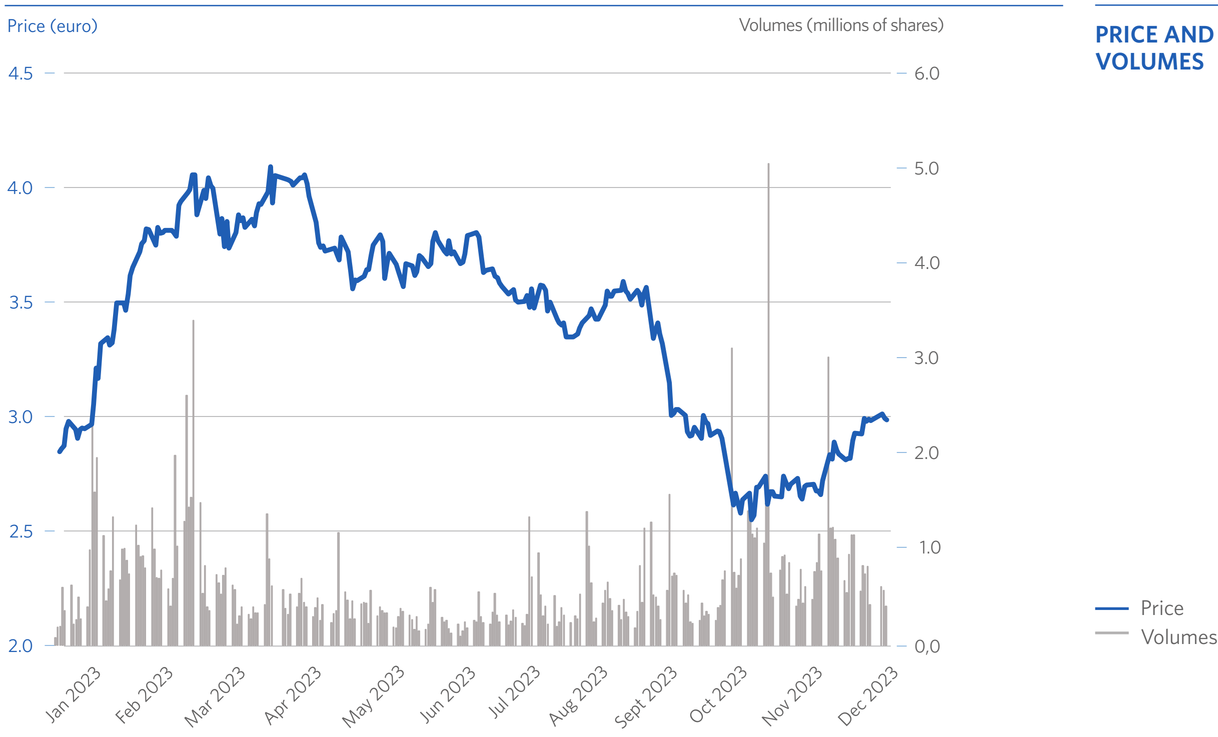
## OWNERSHIP STRUCTURE

As of 31 December 2023, the share capital was divided among 354,632,049 ordinary shares. As of the same date, the ownership structure, according to the results of the shareholders' register supplemented by communications received pursuant to Article 120 of Legislative Decree no. 58/1998 and other available information, was as follows:

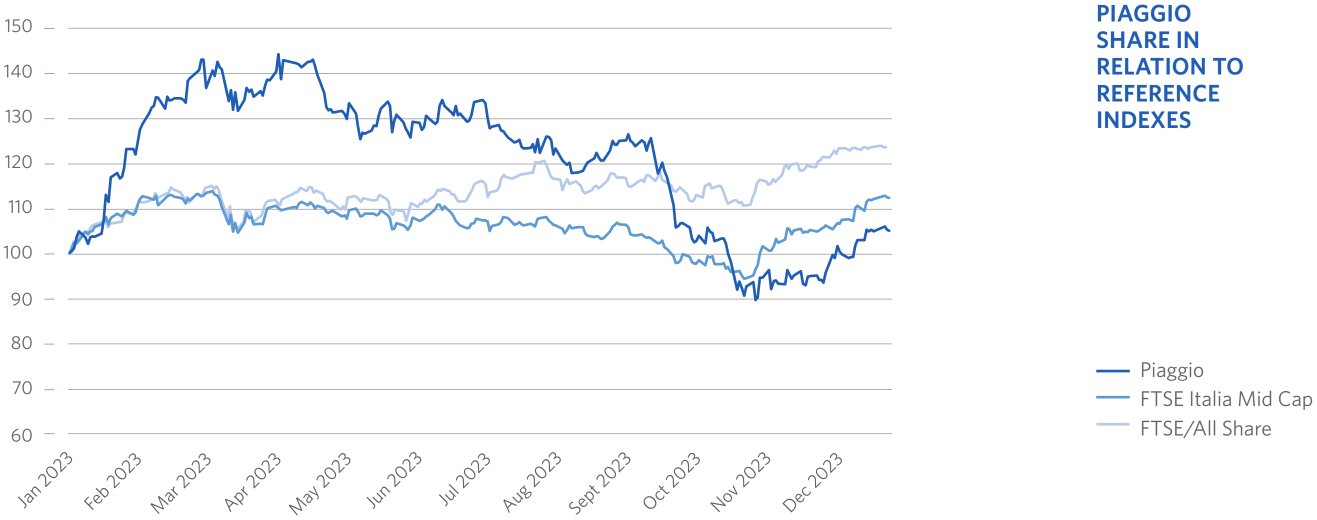
# SHARE PERFORMANCE

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. The Piaggio share, after outperforming the main benchmarks in the first part of the year, reaching an all-time high of Euro 4.1 in April, closed 2023 up 6.21% to Euro 2.978, the highest year-end level since 2006.

## PRICE AND DAILY VOLUMES




## TREND OF THE PIAGGIO SHARE IN RELATION TO REFERENCE INDEXES



# MAIN SHARE INDICATORS

| | 2023 | 2022 |
|---|---|---|
| Official share price on the last day of trading (euro) | 2.978 | 2.804 |
| Number of shares (no.) | 354,632,049 | 358,153,644 |
| Treasury shares (no.) | 426,161 | 3,521,595 |
| Earnings per share (euro) | | |
| Basic earnings | 0.257 | 0.239 |
| Diluted earnings | 0.257 | 0.239 |
| Shareholders' equity per share (euro) | 1.17 | 1.17 |
| Market capitalisation (millions of Euros)[4] | 1,056.1 | 1,004.3 |

# GROUP RATING

| | 31/12/2023 | 31/12/2022 |
|---|---|---|
| Standard & Poor's | | |
| Corporate | BB- | BB- |
| Outlook | Positive | Stable |
| | | |
| Moody's | | |
| Corporate | Ba3 | Ba3 |
| Outlook | Stable | Stable |
| | | |
| MSCI ESG Research | AA | AA |

# DIVIDENDS

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

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

| | DIVIDEND PAID IN THE YEAR | | | | | |
|---|---|---|---|---|---|---|
| | TOTAL | | | PER SHARE | | |
| | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| | €/000 | €/000 | €/000 | € | € | € |
| Of the previous year's result | 35,461 | 23,203 | 9,285 | 0.100 | 0.065 | 0.026 |
| Interim dividend for current year's result | 44,295 | 30,200 | 30,354 | 0.125 | 0.085 | 0.085 |

4. Source: Borsa Italiana.


MOTO GUZZI
V85TT

# SIGNIFICANT EVENTS DURING THE YEAR

**18 January 2023** - Vespa 946 celebrated its anniversary with a special edition dedicated to the year of the rabbit. Produced in a limited and numbered series of 1,000 examples, it 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 is ready for the MotoGP World Championship 2023. As planned, the project continues its development: for the first time, four RS-GPs and four top riders 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.

**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, including maintenance, without sacrificing performance comparable to that of scooters with engines. The battery is positioned under the seat, easily removable in seconds and transportable for convenient recharging at home or in the office.

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

**6 August 2023** - Aleix Espargarò rode an Aprilia to take victory in the MotoGP Grand Prix at Silverstone.

**19 August 2023** - The Company announced the passing of Cavaliere del Lavoro Roberto Colaninno, Chairman and CEO of Piaggio & C. S.p.A..

**1 September 2023** - The Board of Directors of Piaggio & C. S.p.A. met following the death of Chairman and Chief Executive Officer Roberto Colaninno, and defined the new corporate governance. Director Matteo Colaninno was appointed Executive Chairman with powers in substantial continuity with those previously attributed to him. Director Michele Colaninno, former chief executive of global strategy, product, marketing and innovation, was appointed Chief Executive Officer. The Board of Directors also co-opted Carlo Zanetti as a new non-executive member.

**3 September 2023** - Aleix Espargarò and Maverick Viňales on Aprilia took first and second place in the MotoGP Grand Prix in Barcelona.

**26 September 2023** - The rating agency Standard & Poor's Global Ratings announced a revision of its outlook of the Piaggio Group, raising it from 'stable' to 'positive'. The "BB-" rating was confirmed.

**27 September 2023** - Piaggio & C S.p.A., successfully placed on the high-yield debenture loan a €250 million, 7-year, senior unsecured bond, with a fixed annual interest rate of 6.5% and an issue price of 100%.

**5 October 2023** - Piaggio & C. S.p.a. redeemed the entire principal amount of the "€250,000,000 3.625% Senior Notes due 2025" securities, still outstanding, according to the terms indicated in the Conditional Notice of Redemption.

**19 October 2023** - The CEO of Piaggio & C. S.p.A., Michele Colaninno, and the Vice President of Foton Motor Group, Ma Rentao, signed a contract in Beijing for the joint development of a new range of electric-powered Porter.
The new electric Porter range will be produced at the Piaggio Group's production sites in Pontedera, Italy, and distributed in main European countries.

**7 November 2023** - During the EICMA show in Milan, the Piaggio Group unveiled the new Aprilia RS 457, which meets the growing demand for easy but fun motorbikes with cutting-edge technology and styling. The Aprilia RS 457 is the result of a completely new design and one of its strong points is its light weight, boasting the best possible power-to-weight ratio for a bike that can be ridden with an A2 licence, its ease of handling and technological equipment.

**15 November 2023** - Piaggio & C. S.p.A. signed with a syndicate of banks a four-year, Euro 200 million revolving loan facility, with an option to extend it for a further year at the Company's discretion. The agreement was signed with BNP Paribas-Banca Nazionale del Lavoro, Bank of America, HSBC, ING Bank, Intesa Sanpaolo and Unicredit (all as mandated lead arrangers and bookrunners). The operation is mainly aimed at extending the duration of the revolving loan facility of the same amount granted by the same syndicate of banks expiring in January 2024, and will improve the qualitative profile of the Piaggio Group's financial debt, further increasing its solid liquidity position, financial flexibility and average residual life.

**30 November 2023** - Vespa and (RED) consolidated their long-standing partnership with the signing of a new agreement for the two-year period 2024-2025. The partnership between Vespa and (RED), which began in 2016, has resulted in iconic products wearing red to support the cause; during the course of the partnership with (RED), Vespa customers around the world have played a key role in the fight against AIDS and all pandemics, raising over USD 1.5 million for the Global Fund to fight AIDS, tuberculosis and malaria.

**4 December 2023** - The study commissioned by the Piaggio Group to Interbrand, a global leader in brand consultancy, confirmed the economic value of the Vespa brand at over €1 billion (1,079 million) and also demonstrated Vespa's global presence in terms of distinctiveness, design, lifestyle and fun. The study also confirmed that Vespa transcends the functional boundaries of two-wheeler mobility and represents, in the eyes of consumers globally, both an opportunity to express themselves within their community and an object of leisure and entertainment.

**5 December 2023** - Aprilia Racing signed a three-year agreement with US-based Trackhouse, already a major player in the NASCAR motorsport championship. This partnership will see Aprilia Racing take charge of all technical aspects, from managing the bikes on the track to development during the season, through a dedicated structure that represents an important step forward in the MotoGP project.

**15 December 2023**- The Piaggio Group presented its Decarbonisation Plan, drawn up with the advice of the European Investment Bank (EIB), in line with the EIB PATH framework and with the support of the consultancy firm EY (contracted by the EIB), with which it undertakes to implement actions to reduce Scope 1, 2 and 3 emissions over two time horizons: 2030 and 2050.
Always sensitive to environmental issues, over the years the Piaggio Group has implemented continuous initiatives to improve energy efficiency and reduce emissions in its plants and the vehicles it produces.


aprilia
RACING

# FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

## CONSOLIDATED INCOME STATEMENT

### Consolidated income statement (reclassified)

| | 2023 | | 2022 | | CHANGE | |
|---|---|---|---|---|---|---|
| | IN MILLIONS OF EUROS | ACCOUNTING FOR A % | IN MILLIONS OF EUROS | ACCOUNTING FOR A % | IN MILLIONS OF EUROS | % |
| Net Revenues | 1,994.6 | 100.0% | 2,087.4 | 100.0% | (92.9) | -4.4% |
| Cost to sell[5] | 1,419.9 | 71.2% | 1,532.5 | 73.4% | (112.6) | -7.3% |
| **Gross industrial margin[5]** | **574.7** | **28.8%** | **554.9** | **26.6%** | **19.7** | **3.6%** |
| Operating expenses | 394.0 | 19.8% | 396.2 | 19.0% | (2.2) | -0.6% |
| **Operating income** | **180.7** | **9.1%** | **158.7** | **7.6%** | **21.9** | **13.8%** |
| Result of financial items | (45.3) | -2.3% | (31.5) | -1.5% | (13.8) | 43.8% |
| **Profit before tax** | **135.3** | **6.8%** | **127.2** | **6.1%** | **8.1** | **6.4%** |
| Income taxes | 44.3 | 2.2% | 42.3 | 2.0% | 1.9 | 4.6% |
| **Net profit (loss) for the period** | **91.1** | **4.6%** | **84.9** | **4.1%** | **6.2** | **7.3%** |
| | | | | | | |
| **Operating income** | **180.7** | **9.1%** | **158.7** | **7.6%** | **21.9** | **13.8%** |
| Amortisation/depreciation and impairment costs | 144.3 | 7.2% | 139.4 | 6.7% | 4.9 | 3.5% |
| **EBITDA[5]** | **325.0** | **16.3%** | **298.1** | **14.3%** | **26.9** | **9.0%** |

### Net revenues

| | 2023 | 2022 | CHANGE |
|---|---|---|---|
| IN MILLIONS OF EUROS | | | |
| EMEA and Americas | 1,241.8 | 1,240.5 | 1.3 |
| India | 371.9 | 323.6 | 48.3 |
| Asia Pacific 2W | 381.0 | 523.4 | (142.4) |
| **Total** | **1,994.6** | **2,087.4** | **(92.9)** |
| | | | |
| Two-wheelers | 1,535.9 | 1,683.8 | (147.9) |
| Commercial Vehicles | 458.7 | 403.7 | 55.0 |
| **Total** | **1,994.6** | **2,087.4** | **(92.9)** |

In terms of consolidated **sales**, the Group ended 2023 with net revenues down by 4.4% compared to 2022.
The decrease was due to the Asia Pacific market (-27.2%; -23.8% at constant exchange rates). All other markets performed positively, with particularly strong growth in India (+14.9%; +19.9% at constant exchange rates).
With regard to the type of vehicles sold, the decrease in Two-Wheelers (-8.8%) was only partially offset by the growth in Commercial Vehicles (+13.6%). The share of Two-Wheelers out of total sales fell from 80.7% in 2022 to the present 77.0%; conversely, the share of Commercial Vehicles rose from 19.3% in 2022 to 23.0% today.

The Group's **gross industrial margin** increased from the previous year (€+19.7 million) to 28.8% (26.6% in 2022).
Amortisation/depreciation included in the gross industrial margin was equal to €38.9 million (€40.0 million in 2022).

**Operating expenses** incurred in 2023 amounted to €394.0 million, slightly down from the previous year (€396.2 million in 2022).

5. Please refer to the section on "Alternative Non-Gaap Performance Indicators" for the definition of the parameter.

The changes in the income statement described above resulted in a consolidated **EBITDA** which increased over the previous year and was equal to € 325.0 million (€298.1 million in 2022). In relation to turnover, EBITDA was equal to 16.3%, (14.3% in 2022).

Operating income (**EBIT**) amounted to €180.7 million, also increasing compared to 2022 (€+21.9 million); in relation to turnover, EBIT was equal to 9.1% (7.6% in 2022).

The result from **financial activities** worsened compared to the previous year by €13.8 million, recording Net Expenses of €45.3 million (€31.5 million in 2022). This performance compared to the values for the corresponding period of the previous year was essentially due to the rise in interest rates on debt and the refinancing of the debenture loan, amplified by one-off costs related to the pre-redemption of outstanding securities, partially mitigated by the positive impact of currency management and the higher capitalisation of charges on fixed assets.

Taxes for the period amounted to €44.3 million, whereas they came to €42.3 million in 2022. In 2023, taxes as a percentage of pre-tax income amounted to 32.7% (33.3% in 2022).

Net profit amounted to €91.1 million (4.6% of turnover), up from the previous year's result of €84.9 million (4.1% of turnover).

## Operating data

### VEHICLES SOLD

| | 2023 | 2022 | CHANGE |
|---|---|---|---|
| IN THOUSANDS OF UNITS | | | |
| EMEA and Americas | 262.1 | 279.7 | (17.6) |
| India | 151.7 | 148.8 | 2.9 |
| Asia Pacific 2W | 145.8 | 197.0 | (51.3) |
| **Total** | **559.5** | **625.5** | **(65.9)** |
| | | | |
| Two-wheelers | 436.3 | 516.2 | (79.9) |
| Commercial Vehicles | 123.3 | 109.3 | 14.0 |
| **Total** | **559.5** | **625.5** | **(65.9)** |

In 2023, the Piaggio Group sold 559,500 vehicles worldwide, down approximately 10.5% in terms of volume from the previous year, when 625,500 vehicles were sold. Only sales in India recorded a growth.
Sales of Commercial Vehicles increased (+12.8%), while sales of Two-Wheelers fell (-15.5%).
For a more detailed analysis of market trends and results, please refer to the specific sections.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION[6]

| STATEMENT OF FINANCIAL POSITION | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| IN MILLIONS OF EUROS | | | |
| Net working capital | (178.7) | (224.8) | 46.1 |
| Property, plant and equipment | 287.5 | 291.4 | (3.9) |
| Intangible assets | 754.1 | 729.5 | 24.6 |
| Rights of use | 36.9 | 36.9 | 0.0 |
| Financial assets | 8.5 | 10.0 | (1.5) |
| Provisions | (58.4) | (56.9) | (1.4) |
| **Net capital employed** | **850.0** | **786.0** | **64.0** |
| Net financial debt | 434.0 | 368.2 | 65.8 |
| Shareholders' equity | 416.0 | 417.8 | (1.8) |
| **Sources of financing** | **850.0** | **786.0** | **64.0** |
| Non-controlling interests | (0.2) | (0.2) | (0.0) |

**Net working capital** as of 31 December 2023 was negative and amounted to €178.7 million, with approximately €46.1 million cash used during 2023.

**Property, plant and equipment** amounted to €287.5 million, a decrease of approximately €3.9 million compared to 31 December 2022. The combined effect of the general decrease from depreciation (approximately €52.4 million), the devaluation of the Indian rupee and Vietnamese dong against the euro (approximately €5.5 million) and disposals and write-downs (approximately €0.6 million), exceeded investments for the period (around €54.6 million).

**Intangible assets** amounted to a total of €754.1 million, up by approximately €24.6 million compared to 31 December 2022. This growth is mainly due to investments for the period, the value of which exceeded amortisation by approximately €27.3 million, which also offset the devaluation of the Indian rupee and Vietnamese dong against the euro (approximately €1.8 million) and disposals and write-downs totalling approximately €0.9 million.

**Rights of use**, equal to €36.9 million, remained stable compared to values at 31 December 2022.

**Financial assets** totalled €8.5 million, decreasing compared to figures for the previous year (€10.0 million).

**Provisions** totalled €58.4 million, increasing compared to 31 December 2022 (€56.9 million).

As fully described in the next section on the "Condensed Consolidated Statement of Cash Flows", **net financial debt** as of 31 December 2023 was equal to €434.0 million, compared to €368.2 million as of 31 December 2022, a growth of around €65.8 million.

**Shareholders ' equity** as of 31 December 2023 amounted to €416.0 million, a decrease of approximately € 1.8 million compared to 31 December 2022.

6. For the definition of the individual items in the table, please refer to the section on "Non-GAAP Alternative Performance Indicators".

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows prepared in accordance with international financial reporting standards (IFRS) is included in the "Consolidated Financial Statements and Notes as of 31 December 2023"; the following is a comment relating to the condensed statement shown.

| CHANGE IN CONSOLIDATED NET DEBT | 2023 | 2022 | CHANGE |
|---|---|---|---|
| IN MILLIONS OF EUROS | | | |
| **Opening Consolidated Net Debt** | **(368.2)** | **(380.3)** | **12.1** |
| Cash Flow from Operating Activities | 227.5 | 207.3 | 20.2 |
| (Increase)/Reduction in Working Capital | (46.1) | 28.8 | (74.9) |
| Net Investments | (162.9) | (151.7) | (11.2) |
| Other changes | 8.6 | (1.1) | 9.7 |
| Change in Shareholders' Equity | (92.9) | (71.2) | (21.7) |
| ***Total Change*** | ***(65.8)*** | ***12.1*** | ***(77.9)*** |
| **Closing Consolidated Net Debt** | **(434.0)** | **(368.2)** | **(65.8)** |

During the first half of 2023 the Piaggio Group used **financial resources** amounting to €65.8 million.
**Cash flow from operating activities**, defined as net profit, minus non-monetary costs and income, came to €227.5 million.
**Working capital** absorbed cash of approximately €46.1 million; in detail:
- the collection of trade receivables[7] used financial flows for a total of €8.1 million;
- stock management generated financial flows for a total of approximately €51.7 million;
- supplier payments used financial flows of approximately €120.6 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €14.7 million.

**Investing activities** absorbed financial resources totalling €162.9 million, of which €45.2 million in capitalised development costs and €117.7 million in property, plant and equipment and intangible assets.
**Dividends** paid during the year amounted to €79.8 million and included the interim dividend paid in September 2023.
**Other changes** mainly include other movements recorded in fixed assets and rights of use.

As a result of the above financial dynamics, which absorbed cash flow of €65.8 million, the **consolidated net debt** of the Piaggio Group amounted to €434.0 million.

7. Net of customer advances.

# ALTERNATIVE NON-GAAP PERFORMANCE MEASURES

To facilitate the understanding of the Group's financial position and performance, Piaggio - in accordance with Consob Communication DEM/6064293 of 28 July 2006 as amended (Consob Communication 0092543 of 3 December 2015 enacting ESMA/2015/1415 guidelines on alternative performance measures), refers to some alternative performance measures (APM) in its Report on Operations, in addition to IFRS financial measures (Non-GAAP Measures) from which the APM are derived.
These measures also facilitate directors in identifying operational trends and in taking decisions about investments, resource allocation and making other operational choices. For a correct interpretation of these APM, the following should be noted:
- the APMs are not required by International Financial Reporting Standards (IFRS) and, although they are derived from the Group's consolidated financial statements, they are not audited;
- the APMs should not be regarded as a substitute for the measures required by relevant accounting standards (IFRS);
- for their correct interpretation, these APMs must be read in conjunction with the Group's financial information taken from the consolidated financial statements;
- the definitions of the measures used by the Group, insofar as they are not derived from applicable accounting standards, may not be uniform with those used by other entities; therefore, the values of the APMs calculated by the Group and included in this document may not be comparable with those published by other groups/companies;
- the APMs used by the Group were prepared with a continuity and uniform definition and representation for all accounting periods presented in these Financial Statements.

In particular the following alternative performance measures were 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:** represented by the algebraic sum of financial payables, any significant financial component of trade payables and other non-current payables net of cash and cash equivalents and current financial receivables. It does not include other financial assets and liabilities arising from the fair value measurement of financial derivatives used as hedging and otherwise, and the fair value adjustment of related hedged items and associated deferrals. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure;
- **Net capital employed:** determined as the algebraic sum of Net fixed assets, Net working capital and Provisions.

In this regard, it should be noted that net fixed assets are represented by:
- **Tangible fixed assets:** which consist of property, plant, machinery and industrial equipment, net of accumulated depreciation;
- **Intangible assets:** which 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.
- **Net working capital:** 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.
- **Provisions:** consist of retirement funds and employee benefits, other non-current provisions and the current portion of other non-current provisions.


MARINA

# BACKGROUND

## MACROECONOMIC FRAMEWORK

Global economic growth slowed modestly to around 2.6% in 2023. The sharp rise in inflation triggered a rapid and aggressive response of monetary tightening policies, which significantly affected consumption, international trade and corporate and private investment. The global economy proved more resilient than expected at the beginning of the second half of the year. The energy price shock was handled effectively by the economies most affected and companies, by showing flexibility in adjusting production processes, managed to mitigate its effect. Growth was driven more by the recovery in the tertiary sector, while the geopolitical instability caused by the war in Ukraine and the Israeli-Palestinian conflict contributed strongly to increased uncertainty over global growth prospects.

Growth in the **Eurozone** was 0.5%, with a forecast of +0.6% at the end of 2024; having avoided recession, a period of stagnation is on the horizon. The manufacturing sector slowed down due to falling foreign demand, while restrictive financial conditions increasingly weighed on investment and consumer spending. The services sector has also weakened further. The boost to growth from the reopening following the pandemic is fading, and rising interest rates have adversely affected manufacturing, real estate and energy transition investments.
The Governing Council of the ECB expects interest rates to have reached levels that, if maintained long enough, will bring inflation back to target level; the energy and food components of inflation have fallen rapidly, given the high price level reached last year, while the core inflation components (non-energy industrial goods and services) only declined in the last quarter. The increased uncertainty and economic risks caused by the war in Ukraine and the conflicts in the Middle East have highlighted the vulnerability of energy markets and the risks related to the EU's main trading partners, in particular China. In this European framework, Germany's disappointing figures (-0.3%) and Spain's robust performance (+2.5%) stand out, while France (+0.9%) and Italy (+0.7%) posted moderate growth, just above the European average figure.

The **US economy** grew by 2.5% in 2023, with an assumed contraction close to +1.2% in 2024. According to the US Department of Commerce, consumer spending, coupled with government spending up 3.7% and private investment up 2.1%, contributed the most to the year-on-year performance above expectations. In addition, the cash reserves accumulated by households during the pandemic are far from depleted and the labour market is resisting the Fed's monetary tightening in terms of both wages and new jobs.
Estimates for **Japan** forecast a GDP growth of 1.8% for 2023, +1.0% for 2024. The Japanese economy suffered a drop in private consumption in the second half of the year due to a 2.4% year-on-year decline in real wages, although the consumer inflation rate fell to 2.8%. Although the geopolitical problems linked to the war caused an abnormal rise in the price curve, the Central Bank maintained an ultra-expansive monetary policy with the Yen particularly weak against the US Dollar, in order to stimulate growth. This, on the one hand, favoured exports, but at the same time made the import of energy commodities more expensive and reduced the purchasing power of households.

The **Chinese economy** grew by 5.2% in 2023, a performance that is expected to stabilise in the short term due to the gradual recovery of consumer confidence and government policy stimulus. The rise in the global cost of consumer goods and energy had a modest impact on inflation, thanks to the domestic price control mechanism and self-sufficiency in coal and food supplies; while most other central banks raised rates due to inflation, the Central Bank kept rates low in response to Chinese disinflation. Private investment, mainly in real estate, continued to contract. Foreign demand was not particularly robust and industry still suffered from excess inventories; signs of recovery are emerging from the three 'new economy' sectors such as batteries, electric vehicles and renewable energy.

In **India**, growth is estimated to reach 7.0% in 2023 from 6.7% in 2022, supported by household consumption, investments and strong activity in services. High-tech sectors are growing rapidly; service exports, historically concentrated in IT, have also included professional services (human resources, auditing, legal, research and development). Growth was also driven by falling energy and commodity prices, which allowed industries to increase margins on production, while the growth of the rupee/dollar was hindered by the US rate hike policy.

**Italy's** GDP increased by 0.7% compared to 2022, when it had grown by 3.7%. This reflects a decrease in added value in the agriculture, forestry and fishing sectors, and a contrasting increase in both industry and services. On the demand side, there was a negative contribution from the domestic component (before inventories) and a positive contribution from the net foreign component. Private consumption grew despite the rise in inflation to 5.7%, while gross fixed capital formation declined as a result of the restrictive monetary policy. The issue of high public debt remains crucial. Expenditure pressures are increasing due to an ageing population, rising interest rates and the ecological and digital transition. The use of the National Recovery and Resilience Plan (NRRP) to support the country's growth will be crucial; a potential impact of +0.5% annual growth from investments is estimated from 2024 onwards.

# MARKET SCENARIO

## Two-wheelers

Available data on the market trend for two-wheelers (scooters and motorcycles) for monitored markets are provided below.

India, the most important two-wheeler market, recorded an increase in 2023, closing at just over 17.0 million vehicles sold, up 9.1% from 2022.

The People's Republic of China posted a significant drop (-5.0%), closing at just over 5 million units sold.

The Asian region, called Asean 5, showed an increase during 2023 (+4.1% compared to 2022), closing at almost 12.8 million units sold. This increase was driven by:
- Indonesia, the largest market in this region (+19.4% over 2022 and sales of more than 6.2 million units);
- Thailand (+4.8% over 2022 and just under 1.9 million units sold);
- Malaysia (-20.4% compared to last year and over 540,000 units sold);
- Vietnam (-15.1% compared to 2022 and over 2.5 million units sold);
- the Philippines (-0.5% compared to 2022 and about 1.6 million units sold).

The other countries in the Asian area (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) as a whole recorded an increase over the previous year, closing at more than 1.4 million units (+7.9%). In particular, the Taiwanese market reversed last year's negative trend, growing to around 820 thousand units sold (+20.4% year-on-year). By contrast, Japan remained stable at around 405 thousand units sold (-0.1% compared to 2022).

The North American market recorded an increase (+2.5%), compared to 2022, selling 618,219 vehicles in 2023.

Europe, the reference area for the Piaggio Group's operations, grew in 2023, recording an overall increase in sales of 3.5% compared to 2022 (+10.2% in the motorcycle segment and -3.3% in the scooter segment), closing at 1,566,203 units sold.

### The scooter market

Europe

In Europe, the scooter market stood at 725,031 registered vehicles in 2023, a 3.3% decrease in sales compared to 2022. Of particular note is the drop in the electric scooter segment (-33.6% compared to 2022) to 85,840 units in 2023, which now accounts for 11.8% of the total market.

| MARKET | VEHICLE REGISTRATIONS | | CHANGE | CHANGE % | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | | OVERALL | ≤ 50 CC | > 50 CC |
| Italy | 186,868 | 160,369 | 26,499 | 16.5% | -18.6% | 20.5% |
| *of which electric* | *10,787* | *15,670* | *(4,883)* | *-31.2%* | *-28.7%* | *-32.5%* |
| France | 110,845 | 130,712 | (19,867) | -15.2% | -22.6% | -7.1% |
| Spain | 125,455 | 112,391 | 13,064 | 11.6% | -8.6% | 14.1% |
| Holland | 36,196 | 64,481 | (28,285) | -43.9% | -45.3% | -10.8% |
| Germany | 69,198 | 83,764 | (14,566) | -17.4% | -40.4% | -5.1% |
| Greece | 56,016 | 49,084 | 6,932 | 14.1% | -5.1% | 16.0% |
| United Kingdom | 28,792 | 32,177 | (3,385) | -10.5% | -21.4% | -8.5% |
| **Europe** | **725,031** | **749,452** | **(24,421)** | **-3.3%** | **-27.6%** | **8.7%** |
| ***of which electric*** | ***85,840*** | ***129,277*** | ***(43,437)*** | ***-33.6%*** | ***-39.3%*** | ***-22.3%*** |

North America

In 2023, the North American market showed a decrease of 7.9% and 28,653 units sold:

| MARKET | VEHICLE REGISTRATIONS | | CHANGE | CHANGE % | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | | OVERALL | ≤ 50 CC | > 50 CC |
| USA | 25,350 | 27,768 | (2,418) | -8.7% | -9.6% | -8.2% |
| Canada | 3,303 | 3,329 | (26) | -0.8% | 1.4% | -9.1% |
| **North America** | **28,653** | **31,097** | **(2,444)** | **-7.9%** | **-7.2%** | **-8.3%** |

Asia

The largest scooter market in the Asean 5 region is Indonesia, which recorded an increase of 20.3% over 2022 with approximately 5.9 million units. The automatic scooter segment recorded growth in 2023 (+21.9% over 2022), approaching 5.6 million units sold. On the other hand, the gearbox (cub) segment showed a slight decrease in 2023 (-2.3%), closing at almost 317,000 units.

India

The automatic scooter market showed substantial growth (+9.8% in 2023), closing at over 5.5 million units.
The predominant engine segment is 125cc, with over 5 million units sold in 2023 (+7.7%), accounting for 91.4% of the total automatic scooter market. The 150cc segment declined (-12.2%), which is now related only to the Vespa, which sold 1,887 units (-12.2% compared to 2022). There is no 50cc scooter segment in India.

### The motorcycle market

Europe

With 841,172 registered units, the motorcycle market ended 2023 up 10.2%. The 50cc segment recorded a 0.3% increase to 44,869 units, while the over 50cc segment increased by 10.8% with 796,303 units sold.

| MARKET | VEHICLE REGISTRATIONS | | CHANGE | CHANGE % | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | | OVERALL | ≤ 50 CC | > 50 CC |
| France | 168,110 | 152,161 | 15,949 | 10.5% | -8.0% | 13.6% |
| Germany | 160,623 | 143,252 | 17,371 | 12.1% | | 12.1% |
| Italy | 150,945 | 131,578 | 19,367 | 14.7% | 9.8% | 14.9% |
| United Kingdom | 84,334 | 83,920 | 414 | 0.5% | -16.4% | 0.8% |
| Spain | 91,446 | 81,345 | 10,101 | 12.4% | 8.0% | 12.6% |
| **Europe** | **841,172** | **763,233** | **77,939** | **10.2%** | **0.3%** | **10.8%** |

North America

The motorcycle market in North America (USA and Canada) increased by 3.0% in 2023, closing at 589,566 units compared to 572,251 units the previous year.

| MARKET | VEHICLE REGISTRATIONS | | CHANGE | CHANGE % | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | | OVERALL | ≤ 50 CC | > 50 CC |
| USA | 525,989 | 509,448 | 16,541 | 3.2% | -2.1% | 3.4% |
| Canada | 63,577 | 62,803 | 774 | 1.2% | 6.9% | 1.0% |
| **North America** | **589,566** | **572,251** | **17,315** | **3.0%** | **-0.9%** | **3.2%** |

Asia

The most important motorcycle market in Asia is India, which in 2023, continuing the previous year's growth, registered more than 11.5 million units, up 13.9%.
The motorcycle market in the Asean 5 region is far less significant than the scooter market: no significant sales of the motorbike segment were recorded in Vietnam. Among the other countries, the highest sales were recorded in Indonesia with a year-on-year increase of 6%, selling just over 320,000 units.

## Commercial Vehicles

Europe

In 2023, the European light commercial vehicles market (vehicles with a maximum mass less than or equal to 3.5 tons), excluding the UK, recorded sales of approximately 1,467,000 units, a 14.6% increase over 2022 (data source ACEA).

More specifically, the cabin segment in which Piaggio Commercial operates sold approximately 186,000 units. Looking at the served market in detail, registrations in the main European reference markets (Spain, France, Italy and Germany) came to approximately 97,700 units (+1.4% compared to 2022), a volume still significantly lower than the approximately 112,900 units sold in 2021 (-13.5% compared to 2021).

India

The Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A., operates, posted the following figures:

| MARKET[8] | VEHICLE REGISTRATIONS | | CHANGE | CHANGE % |
|---|---|---|---|---|
| | 2023 | 2022 | | |
| Cargo | 93,138 | 81,041 | 12,097 | 14.9% |
| Passengers | 479,366 | 286,240 | 193,126 | 67.5% |
| Electric | 68,940 | 26,275 | 42,665 | 162.4% |
| **India Three-wheeler** | **641,444** | **393,556** | **247,888** | **63.0%** |

In this market, growth was mainly due to the Passenger segment, which reported a strong increase (+67.5%) from 286,240 units in 2022 to 479,366 in 2023.
The Cargo segment increased by 14.9% from 81,041 units in 2022 to 93,138 units in 2023. The growth shown by the three-wheeler electric segment was particularly significant (+162.4% compared to 2022).

8. Escluding e-rickshaw and e-cart.

# REGULATORY FRAMEWORK

## European Union

Emissions

European institutions reached a final agreement on the revision of Regulation (EU) 2019/631, which defines the $CO_2$ emission performance standards for new passenger cars and light commercial vehicles, and which envisages the possibility of marketing after 2035, electric engines, as well as motor vehicles with combustion engines powered by synthetic fuels (e-fuels), i.e. produced chemically by binding hydrogen with $CO_2$ captured from the atmosphere. The next date is 2026, the year when a review clause is expected, the outcome of which is also linked to the distribution of recharging infrastructure.

Contrary to expectations, the approved text included e-fuels among 'carbon neutral' fuels, which are therefore allowed beyond 2035, while bio-fuels, made from plant and animal waste, are currently still excluded.

Italy has demanded equal treatment for e-fuels and bio-fuels, but at the moment this position is shared by only a few other countries at EU Council level. However, the European elections in 2024 and the new Commission taking office could open up new scenarios and perspectives.

The Regulation, approved in 2023, also envisages the possibility for small manufacturers of light commercial vehicles registering less than 22,000 units per year to apply, up until 2035, for an exemption.

'EURO7' proposal

In December 2023, the EU Council, Parliament and Commission agreed on the type approval of motor vehicles for the new EURO 7 emission limits. Under the text, the EURO 6 emission limits will be retained, albeit with some new measurement criteria. EURO 7 will also introduce the obligation to measure the emissions of microplastics from tyres and particles emitted by brake systems, and some new requirements regarding the durability of batteries. Thus, electric vehicles will also fall within the scope of the regulation.

The Regulation will enter into force 30 months after its publication in the Official Journal (expected in 2024) for cars and vans, and 48 months for buses, trucks and trailers. For small manufacturers producing less than 22,000 units per year, there is instead an exemption until 2030 for the full application of the Regulation.

Battery regulations

Following the entry into force in August 2023 of the Batteries Regulation, which provides new rules for the design, manufacture and management of all types of batteries sold within the EU and their waste, the Delegated Acts that the European Commission is finalising are now in the implementing phase.

The Regulation classifies batteries under 25 kg used in all means of transport as 'Light Means of Transport (LMT)'. Batteries in means of transport above 25 kg are defined as 'Electric vehicles batteries (EV)', while batteries providing energy for starting, lighting and injection are considered as 'Starting, Lighting and Ignition Batteries (SLI)'.

The issue of cell replaceability in LMT vehicles, which risks conflicting with some safety issues for which manufacturers are already collecting batteries through external organisations, as in the case of tyres, is still under discussion.

The regulation aims to encourage the production of more sustainable batteries over their entire life cycle and envisages the obligation to use responsibly sourced materials and bans the use of hazardous substances.

The text also sets battery waste collection targets for manufacturers 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, labelling and consumer information requirements for EV batteries are foreseen, as well as an electronic 'Battery Passport' to monitor reuse and the affixing of 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 to make scooter and motorbike batteries interoperable and exchangeable. This innovative technology aims to improve battery lifecycle sustainability, reduce costs and cut recharging times, meeting key consumer needs. Nearly 40 companies are now members of the Consortium, which includes global players in the automotive, component and battery manufacturing sectors, ready to pool their know-how for the definition of common open standards for the benefit of consumers. The Technical Committee of the SBMC Consortium has now defined most of the common specifications, which will be tested through the development of a prototype battery in the course of 2024, and then presented to international standardisation bodies (ISO and Cen-Cenelec) with which a formal dialogue has already been initiated.

Cybersecurity
The ‘Cyber Resilience Act’ will come into force in 2024, but light commercial vehicles (Category N1) and passenger cars will not be covered as they are already obliged to comply with the requirements of the two international UNECE Regulations R155 and R156 on Cybersecurity, which refer to the ISO 21434 and ISO 24089 standards.
In order not to create discrepancies between motor vehicles and motorcycles, the entire L-category will also be excluded from the Cyber Resilience Act, but included in UNECE Regulation R155. Therefore, two-wheeler vehicle manufacturers will have to implement a Cyber Security Management System (CSMS) that will cover all processes of the entire vehicle life cycle, from design to post-production monitoring and finally disposal.
The date of application for scooters and motorbikes should not be before 2026, depending on the Delegated Acts to be finalised by the European Commission.

Ecodesign
In December 2023, the European Parliament and the Council reached a final agreement on the Commission’s Proposal for a Regulation establishing a framework for ecodesign requirements for sustainable products (‘Ecodesign Regulation’). The new Regulation extends the scope of existing legislation to almost all products placed on the EU market. All type-approved motor vehicles are excluded from this Regulation, but only for those aspects and requirements already covered by sector legislation, e.g. End of Life (ELV), Battery Regulation, REACH. Category L, as it is not yet subject to ELV legislation, will fall under most of the Ecodesign requirements. However, the application dates of the two Regulations may coincide (estimated 2028). Tyres, scooters and electric bikes are also included in the scope of the Ecodesign Regulation, and merchandising products will follow. Details and parameters will be decided by the European Commission in Delegated Acts.

End of life of vehicles - ELV
The European Commission presented a new legislative proposal in 2023 to revise existing regulations on End of Life Vehicles (ELV).
The entire L-Category will become part of the scope of the regulations, as is already the case for cars and commercial vehicles, with the exception of L1 and L2 categories, whose inclusion is still uncertain.
Manufacturers will be required to meet specific targets for recyclability and material reuse, 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 text has not yet been discussed by the European Parliament and the Council and will be negotiated during the trialogue before the elections in June 2024. Bearing in mind a certain lead time, in addition to the entry into force, actual application is not expected before 2028, for alignment with the new requirements.

UKCA marking for the UK
As a result of Brexit, the UK introduced new certification for products placed on the UK market: UKCA marking. Although it was initially planned that UKCA marking would first flank, and then replace, CE marking, the UK government recently announced the extension of the use of CE marking in the UK indefinitely.

New EU Packaging Regulation
Negotiations on the Proposal to revise the European Packaging and Packaging Waste Regulation, which mainly impacts merchandising, are coming to an end. The Commission’s December 2022 Proposal aims to make the packaging of certain product categories fully recyclable by 2030. The proposal envisages solutions to significantly reduce packaging waste per capita per Member State with targets of 5% in 2030, 10% in 2035, and 15% in 2040, compared to 2018.
In November 2023, the EU Parliament approved its own text to start negotiations in the trialogue, in which the role of recycling is recognised to a greater extent, alongside that of re-use. This position was strongly supported by Italy.
The Council’s position, on the other hand, approved in December 2023, did not satisfy the requests of Italy, which therefore voted against, the only country to hold this position. The hope, therefore, is that the European Parliament’s position, also supported by Confindustria, will prevail in the trilogue negotiations.
The negotiations will be concluded before the European elections in June 2024.

Emission trading
Starting in 2021, the fourth phase of the Emission Trading Scheme (EU-ETS) began in Europe, with the free allocation of emission permits using emission factors defined at European level and specific to each industrial sector. For the Pontedera industrial site, the only plant of the Group that falls within the scope of the “Emission Trading” Directive (Directive 2003/87/EC), this means the allocation of a number of emission permits that is generally lower than the emissions recorded in the reference year, with the need to purchase necessary quotas in order to have compliance on the emissions market.

## 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 kick 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. It’s adoption is envisaged for 2024.

Additional funding for new electric vehicle incentives - Category L
The Italian government has provided new funding for incentives for the purchase of Category L electric vehicles. In addition to the 30 million euro already provided for in the Prime Minister’s Decree of 6 April 2022, the new Prime Minister’s Decree presented in February 2024 added a further 15 million euro for electric mopeds and motorbikes. For these vehicles, the subsidy, aimed at those who purchase a brand new electric or hybrid vehicle in categories L1e, L2e, L3e, L4e, L5e, L6e, L7e, is calculated on the percentage of the list price: 30% up to EUR 3,000 for purchases without scrapping a vehicle, and 40% up to EUR 4,000 for purchases with the scrapping (of vehicles up to EURO3).

Light Commercial Vehicle Incentives - Category N1
The new Prime Minister’s Decree reconfiguring incentives for the purchase of low-polluting emission vehicles (Ecobonus), has allocated resources amounting to €950 million for 2024 for the entire automotive sector. Of these, €53 million are earmarked to incentivise the purchase of Light Commercial Vehicles, according to a scheme that envisages different brackets of incentives based on vehicle weight and engine. The incentives for the purchase of Commercial Vehicles powered by alternative fuels also include bi-fuel vehicles (petrol/methane and petrol/LPG). In the Porter NP6 bracket, the incentive comes to €2,500 (with or without scrapping another vehicle).

## USA

Inflation Reduction Act (IRA)
The US administration passed the Inflation Reduction Act (IRA) in August 2022, 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. Tax credits have been introduced for manufacturers producing electric vehicles in plants located in North America.

## India

Onboard Diagnostic-II (OBD-II)
For all internal combustion engine vehicles in categories L5N and L5M, the two-stage implementation of the OBD-II Regulation for Bharat Stage VI (BS VI) vehicles began. BSVI OBD-II Stage-A vehicles have been manufactured on an industrial scale since 1 April 2023 for the entire product portfolio (CNG/LPG/Petrol/Diesel). BSVI OBD-II Stage-B will be applicable from 1 April 2025.

20% ethanol mix in petrol
As of 1 April 2023, the regulation of the Indian government (Ministry of Petroleum and Natural Gas) on 20% ethanol in petrol came into force in metropolitan areas and tier 1 cities. For the rest of India, the regulation will come into effect in April 2025.

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

Piaggio successfully achieved the AIS-156 requirements for the E-City FX and E-Xtra FX, which it manufactures on an industrial scale according to the above-mentioned timeframe.

"FAME" scheme - incentives
The FAME (Faster Adoption of Electrical Mobility) programme, adopted by the Indian government in 2015, is part of this strategy and aims to incentivise the purchase of 2, 3 and 4-wheeler electric and hybrid vehicles. In April 2019, the transition to the second phase of the programme was officially announced with new funds allocated totalling USD (1.4) billion and targeted incentives for the purchase of electric vehicles and the development of charging infrastructure. The programme received a further boost in June 2021 with the increased subsidy structure under FAME II for two-wheelers. Currently, the Indian government is working on the proposed FAME-III policy that will come into effect from 1 April 2024, promoting the electrification of three/four-wheelers and two-wheelers with a target of 30% new registrations being electric vehicles by 2025.
Some local governments have declared their intention to issue new regulations to promote the adoption of electric vehicles.

### Vietnam

Emissions
Since 1 January 2017, the National Technical Regulation on the Third Tier 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 newly assembled, manufactured and imported two-wheeler motorcycles. This level is equivalent to the EURO3 standard specified in the technical regulations on vehicle gas emissions of the European Community. The Vietnamese government is considering moving to the EURO4 standard in the coming years.
The Law on Environmental Protection, which came into force on 1 January 2022 ('New Law on Environmental Protection'), stipulates that all transport vehicles must be certified to meet Vietnamese environmental regulations. However, as of 1 January 2022, only newly registered cars manufactured in Vietnam or imported must comply with EURO5 emission limits. In an attempt to reduce environmental pollution, the Vietnamese government intends implementing the gas emission limitation for 2-wheelers as well. Local governments in some large cities have cooperated with authorities and industry associations to test the gas emissions of vehicles on the road to be proposed to the government for a procedure to test and effectively enforce gas emission limitation standards on vehicles.

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

Energy label
In order to reduce environmental pollution and make buyers more aware and informed, the government has imposed energy labelling for motorbikes. With Circular 59/2018/TT-BGTVT, the Ministry of Transport has regulated energy labelling for motorcycles and mopeds that are manufactured, assembled and imported. The energy labelling must be affixed to the motorcycle by the manufacturer/importer/retailer and kept on the vehicle until it is delivered to the end customer. In addition, the Ministry of Transport is working to regulate the fuel consumption restriction for vehicles assembled, manufactured and imported into Vietnam. This regulation is expected to be published in 2024 and implemented in 2026.

Recycling/End-of-Life
The Environmental Protection Act stipulates that manufacturers and importers must recycle discarded products according to compulsory percentages and methodologies, leaving them the choice of either handling the recycling activity themselves or paying the Environment Fund to do it on their behalf. Decree 08/2022/ND-CP under the Environment Act stipulates that manufacturers and importers will be obliged to recycle accumulators, batteries, lubricating oil, inner tubes and tyres from 1 January 2024 and scrapped motorbikes from 1 January 2027. Manufacturers and importers will also be required to register for the annual recycling plan and submit a recycling report for the previous year to the Ministry of Natural Resources and Environment (MONRE) no later than 31 March each year, unless manufacturers and importers choose to pay the Environment Fund. The mandatory recycling rate (including recovery and recycling of scrap motorbikes) is 0.5% of the annual sales volume. The Vietnamese government has prepared detailed regulations that provide guidelines for the implementation of these regulations.

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

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 creation of a greenhouse gas emission allowance and carbon credit trading market was prepared and started in 2023 with the accounting and reporting of operational data and greenhouse gas emissions of the previous year from production facilities. Allowance trading is scheduled to begin 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 GHG emission allowances, use carbon credits to offset GHG emissions. Organisations wishing to obtain certification of traded carbon credits or GHG emission allowances will have to apply to MONRE.

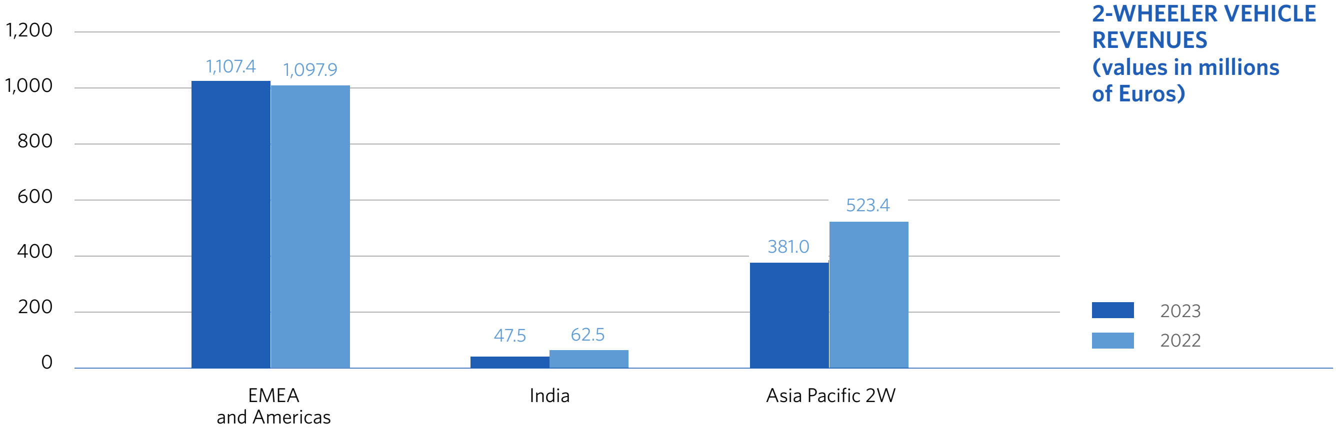
# RESULTS BY TYPE OF PRODUCT

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

For details of results and capital employed by each operating segment, please refer to the Notes to the Consolidated Financial Statements.
The volumes and net revenues in the three geographic segments, also by product type, are analysed below.

## TWO-WHEELERS

| | 2023 | | 2022 | | CHANGE % | | CHANGE | |
|---|---|---|---|---|---|---|---|---|
| | VOLUMES SELL-IN (UNITS/000) | NET REVENUES (MILLIONS OF EUROS) | VOLUMES SELL-IN (UNITS/000) | NET REVENUES (MILLIONS OF EUROS) | VOLUMES | NET REVENUES | VOLUMES | NET REVENUES |
| EMEA and Americas | 249.5 | 1,107.4 | 265.9 | 1,097.9 | -6.2% | 0.9% | (16.4) | 9.5 |
| of which EMEA | 226.9 | 978.7 | 242.3 | 973.0 | -6.3% | 0.6% | (15.3) | 5.7 |
| *(of which Italy)* | *59.1* | *246.1* | *53.8* | *226.4* | *9.8%* | *8.7%* | *5.3* | *19.8* |
| of which America | 22.6 | 128.7 | 23.7 | 124.9 | -4.8% | 3.0% | (1.1) | 3.8 |
| India | 41.0 | 47.5 | 53.3 | 62.5 | -23.0% | -23.9% | (12.2) | (15.0) |
| Asia Pacific 2W | 145.8 | 381.0 | 197.0 | 523.4 | -26.0% | -27.2% | (51.3) | (142.4) |
| **Total** | **436.3** | **1,535.9** | **516.2** | **1,683.8** | **-15.5%** | **-8.8%** | **(79.9)** | **(147.9)** |
| Scooters | 393.0 | 1,032.3 | 466.0 | 1,153.3 | -15.7% | -10.5% | (72.9) | (121.0) |
| *Combustion engine* | *387.9* | *1,014.3* | *455.0* | *1,125.4* | *-14.8%* | *-9.9%* | *(67.2)* | *(111.1)* |
| *Electric engine* | *5.2* | *18.0* | *10.9* | *27.9* | *-52.7%* | *-35.5%* | *(5.8)* | *(9.9)* |
| Motorcycles | 43.2 | 341.1 | 50.1 | 373.3 | -13.8% | -8.6% | (6.9) | (32.2) |
| Other vehicles | 0.1 | 0.0 | 0.1 | 0.1 | -59.4% | -70.7% | (0.1) | (0.1) |
| *Kick Scooters Aprilia eSR* | *0.0* | *0.0* | *0.1* | *0.0* | *-94.7%* | *-95.3%* | *(0.1)* | *(0.0)* |
| *Wi Bike* | *0.1* | *0.0* | *0.0* | *0.0* | *18.6%* | *-45.7%* | *0.0* | *(0.0)* |
| Spare Parts and Accessories | | 157.1 | | 155.5 | | 1.0% | | 1.6 |
| Other | | 5.4 | | 1.6 | | 243.2% | | 3.8 |
| *Gita* | | *0.2* | | *0.3* | | *-42.8%* | | *(0.1)* |
| *Other* | | *5.2* | | *1.2* | | *324.0%* | | *3.9* |
| **Total** | **436.3** | **1,535.9** | **516.2** | **1,683.8** | **-15.5%** | **-8.8%** | **(79.9)** | **(147.9)** |




**2-WHEELER VEHICLE REVENUES (values in millions of Euros)**


aprilia
680

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.

## Main results

During 2023, the Piaggio Group sold a total of 436,300 two-wheeler vehicles worldwide, accounting for net revenues equal to approximately €1,535.9 million, including spare parts and accessories (€157.1 million, +1.0%).
Overall, volumes decreased by 15.5% while net revenues fell by 8.8%.
The only growth market was Italy (+9.8% volumes; +8.7% turnover). In the other markets of EMEA and Americas, a decrease in volumes was matched by an increase in turnover (EMEA -6.3%; +0.6%; Americas -4.8% +3.0%), due to a different product sales mix.
The Asia Pacific region reported a downturn in results (-26.0% volumes; -27.2% net revenues; -23.8% at constant exchange rates) and India (-23.0% volume; -23.9% net revenues; -17.9 % at constant exchange rates).

## Market positioning[9]

In the European market[10], the Piaggio Group achieved an overall market share of 12.3% in 2023, compared to 13.3% in 2022, ranking second in the scooter segment (22.4% today compared to 22.9% in 2022).
In Italy, the Piaggio Group achieved a 16.5% share (17.5% share in 2022). The share in the scooter segment also fell to 25.7% (27.0% in 2022).
Thanks to production at its plants in India and Vietnam, the Group is also present in the "premium" segment of the Indian and Asia Pacific markets. In particular, in Vietnam, the Group's main market in the Asian area, Piaggio is one of the most important operators in the segment.
On the North American scooter market, Piaggio's position weakened from a 35.4% share in 2022 to 29.7% in 2023. Sell-out sales in the motorbike segment remain substantially unchanged (from 1.0% in 2022 to 0.9% in 2023).

## The distribution network

### EMEA

In the EMEA area, the Piaggio Group has a direct sales presence in the main European countries. In other European markets and in the Middle East and Africa, it operates through Distributors.
As of December 2023, the Group's sales network consisted of 945 partners managing more than 3,000 sales mandates of the various proprietary brands.
To date, the Piaggio Group is present in 68 countries in the region, and in 2023 it further optimised its commercial presence.
Actions concerning the distribution set-up followed market trends in the area and were geared towards a better qualitative-quantitative balance of the sales network.
In addition, higher sales and after-sales quality standards were introduced, dedicating more space to product displays, enriching the assortment of vehicles and accessories, and thus aiming to further improve the experience offered to the end customer at all stages of the customer journey.

9. Market share values are calculated on the basis of 'sell out' volumes, i.e. sales made by the distribution network to the end buyer. Market share values for 2022 may differ from those published last year due to updates to final registration data, which some countries publish with a few months' delay.
10. Italy, France, Spain, Germany, United Kingdom, Belgium, Holland, Greece, Croatia, Portugal, Switzerland, Austria, Finland, Sweden, Norway, Denmark, Czech Republic, Hungary and Slovenia.

The guidelines for the distribution network can be broken down into the following points:
1. improving customer experience at the point of sale by continuing and strengthening the project to implement the new retail format consistent with the premium positioning of Piaggio Group products;
2. consolidating local coverage through qualitative network selection;
3. strengthening the 'retail' channel by progressively increasing the weight of the primary network;
4. improving the economic and financial performance of dealers by expanding their areas of competence and offering them the possibility of selling products and services related to the Piaggio Group;
5. raising the level of service to dealers through appropriate supporting tools.

### America
On the American continent, the Piaggio Group operates with direct sales in the USA and Canada, while it relies on a network of importers in Latin America. By the end of 2023, the Group had 223 partners, of which 167 in the USA, 34 in Canada and a network of 22 importers in Central and South America.
In 2023, the process of streamlining and strengthening the distribution network continued, replacing and appointing new partners capable of supporting the growth of our brands with a particular focus on the motorcycle segment and increasing market share.

### Asia Pacific
In Asia Pacific, the Piaggio Group has a direct sales presence in Vietnam, Indonesia, China and Japan, while in all other markets it operates with importers.
The distribution network is being continuously, consistent with the Group's strategic goals of expanding operations in the region.
Past and future actions in the Asia Pacific region include:
- an increase in sales outlets, with the consolidation of sales and other services;
- local consolidation thanks to an increasingly accurate and detailed geo-marketing study;
- growth in terms of the size of the sales and after-sales area;
- the gradual implementation of the Corporate Identity towards the Motoplex concept, which is increasingly widespread and uniform in all countries.

In Vietnam, the headquarters of the entire Asia Pacific area, the Group had 97 sales outlets by the end of 2023. In Indonesia, Japan and China, Piaggio is present with a network of 56, 53 and 88 sales outlets respectively.
Finally, in the other regions of Asia Pacific, the number of sales outlets totalled 309 at the end of 2023, based on 12 distributors operating in 11 countries and namely Thailand, Singapore, Taiwan, Australia, Malaysia, South Korea, New Zealand, Cambodia, Hong Kong, the Philippines and Macau.

### India
In India, Piaggio Vehicles Private Limited had 204 dealers as of 31 December 2023. The network covers the main areas of the entire country.

## Investments

Investments mainly targeted:
- the development of new products including sustainable mobility and the face-lifting of existing products;
- the improvement and modernisation of existing production capacity.

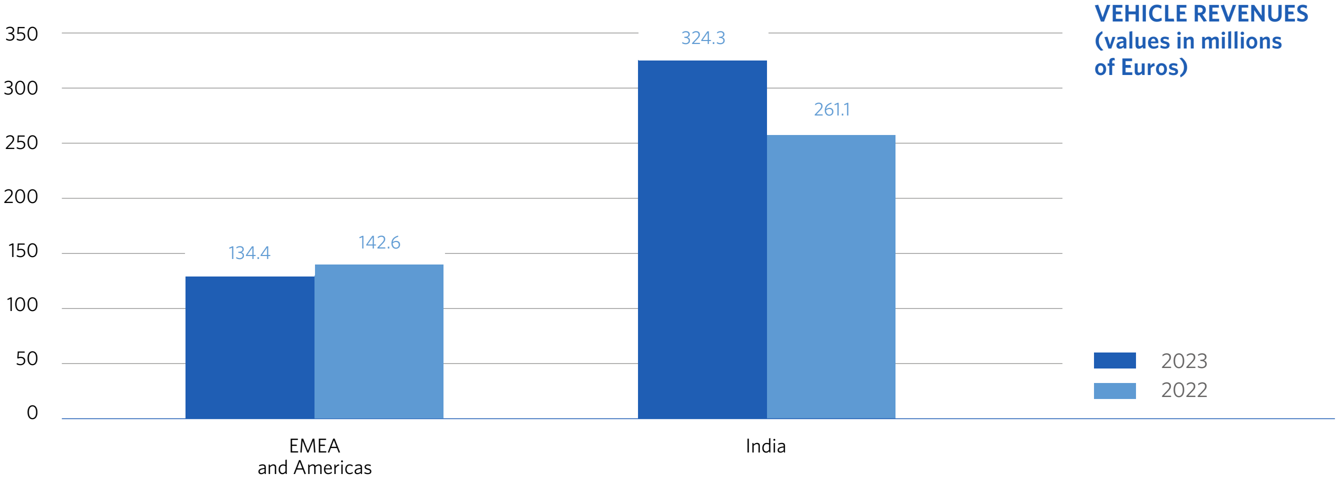
With specific regard to product investments, significant resources were dedicated to the development of new products to be marketed in both European and Asian markets (Vietnam and India).

At the same time, industrial investments continued, aimed at the safety, quality and productivity of production processes.

# COMMERCIAL VEHICLES

| | 2023 | | 2022 | | CHANGE % | | CHANGE | |
|---|---|---|---|---|---|---|---|---|
| | VOLUMES SELL-IN (UNITS/ 000) | NET REVENUES (MILLIONS OF EUROS) | VOLUMES SELL-IN (UNITS/ 000) | NET REVENUES (MILLIONS OF EUROS) | VOLUMES | NET REVENUES | VOLUMES | NET REVENUES |
| EMEA and Americas | 12.6 | 134.4 | 13.7 | 142.6 | -8.2% | -5.8% | (1.1) | (8.2) |
| of which EMEA | 7.7 | 124.5 | 8.9 | 132.6 | -14.0% | -6.1% | (1.2) | (8.1) |
| *(of which Italy)* | *4.4* | *81.0* | *5.2* | *85.9* | *-16.1%* | *-5.7%* | *(0.8)* | *(4.9)* |
| of which America | 4.9 | 9.9 | 4.8 | 10.0 | 2.4% | -1.5% | 0.1 | (0.1) |
| India | 110.6 | 324.3 | 95.5 | 261.1 | 15.8% | 24.2% | 15.1 | 63.3 |
| **Total** | **123.3** | **458.7** | **109.3** | **403.7** | **12.8%** | **13.6%** | **14.0** | **55.0** |
| | | | | | | | | |
| Ape | 117.6 | 297.0 | 102.5 | 230.5 | 14.7% | 28.9% | 15.0 | 66.5 |
| *Combustion engine* | *92.5* | *195.4* | *92.4* | *189.6* | *0.0%* | *3.1%* | *0.0* | *5.8* |
| *Electric engine* | *25.1* | *101.6* | *10.1* | *40.8* | *148.5%* | *148.8%* | *15.0* | *60.8* |
| Porter | 5.7 | 99.7 | 6.7 | 109.2 | -15.4% | -8.7% | (1.0) | (9.4) |
| *Combustion engine* | *5.7* | *99.7* | *6.7* | *109.2* | *-15.5%* | *-8.7%* | *(1.0)* | *(9.5)* |
| *Electric engine* | *0.0* | *0.0* | *0.0* | *0.0* | | | *0.0* | *0.0* |
| Spare Parts and Accessories | | 62.0 | | 64.0 | | -3.2% | | (2.1) |
| **Total** | **123.3** | **458.7** | **109.3** | **403.7** | **12.8%** | **13.6%** | **14.0** | **55.0** |

**COMMERCIAL VEHICLE REVENUES (values in millions of Euros)**




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

## Main results

The Commercial Vehicles business generated a turnover of approximately €458.7 million in 2023, an increase of 13.6% compared to the previous year.
The markets in EMEA and Americas reported declining trends in both volumes (-8.2%) and turnover (-5.8%).
There was strong growth in the results of the Indian area thanks to the success of the electric Ape. In fact, the Indian affiliate Piaggio Vehicles Private Limited (PVPL) reported an increase in both volumes (+15.8%) and sales (+24.2%; +33.9% at constant exchange rates). The same company sold 103,898 units on the Indian three-wheeler market (71,898 in 2022) and exported 6,740 three-wheelers (23,605 in 2022).

## Market positioning[11]

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

In Europe, the Group is an operator in a niche (urban) segment, thanks to its range of environmentally friendly products.

On the Indian three-wheeler market, Piaggio achieved a 15.7% share (19.1% in 2022). Analysing the market in detail, Piaggio lost its position as market leader in the cargo segment, albeit to a minor extent, with a share of 29.0% (30.5% in 2022). In the Passenger segment, on the other hand, it achieved a share of 10.3% (13.9% in 2022).
In the 3-wheeler electric segment, Piaggio's share was 35.5% (40.9% in 2022).

## The distribution network

### Europe and Overseas

After two years dedicated to the reorganisation of the distribution network, with the aim of creating a network of specialised partners able to seize the growth opportunities provided by the launch of the new Porter NP6, a network management process was launched in 2023, aimed at monitoring network performance.

At present, Piaggio Commercial's European dealer network is made up of high-level operators in the commercial vehicles segment and essentially focused on the Porter NP6 range, traditional dealers who also develop the three-wheeler business, and historic dealers operating exclusively with the Ape range.
As for the figures, in directly served markets (Italy, France, Germany, Spain, Benelux and Greece) there are 372 Porter NP6 sales outlets. In the same area, 169 outlets are Ape exclusive dealers, while around 200 handle both lines of business.
Finally, the authorised service network has a total of 500 service points (direct and second level).

On indirect markets, 2023 saw an increase in the number of operators in Europe which now cover 23 countries with a total of 124 sales and service points, thanks to three new openings (Georgia, North Macedonia, Albania) and a new importer in Romania. On non-European markets, the Latin American network has 11 operators.

11. Market share values are extracted from SIAM, based on 'sell-in' sales figures. . Market share values for 2022 may differ from those published last year due to updates to final registration data, which some countries publish with a few months' delay.

### India

In India, Piaggio Vehicles Private Limited had 510 dealers (324 ICE[12] and 186 EV[13] as of 31 December 2023. The number of dealers specialising in electric vehicles is on the increase. The network covers the main areas of the entire country.

## Investments

Investments mainly targeted:
- the study of low-consumption and low-emission engines;
- the use of alternative fuels across the product range;
- the development of electric vehicles.

In 2023, Piaggio continued studies to build a version of the Porter NP6 with an electric engine and to adapt vehicles to the new ADAS[14] and cyber-security regulations that will come into force in 2024.
At the same time, industrial investments continued, aimed at the safety, quality and productivity of production processes.

12. ICE Internal Combustion Engine.
13. EV Electric Vehicles.
14. ADAS Advanced Driver Assistance System


MICHELIN
motoGP
CAME
Castrol

# RISKS AND UNCERTAINTIES

Due to the nature of its business, the Group is exposed to various types of risks. In order to mitigate exposure to these risks, Piaggio has implemented a structured and integrated system for detecting, measuring and managing corporate risks, in line with existing best practices on the subject (i.e. the CoSO ERM Framework). Activities in this area include the mapping of scenarios applicable to the Group's operations through the involvement of all organisational structures, updated annually. The aforementioned scenarios are grouped into external, strategic, financial and operational risks, also taking into consideration sustainability issues and in particular so-called 'ESG' ('Environmental, Social, Governance related') risks, i.e. related to environmental factors, personnel, social aspects and human rights and the fight against active and passive corruption, for details of which please refer to the Consolidated Non-Financial Statement.

## EXTERNAL RISKS

### Risks related to the macroeconomic and geopolitical context

The Piaggio Group is exposed to risks deriving from the characteristics and evolutionary dynamics of the economic cycle and the national and international political context. In order to mitigate any negative effects deriving from these aspects, it pursues its strategic vision, diversifying its operations at an international level, in particular in Asian markets where growth rates in these economies remain high, and consolidating the competitive positioning of its products.
The conflict between Russia and Ukraine has had major worldwide consequences due to the economic effects on global markets, especially in terms of increased transport costs, and higher commodity and energy prices. The geographical diversification of the Group's sales and purchases means that exposure in the conflict area was essentially zero. The indirect impacts of the conflict mainly concerned the increase in the cost of energy, especially for European plants, and the increase in the cost of commodities, partly mitigated by agreements entered into with suppliers.
The conflict in the Middle East is affecting trade flows. In particular, possible attacks on ships navigating in the Red Sea have led to a drastic reduction in traffic in the Suez Canal and a diversion of trade routes, with a consequent increase in costs and time related to the transportation of supplies and distribution of products. Direct impacts on the Group are currently limited, mitigated by the selection of local suppliers and streamlining of systems used for the planning and logistics process.

### Risks connected to consumer trends

Piaggio's success depends on its ability to offer products that meet consumer tastes and satisfy their mobility needs. Capturing the expectations and emerging needs of consumers, with reference to the product range offered and the Customer Experience, is an essential element in maintaining the Group's competitive advantage.
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 and is trying to tackle this risk, which could have a negative impact on the Group's economic and financial situation, by offering high quality, innovative, low consumption, reliable and safe products and by strengthening the brand image and its presence in the geographic segments where it operates.

## Risk related to the regulatory and legal framework

Piaggio products are subject to numerous national and international standards and regulations in terms of safety, noise, consumption and polluting gas emissions. The Group's production sites are also subject to stringent regulations on atmospheric emissions, waste disposal, water discharges and other pollutants, and sustainability reporting obligations.
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 invests resources in research and development for innovative products, that anticipate any restrictions of current regulations. Besides being a member of Confindustria, the Group is also part 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, with institutional and political bodies, and competent authorities, organisations and associations, at national and international level, in matters of 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

The global outlook for the coming years highlights an increasing intensification of extreme weather phenomena and climate change risks, with the consequent need for increased attention and protection in this area.
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 both the internal context and on the dynamics of the reference market and current regulations. At a strategic level, the Group intends pursuing the integration of sustainable development principles in its vision and business model in an increasingly precise and consistent manner. This includes the preparation of the Decarbonisation Plan, through which the Group will confirm its existing commitment to sustainability, defining concrete actions to help achieve the climate objectives set by the European Union.
The Group operates through industrial plants located in Italy, India, Vietnam and Indonesia. These plants are subject to natural events, such as earthquakes, typhoons, flooding and other catastrophes that can cause, in addition to damage to the plants, a slowdown/ interruption in production and sales activities.
In this context, in 2023 the Piaggio Group, with the support of a leading consulting firm, carried out a climate risk analysis for the Pontedera (Italy) and Baramati (India) plants. This analysis did not reveal any critical issues related to climate factors for either production site.
Potential impacts related to the physical risks associated with climate change are managed by the Group through the continuous renovation of facilities, as well as by taking out specific insurance coverage for the various sites, based on their relative importance.
The outcome of the above assessments on the relevance of climate change risks was also duly taken into account in the process of defining the assumptions adopted to prepare the Business Plan, as better described in the notes to the consolidated financial statements in the section on goodwill.

## Risks connected with the pandemic

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

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 carefully monitoring developments in the health situation and takes 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 arising from the Group's difficulty in keeping up with technological developments, both in terms of products and processes. To face this risk, as regards products, the R&D centres at Pontedera, Noale and the PADc (Piaggio Advance Design Center) in Pasadena carry out research into, and develop and test new technological solutions, such as those dedicated to electric vehicles, levering strategic partnerships in some cases. Piaggio Fast Forward in Boston also studies innovative solutions to anticipate and respond to the mobility needs of the future.
As for 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 sales network's ability to guarantee customers, in its main reference markets, high standards of sales and after-sales service, in order to create a long-lasting relationship of trust. Piaggio guarantees that these levels are maintained by contractually defining compliance with certain technical and professional standards, providing training for sales and after-sales service personnel and implementing periodic control mechanisms, reinforced by new IT systems to improve network monitoring activities and therefore the level of service offered to customers.

# 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. To deal with these risks, the Group has adopted tools to monitor brand perception and customer satisfaction.

## 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. Periodic monitoring to verify any deviations from objectives reduces the impact of these risks.

# 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 settlement risk refers to receivables and payables in foreign currency acquired in the accounting system at any time. Hedges must be equal to 100% of the import, export or net settlement exposure for each currency at each point in time.
During the year, currency exposure was managed in line with the existing policy, which aims to neutralise the possible negative effects of changes in exchange rates 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, that are necessary to manage liquidity and financial requirements. These assets and liabilities are subject to interest rate risk, which is hedged through the use of derivative instruments or by entering into specific fixed-rate loan agreements.
For a more detailed description, please refer to section 41 of the Notes to the Consolidated Financial Statements.

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

The Group is exposed to liquidity risk arising from the generation of cash flows that are not sufficient to guarantee payments due and an adequate profitability and growth to achieve its strategic objectives. This risk is also related to any difficulties the Group may encounter in obtaining financing or a worsening of financing conditions necessary to support operations in the right timeframes.
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 has undrawn credit lines sufficient to enable it to manage any unforeseen cash requirements.
In addition, the Parent Company finances the temporary cash needs of Group companies through the direct disbursement of short-term loans regulated at market conditions or by means of guarantees, and also arranges for the disposal of receivables or supply chain financing or reverse factoring transactions, as better specified in the valuation criteria in the notes to the consolidated financial statements.

## 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 implemented a Quality Control system, performs product tests at various stages of the production process and carefully selects its suppliers based on technical and professional standards. The quality provided by the Group is also guaranteed by obtaining and maintaining quality management system certification (ISO 9001) at a global level. The Group has also defined plans to manage recall events and has taken out insurance to protect it 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 manage this risk, the Group carries out necessary maintenance plans, invests in the renewal of machinery, has a flexible production capacity, prepares Disaster Recovery plans and works with multiple component suppliers, in order to prevent the unavailability of a supplier from jeopardising company production. In addition, the operational risks related to the Italian and foreign industrial plants are managed through specific insurance cover, divided among the various plants according to their relative importance.

## Risks connected with the supply chain

In carrying out its activities, the Group works with various suppliers of raw materials, semi-finished products and components. The Group's business is conditioned by the ability of its suppliers to guarantee the quality standards and specifications required for the products, as well as the relative delivery times. In order to mitigate these risks, the Group periodically qualifies and evaluates suppliers based on technical, professional and 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. In particular, Piaggio seeks to minimise the environmental impact of its industrial activities by carefully defining the technological processing cycle and using the best technologies and most modern production methods.
The risks related to accidents/injuries sustained by personnel are mitigated by using personal protective equipment, offering continual training and 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[15] 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.

15. Code of Ethics
Article 11 Environment: "Without prejudice to compliance with specific applicable regulations, the company shall consider environmental issues in determining its choices also by adopting - where operationally and economically possible and compatible - eco-friendly technologies and production methods, with the aim of reducing the environmental impact of its activities."
Article 12 Protection of health and safety in the workplace: "Piaggio carries out its activities paying particular attention to the work environment and the safety of its personnel and third parties, aiming to constantly improve its performance in this area and promptly adapting to current occupational health and safety regulations".

## 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 cope with this risk, the Group has a regulatory framework in place that consists of the Organisational Communications System and Manuals/Policies, Management Procedures, Operating Procedures and Work Instructions. All documents relating to the Group's process and procedures flow into the single Group Document Information System, with regulated access, managed on the company intranet.

## Risks related to human resources

The main risks associated with Human Resources Management concern the ability to find and retain the skills, professionalism and experience needed to pursue 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 an interruption 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 worldwide. In some countries, where the Group operates, there is no legislation to guarantee certain levels of intellectual property protection. This circumstance could make the measures implemented 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. The Group might be unable to effectively quantify the potential liabilities that may arise. A detailed analysis of the main disputes is provided in the specific section of the Notes to the Consolidated Financial Statements.

## Risks related to internal offences

The Group is exposed to risks of its employees committing offences, such as fraud, corruption and bribery, 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 an Organisational Model pursuant to Legislative Decree No. 231/2001 and a Code of Ethics, which sets out the principles and values inspiring the entire organisation, and has set up a Whistleblowing platform, for people to use to report information on serious wrongdoings relating to violations of the law and/or the internal control system, which have occurred or are very likely to occur within the organisation.

## Risks related 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, PT Piaggio Indonesia, Aprilia Racing S.r.l, Piaggio Group Americas Inc. and Foshan Piaggio Vehicles Technologies 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.
Globally, there were increases in cyber attacks, both in number and intensity, during the year, which did not, however, cause any damage to the Group. In this context, the constant reinforcement of the centralised control system aimed at improving the Group's IT security is part of the process.

# SUBSEQUENT EVENTS

**15 January 2024** - Jacopo Cerutti with Aprilia Tuareg, triumphed on his debut in the Africa Eco Race 2024. Always in the lead from the first to the last of the more than 6,000 kilometres, the Italian off-roader proves to be a winning project.

**19 January 2024** - Vespa expressed all its lifestyle vocation with the new Fashion & Apparel project, conceived to create a Vespa collective that unites art, fashion, music and any other cultural experience for a mythical journey around the world.
The official debut took place in Hong Kong, with the presentation of a Varsity Jacket inspired by the new Vespa 946 Dragon. The Vespa 946 Dragon is produced in a limited edition of 1,888 units and celebrates the year of the dragon in the lunar calendar.

# OPERATING OUTLOOK

Although it is still difficult to provide guidance given the persistent difficulties related to geopolitical tensions and the global macro-economic framework, 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. The current difficulties in international transport related to the Israeli-Palestinian conflict and the related increase in transport costs and times will be addressed through careful stock management and procurement planning and the pursuit of greater efficiency.
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 31 December 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 separate Financial Statements of the Parent Company.
The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer **www.piaggiogroup.com**, under Governance.

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

At the date of this report, the Chairman and the Chief Executive Officer respectively held 125,000 shares of the Parent Company Piaggio & C. S.p.A., following the inheritance of all 250,000 shares previously held by Roberto Colaninno (former Chairman and Chief Executive Officer).

# CORPORATE GOVERNANCE

## PROFILE

The Company is organised in accordance with the traditional administration and control model mentioned in Articles 2380-bis and following of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.
The Executive Chairman of the Company is Matteo Colaninno, as the Board of Directors, in the meeting held on 1 September 2023, following the passing of Roberto Colaninno, assigned him the office of Chairman and delegated powers in particular in the area of institutional relations at national and international level, confirming with some additions and/or changes those already assigned to him at the Board of Directors' meeting of 28 October 2022.
The Company's Chief Executive Officer, vested with all powers of ordinary and extraordinary administration, with the exception of the powers reserved by law or by provisions of the Articles of Association to the Board of Directors and certain powers that remain the exclusive responsibility of the Board of Directors, is Michele Colaninno, to whom the Board of Directors in the meeting held on 1 September 2023 also assigned the position of Chief Executive Officer in charge of establishing and maintaining the internal control and risk management system, in addition to confirming the powers to operate within the scope of the development of the Group's activities and product and marketing strategies.
Since 1 January 2021, the Company has endorsed the new edition of the Corporate Governance Code, available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).
The Company is subject to the management and coordination of IMMSI S.p.A. pursuant to Articles 2497 and following of the Italian Civil Code.

## BOARD OF DIRECTORS

The Company's Board of Directors in office at the date of this Report is composed of nine members, appointed by the Ordinary Shareholders' Meeting held on 14 April 2021 on the basis of lists submitted by shareholders in accordance with the law and the Articles of Association. The relative composition was integrated on 1 September 2023 by co-opting a new Director to replace Roberto Colaninno, Chairman and Chief Executive Officer previously in office, who passed away on 18 August 2023. More specifically, as of the date of this Report, the Company's Board of Directors was composed of (i) Matteo Colaninno, Michele Colaninno, Graziano Gianmichele Visentin (independent director), Rita Ciccone (independent director), Patrizia Albano (independent director) and Federica Savasi who were taken from the majority list presented by the shareholder IMMSI S.p.A.; (ii) Micaela Vescia (independent director) appointed on the basis of the candidate proposal presented by IMMSI S.p.A.; (iii) Andrea Formica (independent director) taken from the minority list presented by a group of investors representing a total of 2.74826% of the share capital, and (iv) Carlo Zanetti co-opted pursuant to and for the purposes of Article 2386 of the Italian Civil Code by resolution of the Board of Directors passed on 1 September 2023 (following the proposal of the Appointment Proposal Committee) as a new director in office until the next Shareholders' Meeting.
The Board of Directors will remain in office until the date of the Shareholders' Meeting convened to approve the Financial Statements for the financial year ending 31 December 2023.

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

## COMMITTEES

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

# INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

# BOARD OF STATUTORY AUDITORS

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

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

# CORPORATE GOVERNANCE REPORT

The Company prepares an annual Corporate Governance and Ownership Report that describes the corporate governance system adopted by the Issuer, as well as information on the ownership structure and the internal control and risk management system. The full version of the Report is available on the Issuer's website **www.piaggiogroup.com** in the Governance section.

# OTHER INFORMATION

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.

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

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

## ARTICLE 36 OF THE CONSOB REGULATION ON MARKETS (ADOPTED BY CONSOB RESOLUTION NO. 16191/2007, AS AMENDED): CONDITIONS FOR THE LISTING OF PARENT COMPANIES OF COMPANIES INCORPORATED AND REGULATED UNDER THE LAWS OF NON-EU COUNTRIES

In relation to regulatory requirements concerning the conditions for listing parent companies of companies incorporated and regulated under the laws of non-EU countries and of significant relevance for the purposes of the consolidated financial statements, the following is reported:

- as of 31 December 2023, the regulatory provisions of Article 36 of the Regulation on Markets applied to the subsidiaries: Piaggio Vehicles Private Limited, Piaggio Vietnam Co Ltd, Piaggio Group Americas Inc, Zongshen Piaggio Foshan Motorcycle Co. Ltd, Foshan Piaggio Vehicles Technology R&D Co Ltd, Piaggio Advanced Design Center Corporation, Piaggio Fast Forward Inc., Piaggio Group Japan, PT Piaggio Indonesia, Piaggio China Co. LTD, Piaggio Asia Pacific PTE Ltd, Piaggio Limited;
- adequate procedures have been adopted to ensure full compliance with the aforementioned regulations.

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

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

# ARTICLE 2428 OF THE CIVIL CODE

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

# RECONCILIATION OF SHAREHOLDERS' EQUITY AND PROFIT FOR THE PERIOD OF THE PARENT COMPANY AND CONSOLIDATED COMPANIES

| IN THOUSANDS OF EUROS | SHAREHOLDERS' EQUITY 31/12/2022 | RESULT 2023 | OTHER MOVEMENTS | SHAREHOLDERS' EQUITY 31/12/2023 |
|---|---|---|---|---|
| **Piaggio & C. SpA** | **346,867** | **90,604** | **(92,945)** | **344,526** |
| Net profit and shareholders' equity of subsidiaries | 223,414 | 83,620 | (88,151) | 218,883 |
| Elimination of the carrying amount of investments | (139,763) | (78,947) | 88,988 | (129,722) |
| Elimination of the effects of intragroup transactions | (12,707) | (4,225) | (784) | (17,716) |
| **Piaggio Group** | **417,811** | **91,052** | **(92,892)** | **415,971** |

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

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

# METHODOLOGICAL NOTE

This document, Non-Financial Statement (hereinafter in short also "DNF" or "Statement") is published by Piaggio & C. S.p.A. (hereinafter "Piaggio" or "Group") in application of Legislative Decree 254/2016 ("Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain companies and certain large groups). This Non-Financial Statement is subject to a limited review ("limited assurance engagement" in accordance with the criteria set out in ISAE 3000 Revised) by Deloitte & Touche S.p.A.

| | |
|---|---|
| **REPORTING PERIOD** | Financial year 2023 (1 January to 31 December 2023). The figures for the financial year 2022 are shown for comparative purposes only. |
| **DATE OF PUBLICATION** | This document was published on 26 March 2024.<br>The NFS 2022 was published on 27 March 2023. |
| **REPORTING PERIMETER** | The scope of information and economic data is the same as that of the Consolidated Financial Statements of the Piaggio Group. The perimeter of environmental and social information and data contained in the DNF consists of the companies consolidated on a line-by-line basis in the Consolidated Financial Statements of the Piaggio Group. It should be noted that some environmental data (consumption, emissions, water resources, waste), purchasing and health and safety data include production sites only, as the data of sales companies, research centres and offices are not significant on the whole and, as regards environmental data, in some cases impossible to measure as they sometimes operate in buildings shared with third parties.<br>For more details on the scope of consolidation for the various topics covered, see the table in the section "Materiality Analysis".<br>It should be noted that with regard to contributions and initiatives in support of the community, information relating to the Piaggio Foundation, an entity not included in the Group's consolidation scope, is also included. This information constitutes qualitative aspects useful for understanding the attention paid to the social context, even though such information does not fall within the scope of consolidation of the DNF quantitative information.<br>The document duly indicates when aggregate data derive from estimates; any restatements of data from previous years with respect to published figures, due to improvements in the collection and reporting process, are clearly indicated as such. In some cases, data could be affected by rounding off defects due to the fact that figures are represented in thousands/millions; changes and percentages are calculated based on specific data. |
| **CONTENT** | The contents of the NFS were chosen on the basis of the materiality process according to the GRI Standards, as well as focusing on the non-financial issues referred to in Legislative Decree 254/2016. |
| **SELECTED REPORTING STANDARD** | This Statement, published on an annual basis, is prepared pursuant to Legislative Decree 254/2016 and in accordance with the GRI Sustainability Reporting Standards published by Global Reporting Initiative - GRI (with application level 'In Accordance'). |
| **DISCLOSURE PURSUANT TO REGULATION (EU) 2023/2486 AND RELATED DELEGATED REGULATIONS (SO-CALLED "EU TAXONOMY")** | Piaggio & C. S.p.A. has an obligation to include in the NFS, published on or after 1 January 2022, disclosure required by the so-called "EU Taxonomy" regulation regarding the Group's eco-sustainable activities, in relation to which reference is made to the paragraph "European Taxonomy".<br>This disclosure for the 2023 financial year concerns the proportion, compared to the total, of the Group's turnover, investments and operating costs (as defined by Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021) relating to activities eligible for and aligned with the Taxonomy with reference to the 6 objectives described in the annexes to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, as well as certain qualitative information.<br>In this regard, it should be noted that the limited review of this Consolidated Non-Financial Statement carried out by the independent auditors Deloitte & Touche S.p.A. does not extend to this disclosure. |

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

For the purposes of sustainability reporting, Piaggio applies the Standards published by the Global Reporting Initiative, which call for a materiality analysis process to identify the topics considered most relevant and which, therefore, must form the backbone of the information provided by the Group.

Piaggio updates its materiality analysis every year in order to capture the Group's significant economic, environmental and social impacts, which can substantially influence stakeholders' assessments and decisions.

## Materiality analysis

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

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

1. understanding and assessing the context (business, environment, social/political) in which the Group operates, and the issues relevant to it.
   In the absence of automotive sector standards (not yet made available by GRI), we started from a benchmark analysis of the materiality analyses reported in the 2022 financial statements of some international groups operating in the same business sector as us, in order to update our materiality topics;
2. identification of the above topics in one or more positive and negative, actual and potential impacts that the Group's activities could generate on the economy, the environment and people, including human rights;
3. preparation of a materiality sheet listing the impacts defined above, through which the evaluations of the group's top management and stakeholders could be collected;
4. sending of the materiality sheet to:
   - the Group's Top Management, comprising the company's front line and Risk and Sustainability Committee;
   - Relevant stakeholders consisting of:
     - a representative sample of suppliers worldwide,
     - a small sample of financial stakeholders,
     - a small sample of employees;
5. evaluation of the impacts by the two categories. Each respondent was asked to rate for each of the impacts reported the severity, size/amplitude of the impact generated, as well as its likelihood of occurrence;
6. the prioritisation of impacts and their re-aggregation into topics.

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

| MATERIAL TOPIC | IMPACT | GROUP INVOLVEMENT | PERIMETER | MONITORING AND MITIGATION ACTIONS |
|---|---|---|---|---|
| Supporting local communities | Support for charity initiatives and organisation of cultural events (current/positive) | Caused by the Group | All Group companies | |
| | Direct and indirect employment impacts (potential/positive) | Caused by the Group | All Group companies | |
| Climate change | $CO_2$ emissions from production activities in group plants (actual/negative) | Caused by the Group | Manufacturing companies | - ISO 14001 environmental certification<br>- Continuous infrastructure improvements aimed at rationalising energy use<br>- Decarbonisation Plan<br>- Plans to audit and monitor energy consumption |
| | Indirect $CO_2$ emissions from: suppliers' production activities - logistics (actual/negative) | To which the Group contributes indirectly and related to the Group through its business relations | Suppliers of all Group companies | - Suppliers must sign Piaggio's Code of Ethics or general terms and conditions of supply, which require an explicit commitment to the pursuit of sustainable development while respecting the environment and environmental regulations<br>- The vehicles and equipment used by logistics operators must meet the quality standards required by Piaggio and are subject to inspections by Piaggio |
| | Indirect $CO_2$ emissions from the use of products sold (actual/negative) | To which the Group contributes indirectly and related to the Group through its business relations | All Group companies and customers | - Development of alternative engines (i.e. hybrid/electric)<br>- Huge investments in research and development<br>- Decarbonisation Plan |
| | Other polluting emissions (Volatile Organic Compounds -i.e. paint solvents) (actual/negative) | Caused by the Group | Manufacturing companies | - ISO 14001 environmental certification<br>- Continuous infrastructure improvements and rigorous maintenance plans |
| | Other polluting emissions (CFC, Nox, Sox) (potential/negative) | | | |
| Product innovation | Meeting the need for sustainable mobility with vehicles at the cutting edge of technology, low/zero emissions, low running costs (potential/positive) | Caused by the Group | All Group companies | - Development of alternative engines (i.e. hybrid/electric)<br>- Huge investments in research and development<br>- Decarbonisation plan |
| | Reduced recyclability/recoverability of end-of-life vehicles (potential/negative) | Caused by the Group | All Group companies | - The technologies and materials used in the design and construction of the Group's vehicles are aimed at environmental compatibility and effective end-of-life disposal |

| MATERIAL TOPIC | IMPACT | GROUP INVOLVEMENT | PERIMETER | MONITORING AND MITIGATION ACTIONS |
|---|---|---|---|---|
| Creation of economic value | Creation of wealth for shareholders, suppliers, lenders and employees (actual/positive) | Caused by the Group | All Group companies | |
| | Possible insolvency with suppliers and lenders and/or unsatisfactory shareholder remuneration attributable to a failure to achieve established growth targets (potential/negative) | Caused by the Group | All Group companies | - Externally audited mandatory financial information<br>- Group management is subject to an ongoing skills training programme |
| Waste handling | Generation of hazardous and non-hazardous waste (actual/negative) | Caused by the Group | Manufacturing companies | - ISO 14001 environmental certification |
| Conserving water resources | Water resource use with related withdrawals and discharges (actual/negative) | Caused by the Group | Manufacturing companies | - Piaggio is careful to choose technologies that minimise the use of water resources, monitors water withdrawals and partly reuses the water withdrawn |
| Customer Satisfaction | Possible customer dissatisfaction due to sales network not up to standard in terms of competence and/or coverage, a low product quality level (potential/negative) | Caused by the Group and related to the Group through its business relations | All Group companies and the sales network | - Customer satisfaction' analyses and development of action plans to identify points for improvement with reference to the service provided by the network<br>- New computerisation systems to improve the control activities of the sales/after-sales network and level of customer care<br>- Geo-marketing system for optimal territory coverage via the network<br>- Huge investments in Research and Development |
| Developing human resources | Potential employee dissatisfaction due to the company's inability to provide a motivating and satisfying work environment and the lack of a training and professional development plan (potential/negative) | Caused by the Group | All Group companies | - Piaggio adopts personnel selection, development and remuneration systems that recognise and reward merit and performance<br>- The key role of human resources and development of core competencies for the evolution of the business are at the heart of Piaggio's relationship with people and are reflected in its company policies<br>- Internal communication tools<br>- The Group's human resources development policies are focused on building, maintaining and developing the determining factors for competing in international and constantly evolving contexts<br>- Development paths/Career paths<br>- Transparency of the appraisal system<br>- Training Plan |
| | Potential tensions in the company's relations with trade union representatives (potential/negative) | Caused by the Group | All Group companies | - The Piaggio Group recognises the role of trade union organisations and workers' representatives and is committed to establishing relations with them focused on attention, engagement and a common understanding |

| MATERIAL TOPIC | IMPACT | GROUP INVOLVEMENT | PERIMETER | MONITORING AND MITIGATION ACTIONS |
|---|---|---|---|---|
| Product safety and reliability | Product defects that compromise product reliability and rider safety (potential/negative) | Caused by the Group and to which the Group contributes indirectly and related to the Group through its business relations | Manufacturing companies | - Huge investments in R&D<br>- Development of ARAS, motorcycle airbags and electronic controls<br>- Intensive scouting and inspection of suppliers |
| | | | | - ISO 9001:2015 certification<br>- Strict quality control system during product development, the production process and before shipment to the customer |
| | | | | - Huge investments in Research and Development |
| Respect for human rights | Possible non-compliance with human rights in the company and/or by suppliers (potential/negative) | Caused by the Group and to which the Group contributes indirectly and related to the Group through its business relations | All Group companies and suppliers | - Piaggio has defined its own Group Code of Ethics that all employees in every Group company must respect<br>- Policy of Prevention of Sexual Harassment of women at the wokplace workplace (India)<br>- Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products |
| Health and Safety | Potential injuries to workers, occurrence of occupational diseases and risk of contagion (potential/negative) | Caused by the Group | All Group companies and external workers | - ISO 45001 certification<br>- Periodic training in occupational health and safety<br>- Personal Protective Equipment and Operating Instructions<br>- Product compliance with Regulation No 1907/2006 (REACH) and Directive 2000/53/EC on end-of life vehicles |
| Responsible management of the supply chain | Failure to manage responsibly due to abuse of commercial power vis-à-vis suppliers (potential/negative) | Caused by the Group and related to the Group through its business relations | Manufacturing companies | - Group Code of Ethics |
| | Failure to manage responsibly due to a failure to assess suppliers according to ESG principles (potential/negative) | Caused by the Group and related to the Group through its business relations | Production companies and suppliers of production companies | - Obligation to sign the Code of Ethics |
| Business integrity | Any conduct in violation of laws and regulations and unlawful acts of collusion/corruption by employees (potential/negative) | Caused by the Group | All Group companies | - Adoption of the Group's Code of Ethics<br>- Adoption of tools, including organisational tools, to ensure compliance with the principles in the Group's Code of Ethics |
| | Incorrect or non-transparent information provided to third parties (potential/negative) | Caused by the Group | All Group companies | - Externally audited mandatory information |

Compared to last year, there were no significant changes in the topics identified; as in previous years, only the topic of biodiversity did not cross the threshold of materiality. Piaggio's production sites are not located in protected areas or areas with high levels of biodiversity. The sole exception is the Scorzè site, which although located in an industrial zone, conveys its waste water into the drainage basin of the Venetian Lagoon. As such, the production site is subject to restrictions imposed by specific laws.
The 2023 materiality analysis was reviewed by the Audit, Risk and Sustainability Committee in its meeting of 21 February 2024 and approved by the Board of Directors of Piaggio & C. S.p.A. on 23 February 2024.

## Expectations and ways of involving stakeholders

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

**MAP OF PIAGGIO GROUP STAKEHOLDERS**

### Customers and Dealers

Methods of engagement:

- Contact center
- Customer satisfaction surveys
- Communication channels (websites, social media)
- Events (travelling tests, trade fairs)
- Dealer Websites
- Dealer Support Services/Help desks
- Motoplex (new sales format)

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Product quality, safety and reliability. | – Investments in increasingly safe and reliable products.<br>– Obtaining quality certification. |
| Low/zero consumption and emissions. | – Study of innovative engines with low/zero fuel consumption and emissions. |
| Timely response and problem solving. | – Effort to improve professionalism, timeliness and courtesy of contact centre and dealer staff. |
| Support for commercial activity. | – Development of a dedicated website and a new sales format. |

### Suppliers

Methods of engagement:

- Daily reports
- Supplier Portal
- Impact assessment questionnaire

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Continuity of supply. | – Implementation of the Supplier Portal, also used for the automated management of supply orders. |
| Collaboration and sharing of best practices. | – Vendor Rating Campaigns.<br>– Appropriate conduct guidelines to prevent incidents of corruption. |

### Local communities

Methods of engagement:

- Meetings, Exhibitions and Events
- Rallies
- Charity activities
- Job offers

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Contributions in support of charity initiatives. | – Support for numerous charity initiatives. |
| Organisation of rallies and events for enthusiasts. | – The Group historically organises rallies and races for its customers. |
| Local community development. | – The Foundation and the Piaggio Museum act as a hub and cultural reference point for the area. |
| Respect for the environment. | – Obtaining environmental certification for production facilities. |
| Job opportunities for the local community. | – Piaggio promotes and supports the inclusion of candidates from the local communities where its companies are located. |

## Institutions and the public administration

Methods of engagement:

- Continuous dialogue on regulatory developments
- Periodic ad hoc meetings
- Participation in parliamentary committees appointed to discuss and formulate new legislation
- Meetings and presentations

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Compliance with laws and regulations. | – Appropriate conduct guidelines to prevent incidents of corruption. |
| Proactive participation in environmental and social issues. | – Investments in the R&D of innovative products that are abreast of any restrictions of current regulations. |
| Support on specific technical issues. | – Active participation in parliamentary committees appointed to discuss and formulate new legislation |
| Pursuit of common goals. | – Participation in trade associations. |

## Media

Methods of engagement:

- Press releases
- Events and institutional communication initiatives
- Product press launches
- Product test rides
- Piaggio Group Magazine "Wide"
- Websites

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Availability, transparency and timeliness of information about the company and its products. | – Abiding by the governance code of business communications.<br>– Strengthening relations with the media in the various countries where the Group operates. |

## Shareholders and Lenders

Methods of engagement:

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

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Clear and timely information. | – Promotion of an ongoing dialogue with analysts and lenders. |
| Remuneration and defending value of investments. | – Buy-back policy and dividend policy. |

### Human Resources

Methods of engagement:

- Corporate Intranet
- Piaggio InfoPoint
- Piaggio Net International
- Webmail service
- Evaluation Management System
- Piaggio Group Magazine "Wide"
- Trade union meetings

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Clear and timely corporate communication. | – Promoting an ongoing and constructive dialogue with employees. |
| A safe, healthy working environment. | – Obtaining health and safety certification for Group sites. |
| Professional development and training opportunities. | – Providing professional and managerial career paths for young talent. |
| Transparent rewarding policies. | – Remuneration policy based on meritocracy and fairness. |
| Respect for human rights and diversity. | – Abiding by a code of ethics that explicitly prohibits any form of discrimination and forced labour. |
| Open, constructive dialogue. | – Promoting an ongoing, constructive dialogue with trade unions. |

### Universities and Research Centres

Methods of engagement:

- Cooperation on research projects
- Teaching activities/internships

| STAKEHOLDER EXPECTATIONS | OUR ACTIONS |
|---|---|
| Cooperation on common projects. | – Collaboration with universities and research institutes on research projects. |
| Training activities. | – Promoting internships for undergraduates and graduates.<br>– Teaching activities of own staff at some faculties. |

# THE BUSINESS MODEL

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

No significant changes in either the corporate structure or the chain of control or supply chain were reported in the financial year 2023.

## Sustainable value generation

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

For this purpose, the Group uses the following capital:

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

### Our resources

FINANCIAL CAPITAL

Shareholders, bondholders and banks guarantee Piaggio the financial resources it needs on condition that their expectations of a return on investment are met.

PRODUCTION CAPITAL

The Piaggio Group operates worldwide with a number of production sites located in:
- **Pontedera (Pisa)**, the Group's main technical headquarters where two-wheeler vehicles under the Piaggio and Vespa brands, light transport vehicles for the European market and engines for scooters, motorbikes and Ape are manufactured;
- **Noale (Venice)**, the technical centre for the development of motorcycles for the entire Group and headquarters of Aprilia Racing;
- **Scorzè (Venice)**, the site for the production of two-wheeler vehicles under the Aprilia trademark;
- **Mandello del Lario (Lecco)**, the Moto Guzzi motorcycle and engine production plant;
- **Baramati (India, in the state of Maharashtra)**, with sites dedicated to the production of three-wheeler commercial vehicles, two-wheelers under the Vespa and Aprilia brands, and engines;
- **Vinh Phuc (Vietnam)** for the production of Vespa and Piaggio scooters and engines;
- **Jakarta (Indonesia)** for the assembly of Vespa scooters.

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

INTELLECTUAL CAPITAL

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

HUMAN CAPITAL

Human resources with their skills, capabilities and passion are the cornerstone of Piaggio's competitiveness and growth worldwide. Strategic vision, a strong focus on results, constant pursuit of customer satisfaction, a drive for innovation and attention to future market needs are the main drivers that guide every action, both individual and team, aimed at creating value for all stakeholders. People are the fundamental element that makes it possible to face challenges in an increasingly dynamic and competitive international scenario. For these reasons, Piaggio places people at the centre of its organisation, ensuring their respect and protection in every Group Company.

RELATIONAL CAPITAL

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

## How we build our strategic advantage

ORGANISATIONAL STRUCTURE

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

A UNIQUE PORTFOLIO OF BRANDS

The Piaggio Group sells two-wheeler vehicles under the brands **Piaggio**, **Vespa**, **Aprilia**, **Moto Guzzi**, and commercial vehicles under the brands **Ape** and **Porter**. Some of the Piaggio Group brands are the most prestigious and historic in the world of motorcycle racing. **Moto Guzzi** celebrated its centenary in 2021. One hundred years of stunning motorcycles, of victories, of adventures, of extraordinary characters who have created the myth of the "Brand of the Eagle". **Aprilia** has made a name for itself as one of the world's most successful manufacturers participating in the World Speed and Superbike Championships. In the scooter sector, the legendary **Vespa** brand has been synonymous with two-wheel mobility since 1946, and with nearly 20 million units produced to date, it represents a commercial success story of incredible longevity, as well as being one of the most recognisable icons of Italian style and technology in the world.

## DISTRIBUTION AND SERVICE NETWORK

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

## PRODUCT RANGE

The Piaggio Group's primary objective is to meet the most advanced mobility needs, deeply understanding people and their habits, minimising the environmental impact and consumption of the vehicles it produces and guaranteeing excellence in performance. In striving to ensure the sustainability of its products, the Piaggio Group considers their entire life cycle, which includes design, the acquisition of raw materials, production, use of the asset by the customer up to its disposal at the end of its life and the disposal and/or recycling of components and raw materials.
The Piaggio Group's product range includes scooters and motorcycles from 50cc to 1,100cc, also with electric engines, three- and four-wheeler light commercial vehicles and an electric scooter distributed under the Aprilia brand. In addition, only in the US, starting from November 2019, an intelligent robot powered by an electric motor, equipped with sensors and cameras that allow it to follow people and avoid obstacles and capable of carrying a load of up to 40 pounds (Gita), has been marketed by the US affiliate Piaggio Fast Forward.

In a society which is increasingly aware of sustainability, creating products with a low environmental impact, in factories that are safe, non-polluting and do not waste resources, is becoming vital for survival.
A constant focus is placed on research into vehicles that are at the cutting edge in terms of:
- **Ecology and ability to contribute to the mitigation of Climate Change:** products able to avoid or in any case reduce emissions of polluting gases and greenhouse gases ($CO_2$) both in urban and extra-urban areas; this is achieved by introducing electric engines and further developing traditional engine technologies (increasingly sophisticated internal combustion engines);
- **Reliability and safety:** vehicles that enable a greater number of users to move easily in urban centres, helping to reduce traffic congestion and guaranteeing a high level of active, passive and preventive safety;
- **Recyclability:** products that minimise environmental impact at the end of their useful life;
- **Cost-effectiveness:** vehicles with reduced maintenance and running costs per kilometre.

## QUALITY CONTROL

Piaggio has an accurate Quality Management System to monitor the quality level of the product at the various stages of the production process and before it is sent to the customer. Standard procedures introduced in all Piaggio Group plants allow the quality level of all vehicles produced to be constantly monitored, ensuring product standards that fully meet both specific homologation regulations and end customer expectations.

## SUPPLY CHAIN

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

## ENVIRONMENTAL SUSTAINABILITY

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

### Results

LENDER REMUNERATION

During 2023, dividends for €79,755,690.90 were distributed.
In 2023, the Piaggio share, after having outperformed the main benchmarks in the first part of the year, reaching an all-time high of €4.1 in April, closed the year up by 6.21% at €2.978, the highest year-end level since 2006.

EMPLOYEES

In 2023, the Piaggio Group employed 6,232 people (average annual number), guaranteeing them and their families health care. During the same period, the accident frequency index remained at the physiological minimum level in all plants. Lastly, 88,178 hours of training were provided.

CERTIFICATION

The Piaggio Group has excellent environmental, quality and occupational management systems in place at all its production sites.
All of the Group's sites have been certified for several years for **Quality** (ISO 9001), **Environment** (ISO 14001) and **Health and Safety** (ISO 45001).
As regards certification of Occupational Health and Safety Management Systems, before switching to ISO 45001 certification, the Group had previously obtained BS OHSAS 18001 certification for all operational sites.

| | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI ENGINE PLANT | BARAMATI TWO-WHEELER PLANT | BARAMATI COMMERCIAL VEHICLES PLANT | VINH PHUC | JAKARTA |
|---|---|---|---|---|---|---|---|---|---|
| Certification | ISO 9001 - Quality Management Systems | • since 1995 | • since 2006 | • since 2010 | • since 2018 | • since 2013 | • since 2018 | • since 2009 | • since 2023 |
| | ISO 14001 - Environmental Management Systems | • since 2008 | • since 2008 | • since 2010 | • since 2015 | • since 2013 | • since 2015 | • since 2011 | • since 2023 |
| | ISO 45001 - Occupational health and safety management systems | • since 2019 | • since 2019 | • since 2019 | • since 2021 | • since 2021 | • since 2021 | • since 2019 | • since 2023 |

During 2023, audits were conducted by the certification body TUV NORD Indonesia[16] to obtain the three certifications for **Quality** (ISO 9001), **Environment** (ISO 14001) and **Health and Safety** (ISO 45001) for the Indonesian site, operational since November 2022. The outcome of the audits was positive.
In November 2023, audits were conducted by the certification body Det Norske Veritas (DNV)[17] to maintain the three certifications for **Quality** (ISO 9001), **Environment** (ISO 14001) and **Health and Safety** (ISO 45001) of the Italian sites (including the Milan sales office). The outcome of the audits was positive.

16. TUV NORD is one of the world's leading certification bodies.
17. DNV: Det Norske Veritas is one of the world's leading certification bodies.

The annual audits conducted by the certification body demonstrate the Company's commitment to its Quality, Health and Safety and Environmental policies established by Top Management and are proof of the reliability of the Management Systems which are adopted with the contribution of managers and staff from all departments.

Finally, the Vietnamese plant obtained FAMA[18] certification last October to be able produce vehicles with the 'Walt Disney' logo.

## VEHICLES PRODUCED

| | EMEA AND AMERICAS | | | INDIA | ASIA PACIFIC 2W | | |
|---|---|---|---|---|---|---|---|
| 2W VEHICLES | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI 2W | VINH PHUC | JAKARTA | TOTAL |
| 2023 | 124,785 | 21,069 | 16,985 | 54,112 | 188,452 | 6,956 | 412,359 |
| 2022 | 135,734 | 26,913 | 18,066 | 69,374 | 245,682 | 2,080 | 497,849 |
| Delta 2023-2022 | (10,949) | (5,844) | (1,081) | (15,262) | (57,230) | 4,876 | (85,490) |
| Delta % | -8.1% | -21.7% | -6.0% | -22.0% | -23.3% | 234.4% | -17.2% |

| | EMEA AND AMERICAS | INDIA | |
|---|---|---|---|
| COMMERCIAL VEHICLES | PONTEDERA | BARAMATI 3-4W | TOTAL |
| 2023 | 9,073 | 112,838 | 121,911 |
| 2022 | 9,487 | 104,091 | 113,578 |
| Delta 2023-2022 | (414) | 8,747 | 8,333 |
| Delta % | -4.4% | 8.4% | 7.3% |

| | EMEA AND AMERICAS | | | INDIA | ASIA PACIFIC 2W | |
|---|---|---|---|---|---|---|
| ENGINES | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | TOTAL |
| 2023 | 104,883 | 18,648 | 17,327 | 89,211 | 206,944 | 437,013 |
| 2022 | 103,962 | 24,448 | 18,316 | 127,897 | 250,187 | 524,810 |
| Delta 2023-2022 | 921 | -5,800 | -989 | -38,686 | -43,243 | -87,797 |
| Delta % | 0.9% | -23.7% | -5.4% | -30.2% | -17.3% | -16.7% |

R&D

In 2023, the Piaggio Group continued its policy aimed at maintaining technological leadership in the sector, allocating total resources of €67.2 million to R&D, of which €45.2 million capitalised under intangible assets as development costs.
The Piaggio Group is convinced of the importance of exchanging knowledge and ideas, and of the resulting encouragement that can lead to improvements in technologies, methodologies and products. For this reason the Piaggio Group has always been engaged on many fronts to consolidate the synergy between the world of research and its industrial sector.

18. FAMA Facility And Merchandise Authorisation.

The Group has continual exchange and research initiatives with universities and research centres. The objective of these partnerships has been to support continuing innovation over the last few years through:

- partnerships in research and development projects;
- participation in European Projects;
- experimental research dissertations.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | CAPITALISED | EXPENSES | TOTAL | CAPITALISED | EXPENSES | TOTAL |
| IN MILLIONS OF EUROS | | | | | | |
| Two-wheelers | 18.6 | 18.6 | 37.2 | 29.0 | 19.8 | **48.8** |
| Commercial Vehicles | 26.6 | 3.4 | 30.0 | 12.1 | 3.7 | **15.9** |
| **Total** | **45.2** | **22.0** | **67.2** | **41.1** | **23.6** | **64.7** |
| | | | | | | |
| EMEA and Americas | 32.5 | 17.9 | 50.3 | 29.4 | 19.1 | **48.5** |
| India | 9.1 | 2.1 | 11.2 | 7.3 | 2.0 | **9.3** |
| Asia Pacific 2W | 3.7 | 2.0 | 5.7 | 4.5 | 2.5 | **6.9** |
| **Total** | **45.2** | **22.0** | **67.2** | **41.1** | **23.6** | **64.7** |

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

The intense research and development carried out by the Group at its research centres has continually led to patent registrations in the countries where Piaggio operates.

## ESG INDICES

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

| | CDP SCORE CLIMATE CHANGE | CDP SCORE WATER SECURITY | MSCI ESG RESEARCH |
|---|---|---|---|
| 2023 | B | B | AA |
| 2022 | B | B | AA |

**AS OF 2023, PIAGGIO & C S.P.A RECEIVED AN MSCI ESG RATING OF AA**

MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA

# RESEARCH, DEVELOPMENT AND INNOVATION GUIDELINES

## Mobility and Innovation

The Piaggio Group has been involved in mobility since it was founded in 1884, and always with an innovative focus. As early as the beginning of the 20th century, Rinaldo Piaggio aimed to expand the company into the aeronautical sector, when this also symbolically represented the cutting edge of technology.
In almost 140 years of activity[19], Piaggio has designed and built every means of transport: aircraft (single, twin and four-engine), seaplanes, engines for their own planes, trains, trucks, buses, trailers, cable cars, funiculars, speedboats, outboard motors, small cars; and, of course, perhaps the most innovative product in its history: the Vespa.
The Piaggio Group is therefore traditionally structured to respond to changes in the technical and social environment and ready for those in the near future. It pioneered both electric (1970s) and hybrid mobility (2009) and is ready for the challenges of the present and the future.
Now more than ever, mobility is strongly directed by regulations, for example through the limits on $CO_2$ and other polluting gases (HC, NOx, etc.) that regulate the type approval of new models and limit the usage of vehicles already on the road (e.g. access to urban areas)[20].
There is also a constant change in customer preferences, as they are increasingly inclined towards the personal use of electric vehicles rather than those powered by combustion engines, and also more open to new solutions, such as sharing.
The Group sees its ability to combine industry-specific expertise, robotics and proprietary software generation as the key to improving future mobility systems in cities and through its capabilities in electric vehicle production and related infrastructure management, it intends confirming its leadership in the ongoing revolution.

Technical trends in the field of mobility are described internationally with the suggestive acronym ACES, which stands for **A**utonomous, **C**onnected, **E**lectrified and **S**mart(Mobility). These designations also describe the Piaggio Group's research priorities, in the continuous study of technologically advanced solutions conducted in Research Centres around the world. Added to these is the fifth letter, **D**ecarbonisation, i.e. reducing $CO_2$ emissions from both products and processes. Due to their nature, 2-wheeler vehicles can make a major contribution to decarbonisation, compared to cars, due to their low energy requirements for production, savings in materials and low emissions in their use[21].

19. Rinaldo Piaggio founded his company in 1884 in Sestri Levante:
http://www.imprese.san.beniculturali.it/web/imprese/enterprise/dettaglio-soggetto-produttore?id=1275&codiSan=san.cat.sogP.1275
20. The evolution of the Euro 3 (01/2006), Euro 4 (01/2014) and Euro 5 standards in particular (01/2020), has seen a huge reduction in polluting gas emissions; for example, in the transition from Euro 3 to Euro 5 on the Vespa GTS 300, $CO_2$ decreased by 77.8%, HC by 85.5% and NOxby 79.4% (comparison of official type approval values).
21. The entire two-wheeler sector accounts for 1.3% of European transport $CO_2$ emissions (Source: European Environment Agency 2022) and 0.31% of global emissions (Source: European Commission eu-action/transport/road-transport-reducing-$co_2$-emissions-vehicles).

## ACES for Two-Wheelers (PTWs)

A

TECHNOLOGY FOR AUTONOMOUS VEHICLES

These are automated systems with sensors, computing power and analytical capabilities that can react according to the data they collect. In the field of two-wheelers, the use of these systems has to be fine-tuned in order to be effective due to their particularly dynamic behaviour. In addition to technical capabilities, this requires the vast experience that the Piaggio Group has acquired in over 75 years in the industry. Leveraging the expertise of its affiliate Piaggio Fast Forward (PFF) in Boston, which specialises in robotics, Piaggio has equipped some of its models with[22] ARAS systems[23] based on Radar technology and called the "PFF Rider Assistance Solution®"[24]. It has also experimented with 'By Wire' systems for clutches and gearboxes, and implemented electronic-assisted gear change for its flagship motorcycle brands[25]. It also has 'By Wire' braking systems in its portfolio, which at the moment are not seen as strategic given the high quality of the ABS in use.
Driving assistance software aimed at reducing energy consumption has also been developed for both ICE[26] and electric vehicles, while driving style analysis systems are being studied with the aim of increasing dynamic safety by intervening on the rider's awareness.

C

TECHNOLOGIES FOR CONNECTED VEHICLES

The debut of Connectivity on a Piaggio vehicle came with the Beverly scooter in 2012, the first product to adopt the Mia system that allows a smartphone to be integrated into the vehicle's electronic system. Since then, development has been rapid, involving Piaggio Fast Forward in the development of the dedicated app. It is in fact a bi-directional V2I connectivity, responding both to the customer's needs (maps, weather, places of interest, display of more vehicle parameters, music, telephone, etc.) and for a data exchange with the parent company and for possible distress calls (call).
Added to this is the possibility, on some models, to have alerts for attempted theft, battery charging etc., up to and including fleet management. Obviously, the connectivity of vehicles, as well as of any device, requires a high level of focus on cybersecurity, for which a 'cyber secure by design' methodology must be adopted.
Mia is also the gateway to eCommerce and 'in-app' shopping[27], already present and set to grow in importance and value in the coming years.

22. Piaggio Mp3 530; Moto Guzzi V100 Mandello, Moto Guzzi Stelvio V100.
23. ARAS: Advance Rider Assistance System.
24. The system uses 4D Imaging Radar technology to provide reliable monitoring independently of environmental conditions. It includes: FCW (Forward Collision Warning), which uses the front radar to prevent potential collisions with objects and vehicles, alerting the rider through signals on the display; FCC (Following Cruise Control), which enhances cruise control by intervening on the engine brake based on the behaviour of vehicles ahead; BLIS (Blind Spot Information System), which detects vehicles entering the blind spot within a 30-metre radius and warns the rider via signals on the display and in the rear-view mirrors; LCA (Lane Change Assist), which warns the rider via signals on the display and in the rear-view mirrors of potential collisions with vehicles coming from behind or from the side when changing lanes.
25. Aprilia RSV4 e Tuono V4; Aprilia RS660 and Tuono 660; Moto Guzzi V100.
26. ICE: Internal Combustion Engine.
27. In-app purchases allow you to buy additional services and features, from within an application such as Mia.

# E
ELECTRIFICATION TECHNOLOGIES

Although in the ACES acronym Electrification is the third factor, in reality the effort to make Mobility sustainable is the most challenging. As 2030 approaches, Piaggio has decided to embark on a path based mainly on electric technology[28], pursuing its idea of Sustainable Mobility even more strongly. "To achieve this goal, the large-scale adoption of electric vehicles, such as motorbikes, scooters and light commercial vehicles equipped with battery swap or plug-in technology, must be promoted, fostering a more sustainable battery life cycle management and greater environmental friendliness."[29]
The strategy starts in Pontedera, where Piaggio set up its new eMobility department in 2021, dedicated to the development of two-, three- and four-wheeler vehicles and components for Electric Mobility[30].
Piaggio's range of Electric Products is evolving rapidly, not only for the EMEA market but for the entire world. It already includes the Group's flagship product, the Vespa Elettrica (moped and motorbike version), of which other versions dedicated to various markets will be produced, in addition to the Piaggio 1 scooter (moped and scooter version). The Ape Elettrica, specifically designed for the Indian market, also enjoys commercial success and perfectly represents how an iconic and evergreen vehicle can be electrified.
The near future will see more models for other segments, all equipped with lithium-ion (Li-Ion) batteries with BMS and remote control, with a focus on standardisation and end-of-life recovery. Prominent among these projects is the Porter Electric, the Zero Emission Version (ZEV) of the classic but very modern four-wheeler for transport. Other projects will result from the agreement between the Piaggio Group and the Chinese giant Foton Motor Group "for the development of a new range of four-wheeler light commercial electric vehicles"[31]. Moreover, Piaggio has never stopped studying hybrid propulsion, the system that combines the advantages of electric motors and ICE to improve performance and consumption. Building on the experience gained since 2009 with the Piaggio Mp3 Hybrid, the world's first Parallel Hybrid scooter, the Group is also continuing its research in the field of Mild Hybrids. However, in addition to the main line of research in eMobility, Piaggio is also keeping a close eye on alternative energy vectors, such as Hydrogen with Fuel Cells (HEV), which has already been experimented with in the past[32] and other renewable fuels, which could bring classic ICEs up to date in applications where they are difficult to replace.

# S
SMART INTELLIGENT MOBILITY SOLUTIONS

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

28. Guideline outlined by Roberto Colaninno, former Chairman and CEO of the Piaggio Group.
29. Statement by Michele Colaninno, CEO of the Piaggio Group.
30. The future of Electric Mobility requires a change in pace in infrastructure, primarily for charging vehicles.
31. On 19/10/2023, the CEO of Piaggio & C. S.p.A., Michele Colaninno, and the Vice-President of Foton Motor Group, Ma Rentao, updated previous agreements of 2022 by signing a contract in Beijing for the joint development of a new range of electric-powered Porters. Piaggio's range of commercial vehicles will thus be expanded with two new four-wheeler electric-powered variants, produced at the Piaggio Group's Pontedera plant.
32. Piaggio has built a prototype FCEV (Fuel Cells Electric Vehicle) scooter powered by compressed hydrogen.

As anticipated, the game of the future is played with five ACES: the fifth ace, a key theme for research at Piaggio is

D

**DECARBONISATION**

This is a process that involves the Group's entire production chain[33] but, even just focussing on R&D alone, it translates into concrete actions: a new design philosophy[34], choice of materials and, in general, promoting a 'circularity' culture. The Group's medium-term objective is to succeed in reducing the demand for raw materials, in particular those that are scarce or have a polluting production cycle (e.g. energy-intensive, with high $CO_2$ emissions), favouring the RRR (**Recycle**, **Reuse**, **Save**) production philosophy:

**Recycling:** through the use of recyclable materials, the foundations are laid for a Product suitable to be part of the Circular Economy[35].

**Reuse:** an example of possible (direct) reuse is lithium batteries. They usually have a longer life than the vehicle, so they can be reused, provided they are easily separable and standardised[36]. The batteries of the Piaggio 1, for example, are designed with this in mind: they are removable, made of recyclable materials and are also a dimensional standard for future Piaggio electric vehicles in the same range.

**Saving:** another example of attention to the use of resources is the elimination of rare earths from electric motors, as well as other precious and hardly reusable materials usually found in electronic components.

**Alternative fuels:** decarbonisation also and above all concerns Products, and is the main driver for research in Sustainable Mobility. The Piaggio Group is pursuing the road to electrification with conviction, but believes that this alone cannot solve all problems. Other approaches to **decarbonisation** exist, and are needed: for example, the use of alternative, non-fossil fuels in internal combustion engines[37], alongside the direct electrification of vehicles.

The Piaggio Group's attention is also focused on synthetic and biofuels, which will solve problems of autonomy and architecture, which are typical of electric engines in the motorcycle sector[38]. The use of these fuels will make it possible to **reuse** a large part of existing ICE vehicles, making them Zero Emission Vehicles by changing the fuel and associated technology.

This is one of the reasons why the Piaggio Group is also continuing research into conventional engines, in order to make them ever more efficient. The strong technical and economic effort being made to adapt production to the Euro5+ standard, which is stricter than the previous one, is therefore also having a positive impact on the future use of synthetic and biological fuels. This category also includes (green) hydrogen, the use of which is directed towards Fuel Cell Electric Vehicles (FCEVs)[39], as its use in internal combustion engines is not energy-efficient.

Piaggio's commitment to decarbonisation took concrete form in the presentation of the Decarbonisation Plan in 2023.

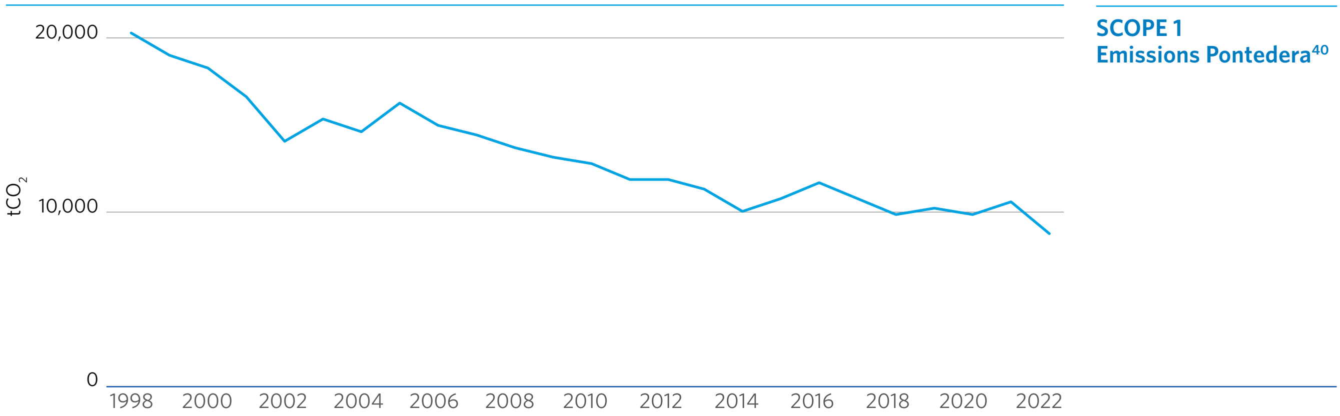
33. The Piaggio Group adheres to REACH and ELV - N1.
34. Example: Design aimed at reducing the number of parts in a vehicle. The elimination of a body part, through its integration with an adjacent one, generates a cascade of benefits: reduction in moulds to be built with consequent savings in materials and energy throughout their production process; elimination of material scraps; reduction in moulding energy; reduction in the number of packaging; reduction in the energy required for transport; reduction in the time and energy required for assembly of the finished product; reduction in stock and spare parts management - all without having changed the content of the Product, but only steering design in this direction.
35. Piaggio's commitment in this field includes a close relationship with the University of Florence aimed at optimising the design of new vehicles in RRR terms, in place since 2011 when the first survey of this kind was conducted on a scooter (Piaggio Mp3 Hybrid). In 2023 the survey focused on the Vespa GTS 300 and highlighted the substantial design quality of the product, which turned out to be 93.3% recyclable.
36. The Piaggio Group, HONDA Motor Co., Ltd., KTM F&E GmbH, and YAMAHA Motor Co, Ltd. established the Swappable Batteries Motorcycle Consortium (SBMC), in order to promote the widespread use of light electric vehicles such as motorised mopeds, scooters, motorcycles, tricycles and quadricycles, and to encourage a more sustainable management of the life cycle of batteries, in keeping with international climate policies.
37. Synthetic and biological fuels, as well as electricity, must be produced from and with renewable energy to be truly carbon footprint-free.
38. Apart from city or intercity scooters, there is an important market segment of two-wheeler vehicles whose physical and functional characteristics do not allow for their electrification; these products could be safeguarded, on the same level as decarbonisation, through the use of synthetic and biofuels.
39. As we have already seen, FCEV stands for Fuel Cells Electric Vehicle, just as BEV stands for Battery Electric Vehicle. Hydrogen stored in a cylinder plus a FC that converts it into electricity is the equivalent of a charged battery.

## Decarbonisation Plan

Always sensitive to environmental issues, over the years the Piaggio Group has implemented continuous initiatives to improve energy efficiency and reduce $CO_2$ emissions in its plants and the vehicles it produces.

As evidence of the efforts made and the results achieved, it should be noted, for example, that:
- from 1998 to 2022, Scope 1 emissions at the Pontedera plant were reduced by 56.2% thanks to investments in energy efficiency;

**SCOPE 1 Emissions Pontedera[40]**




- Continuous engine improvements on the bestselling Vespa 125cc resulted in a reduction of Scope 3 category 11 emissions by 29.4% from 2008 to 2022.

**SCOPE 3 CATEGORY 11**

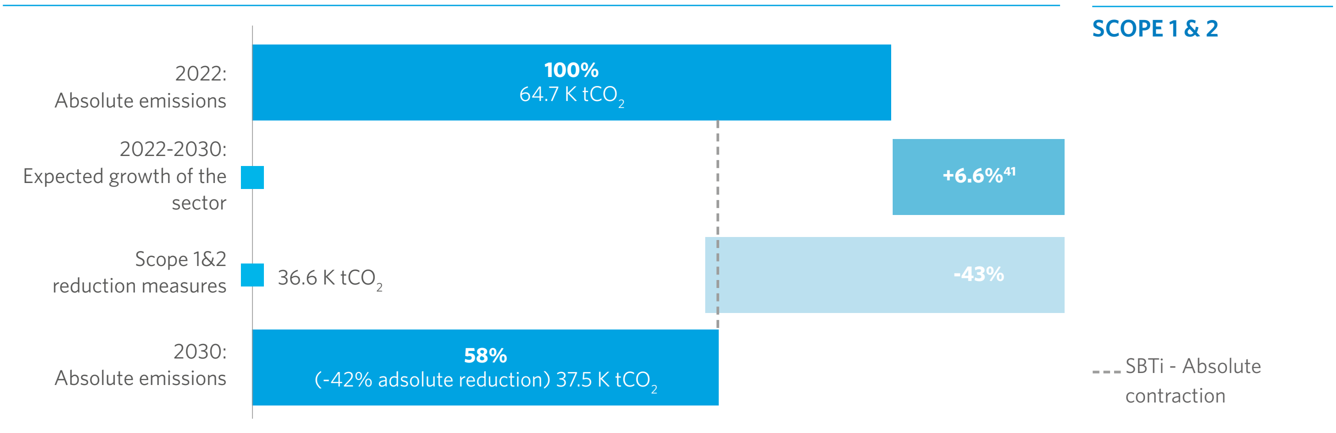
| VESPA 125 | | $CO_2$ EMISSIONS |
|---|---|---|
| Vespa 125 carburatore | g/km | 85 year 2008 |
| Vespa 125 primavera | g/km | 60 year 2022 |
| Variation | g/km | 25 |
| | | 29.4% |

Continuing with its strategy, at the end of December 2023 Piaggio defined its own Decarbonisation Plan to reduce its emission footprint developed over two time horizons: 2030 and 2050. The Plan, drawn up with the support of the PATH framework provided by the European Investment Bank (EIB) and the consulting firm EY, was approved by the Board of Directors on 15 December 2023.

40. ETS-certified emission data from 2005 (inclusive).

### Vision 2030

By 2030, the Group has committed to reducing emissions associated with production activities by 42% compared to 2022, using a science-based methodology in line with the Paris Agreement targets.




This ambitious goal will be achieved through numerous initiatives, including:
- the restructuring of the Mandello del Lario production site according to sustainability criteria;
- the installation of photovoltaic systems at the Pontedera and Mandello del Lario plants;
- the installation of a new painting system in Vietnam that will allow for diesel to be replaced with LPG;
- the purchase of green energy for plants in Italy, India, Vietnam and Indonesia;
- the replacement of company cars with more energy-efficient models.

The range of electric vehicles will be expanded, with a target of 18% of the total two-wheelers sold by 2030. For commercial vehicles, the Group is aiming for 30% of electric vehicles sold in both India and Europe by the same period.

Piaggio has already presented new products on the market that are representative of this commitment, such as the electric powered Vespa Primavera and Vespa Sprint, and announced the launch of the electric Porter NP6 project.
The Piaggio Group also aims to further reduce emissions generated by the use of its vehicles by customers through improvements to engines, changes in product design and the use of new-generation fuels called e-fuel and biofuels, for the use of which the engines currently fitted on Piaggio vehicles are already prepared.

The technical feasibility of using recycled materials in vehicle manufacture will also be investigated.

41. Estimated growth of volumes produced between 2022 and 2030.

| | | 2030 SCENARIO[42] | |
|---|---|---|---|
| | MACRO-LEVERS | TIMING | PIAGGIO'S AMBITION |
| Scope 1 & 2 | Process efficiency | - Within 2028<br>- Within 2029<br>- 33% within 2025, 66% within 2026, 100% within 2027 | - Mandello del Lario renovation<br>- New painting process in Vietnam<br>- Hybrid company cars |
| | Green energy (purchased/self-produced) | - Within 2026 Pontedera, within 2027 Mandello<br>- Within 2026 in Italy, within 2030 in India, Vietnam and Indonesia | - Installation of photovoltaic in Pontedera and Mandello del Lario<br>- 100% renewable energy in Italy, 30% in India, Vietnam, Indonesia by 2030[43] |
| Scope 3.1 | Supply chain decarbonisation | - Under evaluation | - Recycled materials utilisation[44] |
| Scope 3.11 | Fuel efficiency | - Within 31.12.2024 for European markets | - Update of 2W engines for the European market to Euro 5+ regulations<br>The Plan does not highlight any benefit in terms of $CO_2$ reduction |
| | Electric vehicles (EVs) switch | - Within 2030 | - 18% 2W,<br>- 30% Porter,<br>- 30% 3W in India |
| | E-fuel utilisation | - Piaggio's current combustion engines are ready to use e-fuel (zero impact) fuels. The hypotheses currently validated by the EU envisage, in the short/medium term, allocating these fuels to those sectors (aeronautical) that have no other technical possibility for decarbonisation | |

## Vision 2050

The Piaggio Group believes that diversified technologies such as e-fuels and biofuels, widespread electric vehicles, total use of renewable energies, electrification of heating systems, low environmental impact logistics, recycled materials and product circularity are crucial to achieving the target set by the international community for 2050 (90% reduction in emissions).

42. The scenario presented was developed by EY in terms of emission reduction potential based on various assumptions.
43. Renewable Energy Certificates (RECs) are available for the countries in which the Group operates.
44. Technical feasibility to be investigated and possible benefits of the measure not included in the Plan.


PORTER

# THE EUROPEAN TAXONOMY

## Introduction to European Taxonomy

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

In addition to the previous year's targets, the EU Commission, through the Taxonomy Environmental Delegated Act (EU) 2023/2486, applicable for publications after January 1, 2024, introduced the technical screening criteria for the 4 environmental targets relating to the determination of the substantial contribution of an economic activity to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to the prevention and reduction of pollution or to the protection and restoration of biodiversity and ecosystems, and if it does not significantly harm any other environmental objective.
In addition to the remaining four targets, the EU Delegated Regulation 2023/2485, supplementing the EU Delegated Regulation 2021/2139 relating to the first two climate objectives, was published, marking an important change from the previous 2022 disclosure.
In this regard, the Regulation classifies economic activities in such a way as to be potentially eligible under the Taxonomy and thus "Eligible" for all 6 of the aforementioned environmental objectives and eco-sustainable and thus "Aligned" in relation to them.
To understand whether your "Eligible" activities can also be considered "Aligned", the organization is required to verify compliance with two types of criteria:
- technical screening criteria described in the Delegated Regulations which ascertain whether the activities considered make a substantial contribution to adaptation and mitigation to climate change;
- "DNSH" – Do Not Significant Harm criteria, which ascertain whether the activities considered do not cause significant damage to any of the other environmental objectives.

In addition to these specific technical requirements, the Regulation also requires that an economic activity, to be considered eco-sustainable (i.e. "Aligned"), is carried out in compliance with the minimum safeguard guarantees ("Social Minimum Safeguards"). In this context, the organization must demonstrate through the procedures implemented its compliance with the OECD Guidelines for Multinational Enterprises, as well as the United Nations Guiding Principles on Business and Human Rights. This includes respect for the principles and rights outlined in the eight fundamental conventions identified in the International Labor Organization's declaration on fundamental principles and rights at work and in the International Bill of Human Rights.

Article 8 of Regulation (EU) 2020/852 defines the taxonomy reporting obligation, which are now applicable to non-financial companies subject to the Non-Financial Reporting Directive and, in July 2021, Regulation (EU) 2021/2178 further supplemented the content of the Regulation to clarify how the Taxonomy disclosure should be calculated and presented.
From 1 January 2022 onwards, with regard to data from the 2021 financial year, companies have reported the information necessary to meet the requirements of the Regulation in their non-financial statement. In particular, the information that the Taxonomy requires non-financial undertakings to report, refers to the following indicators:

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

Following the first-time adoption of the Regulation for the 2021 financial year, non-financial companies were requested to report on their proportion of own turnover, investments (Capex) and operating costs (Opex) (as defined by Commission Delegated Regulation

(EU) 2021/2178) related to eligible economic activities, within the meaning of the Taxonomy. Starting from 1 January 2023, in relation to data for the 2022 financial year, non-financial companies are required to report the above parameters relating not only to the share of "Eligible" activities, but also to environmentally sustainable activities (so-called "Aligned" activities).
Furthermore, for publications occurring in the period 1 January - 31 December 2024, in addition to the disclosure applicable for the 2022 financial year, non-financial entities are required to provide disclosure of the same KPIs in relation to eligible activities with reference to environmental objectives (referred to in EU Delegated Regulation 2023/2486) and to the additional activities identified for the climate objectives by EU Delegated Regulation 2023/2485.
In this context, in 2023 the Piaggio Group, in order to comply with the requirements of the legislation, continued the analyzes of its activities already identified as "Eligible" and "Aligned" with reference to the objective of Mitigation of climate change (as identified mainly as most suitable in relation to the types of economic activities carried out by the Group) in the disclosure relating to the 2022 financial year, and to identify any further eligible activities among those contemplated by the EU Delegated Regulations 2023/2485 and EU 2023/2486.

## Methodological Approach

### Technical Screening Criteria and DNSH Criteria

Following the analysis described above, in its 2023 Non-Financial Statement, the following economic activities related to the Piaggio Group's "core business" were identified as Taxonomy-Eligible:
- Climate change mitigation, 3.3 'Manufacture of low-carbon technologies for transport', concerning the production and marketing of vehicles;
- Climate Change mitigation, 3.18 'Production of Automotive and Mobility Components', concerning the production and marketing of spare parts;
- Climate Change mitigation, 6.4 'Management of Personal Mobility Devices, Cycling', concerning the sale of Kick Scooters;
- Climate change mitigation, 7.6 'Installation, maintenance and repair of renewable energy technologies, concerning the installation of photovoltaic panels';
- Transition to a circular economy, 2.3 'Collection and transport of non-hazardous and hazardous waste';
- Sustainable use and protection of water and marine resources, 2.2 'Urban waste water treatment', concerning water discharge facilities;
- Pollution Prevention and Control, 2.4 'Remediation of Contaminated Sites and Areas'.

With regard to the Eligible activities carried out by the Group in relation to the objective of climate change mitigation, we therefore proceeded with the analysis of the specific technical screening criteria and identifying as potentially assessable, for alignment purposes, only activities 3.3 and 6.4, with reference only to vehicles that produce zero $CO_2$ emissions at the exhaust and the production of automotive and mobility components and personal mobility devices, cycle logistics (in this regard, please remember that for activity 3.18 the disclosure for the exercise 2023 concerns eligibility only).
Furthermore, in order to analyse the DNSH criteria, considering the absence of changes in the organizational Group's context and in the reference scenarios, the scenario analysed in relation to the physical risks of a climatic nature carried out in February 2023 for the 2022 disclosure on the Pontedera (Italy) and Baramati (India) plants were considered still valid. Pontedera (Italy) and Baramati (India) plants are the only ones where the production of the identified vehicle types takes place.

Again with reference to economic activities 3.3 and 6.4, Eligible for the climate change mitigation objective, the identified DNSH criteria were analysed and the activities carried out with the Owners for the two plants were mapped, from which the following findings emerged:

| OBJECTIVES | OBJECTIVE 2<br>CLIMATE CHANGE ADAPTATION | OBJECTIVE 3<br>SUSTAINABLE USE AND THE PROTECTION OF WATER AND MARINE RESOURCES | OBJECTIVE 4<br>TRANSITION TO A CIRCULAR ECONOMY | OBJECTIVE 5<br>PREVENTION AND REDUCTION OF POLLUTION | OBJECTIVE 6<br>PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS |
|---|---|---|---|---|---|
| Baramati | - Climate Risk Self Assessment for the assessment of climate-related physical risks carried out | - Compliance with MPCB environmental regulations[45]<br>- No water discharges<br>- Water resource treatment for reuse and certification according to quality standards | - Adoption of circular economy practices where possible, prioritising recycling and design to ensure durability standards<br>- Compliance with local and European hazardous waste regulations | - The activity does not involve the manufacture, placing on the market or use of certain substances (mercury)<br>- Pollution risk assessment of research projects | - The plant is not located in an area characterised by biodiversity |
| Pontedera | - Climate Risk Self Assessment for the assessment of climate-related physical risks carried out | - Achievement of the AIA[46] for the certification of the environmental protection plan<br>- A dedicated sewage network for industrial painting waste is in operation | - Management that prioritises recycling and design to ensure durability standards<br>- Compliance with REACH<br>- COBAT membership<br>- Products 90% recyclable | - The activity does not involve the manufacture, placing on the market or use of certain substances (mercury)<br>- Research and use of BAT[47] | - EIA conducted[48] and compliance with environmental regulations<br>- Arpat analysis carried out |

At the end of these analyses, it was found that the activities 3.3 and 6.4 identified by the Piaggio Group as "eligible" for the climate change mitigation objective are carried out, with reference to the plants which manufacture eligible vehicles, in full compliance with technical screening criteria for substantial contribution and DNSH criteria.

## Social Minimum Safeguards

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

For more on human rights, corruption, fair competition and taxation, please refer to the chapter 'Sustainability Governance' in this Non-Financial Statement.

45. Maharashtra government Pollution control board.
46. Integrated Environmental Authorisation.
47. Best Available Technologies.
48. Environmental Impact Assessment.

# Methodological Approach to calculating KPIs

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

The first stage of the process made it possible to identify, through an analysis of the activities included in the Delegated Regulations, those applicable to the Piaggio Group's business in view of the description provided by the annexes to them.
Based on the above analysis, the Piaggio Group's activities that can contribute to achieving the listed objectives are:

| | ACTIVITY DESCRIPTION TAXONOMY-ELIGIBLE | KPI APPLICABLE | REFERENCE CONSOLIDATED BALANCE SHEET ITEM |
|---|---|---|---|
| **3.3** | **Manufacture of low-carbon technologies for transport** | Turnover | **Net Revenues** - sale of 2, 3 and 4-wheeler motor vehicles |
| | | CapEx | **Property, Plant and Equipment, Intangible Assets and Rights of Use** |
| | | OpEx | **External maintenance and cleaning costs** |
| **3.18** | **Production of automotive and mobility components** | Turnover | **Net Revenues** - spare parts |
| | | CapEx | **R&D, Property, plant and equipment** - investments to provide technical specifications to spare parts suppliers |
| **6.4** | **Management of personal mobility devices, cycling** | Turnover | **Net Revenues** - sale of Kick Scooters and Wi Bikes |
| **2.4** | **Remediation of contaminated sites and areas** | CapEx | **Land and Buildings** - investments in remediation work at the Mandello site and for the asbestos roofing on building 45 at Pontedera |
| **7.6** | **Installation, maintenance and repair of renewable energy technologies** | CapEx | **Property, plant and equipment** - investments in solar panels - Piaggio Vehicles Pvt Limited |
| **2.3** | **Collection and transport of non-hazardous and hazardous waste** | CapEx | **Property, plant and equipment** - investments for a new area of waste treatment - Piaggio Vehicles Pvt Limited and Piaggio Vietnam |
| | | OpEx | **Operating expenses** - waste treatment plant maintenance -Piaggio Vietnam |
| **2.2** | **Urban waste water treatment** | CapEx | **Property, plant and equipment -** urban waste water treatment - Piaggio Vietnam |
| | | OpEx | **Operating expenses** – urban waste water treatment plant maintenance - Piaggio Vietnam and Piaggio Vehicles Pvt Limited |

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

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

### Defining the perimeter

Based on the requirements of the Regulation, the calculation of the percentages of "eligible" and "aligned" activities was carried out for 2023 and includes all companies of the Piaggio Group consolidated on a line-by-line basis.

### Calculating the KPIs

Based on the Group's Consolidated Financial Statements for the year ended 31.12.2023 (hereinafter also referred to as the 'Financial Statements'), the percentage of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in relation to respective total values was calculated for each identified 'eligible' and 'aligned' activity.

#### Calculating turnover

The share of the Turnover referred to in Article 8(2)(a) of Regulation (EU) 2020/852 is to be calculated as the part of net revenue obtained from products or services, including intangible products, associated with economic activities aligned with the taxonomy (numerator), divided by net revenue (denominator) in accordance with Article 2(5) of Directive 2013/34/EU.
For the 2023 financial year, the Piaggio Group carried out the following activities to produce goods or services considered Taxonomy-eligible and Taxonomy-aligned:
- activity '**3.3 Manufacture of low-carbon technologies for transport**' with specific reference to the sale of 2-, 3- and 4-wheeler motor vehicles and GITA robots;
- activity "**6.4 Management of personal mobility devices, cycling**" with specific reference to the sale of kick scooters and personal mobility devices.

For the 2023 financial year, the Piaggio Group carried out the following activities for the production of goods or services considered only Taxonomy-eligible:
- activity '**3.18 Production of automotive and mobility component**s' with specific reference to the production and sale of spare parts.

Starting from the Net Revenues, in order to identify the portion considered Taxonomy-eligible, the portions of revenues related to "Accessories" were subtracted, as they were deemed not applicable for eligibility purposes. The Taxonomy-Aligned percentage in relation only to the activity 3.3 and 6.4 equal to 6.27%, was identified by comparing the turnover achieved with the sale of vehicles producing zero $CO_2$ emissions to the total turnover achieved.

#### Calculation of the proportion of capital expenditure (CapEx)

The share of the capital expenditure referred to in Article 8(2)(b) of Regulation (EU) 2020/852 is to be calculated as the numerator defined in point 1.1.2.2 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 divided by the denominator defined in point 1.1.2.1 of the same Delegated Regulation.
Specifically, the numerator for the calculation of CapEx is represented by the additions to property, plant and equipment and intangible assets and rights of use "Aligned" that occurred during the year, before amortisation, depreciation, any revaluations and excluding changes due to fair value.
The denominator, on the other hand, includes total capital expenditure and increases in rights of use, before amortisation, depreciation, any revaluations and excluding changes due to fair value.
For the year 2023, the Piaggio Group incurred the following capitalised costs considered Taxonomy-Eligible and Taxonomy-Aligned:
- activity '**3.3 Manufacture of low-carbon technologies for transport**' at all the Group's production sites, with specific reference to investments in the design and manufacture of zero-emission vehicles (with the sole exclusion of those made for Racing).

For the year 2023, the Piaggio Group incurred the following capitalised costs considered Taxonomy-eligible:
- activity "**3.18 Production of automotive and mobility components**" with specific reference to the production and sale of spare parts;
- activity "**7.6. Installation, maintenance and repair of renewable energy technologies**" with specific reference to investments in plants that produce energy through the installation of photovoltaic panels;
- activity "**2.4. Remediation of contaminated sites and areas**' with specific reference to the remediation of production sites;
- activity "**2.3. Collection and transport of non-hazardous and hazardous waste**" with specific reference to the activities of waste classification, registration and management according to the national laws of each establishment;
- activity "**2.2. Urban Waste Water Treatment**" with specific reference to urban waste water treatment activities.

Moreover, as recalled by Annex I of Delegated Regulation (EU) 2021/2178, point 1.2.2.3. "Breakdown of KPIs" in cases where the detail by type of vehicle was not available, in order to determine the Taxonomy-Aligned capital expenditure, the allocation of capital expenditure related to the production of electric vehicles was made on the basis of the units of zero $CO_2$ emission vehicles sold in the financial year 2023. Specifically, in order to identify Taxonomy-Aligned CapEx, a non-financial metric was identified, which was calculated by relating the units sold of zero-$CO_2$-emitting vehicles to the total units sold for all vehicles, with both combustion engine and electric versions, resulting in a percentage of 5.422%.

### Calculation of the proportion of operating expenditure (OpEx)

The share of operating expenditure referred to in Article 8(2)(b) of Regulation (EU) 2020/852 is to be calculated as the numerator defined in point 1.1.3.2 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 divided by the denominator defined in point 1.1.3.1 of the same Delegated Regulation.
Specifically, the numerator for the calculation of OpEx is represented by the total value of non-capitalised indirect costs of research and development and any other direct expenditure related to the ordinary maintenance and repair of property, plant and equipment necessary to ensure the continuous and effective operation of such assets. The denominator, on the other hand, is the total value of these costs.
For the year 2023, the Piaggio Group incurred the following operating costs considered Taxonomy-Eligible and Taxonomy-Aligned:
- activity '**3.3 Manufacture of low-carbon technologies for transport**' with specific reference to maintenance and repair costs, both of buildings and of plant and equipment, relating to production facilities where zero-emission vehicles are produced;

For the year 2023, the Piaggio Group incurred the following operating costs considered Taxonomy-eligible:
- activity "**2.3. Collection and transport of non-hazardous and hazardous waste**" with specific reference to the activities of waste classification, registration and management according to the national laws of each establishment;
- activity "**2.2. Urban Waste Water Treatment**" with specific reference to urban waste water treatment activities.

In addition, as indicated in the section "Calculation of Capital Expenditure (CapEx)", in order to determine operating expenditure Taxonomy-Aligned the same procedure was applied, i.e. identifying a non-financial metric.

# Table pursuant to Regulation (EU) 2020/852

## PROPORTION OF TURNOVER DERIVED FROM PRODUCTS AND SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2023

| ECONOMIC ACTIVITIES (1) | | | | CRITERIA FOR SUBSTANTIAL CONTRIBUTION | | | | | | CRITERIA FOR 'DO NOT SIGNIFICANT HARM' | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CODE(S) (2) | ABSOLUTE TURNOVER (3) | PROPORTION OF TURNOVER (4) | CLIMATE CHANGE MITIGATION (5) | CLIMATE CHANGE ADAPTATION (6) | MARINE WATERS AND RESOURCES (7) | CIRCULAR ECONOMY (8) | POLLUTION (9) | BIODIVERSITY AND ECOSYSTEMS (10) | CLIMATE CHANGE MITIGATION (11) | CLIMATE CHANGE ADAPTATION (12) | WATER AND MARINE RESOURCES (13) | CIRCULAR ECONOMY (14) | POLLUTION (15) | BIODIVERSITY AND ECOSYSTEMS (16) | MINIMUM SAFEGUARDS (17) | PROPORTION OF TURNOVER ALIGNED WITH THE TAXONOMY, YEAR 2022 (18) | CATEGORY (ENABLING ACTIVITY) (19) | CATEGORY (TRANSITIONAL ACTIVITY) (20) |
| | | ML € | % | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Activity 1: Manufacture of low-carbon technologies for transport | CCM 3.3 | 124.95 | 6.26% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | - | Y | Y | Y | Y | Y | Y | 3.31% | E | |
| Activity 2: Management of personal mobility devices, cycling | CCM 6.4 | 0.02 | 0.00% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | - | Y | Y | Y | Y | Y | Y | 0.00% | | |
| Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1) | | 124.97 | 6.27% | 6.27% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | Y | Y | Y | Y | Y | Y | 3.31% | | |
| *Of which enabling* | | *124.95* | *6.26%* | *6.26%* | *0.00%* | *0.00%* | *0.00%* | *0.00%* | *0.00%* | - | - | - | - | - | - | - | *3.31%* | *E* | |
| *Of which transitional* | | *0* | *0%* | *0%* | | | | | | - | - | - | - | - | - | - | *0%* | | *T* |
| **A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| Activity 1: Manufacture of low-carbon technologies for transport | CCM 3.3 | 1,650.55 | 82.75% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 86.11% | | |
| Activity 2: Production of automotive and mobility components | CCM 3.18 | 9.11 | 0.46% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | - | | |
| Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned) (A.2) | | 1,659.66 | 83.21% | 83.21% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | 86.11% | | |
| Turnover of Taxonomy Eligible activities (A.1+A.2) | | 1,784.63 | 89.47% | 89.47% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | 89.42% | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| Turnover from activities not eligible for the taxonomy (B) | | 209.95 | 10.53% | | | | | | | | | | | | | | | | |
| **Total** | | 1,994.58 | 100.00% | | | | | | | | | | | | | | | | |

| | PROPORTION OF TURNOVER/TOTAL TURNOVER | |
|---|---|---|
| | ALIGNED FOR THE TAXONOMY | ELIGIBLE FOR THE TAXONOMY |
| CCM | 6.27% | 83.21% |
| CCA | 0.00% | 0.00% |
| WTR | 0.00% | 0.00% |
| CE | 0.00% | 0.00% |
| PPC | 0.00% | 0.00% |
| BIO | 0.00% | 0.00% |

## PROPORTION OF CAPITAL EXPENDITURE FROM PRODUCTS AND SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2023

| | | | | CRITERIA FOR SUBSTANTIAL CONTRIBUTION | | | | | | CRITERIA FOR 'DO NOT SIGNIFICANT HARM' | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ECONOMIC ACTIVITIES (1) | CODE(S) (2) | ABSOLUTE CAPITAL EXPENDITURE (3) | PROPORTION OF CAPITAL EXPENDITURE (4) | CLIMATE CHANGE MITIGATION (5) | CLIMATE CHANGE ADAPTATION (6) | MARINE WATERS AND RESOURCES (7) | CIRCULAR ECONOMY (8) | POLLUTION (9) | BIODIVERSITY AND ECOSYSTEMS (10) | CLIMATE CHANGE MITIGATION (11) | CLIMATE CHANGE ADAPTATION (12) | WATER AND MARINE RESOURCES (13) | CIRCULAR ECONOMY (14) | POLLUTION (15) | BIODIVERSITY AND ECOSYSTEMS (16) | MINIMUM SAFEGUARDS (17) | PROPORTION OF CAPITAL EXPENDITURE ALIGNED WITH THE TAXONOMY, YEAR 2022 (18) | CATEGORY (ENABLING ACTIVITY) (19) | CATEGORY (TRANSITIONAL ACTIVITY) (20) |
| | | ML € | % | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Activity 1: Manufacture of low-carbon technologies for transport | CCM 3.3 | 26.96 | 15.46% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | - | Y | Y | Y | Y | Y | Y | 10.01% | E | |
| Capital expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1) | | 26.96 | 15.46% | 15.46% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | Y | Y | Y | Y | Y | Y | 10.01% | | |
| *Of which enabling* | | *26.96* | *15.46%* | *15.46%* | *0.00%* | *0.00%* | *0.00%* | *0.00%* | *0.00%* | - | *Y* | *Y* | *Y* | *Y* | *Y* | *Y* | *10.01%* | *E* | |
| *Of which transitional* | | *0* | *0,00%* | *0,00%* | | | | | | - | - | - | - | - | - | - | *0%* | | *T* |
| **A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| Activity 1: Manufacture of low-carbon technologies for transport | CCM 3.3 | 134.53 | 77.12% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 59.86% | | |
| Activity 2: Production of automotive and mobility components | CCM 3.18 | 0.01 | 0.01% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Activity 3: Installation, maintenance and repair of renewable energy technologies | CCM 7.6 | 0.02 | 0.01% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Activity 4: Collection and transport of non-hazardous and hazardous waste | CE 2.3 | 0.03 | 0.02% | N/EL | N/EL | N/EL | EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Activity 5: Remediation of contaminated sites and areas | PPC 2.4 | 0.43 | 0.25% | N/EL | N/EL | N/EL | N/EL | EL | N/EL | | | | | | | | 0.00% | | |
| Activity 6: Urban waste water treatment | WTR 2.2 | 0.13 | 0.07% | N/EL | N/EL | EL | N/EL | N/EL | N/EL | | | | | | | | 0.00% | | |
| Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2) | | 135.15 | 77.47% | 77.14% | 0.00% | 0.07% | 0.02% | 0.25% | 0.00% | | | | | | | | 59.86% | | |
| CapEx of Taxonomy Eligible activities (A.1+A.2) | | 162.12 | 92.93% | 92.60% | 0.00% | 0.07% | 0.02% | 0.25% | 0.00% | | | | | | | | 69.87% | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| Capital Expenditure of activities not eligible for the taxonomy (B) | | 12.34 | 7.07% | | | | | | | | | | | | | | | | |
| **Total** | | 174.45 | 100% | | | | | | | | | | | | | | | | |

| | PROPORTION OF CAPITAL EXPENDITURE / TOTAL CAPITAL EXPENDITURE | |
|---|---|---|
| | ALIGNED FOR THE TAXONOMY | ELIGIBLE FOR THE TAXONOMY |
| CCM | 15.46% | 77.14% |
| CCA | 0.00% | 0.00% |
| WTR | 0.00% | 0.07% |
| CE | 0.00% | 0.02% |
| PPC | 0.00% | 0.25% |
| BIO | 0.00% | 0.00% |

## PROPORTION OF OPERATING EXPENSES FROM PRODUCTS AND SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY - DISCLOSURE FOR THE YEAR 2023

| ECONOMIC ACTIVITIES (1) | | | | CRITERIA FOR SUBSTANTIAL CONTRIBUTION | | | | | | CRITERIA FOR 'DO NOT SIGNIFICANT HARM' | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CODE(S) (2) | ABSOLUTE OPERATING EXPENSES (3) | PROPORTION OF OPERATING EXPENSES (4) | CLIMATE CHANGE MITIGATION (5) | CLIMATE CHANGE ADAPTATION (6) | MARINE WATERS AND RESOURCES (7) | CIRCULAR ECONOMY (8) | POLLUTION (9) | BIODIVERSITY AND ECOSYSTEMS (10) | CLIMATE CHANGE MITIGATION (11) | CLIMATE CHANGE ADAPTATION (12) | WATER AND MARINE RESOURCES (13) | CIRCULAR ECONOMY (14) | POLLUTION (15) | BIODIVERSITY AND ECOSYSTEMS (16) | MINIMUM SAFEGUARDS (17) | PROPORTION OF OPERATING EXPENSES ALIGNED WITH THE TAXONOMY, YEAR 2022 (18) | CATEGORY (ENABLING ACTIVITY) (19) | CATEGORY (TRANSITIONAL ACTIVITY) (20) |
| | | ML € | % | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y;N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. ACTIVITIES ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Activity 1: Manufacture of low-carbon technologies for transport | CCM 3.3 | 1.69 | 5.35% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | - | Y | Y | Y | Y | Y | Y | 3.34% | E | |
| Operating expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1) | | 1.69 | 5.35% | 5.35% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | Y | Y | Y | Y | Y | Y | 3.34% | | |
| *Of which enabling* | | *1.69* | *5.35%* | *5.35%* | *0.00%* | *0.00%* | *0,00%* | *0.00%* | *0.00%* | *-* | *Y* | *Y* | *Y* | *Y* | *Y* | *Y* | *3.34%* | *E* | |
| *Of which transitional* | | *0* | *0%* | *0%* | | | | | | - | - | - | - | - | - | - | *0%* | | *T* |
| **A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL N/EL | EL N/EL | EL N/EL | EL N/EL | EL N/EL | EL N/EL | | | | | | | | | | |
| Activity 1: Manufacture of low-carbon technologies for transport | CCM 3.3 | 29.42 | 93.29% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 95.39% | | |
| Activity 2: Collection and transport of non-hazardous and hazardous waste | CE 2.3 | 0.00 | 0.00% | N/EL | N/EL | N/EL | EL | N/EL | N/EL | | | | | | | | - | | |
| Activity 3: Urban waste water treatment | WTR 2.2 | 0.00 | 0.00% | N/EL | N/EL | EL | N/EL | N/EL | N/EL | | | | | | | | - | | |
| Operating expenditure of activities not eligible for the taxonomy (B) | | 29.42 | 93.29% | 93.29% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | 95.39% | | |
| **OpEx of Taxonomy Eligible activities (A.1+A.2)** | | 31.11 | 98.64% | 93.29% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | | | | | | | | 98.73% | | |
| **B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| Operating expenditure of activities not eligible for the taxonomy (B) | | 0.43 | 1.36% | | | | | | | | | | | | | | | | |
| **Total** | | 31.54 | 100% | | | | | | | | | | | | | | | | |

| | PROPORTION OF OPEX/TOTAL OPEX | |
|---|---|---|
| | ALIGNED FOR THE TAXONOMY | ELIGIBLE FOR THE TAXONOMY |
| CCM | 5.35% | 93.29% |
| CCA | 0.00% | 0.00% |
| WTR | 0.00% | 0.00% |
| CE | 0.00% | 0.00% |
| PPC | 0.00% | 0.00% |
| BIO | 0.00% | 0.00% |

## Information referred to the Annex XII IDD EU Delegated Regulation 2021/2178

If financial or non-financial firms do not engage in, finance or are not exposed to an activity listed in rows 1 to 6 of Template 1 of Annex XII to the IDD, they must enter "No" to the questions in the following template. Furthermore, by answering "No" to all questions, this implies the possibility of omitting to complete and provide disclosure for Templates 2 to 5 of that Annex for the respective applicable KPIs.

### TEMPLATE 1 - NUCLEAR AND FOSSIL GAS ACTIVITIES

| ROW | NUCLEAR ENERGY RELATED ACTIVITIES | |
|---|---|---|
| **1.** | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | NO |
| **2.** | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | NO |
| **3.** | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades | NO |
| | FOSSIL GAS RELATED ACTIVITIES | |
| **4.** | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | NO |
| **5.** | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | NO |
| **6.** | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | NO |

# RISK MANAGEMENT

The Piaggio Group has launched an Enterprise Risk Management (ERM) project aimed at defining and implementing a structured and integrated system for the detection, measurement and management of corporate risks in line with existing best practices on the subject. During 2023, as part of the updating of the Group's risk profile, 204 risk scenarios were identified, divided into 26 categories, which in turn were aggregated into 4 first-level macro-categories (External, Operational, Financial, Strategic Risks), through the involvement of corporate managers at the level of the entire Group. In this context, issues related to environmental, social, personnel-related, human rights and anti-corruption aspects were also examined.

## Environment

The analysis refers to the actual and potential effects of the Group's operations on the environment, considering, for example, energy consumption, atmospheric emissions, the impact of noise, discharge and waste disposal processes, using and safeguarding natural resources and protecting biodiversity, as well as environmental compliance aspects in a national and international dimension.
Greenhouse gases (mainly $CO_2$) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.
Piaggio's commitment to reducing emissions is also confirmed by the preparation of the Decarbonisation Plan in December 2023, in which the Group has committed to implementing concrete actions to help achieve the climate objectives set by the European Union.
Although the structure of Piaggio's production sites has been designed to run on energy from fossil fuels, the Group optimises the management of existing plants to achieve reductions in consumption, installing solar panels for example. The level of consumption is monitored on a daily basis inside the production sites.
In the past, soil remediation was necessary due to the historical contamination of sites: the pollutants found had not been used by the plants for several decades, proving the historical origin of the event. Other cases of soil contamination have never affected the Group's activities: classification, management and transport of the waste generated are carried out in compliance with sector regulations.
The volume of water used in the production process is monitored monthly, to safeguard conservation; a part of the water drawn is reused.
Lastly, it should be noted that all Piaggio sites have ISO 14001 environmental certification and investments are made each year to reduce the environmental impact of production sites.
Despite a considerable risk level, in line with other industry operators, control measures adopted significantly reduce environmental risks.

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

In regards to the risk of suffering physical damage due to extreme climate events, it has been found that Group sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales.
The Group manages this risk through the continuous renovation of facilities, and by taking out specific insurance cover for various sites according to their relative importance.

## Personnel

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

## Social

The social dimension includes aspects related to the relationship between Piaggio and consumers, as well as the effects of the business on the community.
With reference to the first aspect, product quality and reliability are essential and determining characteristics in order to achieve and guarantee customer satisfaction and safety. In the 'Product - Operational Risks' category, risk scenarios related to potential product failures have been mapped. To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Group is also committed to being awarded and maintaining certification of its quality management systems at global level (ISO 9001).
In addition, Piaggio faces risks associated with a level of service quality that is not in line with customer needs, due to causes attributable to the sales/after-sales service network. To mitigate these risks, the Group has contractually defined compliance with technical and professional standards and put in place periodic performance monitoring measures.
The Group is committed to redistributing part of the economic value generated to support social solidarity and local promotion initiatives.
In 2023 the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver[49]- continued. Thanks to the help of partners and supporters, the association has allocated over $750 million for the Global Fund, for the fight against AIDS and pandemics. Aid from (RED) to the Global Fund has impacted over 245 million lives through prevention activities, treatment, counselling, HIV testing and care services. Since it began working with (RED) Piaggio has raised over USD 1.5 million for the Global Fund. This year the partnership was renewed for another two years (01/01/2024 - 31/12/2025). The Vespa (RED) product range, which includes the Vespa Primavera (RED) and Vespa Elettrica (RED), remains unchanged; the Vespa (RED) Merchandising range will instead be renewed and launched on the market in 2024.
At the 'Aprilia All Stars' event held at Misano at the end of May, the Piaggio Group donated 200,000 euro to the Civil Defence of Emilia-Romagna, which was hit by flooding.
For the emergency caused by the floods of 2 November in Tuscany, the Piaggio Group, at its Board meeting on 15 December 2023, decide to donate 250,000 euro to the "Restart Fund" set up by the Municipality of Pontedera.
The charity initiative to support the educational and rehabilitation activities of disabled children assisted by the non-profit organisation "Casa del Sole Onlus" in Mantua was also renewed, with a donation of €20,000. In particular, in 2023, the initiative, now in its 16th edition, supported the 'New Day Centre for the Disabled Casa del Sole' project for girls and boys with disabilities, assisted by the Casa del Sole Onlus.
In the field of international cooperation, €45,000 was also donated to ISPI (Institute for International Policy Studies), €10,000 to

49. https://www.red.org

AIICP (Italy India Association for Cooperation between the Two Countries) and €3,000 to IJBG (Italy Japan Association).
Through the Piaggio Foundation and the Piaggio Museum, numerous cultural, scientific and artistic initiatives (i.e. exhibitions, conferences, events) are organised.
The Vietnamese subsidiary took part in projects to support local associations working with needy families and education for young children.
The Indian subsidiary has focused its efforts on social projects that generally concern water and sanitation, education, and women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the plant.

## Human Rights

As set out in the Code of Ethics, adopted in 2004 and updated in 2023, Piaggio explicitly prohibits any form of discrimination and forced labour. This Code, which clearly and transparently defines the principles and values by which the entire company organisation is inspired, has been widely disseminated among all subsidiaries and included in the general conditions of supply which it requires its suppliers to sign.
To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any suspected misconduct.
The Whistleblowing Policy, which was initially developed for the Group's Indian company, aims to provide a safe channel for employees and other stakeholders to report any violations they become aware of in the context of their employment relationship. To this end, in accordance with Act 179/2017, a section was introduced to set out the Whistleblowing regulations aimed at protecting employees who report wrongdoing and irregularities they have become aware of during their employment relationship.
In addition, Piaggio has set up a reporting channel that can be contacted to provide information on serious unlawful acts relating to violations of the law and/or the internal control system (e.g. Code of Ethics, Organisational Model pursuant to Legislative Decree 231/2001, internal policies and procedures), which have occurred or are very likely to occur within the organisation.
Due to the relevance and specific aspects of the Indian market, the Code of Business Conduct & Ethics, the Whistle Blower Policy and the Policy on Prevention of Sexual Harassment of women at the workplace are in force at the local affiliate, to prevent incidents of sexual harassment within the plant.
As a result of the prevention and control mechanisms set out in the Code of Ethics and implemented by all the Group's subsidiaries, no risk scenarios relating to the violation of human rights were reported.

## Fighting corruption

The issue of fighting both active and passive corruption comes under the risk categories of 'Internal/External wrongdoings' of the risk model implemented by the Group. Piaggio states in its Code of Ethics that it is strictly forbidden to engage in any corrupt practices, to request and/or grant favours, to engage in any collusive behaviour, to solicit, directly/indirectly and/or through third parties, personal advantages of any kind for oneself and/or others, material benefits and/or any other advantage of any kind for third parties.
Moreover, to protect against possible administrative liability deriving from the commission of the offences contemplated in Legislative Decree 231/2001, Piaggio has adopted a Compliance Programme (Organisational, Management and Control Model) in accordance with current legislation and provides for updates to the Model and training on compliance issues pursuant to the aforesaid Decree.
A series of processes, procedures, roles and responsibilities are defined to pursue the above-mentioned objective, both with reference to negotiations/trade relations with the Public Administration and with private parties. The control environment briefly described above reduces the risks relating to the occurrence of active/passive corruption to a negligible residual level.

| MATERIAL TOPIC | RISK | CONTROLS |
|---|---|---|
| Climate change | Air pollution attributable to:<br>– uncontrolled greenhouse gas emissions<br>– uncontrolled emissions of Volatile Organic Compounds (i.e. paint solvents)<br>– reduced number of infrastructural interventions/ initiatives aimed at reducing energy consumption/requirements<br>– reduction of permitted vehicle emission levels | – ISO 14001 environmental certification<br>– Infrastructure improvements to rationalise energy use<br>– Plans to audit and monitor energy consumption<br>– Development of alternative engines (i.e. hybrid/ electric)<br>– Preparation of a decarbonisation plan in which targets were defined |
| Waste management | Soil/water pollution attributable to:<br>– Failure to classify/ characterise waste<br>– Uncontrolled spills and discharges into the sewer system | – ISO 14001 environmental certification<br>– Waste water treatment |
| Conserving water resources | – Uncontrolled use of water resources | – ISO 14001 environmental certification<br>– Plans for testing and controlling water use |
| Developing human capital | – Lack of skills and professionalism necessary for the implementation of strategic/business objectives<br>– Loss of key personnel<br>– Tensions in the company's relations with trade union representatives | – Mapping of key competences/professionals and definition of appropriate retention plans<br>– Training and refresher courses<br>– Performance review systems<br>– Relations with trade unions and workers' representatives based on attention, dialogue and understanding |
| Health and Safety | – Accidents to workers/onset of occupational diseases | – ISO 45001 certification<br>– Periodic training in occupational health and safety<br>– Personal Protective Equipment and Operating Instructions |
| Product innovation | – Low level of technological innovation in the product range<br>– Reduced recyclability/recoverability of end-of-life vehicles<br>– Use of environmentally harmful materials/ substances<br>– Regulatory measures to limit the transit of internal combustion vehicles in order to reduce the level of emissions | – Market analysis<br>– Significant investment in research and development<br>– Development of alternative engines (i.e. hybrid/ electric)<br>– Product compliance with Regulation (EC) No 1907/2006 (REACH) and Directive 2000/53/ EC on end-of life vehicles<br>– Use of environmentally friendly and recyclable materials<br>– Monitoring the regulatory framework |

| MATERIAL TOPIC | RISK | CONTROLS |
|---|---|---|
| Product safety and reliability | Product defects due to causes attributable to:<br>- Errors/omissions by suppliers<br>- Errors/omissions during product development<br>- Errors/omissions during manufacturing/assembly<br>- Errors/omissions during quality control | - Supplier audits<br>- Performing product tests at different stages of the production process<br>- ISO 9001 Quality Certification |
| Customer Satisfaction | Level of service quality provided that is not in line with the customer's needs, for reasons attributable to:<br>- Sales network / after-sales service (e.g. long diagnostic/delivery times, use of non-original spare parts etc.)<br>- Reduced reach of the sales/after-sales network<br>- Range of products offered not in line with market requirements | - Customer satisfaction analyses and development of action plans in the case of the identification of improvement points with reference to the service provided by the network<br>- New computerisation systems to improve sales network control/after-sales service activities and the level of customer service offered<br>- Monitoring of KPIs on the quality of after-sales services<br>- Geo-marketing system for optimal territory coverage via the network |
| Responsible management of the supply chain | - Suppliers that do not comply with the principles of environmental sustainability (e.g. with regard to energy consumption, atmospheric emissions, waste management, protection of water resources, protection of biodiversity, etc.)<br>- Suppliers that do not comply with the principles of social sustainability (e.g. with regard to human resources development, freedom of association and collective bargaining, child labour, forced labour, industrial relations, occupational health and safety, support for local communities, charity activities, etc.)<br>- Violation of the Group Code of Ethics by suppliers | - ISO 14001 certification ensures higher scores in supply audits<br>- Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products |
| Supporting local communities | - Reduced number of initiatives aimed at the development of the territory in which the Group operates and the promotion of social inclusion values (e.g. partnerships with non-profit/non-governmental organisations, voluntary organisations, etc.) | - Organisation of events at the Piaggio Museum<br>- Piaggio Foundation Cultural Project<br>- Charity and sponsorship activities |
| Respect for human rights | - Incidents of discrimination or exclusion of an employee for reasons such as age, culture, ethnic background, religion, political opinion, marital status, gender, physical ability, sexual orientation<br>- Violation of the Group Code of Ethics by suppliers | - Prohibition of any form of discrimination, harm to personal dignity within the Code of Ethics<br>- Adoption of tools, including organisational tools, to ensure compliance with the principles in the Group's Code of Ethics<br>- Whistleblowing Platform and Whistleblowing Policy<br>- Policy of Prevention of Sexual Harassment of women at the workplace (India)<br>- Piaggio requires its suppliers to sign general supply conditions that specifically refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sales cycle of its products |

| MATERIAL TOPIC | RISK | CONTROLS |
|---|---|---|
| Business integrity | - Unlawful act of collusion/corruption by employees<br>- Information contained in mandatory financial disclosures (e.g. annual report, half-yearly report, interim report on operations) / the NFS which is untruthful<br>- Non-disclosure/ delayed disclosure of relevant information to the market | - Endorsement of the Group's Code of Ethics<br>- Adoption of tools, including organisational tools, to ensure compliance with the principles in the Group's Code of Ethics<br>- Whistleblowing Platform and Whistleblowing Policy<br>- Externally audited mandatory financial information<br>- Non-Financial Statement externally audited<br>- Formal declaration of a commitment by all corporate functions to achieve the established sustainability targets and annual reporting of any gaps with results actually achieved<br>- Constant and timely updating of the website with information about the Group and the most important corporate documents |
| Creation of economic value | Failure to achieve the growth targets set, due to causes attributable to:<br>- competitive dynamics<br>- sales network<br>- political/macroeconomic instability in the countries in which the Group | - Brand positioning initiatives and expansion of the product range<br>- Rationalisation of the sales network based on current and future expectations<br>- Creation of a new retail model being developed worldwide<br>- Diversification of markets<br>- Monitoring of developments in the regulatory framework and macroeconomic dynamics in the countries where the Group operates |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# SUSTAINABILITY GOVERNANCE

For an in-depth and detailed analysis of Piaggio & C.'s Corporate Governance system, please refer to the Report on Corporate Governance and Ownership Structure for the year ending 31 December 2023, available on the website **www.piaggiogroup.com** in the Governance section.

The provisions of the Articles of Association of the Parent Company regulating the composition and appointment of the Board (Article 12) were last amended by a resolution of the Board of Directors on 28 January 2021, drafted by public deed and adopted pursuant to the provisions of Article 2365 of the Italian Civil Code and Article 17 of the Articles of Association, in order to align them with the regulations on gender balance in the composition of the board of directors set forth in Article 147-ter, paragraph 1-ter of the Consolidated Law on Finance, as most recently amended by Law 160/2019, as well as with the new text of Article 144-undecies.1 of the Issuers' Regulation.

The current Board of Directors consists of 9 members, 4 of whom are women (44%). 33% of its members are under 50 years of age. It should be noted that on 1 September 2023, the Board of Directors of Piaggio & C. S.p.A., following the death of Chairman and Chief Executive Officer Roberto Colaninno, appointed Matteo Colaninno as Executive Chairman and Michele Colaninno as Chief Executive Officer.

It should be noted that, in accordance with Article 3, Recommendation 13 of the Corporate Governance Code, the Board of Directors' Meeting held on 15 April 2021 also appointed a Lead Independent Director from among the Independent Directors with the functions referred to in Recommendation 14 of the Code hereunder.
Piaggio has adopted a specific governance structure that is inspired by international best practices in line with the principles and recommendations set out in the Code of Corporate Governance and which encompasses all corporate, decision-making and operational processes along the entire value chain.
The Board of Directors reviews and approves strategic, industrial and financial plans, including the annual budget and Business Plan of the Group, which integrate the main guidelines to promote a sustainable business model and lay the foundations for long-term value creation. The Board defines the sustainability strategy, the Sustainability/Decarbonisation Plan and approves the Consolidated Non-Financial Statement pursuant to Legislative Decree 254/16 (NFS). It also periodically monitors the implementation of the business plan and assesses the general performance of operations, periodically comparing results achieved with those planned. It also defines the nature and level of risk compatible with the Company's strategic objectives, including in its evaluations all elements that may be relevant in view of sustainable success. In particular, the Board of Directors, for the purposes of sustainability governance, entrusts the Executive in charge of financial reporting with the preparation of the NFS, ensuring that he has adequate powers and means to perform the tasks assigned to him, examines and approves the materiality analysis previously conducted (following prior sharing with the Audit, Risk and Sustainability Committee) and examines and approves the NFS, which, as an integral part of the Group's Consolidated Financial Statements, is then submitted to the Shareholders' Meeting.

- The Audit, Risk and Sustainability Committee, in addition to supporting the Board of Directors' assessments and decisions on the internal control and risk management system, advises the Board of Directors on sustainability issues:
  - examining and assessing sustainability issues related to business operations and the dynamics of interaction with stakeholders;
  - examining and assessing the data collection and consolidation system for the "Consolidated non-financial statement" pursuant to Legislative Decree 254/2016. In particular, the aforementioned Committee examines in advance the materiality sheet, the results of which, illustrated to the Committee, are taken as reference for the identification of the most relevant topics for the purposes of preparing the Non-Financial Statement;
  - examining in advance the 'Consolidated Non-Financial Statement' referred to in Legislative Decree 254/2016, formulating an opinion for approval by the Board of Directors;
  - monitoring the Company's positioning on sustainability issues, with particular reference to its placement in ethical sustainability indices;
  - expressing opinions on any further sustainability issues at the request of the Board of Directors.
- The Executive in Charge of Financial Reporting prepares the Non-Financial Statement with the support of the CSR Manager, who first shares it with the Ethics Committee and the Audit, Risk and Sustainability Committee, before submitting it to the Board of Directors for approval.
- The CSR Manager on behalf of the Executive in Charge of Financial Reporting manages, through the 'Consolidated Financial Statements and Sustainability' Function, all activities in the field of sustainability: the definition of sustainability lines and monitoring of progress, preparation of reports, relations with international bodies on the subject.
- The Ethics Committee aims to develop organisational rules and conduct strategies in line with international best practices in the field of Corporate Social Responsibility and, with specific regard to sustainability governance, examines in advance the

'Consolidated Non-Financial Statement' referred to in Legislative Decree 254/2016.

At the beginning of 2024, the Board of Directors of Piaggio & C. S.p.A., together with the members of the Board of Directors of Immsi S.p.A., which exercises management and coordination activities over the Company, took part in a Group induction session dedicated to the issue of sustainability, discussing ESG issues of common interest in depth, an encouraging active participation from all Directors.

Finally, in 2023, the Piaggio Group adopted a Manual for the drafting of the NFS, first presented to the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, and subsequently approved by the Board of Directors on 26 January 2023. This methodological tool, also available on the company intranet, was taken as a reference for drafting this non-financial reporting. It briefly describes the roles, responsibilities and information flows relating to the reporting process and governs, inter alia:

- the responsibilities, resources and powers assigned to the Board of Directors in order to enable it to perform the functions assigned to it by law;
- the rules of conduct to be observed, as well as the roles and responsibilities attributed to the company Departments/Functions involved, in various capacities, in activities to prepare, distribute and verify market disclosure;
- the guidelines that must be applied within Group companies and the responsibilities attributed to the managers of main subsidiaries that transmit non-financial information to Piaggio, since this is a consolidated Group report;
- the verification activity delegated by the Executive in charge of financial reporting to the Internal Audit.

In accordance with the Manual, the non-financial reporting process involved various positions: the persons responsible for the collection, verification and processing of relevant KPIs, identified within the structures involved in the reporting process, the CSR Manager responsible, among other things, for the consolidation of the results, entrusted by the Executive in charge of financial reporting to coordinate the entire process for the collection and processing of quantitative indicators, as well as the preparation of the Group's draft Non-Financial Statement.

During the year, the company started a project to analyse the new disclosures that will become mandatory following the entry into force of the Corporate Sustainability Reporting Directive, starting from the 2024 financial statements.

## Remuneration policy and remuneration of the highest governing body

The Company's Remuneration Policy - and, in particular, the policy on variable remuneration components - contributes to the Company's strategy and the pursuit of its long-term interests and sustainability. The main subjects and bodies involved in the preparation, approval and review of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors. The Board of Directors is responsible for implementing the Remuneration Policy; the Remuneration Committee, composed of non-executive and independent directors, among other things, makes proposals, general recommendations to the Board of Directors on remuneration. The Shareholders' Meeting, among other things, is called upon to cast its binding vote on the Remuneration Policy.

The remuneration of key directors and executives, where identified, is defined in such a way as to ensure an overall remuneration structure capable of recognising the professional value of the individuals involved and to allow for an adequate balance of fixed and variable components, with the aim of creating sustainable value in the medium and long term and to ensure a direct link between remuneration and specific performance objectives.

The variable component of executive directors' remuneration is also determined by referring to sustainability targets and results (10%).

For more details on the determination of remuneration (fixed and variable part) of key Directors and Managers, please refer to the Report on the remuneration policy and remuneration paid, published pursuant to Article 123-ter of the Consolidated Law on Finance on the Company's website **www.piaggiogroup.com** in the "Governance - Management" section.

## Annual total remuneration ratio

The ratio of the annual total remuneration of the highest paid person to the median of the annual total remuneration of all Group employees excluding the aforementioned person is 57.7[50].

The same ratio calculated last year was 60.7.

The change is due to the fact that the median value for 2023 was 5% higher than the previous year.

50. It is specified that for reasons of uniformity with the past year in the calculation of the ratio, the theoretical annual value was used for the role of the highest paid, even though the aforementioned person passed away in the course of 2023.

## The system for responsible business management

In pursuing its mission, the Group has put in place appropriate instruments, including organisational tools, to respect environmental and social values.

## Code of Ethics

Since 2004, Piaggio & C. has adopted a Code of Ethics as part of the Organisational Model pursuant to Legislative Decree 231/2001. The Code of Ethics was last updated and approved by the Board of Directors in 2023 with the introduction of new articles on the following topics: antitrust and competition; personal data protection; ESG; whistleblowing.
The company undertakes in the Code to recognise and ensure respect for the principles that protect human rights shared at international level and expressed in international conventions: in particular, respect for personal dignity, the rights of the person and the prohibition on all forms of discrimination.
These principles, already present in the company as they are a part of the Code of Ethics, have been made explicit, in order to bring the code into line with the social and ethical values inspiring the Piaggio Group's activities.
In addition, the Company annually issues a Modern Slavery statement, aimed at ensuring that the Group's activities comply with the regulations of the Modern Slavery Act 2015 enacted by the UK Parliament, compliance with which is required of all companies operating in the United Kingdom.
The Code of Ethics, available on the Company's website (**www.piaggiogroup.com**/Governance), is in force at all Group companies and clearly and transparently defines the principles and values inspiring the entire company organisation:
- compliance with the laws of the states where Piaggio operates;
- rejection and condemnation of unlawful and improper behaviour;
- prevention of violations of the law, a constant search for transparency and fairness in business management;
- the pursuit of excellence and market competitiveness;
- respect, protection and enhancement of human resources;
- the pursuit of sustainable development with respect for the environment and the rights of future generations.

The Group's Code of Ethics defines the ethical and social responsibilities of each member of the corporate organisation. In particular, it sets out the ethical and social responsibilities of senior management, middle management, employees and suppliers, to prevent irresponsible or unlawful behaviour by those operating in the name and on behalf of Group companies.
The articles of the Code of Ethics also set out an important principle regarding the way in which it manages relations with politics: "The Company does not make contributions, provide advantages or other benefits to political parties and workers' trade union organisations, nor to their representatives or candidates, subject to compliance with applicable legislation".
All employees are required to sign and comply with the Code of Ethics. In addition, Piaggio requires its suppliers to sign general supply conditions that expressly refer to the Group's Code of Ethics or require an explicit commitment to comply with laws on the environment, pollution, health and safety and respect for workers' rights, so as to ensure compliance with its ethical values throughout the production and sale cycle of its products.
Pursuing its constant commitment to improving corporate governance, the Company has also modernised and strengthened its internal reporting channel, which can be reached online at: https://www.piaggiogroup.com/it/governance/codice-etico ('Channel').
The Channel was created to allow those in good faith to safely share any information concerning serious offences relating to violations of the law and/or the internal control system (e.g. Code of Ethics, Model, internal policies and procedures), which have occurred or are very likely to occur in the organisation. The Company has also issued the 'Piaggio Group Whistleblowing Policy' which, inspired by the principles outlined in the Code of Ethics, establishes the general and fundamental principles for promoting responsible and safe whistleblowing practices. This Policy can be consulted on PiaggioNet in the section "Company" - "Model 231 and Code of Ethics" - "Piaggio & C." or - "Aprilia Racing", as well as on the corporate website(**www.piaggiogroup.com**), by accessing the "Home" page of the Internal Whistleblowing Channel, which can be reached at the above address.
The alternative internal channel, whereby reports may be submitted by letter addressed to the competent Supervisory Body or to the Whistleblowing Committee at the address: Viale Rinaldo Piaggio, 25 Pontedera (PI) 56025, Italy.
Based on the specific aspects and significance of India, the Indian affiliate has already adopted the following, for a number of years:
- the Code of Business Conduct & Ethics;
- a 'Policy on the Prevention of Sexual Harassment of Women at the Workplace' to prevent incidents of sexual harassment within the plant.

It should be noted that during 2023, an anonymous report was received concerning an alleged violation of the non discrimination practices contained in the Group's Code of Ethics by an employee of Piaggio Vietnam, albeit outside the company perimeter.
In order to carry out an examination of what had been reported and in compliance with the principles of confidentiality, the Vietnamese

company promptly set up an ad hoc committee, composed of a representative of the HR function, the Legal function, and a trade union representative.
The employee named as the alleged perpetrator of the aforementioned violation was heard in a cross-examination and subsequently resigned, thus bringing the investigation to its natural ending.

## Organisational model pursuant to Legislative Decree 231/2001

Piaggio & C.'s internal control and risk management system is completed by the Organisational, Management and Control Model for the prevention of offences pursuant to Legislative Decree 231/2001 (the "Model"), which Piaggio & C. has adopted since 2004 and, most recently updated on 30 October 2023 with a resolution approved by the Board of Directors.
In compliance with Legislative Decree no. 24 of 2023, the Model has been amended and integrated with the new reporting system, referred to in the Piaggio Group Whistleblowing Policy. The scope of application of the rules has been broadened and the protections provided for whistleblowing cases have been strengthened. Reports may not only concern unlawful conduct relevant under Decree 231 and violations of the Model, but also violations of national law (administrative, accounting and criminal offences) and European law.
Within this framework, the role of the Supervisory Body has been defined, which remains the direct recipient of reports insofar as it is competent, as well as the recipient of information flows in accordance with the provisions of the Model and the dedicated company procedure.
The Model opens with the Code of Ethics, followed by the General Principles of Internal Control and the Guidelines of Conduct, and is divided into two parts.
The first, of a general nature, opens with an overview of the reference legislation, followed by an introductory part on the function of the Model and its operation within the Company; this is followed by the Disciplinary System and a description of the role, composition, operation and duties of the Supervisory Body.
The second part of the Model, called the 'special' section, formalises specific decision-making protocols to guide the company's activities in accordance with indications in the model, in relation to the individual groups of crimes which this section is divided into.
The Model, which is widely disseminated by e-mail to all Piaggio Group employees in Italy and published on the company intranet, is constantly monitored and periodically updated. The Group also organises e-learning training programmes for all employees excluding blue collar workers.
The general section of the Model is available on the institutional website(**www.piaggiogroup.com**) in the Governance/Governance System section.

## Social and environmental policies and guidelines

The Piaggio Group has adopted a policy system to ensure compliance with the principles of fairness, transparency, honesty and integrity in line with international standards on responsible business management.
The Group operates in different geographical, legislative and cultural contexts. Therefore, the application of policies and guidelines is left to individual companies through the issue of operational practices and procedures.

## Anti-corruption

As set out in the Code of Ethics, in pursuing its mission, the Group ensures, through the adoption of appropriate instruments, including organisational tools, an absolute prohibition on any practice of corruption, of requesting and/or granting favours, of any collusive behaviour, of solicitation, direct/indirect and/or through third parties, of personal advantages of any kind for oneself and/or others, of material benefits and/or any other advantage of any entity in favour of third parties, whether private or public, whether representatives of Italian or foreign governments.
In participating in public tenders or competitions organised by the Public Administration, as well as in any negotiation or contractual relationship stipulated/conducted both with the Public Administration and with private third parties, all parties involved must behave in good faith and in compliance with laws, correct business practice and regulations in force, as well as the relevant company procedures, avoiding any situation that may result in the violation of laws and/or principles of fairness and transparency in the performance of contract negotiations. These relations must only be entered into by persons previously and expressly authorised to do so, respecting their roles and in compliance with corporate procedures; adequate mechanisms must also be in place to trace information flows to the contracting party. Any request for advantages, any intimidating and/or coercive conduct, or harassment by an officer of the Public Administration or the third party contractor, even if a person has only become aware of them, must be reported immediately.

Managers of functions, which have regular contact with the Public Administration, must:
- give their staff instructions on how to act and operate in formal and informal contacts with various public entities, according to the specific aspects of their activity, transferring knowledge of the rules and awareness of situations at risk of offences being committed;
- provide adequate traceability mechanisms for official information flows to the Public Administration;
- maintain and require from those who have relations with the Public Administration a conduct characterised by fairness, transparency, traceability and good faith, in compliance with the roles and responsibilities assigned; observe, and ensure strict compliance, also specifically regarding relations with the Public Administration, with corporate procedures aimed at identifying and outlining in the abstract the functions and positions that are competent and delegated to enter into contact with the Public Administration, in compliance with corporate roles;
- make truthful, clear, complete and traceable declarations to public authorities, and produce complete, truthful and unaltered documents and data;
- behave in a correct and clear manner so as not to even potentially mislead counterparts. All consultants, suppliers, customers and anyone who has relations with the Group are committed to compliance with the laws and regulations in force in all countries where the Group operates.

No relationship will be entered into or continued with anyone who does not intend to observe this principle.
The appointment of such persons to act on behalf and/or in the interest of the Group in dealings with the Public Administration must be made in writing and include a specific clause binding them to comply with the ethics and principles of conduct adopted by the Group.

A conduct identical to that indicated with regard to relations with the Public Administration must also be maintained in relations with any private third party, such as suppliers, customers, competing companies, partners and/or any contractual counterparty.

When applying to the State or other public body or the European Union for contributions, subsidies or funding, all employees involved in such procedures must:
- behave in a fair and truthful manner, using and submitting complete statements and documents relating to the activities for which benefits may be legitimately claimed and obtained;
- once requested funding has been obtained, it must be allocated for the purposes for which it was requested and granted. The heads of the administrative/accounting functions must check that each operation and transaction is: legitimate, consistent, appropriate, authorised, verifiable; correctly and adequately recorded so as to allow for the verification of the decision-making, authorisation and performance process; accompanied by correct/authentic documentary support suitable to allow, at any time, checks on the characteristics and reasons for the operation and the identification of the person who authorised, carried out, recorded, and verified it.

It should be noted that no corruption incidents occurred during the reporting year.

## Guidelines for compliance with laws and regulations

Group companies must comply with local laws and regulations and conduct their operations in line with the Code of Ethics and its core values of honesty, integrity and respect for people. The Code of Ethics supports Piaggio's commitments to be responsible and respectful and helps staff and contractors make informed, ethical and legal decisions. Suppliers all over the world who wish to do business with Piaggio must sign for acceptance the Group's general terms and conditions of supply, which include the Code of Ethics, thereby assuming their contractual obligation to comply with its principles and requirements, including in terms of respect for human rights and the protection of lawfulness in their activities.
In 2023 no infringement proceedings have been opened against the Piaggio Group for breach of anti-competition and anti-trust laws.
At 31 December 2023, there were no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotions and sponsorship.
For a detailed description of outstanding disputes related to non-compliance with laws or regulations, please refer to section 50 of the Notes to the Consolidated Financial Statements. In this section, significant disputes for the Group are analysed. Considering that any lawsuits deemed to be specious and, in any case, those with potential damages of less than €200,000 are excluded a priori, the lawsuits deemed significant are reported as a result of applying a quantitative criterion (threshold of €1.5 million) combined with a qualitative criterion (insurance cover, risk of losing the case, subject of the lawsuit, its serial nature, etc.), so that even cases with a value below the quantitative threshold could be reported in light of their specific nature and cases with a value above the quantitative threshold might not be reported if the risk of losing the case was remote and/or were covered by an insurance policy.
Finally, it should be noted that no new significant litigation cases were opened during 2023. During the year, payments of €/000 2,614 were made for disputes, closed or still pending, all relating to reporting periods prior to 2023.

## Guidelines for the respect of human rights

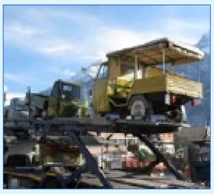
The Piaggio Group complies with the Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 and the Declaration on Fundamental Principles and Rights at Work adopted by the International Labour Organisation in 1998.
It recognises the importance of its role in condemning any violation of human rights, and to this end continuously improves and adapts the policies and instrumental controls it has in place to prevent any potential violation that could affect the Group or its supply chain.
Group companies comply with national and international laws and regulations and conduct their business in accordance with the Code of Ethics. Suppliers around the world who wish to do business with Piaggio must sign the Group's general conditions of supply, which include the Code of Ethics, and must adopt its values.
Piaggio considers the proper practice of whistleblowing to be a key component in ensuring the effectiveness of its compliance programmes and is committed to ensuring that all of its activities are conducted ethically and with the highest integrity. All persons in contact with the organisation as part of their work activities play a key role in reporting and preventing violations of laws, procedures and internal policies and in maintaining the highest standards of ethical, moral and legal conduct. For this reason, the Company encourages its employees and anyone who has a working relationship with the organisation to report any suspicions of misconduct, with the guarantee of full confidentiality. No retaliatory measures against the reporting person or persons close to him/her will be tolerated.

# THE ENVIRONMENTAL DIMENSION

Piaggio has organised its processes and activities through a management system for Quality, the Environment and Occupational Health and Safety, to guarantee a sustainable development model that ensures not only lasting success but also the satisfaction of stakeholders' expectations (investors, shareholders, employees, suppliers, social community, public administration).
One of the key points of the Group's Policy, set out by top management and which forms the basis for the environmental certification processes (ISO 14001) already undertaken and maintained at the various production sites, and an essential reference for all companies wherever they operate, is Environmental Sustainability, intended as the capacity to safeguard natural resources and the ecosystem's ability to absorb the direct and indirect impacts generated by production activities.
The renovation project at the Mandello del Lario site reflects the Group's constant focus on environmental sustainability and efficient use of resources. The new buildings will be constructed using the existing volumes, with a choice of materials focused on an efficient management of energy resources, photovoltaic systems and low environmental impact materials.
In particular, Piaggio is committed to reducing the environmental impact of its industrial activities through careful definition of product design, the technological processing cycle and the use of the best technologies and most modern production methods. The pursuit of these eco-friendly objectives generates a path of continuous improvement in environmental performance that is not limited to the production phase, but embraces the entire product life cycle.
The phases of a vehicle's life cycle that determine the greatest environmental impacts can be summarised as follows:

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

In the production phase, the greatest impacts are related to the consumption of electricity and natural gas which results in direct and indirect $CO_2$ and other emissions, water consumption mainly related to painting, and the amount of waste produced. All these impacts are monitored and reported on in the following pages.



In the distribution phase, the impact stems from the fuel consumption of vehicles used to transport finished products, spare parts and accessories. Piaggio is assessing how to estimate these impacts, which are currently not monitored due to the difficulty in obtaining data.

In the customer use phase, the impact derives from the fuel consumption of vehicles and the eventual disposal of consumables and worn components. Although these impacts are difficult for the Group to monitor, Piaggio has made estimates to calculate Scope 3 emissions resulting from the use of products sold. Piaggio promotes a safe and responsible riding behaviour and studies vehicles that are increasingly environmentally friendly.

Finally, in the decommissioning phase, the impact derives from the activity of dismantling the various components for recovery or disposal. All vehicles are designed for effective end-of-life disposal. Group vehicles have a particularly long life. The Vespa maintains a high second-hand value and is collected by a large group of enthusiasts.

The following sections provide quantitative evidence of the Group's commitment to mitigating the environmental impacts of conducting its business.
The initiatives implemented and objectives for a future focus address the following areas:

- maintenance of environmental certifications for all plants;
- reduction of energy consumption;
- reduction of $CO_2$ emissions and other pollutants;
- conservation of water resources;
- waste management and recovery;
- absence of soil contamination;
- logistics.

It should be noted that the data in the following tables refer only to production plants. The Group also operates through commercial companies (distributors and selling agencies) and research centres located in the various reference markets. The consumption of natural resources of these locations is not currently reported as the data are not significant on the whole and cannot always be measured. In fact, most of these activities operate in buildings that they do not own and where services are shared with other tenants.

To confirm the above commitments, the Piaggio Group has defined a set of measures in its decarbonisation plan, detailed above, that will contribute to reducing Scope 1, 2 and 3 $CO_2$ emissions by 2030 and achieve zero emissions 2050.

## Environmental management system

The Piaggio Group has defined a specific organisational structure to pursue environmental sustainability objectives at its production sites.
For sites located in Italy, the responsibilities and roles of the Environmental Management System (EMS) with the Organisational Units/Functions involved are indicated in the Quality, Environmental, Health and Safety Management Systems Manual.

### THE ENVIRONMENTAL ORGANISATIONAL STRUCTURE OF THE PIAGGIO GROUP'S ITALIAN SITES

| | ENVIRONMENTAL MANAGEMENT SYSTEM |
|---|---|
| Management Representative | Quality System Manager |
| Management System Manager | General Plant Manager |
| Coordination and control | Environmental Manager |
| Audit | Process Auditor (Internal Auditor) |

The Environmental Management System Manager reports to the Processes Quality System & Cost Engineering Management Representative on the performance of the Management System and any needs for improvement. The Head of the Environmental Management System - the General Plant Manager, has a notarised power of attorney to oversee relevant obligations, while the Environmental Managers are selected by the Head of the Environmental Management System and appointed by the latter after obtaining a favourable opinion of the Head of the Department to which the appointee belongs.
The subsidiaries in Vietnam, Indonesia and India (PVPL) have EHS (Environment Health and Safety) teams dedicated full-time to environment, health and safety, with well-defined roles and responsibilities. The EHS team at Piaggio Vietnam is led by the Technology and Maintenance Manager, who reports to the Director of Operations, and a full-time resource oversees the management of environmental issues.
Piaggio Indonesia's EHS team, coordinated by the Human Resources Manager and supported by technical resources from the Operations Department, ensures compliance and awareness of the importance of EHS issues.
PVPL's environmental team, consisting of managers, engineers and operators, is within the Maintenance function and reports to the Director of Operations.

## Environmental certification

For several years now, the Piaggio Group has been implementing an environmental management system at its sites that complies with the UNI EN ISO 14001 international standard. In 2023, this certification was also obtained by the Indonesian production site opened in 2022.

## Energy consumption

Although the structure of the Group's production sites is designed on the basis of power sources that use energy from fossil fuels, Piaggio nevertheless tends to optimise the management of existing plants in order to reduce consumption. The Group's policy is to optimise plant management and minimise energy waste. In more complex activities, in particular, having an extensive monitoring network for the main energy vectors is a decisive factor in achieving noticeable results. This is the case at the Pontedera plant, where a decisive step was already taken in 2016 to research and reduce energy waste thanks to the implementation of the Smart Metering system, which makes the consumption measured by more than 90 meters in the area usable, observable, comparable in almost real time (with a 3-hour delay) and analysable. In addition, when reorganising plants or restructuring them, the Technologies Department carries out assessments and studies to introduce machinery and methodologies that minimise environmental impact.
With this in mind, the Group is studying the construction of new photovoltaic energy production plants to meet part of the energy needs of the Pontedera and Mandello del Lario sites and expand the existing plant at Baramati.

### ENERGY CONSUMPTION OF PIAGGIO GROUP PLANTS[51]

| | | PONTEDERA | NOALE AND SCORZE' | MANDELLO DEL LARIO | BARAMATI | VINHPHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Electricity (Thousands KWh) | Renewable 2023 | - | - | - | 1,473 | 3 | - | 1,476 |
| | Non-renewable 2023 | 28,143 | 3,857 | 587 | 14,932 | 15,284 | 347 | 63,150 |
| | Total 2023 | 28,143 | 3,857 | 587 | 16,405 | 15,287 | 347 | 64,626 |
| | Renewable 2022 | | | | 373 | 3 | | 376 |
| | Non-renewable 2022 | 31,373 | 4,227 | 896 | 17,931 | 19,817 | 283 | 74,528 |
| | Total 2022 | 31,373 | 4,227 | 896 | 18,304 | 19,820 | 283 | 74,904 |
| | Delta 2023-2022 | -10.3% | -8.8% | -34.5% | -10.4% | -22.9% | 22.3% | -13.7% |
| Methane/Natural Gas ($Sm^3$) | 2023 | 3,753,606 | 280,029 | 172,804 | | | | 4,206,439 |
| | 2022 | 4,523,727 | 341,944 | 192,274 | | | | 5,057,945 |
| | Delta 2023-2022 | -17.0% | -18.1% | -10.1% | | | | -16.8% |
| GPL (Tons) | 2023 | | | | 1,029 | 19 | | 1,049 |
| | 2022 | | | | 1,135 | 40 | | 1,176 |
| | Delta 2023-2022 | | | | -9.3% | -52.1% | | -10.8% |
| Diesel (Litres) | 2023 | 3,076 | 345 | 0 | 15,917 | 573,010 | | 592,348 |
| | 2022 | 1,824 | 395 | 120 | 14,994 | 912,243 | | 929,576 |
| | Delta 2023-2022 | 68.6% | -12.7% | -100.0% | 6.2% | -37.2% | | -36.3% |

| IN GJ[52] | | ELECTRICITY | METHANE/ NATURAL GAS | GPL | DIESEL | TOTAL |
|---|---|---|---|---|---|---|
| Plants | 2023 | 232,655 | 149,148 | 48,086 | 21,151 | 451,040 |
| | 2022 | 269,653 | 178,733 | 53,915 | 33,610 | 535,910 |
| | Delta 2023-2022 | -13.7% | -16.6% | -10.8% | -37.1% | -15.8% |

51. Some values are estimates. It is specified that the Group did not purchase energy from renewable sources certified through guarantees of origin.
52. Energy and fuel consumption data expressed in GJ are calculated using the conversion standards proposed in the table of standard parameters published by ISPRA and the Ministry of the Environment and Energy Security (MASE) for 2023 and 2022. For electricity, the standard coefficient 1 KWh=0.0036 GJ was used instead.

### FUEL CONSUMPTION FOR COMPANY CARS AND TEST VEHICLES[53]

| | | PONTEDERA | NOALE AND SCORZE' | MANDELLO DEL LARIO | BARAMATI | VINHPHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Petrol (litres) | 2023 | 122,232 | 120,958 | 40,460 | 128,541 | 124,954 | 2,879 | 540,024 |
| | 2022 | 127,346 | 148,475 | 40,251 | 155,489 | 144,658 | 1,450 | 617,669 |
| | Delta 2023-2022 | -4.0% | -18.5% | 0.5% | -17.3% | -13.6% | 98.5% | -12.6% |
| Methane/Natural Gas ($Sm^3$) | 2023 | 0.4 | | | | | | 0.4 |
| | 2022 | 71 | | | | | | 71 |
| | Delta 2023-2022 | -99.5% | | | | | | -99.5% |
| GPL (Tons) | 2023 | 2 | | | 0.1 | | | 2 |
| | 2022 | 0.0 | | | 0.3 | | | 0.3 |
| | Delta 2023-2022 | 100% | | | -73.5% | | | 480.2% |
| Diesel (Litres) | 2023 | 126,228 | 32,019 | 11,146 | 115,811 | | | 285,204 |
| | 2022 | 127,495 | 46,226 | 4,785 | 66,380 | | | 244,886 |
| | Delta 2023-2022 | -1.0% | -30.7% | 132.9% | 74.5% | | | 16.5% |
| CNG (Tons) | 2023 | | | | 6 | | | 6 |
| | 2022 | | | | 2 | | | 2 |
| | Delta 2023-2022 | | | | 283.4% | | | 283.4% |

| IN GJ[54] | | PETROL | METHANE/ NATURAL GAS | GPL | DIESEL | CNG | TOTAL |
|---|---|---|---|---|---|---|---|
| Company vehicles | 2023 | 17,406 | 0 | 72 | 10,184 | 304 | 27,966 |
| | 2022 | 19,837 | 3 | 12 | 8,854 | 71 | 28,778 |
| | Delta 2023-2022 | -12.3% | -99.6% | 480.2% | 15.0% | 327.8% | -2.8% |

In 2023, the Group's total consumption was 479,006 GJ, of which 5,314 GJ from renewable sources, compared to 564,688 GJ the previous year.
The reduction in overall consumption (-15.2%) was facilitated by the reduction in the number of vehicles produced and benefited from the implementation of many measures at the Group's various plants. The increase recorded by the Indonesian plant, linked to the extension of the working period (12 months in 2023 compared to 2 months in 2022), did not have a material impact on consumption for the entire Group.

## Emissions of $CO_2$ and other pollutants[55]

Among the most hazardous air pollutants generated by automotive operators are greenhouse gas emissions (mainly $CO_2$) and Volatile Organic Compounds (VOCs), released by solvents used in painting activities.
As already mentioned, the decreases in $CO_2$ emissions in 2023 were favoured by the decrease in production volumes and the implementation of some improvements at the Group's various plants, including the installation of a photovoltaic plant capable of satisfying 10% of the plant's energy needs at the Indian site at the end of 2022.

53. Some values are estimates.
54. The data relating to fuel consumption expressed in GJ are calculated using the conversion standards proposed in the table of standard parameters published by ISPRA and the Ministry of the Environment and Energy Security (MASE) for the year 2023 and for the year 2022. For CNG a conversion factor from the UK Government Department for Environment Food & Rural Affairs was used (DEFRA 2023 and 2022).
55. The 2022 $CO_2$ emission figures have been recalculated from those published in last year's document to conform to the calculation methodology used when preparing the Decarbonisation Plan.

The $CO_2$ emissions from the combustion of methane, natural gas, diesel and LPG used at the plants are shown below.

## DIRECT $CO_2$eq EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES[56]

| TONS | PONTEDERA | NOALE AND SCORZE' | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|
| 2023 | 7,530 | 562 | 346 | 3,068 | 1,581 | - | 13,087 |
| 2022 | 9,198 | 682 | 383 | 3,378 | 2,580 | - | 16,221 |
| Delta 2023-2022 | -18.1% | -17.6% | -9.6% | -9.2% | -38.7% | - | -19.3% |

With reference to $CO_2$ emissions, the Pontedera industrial plant falls within the scope of the "Emission Trading" Directive (Directive 2003/87/EC), an instrument implementing the Kyoto Protocol. The site belongs to "Group A", relating to plants or establishments emitting the lowest level of $CO_2$ identified by the Directive.
The direct $CO_2$ emissions are almost entirely attributable to the combustion of methane and marginally to the combustion of diesel fuel in the emergency generators.
The monitoring and reporting of $CO_2$ emissions related to the Pontedera plant are regulated by a specific Group procedure which is periodically subject to an internal audit, and are also certified by an audit body accredited by the National Competent Authority (NCA) in March of each year.

The $CO_2$eq emissions from F-gas leakage from installations are shown below[57].

| $CO_2$eq [T] | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|
| 2023 | 316 | 0 | - | 102 | 714 | - | 1,132 |
| 2022 | 253 | 106 | - | 151 | 258 | - | 769 |
| Delta 2023-2022 | 24.7% | -100.0% | - | -32.4% | 176.8% | - | 47.3% |

The table below shows the $CO_2$eq emissions from the use of company cars and from testing and test vehicles.

| TONS | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|
| 2023 | 629 | 369 | 125 | 576 | 262 | 6 | 1,967 |
| 2022 | 640 | 472 | 107 | 511 | 313 | 3 | 2,046 |
| Delta 2023-2022 | -1.7% | -21.7% | 16.3% | 12.8% | -16.2% | 92.6% | -3.8% |

Overall, the Group's direct emissions in 2023 came to 16,187 tonnes (19,035 tonnes in 2022).

## INDIRECT EMISSIONS[58] SCOPE 2 OF $CO_2$ FROM PIAGGIO GROUP PRODUCTION SITES

### Location based

| TONS | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|
| 2023 | 7,540 | 1,033 | 157 | 10,691 | 12,290 | 277 | 31,989 |
| 2022 | 8,151 | 1,098 | 233 | 12,749 | 15,935 | 227 | 38,392 |
| Delta 2023-2022 | -7.5% | -5.9% | -32.4% | -16.1% | -22.9% | 22.3% | -16.7% |

56. For the calculation of Scope 1 emissions, the following were considered: i) for Italian factories, the emission factors published by ISPRA in the National Standard Parameters document; ii) for foreign factories, the emissions factors of the Department for Environmental Food & Rural Affairs (DEFRA).
57. Following the improvement of the data collection system and to comply with the calculation methodology used when preparing the Decarbonization Plan, the F-Gas emissions data from the Vietnamese site were included. Therefore the 2022 data published in the previous DNF have been restated, following the improvement of the data collection system.
58. Please note that Scope 2 emissions are expressed in tonnes of $CO_2$; however, the proportion of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions ($CO_2$eq), as may be inferred from the relevant technical literature.

### Market based[59]

| TONS | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|---|
| 2023 | 12,862 | 1,763 | 268 | 10,691 | 12,290 | 277 | 38,151 |
| 2022 | 14,342 | 1,932 | 410 | 12,749 | 15,935 | 227 | 45,595 |
| Delta 2023-2022 | -10.3% | -8.8% | -34.5% | -16.1% | -22.9% | 22.3% | -16.3% |

For the location-based method, average emission factors for domestic power generation for the different countries of operation published by national government bodies were used. In particular: for the Italian plants, reference was made to ISPRA's publication "Emission Factors for the Production and Consumption of Electricity in Italy"; the emission data for the Indian plants were determined by applying the coefficients established by The Central Electricity Authority "$CO_2$ Baseline Database for the Indian power sector"; plant data in Vietnam were calculated using the coefficients established by the "Department of Meteorology, Hydrology and Climate change - Ministry of Natural resource and Environment Vietnam"; plant data in Indonesia were calculated using the coefficients established by the "Ministry of Energy and Mineral Resources. Indonesia'. For the market-based method, the factor reported in the document Residual Mix Results, Association of issuing bodies (AIB) was used for the Italian plants. For the remaining countries, the same factors used for the location-based method were applied due to the impossibility of finding market-based emission factors.

## SCOPE 3 INDIRECT EMISSIONS OF $CO_2$eq

Among the possible categories of indirect emissions, the Group has identified as most significant those related to 'purchased goods and services' and those generated by the 'use of products sold'.

For the "purchased goods and services" category, relative emissions were estimated considering the costs recorded in the Consolidated Financial Statements of the Piaggio Group (please refer to the tables Cost of materials and Cost of services in the Notes to the Consolidated Financial Statements) using the Scope 3 Ceda - "Comprehensive Environmental Data Archive" assessment tool, issued by GHG Protocol.
The emission figure for 2022 has been restated from that published in the NFS 2022 because until last year, the 'Scope 3 evaluator' calculator released by the GHG Protocol in cooperation with Quantis was used, which has been discontinued since August 2023.

For the category 'use of products sold', relative emissions were estimated by applying specific emission factors to the vehicles sold and estimating the annual kilometres travelled. The emissions figure was restated from last year's document to conform to the calculation methodology used when preparing the decarbonisation plan and in particular it was recalculated by including Well-to-Tank emissions.

| $tCO_2eq$[60] | 2023 | 2022 | DELTA | DELTA % |
|---|---|---|---|---|
| Use of products sold | 4,555,597 | 5,152,081 | (596,484) | -11.6% |
| Purchase of goods and services | 533,218 | 653,926 | (120,708) | -18.5% |
| **Total** | **5,088,816** | **5,806,007** | **(717,191)** | **-12.4%** |

59. The $CO_2$ emissions data from Italian sites for 2022 have been restated compared to what was published in last year's document to conform to the calculation methodology used when preparing the Decarbonisation Plan: in particular, a more updated version of the factors was used of issue published by ISPRA.
60. For the calculation of Scope 3 category 1 emissions "Purchase of goods and services", the EEIO (Environmentally Extended Input Output) emission factors were used, specifically from the Consumption-based accounting tool database of March 2022, both for the year 2022 and for the year 2023. For the calculation of Scope 3 category 11 emissions "Use of products sold", the emission factors of DEFRA (Department for Environmental Food & Rural Affairs) 2023 and IEA Emissions were used respectively Factors 2023, for the year 2023. For 2022, the DEFRA 2022 and IEA Emissions Factors 2022 were used respectively.

## Emission intensity

In 2023, the Group improved the efficiency standards of its production processes compared to the previous year. The table below shows the results achieved:

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

| | EMISSIONS SCOPE 1+ SCOPE 2[61] TONS OF $CO_2$eq | NET REVENUES MILLION EUROS | VEHICLES PRODUCED UNITS/000 | EMISSIONS/ NET REVENUES TONS OF $CO_2$eq / MILLION EUROS | EMISSIONS/ VEHICLES PRODUCED TONS OF $CO_2$eq / UNIT/000 |
|---|---|---|---|---|---|
| 2023 | 46,208 | 1,995 | 534 | 23 | 86 |
| 2022 | 55,381 | 2,087 | 611 | 27 | 91 |
| Delta | (9,173) | (93) | (77) | (3) | (4) |
| Delta % | -16.6% | -4.4% | -12.6% | -12.7% | -4.5% |

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

### EMISSION INTENSITY (SCOPE 3)

| | EMISSIONS SCOPE 3 TONS OF $CO_2$eq | NET REVENUES MILLION EUROS | SALES VOLUMES UNITS/000 | EMISSIONS/ NET REVENUES TONS OF $CO_2$eq/ MILLION EUROS | EMISSIONS/ SALES VOLUMES TONS OF $CO_2$eq/ UNIT/000 |
|---|---|---|---|---|---|
| 2023 | 5,088,816 | 1,995 | 560 | 2,551 | 9,095 |
| 2022 | 5,806,007 | 2,087 | 625 | 2,781 | 9,283 |
| Delta | (717,191) | (93) | (66) | (230) | (188) |
| Delta % | -12.4% | -4.4% | -10.5% | -8.3% | -2.0% |

Total Piaggio Group emissions amounted to 5,143,153, including indirect Scope 2 emissions calculated using the market-based method.

### OTHER SIGNIFICANT EMISSIONS FROM PIAGGIO GROUP PRODUCTION SITES[62]

| | | PONTEDERA | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|
| COV (Tons) | 2023 | 19.2 | 342.9 | 0.3 | - | 362.5 |
| | 2022 | 29.2 | 407.1 | 0.3 | - | 436.6 |
| | Delta 2023-2022 | -34.1% | -15.8% | 0.0% | - | -17.0% |

In 2023, there is a general decrease in VOCs emitted compared to 2022. This decrease is mainly attributable to the reduction in production volumes.

| | | PONTEDERA | BARAMATI | VINH PHUC | JAKARTA | TOTAL |
|---|---|---|---|---|---|---|
| SOX (Tons) | 2023 | | | 0.3 | | 0.3 |
| | 2022 | | | | | |
| | Delta 2023-2022 | | | 100% | | 100% |

61. Emissions from company cars and test vehicles are excluded.
62. The data reported were processed considering the VOC emission in terms of hourly mass flow, based on periodic monitoring, and the number of operating hours of the plants in the reporting year. The indicator considers VOCs (Volatile Organic Compounds) released by solvents used in painting activities.

## Conservation of water resources

Water consumption is one of the main aspects on which Piaggio acts and has acted to put into practice what is stated in its Policy, i.e. to seek a reduction in the consumption of energy and natural resources. Piaggio has always pursued this reduction in all its plants. Well water consumption at the Pontedera plant has been more than halved in a decade. This reduction was made possible by plant engineering measures (e.g. inverters on well pumps) and more recently with the replacement of less performing systems with latest generation technologies (e.g. new 2W paint and new cataphoresis).
The factories in Baramati and Vinh Phuc, also with a view to reducing supplies of the resource, reuse part of the water they withdraw. To date, the Group does not have any collaborations with stakeholders aimed at shared management of the water resource.
The Pontedera, Baramati and Vinh Phuc plants are located in high water stress areas (Source: Aqueduct Water Risk Atlas).

### WATER WITHDRAWAL

| MEGALITRES | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL | OF WHICH AREAS WITH WATER STRESS |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | Groundwater (total) | 125 | 5 | 0 | 0 | 0 | 0 | 131 | 125 |
| | Fresh water (≤1,000 mg/l total dissolved solids) | | | | 0 | | | 0 | 0 |
| | Other types of water | 125 | 5 | 0 | 0 | | | 131 | 125 |
| | Third-party water resources (total) | 53 | 14 | 1 | 251 | 112 | 2 | 432 | 415 |
| | Fresh water (≤1,000 mg/l total dissolved solids) | | | | 251 | 112 | 0 | 363 | 363 |
| | Other types of water | 53 | 14 | 1 | 0 | | 1 | 69 | 53 |
| Total | | 178 | 19 | 1 | 251 | 112 | 2 | 563 | 541 |
| 2022 | Groundwater (total) | 126 | 7 | 4 | 0 | 0 | 0 | 137 | 126 |
| | Fresh water (≤1,000 mg/l total dissolved solids) | | | | 0 | | | 0 | 0 |
| | Other types of water | 126 | 7 | 4 | 0 | | | 137 | 126 |
| | Third-party water resources (total) | 62 | 14 | 1 | 268 | 126 | 0 | 472 | 456 |
| | Fresh water (≤1,000 mg/l total dissolved solids) | | | | 268 | 126 | 0 | 394 | 394 |
| | Other types of water | 62 | 14 | 1 | | | | 78 | 62 |
| Total | | 188 | 22 | 6 | 268 | 126 | 0 | 609 | 581 |
| Change | Groundwater (total) | (0) | (2) | (4) | 0 | 0 | 0 | (7) | (0) |
| | Fresh water (≤1,000 mg/l total dissolved solids) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Other types of water | (0) | (2) | (4) | 0 | 0 | 0 | (7) | (0) |
| | Third-party water resources (total) | (10) | (0) | (0) | (17) | (14) | 1 | (39) | (40) |
| | Fresh water (≤1,000 mg/l total dissolved solids) | 0 | 0 | 0 | (17) | (14) | 0 | (31) | (31) |
| | Other types of water | (10) | (0) | (0) | 0 | 0 | 1 | (9) | (10) |
| Total | | (10) | (2) | (5) | (17) | (14) | 1 | (46) | (40) |
| Change % | | -5.2% | -10.8% | -84.7% | -6.3% | -11.0% | 100% | -7.6% | -7.0% |

In 2023, the water withdrawal figure decreased as a result of the decrease in activity volumes.
The opening of the new Indonesian plant, as an assembly plant only, did not generate significant impacts in terms of water use.

## WATER DISCHARGES[63]

| MEGALITRES | | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL | OF WHICH WATER-STRESSED AREAS |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | **Third-party water resources** | **178** | **19** | **1** | **0** | **89** | **0** | **288** | **268** |
| | Fresh water (≤1,000 mg/l total dissolved solids) | | | | | 89 | | 89 | 89 |
| | Other types of water | 178 | 19 | 1 | | | | 198 | 178 |
| **Total** | | **178** | **19** | **1** | **0** | **89** | **0** | **288** | **268** |
| 2022 | **Third-party water resources** | **188** | **22** | **6** | **0** | **100** | **0** | **316** | **288** |
| | Fresh water (≤1,000 mg/l total dissolved solids) | | | | | 100 | | 100 | 100 |
| | Other types of water | 188 | 22 | 6 | | | | 215 | 188 |
| **Total** | | **188** | **22** | **6** | **0** | **100** | **0** | **316** | **288** |
| Change | **Third-party water resources** | **(10)** | **(2)** | **(5)** | **0** | **(11)** | **(0)** | **(28)** | **(21)** |
| | Fresh water (≤1,000 mg/l total dissolved solids) | 0 | 0 | 0 | 0 | (11) | | (11) | (11) |
| | Other types of water | (10) | (2) | (5) | 0 | 0 | | (17) | (10) |
| **Total** | | **(10)** | **(2)** | **(5)** | **0** | **(11)** | **(0)** | **(28)** | **(21)** |
| | | | | | | | | | |
| **Change %** | | **-5.2%** | **-10.8%** | **-84.7%** | **N.A.** | **-11.0%** | **N.A.** | **-8.8%** | **-7.2%** |

As regards waste water, respect for the environment is based on attention paid to the treatment and purification processes of discharged water. The minimum standards for the quality of discharged water correspond to those imposed by the reference standards of the countries where Piaggio operates and by the specific environmental authorisations of each plant. It should be noted that no cases of non-compliance occurred during the year.

The destination of waste water, broken down by production site, is summarised below:

- **Pontedera:** the plant's drainage system is divided into two separate networks:
  - one that collects 'industrial' waste water, originating from the painting plants, the water preparation plant and the temporary waste storage areas that could result in the discharge of potentially polluted stormwater runoff;
  - the other collects 'civil' type waste water (toilets, canteens and unpolluted rainwater).

The two networks are separate and both discharge into a purification site outside the plant, where the wastewater undergoes chemical and physical treatment, after which it is discharged into an open bed. A small part, originating from the toilets in two areas of the plant, flows directly into the public sewage system, which connects directly to the biological plant of the integrated water service. From the tables above, it is assumed that all the water withdrawn is discharged into the sewage system, a part into the industrial network (about 100,000 m$^3$) and the remainder into the civil network;

- **Noale:** the buildings are all connected to the public sewage system; waste water is only from civil use (coming from the plant's toilets and canteen);
- **Scorzè:** the plant is not served by a public sewage system, so waste water, after a biological purification process within the site, flows into the local Rio Desolino;
- **Mandello del Lario:** the plant discharges part of its waste water directly into the public sewage system (civil waste, from canteens, etc.), while the water used in the cooling plants discharges into surface water (the Valletta stream);
- **Baramati:** waste water is treated and reused for internal use and irrigation;
- **Vinh Phuc:** the plant is equipped with a chemical-physical purification plant for waste water from the painting pre-treatment before discharge into the public sewage system, where all other waste water (civil) from the plant is also conveyed. Final discharge is into the public sewage system. Part of the withdrawn water is reused. In 2023, the recovery of waste water amounted to 17,376 m$^3$ or 15.5% of the water withdrawn;
- **Jakarta:** the factory is connected to the public sewage system; waste water is only civil (from the toilets and canteen).

63. The water discharges of the Vietnamese factory are estimated as 80% of the water withdrawals.
For Italian sites, the water discharges are estimated as 100% of the water withdrawals.

**WATER CONSUMPTION**

| MEGALITRES | PONTEDERA | NOALE AND SCORZÈ | MANDELLO DEL LARIO | BARAMATI | VINH PHUC | JAKARTA | TOTAL | OF WHICH WATER-STRESSED AREAS |
|---|---|---|---|---|---|---|---|---|
| 2023 | | | | 251 | 22 | 2 | 275 | 273 |
| 2022 | | | | 268 | 25 | | 293 | 293 |
| Change | | | | (17) | (3) | 2 | (18) | (20) |
| Change % | | | | -6.3% | -11.0% | 100% | -6.2% | -6.7% |

For Italian factories, consumption is estimated to be zero as water withdrawn after its use is returned to the environment.

## Waste management and recovery

The Company's desire to minimise the environmental impact of its industrial activities through careful calibration of the technological processing cycle and the use of the best technologies and most up-to-date production methods, as set out in its Policy, is also, and above all, expressed through waste management and recovery. Within the Management System based on the ISO 14001 standard, each plant has specific procedures that regulate waste management, guaranteeing above all the necessary compliance with the regulations, but above all the continuous improvement of performance aimed at reducing the quantity of waste produced and ensuring it is recycled.
The management activities consist of separate collection of the different types of waste, their correct categorisation through product classification or chemical analysis, internal handling without the possibility of accidental spillage, storage in suitable temporary storage areas, the definition of contracts with companies specialised in recovery/disposal, and the management of all formalities, including paperwork, to ensure traceability of the waste until it reaches the final recipient.
In 2023, there was a 14% increase in waste generated, which is mainly related to the full operation of the Indonesian site, which had contributed only two months in 2022. The data of the latter are aggregated in the following tables together with those of Vietnam under the column "Asia Pacific".
It should be noted that for Italian plants, the percentage of waste sent for recovery exceeds 92% of the waste produced.
The division between hazardous and non-hazardous waste, as well as the possibility of sending waste for recovery, is affected and influenced by local regulations.

| | ITALY | | | INDIA | | | ASIA PACIFIC | | | TOTAL | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TONS | DISPOSAL | RECYCLING | TOTAL | DISPOSAL | RECYCLING | TOTAL | DISPOSAL | RECYCLING | TOTAL | DISPOSAL | RECYCLING | TOTAL |
| 2023 | | | | | | | | | | | | |
| Hazardous | 677 | 284 | 961 | 32 | 118 | 149 | 1,538 | - | 1,538 | 2,247 | 402 | 2,649 |
| Non-hazardous | 78 | 8,271 | 8,349 | 276 | 1,794 | 2,070 | 2,092 | 469 | 2,561 | 2,446 | 10,534 | 12,981 |
| Total | 754 | 8,555 | 9,310 | 308 | 1,912 | 2,220 | 3,631 | 469 | 4,100 | 4,693 | 10,936 | 15,629 |
| 2022 | | | | | | | | | | | | |
| Hazardous | 368 | 489 | 857 | 26 | 164 | 190 | 1,524 | - | 1,524 | 1,917 | 654 | 2,571 |
| Non-hazardous | 51 | 7,963 | 8,013 | 315 | 1,610 | 1,925 | 814 | 369 | 1,184 | 1,181 | 9,942 | 11,122 |
| Total | 419 | 8,452 | 8,871 | 341 | 1,774 | 2,115 | 2,338 | 369 | 2,707 | 3,098 | 10,596 | 13,694 |
| Delta 2023-2022 | | | | | | | | | | | | |
| Hazardous | 309 | (205) | 104 | 6 | (47) | (41) | 15 | 0 | 15 | 330 | (252) | 77 |
| Non-hazardous | 27 | 308 | 335 | (39) | 184 | 145 | 1,278 | 100 | 1,378 | 1,266 | 592 | 1,858 |
| Total | 336 | 103 | 439 | (33) | 137 | 105 | 1,292 | 100 | 1,392 | 1,596 | 340 | 1,936 |

| 2023 | ITALY | | | INDIA | | | ASIA PACIFIC | | | TOTAL | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| TONS | DISPOSAL | RECYCLING | TOTAL | DISPOSAL | RECYCLING | TOTAL | DISPOSAL | RECYCLING | TOTAL | DISPOSAL | RECYCLING | TOTAL |
| Inorganic waste from chemical processes | - | - | - | - | - | - | - | - | - | - | - | - |
| Paints, varnishes and glazes, enamels, adhesives, sealants and inks | - | 72 | 72 | 95 | 70 | 165 | 709 | - | 709 | 804 | 142 | 946 |
| Wastes from chemical surface treatment and coating of metals and other | 5 | - | 5 | 30 | 1 | 31 | - | - | - | 36 | 1 | 37 |
| Wastes from shaping and physical and mechanical surface treatment of metals and plastics | 268 | 355 | 623 | - | 85 | 85 | 97 | - | 97 | 365 | 440 | 805 |
| Waste from oil and liquid fuels | - | 22 | 22 | - | 3 | 3 | 1 | - | 1 | 1 | 25 | 26 |
| Waste from organic solvents, refrigerants and propellants | 124 | 52 | 176 | - | - | - | - | - | - | 124 | 52 | 176 |
| Waste from packaging, sanitary protection, cloth towels, filtering and protective materials not otherwise specified | 140 | 6,295 | 6,435 | 0 | 1,430 | 1,430 | 579 | 366 | 945 | 720 | 8,090 | 8,810 |
| Other waste not otherwise specified | 49 | 384 | 433 | 1 | 65 | 66 | 398 | 25 | 423 | 448 | 474 | 923 |
| Construction and demolition waste | 168 | 1,326 | 1,494 | 181 | 51 | 232 | - | 15 | 15 | 349 | 1,392 | 1,741 |
| Waste from health care | 0 | - | 0 | - | - | - | 0 | - | 0 | 0 | - | 0 |
| Waste from waste management facilities, off-site sewage treatment plants and preparation of water for human consumption and water for industrial use | - | - | - | - | - | - | 285 | - | 285 | 285 | - | 285 |
| Municipal waste | - | 49 | 49 | | 208 | 208 | 1,561 | 63 | 1,624 | 1,561 | 319 | 1,880 |
| **Total** | **754** | **8,555** | **9,310** | **308** | **1,912** | **2,220** | **3,631** | **469** | **4,100** | **4,693** | **10,936** | **15,629** |

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

The analysis by type of waste produced shows the predominance of packaging waste (cardboard, wood etc.) and construction and demolition waste.

## Soil contamination

In 2023, as in previous years, Piaggio plants were not affected by spills or polluting events of particular significance.
For the Mandello and Pontedera sites, remediation activities are underway due to contamination of a historical origin. The above-mentioned situations came to light during demolition works, in the case of Mandello, and during environmental monitoring campaigns

in the case of Pontedera. In both circumstances, the pollutants found had not been used in the plants for several decades, proving their historical origin. In accordance with regulatory obligations, the two situations have been reported to the relevant bodies and are being managed in compliance with indications. As far as the Mandello site is concerned, it should be noted that the contaminated land has been removed and divided into 2 lots, one of which has already been audited and controlled by ARPA (the competent body) in 2023, which has confirmed the remediation, while for the second lot, analysis by ARPA is currently underway.

## Disposal of end-of-life vehicles

Piaggio's concern for the environment is reflected in its commitment, starting from the design stage, to ensure the eco-compatibility of its vehicles even at the end of their useful life.

2 Wheels
Although no regulations on recyclability are currently in force or envisaged for two-wheeler vehicles, the Piaggio Group has moved ahead in this direction. Since the debut of the Sfera 50 (1990), the technologies and materials used in the design and construction of the Group's scooters and motorbikes have in fact been aimed at environmental compatibility and effective end-of-life disposal. Moreover, since 2008, Piaggio has changed the cartouches of drawings and the information provided in the bill of materials, in order to make it possible to control the materials used to build vehicles and optimise disassembly activities for an easier disposal process.
An analysis of the recyclability characteristics of the Vespa GTS 300 ABS E5 according to ISO 22628 was carried out with the collaboration of UniFi. This was done by dismantling a real example of the vehicle and taking a census of all its components.
The recyclability and recoverability values for the Vespa GTS 300 ABS E5 are reported below.

| | VESPA GTS 300 ABS E5 |
|---|---|
| Recyclability (Rcyc) | 89.7% |
| Recoverability (RCOV) | 97.9% |

4-Wheelers
In the four-wheeler sector, regulations are similar to those applicable to cars.
With the introduction of the European Regulation REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances) in 2007, automotive manufacturers follow the guidelines set out in the AIG (Automotive Industries Guidelines), including monitoring the use of hazardous/prohibited substances and checking the recyclability and recoverability rates of the materials used.
In this regard, over the years, Piaggio has embarked on a challenging strategy to ensure a high level of recyclability of its vehicles, culminating in the production of a manual for end-of-life vehicle dismantling.
Piaggio constantly monitors the recyclability and recoverability rates of its vehicles according to an internal procedure that is consistent with the requirements of Directive 2000/53/EC, keeping these two indicators always above the permitted thresholds.
The indicators are calculated and supplied to the Approval Bodies in an ISO 22628 format, according to the tables of the European Commission. Starting from the production list of the complete vehicle, it is possible to trace the datasheet of each component kit with an indication of the relevant materials with codes and recycling and recoverability percentages.
The analyses carried out have also enabled the creation of a database, which keeps the material composition of vehicles and their recyclability and recoverability rates up to date, from the design stage onwards.
Below are the Recyclability and Recoverability values of the new Porter NP6 (calculated for the heaviest variant).

| | NEW PORTER NP6 SW LPG SR 2,12T |
|---|---|
| Recyclability (Rcyc) | 89.5% |
| Recoverability (RCOV) | 98.9% |

## Logistics

The Finished Product Distribution Logistics system has an articulated configuration, as it has to guarantee the flow of vehicles to all countries in the world where the Piaggio Group is present. It is essentially based on two distribution systems, subdivided according to the various countries in which the vehicles are distributed:
- direct distribution, where vehicles are brought directly to the dealer under the dealer's mandate;
- distribution via importers, where the importer in the country of distribution directly transports the vehicles by collecting them from the hubs where they are stored.

For direct distribution, the Group uses specialised logistics operators, depending on the country of destination, that provide the service following the planning of the internal department in charge.
The Group has consolidated its out-bound logistics model, aimed at levering synergies among the various distribution hubs in Europe and identifying opportunities for optimisation, paying particular attention to the quality aspects of services.
To optimise distribution, the model provides for:
- the targeted management of departures and itineraries;
- the storage of vehicles produced in Italy at the distribution hub adjacent to the production hub, and of those imported from abroad at the distribution hub corresponding to the type of product.

The procedure also regulates:
- the vehicles and equipment used by logistics operators that are subject to Piaggio certification, according to relevant quality standards;
- the upgrading of internal shuttle systems with vehicles equipped with $CO_2$ emission reduction devices;
- the collection of packaging from dealers and disposal in accordance with local regulations;
- disposal with the separate collection of waste materials and replacement of packaging;
- printing only of necessary documents.

Thanks to the centralised management of all Italian logistics hubs (Pontedera, Scorzè, Mandello):
- the number of trips required to transfer stock between hubs has been optimised;
- the use of electronic archives for filing shipping documents and reducing paper copies has been consolidated;
- the paper printing of shipping documents to be sent to the end customer has been reduced to a minimum, using electronic documents wherever possible.

In 2023, a new contract was signed for the distribution of 2W vehicles, in which the planning of transport trips to directly managed markets is carried out directly by Piaggio logistics, in order to ensure a maximum focus on optimising distribution operations. The generally difficult transport situation has not allowed maximum efficiency to be achieved. In 2023, efficiency for distribution operations for commercial vehicles was +2.31%, while for 2W vehicles there was a substantial stability (-0.09%) compared to the previous year.
As part of the process to rationalise distribution warehouses at the Pontedera production site, the packaging process, which involves packing vehicles only at the shipping stage, has optimised vehicle stocks. This has meant that for scooters of overseas origin (excluding those from India), the trips required for transport to Europe have been optimised. Activities for the most complete dematerialisation of transport documents are being started, so as to almost completely eliminate the use of paper documents. The production hubs in India and Vietnam have also put in place procedures to minimise the number of trips for shipping vehicles produced and the consumption of packaging materials.

# THE SOCIAL DIMENSION

## Human resources development

Human resources, with their skills, capabilities and passion, are the cornerstone of Piaggio's competitiveness and growth.
A strategic vision, strong focus on results, constant pursuit of customer satisfaction, drive towards innovation and attention to future market scenarios are the main drivers that guide every action, both individual and collective, aimed at creating value for all stakeholders. People are the fundamental element that makes it possible to meet the challenges in an increasingly dynamic and competitive international scenario.
For these reasons, Piaggio places people at the centre of its organisation, ensuring their respect and protection in every Group company.

## Staff

Over the years, the Group has always paid attention to continuously adapting its organisational structure to international best practices. In 2023, Piaggio continued to adopt organisational initiatives to support its commercial, innovation and new product development objectives, while maintaining a focus on efficiency and productivity targets.
At 31 December 2023, the Group had 5,925 employees, an overall increase of 1.5% compared to 31 December 2022.

### COMPANY POPULATION BY GEOGRAPHIC SEGMENT AT 31 DECEMBER

| NO. OF PEOPLE | 2023 | 2022 | 2021 |
|---|---|---|---|
| EMEA and Americas | 3,278 | 3,260 | 3,295 |
| *of which Italy* | *3,007* | *2,989* | *3,026* |
| India | 1,442 | 1,369 | 1,328 |
| Asia Pacific 2W | 1,205 | 1,209 | 1,079 |
| **Total** | **5,925** | **5,838** | **5,702** |

### AVERAGE SIZE OF COMPANY POPULATION BY PROFESSIONAL CATEGORY

| NO. OF PEOPLE | 2023 | 2022 | 2021 |
|---|---|---|---|
| Senior management | 114.6 | 111.3 | 108.9 |
| Middle management | 686.6 | 675.0 | 672.0 |
| White collars | 1,638.9 | 1,607.3 | 1,615.9 |
| Blue collars | 3,791.9 | 3,993.9 | 3,762.4 |
| **Total** | **6,232.0** | **6,387.6** | **6,159.2** |

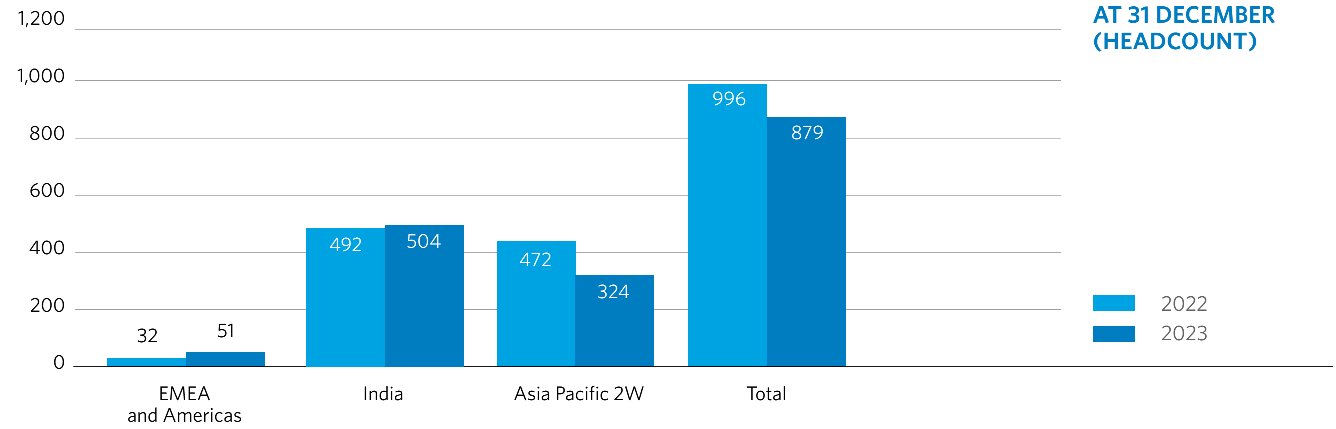
In 2023, the Group recorded an incoming turnover rate of 5.9% and an outgoing turnover rate of 7.4% (excluding fixed-term resources).

### TURNOVER OF THE GROUP'S CORPORATE POPULATION AT 31 DECEMBER 2023

| NEW RECRUITS | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | < 30 | | | 30-50 | | | > 50 | | | TOTAL | | | % TURNOVER | | |
| NO. OF PEOPLE | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| EMEA and Americas | 36 | 8 | 44 | 62 | 19 | 81 | 10 | - | 10 | 108 | 27 | 135 | 4.7% | 2.7% | 4.1% |
| India | 63 | 3 | 66 | 110 | 4 | 114 | 5 | - | 5 | 178 | 7 | 185 | 12.7% | 17.9% | 12.8% |
| Asia Pacific 2W | 4 | 9 | 13 | 12 | 3 | 15 | 1 | - | 1 | 17 | 12 | 29 | 1.8% | 5.1% | 2.4% |
| Total | 103 | 20 | 123 | 184 | 26 | 210 | 16 | - | 16 | 303 | 46 | 349 | | | |
| % Turnover | 13.8% | 16.8% | 14.3% | 7.8% | 3.7% | 6.8% | 1.0% | 0.0% | 0.8% | 6.5% | 3.6% | 5.9% | | | |
| LEAVERS | | | | | | | | | | | | | | | |
| | < 30 | | | 30-50 | | | > 50 | | | TOTAL | | | % TURNOVER | | |
| NO. OF PEOPLE | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| EMEA and Americas | 14 | 8 | 22 | 61 | 24 | 85 | 71 | 27 | 98 | 146 | 59 | 205 | 6.4% | 5.9% | 6.3% |
| India | 25 | 4 | 29 | 115 | 4 | 119 | 38 | 3 | 41 | 178 | 11 | 189 | 12.7% | 28.2% | 13.1% |
| Asia Pacific 2W | 12 | 3 | 15 | 25 | 4 | 29 | - | - | - | 37 | 7 | 44 | 3.8% | 3.0% | 3.7% |
| Total | 51 | 15 | 66 | 201 | 32 | 233 | 109 | 30 | 139 | 361 | 77 | 438 | | | |
| % Turnover | 6.9% | 12.6% | 7.6% | 8.5% | 4.6% | 7.6% | 7.1% | 6.5% | 7.0% | 7.8% | 6.0% | 7.4% | | | |

The use of external workers within the Group is essentially limited to the Indian and Vietnamese plants and is linked to the need to cope with temporary peaks in demand, so external workers, mainly agency workers, are sought and hired during these periods.
In addition, internships and external collaborations are used for the gradual addition of new graduates to the company, to complete training activities and taking into account the specific aspects and local regulations of each country. As of 31 December 2023, there were 879 external workers (-12% compared to 2022 when there were 996, a change that was not significant and correlated to the trend in production volumes).

### EXTERNAL WORKERS AT 31 DECEMBER (HEADCOUNT)




## Personnel management policy

Piaggio adopts personnel selection, development and remuneration systems that recognise and reward merit and performance. Any form of discrimination is explicitly prohibited by the Code of Ethics.

The central nature of human resources and the development of core competencies for the evolution of the business are at the heart of Piaggio's relationship with people and are reflected in the following company policies:

## COMPETITIVE ORGANISATION

The Group pursues innovation in organisational forms as a means of building its competitive advantage and supports the creation of a multicultural, multinational, lean, customer-oriented and value-generating organisation.
Furthermore, Piaggio, in its relations with its employees and regardless of the type of work carried out, respects in all circumstances the principles enshrined in the Group's Code of Ethics and the legislation in force in the geographic segment where the Company operates.
Piaggio does not use workers below the minimum age thresholds defined by different countries, nor forced labour, and respects the main international laws, such as the UN Convention on the Rights of the Child (UNCRC) and The Human Rights Act of 1998.

## SELECTION AND INTERNAL MOBILITY

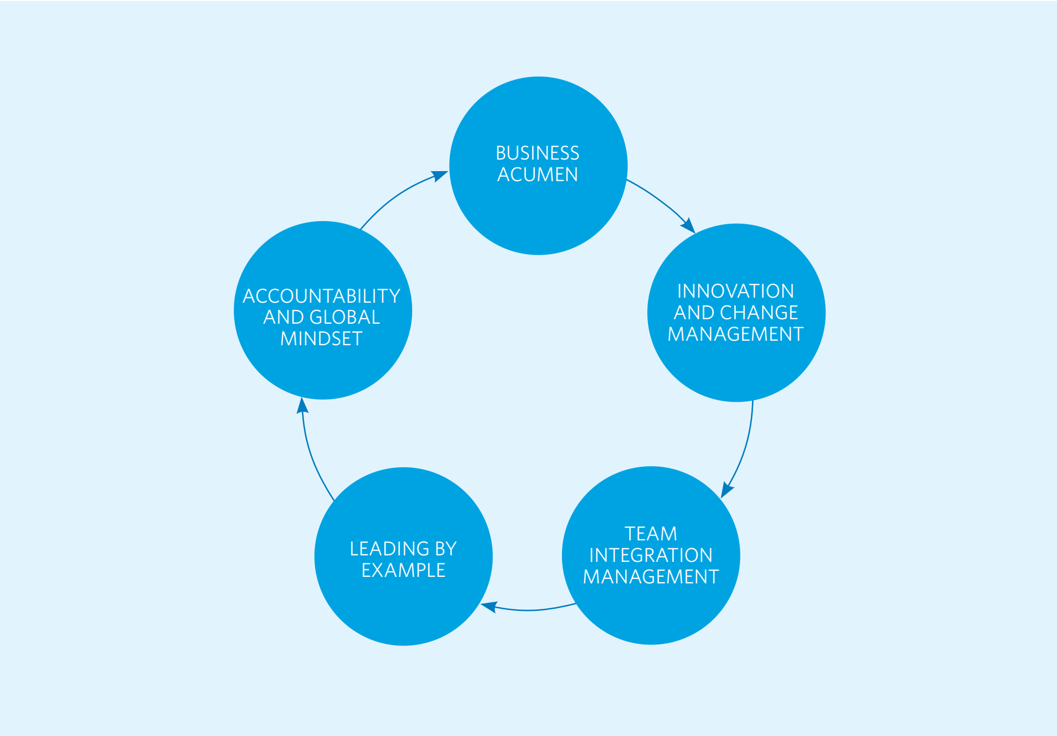
2023 resourcing activities, in continuity with the previous year, focused on the recruitment of skills in areas with a high level of innovation in the fields of electric mobility, environmental matters, the supply chain and digital world. Recruitment on the external labour market focused on senior figures with high technical-specialist know-how.
In Europe, a number of managerial figures identified both through recruitment on the external job market and through the development of internal resources with professional growth paths were hired. In overseas areas, operations were carried out to cover turnover.

## DEVELOPMENT AND CAREER

Development and career paths are mainly based on the assessment of managerial and technical skills, behaviour, performance and potential, with the aim of creating a pool of highly motivated resources to fill key positions.
The development of core competencies, required by business and market evolution, is a priority. For this reason, the Group's human resources development policies are focused on building, maintaining and developing the determining factors for competing in international and constantly evolving contexts.

### The managerial and professional competencies model

Piaggio has identified a managerial competencies model, which comprises the set of behaviours to be put into practice on a day-to-day basis, to ensure the Group's global success.
At the same time, it has developed a reference model of professional skills, which represent the wealth of professionalism and know-how that are the real foundations and the only guarantee of continuity and quality of results.
During 2023, the periodic detailed gap analysis was carried out to set up development and training plans for continual professional development.




MANAGERIAL COMPETENCIES MODEL

### Development paths

The development tools are aimed at building and increasing the managerial and professional skills envisaged by the respective models, while at the same time enhancing potential, evaluating and rewarding excellent performance and safeguarding specific technical know-how. In detail, the tools provided by Piaggio include:
- development plans, which reflect the growth actions planned for the employee;
- job rotation and participation in strategic or international projects;
- management and professional training (see the section on 'training');
- talent management programme (see the section on 'talent management').

### Career paths

Resources are encouraged to embark on a career path that leans in to continuous improvement through training and skills development, in order to successfully meet the changes and challenges of the near future.

Performance appraisal and succession planning processes are built to develop the technical skills and managerial capabilities of resources in order to consolidate the Group's leadership role. Expatriation and job rotation, combined with talent development programmes, are the key tools to stimulate the growth of its resources and lay the foundations to build the managerial class of tomorrow.

In line with the best practices proposed by the market, Piaggio has equipped itself with tools to monitor and manage succession plans for the Group's key positions, and in 2023 used the global IT platform to test the implemented methodology, which also takes into account the skills and performance measured annually.

### APPRAISAL

The Group is careful to make the criteria and the way in which people are appraised transparent, in relation to:

- services provided,
- managerial, professional and language skills possessed,
- international mobility,
- potential,
- professional aspirations and goals,

specific roles and business needs.

The appraiser and appraised employee have the possibility to share the result of the performance and competence appraisal and to integrate it with proposals for the definition of tailor-made development and training paths with a defined timing through the dedicated SAP SuccessFactors IT platform.

Competencies are appraised based on a comparison between the competencies envisaged by the corporate model for the specific role and those found in the appraised employee, substantiated by concrete behavioural indicators observable in daily activities. The appraisal process is carried out in an integrated manner on a dedicated IT platform and provides information for the processes of Succession Planning, Management Review and Gap Analysis of professional skills, which are applied uniformly at Group level.

### PERCENTAGE OF THE CORPORATE POPULATION THAT RECEIVED PERFORMANCE AND CAREER DEVELOPMENT APPRAISALS IN BOTH 2022 AND 2023[64]

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

### Talent Management: the Talent Development Programme

Young talent management programmes are among the main tools for development, attraction and retention. These programmes are aimed at employees worldwide who demonstrate high potential, a strong passion for their work and the courage to break new ground, in order to identify and guarantee a path to growth for the most deserving resources.

In general, such programmes provide talent with access to bespoke development paths, which consist of:

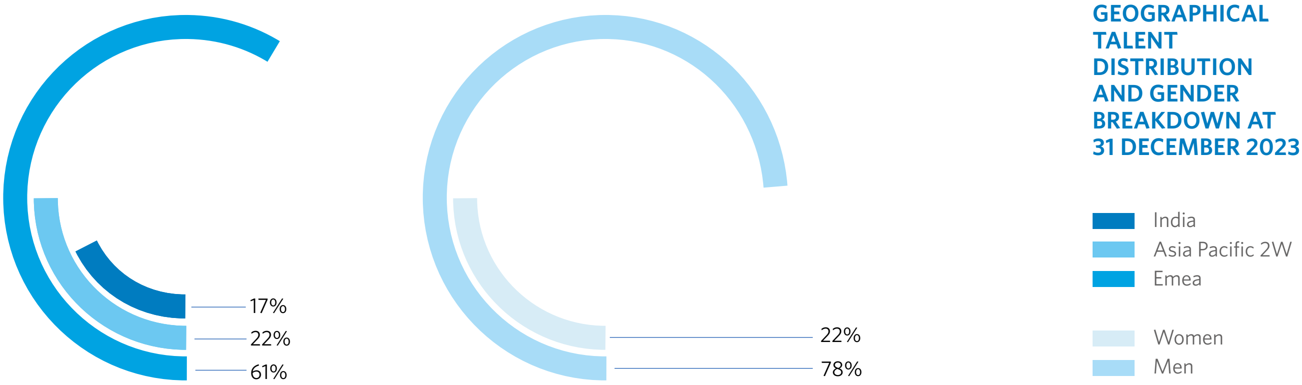
- development appraisal;
- coaching;
- workshops on core topics;
- customised training;
- strategic and international projects;
- job rotation.

These programmes also include Piaggio Way, which involves under-35 employees from all Group geographical areas. Currently 23

64. The company population in force, working for at least 6 month during the appraisal period is considered.

employees actively participate in the programme, in addition to a community of 60 alumni who have completed their development path and remain an active part of the programme.
The geographical composition of active participants is as follows: 61% EMEA, 22% India, 17% Asia Pacific.
Access to the programme is on a meritocratic basis and also includes an assessment by a third party to guarantee an appraisal that is impartial and objective.
Membership of the programme is verified annually through a structured talent review process.
In 2023, the 'Managerial Empowerment' programme was launched with an initial pilot programme involving 13 employees in EMEA. In early 2024, the programme is scheduled to be launched in India and Asia Pacific 2W.

### GEOGRAPHICAL TALENT DISTRIBUTION AND GENDER BREAKDOWN AT 31 DECEMBER 2023




## TRAINING

Training is one of the tools used to consolidate and develop the skills of resources and strengthen their motivation. In particular, the Piaggio Group's training system is based on four main clusters: managerial, technical-professional, linguistic and Health & Safety (H&S).
Training is managed with the support of an IT tool that includes the following steps:
• annual analysis of training needs with line Managers, HR Managers and H&S (for safety aspects) taking into account the gaps emerging from performance appraisals, development and career plans and specific business projects;
• design of training activities consistent with the Piaggio competencies model;
• planning and delivery of courses with participant satisfaction surveys.
The analysis of training needs on occupational health and safety issues is carried out in cooperation with the Health & Safety function with the aim of fulfilling legal obligations, company procedures introduced to reinforce awareness and knowledge of specific risks and respond to any special needs.
More than 70 training/awareness-raising sessions for Indian employees on the prevention of Sexual Harassment crimes were provided in 2023.

### TRAINING HOURS[65] BY AREA OF INTERVENTION AND GEOGRAPHIC SEGMENT

| THEMATIC AREA | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | EMEA AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL | EMEA AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL |
| Management training | 8,088 | 17,084 | 1,434 | 26,605 | 3,223 | 24,384 | 3,905 | 31,512 |
| Technical - professional training | 2,972 | 8,686 | 1,512 | 13,169 | 5,172 | 9,762 | 2,367 | 17,301 |
| Language training | 9,438 | 1,530 | 3,983 | 14,951 | 8,265 | 774 | 995 | 10,034 |
| Health and Safety Training | 12,983 | 6,784 | 13,686 | 33,453 | 20,589 | 10,755 | 7,061 | 38,405 |
| **Total** | **33,481** | **34,083** | **20,615** | **88,178** | **37,249** | **45,675** | **14,328** | **97,251** |

65. The figure does not include hours of on-the-job training.

The trend of training provided on health and safety issues is linked to regulatory deadlines and trends in production requirements. For example, in Italy in 2022 there was a massive campaign for mandatory refresher training.
In Italy, new management training courses have been set up to support development paths with a coaching-oriented approach to support the growth of resources through the acquisition of behaviour and skills consistent with the organisation's objectives and changes.
Technical and professional training focused on ICT, supply chain and product development issues also through internal training activities aimed at sharing Piaggio's distinctive skills.
Various training programmes have been conducted in Asia covering a wide range of topics, including language training, leadership development, communication skills and the acquisition of technical and industry-specific skills.

## HOURS OF TRAINING BY GENDER

| THEMATIC AREA | | | 2023 | | | 2022 |
|---|---|---|---|---|---|---|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Management training | 23,212 | 3,394 | 26,605 | 28,903 | 2,609 | 31,512 |
| Technical - professional training | 10,408 | 2,761 | 13,169 | 15,210 | 2,091 | 17,301 |
| Language training | 11,329 | 3,622 | 14,951 | 6,791 | 3,244 | 10,034 |
| Health and Safety Training | 28,253 | 5,199 | 33,453 | 31,274 | 7,130 | 38,405 |
| **Total** | **73,202** | **14,976** | **88,178** | **82,178** | **15,073** | **97,251** |

## TRAINING HOURS BY PROFESSIONAL CATEGORY

| HOURS | | | 2023 | | | 2022 |
|---|---|---|---|---|---|---|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Senior management | 1,126 | 94 | 1,219 | 665 | 45 | 710 |
| Middle management | 13,978 | 1,455 | 15,433 | 17,586 | 1,212 | 18,798 |
| White collars | 25,125 | 8,618 | 33,743 | 27,368 | 5,851 | 33,219 |
| Blue collars | 28,941 | 4,601 | 33,542 | 30,557 | 7,041 | 37,598 |
| Other workers[66] | 4,033 | 209 | 4,241 | 6,002 | 925 | 6,927 |
| **Total** | **73,202** | **14,976** | **88,178** | **82,178** | **15,073** | **97,251** |

| PER CAPITA HOURS[67] | | | 2023 | | | 2022 |
|---|---|---|---|---|---|---|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Senior management | 10.6 | 15.6 | 10.9 | 6.1 | 6.4 | 6.1 |
| Middle management | 23.5 | 14.9 | 22.3 | 29.6 | 13.0 | 27.3 |
| White collars | 21.2 | 19.5 | 20.7 | 23.6 | 13.4 | 20.8 |
| Blue collars | 10.5 | 6.3 | 9.6 | 11.3 | 9.7 | 10.9 |
| **Total** | **14.9** | **11.5** | **14.2** | **16.7** | **11.2** | **15.5** |

66. This category includes agency workers and trainees.
67. The information reported for GRI 405-1 was used to calculate the per capita hours of training.

## REWARDING

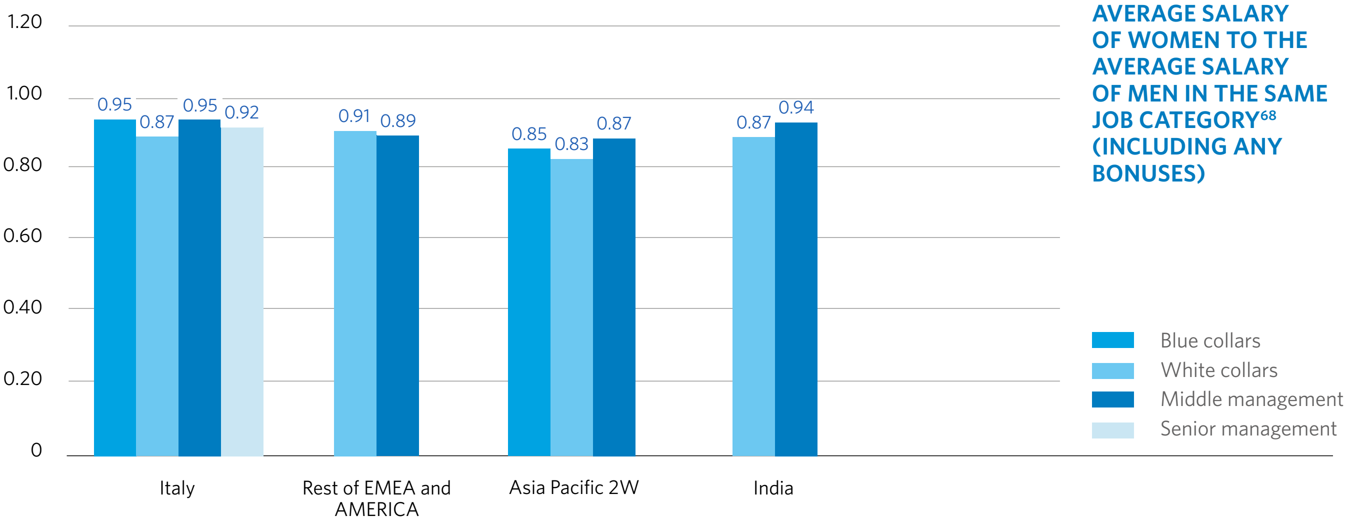
Reward policies aim to remunerate people and their contribution according to criteria of competitiveness, fairness and meritocracy, which are shared with transparency in the appraisal processes, in order to motivate and retain human resources that make important contributions to achieving company results.
The Group's rewarding system is differentiated according to the company population and includes a fixed remuneration component and variable incentive systems for objectives and benefits.
In Italy, since 2021, Piaggio employees have been able to use a digital platform to manage welfare services, where they can select the options provided for by their National Employment Contract and by supplementary company agreements.

### Remuneration

Piaggio offers its employees a salary package in line with best market practices. This is why it has adopted such a comprehensive salary review process:
- comparison of remuneration with market benchmarks, taking into account both the positioning of the company as a whole and the evaluation of individual organisational positions periodically reviewed, carried out using internationally recognised methodologies and with the support of specialised companies and industry leaders;
- definition of guidelines for salary review interventions, consistent with company results and based on criteria of meritocracy, competitiveness, internal fairness and sustainability;
- specific identification of fixed and variable remuneration interventions, consistent with defined guidelines, with meritocracy logics and with the retention needs of strategic resources for the business, also with a view to the development of roles defined through the succession planning process.

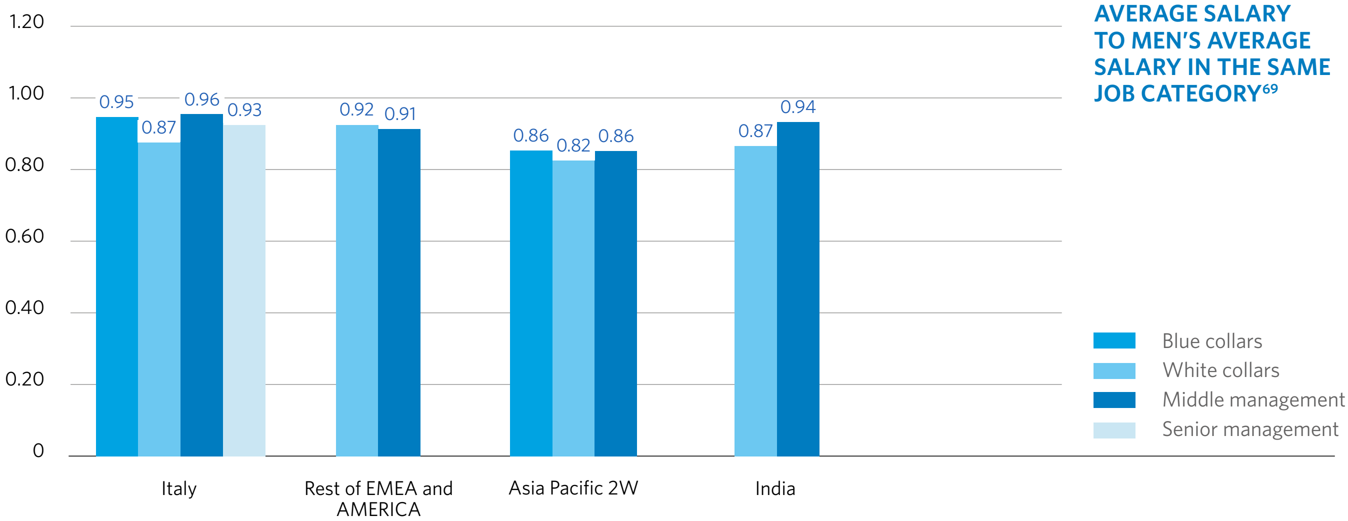
Internal analyses carried out at country level did not reveal any significant differences between the basic salary and remuneration of men and that of women for the same category, experience and assigned tasks. Below are graphs showing the ratios between basic salary and remuneration of women compared to men for each employee category, by significant location of activity where the Piaggio Group operates globally.

**RATIO OF THE AVERAGE SALARY OF WOMEN TO THE AVERAGE SALARY OF MEN IN THE SAME JOB CATEGORY[68] (INCLUDING ANY BONUSES)**




68. In the individual geographic segments, the categories not represented have no female employees or their small number would make the calculation meaningless. Data do not include expatriates.

**RATIO OF WOMEN'S AVERAGE SALARY TO MEN'S AVERAGE SALARY IN THE SAME JOB CATEGORY[69]**




### Target-based incentive systems

The achievement of excellent results on targets set by the company is rewarded through variable incentive systems, focused on qualitative and quantitative objectives consistent with the business, as well as on the internal efficiency of each area of responsibility. The entire process of assigning objectives and reporting results is shared with the employee according to objective criteria.

### Benefits

Piaggio offers a benefits package in line with local market best practice and segmented according to organisational logics, which includes, for example:
- a company car;
- supplementary health care;
- a company medical centre at main production sites;
- agreements with local authorities and facilities of interest to employees.

Benefits are provided for full-time, part-time and temporary workers alike.

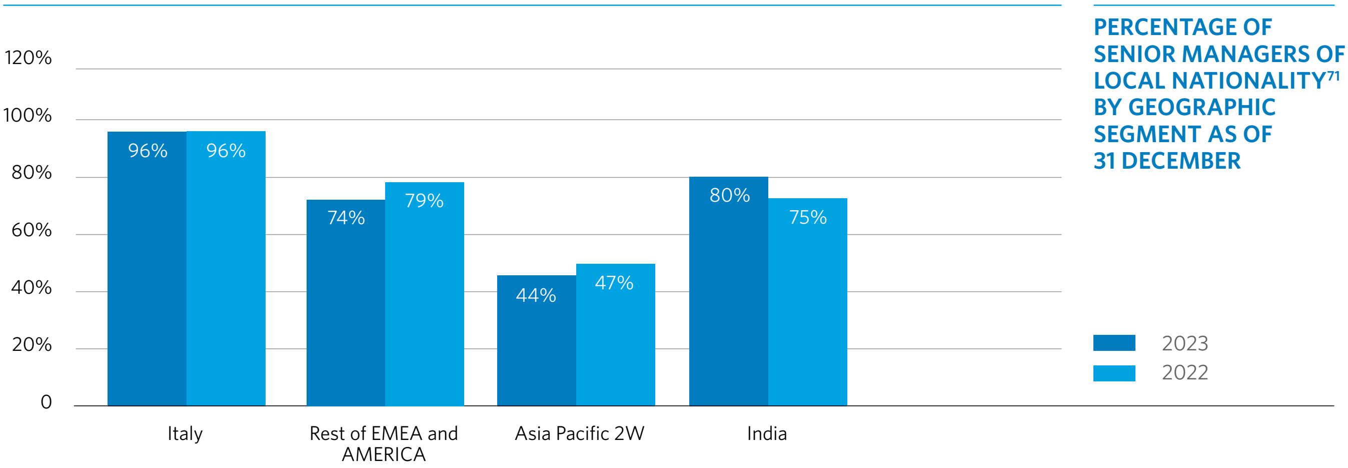
## DIVERSITY AND EQUAL OPPORTUNITIES

Piaggio operates on a global scale, with employees in Europe, America, India, Asia and China with a wide range of ages and genders. The heterogeneity of resources brings values and opportunities deriving from the different ways of pursuing and achieving the highest levels of performance within a single, broader Group organisational dimension.
Diversity management for Piaggio means recognising and respecting differences within a common substrate of corporate culture. Therefore, the Group seeks to exclude any type of discrimination, in particular concerning gender, age, nationality, ethnic origin, ideology and religious beliefs, operating in accordance with the laws, contractual obligations, practices, customs and culture of each of the countries where it operates.
Concrete evidence of the Group's attention to diversity management is reflected in its adoption of the Code of Ethics, compliance with international legislation on equal opportunities and the issue of policies that protect the forms of diversity already present in the organisation.
The Group also disseminates its culture and values around the world through digital sharing platforms (corporate Intranet or support tools for HR activities such as Success Factor, Piaggio Global Training), with the aim of creating the conditions for the development of an international mindset and a multinational organisation that offers equal opportunities to all employees.
Human resources management processes are applied according to the same principles of meritocracy, fairness and transparency in all countries where the Group operates, with an emphasis on aspects relevant to the local culture.

69. In the individual geographic segments, the categories not represented have no female employees or their small number would make the calculation meaningless. Data do not include expatriates.

Piaggio selects and places its resources based solely on the characteristics and experience of candidates and the requirements of the position. As shown in the following chart[70], Piaggio promotes and supports the selection and placement of candidates from various parts of the world to contribute to the international mindset, which is a core value of the Group.

**PERCENTAGE OF SENIOR MANAGERS OF LOCAL NATIONALITY[71] BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER**




In order to promote and support intercultural exchange and diversity management, the mobility of human resources in the international sphere is also facilitated, encouraging the mutual assignment of employees among Group companies.

### Women in the workplace

Women at Piaggio play a fundamental role at every level of the organisational structure. Females account for 21.6%, in line with the previous year in all professional categories.

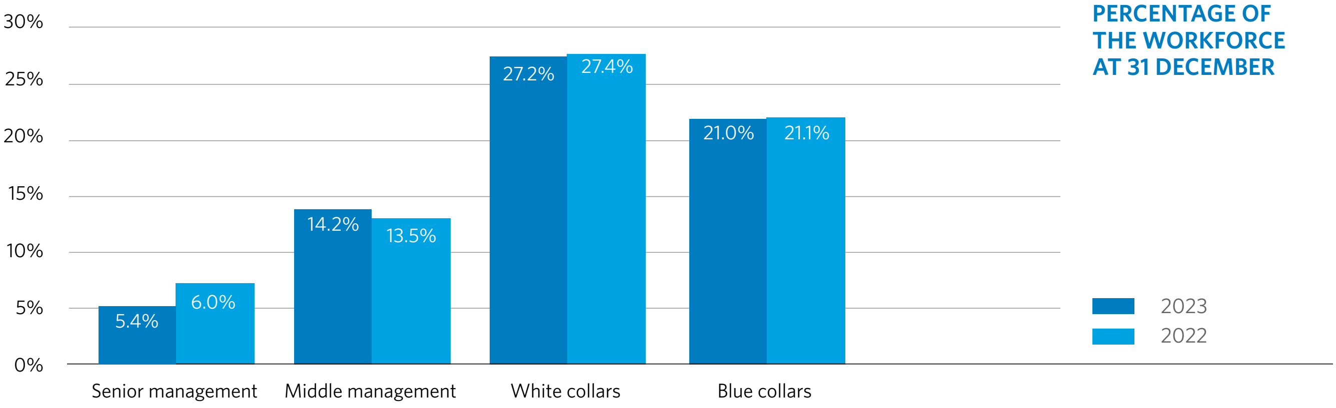
In this regard, we would like to mention the adoption of Female Advocacy initiatives aimed at facilitating the entry of women in the company at the Indian affiliate (e.g. ,ad-hoc selection activities at technical training institutes and awareness-raising training activities) and the Vietnamese affiliate (e.g. , celebration of Vietnamese Women's Day).

**COMPANY POPULATION BY GENDER AND GEOGRAPHIC SEGMENT AREA AS OF 31 DECEMBER**

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | MEN | | WOMEN | | MEN | | WOMEN | |
| | NO. | % | NO. | % | NO. | % | NO. | % |
| EMEA and Americas | 2,274 | 69.4% | 1,004 | 30.6% | 2,244 | 68.8% | 1,016 | 31.2% |
| *of which Italy* | *2,057* | *68.4%* | *950* | *31.6%* | *2,032* | *68.0%* | *957* | *32.0%* |
| India | 1,403 | 97.3% | 39 | 2.7% | 1,336 | 97.6% | 33 | 2.4% |
| Asia Pacific 2W | 968 | 80.3% | 237 | 19.7% | 995 | 82.3% | 214 | 17.7% |
| **Total** | **4,645** | **78.4%** | **1,280** | **21.6%** | **4,575** | **78.4%** | **1,263** | **21.6%** |

70. Senior managers are considered to be the first and second hierarchical levels of top management of Piaggio & C S.p.A. and the first and second hierarchical levels of Subsidiaries. The term local refers to national level, and local senior managers means senior managers with a nationality corresponding to the country where they operate.
71. Local is defined as the geographic segment of reference indicated.

## WOMEN AS A PERCENTAGE OF THE WORKFORCE AT 31 DECEMBER




## COMPANY POPULATION BY CONTRACT TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2023[72]

| NO. OF PEOPLE | FIXED-TERM CONTRACT | | | OPEN-ENDED CONTRACT | | |
|---|---|---|---|---|---|---|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| EMEA and Americas | 9 | 2 | 11 | 2,265 | 1,002 | 3,267 |
| *of which Italy* | *5* | *2* | *7* | *2,052* | *948* | *3,000* |
| India | 272 | 15 | 287 | 1,131 | 24 | 1,155 |
| Asia Pacific 2W | 252 | 73 | 325 | 716 | 164 | 880 |
| **Total** | **533** | **90** | **623** | **4,112** | **1,190** | **5,302** |

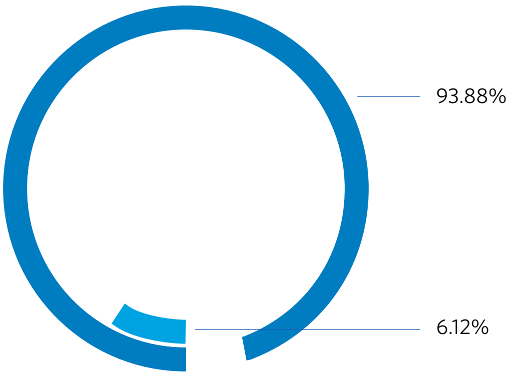
Equal opportunities are offered to employees of both genders, with concrete initiatives to facilitate management of the work-life balance, such as the introduction of contract types other than full-time.

72. The methodology used for counting employees, as required by GRI 2-7, is the headcount. Piaggio Group's population doesn't include not guaranteed hours employees.

## COMPANY POPULATION BY PROFESSIONAL TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2023

| NO. OF PEOPLE | FULL TIME | | | PART TIME | | |
|---|---|---|---|---|---|---|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| EMEA and Americas | 2,261 | 830 | 3,091 | 13 | 174 | 187 |
| *of which Italy* | *2,045* | *778* | *2,823* | *12* | *172* | *184* |
| India | 1,403 | 39 | 1,442 | 0 | 0 | 0 |
| Asia Pacific 2W | 968 | 237 | 1,205 | 0 | 0 | 0 |
| **Total** | **4,632** | **1,106** | **5,738** | **13** | **174** | **187** |

## PART TIME WORK IN ITALY AT 31 DECEMBER 2023




### Parental/maternity leave

Our companies apply legal regulations of relevant national legislation.
The Group does not discriminate in any way against those who have taken maternity leave. On the contrary, in order to facilitate the reconciliation of childcare and work life, 184 employees in Italy have been granted a horizontal part-time contract. Moreover, as a further supplement to the work-life balance, the Pontedera site has a childcare support agreement (see the section on Industrial Relations). The following information is provided for companies for which this aspect is numerically more significant[73].

| | EMEA & AMERICAS | | | INDIA | | | ASIA PACIFIC 2W | | |
|---|---|---|---|---|---|---|---|---|---|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Total number of employees entitled to parental leave in 2023 | 2,275 | 1,004 | 3,279 | 554 | 39 | 593 | 951 | 231 | 1,182 |
| Employees on maternity/paternity leave during 2023 | 36 | 16 | 52 | 8 | 1 | 9 | 94 | 25 | 119 |
| Employees returning in 2023 after maternity/ paternity leave | 36 | 3 | 39 | 8 | 1 | 9 | 94 | 15 | 109 |
| Employees returning in 2022 after maternity/ paternity leave | 28 | 8 | 36 | 0 | 1 | 1 | 64 | 22 | 86 |
| Employees who have returned to work and are on the staff 12 months after returning from maternity/paternity leave | 27 | 6 | 33 | 0 | 1 | 1 | 64 | 22 | 86 |
| % Return to work Rate | 100.00% | 37.50% | 88.64% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| % Retention Rate | 96.43% | 75.00% | 91.67% | - | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Please note that in Italy, all employees who are parents[74] of a child up to 12 years of age are entitled to an additional period of abstention from work. In Vietnam, this opportunity is guaranteed for parents of a child up to 7 years of age.

Within the Group, the corporate population is largest in the 30-50 age group.
The generational mix is fundamental for the knowledge and dissemination of know-how among young people by the most experienced workers, who are able to set an example and pass on the skills and abilities they have acquired over time.

73. The figures shown relate only to parental leave taken up to the child's first birthday.
74. Whether natural, adopted or foster children.

## COMPANY POPULATION BY PROFESSIONAL CATEGORY AND AGE GROUP AT 31 DECEMBER

| N. OF PEOPLE | | < 30 | 30-50 | > 50 | TOTAL |
|---|---|---|---|---|---|
| 2023 | Senior management | 0 | 35 | 77 | 112 |
| | Middle management | 3 | 441 | 248 | 692 |
| | White collar | 210 | 939 | 478 | 1,627 |
| | Blue collar | 650 | 1,658 | 1,186 | 3,494 |
| | **Total** | **863** | **3,073** | **1,989** | **5,925** |
| | **%** | **15%** | **52%** | **34%** | **100%** |
| 2022 | Senior management | 0 | 44 | 72 | 116 |
| | Middle management | 4 | 456 | 228 | 688 |
| | White collar | 209 | 985 | 402 | 1,596 |
| | Blue collar | 596 | 1,800 | 1,042 | 3,438 |
| | **Total** | **809** | **3,285** | **1,744** | **5,838** |
| | **%** | **14%** | **56%** | **30%** | **100%** |


**COMPANY POPULATION UP TO 30 YEARS OF AGE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2023**

## INVOLVEMENT AND ENGAGEMENT WITH STAFF

The Piaggio Group's internal communication guidelines aim to inform employees about the performance and prospects of the business and to bring them closer to the strategies of top management.
The system is based on the belief that the sharing of strategic goals by each individual employee is a critical factor for success.
With this in mind, Piaggio has various communication and information tools that respect and enhance the various social and cultural realities that make up the Group.
In particular, the national intranet portal "PiaggioNet" is active in Italy, offering information on the Group, company news and the latest about all-brand product ranges, as well as numerous services for personnel (e.g. travel management, internal manuals/procedures, the Piaggio Global Training platform, direct access online to the Piaggio Group Magazine, "Wide", which is also published on Group websites, constantly updated and available in Italian and English).
In order to facilitate communication with employees and workers and dematerialise the payroll distribution process, a specific portal accessible to employees has been set up.
Similar information is made available to employees in foreign offices through the dedicated intranet portal "PiaggioNet International", whose contents are published in English.

## Industrial relations

The Piaggio Group recognises the role of trade union organisations and workers' representatives and confirms its willingness to establish a relationship with them based on attention, engagement and understanding. Ongoing comparison and discussion are in fact considered fundamental elements for finding the best solutions to specific company needs.

The Group's policy is to involve workers and their representatives in the pursuit of corporate objectives and to establish an ongoing dialogue with them. The solutions and behaviour adopted in the various countries in which the Group operates are in tune with the social and institutional context, but always consistent with the Group's underlying principles and overall needs.

Piaggio respects labour legislation in the various countries where it operates and applies collective bargaining when the law requires it. In particular, around 80% of the Company's workforce is covered by a sector, territorial or company collective bargaining system, depending on the historical, regulatory and cultural differences in the various national contexts. In situations where there is no collective bargaining agreement, however, Piaggio operates in full compliance with Group policies, local regulations and freedom of association.

### Italy

In this context, the system of industrial relations adopted to date, characterised by constant engagement and discussion with trade unions and workers' representatives present at the various Italian production units, has enabled the Parties to deal swiftly and effectively with the exceptional nature of events that have occurred.

Proximity bargaining, as a result of negotiation with the trade unions, has made it possible to adapt certain regulatory and contractual aspects to the conditions and specific needs of the various companies, while at the same time guaranteeing a high degree of flexibility in the use of labour with fixed-term contracts.

In particular, with the Proximity Trade Union Agreements signed in December 2022, the Italian production sites at Pontedera (Pisa), Mandello del Lario (Lecco) and Scorzè (Venice), were able to respond effectively in 2023 to the need for temporary increases in volumes through the re-employment of already trained and trained workers under fixed-term contracts.

On the employment front, and implementing the aforementioned agreements, around 60 fixed-term contracts at the Pontedera unit and 30 at the Mandello del Lario and Scorzè units were converted to permanent contracts in 2023.

With reference to second-level collective bargaining, in May 2023 the trade unions presented a Platform for the renewal of the Supplementary Company Agreement, which expired at the end of 2022. Negotiations for renewal of the agreement began in October with an initial series of meetings held in the October-December period at the Confindustria headquarters in Pisa.

The application of the National Collective Labour Agreement (CCNL) for workers in the private metalworking and plant installation industry throughout the country has also been confirmed.

Due to job reductions of a contingent nature, the Cassa Integrazione Guadagni Ordinaria (ordinary redundancy fund) was used at the Pontedera unit in 2023, for 19 weeks, and at the Scorzè unit, for 20 weeks, while for the Mandello unit, this fun was used for a few weeks in December 2023.

At the Pontedera unit, use of the above fund for events which could objectively not be avoided was necessary for two weeks in November to secure the working environment following the exceptional flooding event that hit the Region of Tuscany on 2 November 2023.

The total number of hours lost in 2023 due to strikes (between hours lost due to company micro-conflicts and hours lost due to general/category strikes) was down on the previous two years.
It should be noted, however, that micro-conflicts, present almost exclusively at the Pontedera site, did not reach significant values in absolute terms and were limited exclusively to initiatives by a minority of union representatives.

Below is the summary table of hours lost through strikes in the last three years at the different company locations in Italy:

| | | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| No. of hours lost through strikes | General/category | 11,127 | 7,571 | 9,919 |
| | Corporate | 10,834 | 14,825 | 12,920 |
| | **Total** | **21,961** | **22,396** | **22,839** |
| % hours lost compared to hours worked[75] | General/category | 0.22% | 0.14% | 0.35% |
| | Corporate | 0.22% | 0.28% | 0.46% |
| | **Total** | **0.44%** | **0.43%** | **0.81%** |
| No. of days lost through strikes | General/category | 1,391 | 946 | 1,240 |
| | Corporate | 1,354 | 1,853 | 1,615 |
| | **Total** | **2,745** | **2,799** | **2,855** |

In Italy, an extensive framework is in place for enhancing corporate welfare, with a system of benefits aimed at increasing the individual and family wellbeing of employees in economic and social terms. Employees can also voluntarily convert their company performance bonus, in whole or in part, into goods and services that can be provided as welfare.

All Group employees are enrolled in the supplementary health care fund (Métasalute) provided for in the national collective bargaining agreement for the metalworking sector.
Employee health-related facilities/services are also available:
- at Pontedera, at the company medical centre, specialist doctors (ophthalmologist, orthopaedist, pulmonologist, dermatologist, ENT) are available to employees for specialist referrals;
- at Noale/Scorzè and Mandello del Lario, paid leave for specialist referrals outside the company is given to all employees, and a permanent healthcare/doctor's surgery is available on site;
- lastly, free flu vaccinations are available at all locations.

### India

In India, trade unions are structured on two levels, at company and local level. This structure is also replicated at the Indian affiliate, where the trade union system refers to a company trade union committee made up of Piaggio workers' representatives and a central trade union committee, which is in fact the highest hierarchical level, whose members are selected by the trade union. The company trade union committee consists of five members elected annually by the workers.

At the Indian affiliate, following a bilateral discussion with trade union representatives, a new collective company agreement was signed on 21 December 2022, which came into force on 1 January 2023 and is valid for four years.
In 2023, a major effort was required to adapt production capacity to the complex and changing trends in market demand with a view to optimising productivity. This effort was facilitated by constructive dialogue with trade union representatives. In this regard, it is noted that there were no strikes in 2023.

In 2023 further initiatives were carried out to ensure, in addition to full compliance with labour legislation, the maintenance of a cooperative relationship with workers and trade unions and the involvement of workers with a view to improving employee satisfaction and, consequently, motivation. In line with this approach, Piaggio has carried out numerous activities, including: various initiatives for the control and prevention of illnesses, raising awareness on both the "Prevention of Sexual Harassment" and health and safety issues, purchasing books and uniforms for employees' children.

### Vietnam

In Vietnam, the functions of company-level trade union representatives (identified within the framework of a Company Trade Union Committee) are to protect employees, assist their understanding of certain aspects of labour regulations and company policies, and support certain company initiatives in economic terms for employees.
In particular, the Trade Union Committee elected for the 2023-2028 period and consisting of 15 members, assisted and supported together with the Company a series of events, aimed at improving employee motivation, e.g. through participation in company events.
It should be noted that no strikes were recorded during 2023.

75. Only the hours of productive personnel were taken into account for the calculation of the %.

### Indonesia

During 2023, production processes at the Indonesian plant were consolidated in line with Group standards. In compliance with local regulations and practices, the Bipartite Forum of Cooperation and Communication (LKS) was established, consisting equally of company and employee representatives, which meets monthly to ensure a constructive and balanced discussion.
It should be noted that no strikes were recorded during 2023.

## Occupational Health and Safety

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

All employees guarantee and work together to put in place effective occupational health and safety programmes, to safeguard their own safety and that of others, based on interdependence.
Prevention and protection activities to safeguard the health of workers in a complex industrial context like the Piaggio Group, both in Italy and abroad, can only be achieved effectively through an adequately structured organisation which specifically aims to foster a "culture" of safety within the company. This includes behavioural training initiatives (the principles of which were also introduced in the most recent training updates) and initiatives to develop a "Culture of Safety". The belief that prevention must steer behaviour and daily activities, at all levels, has led the Piaggio Group to adopt very similar safety management standards in all the countries where it operates, regardless of any regulatory constraints that are less stringent. From this perspective, the plants in Italy, Vietnam and India have an Occupational Health and Safety management system certified by a certification body accredited according to ISO 45001 standard (Occupational Health and Safety Management System). The ISO 45001 certified management system applies to 84% of all Piaggio Group employees worldwide. Audits are conducted annually and were successfully completed in 2023.
Production processes or company support processes are subject to a risk assessment, conducted according to a systematic process, and with the support of external specialised technical resources where necessary, with registration in specific Risk Assessment Reports.
The Occupational Health and Safety Management System that has been implemented at Piaggio envisages a rather extensive document system which, starting from the H&S Policy issued by Management, is set out in the Manual and actually implemented in the Management Procedures (which involve the entire company organisation), in the Operating Procedures (which instead involve only some company structures) and in the Work Instructions, which specify the correct methods for performing individual operations.
Specific procedures are in place for change management, both with a view to risk prevention and to intercept opportunities for improvement (ergonomics, plant safety, etc.).
In addition, a system of immediate reporting and analysis of accidents, injuries and near misses is consolidated, with standardised methods and defined working groups, in order to identify the root causes of such events and prevent the occurrence or recurrence of accidents. Another example of the prevention model applied is the computerised 'risk condition reporting', available on the company intranet. Through these methods, company managers, as well as individual workers through the person in charge, can identify and report any risk conditions present, initiating a system of assigning and evaluating preventive actions and monitoring their effectiveness, so as to ensure a complete and accurate management of actions to improve safety at work. The management of near misses is a fundamental element in preventing accidents.
Great importance is attached to emergency management. A plan has been prepared for each site, as required by current legislation, which includes an analysis of the main risks, the definition of the operating procedures to be adopted during the various types of emergency, the roles and actions to be implemented by designated, trained personnel and the communication protocols. Obviously, the efficiency of this organisational system is tested through numerous drills involving Piaggio's sites.
All workers, consultants and suppliers entering the Group's plants are obliged to comply with this management system, which provides for internal and external audits on compliance with the procedures adopted.
Workers' health information is processed exclusively by the medical/nursing staff in charge (in particular Company-appointed Doctors), in compliance with applicable local regulations in terms of health data management and the code of ethics of the health professions, as well as with privacy regulations.
There were no accidents involving external workers under the operational control of the Group (agency workers as reported for GRI disclosure 2-8) during the year, so the accident rates were 0.

## Italy

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

In 2023, as part of the strategy to continuously consolidate the Company's Safety Culture, the development of an international and interdisciplinary team of 'Safety Ambassadors' continued. Employees who, through the enhancement of skills and personal abilities, within their operating/management area, represent a reference point for the application of health and safety systems, for continuous improvement and for the involvement and awareness of colleagues. The international team is involved in coordination meetings held every two months, which supplement the monthly meetings of the national teams (e.g. in Italy, meetings involving representatives from all plants are held on a weekly basis).
The focus on Safety Culture training continued in 2023, addressing behavioural issues and personnel involvement and empowerment.
The Pontedera plant was awarded during 2023 by the President's Office of the Region of Tuscany as one of the winners of the 'Impresa più Sicura' (Safer Enterprise) competition for the project 'Managing the risk of upper limb biomechanical overload through good health surveillance practices'.

### OCCUPATIONAL ACCIDENTS IN ITALIAN FACTORIES[76 - 77]

| | PONTEDERA | NOALE AND SCORZÈ | MANDELLO |
|---|---|---|---|
| 2023 | | | |
| Hours worked | 3,747,710 | 730,653 | 311,043 |
| No. of deaths from occupational accidents | 0 | 0 | 0 |
| Fatality rate | 0 | 0 | 0 |
| No. of recordable occupational accidents | 30 | 2 | 5 |
| Rate of recordable occupational accidents | 8.0 | 2.7 | 16.1 |
| No. of accidents at work with serious consequences | 0 | 0 | 0 |
| Rate of accidents at work with serious consequences | 0 | 0 | 0 |
| 2022 | | | |
| Hours worked | 4,041,218 | 871,545 | 307,575 |
| No. of deaths from occupational accidents | 0 | 0 | 0 |
| Fatality rate | 0 | 0 | 0 |
| No. of recordable occupational accidents | 31 | 6 | 7 |
| Rate of recordable occupational accidents | 7.7 | 6.9 | 22.8 |
| No. of accidents at work with serious consequences | 1 | 0 | 0 |
| Rate of accidents at work with serious consequences | 0.25 | 0 | 0 |

The aforementioned accidents refer only to Group employees and mainly concern bruises and cuts during the assembly of components or while using small work equipment.

Accidents at country level (Italy) have decreased both as an absolute number and as a frequency index also thanks to specific actions both of a technical and training nature.
Accidents are mostly attributable to behavioural causes such as distraction, inappropriate behaviour, failure to follow procedures.
With regard to external companies operating at Piaggio's Italian production sites, one accident was recorded in 2023 and one in 2022.
There were no fatal accidents in Italy in 2023, similar to 2022.

76. The rates for accident data, for all geographical areas, are calculated considering the hours worked by employees during the reporting year and the multiplication factor of 1,000,000.
77. During 2023 the national insurance body communicated the recognition of 5 cases of occupational diseases.

### India

In order to ensure the highest standards of occupational health and safety, Piaggio Vehicles Private Limited (PVPL) has an organisational structure that operationally involves the 'Employer' - a single employer for the various production sites - who is assigned the responsibility of ensuring the health, safety and welfare of all employees in the workplace, Plant Managers and a 20-member Safety Committee that includes managers, middle managers and office workers. The Safety Committee meets regularly to plan, review and discuss the action plans necessary to establish and spread a culture of awareness and safety among employees in the workplace. The presence of a Health and Safety team ensures that the whole system can function effectively.
In line with the Group's approach, in recent years much has been invested in training as a key factor in increasing employee responsibility in relation to safety and promoting a proactive approach to safety issues (e.g. through the celebration of the Safety Day). The display of Safety information in English and in the local language also helps to create a real safety culture at all levels.
Piaggio Vehicles Private Limited is committed to ensuring the safety and well-being of employees and their immediate family members, including through the organisation of specific events.
In addition, various employee health and wellness programmes have been initiated in cooperation with experts. For example, a 24/7 medical service is made available at all production sites and, when necessary, an ambulance first aid service is extended to the families of Baramati employees.

In line with the Group's approach, a great deal has been invested in training over the last few years, which is considered one of the main levers to increase each employee's awareness of safety issues and consequently foster a proactive attitude and involvement in safety matters.

#### OCCUPATIONAL ACCIDENTS IN INDIA[78]

| | COMMERCIAL VEHICLES PLANT | TWO-WHEELER PLANT | ENGINES PLANT |
|---|---|---|---|
| 2023 | | | |
| Hours worked | 2,100,122 | 419,531 | 515,287 |
| No. of deaths from occupational accidents | 0 | 0 | 0 |
| Fatality rate | 0 | 0 | 0 |
| No. of recordable occupational accidents | 0 | 1 | 0 |
| Rate of recordable occupational accidents | 0.0 | 2.4 | 0.0 |
| No. of accidents at work with serious consequences | | | |
| Rate of accidents at work with serious consequences | 0.0 | 0.0 | 0.0 |
| 2022 | | | |
| Hours worked | 2,537,453 | 588,873 | 741,476 |
| No. of deaths from occupational accidents | 0 | 0 | 0 |
| Fatality rate | 0 | 0 | 0 |
| No. of recordable occupational accidents | 0 | 2 | 0 |
| Rate of recordable occupational accidents | 0 | 3.4 | 0 |
| No. of accidents at work with serious consequences | 0 | 0 | 0 |
| Rate of accidents at work with serious consequences | 0 | 0 | 0 |

78. The number of occupational diseases confirmed in Indian plants is equal to 0.

### Vietnam

Piaggio Vietnam has a Safety Committee that involves all members of company functions, and is chaired by the Head of Operations. Committee members are responsible for managing any safety issues in their operational area and taking the necessary corrective actions accordingly. There are also periodic follow-up audits to report any relevant safety issues or opportunities to the committee in order to take immediate corrective/preventive action.
In order to implement the health and safety provisions, an H&S operational programme is defined. The H&S 2023 operational plan was also implemented by carrying out constant inspections to support the improvement actions identified within the Safety Committee.
All internal and external audits carried out in 2023 were successful.
In order to promote a safety culture and the importance of H&S issues for the company, H&S training courses were provided to all employees in 2023. A road safety promotion campaign was also organised to raise awareness of the relative risks.
In addition, a project was implemented in 2023 to re-evaluate and classify working conditions in the various working positions, in order to identify suitable countermeasures and optimise ergonomics in each position, also by applying standards that are more stringent than local regulatory requirements.
In 2023 there were no accidents at work involving employees. There were no accidents involving external workers under the operational control of the Group (agency workers as reported for GRI disclosure 2-8) during the year. Nevertheless one fatal accident occurred on a construction site operated by an external company.

### OCCUPATIONAL ACCIDENTS IN VIETNAM[79]

| | VIETNAM |
|---|---|
| 2023 | |
| Hours worked | 2,206,860 |
| No. of deaths from occupational accidents | 0 |
| Fatality rate | 0 |
| No. of recordable occupational accidents | 0 |
| Rate of recordable occupational accidents | 0 |
| No. of accidents at work with serious consequences | 0 |
| Rate of accidents at work with serious consequences | 0 |
| 2022 | |
| Hours worked | 2,545,753 |
| No. of deaths from occupational accidents | 0 |
| Fatality rate | 0 |
| No. of recordable occupational accidents | 0 |
| Rate of recordable occupational accidents | 0 |
| No. of accidents at work with serious consequences | 0 |
| Rate of accidents at work with serious consequences | 0 |

### Indonesia

During 2023, no accidents occurred in Indonesia, with 152,515 hours worked. In addition, the organisation of H&S activities was also consolidated through the dissemination of a safety culture to increase employee involvement, as well as ensure compliance with relevant regulations.
The commitment to Health and Safety in the Indonesian plant's operations is demonstrated by achieving zero accidents in the year and obtaining ISO 45001 certification[80].

79. The number of occupational diseases confirmed in Vietnamese plants is equal to 0.
80. The number of occupational diseases confirmed in Indonesian plant is equal to 0.

# Responsible supply chain management[81]

The Piaggio Group manufactures vehicles sold under its own brands in its own factories in the various world markets. The only exception is vehicles purchased by the Chinese affiliate Zongshen Piaggio Foshan and scooters purchased from third parties (14,582 units in 2023, equal to 2.6% of vehicles sold).
Piaggio is a leader in engine technology and produces engines in its own factories both for internal production and to meet the demands of other manufacturers.
All other components that make up a vehicle are purchased externally and assembled internally.

The purchases of production sites for goods and spare parts are indicated below. Any purchases by trading companies and research centres are not considered, as they are residual and insignificant.

## Italian sites

In 2023, Italian plants purchased goods and spare parts for a total value of €595 million (excluding complete vehicles) from 622 suppliers. The top ten suppliers accounted for 24% of total purchases.

### GEOGRAPHICAL LOCATION OF ITALIAN PLANT SUPPLIERS[82]

| GEOGRAPHIC SEGMENT | 2023 | 2022 |
|---|---|---|
| Italy | 48.0% | 48.1% |
| Europe | 8.6% | 8.4% |
| China+Taiwan | 28.4% | 28.2% |
| Vietnam | 8.7% | 9.3% |
| India | 5.2% | 4.9% |
| Japan | 0.4% | 0.5% |
| Others | 0.7% | 0.6% |

## Indian sites

In 2023, Indian plants purchased raw materials, goods and spare parts for a total value of €286 million from 575 suppliers.
The top ten suppliers accounted for 41% of total purchases.

### GEOGRAPHICAL LOCATION OF INDIAN PLANT SUPPLIERS

| GEOGRAPHIC SEGMENT | 2023 | 2022 |
|---|---|---|
| India | 99.4% | 98.3% |
| Other | 0.6% | 1.7% |

81. The figures reported for all production sites exclude purchases from Group companies. The 2022 figures published last year, which included intercompany purchases, have therefore been revised for the sake of consistency.
82. To calculate the percentages, goods' receipts were taken into account.

### Vietnamese sites

In 2023, Vietnamese plants purchased goods and spare parts for a total value of €262 million from 296 suppliers.
The top ten suppliers accounted for 34% of total purchases.

#### GEOGRAPHICAL LOCATION OF VIETNAMESE FACTORY SUPPLIERS

| GEOGRAPHIC SEGMENT | 2023 | 2022 |
|---|---|---|
| Vietnam | 69.9% | 70.7% |
| China+Taiwan | 16.3% | 17.6% |
| Emea | 6.1% | 6.1% |
| India | 2.9% | 2.0% |
| Others | 4.8% | 3.6% |

### Indonesian site

The main supplier of the Indonesian plant is the affiliate Piaggio Vietnam from which it receives Vespa components for assembly. In 2023, components, goods and spare parts worth a total of €930 thousands million were purchased from 40 suppliers.
The top ten suppliers accounted for 97.68% of total purchases.

#### GEOGRAPHICAL LOCATION OF THE INDONESIAN PLANT'S SUPPLIERS

| GEOGRAPHIC SEGMENT | 2023 | 2022 |
|---|---|---|
| Indonesia | 100% | 100% |

The Group's relations with suppliers are based on fairness, impartiality and respect for equal opportunities for all those involved.
The Group requires its suppliers to sign the Group's general terms and conditions of supply, which include the 'Code of Ethics and Business Conduct'.

## Supply audits

The quality of Piaggio products is also a function of the quality of its own supplies. The Piaggio Group carries out intense scouting and audit activities to select and assess new suppliers, constantly monitor their quality level and give approval of processes for the development of new components. These activities are carried out through scheduled visits by Piaggio's supplier audit team.
New suppliers become part of Piaggio's 'pool' only after an in-depth and positive evaluation of their production processes, their products and their certification linked to functional/dimensional and material characteristics described in the project specifications.
The audits, requested by the Procurement Department, are aimed at assessing the quality system of a potential supplier and its ability to produce the product for which it has been proposed or selected.
For suppliers that have previously been successfully evaluated and already belong to the qualified supplier pool, further process audits may be envisaged in the case of:
- the development of new products;
- the resolution of problems detected during mass production;
- reports of non-compliance occurring during the vehicle's warranty period.

In the case of new products, audits are planned to assess the supplier's ability to manage the processes required to manufacture the new product and to offer them, if and when deemed necessary/required, technical support for their definition and control.
In the case of well-established products, on the other hand, audits are carried out to resolve specific problems that have arisen during production, to verify the supplier's ability to keep the processes that contribute to product development under control, to periodically monitor improvement in performance in terms of returns/disruptions[83], to resolve problems that have arisen under warranty, and finally to verify the effectiveness of corrective actions defined by the suppliers to prevent the recurrence of non-conformities.

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

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

## Corporate Finance Area

Activities relating to the monitoring of the economic, financial and corporate reliability of Strategic Suppliers are the responsibility of the Finance Area.

In 2023, the analysis and monitoring of Piaggio & C. SpA's Suppliers continued, as well as the mapping of shareholders/controlling shareholders of strategic business partners. Moreover, in the area of Compliance, checks continued on the possible presence among Suppliers of subjects who are politically exposed and/or included in anti-terrorism lists (or in any case in lists of possible crimes that could damage the corporate image), in order to mitigate "reputational risk". All possible corporate and financial changes, which may affect the perceived risk status, are presented to a Suppliers Committee (composed of the Purchasing Manager, the 3-4 Wheeler Product Development Department Manager, the 2-Wheeler R&D Department Manager, the Administration Manager, the Finance Manager and the Chief Financial Officer) during periodic meetings in order to identify possible corrective and improvement actions, should critical areas emerge.
In December 2023, the company procedure dedicated to supplier evaluation was updated, with the introduction, among other things, of possible criticalities in terms of supplier reliance thresholds, which Finance is responsible for monitoring, and the definition of maximum dependency thresholds of suppliers in terms of the % of turnover to Piaggio out of the total turnover recorded in its financial statements.
Piaggio is assessing how to obtain ratings or opinions from third-party bodies of suppliers' compliance with ESG principles in order to prepare for the compliance required by the new CSRD (Corporate Sustainability Reporting Directive) that will come into force next year; to date no supplier has been assessed for environmental or social criteria.
The Financial Assessment of Aprilia Racing's strategic Suppliers continued in 2023, together with an analysis of the financial and corporate reliability of the main Sponsor Companies of the Team, as well as the monitoring of possible reputational risks.

83. Items returned, reworked, selected, accepted as an exception.

## Vendor Assessment

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

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

## Supplier Portal

For the effective and efficient management of supplier relations, the Supplier Portal, based on the SRM-SAP system, is active in Italy, India and Vietnam.
The 'SRM - Suppliers Portal' system is an IT tool for the real-time exchange of information and documents between all company functions and suppliers, both for the purchase of materials and components, and for the purchase of equipment and services, thus guaranteeing correct and transparent management of all phases of the purchasing process: purchase requests, purchase orders, price lists and supply schedules, goods receipt, invoices, payment information.
In particular, the Portal ensures that the following objectives are achieved:
- increased collaboration with suppliers, through self-service tools, document and information sharing;
- increased efficiency of purchasing processes, through the implementation of automated tools and increased compliance with purchasing procedures;
- minimisation of manual activities;
- quality and correctness of information;
- reduction in time-consuming business processes and communication;
- low use of 'paper' (including through the use of digital signatures);
- reduction in billing anomalies;
- visibility of the entire authorisation process, from purchase requests to orders.

## Customer satisfaction

Group vehicles are sold in over 100 countries. Piaggio has its own sales network in the main markets of Europe, America, India and Asia Pacific, while it operates through importers in the remaining areas of Emea and Africa.
Dealers and their staff represent the main communication channel for customer management and transfer of the corporate image, complemented by the Group's Customer Service activities. Product quality and customer service in general are top company priorities. Our customers are the testimonials of the quality of our vehicles and together with our brands and our know-how, they form the backbone of our business.
Piaggio advertises its vehicles mainly through its participation in the Moto GP Championship and other motorbike championships, its presence at the world's major motor shows, the organisation of test rides and events/meetings that promote the Group's various brands.

In order to continuously improve the quality of its vehicles and perceived comfort, Piaggio has a detailed, precise, robust and binding product development process, a careful and scrupulous auditing of outgoing quality from a customer perspective and an effective product and component traceability system, constantly strives for excellence in the management of both internal and external production processes, and constantly monitors data from the service network on problems encountered by customers.
In addition, the Group has dedicated functions for testing the reliability and safety of all products, whether new or already on the market, from the early design stages to their marketing. Tests are not limited to laboratory tests, but include dynamic road tests with different mission profiles based on the actual use of the vehicles by customers. During 2023, the Piaggio Group implemented an additional project on Italian plants aimed at digitising and capturing anomalies detected on the line and subsequent vehicle repair actions. The collection of information relating to the problem that has occurred contributes to the creation of a daily report and the creation of work teams aimed at attacking the anomalies detected in order to reach a 90% 'good right away' percentage (vehicles that can be approved, i.e. that can be sent to the warehouse for shipment to the network).

Reports of product quality problems coming from the Market/Customers are directed to Technical Support, which will immediately inform the Product Development Department and, if necessary, Legal and Corporate Affairs.

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

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

In order to guarantee the sales network that maintenance work is carried out in a safe environment, Piaggio publishes on the dealer portal and in individual manuals (one for each model) with technical instructions for carrying out maintenance operations the general rules of conduct that service network personnel must follow during maintenance activities.

### Quality system certification

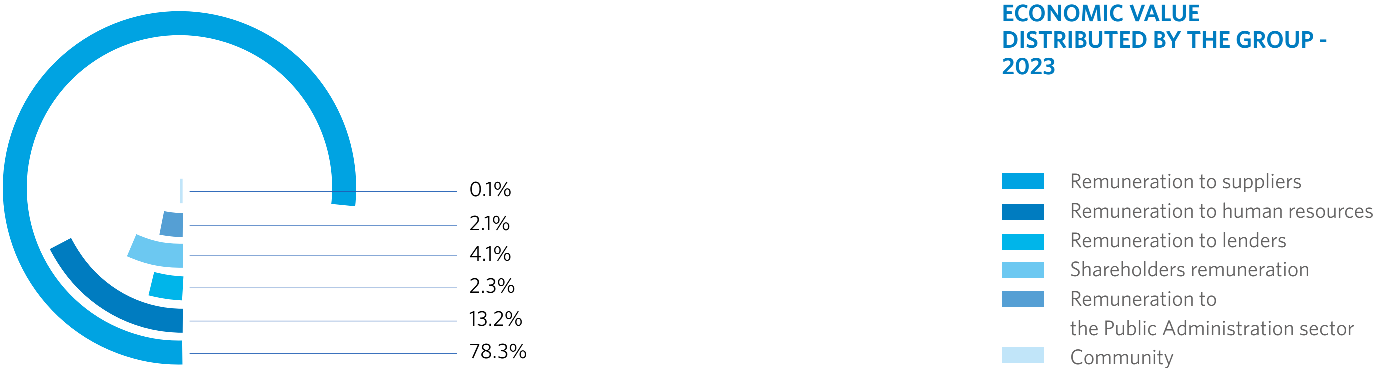
Obtaining and consistently maintaining global quality management system certification (ISO 9001:2015) is part of the company's common culture and the heritage of all Group employees. The results achieved in terms of product reliability, improved process performance, and increased customer satisfaction (internal and external) stem from the fact that the meanings of the words quality, customer orientation, continuous improvement and excellence are principles pursued in daily activities by the entire workforce.

## Determination and distribution of economic value generated

Economic value generated represents the wealth produced by Piaggio which, net of the value retained by the Group, is distributed to the various stakeholders in various forms.
The economic value distributed is broken down among the various stakeholders as follows: remuneration of suppliers (reclassified operating costs), remuneration of human resources (direct remuneration consisting of wages, salaries and severance pay and indirect remuneration consisting of social security charges), remuneration of lenders (financial charges), remuneration of shareholders (dividends distributed), remuneration of the public administration (all taxes paid), external donations and donations to the community. The value retained by the Group is represented by retained earnings and non-cash items (depreciation, amortisation, write-downs, provisions and deferred taxes).

### SCHEDULE FOR THE DETERMINATION OF GENERATED AND DISTRIBUTED ECONOMIC VALUE

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| **Economic value generated by the Group** | **2,106,990** | **2,337,040** |
| Remuneration to suppliers | 1,521,538 | 1,775,095 |
| Remuneration to human resources | 256,147 | 264,614 |
| Remuneration to lenders | 44,393 | 26,725 |
| Shareholders remuneration | 79,756 | 53,403 |
| Remuneration to the Public Administration sector | 40,344 | 43,615 |
| Community | 1,337 | 1,562 |
| **Economic value distributed by the Group** | **1,943,515** | **2,165,014** |
| **Economic value retained by the Group** | **163,475** | **172,026** |




### ECONOMIC VALUE DISTRIBUTED BY THE GROUP - 2023

The economic value distributed by Piaggio in 2023 amounts to €1,943,515 thousand, or 92% of the economic value generated. The majority of this value is represented by remuneration to suppliers (78.3%), followed by remuneration to human resources (13.2%), shareholders (4.1%), lenders (2.3%), Public Administration (2.1%) and communities (0.1%). Compared to 2022, the Economic Value Distributed decreased by 10%.

## Public subsidies and tax breaks

In 2023, the Piaggio Group benefited from grants and subsidies from the Public Administration for a total of €7,073 thousand.
Piaggio & C. collected research grants of €171 thousand for research projects, the contents and results of which are discussed in the chapter on the product dimension, and training grants of €439 thousand.
Piaggio Vehicles Private Limited (India) was awarded an export subsidy of €2,191 thousand, which was determined on the basis of a percentage of their FOB value.

## CONTRIBUTIONS RECEIVED (COLLECTED)[84]

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| Grants | 610 | 272 |
| Export subsidies | 2,191 | 1,469 |
| **Total** | **2,801** | **1,741** |

Tax benefits of €4,272 thousand, on the other hand, were obtained by Piaggio & C. S.p.A. and Piaggio France S.A.S.

In particular:
- Piaggio & C. accrued tax receivables during 2023 to partially offset the higher charges incurred during the first two quarters of the year for the purchase of electricity and natural gas, as introduced by Decre-Law no. 4 of 27 January 2022 and subsequently extended to the 2023 financial year by numerous legislative interventions, most recently by Law no. 197 of 29 December 2022 and by Decree-Law no. 34 of 30 March 2023, for a total amount of €1,453 thousand. In addition, it accrued a tax credit for investments made during 2022 in both ordinary and 4.0 capital goods pursuant to Article 1 of Law no. 178 of 30 December 2020, for €394 thousand, and a credit for investments in research and development activities made during 2022, pursuant to Law no. 160 of 27 December 2019, as amended, amounting to €2,416 thousand;
- Piaggio France received a tax credit of €9 thousand. This credit is equal to 50% of the amount of expenses incurred to finance the creation and management of a crèche or other forms of childcare for the children of company employees under three years of age.

## TAX CONCESSIONS

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| Tax Credit | | |
| Piaggio & C. | 4,263 | 7,212 |
| Aprilia Racing | | 646 |
| Piaggio France | 9 | 19 |
| **Total** | **4,272** | **7,877** |

Finally, would like to inform you that the Group did not receive any new subsidised loans in 2023.

84. Values in currencies other than the euro have been converted using the average annual exchange rate.

## Income Taxes

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

## Approach to taxation

All Group companies operate primarily in the country and market in which they are based, paying taxes on profits generated there, taxes on the earnings of employees directly employed in the same activities, consumption taxes and other local taxes imposed by the various regulations in force.
Subsidiaries are not located in states that are 'non-cooperative' for tax purposes or in states considered by Italian tax law to be 'privileged' for tax purposes, unless this is required by unavoidable industrial or commercial needs. Where this is the case, the Parent Company adopts and respects the tax regime provided for by Italian legislation on "Controlled Foreign Companies" (i.e. the so-called CFC rules).
The Group adopts an approach based on principles of rigour, prudence and correctness in its financial decisions and rejects the use of "aggressive tax planning" schemes through the creation of artificial corporate structures aimed at evading its tax obligations and obtaining undue tax advantages.
All tax incentives and benefits are used in full compliance with the rationale that drives individual countries to adopt them and in any case according to a transparent approach. The tax variable is used exclusively to support industrial and commercial plans and objectives and is never the main or prevailing cause.
In order to eliminate or contain economic and legal double taxation, the Group, where permitted, applies the "International Conventions against double taxation on income and capital and for the prevention of tax evasion and avoidance" as interpreted by the OECD.
Intragroup transactions are settled based on the arm's length principle, as interpreted by the OECD in its guidelines (i.e. the "Transfer Pricing Guidelines"). In this regard, the Group also adopts instruments aimed at avoiding or reducing the risk of disputes with the tax authorities and any tax disputes, such as so-called APA[85] - "Advance Pricing Agreements".
Finally, it should be noted that the Parent Company fulfils all the documentary requirements necessary for the disapplication of penalties for misstatement pursuant to Article 1, paragraph 2 of Legislative Decree 471/1997, in the event of adjustment of the normal value of transfer prices charged as part of transactions pursuant to Article 110, paragraph 7 of the Consolidated Income Tax Act, by preparing the so-called "Masterfile", which contains information about the multinational group and its overall transfer pricing policy, and the "country file", which contains more specific information about the Parent Company, pursuant to Article 26 of Decree-Law 78/2010, converted, with amendments, into Law 122/2010.

## Tax governance and risk management

In recognition of the importance that tax policy has for the individual countries in which it operates and of the potential economic and reputational risks associated with incorrect management of taxation, the Group has set up a specific tax department at the Parent Company which, under the supervision of the Board of Directors, operates as an effective control point for identifying, managing and containing the risks of violation or abuse of tax regulations, which is also responsible for support, direction and strategic coordination of subsidiaries.
Although the Parent Company is not obliged to do so, it has set up a system for identifying, monitoring and mitigating tax risk, known as the 'Tax Control Framework', which has made it possible to:

1. map the areas of activity considered most critical;
2. create and share appropriate procedures and instructions with a clear allocation of roles and responsibilities within the overall system of internal controls;
3. carry out analysis, information and training activities on the contents of the Tax Control Framework for the main corporate functions;
4. and, finally, adopt a monitoring and updating system aimed at ensuring the effective implementation of the Tax Risk Management System through periodic internal and external audits on the operation of the Tax Control Framework.

This has promoted a process of centralisation for the Tax Entity and a greater comparison between it and all main corporate bodies. The current organisation is more likely to guarantee the identification of the most relevant tax risks, and the assessment of the consequences

85. APA: Advanced Price Agreement.

and the adoption of necessary solutions or corrective tools. This also helps to ensure correct tax compliance activities and the settlement of taxes due, reducing the risk of formal and/or substantial violations.
To support tax risk management, the Group also has a Global Whistleblowing Policy, which sets out the general and fundamental principles for promoting responsible and safe whistleblowing practices, also covering tax matters.
The communication channels provided allow for the reporting of any information of serious wrongdoing relating to violations of the law and/or the internal control system, which have occurred or are very likely to occur in the organisation. Reports, including anonymous ones, are treated fairly, carefully examined and investigated in strict confidence, with integrity and an objective approach. The Company takes all necessary measures to safeguard and protect those involved in the process from retaliation.
The Group also makes use of recognised professional firms for its analyses and activities or, if necessary and permitted, consults the competent tax authorities in advance.

## Stakeholder involvement

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

## Reporting

Piaggio recognises the social role of tax issues and their importance in promoting sustainable development.
In order to ensure absolute transparency and in compliance with the GRI 207-Tax standard, a breakdown by tax jurisdiction of the consolidated data required by the aforementioned standard is presented below.

As required by GRI Disclosure 207-4, not all the necessary information referring to the most recent consolidated financial statements is available for the purposes of this report, so the information in this section refers to the financial year ending 31 December 2022, as this period refers to the consolidated financial statements immediately preceding the most recent one.

It should be noted that:
- the figures presented refer to the financial year 2022;
- the workforce is that on 31 December 2022;
- revenues from third parties also include other revenues;
- Group revenues exclude those between companies operating in the same tax jurisdiction;
- Pre-tax Profit (Loss) and Property, plant and equipment are presented on an aggregate basis, without considering consolidation eliminations;
- Pre-tax Profit (Loss) includes income from investments related to other Group entities;
- with regard to any differences between income tax accrued on profits and tax due (GRI 207-4-b-x), please refer to Note 14 of the Consolidated Financial Statements as of 31 December 2023 of the Piaggio Group. It should also be noted that both income taxes accrued and taxes paid on a cash basis in several countries are affected by the significant presence of dividends received from Group entities, which are included in the item of Profit (Loss) before tax. As is the case in most countries, these jurisdictions also provide exemption tax regimes for dividends, as they refer to a profit already subject to the taxation of the investee company.

## 2022

| COUNTRY | NAME | ACTIVITY | NO. OF EMPLOYEES | REVENUES FROM THIRD PARTIES | REVENUES FROM THE GROUP | PROFIT BEFORE TAX | PROPERTY, PLANT AND EQUIPMENT | TAXES PAID | TAXES ACCRUED |
|---|---|---|---|---|---|---|---|---|---|
| | | | | IN MILLIONS OF EUROS | | | | | |
| Italy | Piaggio & C. S.p.A. | Vehicle production and sales, Research and development | | | | | | | |
| | Aprilia Racing S.r.l. | Research and development, production and sales of racing motorbikes | | | | | | | |
| | Piaggio Concept Store Mantova S.r.l. | Commercial distributor | | | | | | | |
| | **Total Italy** | | **2,989** | **1,193** | **274** | **96** | **179** | **11** | **18** |
| **Croatia** | **Piaggio Hrvatska Doo** | Commercial distributor | **9** | **6** | **0** | **0** | **0** | **0** | **0** |
| **France** | **Piaggio France SAS** | Selling agency | **37** | **0** | **7** | **1** | **0** | **1** | **0** |
| **Germany** | **Piaggio Deutschland GMBH** | Selling agency | **33** | **0** | **5** | **1** | **0** | **0** | **0** |
| **Greece** | **Piaggio Hellas S.A.** | Commercial distributor | **19** | **42** | **0** | **2** | **1** | **0** | **0** |
| **Holland** | **Piaggio Vespa B.V.** | Holding and selling agency | **19** | **0** | **3** | **39** | **0** | **0** | **0** |
| **Spain** | Piaggio España S.L. | Selling agency | | | | | | | |
| | Nacional Motor S.A. | Company not active | | | | | | | |
| | **Total Spain** | | **28** | **0** | **5** | **0** | **0** | **0** | **0** |
| **UK** | **Piaggio Limited** | Selling agency | **14** | **0** | **2** | **0** | **0** | **0** | **0** |
| **USA** | Piaggio Group Americas Inc. | Commercial distributor | | | | | | | |
| | Piaggio Advanced Design Center Corp. | Design Services | | | | | | | |
| | Piaggio Fast Forward Inc. | Research and Development and Robot Production and Sales | | | | | | | |
| | **Total USA** | | **112** | **136** | **5** | **(20)** | **1** | **0** | **0** |
| **India** | **Piaggio Vehicles Pvt Ltd** | Vehicle production and sales, Research and development | **1,369** | **333** | **27** | **(9)** | **57** | **0** | **0** |
| **Vietnam** | **Piaggio Vietnam Co. Ltd.** | Vehicle production and sales, Research and development | **1,004** | **290** | **280** | **98** | **38** | **18** | **21** |
| **Indonesia** | **PT Piaggio Indonesia** | Vehicle assembly and sales and commercial distributor | **92** | **120** | **0** | **4** | **17** | **0** | **1** |
| **Singapore** | **Piaggio Asia Pacific Ltd** | Selling agency | **16** | **0** | **3** | **1** | **0** | **0** | **0** |
| **Japan** | **Piaggio Group Japan** | Commercial distributor | **10** | **14** | **0** | **0** | **0** | **0** | **0** |
| **China** | Piaggio China Co Ltd. | Holding | | | | | | | |
| | Foshan Piaggio Vehicles Tech.Dev. Co.Ltd. | Research and development, Provision of technical services; commercial distributor | | | | | | | |
| | **Total China** | | **87** | **104** | **6** | **4** | **0** | **1** | **1** |
| **Brazil** | AWS do Brasil | Inactive | | | | | | | |
| | Aprilia Brasil | Inactive | | | | | | | |
| | **Total Brazil** | | | | | | | | |
| | | | | | | | | | |
| | **Total aggregate** | | | | **618** | **217** | **293** | | **44** |
| | Consolidation entries | | | | (618) | (90) | (2) | | 0 |
| | **Total consolidation** | | **5,838** | **2,238** | **0** | **127** | **291** | **33** | **44** |

## Supporting local communities

### FONDAZIONE PIAGGIO[86]

During 2023, the Piaggio Foundation further developed its activities, undisputedly establishing itself as one of the most dynamic socio-cultural realities in Tuscany and Italy. For years, the Piaggio Foundation has set itself the goal of becoming an important centre of aggregation and cultural promotion, and the prestigious awards it has received testify to the validity of its activities. These recognitions include the recent Corporate Heritage Art Award, for companies that have best known how to enhance their history and identity through art and culture.
In 2023, the Foundation hosted numerous conferences and debates on science and customs and organised exhibitions, a music festival, and a literary festival and prize. These activities were complemented by educational programmes for students of all levels, social and ethical promotion events, and training and vocational guidance programmes.
The musical events organised and hosted as part of the Pontedera Music Festival were of particular importance in 2023, with over 30 concerts featuring internationally renowned artists. In the autumn, the Vespa Chi Legge Literary Festival was organised and hosted, featuring important names from the contemporary Italian literary scene. 2023 also saw the debut of the Vespa Chi scrive! literary prize, which was conceived by the Piaggio Foundation in collaboration with the Carver School, a reading and writing school. The competition, in its first edition, was a great success and awarded prizes to the best ten short stories with a "travel" theme, out of more than 100 received, and also awarded a number of special mentions, including the "Vespa prizes".
In 2023, study and historical and documentary support for Piaggio's activities and authorised third-party projects (universities, scholars, publishing houses, etc.) continued.

### PIAGGIO MUSEUM

Visitors to the Piaggio Museum in 2023 totalled 65,000, in addition to over 11,000 virtual visits. There figures were therefore comparable to pre-pandemic visits, even with an attendance planning system that prudently requires visitors to make reservations and avoids excessive crowding on certain days and at certain times. It is worth noting the considerable increase in attendance by motor clubs, which now account for almost 10% of visitors.
During the year, investments continued to improve and make the Museum's exhibition halls easier to visit, with major plant engineering works to improve energy and visitor services.
The collections on display were further enhanced with new and valuable models of the Vespa and Moto Guzzi V7 Stone Centenario, and the Ciao collection was also renewed.

### PIAGGIO HISTORICAL ARCHIVE

During 2023, the Piaggio Historical Archive made a decisive contribution to corporate communication activities, continuously providing thematic insights and support in iconographic research.
As part of the activities of the Piaggio Museum and Foundation, the archive focussed on the creation, iconographic research and drafting of texts for the exhibition "Vespa Club d'Italia. History of a passion". The archive also collaborated on texts accompanying the Museum's historical vehicles on display at the Livorno Naval Academy during the International Sailing Week.
As part of the reorganisation of the Moto Guzzi Museum, the support of the Piaggio Historical Archives was fundamental, thanks to the work to digitise and index Moto Guzzi archive material transferred to the dedicated digital portal (2,000 records for a total of more than 5,000 published media). At the same time, digitalisation and indexing work continued on the Piaggio Historical Archives digital portal (more than 1,600 records for more than 2,500 media published).
The Aprilia digital portal was also created (655 files for more than 2,000 media items).
The Archive also helped students, scholars and journalists writing of term papers, dissertations and publications in their research. Of particular note is the research project 'Economic Growth, Inequality and Poverty in the Long Term: Italy 1861-2021', approved and financed by the Ministry of University and Research as part of the National Recovery and Resilience Plan (NRRP) and coordinated by Professor Giovanni Vecchi (Department of Economics and Finance, University of Rome Tor Vergata).

86. It should be noted that information on the Piaggio Foundation, an entity not included in the Group's scope of consolidation, constitutes qualitative aspects that are useful for understanding the focus on the social context, even though this information is not included in the scope of consolidation.

## CULTURAL PROJECT

The Piaggio Foundation's Cultural Project was again a great success in 2023, making a decisive contribution to bringing the public back to the Museum and attracting many new visitors, also thanks to the new features in the programme.

**EVENTS AND CONFERENCES ORGANISED AT THE MUSEUM**

**2023**

| 88 | 20 |
|---|---|
| Organised by the Piaggio Foundation in collaboration with institutional and private partners | Organised by Third Parties |

## SOCIAL MEDIA

The new use of social media and virtual tours has become a habit and part of the daily routines of the Museum's fans. The virtual tour has therefore continued to be an alternative and complementary way of following the activities organised by it.
As mentioned, virtual visits to the Museum's permanent collections and temporary exhibitions totalled about 11,000 in the year.
Social editorial programming (PED) shared with the relevant Piaggio functions (Brand and Digital) was also defined in 2023, to ensure consistency with the corporate communication plan. Within the Museum's social programming - which includes news about cultural events, posts dedicated to iconic archive images, curiosities related to the permanent collection - special attention is given to the publication of content created to promote current exhibitions.
In particular, the section dedicated to the flagship exhibition Dal Mare sul Mare (From the Sea on the Sea), from 14 March to 27 August 2023, with 7 posts made, reached 23,751 people, with 265 total reactions, comments and shares.
A case in point is an archive post published on 1 February, on the occasion of Corradino D'Ascanio's birthday. The post was reached by 159,997 people on Facebook and had 4,299 reactions.
Greater alignment with the corporate communication plan and improved synergy with Piaggio's Brand and Digital functions led to an increase of 1,381 likes for the Museum's Facebook page, from 30,804 to 32,185 followers, and for the Instagram page from 6,756 to 8,105 followers.
On the Facebook page, a total of 86 posts were published during 2023, of which 44 about archive images, 10 about thematic headings, and 32 about events and news, with images of the Museum's collection.
On the INSTAGRAM page 61 posts were published during the year, with regular posts and archive images.

### Vespa World Club

In 2006, on the initiative of the Piaggio Group and the Piaggio Foundation, the Vespa World Club, a non-profit association, was founded; this organisation is a way for Piaggio to directly follow the management of Vespa Clubs in order to preserve the fleet of vintage Vespas still in circulation, to support collectors in researching and restoring these vintage vehicles and to continue to organise tourist rallies and exciting races in Europe and around the world, guaranteeing Vespa fans a high quality event.
The mission of the Vespa World Club is to:
- promote initiatives for the coordination of social, tourist, sporting and competitive activities;
- set up representative bodies of National Vespa Clubs at all national and international venues and organisations;
- organise trophies, rallies, competitions, exhibitions, congresses, conferences and meetings;
- look after and protect the interests of members;
- promote and implement safety, education, road traffic behaviour;
- promote studies and historical research on the relationship between the Vespa and local territory;
- assist interaction between the company and enthusiasts.

2023 confirmed the positive trend with a full calendar of appointments and events. The most significant include:

- Vespa Days, Pontedera 22-23 April. A Celebration of the Birthday of the Vespa born in 1946. A thousand Vespisti invaded the small Tuscan town over the two days, celebrating the Vespa (International Meeting);
- Vespa World Days Interlaken (Switzerland), 15-18 June. World Gathering of Vespa Clubs: 31 nations present at the Village set up on the outskirts of the city;
- Vespa Trophy: the Vespa World Days event was complemented by the famous touring trophy for all event participants. A fun game, with the Piaggio Network as the check point on the road and Vespa fans as competitors battling it out to take home the coveted trophy. The Vespa Club of Leoni Rossi di Ariano was victorious for the first time in a hard-fought competition among the teams taking part from 18 nations;
- Vespa Rally Sports Championships: the event in Ragnitz (Graz, Austria) was held once again, after being stopped due to the pandemic, with a large number of Vespisti from all over Europe participating;
- Ape Club Italia: Aperigiro Santa Luce (Pisa), 1-2 April. The Ape Tourist Meeting of Ape Clubs from ten different cities in Italy and two German Clubs who went on a tour to discover the marvels and food and wine of the Orciani Hills in the Pisa area.

### Moto Guzzi World Club

The Moto Guzzi World Club was established in 2002 with the aim of:
- promoting interest, knowledge and safeguarding the historical value of the Moto Guzzi trademark and the motorcycles it produces;
- creating and developing links among owners of Moto Guzzi motorcycles;
- organising events, meetings, conferences, competitions;
- disseminating national and international motoring tourism, enhancing and rediscovering local tourist itineraries thanks to the activities carried out and information exchanged among members;
- creating and developing links with non-profit organisations or other sports and non-profit associations that carry out social, humanitarian, environmental protection, etc. activities that can be helped by initiatives promoted by the association in the motorcycle industry or other sectors;
- developing relations with the parent company and coordinating its own and its members' activities with those of other national and international brand clubs.

Today, after 20 years of activity, the Moto Guzzi World Club, in addition to directly registered members and 82 recognised clubs in Italy, has:
- 6 recognised clubs in America, Asia, Australia representing about 7,500 members;
- 20 recognised clubs in Europe representing around 5,000 members.

The "Moto Guzzi World" rally (May/Benevento) and the "Mediterranean Area" rally (June/Trapani) were organised in 2023. Track activities for members were also promoted during the events organised by the FMI and called "CIV Classic", during which the Moto Guzzi World Club rented a box at each of the scheduled stages.

### Moto Guzzi Fast Endurance Trophy

The fifth Moto Guzzi Fast Endurance Trophy took place from May to October 2023.
The event, organised by FMI, was dedicated to the Moto Guzzi V7 III (750cc and 850cc), fitted out with a special kit created by Guareschi Moto, the long-established dealer considered a specialist in fitting out racing vehicles. The kit featured the windshield, side number plates, handlebar halves, raised floorboards, front mudguard, underpan, front suspensions, rear suspensions, control unit, brake pads and single seat.

The championship consisted of six races held at the main Italian motorbike circuits over four separate weekends.
The formula envisages teams of two riders taking turns every 15 minutes, with the duration of the races ranging from 60 to 90 minutes depending on the circuit.
A total of 25 crews participated.

### Moto Guzzi - Open House 2023

Moto Guzzi has confirmed itself as one of the best-loved and most respected motorbike brands, capable of attracting thousands of people of different generations and nationalities, united by a common passion for the motorbikes of the brand with the Eagle. The Moto Guzzi factory in Mandello del Lario was the hub for Guzzi lovers, with around 35 thousand enthusiasts gathering from Thursday 7 to Sunday 10 September to take part in the 2023 edition of Moto Guzzi Open House. Guests were able to visit the Moto Guzzi Museum, further renovated and recently enriched with unpublished memorabilia and newly restored motorbikes, the vehicle and engine assembly lines and the Wind Tunnel, to see and try out vehicles from the range and take part in entertainment, including the Virgin Radio stage.

### Aprilia All Stars - 2023

On 27 May 2023., Aprilia fans responded in a big way to the call to help Emilia-Romagna, the land of racing and in the heart of every enthusiast. More than fifteen thousand invaded the paddock of the Misano World Circuit with free entry, as per tradition, for Aprilia All Stars, the great event celebrating Aprilia, its motorbikes and its greatest champions. Besides its passion for motorcycling, the event was also an occasion for solidarity, to concretely help the communities affected by the flooding. The programme with numerous features was designed to involve the public in the paddock, with an exceptional series of activities, all to the soundtrack of Radio Deejay and M2O. The festive atmosphere of the Aprilia All Stars engines was perfectly matched to the solidarity race, thanks also to the presence of the Italian Navy and its helicopters, which played a leading role in the relief effort in Emilia Romagna.

## Charity and sponsorship activities

The Piaggio Group consists of 23 companies, 19 of which are operational. The latter are located in 15 nations. In 4 of these nations, the Group ran Charity projects worth approximately 1.3 million euros in 2023.

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

An analysis of the funded projects is given below.

In 2023, the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued. Thanks to the help of partners and supporters, the project generated more than $750 million for the Global Fund, destined to fight AIDS and pandemics. Aid from (RED) to the Global Fund has impacted over 245 million lives through prevention activities, treatment, counselling, HIV testing and care services. Since the beginning of the partnership with (RED) Piaggio has raised over USD 1.5 million for the Global Fund. This year the partnership was renewed for another two years (01/01/2024 - 31/12/2025). The Vespa (RED) product range, which includes the Vespa Primavera (RED) and Vespa Electric (RED), remains unchanged; the Vespa (RED) Merchandising range will instead be renewed and launched on the market in 2024. As part of the Vespa (RED) partnership, on the occasion of World Aids Day (WAD), which falls on 1 December, an event was organised at the Motoplex in Via Broletto, Milan, where the Vespa Elettrica (RED) and the preview of the new Merchandising collection were displayed. The event received media coverage on social channels, in the press and on our institutional channels.

The Piaggio Group's interest in research and progress in the health sector has led it to donate € 250,000 to the IEO CCM (European Institute of Oncology) Foundation again this year.
The following were also donated:
- a Piaggio 1 to the Mantova Oncology Institute;
- two Aprilia helmets to the Dynamo Camp Foundation, which were auctioned off, along with other prizes, for their own charitable purposes;
- a Moto Guzzi V7 Stone 'special edition 75th Olympic gold' to the MotoGuzzi Rowing Association for their charity auction in support of rowing activities for the disabled;
- a Vespa Primavera 50cc to the Laureus Italia Onlus Foundation, which has been working since 2005 to support children living in situations of severe socio-economic deprivation: in more than 10 years, Laureus Italia has involved more than 5,000 children in over 14 projects offering more than 20 different sports activities;
- a Piaggio Liberty 125 to the Publimedia agency, which organised a charity raffle for the orphans of the Carabinieri Corps.

At the 'Aprilia All Stars' event held at Misano at the end of May, the Piaggio Group donated 200,000 euro to the Civil Defence of Emilia-Romagna, which was hit by flooding.

For the emergency caused by the floods of 2 November in Tuscany, the Piaggio Group, at its Board meeting on 15 December 2023, decide to donate 250,000 euro to the "Restart Fund" set up by the Municipality of Pontedera.

The charity initiative to support the educational and rehabilitation activities of disabled children assisted by the non-profit organisation "Casa del Sole Onlus" in Mantua was also renewed, with a donation of €20,000. In particular, in 2023, the initiative, now in its 16th edition, supported the 'New Day Centre for the Disabled Casa del Sole' project for girls and boys with disabilities, assisted by the Casa del Sole Onlus.

In the field of international cooperation, €45,000 was also donated to ISPI (Institute for International Policy Studies), €10,000 to AIICP (Italy India Association for Cooperation between the Two Countries) and €3,000 to IJBG (Italy Japan Association).

The Indian and Vietnamese subsidiaries have also always been active in social work, supporting and promoting charitable initiatives.

In particular, Piaggio Vietnam organised charity activities for children in schools, hospitals and orphanages and donated €3,000 to a group of children affected by Covid-19. Several sets of basic necessities, worth €4,000, were also donated to needy people in Binh Xuyen district, where the factory is located, on the occasion of Tet. In conjunction with an internal running competition involving employees, funds were allocated for the organisation of a volunteer day and, in cooperation with the Red Cross of Vinh Phuc Province, 50 helmets were sponsored to promote road safety. In addition, with a view to contributing to the future workforce channel and creating opportunities for the next generation, many cooperation activities were organised with various universities during 2023. Professional support was provided for the Ciao Contest, Italian Language and Culture Week at the University of Hanoi and several Factory Tours were organised for the University of Virginia and the University of Hanoi.

A special mention should go to the Indian affiliate.
The Companies Act of 2013 enacted by the Government of India stipulated that large companies operating in India must spend in each financial year, at least two per cent of the average net profits of the last three years, in compliance with the company's Corporate Social Responsibility Policy and giving priority to local areas adjoining the production site. Schedule VII of the Company Act 2013 lists the CSR activities that can be undertaken by companies in compliance with the Corporate Social Responsibility Policy: (i) eradicating hunger and extreme poverty; (ii) promoting education; (iii) promoting gender equality and empowerment of women; (iv) reducing child mortality and improving maternal health; (v) combating HIV, malaria and other diseases; (vi) ensuring environmental sustainability; (vii) promoting employment and improving professional skills; (viii) social entrepreneurship projects; (ix) contribution to the Prime Minister's National Relief Fund or any other fund established by the central or local governments for socio-economic development.
Piaggio Vehicles Private Limited (PVPL) has focused its commitment on social projects generally in the areas of water and sanitation, education, and women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the plant.

The projects developed by the Indian affiliate during 2023 were as follows:

**Involvement activities in schools and deprived communities in the area of promoting education:** on the occasion of Daan Utsav, teaching materials, study aids, clothes, shoes and toys were donated to 160 needy children; an arts and crafts workshop was organised for slum children; for the celebration of Yoga Day, the practice was promoted to pursue physical and psychological wellbeing among 420 students from two schools in Baramati.

**Health Checkup Campaign:** in cooperation with the D.Y. Patil Hospital in Pune, a health checkup campaign was organised in collaboration with the government schools in Baramati to provide general health checkups to students by paediatricians, ENT specialists, ophthalmologists, gynaecologists and also administer medicines. The aim of the campaign, which involved 160 students, is to create health awareness among the students, provide general care and administration of medicines, and provide counselling on basic care and hygiene. Special attention was given to the principles of healthy eating, the importance of daily yoga practice and personal hygiene.

**Programme on menstrual hygiene management:** with the government school, a session on this subject was conducted in rural villages in Baramati, where the girls discussed their problems with gynaecologists, who provided all the necessary information. This activity involved 135 adolescent girls.

**Scholarships for children of 3-wheeler taxi drivers:** the Piaggio 'Shiksha Se Samriddhi' Scholarship is an initiative of Piaggio Vehicles Pvt. Ltd. to support children of 3-wheeler taxi drivers who are pursuing a diploma, degree or higher secondary education. The market demands more technically skilled workers and through this scholarship project, PVPL provides an opportunity for young people to acquire skills so that they can get a job and support their families. In 2023, 132 students were awarded scholarships to continue their higher education, 27 students will receive scholarships to continue their education of last year of the graduation and, in addition, another 75 girls in STEM education will receive financial assistance for their actual expenses in their final year.


Vespa
GTV

# CORRELATION TABLE LEGISLATIVE DECREE 254/2016 AND MATERIAL TOPICS - GRI STANDARD

| TOPIC OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| ENVIRONMENT | Innovation of product | Risk related to inadequate level of innovation that could result in reduced recyclability/recoverability of end-of-life vehicles and the production of vehicles with obsolete engines | Practised policy of technological leadership in the sector and significant investment in R&D. Decarbonisation Plan. | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>Research, Development and Innovation Guidelines<br>The Environmental dimension |
| | Climate change | Risk of environmental damage attributable to the direct responsibility of the Group and indirectly through the supply chain | Environmental policy - for a description of the policies practised please refer to the chapter The Environmental Dimension - ISO 14001<br>Signing of the Code of Ethics or general terms and conditions of supply by suppliers<br>Decarbonisation Plan | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>Research, Development and Innovation Guidelines<br>The Environmental Dimension - Emissions of $CO_2$ and other pollutants - Energy consumption |
| | | | | GRI 302-1 (2016): Energy consumption within the organization | The Environmental Dimension - Emissions of $CO_2$ and other pollutants |
| | | | | GRI 305-1 (2016): Direct (Scope 1) GHG emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants |
| | | | | GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants |
| | | | | GRI 305-3 (2016): Other indirect (Scope 3) GHG Emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants |
| | | | | GRI 305-4 (2016): GHG emissions intensity | The Environmental Dimension - Emissions of $CO_2$ and other pollutants |
| | | | | GRI 305-7 (2016): Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants |
| | Waste handling | Risk of environmental damage attributable to the Group's responsibility with potential impact on the surrounding community | Environmental policy - for a description of the policies practised please refer to the chapter The Environmental Dimension - ISO 14001 | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>The Environmental Dimension - Waste Management and Recovery |
| | | | | GRI 306-1 (2020): Waste generation and significant waste related impacts | The Environmental Dimension - Certifications - Waste Management and Recovery<br>Materiality analysis |
| | | | | GRI 306-2 (2020): Management of significant waste related impacts | The Environmental Dimension - Waste Management and Recovery |
| | | | | GRI 306-3 (2020): Waste generated | The Environmental Dimension - Waste Management and Recovery |

| TOPIC OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| ENVIRONMENT | Conserving water resources | Risk of environmental damage attributable to the Group's responsibility with potential impact on the surrounding community due to uncontrolled use of the resource. | Environmental policy - for a description of the policies practised please refer to the chapter The Environmental Dimension - ISO 14001 | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>The Environmental Dimension - Conservation of Water Resources |
| | | | | GRI 303-1 (2018): Interactions with water as a shared resource | The Environmental Dimension - Conservation of Water Resources |
| | | | | GRI 303-2 (2018): Management of water discharge-related impacts | |
| | | | | GRI 303-3 (2018): Water withdrawal | |
| | | | | GRI 303-4 (2018): Water discharge | |
| | | | | GRI 303-5 (2018): Water consumption | |
| SOCIAL | Product safety and reliability | Risk associated with (real or presumed) product defects due to errors/omissions attributable to supplier activity, the product development phase, the production/assembly phase and the quality control phase | Practised policy aimed at producing vehicles that guarantee a high level of active, passive and preventive safety. Confirmation of this policy can be seen in the Group's commitment to maintaining quality management system certification (ISO 9001) | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>Research, development and innovation guidelines |
| | | | | GRI 416-1 (2016): Assessment of the health and safety impacts of product and service categories | Research, development and innovation guidelines |
| | Customer Satisfaction | Level of service quality provided not in line with customer needs and expectations | Quality audits, market analysis, focus groups, concept and product testing, investment in research and development activities<br>Sales and service network control activities<br>Widespread diffusion of the network | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>Sustainability governance |
| | | | | GRI 417-3 (2016): Incidents of non-compliance concerning marketing communications | Sustainability Governance - Guidelines for compliance with laws and regulations |

| TOPIC OF LEGI-SLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| SOCIAL | Supporting local communities | Reduced number of initiatives aimed at the development of the territory in which the Group operates and the promotion of social inclusion values (e.g. partnerships with non-profit/non-governmental organisations, voluntary organisations, etc.) | Practised policies aimed at rooting the Group's presence in the territory and increasing the value generated for the community. The Piaggio Foundation is an example of the Group's focus on the community | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>The Social Dimension |
| | | | | GRI 202-2 (2016): Proportion of senior management hired from the local community | The Social Dimension - Diversity and equal opportunities |
| | | | | GRI 413-1 (2016): Operations with local community engagement, impact assessment, and development programmes | The Social Dimension - Supporting local communities, charity activities and sponsorships |
| | Creation of economic value | Risk of a possible inadequacy of corporate strategies and possible insolvency with suppliers and lenders and/or unsatisfactory shareholder remuneration due to failure to achieve set growth targets | Externally audited mandatory financial information - Group management is subject to an ongoing skills training programme | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>The Social Dimension |
| | | | | GRI 201-1 (2016): Direct economic value generated and distributed | The European Taxonomy<br>The Social Dimension - Determination and distribution of the economic value generated |
| | | | | GRI 203-1 (2016): Infrastructure investments and services supported | The Social Dimension - Charity and sponsorship activities |
| | | | | GRI 204-1 (2016): Proportion of spending on local suppliers | The Social Dimension - Responsible supply chain management |

| TOPIC OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| PERSONNEL | Developing human resources | Risk arising from employee dissatisfaction, lack of skills, professionalism and experience on the part of company resources, inadequate sizing of the structure and tensions in labour relations | Practised personnel management policies (e.g. internal selection and mobility, development and career, training, industrial relations, internal communication systems) | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>The Social Dimension |
| | | | | GRI 401-1 (2016): New employee hires and employee turnover | The Social Dimension - Personnel management policy - Staff |
| | | | | GRI 401-2 (2016): Benefits provided to full-time employees that are not provided to temporary or part-time employees | The Social Dimension - Personnel management policy -Benefits |
| | | | | GRI 401-3 (2016): Parental leave | The Social Dimension - Diversity and equal opportunities |
| | | | | GRI 404-1 (2016): Average hours of training per year per employee | The Social Dimension - Training |
| | | | | GRI 404-2 (2016): Programmes for upgrading employee skills and transition assistance programmes | The Social Dimension - Personnel management policy - Development and career |
| | | | | GRI 404-3 (2016): Percentage of employees receiving regular performance and career development reviews | The Social Dimension - Personnel management policy - Evaluation |
| | | | | GRI 405-1 (2016): Diversity of governance bodies and employees | The Social Dimension - Personnel management policy - Diversity and equal opportunities |
| | | | | GRI 405-2 (2016): Ratio of basic salary and remuneration of women to men | The Social Dimension - Personnel management policy - Diversity and equal opportunities |

| TOPIC OF LEGI-SLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| PERSONNEL | Health and Safety | Risk of injury/accident to internal staff within the Group's offices/facilities | Occupational safety and medicine (ISO 45001) Compliance of products with applicable regulations (Reach, End of life) | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>The Social Dimension - Occupational health and safety |
| | | | | GRI 403-1 (2018): Occupational health and safety management system | The Social Dimension - Occupational health and safety |
| | | | | GRI 403-2 (2018): Hazard identification, risk assessment, and incident investigation | |
| | | | | GRI 403-3 (2018): Occupational health services | |
| | | | | GRI 403-4 (2018): Worker participation, consultation, and communication on occupational health and safety | |
| | | | | GRI 403-5 (2018): Worker training on occupational health and safety | |
| | | | | GRI 403-6 (2018): Promotion of worker health | |
| | | | | GRI 403-7 (2018): Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | |
| | | | | GRI 403-8 (2018): Workers covered by an occupational health and safety management system | |
| | | | | GRI 403-9 (2018): Work-related injuries | |
| | | | | GRI 403-10 (2018): Work-related ill health | |

| TOPIC OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| RESPECT FOR HUMAN RIGHTS | Responsible management of the supply chain | Risk relating to abuse of commercial power vis-à-vis suppliers by the Group and/ or non-compliance with ESG principles by suppliers | Group commitment to the Code of Ethics and promotion of a policy aimed at ensuring that all suppliers sign the Group's Code of Ethics or the General Conditions of Supply | GRI 3-3 (2021): Management of material topics | Materiality analysis Sustainability governance |
| | | | | GRI 308-1 (2016): New suppliers that were screened using environmental criteria | Sustainability governance - Social and environmental policies and guidelines - Risk management |
| | | | | GRI 414-1 (2016): New suppliers that were screened using social criteria | |
| | Respect for human rights | Risk of non-compliance with human rights and ESG principles in the company and/or by suppliers | Adoption of and compliance with the Code of Ethics by the Group and policy to ensure that all suppliers sign the Group's Code of Ethics or general terms and conditions of supply | GRI 3-3 (2021): Management of material topics | Materiality analysis Sustainability Governance - The Responsible business management system |
| | | | | GRI 406-1 (2016): Incidents of discrimination and corrective actions taken | Sustainability governance - Social and environmental policies and guidelines - Risk management |
| | | | | GRI 407-1 (2016): Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | |
| | | | | GRI 408-1 (2016): Operations and suppliers at significant risk for incidents of child labour | |
| | | | | GRI 409-1 (2016): Operations and suppliers at significant risk for incidents of forced or compulsory labour | |

| TOPIC OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPIC | IDENTIFIED RISKS | PRACTISED POLICIES | TOPIC SPECIFIC STANDARD/ DISCLOSURE | APPLICABLE CHAPTER / SECTION |
|---|---|---|---|---|---|
| FIGHTING CORRUPTION | Business integrity | Risk arising from wrongful acts by employees and/or incorrect or non-transparent information provided to third parties | Code of Ethics and externally audited mandatory information | GRI 3-3 (2021): Management of material topics | Materiality analysis<br>Sustainability Governance - Anti-Corruption - The Social Dimension |
| | | | | GRI 205-3 (2016): Confirmed incidents of corruption and actions taken | Sustainability governance - The system for responsible business management - Guidelines for compliance with laws and regulations |
| | | | | GRI 206-1 (2016): Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | |
| | | | | GRI 207-1 (2019): Approach to tax | The Social Dimension - Taxes |
| | | | | GRI 207-2 (2019): Tax governance, control, and risk management | |
| | | | | GRI 207-3 (2019): Stakeholder engagement and management of concerns related to tax | |
| | | | | GRI 207-4 (2019): Country-by-country reporting | |

# GRI CONTENT INDEX

**Statement of use:** Piaggio & C. reported in accordance with GRI Standards for the period from 01.01.2023 to 31.12.2023
**GRI 1 used:** GRI 1: Foundation 2021
**Applicable GRI Sectors standard:** Not applicable

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***GRI 2: GENERAL DISCLOSURES 2021*** | | | | | |
| 2-1 | Organisational detail | Methodological Note -Report on Operations -Ownership Structure - Sustainable Value Generation | | | |
| 2-2 | Entities included in the organization's sustainability reporting | Methodological Note - Report on Operations - Corporate Structure | | | |
| 2-3 | Reporting period, frequency and contact point | Methodological Note - Report on Operations -Piaggio and the financial markets | | | |
| 2-4 | Restatements of information | Methodological Note | | | |
| 2-5 | External assurance | Auditors' report | | | |
| 2-6 | Activities, value chain, and other business relationships | The Business Model -Sustainable Value Generation The Social Dimension - Responsible Supply Chain Management - Customer Satisfaction | | | |
| 2-7 | Employees | The Social Dimension - Diversity and equal opportunities | | | |
| 2-8 | Workers who are not employees | The Social Dimension - Staff | | | |
| 2-9 | Governance structure and composition | Sustainability Governance - Corporate Governance Report 2023 | | | |
| 2-10 | Nomination and selection of the highest governance body | Corporate Governance Report 2023 - Board of Directors | | | |
| 2-11 | Chair of the highest governance body | Sustainability Governance - Corporate Governance Report 2023 - Composition | | | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Sustainability Governance - The Materiality Analysis | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***GRI 2: GENERAL DISCLOSURES 2021*** | | | | | |
| 2-13 | Delegation of responsibility for managing impacts | Sustainability Governance - The Materiality Analysis | | | |
| 2-14 | Role of the highest governance body in sustainability reporting | Materiality analysis | | | |
| 2-15 | Conflicts of interest | Corporate Governance Report 2023 - Directors' Interests and Related Party Transactions - Role of the Board of Directors - Related Party Procedure - Code of Ethics | | | |
| 2-16 | Communication of critical concerns | Corporate Governance Report 2023 -Internal Control and Risk Management System- Risk manager and compliance officer | | | |
| 2-17 | Collective knowledge of the highest governance body | Corporate Governance Report 2023 -Appointment and Replacement of Directors | | | |
| 2-18 | Evaluation of the performance of the highest governance body | Corporate Governance Report 2023 -Director self-evaluation and succession | | | |
| 2-19 | Remuneration policies | Remuneration Report (Section 1 paragraphs 2-3-4) | | | |
| 2-20 | Process to determine remuneration | Remuneration Report (Section 1 paragraph 1) | | | |
| 2-21 | Annual total remuneration ratio | Sustainability governance | | | |
| 2-22 | Statement on sustainable development strategy | Report on Operations (Chairman's Letter) | | | |
| 2-23 | Policy commitments | Sustainability governance | | | |
| 2-24 | Embedding policy commitments | Sustainability governance | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***GRI 2: GENERAL DISCLOSURES 2021*** | | | | | |
| 2-25 | Processes to remediate negative impacts | The Materiality Analysis (materiality table) - Sustainability Governance - Model 231; Human Rights Guidelines - Customer Satisfaction | | | |
| 2-26 | Mechanisms for seeking advice and raising concerns | Sustainability Governance -Model 231; Human Rights Guidelines | | | |
| 2-27 | Compliance with laws and regulations | Sustainability Governance - Guidelines for Compliance with Laws and Regulations | | | |
| 2-28 | Membership associations | Report on Operations -Risks and uncertainties; Risk related to the regulatory and regulatory framework | | | |
| 2-29 | Approach to stakeholder engagement | Expectations and ways of involving stakeholders | | | |
| 2-30 | Collective bargaining agreements | Industrial relations | | | |
| ***MATERIAL TOPICS*** | | | | | |
| ***GRI 3: MATERIAL TOPICS 2021*** | | | | | |
| 3-1 (2021) | Process to determine material topics | Description of the process to identify material topics for Non-Financial Statement purposes | | | |
| 3-2 (2021) | List of material topics | Materiality analysis | | | |
| | | Methodological Note | | | |
| ***SUPPORTING LOCAL COMMUNITIES*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Social Dimension | | | |
| 413-1 (2016) | Operational with local community engagement, impact assessments, and development programs | The Social Dimension - Supporting Local Communities - Clarification and Sponsorship Activities | | | |
| 202-2 (2016) | Proportion of senior management hired from the local community | The Social Dimension - Diversity and equal opportunities | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***CLIMATE CHANGE*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Environmental Dimension - Emissions of $CO_2$ and other pollutants - Energy consumption | | | |
| 302-1 (2016) | Energy consumption within the organisation | The Environmental Dimension - Energy Consumption | | | |
| 305-1 (2016) | Direct (Scope 1) GHG emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants | | | |
| 305-2 (2016) | Energy indirect (Scope 2) GHG emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants | | | |
| 305-3 (2016) | Other indirect (Scope 3) GHG Emission | The Environmental Dimension - Emissions of $CO_2$ and other pollutants | | | |
| 305-4 (2016) | GHG emissions intensity | The Environmental Dimension - Emissions of $CO_2$ and other pollutants | | | |
| 305-7 (2016) | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | The Environmental Dimension - Emissions of $CO_2$ and other pollutants | | | |
| ***INNOVATION OF PRODUCT*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Environmental Dimension - Research, Development and Innovation Guidelines | | | |
| ***CREATION OF ECONOMIC VALUE*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Social Dimension | | | |
| 201-1 (2016) | Direct economic value generated and distributed | The Social Dimension - Determination and distribution of the economic value generated | | | |
| 203-1 (2016) | Infrastructure investments and services supported | The Social Dimension - Charity and sponsorship activities | | | |
| 204-1 (2016) | Proportion of spending on local suppliers | The Social Dimension - Responsible supply chain management | | | |
| ***WASTE HANDLING*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Environmental Dimension - Waste Management and Recovery | | | |
| 306-1 (2020) | Waste generation and significant waste-related impacts | The Environmental Dimension - Environmental Certifications - Waste Management and Recovery<br>Materiality analysis | | | |
| 306-2 (2020) | Management of significant waste related impacts | The Environmental Dimension - Waste Management and Recovery | | | |
| 306-3 (2020) | Waste generated | The Environmental Dimension - Waste Management and Recovery | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***CONSERVING WATER RESOURCES*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Environmental Dimension - Conservation of Water Resources | | | |
| 303-1 (2018) | Interactions with water as a shared resource | The Environmental Dimension - Conservation of Water Resources | | | |
| 303-2 (2018) | Management of water discharge-related impacts | The Environmental Dimension - Conservation of Water Resources | | | |
| 303-3 (2018) | Water withdrawal | The Environmental Dimension - Conservation of Water Resources | | | |
| 303-4 (2018) | Water discharge | The Environmental Dimension - Conservation of Water Resources | | | |
| 303-5 (2018) | Water consumption | The Environmental Dimension - Conservation of Water Resources | | | |
| ***CUSTOMER SATISFACTION*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - Sustainability Governance | | | |
| 417-3 (2016) | Incidents of non-compliance concerning marketing communications | Sustainability Governance - Guidelines for compliance with laws and regulations | | | |
| ***DEVELOPING HUMAN RESOURCES*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Social Dimension | | | |
| 401-1 (2016) | New employee hires and employee turnover | The Social Dimension - Personnel management policy - Staff | | | |
| 401-2 (2016) | Benefits provided to full-time employees that are not provided to temporary or part-time employees | The Social Dimension - Personnel management policy -Benefits | | | |
| 401-3 (2016) | Parental leave | The Social Dimension - Diversity and equal opportunities | | | |
| 404-1 (2016) | Average hours of training per year per employee | The Social Dimension - Training | | | |
| 404-2 (2016) | Programmes for upgrading employee skills and transition assistance programmes | The Social Dimension - Personnel management policy - Development and career | | | |
| 404-3 (2016) | Percentage of employees receiving regular performance and career development reviews | The Social Dimension - Personnel management policy - Evaluation | | | |
| 405-1 (2016) | Diversity of governance bodies and employees | The Social Dimension - Personnel management policy - Diversity and equal opportunities | | | |
| 405-2 (2016) | Ratio of basic salary and remuneration of women to men | The Social Dimension - Personnel Management Policy - Rewarding | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***PRODUCT SAFETY AND RELIABILITY*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - Research, Development and Innovation Guidelines | | | |
| 416-1 (2016) | Assessment of the health and safety impacts of product and service categories | Research, Development and Innovation Guidelines | | | |
| ***RESPECT FOR HUMAN RIGHTS*** | | | | | |
| 3-3 (2021) | Management approach | Materiality analysis Sustainability Governance - The Responsible business management system | | | |
| 406-1 (2016) | Incidents of discrimination and corrective actions taken | Sustainability governance - Social and environmental policies and guidelines - Risk management | | | |
| 407-1 (2016) | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Sustainability governance - Social and environmental policies and guidelines - Risk management -The Social Dimension - Personnel management policy – Competitive organization | | | |
| 408-1 (2016) | Operations and suppliers at significant risk for incidents of child labor | Sustainability governance - Social and environmental policies and guidelines - Risk management -The Social Dimension - Personnel management policy – Competitive organization | | | |
| 409-1 (2016) | Operations and suppliers at significant risk for incidents of forced or compulsory labor | Sustainability governance - Social and environmental policies and guidelines - Risk management -The Social Dimension - Personnel management policy – Competitive organization | | | |
| ***HEALTH AND SAFETY*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - The Social Dimension | | | |
| 403-1 (2018) | Occupational health and safety management system | The Social Dimension - Occupational health and safety | | | |
| 403-2 (2018) | Hazard identification, risk assessment, and incident investigation | The Social Dimension - Occupational health and safety | | | |
| 403-3 (2018) | Occupational health services | The Social Dimension - Occupational health and safety | | | |
| 403-4 (2018) | Worker participation, consultation, and communication on occupational health and safety | The Social Dimension - Occupational health and safety | | | |
| 403-5 (2018) | Worker training on occupational health and safety | The Social Dimension - Occupational health and safety | | | |
| 403-6 (2018) | Promotion of worker health | The Social Dimension - Occupational health and safety | | | |
| 403-7 (2018) | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | The Social Dimension - Occupational health and safety | | | |
| 403-8 (2018) | Workers covered by an occupational health and safety management system | The Social Dimension - Occupational health and safety | | | |
| 403-9 (2018) | Work-related injuries | The Social Dimension - Occupational health and safety | | | |
| 403-10 (2018) | Work-related ill health | The Social Dimension - Occupational health and safety | | | |

| GRI STANDARD | DISCLOSURE | LOCATION | OMISSIONS | | |
|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION |
| ***RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis - Sustainability Governance | | | |
| 308-1 (2016) | New suppliers that were screened using environmental criteria | Sustainability Governance - Social and Environmental Policies and Guidelines Risk management | | | |
| 414-1 (2016) | New suppliers that were screened using social criteria | Sustainability Governance - Social and Environmental Policies and Guidelines Risk management | | | |
| ***BUSINESS INTEGRITY*** | | | | | |
| 3-3 (2021) | Management approach | Materiality Analysis Sustainability governance - The social dimension | | | |
| 205-3 (2016) | Confirmed incidents of corruption and actions taken | Sustainability governance - The system for responsible business management - Anti-corruption | | | |
| 206-1 (2016) | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Sustainability governance - The system for responsible business management - Guidelines for compliance with laws and regulations | | | |
| 207-1 (2019) | Approach to tax | The Social Dimension - Taxes | | | |
| 207-2 (2019) | Tax governance, control, and risk management | The Social Dimension - Taxes | | | |
| 207-3 (2019) | Stakeholder engagement and management of concerns related to tax | The Social Dimension - Taxes | | | |
| 207-4 (2019) | Country-by-country reporting | The Social Dimension - Taxes | | | |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**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016, AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Piaggio & C. S.p.A. and its subsidiaries (hereinafter "Piaggio Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 4, 2024 (hereinafter "NFS").

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

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

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

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

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

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

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

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## Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Auditor's responsibility

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

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

Specifically, we carried out the following procedures:

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

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

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

4. understanding of the following matters:

   - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

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- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;

- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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

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

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

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

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

     a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;

     b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Piaggio Group as of December 31, 2023 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

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

DELOITTE & TOUCHE S.p.A.

Signed by
**Gianni Massini**
Partner

Florence, Italy
March 25, 2024

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

# PIAGGIO GROUP

## CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

# CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

# CONSOLIDATED INCOME STATEMENT

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | TOTAL | of which related parties | TOTAL | of which related parties |
| NOTES | IN THOUSANDS OF EUROS | | | | |
| 4 | Net revenues | 1,994,585 | 10 | 2,087,443 | |
| | | | | | |
| 5 | Costs for materials | 1,259,872 | 21,208 | 1,352,460 | 38,069 |
| 6 | Costs for services and use of third-party assets | 283,661 | 1,453 | 294,993 | 1,277 |
| 7 | Employee costs | 256,147 | | 264,614 | |
| 8 | Depreciation and impairment costs of property, plant and equipment | 52,588 | | 51,131 | |
| 8 | Amortisation and impairment costs of intangible assets | 81,570 | | 78,272 | |
| 8 | Depreciation of rights of use | 10,172 | | 9,999 | |
| 9 | Other operating income | 158,371 | 360 | 150,763 | 419 |
| 10 | Impairment of trade and other receivables, net | (3,914) | | (2,423) | |
| 11 | Other operating costs | 24,366 | 140 | 25,574 | 129 |
| | **Operating income** | **180,666** | | **158,740** | |
| | | | | | |
| 12 | Results of associates - Income/(losses) | (738) | (772) | (892) | (907) |
| 13 | Financial income | 1,907 | | 1,536 | |
| 13 | Financial costs | 44,393 | 74 | 26,725 | 80 |
| 13 | Net exchange-rate gains/(losses) | (2,111) | | (5,440) | |
| | **Profit before tax** | **135,331** | | **127,219** | |
| | | | | | |
| 14 | Income taxes | 44,279 | (3,861) | 42,330 | (4,793) |
| | **Profit (loss) from continuing operations** | **91,052** | | **84,889** | |
| | | | | | |
| | Assets held for sale: | | | | |
| | Profits or losses arising from assets held for sale | | | | |
| | | | | | |
| | **Net Profit (loss) for the period** | **91,052** | | **84,889** | |
| | | | | | |
| | **Attributable to:** | | | | |
| | **Owners of the Parent Company** | **91,052** | | **84,889** | |
| | **Non-controlling interests** | **0** | | **0** | |
| | | | | | |
| 15 | **Earnings per share (figures in €)** | **0.257** | | **0.239** | |
| 15 | **Diluted earnings per share (figures in €)** | **0.257** | | **0.239** | |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| NOTES | IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|---|
| | **Net Profit (loss) for the period (A)** | **91,052** | **84,889** |
| | | | |
| | **Items that will not be reclassified in the income statement** | | |
| 43 | Remeasurements of defined benefit plans | (1,773) | 3,925 |
| | **Total** | **(1,773)** | **3,925** |
| | | | |
| | **Items that may be reclassified in the income statement** | | |
| 43 | Exchange gain (losses) arising on translation of foreign operations | (5,809) | (12,251) |
| 43 | Share of Other Comprehensive Income/(loss) of associates valued with the equity method | (657) | (228) |
| 43 | Total profits (losses) on cash flow hedges | (3,486) | (3,538) |
| | **Total** | **(9,952)** | **(16,017)** |
| | | | |
| | **Other comprehensive income/(loss)(B)[87]** | **(11,725)** | **(12,092)** |
| | | | |
| | **Total comprehensive income/(loss) for the period (A + B)** | **79,327** | **72,797** |
| | | | |
| | **Attributable to:** | | |
| | **Owners of the Parent Company** | **79,336** | **72,814** |
| | **Non-controlling interests** | **(9)** | **(17)** |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | AS OF 31 DECEMBER 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** | | | | |
| 16 | Intangible assets | 754,142 | | 729,524 | |
| 17 | Property, plant and equipment | 287,510 | | 291,366 | |
| 18 | Rights of use | 36,866 | | 36,861 | |
| 36 | Investments | 8,484 | | 9,913 | |
| 37 | Other financial assets | 16 | | 16 | |
| 23 | Tax receivables | 9,678 | | 8,820 | |
| 19 | Deferred tax assets | 70,439 | | 71,611 | |
| | Trade receivables | | | | |
| 22 | Other receivables | 18,259 | | 20,021 | |
| | **Total non-current assets** | **1,185,394** | | **1,168,132** | |
| | | | | | |
| | **Assets held for sale** | | | | |
| | | | | | |
| | **Current assets** | | | | |
| 21 | Trade receivables | 58,878 | 394 | 67,143 | 468 |
| 22 | Other receivables | 86,879 | 33,859 | 56,118 | 26,293 |
| 23 | Tax receivables | 18,855 | | 45,101 | |
| 20 | Inventories | 328,017 | | 379,678 | |
| 37 | Other financial assets | 6,205 | | 59 | |
| 38 | Cash and cash equivalents | 181,692 | | 242,616 | |
| | **Total current assets** | **680,526** | | **790,715** | |
| | | | | | |
| | **Total assets** | **1,865,920** | | **1,958,847** | |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | AS OF 31 DECEMBER 2023 | | AS OF 31 DECEMBER 2022 | |
|---|---|---|---|---|---|
| | | TOTAL | of which related parties | TOTAL | of which related parties |
| NOTES | IN THOUSANDS OF EUROS | | | | |
| | **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| | | | | | |
| | **Shareholders' equity** | | | | |
| 42 | Share capital and reserves attributable to the owners of the Parent Company | 416,146 | | 417,977 | |
| 42 | Share capital and reserves attributable to non-controlling interests | (175) | | (166) | |
| | **Total shareholders' equity** | **415,971** | | **417,811** | |
| | | | | | |
| | **Non-current liabilities** | | | | |
| 39 | Financial liabilities | 467,053 | | 510,790 | |
| 39 | Financial liabilities for rights of use | 19,665 | 4,362 | 17,713 | 1,000 |
| | Trade payables | | | | |
| 28 | Other non-current provisions | 17,691 | | 16,154 | |
| 29 | Deferred tax liabilities | 7,087 | | 5,173 | |
| 30 | Retirement funds and employee benefits | 25,222 | | 25,714 | |
| | Tax payables | | | | |
| 32 | Other payables | 12,392 | | 15,530 | |
| | **Total non-current liabilities** | **549,110** | | **591,074** | |
| | | | | | |
| | **Current liabilities** | | | | |
| 39 | Financial liabilities | 124,876 | | 71,149 | |
| 39 | Financial liabilities for rights of use | 10,336 | 1,247 | 11,192 | 1,296 |
| 27 | Trade payables | 619,003 | 6,371 | 739,832 | 9,858 |
| 31 | Tax payables | 13,912 | | 19,022 | |
| 32 | Other payables | 117,267 | 43,786 | 93,710 | 26,450 |
| 28 | Current portion of other non-current provisions | 15,445 | | 15,057 | |
| | **Total current liabilities** | **900,839** | | **949,962** | |
| | | | | | |
| | **Total Shareholders' Equity and Liabilities** | **1,865,920** | | **1,958,847** | |

# CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

## Movements from 1 January 2023 / 31 December 2023

| IN THOUSANDS OF EUROS | AS OF 1 JANUARY 2023 | PROFIT FOR THE PERIOD | OTHER COMPREHENSIVE INCOME/(LOSS) | TOTAL PROFIT (LOSS) FOR THE PERIOD | TRANSACTIONS WITH SHAREHOLDERS: ALLOCATION OF PROFITS | DISTRIBUTION OF DIVIDENDS | CANCELLATION OF TREASURY SHARES | PURCHASE OF TREASURY SHARES | INTERIM DIVIDENDS | AS OF 31 DECEMBER 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| NOTES | | | | 43 | 42 | 42 | 42 | 42 | 42 | |
| 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 | | (3,486) | (3,486) | | | | | | (941) |
| IAS transition reserve | (15,525) | | | | | | (5,789) | | | (21,314) |
| Group translation reserve | (43,488) | | (6,457) | (6,457) | | | | | | (49,945) |
| Treasury shares | (7,688) | | | | | | 7,688 | (1,411) | | (1,411) |
| Earnings reserve | 183,705 | | (1,773) | (1,773) | 15,475 | | (1,899) | | | 195,508 |
| Earnings for the period | 54,689 | 91,052 | | 91,052 | (19,228) | (35,461) | | | (44,295) | 46,757 |
| **Consolidated Group shareholders' equity** | **417,977** | **91,052** | **(11,716)** | **79,336** | **0** | **(35,461)** | **0** | **(1,411)** | **(44,295)** | **416,146** |
| **Share capital and reserves attributable to non-controlling interests** | **(166)** | | **(9)** | **(9)** | | | | | | **(175)** |
| **Total Shareholders' equity** | **417,811** | **91,052** | **(11,725)** | **79,327** | **0** | **(35,461)** | **0** | **(1,411)** | **(44,295)** | **415,971** |

## Movements from 1 January 2022 / 31 December 2022

| IN THOUSANDS OF EUROS | AS OF 1 JANUARY 2022 | PROFIT FOR THE PERIOD | OTHER COMPREHENSIVE INCOME/(LOSS) | TOTAL PROFIT (LOSS) FOR THE PERIOD | TRANSACTIONS WITH SHAREHOLDERS: ALLOCATION OF PROFITS | DISTRIBUTION OF DIVIDENDS | PURCHASE OF TREASURY SHARES | INTERIM DIVIDENDS | AS OF 31 DECEMBER 2022 |
|---|---|---|---|---|---|---|---|---|---|
| NOTES | | | | 43 | 42 | 42 | 42 | 42 | |
| Share capital | 207,614 | | | | | | | | 207,614 |
| Share premium reserve | 7,171 | | | | | | | | 7,171 |
| Legal reserve | 26,052 | | | | 2,902 | | | | 28,954 |
| Reserve for measurement of financial instruments | 6,083 | | (3,538) | (3,538) | | | | | 2,545 |
| IAS transition reserve | (15,525) | | | | | | | | (15,525) |
| Group translation reserve | (31,026) | | (12,462) | (12,462) | | | | | (43,488) |
| Treasury shares | (2,019) | | | | | | (5,669) | | (7,688) |
| Earnings reserve | 176,185 | | 3,925 | 3,925 | 8,589 | (4,994) | | | 183,705 |
| Earnings for the period | 29,700 | 84,889 | | 84,889 | (11,491) | (18,209) | | (30,200) | 54,689 |
| **Consolidated Group shareholders' equity** | **404,235** | **84,889** | **(12,075)** | **72,814** | **0** | **(23,203)** | **(5,669)** | **(30,200)** | **417,977** |
| **Share capital and reserves attributable to non-controlling interests** | **(149)** | | **(17)** | **(17)** | | | | | **(166)** |
| **Total Shareholders' equity** | **404,086** | **84,889** | **(12,092)** | **72,797** | **0** | **(23,203)** | **(5,669)** | **(30,200)** | **417,811** |

# 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.

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | TOTAL | of which related parties | TOTAL | of which related parties |
| NOTES | IN THOUSANDS OF EUROS | | | | |
| | **Operating activities** | | | | |
| | Net Profit (loss) for the period | 91,052 | | 84,889 | |
| 14 | Income tax | 44,279 | (3,861) | 42,330 | (4,793) |
| 8 | Depreciation of property, plant and equipment | 52,347 | | 51,131 | |
| 8 | Amortisation of intangible assets | 80,961 | | 76,282 | |
| 8 | Depreciation of rights of use | 10,172 | | 9,999 | |
| | Provisions for risks and retirement funds and employee benefits | 23,554 | | 24,029 | |
| | Impairment/(Reinstatements) | 4,746 | | 4,383 | |
| | Losses/(Gains) on the disposal of property, plant and equipment | (2,384) | | (216) | |
| | Losses/(Gains) on the disposal of intangible assets | 0 | | 24 | |
| 13 | Financial income | (1,907) | | (1,536) | |
| | Dividend income | (34) | | (15) | |
| 13 | Financial costs | 44,393 | | 26,725 | |
| | Income from public grants | (9,041) | | (10,402) | |
| 12 | Share of results of associates | 772 | | 907 | |
| | Change in working capital: | | | | |
| 21 | (Increase)/Decrease in trade receivables | 7,410 | 74 | 3,379 | 142 |
| 22 | (Increase)/Decrease in other receivables | (32,040) | (7,566) | 3,072 | (6,208) |
| 20 | (Increase)/Decrease in inventories | 51,661 | | (101,140) | |
| 27 | Increase/(Decrease) in trade payables | (120,829) | (3,487) | 116,268 | (6,971) |
| 32 | Increase/(Decrease) in other payables | 20,419 | 17,336 | 33,055 | 11,413 |
| 28 | Increase/(Decrease) in provisions for risks | (12,168) | | (15,642) | |
| 30 | Increase/(Decrease) in retirement funds and employee benefits | (11,490) | | (11,818) | |
| | Other changes | 9,492 | | (41,034) | |
| | **Cash generated from operating activities** | **251,365** | | **294,670** | |
| | Interest paid | (29,403) | | (21,891) | |
| | Taxes paid | (36,744) | | (33,284) | |
| | **Cash flow from operating activities (A)** | **185,218** | | **239,495** | |
| | **Investment activities** | | | | |
| 17 | Investment in property, plant and equipment | (54,644) | | (63,043) | |
| | Proceeds from sales of property, plant and equipment | 2,788 | | 316 | |
| 16 | Investment in intangible assets | (108,225) | | (88,632) | |
| | Proceeds from sales of intangible assets | 222 | | 0 | |
| | Public grants collected | 2,801 | | 1,741 | |
| | Dividends cashed | 0 | | 15 | |
| | Interest received | 1,570 | | 1,078 | |
| | **Cash flow from investment activities (B)** | **(155,488)** | | **(148,525)** | |
| | **Financing activities** | | | | |
| 42 | Purchase of treasury shares | (1,411) | | (5,669) | |
| 42 | Outflow for dividends paid[88] | (79,756) | | (53,403) | |
| 39 | Loans received | 322,684 | | 73,401 | |
| 39 | Outflow for repayment of loans | (312,877) | | (111,744) | |
| 37 | Change in other financial assets | (6,205) | | | |
| 39 | Repayment of lease liabilities | (10,019) | | (10,263) | |
| | **Cash flow from financing activities (C)** | **(87,584)** | | **(107,678)** | |
| | **Increase/(Decrease) in cash and cash equivalents (A+B+C)** | **(57,854)** | | **(16,708)** | |
| | **Opening balance** | **242,552** | | **260,856** | |
| | Exchange (losses)/gain on cash and cash equivalents | (5,550) | | (1,596) | |
| | **Closing balance** | **179,148** | | **242,552** | |

88. Of which €/000 40,349 disbursed in 2023 to the parent company IMMSI S.p.A.

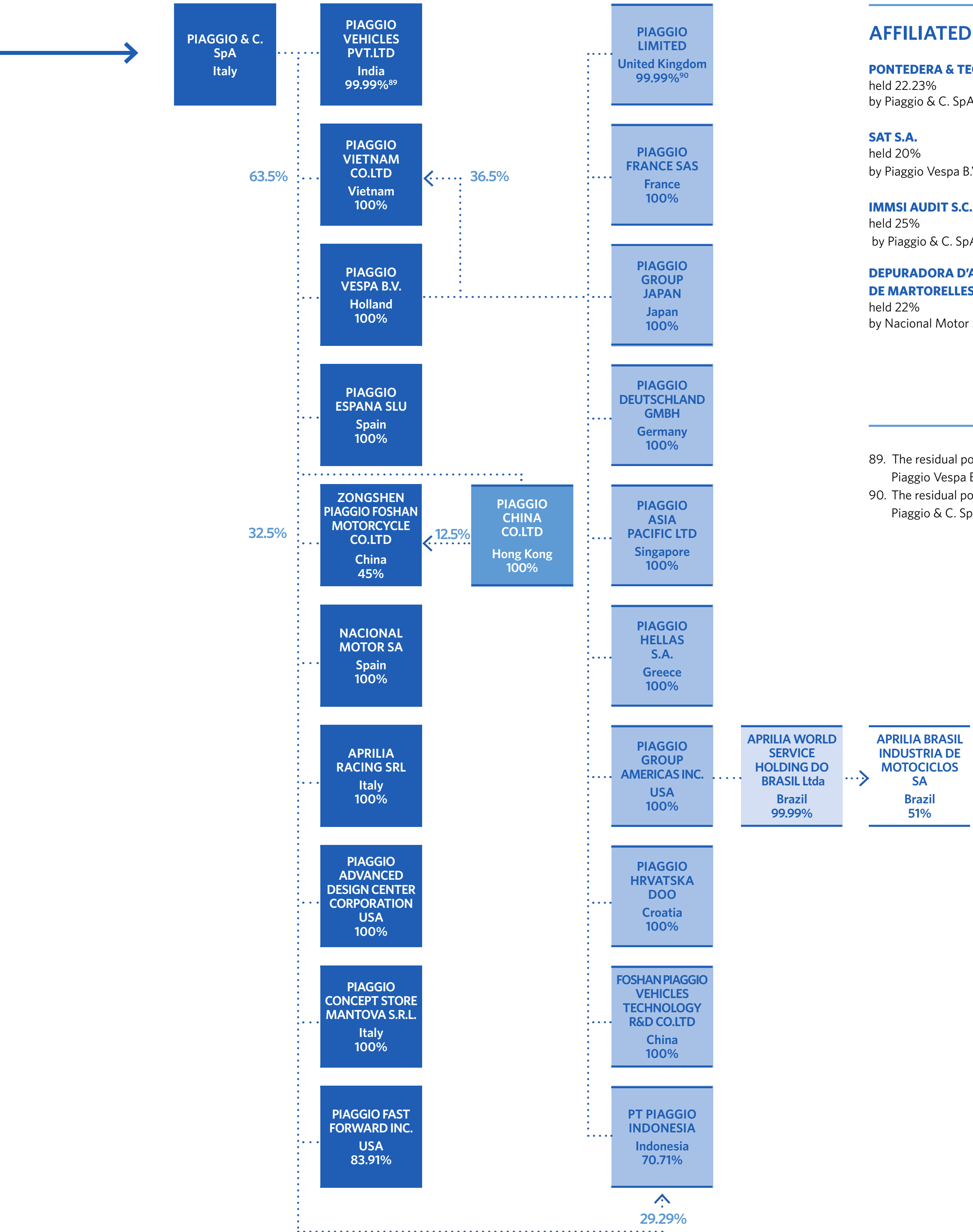
# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company or the Parent Company) is a joint-stock company incorporated in Italy at the Companies' Register of Pisa. The address of its registered office is Viale Rinaldo Piaggio 25 - Pontedera (Pisa). The main activity of the Group is the manufacture and sale of vehicles.
These financial statements are expressed in euro (€) as this is the currency in which most of the Group's operations are conducted. Foreign operations are included in the consolidated financial statements according to the principles indicated in the notes below.

## Scope of consolidation

The scope of consolidation has not changed compared to the consolidated financial statements as of 31 December 2022.
Group Structure as at December 31, 2023 with Piaggio & C. S.p.A. as Parent company:




### 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.

89. The residual portion is held by Piaggio Vespa B.V.
90. The residual portion is held by Piaggio & C. SpA

## Compliance with international accounting standards

The Consolidated Financial Statements of the Piaggio Group as of 31 December 2023 have been prepared, in accordance with the provisions of European Regulation No. 1606/2002, in compliance with the International Financial Reporting Standards (IFRS) in force as of 31 December 2023, issued by the International Accounting Standards Board (IASB) and adopted pursuant to Italian and European regulatory provisions, pro tempore in force and applicable, including Commission Delegated Regulation (EU) No 2019/815 of 17 December 2018 (in short, the "ESEF Regulation").
IFRS is understood to mean all international standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). The international accounting standards have also been applied uniformly for all Group companies.
The financial statements of the subsidiaries, used for consolidation purposes, and that of the joint venture consolidated using the equity method, have been appropriately amended and reclassified, where necessary, to bring them into line with international accounting standards and uniform classification criteria within the Group.

The financial statements are prepared on a historical cost basis, modified as required for the valuation of certain financial instruments, and on a going concern basis. Despite the presence of a factor of macroeconomic instability and increasing geopolitical risks, and taking into account the positive results of the impairment tests approved by the Board of Directors on 23 February 2023, the Group has assessed that there are no significant uncertainties (as defined by paragraph 25 of IAS 1) on its ability to continue as a going concern, also by virtue of the actions already identified to adapt to the changed levels of demand, as well as the Group's industrial and financial flexibility.
These consolidated financial statements are audited by Deloitte&Touche S.p.A.

# Other information

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

## 1. CONTENT AND FORM OF THE FINANCIAL STATEMENTS

### Form of the Consolidated Financial Statements

The Group has chosen to show all changes generated by transactions with non-shareholders in two statements measuring performance for the period, entitled the 'Consolidated Income Statement' and 'Consolidated Statement of Comprehensive Income', respectively. The financial statements therefore consist of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Statement of Cash Flows, and these notes.

### Consolidated Income Statement

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

### Consolidated Statement of Comprehensive Income

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

### Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is presented in opposite sections with separate disclosure of Assets, Liabilities and Shareholders' Equity.
In turn, Assets and Liabilities are presented in the consolidated accounts on the basis of their classification as current and non-current.

### Statement of Changes in Consolidated Shareholders' Equity

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

### Consolidated Statement of Cash Flows

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

### Content of the Consolidated Financial Statements

The Consolidated Financial Statements of the Piaggio Group include the Financial Statements of the Parent Company Piaggio & C. S.p.A. and Italian and foreign companies in which it has direct or indirect control, which are listed in the attachments.

As of 31 December 2023, subsidiaries and associates of Piaggio & C. S.p.A. are broken down as follows:

| COMPANIES: | SUBSIDIARIES | | | ASSOCIATES | | | TOTAL |
|---|---|---|---|---|---|---|---|
| | ITALY | FOREIGN | TOTAL | ITALY | FOREIGN | TOTAL | |
| - consolidated on a line-by-line basis | 2 | 20 | 22 | | | | 22 |
| - affiliates/equity method investees | | | | 2 | 3 | 5 | 5 |
| **Total companies** | **2** | **20** | **22** | **2** | **3** | **5** | **27** |

## 2. PRINCIPLES OF CONSOLIDATION, RELEVANT ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

### 2.1 Principles of Consolidation

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

#### Subsidiaries

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

#### Associates companies and joint venture agreements

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

### Transactions eliminated in the consolidation process

In preparing the consolidated financial statements, all significant intercompany balances and transactions are eliminated, as are unrealised gains and losses on intercompany transactions. Unrealised gains and losses generated on transactions with affiliated or jointly controlled companies are eliminated according to the value of the Group's interest in those companies.

### Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

### Consolidation of foreign companies

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

| CURRENCY | SPOT EXCHANGE RATE AT 31 DECEMBER 2023 | AVERAGE EXCHANGE RATE 2023 | SPOT EXCHANGE RATE AT 31 DECEMBER 2022 | AVERAGE EXCHANGE RATE 2022 |
|---|---|---|---|---|
| US Dollar | 1.1050 | 1.08127 | 1.0666 | 1.05305 |
| Pounds Sterling | 0.86905 | 0.869787 | 0.88693 | 0.852761 |
| Indian Rupee | 91.9045 | 89.30011 | 88.1710 | 82.68639 |
| Singapore Dollar | 1.4591 | 1.45232 | 1.43 | 1.45116 |
| Chinese Yuan | 7.8509 | 7.66002 | 7.3582 | 7.07880 |
| Croatian Kuna | 1.0000 | 1.00000 | 7.5345 | 7.53487 |
| Japanese Yen | 156.33 | 151.99027 | 140.66 | 138.02739 |
| Vietnamese Dong | 26,808.00 | 25,770.68627 | 25,183.00 | 24,630.01167 |
| Indonesian Rupiah | 17,079.71 | 16,479.61561 | 16,519.82 | 15,625.25113 |
| Brazilian Real | 5.3618 | 5.40101 | 5.6386 | 5.43990 |

## 2.2 Relevant Accounting Principles and Valuation Criteria

The most significant accounting principles and valuation criteria adopted for the preparation of the consolidated financial statements as of 31 December 2023 are illustrated below.

### Intangible assets

A purchased and internally produced intangible asset is recognised as an asset, in accordance with IAS 38 - Intangible Assets, only if it is identifiable, controllable and is expected to generate future economic benefits and its cost can be measured reliably.
Intangible assets with a finite life are measured at purchase or production cost less accumulated amortisation and accumulated impairment losses. Financial costs related to the acquisition, construction or production of certain assets that require a significant period of time to be ready for use or sale (qualifying assets) are capitalised together with the asset itself.
Amortisation is referred to the expected useful life and commences when the asset is available for use.

### Goodwill

Business combinations are recognised using the acquisition method. The consideration transferred in a business combination is determined at the date control is assumed and is equal to the fair value of the assets transferred, the liabilities incurred, and any equity instruments issued by the acquirer. The consideration transferred also includes the fair value of any assets or liabilities for contingent consideration that are contractually provided for and contingent upon the realisation of future events. Costs directly attributable to the transaction are recognised in profit or loss when incurred.

At the date control is acquired, the net assets of the investee companies are determined by attributing their fair value to the individual identifiable elements of the assets and liabilities, except where IFRS provisions establish a different valuation criterion. Any difference between the consideration paid and the fair value of the net assets acquired, if positive, is recognised as 'goodwill' in the assets; if negative, it is recognised in profit or loss.
In the event that control is not assumed on a full basis, the portion of shareholders' equity of non-controlling interests is determined on the basis of the present values attributed to the assets and liabilities at the date control is assumed or at fair value.
In control is assumed in subsequent stages, the acquisition cost is determined by adding the fair value of the previously held equity interest in the acquiree and the amount paid for the additional equity interest. The difference between the fair value of the previously held equity interest and the related carrying amount is recognised in profit or loss. In addition, upon assumption of control, any amounts previously recognised in other comprehensive income are recognised in profit or loss or in another equity item, if no reversal to profit or loss is envisaged.
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. After initial recognition, goodwill is measured at cost less any impairment losses.
Upon the disposal of a part or all of a business previously acquired and from the acquisition of which goodwill arose, the corresponding residual value of the goodwill is taken into account in determining the gain or loss on disposal.

## Development costs

Development costs on projects for the production of vehicles and engines are capitalised only if all of the following conditions of IAS 38 are met: the costs can be reliably determined and the technical feasibility of the product, volumes and expected prices indicate that the costs incurred in the development phase will generate future economic benefits. Capitalised development costs include only those costs incurred that can be directly attributed to the development process.
Capitalised development costs are amortised on a systematic basis, starting from the beginning of production over the estimated life of the product.
All other development costs are recognised in the income statement when incurred.

## Other intangible assets

Other purchased or internally generated intangible assets are recognised as assets, in accordance with IAS 38 - Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be measured reliably.
These assets are measured at purchase or production cost and amortised on a straight-line basis over their estimated useful life, if they have a finite useful life.
Other intangible assets, recognised following the acquisition of a business, are recognised separately from goodwill if their present value can be reliably determined.
The amortisation period for an intangible asset with a finite useful life is reviewed at least at each financial year-end. If the expected useful life of the asset differs from previous estimates, the amortisation period is adjusted accordingly.
The amortisation periods for the various items of Intangible Assets are summarised below:

| | |
|---|---|
| Development costs | 3-5 years |
| Industrial patent and intellectual property rights | 3-5 years |
| Trademarks[91] | 20 years |
| Licences | 10 years |
| Goodwill | Not amortised |
| Environmental Certificates | Not amortised |
| Other[92] | 5 years |

Other intangible assets also include environmental certificates.

## Environmental Certificates

The Pontedera plant in Italy falls within the scope of the 'Emission Trading' Directive (Directive 2003/87/EC), which provides for the allocation of a quantity of emission permits generally lower than the emissions recorded in the reference year, with the need for the Parent Company to purchase the necessary quotas for the purpose of compliance on the emissions market.
For the purpose of recognising the expenses arising from regulatory obligations relating to ETS certificates, the Group applies the so-called 'net liability approach'.

91. Average amortisation period (excluding the Guzzi and Aprilia brands, which have been classified as intangible assets with an indefinite useful life since 2021).
92. Average amortisation period.

This accounting treatment requires the certificates obtained free of charge by the Authority to be recorded at nominal value under intangible assets (nil).
In addition, expenses for the purchase, against payment, of certificates required to meet the obligation of the reporting period, i.e. purchased in excess of the amount required to meet regulatory obligations, are capitalised and recognised as intangible assets.

These intangible assets:
- are classified as assets with an indefinite useful life and are not subject to depreciation;
- after initial registration are kept at cost;
- are reversed to Profit and Loss in the relevant period as part of sundry operating expenses, with the necessary quantification to comply with regulations for the reporting period.

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

## Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost and are not revalued. Financial costs related to the acquisition, construction or production of certain assets that require a significant period of time to be ready for use or sale (qualifying assets) are capitalised together with the asset itself.
Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recognised in profit or loss when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.
Depreciation is determined, on a straight line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life.
The depreciation periods for the various items of property, plant and equipment are summarised below:

| | |
|---|---|
| Land | Not amortised |
| Buildings | 33-60 years |
| Plant and machinery | 5-15 years |
| Equipment | 4-20 years |
| Other assets | 3-10 years |

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

## Lease agreements as lessor

Lease agreements for property, plant and equipment entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, of if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.
If the contract provides for a renewal option in favour of the lessee, the Group also includes the rentals for the renewal period if it is considered highly probable in the calculation of the right of use.
The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.
The right of use is systematically amortised at the lower of the contracted usage and the remaining useful life of the underlying asset.
The Group has decided to adopt certain simplifications, provided for by the Standard, excluding from treatment contracts with a duration of 12 months or less (so-called 'short-term', calculated on the residual duration at the time of first adoption) and those with a value of less than €5,000 (so-called 'low-value').
The Group also has its own production facilities in countries where ownership rights are not permitted. The advance rents, paid to obtain the availability of the land where its production plants are located, are recorded under rights of use.

### Impairment

At the end of the reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets and rights of use to determine whether there is any indication that these assets may be impaired (impairment testing). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the asset's cash-generating unit.
The recoverable amount is the higher of fair value less costs to sell (if available) and value in use. In assessing value in use, estimated future cash flows are discounted to their present value, using a rate that reflects current market assessments of the present value of money and the risks specific to the asset.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to the lower recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the asset is land or buildings other than investment property recognised at revalued amounts, in which case the loss is recognised in the respective revaluation reserve.
When an impairment loss no longer exists, the carrying amount of the asset (or cash-generating unit), except for goodwill, is increased to the new value resulting from an estimate of its recoverable amount, but not beyond the net carrying amount that the asset would have had if the impairment loss had not been recognised. The reversal of the impairment loss is immediately recognised in profit or loss.
An intangible asset with an indefinite useful life is tested for impairment annually, or more frequently whenever there is an indication that the asset may be impaired.

### Transactions with affiliates and related parties

Transactions with affiliates and related parties are presented in the specific sections of the Report on Operations and the Notes to the Consolidated Financial Statements, to which reference is made.

### Financial assets

IFRS 9 provides a single approach for the analysis and classification of all financial assets, including those containing embedded derivatives. The classification and relative valuation is performed considering both the management model of the financial asset and the contractual characteristics of the cash flows obtainable from the asset. Depending on the characteristics of the instrument and the business model adopted for its management, the following three categories are used:
(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value with the effects recognised in other comprehensive income (hereinafter also referred to as OCI); (iii) financial assets measured at fair value with the effects recognised in profit or loss.

A financial asset is measured using the amortised cost method when both of the following conditions are met:
- the financial asset management model consists of holding the financial asset for the sole purpose of collecting the related cash flows; and
- the financial asset generates, at contractually pre-determined dates, cash flows representing solely the return on the financial asset.

According to the amortised cost method, the initial recognition value is subsequently adjusted for principal repayments, any write-downs and the amortisation of the difference between the repayment value and the initial recognition value.
Amortisation is performed on the basis of the effective internal interest rate, which represents the rate that makes the present value of expected cash flows and the initial recognition value equal at the time of initial recognition.
Receivables and other financial assets measured at amortised cost are presented in the balance sheet net of the related provision for write-down.
Financial assets representing debt instruments whose business model envisages both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal (the so-called hold-to-collect and sell business model), are measured at fair value with the effects recognised in OCI.
In this case, the changes in the instrument's fair value are recognised in equity under other comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve that comprises the other components of comprehensive income, is reversed to profit or loss upon derecognition of the instrument. Interest income calculated using the effective interest rate, exchange rate differences and write-downs are recognised in the income statement.
A financial asset representing a debt instrument that is not measured at amortised cost or at FVTOCI is measured at fair value with the effects recognised in profit or loss.

### Inventories

Inventories, in accordance with IAS 2, are carried at the lower of purchase or production cost, determined by allocating to products the costs directly incurred, plus the portion of indirect costs reasonably attributable to the performance of production activities under

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

### Receivables

Trade and other receivables are initially recognised at fair value and subsequently measured according to the amortised cost method, net of the provision for write-downs.
IFRS 9 establishes a new model for the impairment/write-down of these assets, with the aim of providing useful information for financial statement users on relative expected losses. According to this model, the Group measures receivables on an expected loss basis, replacing the provisions in IAS 39 which typically measure receivables on an incurred loss basis, along with the level of solvency also based on specific characteristics of the underlying credit risk, considering available information.
For trade receivables, the Group adopts a simplified approach to valuation, which does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable. In particular, the policy implemented by the Group provides for the stratification of trade receivables into categories on the basis of days past due, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecast factors relating to creditors and the economic environment.
Trade receivables are fully written down in the absence of a reasonable expectation of recovery, i.e. in the presence of inactive trade counterparties.
The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement.
When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

### Factoring

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

### Cash and cash equivalents

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

### Treasury shares

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

### Financial liabilities

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements.
Pursuant to IFRS 9, they also include trade and other payables.
Financial liabilities are recognised at fair value less transaction costs. After such initial recognition, loans are recognised using the amortised cost method, calculated by applying the effective interest rate. With the introduction of IFRS 9, in the case of a renegotiation of a financial liability that does not qualify as an 'extinguishment of the original debt', the difference between (i) the carrying amount of the liability prior to modification and (ii) the present value of the cash flows of the modified debt, discounted at the original rate (IRR), is recognised in profit or loss.
Financial liabilities hedged by derivative instruments are measured at fair value in accordance with hedge accounting: gains and losses from subsequent measurements at fair value are recognised in profit or loss and are offset by the effective portion of the loss and gain from subsequent measurements at fair value of the hedging instrument. Upon initial recognition, a liability may be designated as at fair value through profit or loss when such designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'accounting asymmetry') that would otherwise arise from measuring assets or liabilities or recognising the related gains and losses on different bases. This designation at fair value is exclusively applied to certain financial liabilities denominated in foreign currencies that are hedged against exchange risk.

### Derivative instruments and hedge accounting

The Group's assets are primarily exposed to financial risks from changes in exchange rates and interest rates. The Group uses derivative instruments to hedge risks arising from changes in foreign currencies and interest rates in certain firm commitments and planned future transactions. The use of these instruments is governed by written procedures on the use of derivatives consistent with the Group's risk management policies.
In accordance with IFRS 9, derivative financial instruments are initially recognised at fair value, represented by the initial consideration, and adjusted to fair value at subsequent closing dates. Derivative financial instruments are only used for hedging purposes, in order to reduce the risk of exchange rate, interest rate and market price changes. Derivative financial instruments may only be accounted for in accordance with hedge accounting when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, the effectiveness can be reliably measured and the hedge is highly effective during the various accounting periods for which it is designated. When financial instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge: where a derivative financial instrument is designated as a hedge of the exposure to changes in the present value of a recognised asset or liability, attributable to a particular risk that may affect profit or loss, the gain or loss on the hedging instrument's present value is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of that item and is recognised in profit or loss;
- Cash flow hedge; where an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of any gain or loss on the financial instrument is recognised in other comprehensive income. The cumulative gain or loss is removed from other comprehensive income and recognised in profit or loss in the same period in which the hedged transaction is recognised. The gain or loss associated with a hedge, or that part of a hedge that has become ineffective, is recognised in profit or loss immediately. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative gain or loss, recognised up to that point in equity, is recognised in profit or loss at the time the related transaction is realised. If the hedged transaction is no longer considered probable, the unrealised gains or losses suspended in the Statement of Comprehensive Income are recognised immediately in Profit or Loss.

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

### Non-current provisions

The Group recognises provisions for risks and charges, pursuant to IAS 37, when it has a legal or implicit obligation to third parties and it is likely that Group resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated.
Changes in estimates are reflected in the income statement for the period in which the change occurred.
If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specifics risks of the liability.
The warranty provision is accrued when the vehicle is sold, based on an estimate of the present value of the expected cost of fulfilling contractual obligations during the warranty period. Estimates are mainly based on historical defect statistics and the Group's experience with the cost of spare parts and services to be incurred in maintenance activities.

### Retirement funds and employee benefits

In accordance with IAS 19, the liability relating to benefits recognised to employees and paid on or after termination of employment for defined benefit plans is determined, separately for each plan, on the basis of actuarial assumptions by estimating the amount of future benefits that employees have accrued at the reporting date (the 'projected unit credit method'). The liability, recognised in the balance sheet net of any plan assets, is recognised on an accrual basis over the vesting period. The liability is measured by independent actuaries.
The components of the defined benefit cost are recognised as follows:
- service costs are recognised in profit or loss under Employee costs;
- net financial costs of liabilities or assets with defined benefits are recognised in the Income Statement as financial income/(financial costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
- the remeasurement components of net liabilities, which include actuarial gain and losses, the return on assets (excluding interest income recognised in profit or loss) and any change in the limit of the assets, are immediately recognised as "Other comprehensive income (expense)". These components must not be reclassified in profit or loss in a subsequent period.

### Termination benefits

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

### Tax assets and tax liabilities

Deferred taxes are determined, pursuant to IAS 12, based on the temporary differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred taxes are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income.
In the case of reserves of undistributed profits of subsidiaries and since the Group is able to control distribution times, deferred taxes are allocated for the reserves when distribution is expected in the future.
Deferred tax assets and liabilities are recognised at their net value when applied by the tax authorities and when they may be lawfully offset in the same tax jurisdiction.

### Payables

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

### Reverse factoring (indirect factoring)

To guarantee suppliers easier credit conditions, the Group has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Group to a lender and collect amounts before maturity.
In some cases, payment terms are extended further in agreements between the supplier and the Group; these extensions may be interest or non-interest bearing.
The Group has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differ by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as

legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IAS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is also carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IAS 9 B3.3.6.
According to IAS 1 paragraph 54, trade and other payables must be shown separately from financial payables.
In this context, agreement in which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

### Revenue recognition

Based on the five-step model introduced by IFRS 15, the Group measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).
In particular, the Group recognises revenue only if the following requirements are met (so-called 'contract' identification requirements with the customer):

a. the parties to the contract have agreed to the contract (in writing, orally or in accordance with other customary commercial practices) and have undertaken to perform their respective obligations; there is thus an agreement between the parties that creates enforceable rights and obligations irrespective of the form in which that agreement is made;
b. the Group may identify the rights of each party with respect to the goods or services to be transferred;
c. the Group may identify the terms of payment for the goods or services to be transferred;
d. the contract has commercial substance; and
e. it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

If the above requirements are not met, the related revenue is recognised when: (i) the Group has already transferred control of the goods and/or rendered services to the customer and all, or substantially all, of the consideration promised by the customer has been received and is non-refundable; or (ii) the contract has been terminated and the consideration the Group has received from the customer is non-refundable.
If the above requirements are met, the Group applies the recognition rules described below.
revenues from the sale of vehicles and spare parts is recognised when control of the asset being transacted is transferred to the purchaser, i.e. when the customer acquires full capacity to decide on the use of the asset as well as to derive substantially all the benefits from it.
revenues are stated net of discounts, including, but not limited to, sales incentive programmes and customer bonuses, as well as taxes directly related to the sale of goods. Revenues from services are recognised when rendered.

### Grants

Grants for 'plant and equipment' are recorded in the balance sheet when their receipt is certain and are charged to the profit and loss account according to the useful life of the asset against which they are paid.
Operating grants are recorded in the balance sheet when the right to collect them is certain and are charged to the income statement in relation to the costs against which they are paid.

### Recognition of costs

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

### Financial income

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

### Financial costs

Financial expenses are recognised on an accrual basis. They include interest expenses on financial liabilities calculated using the effective interest method, exchange rate losses and losses on derivative financial instruments. Interest expense on finance leases is charged to the income statement using the effective interest method.

### Dividends

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

### Income tax

Taxes represent the sum of current and deferred taxes.
Taxes allocated in the financial statements of the individual companies within the scope of consolidation are recognised in the consolidated financial statements, based on the estimated taxable income determined in accordance with national laws in force at the end of the reporting period, taking into account applicable exemptions and tax receivables. Income taxes are recognised in the income statement, with the exception of those taxes relative to items directly deducted from or charged to the statement of comprehensive income.
Taxes are recorded under "Tax payables" net of advances and withheld taxes. Taxes due in the event of the distribution of reserves as withheld taxes recognised in the financial statements of individual Group companies are not allocated, as their distribution is not planned.
In 2022, for a further three years, the Parent Company signed up to the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.

### Earnings per share

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

### Use of estimates

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

Recoverable value of non-current assets

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

section "Impairment of non-financial assets" implies the use of certain assumptions when estimating value in use, concerning (i) the forecast of cash flows relating to a four-year time horizon inferable from budget data for the financial year 2024 supplemented by forecast data relating to the period 2025 - 2027; (ii) the determination of an appropriate discount rate (WACC) and (iii) the determination of a long-term growth rate (g-rate). In addition to the above, the Piaggio Group is assessing the risks and opportunities related to climate change and in 2023 presented a Decarbonisation Plan with a time horizon of 2030 and 2050, which indicates the actions to be pursued by 2030 in order to achieve the objectives set in terms of reducing Scope 1 and Scope 2 emissions, mainly through the streamlining of business processes and procurement of energy from renewable sources, as well as through the installation of new photovoltaic systems for the production and self-consumption of electricity.
In this regard, please note that in 2023, the Piaggio Group, with the support of a leading consulting firm, carried out a climate risk analysis for the Pontedera (Italy) and Baramati (India) plants. 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.
For more information, please refer to the specific paragraph in Note 16 Intangible Assets below.

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

Pension plans and other post-employment benefits
Provisions for employee benefits and net financial costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements. The assumptions used for the measurement are explained in section 30 "Retirement funds and employee benefits".

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

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

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

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

Depreciation/amortisation

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

Income tax

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

### Rounding off

All amounts shown in the tables and in these notes have been rounded to the nearest thousand euros.

### Climate Change Information

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

## 2.3 New accounting standards, amendments and interpretations adopted from 1 January 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group as of 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 is effective from 1 January 2023. The objective of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from insurance contracts issued.
- On 7 May 2021, the IASB published '**Amendments to IAS 12 Income Taxes: Deferred Taxes 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 amount at the date of initial recognition, such as leases and decommissioning obligations. The amendments apply as from 1 January 2023.
- On 12 February 2021, the IASB published two amendments entitled '**Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2' and 'Definition of Accounting Estimates-Amendments to IAS 8**'. The amendments to IAS 1 require an entity to disclose material information about the accounting policies applied by the Group. The amendments are intended to improve disclosures about the accounting policies applied by the Group so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments apply as from 1 January 2023.
- On 23 May 2023, the IASB published '**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 (which are effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides specific disclosure requirements for entities affected by the related 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.

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

### 2.4 IFRS accounting standards, amendments and interpretations endorsed by the European Union as of 31 December 2023, not yet mandatorily applicable and not adopted in advance of 31 December 2023

- On 23 January 2020, the IASB published '**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**' and on 31 October 2022 it published '**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**'. The purpose of these amendments is to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the disclosures that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments enter into force on 1 January 2024; however, earlier application is permitted.
- On 22 September 2022, the IASB published '**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 income or a loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but earlier application is permitted.

The directors are currently evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.

### 2.5 Accounting standards, amendments and interpretations not yet applicable

At the reporting date, 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 25 May 2023, the IASB published '**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 supplier finance arrangements 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 earlier application is permitted.
- On 15 August 2023, the IASB published '**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**'. The document requires an entity to apply a consistent methodology for determining whether one currency can be translated into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, but earlier 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[93], which for Piaggio will replace the Non-Financial Statement as of 1 January 2024.

93. The Corporate Sustainability Reporting Directive will come into force for European listed companies from the 2024 financial statements.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# 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 specific 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 Chief Executive Officer, considered to be 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.

The Gross Industrial Margin is the main profit measure used by the Chief Operating Decision Maker to assess performance and allocate resources to the Group's operating segments, as well as to analyse operating trends, make analytical comparisons and benchmark performance between periods and between segments. Industrial gross margin is defined as the difference between Net Revenues and the corresponding Cost of Sales for the period.

# INCOME STATEMENT BY OPERATING SEGMENT

| | | EMEA AND AMERICAS | INDIA | ASIA PACIFIC 2W | TOTAL |
|---|---|---|---|---|---|
| Sales volumes (unit/000) | 2023 | 262.1 | 151.7 | 145.8 | 559.5 |
| | 2022 | 279.7 | 148.8 | 197.0 | 625.5 |
| | Change | (17.6) | 2.9 | (51.3) | (65.9) |
| | Change % | -6.3% | 1.9% | -26.0% | -10.5% |
| Net revenues (millions of Euros) | 2023 | 1,241.8 | 371.9 | 381.0 | 1,994.6 |
| | 2022 | 1,240.5 | 323.6 | 523.4 | 2,087.4 |
| | Change | 1.3 | 48.3 | (142.4) | (92.9) |
| | Change % | 0.1% | 14.9% | -27.2% | -4.4% |
| Cost to sell (millions of Euros) | 2023 | 877.9 | 301.3 | 240.7 | 1,419.9 |
| | 2022 | 925.1 | 278.9 | 328.6 | 1,532.5 |
| | Change | (47.1) | 22.4 | (87.9) | (112.6) |
| | Change % | -5.1% | 8.0% | -26.7% | -7.3% |
| Gross industrial margin[94] (millions of Euros) | 2023 | 363.8 | 70.6 | 140.3 | 574.7 |
| | 2022 | 315.4 | 44.7 | 194.8 | 554.9 |
| | Change | 48.4 | 25.9 | (54.6) | 19.7 |
| | Change % | 15.3% | 57.9% | -28.0% | 3.6% |

94. Gross Industrial Margin: Difference between Net Revenues and Cost to Sell for the period including: the cost of materials (direct and consumables), ancillary purchase costs (transportation costs for raw materials and goods, customs, stock handling costs), employee costs for direct and indirect labour and related expenses, work performed by third parties, energy costs, depreciation of plant and machinery and industrial equipment, external maintenance and cleaning costs net of other related income.

# C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

## 4. Net revenues €/000 1,994,585

The Group's revenues mainly consist of income from the sale of 2-wheeler vehicles, 3- and 4-wheeler light commercial vehicles and related spare parts and accessories.
Revenues are shown net of rebates granted to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 45,308) and invoiced advertising cost recoveries (€/000 5,580), which are posted under other operating income.
The revenues refer to the sales 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 | 2023 | | 2022 | | CHANGES | |
|---|---|---|---|---|---|---|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| EMEA and Americas | 1,241,762 | 62.3 | 1,240,485 | 59.4 | 1,277 | 0.1 |
| India | 371,861 | 18.6 | 323,559 | 15.5 | 48,302 | 14.9 |
| Asia Pacific 2W | 380,962 | 19.1 | 523,399 | 25.1 | (142,437) | -27.2 |
| **Total** | **1,994,585** | **100.0** | **2,087,443** | **100.0** | **(92,858)** | **-4.4** |

### Revenues by vehicle type

| IN THOUSANDS OF EUROS | 2023 | | 2022 | | CHANGES | |
|---|---|---|---|---|---|---|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Two-wheelers | 1,535,892 | 77.0 | 1,683,772 | 80.7 | (147,880) | -8.8 |
| Commercial Vehicles | 458,693 | 23.0 | 403,671 | 19.3 | 55,022 | 13.6 |
| **Total** | **1,994,585** | **100.0** | **2,087,443** | **100.0** | **(92,858)** | **-4.4** |

In 2023, net sales revenues decreased by 4.4% year-on-year. For a more in-depth analysis of the trends in the individual regions, please refer to the description in the Report on Operations.

## 5. Costs for materials €/000 1,259,872

The decrease in costs for materials compared to 2022 (-6.8%) was mainly due to the drop in production volumes.
The item includes €/000 21,208 (€/000 38,069 in 2022) for the purchase of 2-Wheeler vehicles from the Chinese affiliate Zongshen Piaggio Foshan Motorcycle Co. Ltd, which are sold on European and Asian markets.
The following table details the content of this item:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Raw, ancillary materials, consumables and goods | 1,214,848 | 1,456,090 | (241,242) |
| Change in inventories of raw, ancillary materials, consumables and goods | 37,445 | (30,853) | 68,298 |
| Change in work in progress of semi-finished and finished products | 7,579 | (72,777) | 80,356 |
| **Total** | **1,259,872** | **1,352,460** | **(92,588)** |

## 6. Costs for services and use of third-party assets €/000 283,661

Below is a breakdown of this item:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Employee costs | 15,047 | 13,935 | 1,112 |
| External maintenance and cleaning costs | 9,571 | 9,852 | (281) |
| Energy and telephone costs | 16,261 | 27,657 | (11,396) |
| Postal expenses | 740 | 998 | (258) |
| Commissions payable | 1,064 | 1,390 | (326) |
| Advertising and promotion | 50,653 | 44,307 | 6,346 |
| Technical, legal and tax consultancy and services | 30,704 | 27,990 | 2,714 |
| Company boards operating costs | 3,050 | 3,312 | (262) |
| Insurance | 5,368 | 5,173 | 195 |
| Insurance from related parties | 65 | 63 | 2 |
| Outsourced manufacturing | 31,727 | 30,908 | 819 |
| Outsourced services | 19,360 | 18,112 | 1,248 |
| Transport costs (vehicles and spare parts) | 49,002 | 58,112 | (9,110) |
| Sundry commercial expenses | 6,970 | 8,293 | (1,323) |
| Expenses for public relations | 2,611 | 3,730 | (1,119) |
| Product warranty costs | 1,584 | 1,476 | 108 |
| Quality-related events | 2,275 | 3,271 | (996) |
| Bank costs and factoring charges | 6,887 | 6,553 | 334 |
| Other services | 11,868 | 12,666 | (798) |
| Services from related parties | 1,292 | 1,127 | 165 |
| Cost for use of third-party assets | 17,466 | 15,981 | 1,485 |
| Cost for use of related parties assets | 96 | 87 | 9 |
| **Total costs for services and use of third-party assets** | **283,661** | **294,993** | **(11,332)** |

Costs for services and use of third-party assets showed a decrease of 3.8% compared to last year, consistent with the decrease in sales volumes.
The item "Other services" includes costs for temporary work of €/000 1,328.

## 7. Employee costs €/000 256,147

Employee costs include €/000 2,548 relating to costs for leaving incentives mainly for the Pontedera and Noale production sites.

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Salaries and wages | 195,286 | 203,596 | (8,310) |
| Social security contributions | 48,114 | 49,001 | (887) |
| Termination benefits | 8,965 | 8,958 | 7 |
| Other costs | 3,782 | 3,059 | 723 |
| **Total** | **256,147** | **264,614** | **(8,467)** |

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

| | AVERAGE NUMBER | | |
|---|---|---|---|
| LEVEL | 2023 | 2022 | CHANGE |
| Senior management | 114.6 | 111.3 | 3.3 |
| Middle management | 686.6 | 675.0 | 11.5 |
| White collars | 1,638.9 | 1,607.3 | 31.6 |
| Blue collars | 3,791.9 | 3,993.9 | (202.0) |
| **Total** | **6,232.0** | **6,387.6** | **(155.6)** |

| | NUMBER AS OF | | |
|---|---|---|---|
| LEVEL | 31 DECEMBER 2023 | 31 DECEMBER 2022 | CHANGE |
| Senior management | 112 | 116 | (4) |
| Middle management | 692 | 688 | 4 |
| White collars | 1,627 | 1,596 | 31 |
| Blue collars | 3,494 | 3,438 | 56 |
| **Total** | **5,925** | **5,838** | **87** |

At 31 December 2023, the Group had 5,925 employees[95], an overall increase of 1.5% compared to 31 December 2022.

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

| LEVEL | AS OF 31.12.22 | INCOMING | LEAVERS | CHANGES IN JOB QUALIFICATION | AS OF 31.12.23 |
|---|---|---|---|---|---|
| Senior management | 116 | 7 | (14) | 3 | 112 |
| Middle management | 688 | 64 | (94) | 34 | 692 |
| White collars | 1,596 | 271 | (220) | (20) | 1,627 |
| Blue collars | 3,438 | 1,565 | (1,492) | (17) | 3,494 |
| **Total** | **5,838** | **1,907** | **(1,820)** | **0** | **5,925** |

**BREAKDOWN OF THE WORKFORCE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2023**


95. Of which 623 were fixed-term contracts.

## 8. Amortisation/Depreciation and Impairment Costs €/000 144,330

Below is a summary of depreciation for the year, broken down by category:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Buildings | 5,346 | 5,159 | 187 |
| Plant and machinery | 21,874 | 23,076 | (1,202) |
| Industrial and commercial equipment | 15,504 | 15,143 | 361 |
| Other assets | 9,623 | 7,753 | 1,870 |
| **Total depreciation of property, plant and equipment** | **52,347** | **51,131** | **1,216** |
| Impairment of property, plant and equipment | 241 | | 241 |
| **Total depreciation of property, plant and equipment and impairment costs** | **52,588** | **51,131** | **1,457** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| INTANGIBLE ASSETS: | | | |
| Development costs | 34,592 | 32,068 | 2,524 |
| Industrial patent and intellectual property rights | 46,132 | 44,030 | 2,102 |
| Concessions, licences, trademarks and similar rights | 66 | 66 | 0 |
| Other | 171 | 118 | 53 |
| **Total amortisation of intangible assets** | **80,961** | **76,282** | **4,679** |
| Impairment of intangible assets | 609 | 1,990 | (1,381) |
| **Total amortisation of intangible assets and impairment costs** | **81,570** | **78,272** | **3,298** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| RIGHTS OF USE: | | | |
| Land | 187 | 194 | (7) |
| Buildings | 6,951 | 6,525 | 426 |
| Plant and machinery | 856 | 856 | 0 |
| Equipment | 413 | 318 | 95 |
| Other assets | 1,765 | 2,106 | (341) |
| **Total depreciation of rights of use** | **10,172** | **9,999** | **173** |

As specified in more detail in the section on intangible assets, impairment testing of goodwill confirmed the full recoverability of the values expressed in the financial statements.
Impairment costs of intangible assets refer to specific project related to a revised plan as part of the Business Plan update prepared by the Group.

## 9. Other operating income €/000 158,371

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Operating grants | 9,041 | 10,402 | (1,361) |
| Increases in fixed assets for internal work | 59,046 | 59,235 | (189) |
| Rents | 3,168 | 8 | 3,160 |
| Capital gains on the disposal of assets | 2,419 | 216 | 2,203 |
| Sale of miscellaneous materials | 1,273 | 1,567 | (294) |
| Recovery of transport costs | 45,308 | 42,009 | 3,299 |
| Advertising income | 5,580 | 5,680 | (100) |
| Recovery of sundry costs | 4,924 | 4,531 | 393 |
| Sundry damage reimbursement | 1,248 | 911 | 337 |
| Compensation for quality-related events | 1,085 | 407 | 678 |
| Licence rights and know-how | 3,031 | 4,088 | (1,057) |
| Sponsorship | 7,438 | 5,364 | 2,074 |
| Provision of racing services | 3,135 | 726 | 2,409 |
| Other income | 11,315 | 15,200 | (3,885) |
| Other Group income | 360 | 419 | (59) |
| **Total** | **158,371** | **150,763** | **7,608** |

Operating grants includes:
- €/000 1,453 tax receivables recognised mainly for electricity and gas consumption;
- €/000 1,484 for public and EU grants to support research projects and government grants related to Research and Development, Technological Innovation and Design and Aesthetic Concept activities. These grants are recognised in the income statement strictly related to the amortisation of capitalised expenses for which they were received;
- €/000 1,283 of export grants received from the Indian affiliate;
- €000 4,112 for participation in MotoGP races paid by the organisers;
- €/000 312 of grants for professional training provided by the trade association;
- €/000 397 in operating grants for investments in plant, property and equipment and Industry 4.0.

Other income includes grants of €/000 3,320 granted by the Indian Government to the subsidiary Piaggio Vehicles Private Limited for investments made during previous years and recognised in the income statement in proportion to the depreciation of assets for which the grant was given. The recognition of these amounts is supported by adequate documentation received from the Indian Government, which certifies the recognition of the right and therefore the reasonable certainty of collection.
The item "sponsorship" relates to the activities of the Aprilia Racing team.

## 10. Impairment of trade and other receivables, net €/000 (3,914)

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Write-backs | 30 | | 30 |
| Losses on receivables | (48) | (30) | (18) |
| Impairment of receivables in working capital | (3,896) | (2,393) | (1,503) |
| **Total** | **(3,914)** | **(2,423)** | **(1,491)** |

## 11. Other Operating Costs €/000 24,366

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Provisions for future risks | 2,620 | 3,171 | (551) |
| Provisions for product warranties | 11,333 | 11,374 | (41) |
| | | | |
| Duties and taxes not on income | 4,238 | 5,586 | (1,348) |
| Miscellaneous membership contributions | 1,513 | 1,312 | 201 |
| Capital losses from disposal of assets | 35 | 24 | 11 |
| Miscellaneous expenses | 4,010 | 3,564 | 446 |
| Costs for ETS certificates | 617 | 543 | 74 |
| *Total sundry operating costs* | *10,413* | *11,029* | *(616)* |
| | | | |
| **Total** | **24,366** | **25,574** | **(1,208)** |

The item Costs for ETS certificates refers to accruals related to the costs for the purchase of these certificates. These provisions are made on the basis of the best estimate of the number of certificates that the Parent Company will have to return to the Authority, valued at the market price recognised at the end of the reporting period. In fact, the Pontedera plant in Italy comes under the scope of application of the "Emission Trading" Directive (Directive 2003/87/EC), which provides for the allocation of a quantity of emission permits that is generally lower than the emissions recorded in the reporting year, with the need for the Company to purchase the necessary quotas for compliance purposes on the emissions market.

Provisions for future risks include management's best estimate of probable liabilities at the reporting date.

## 12. Results of associates - Income/(losses) €/000 (738)

Results of Associates is broken down as follows:
- €/000 (778) Group's share of the result of the joint venture Zongshen Piaggio Foshan Motorcycle Co. Ltd accounted for using the equity method;
- €/000 6 Group's share of the result of the affiliated company Pontech accounted for using the equity method;
- €/000 34 dividends received from the minority shareholding in Ecofor Service Pontedera.

## 13. Net financial income (financial costs) €/000 (44,597)

Financial income and financial costs are detailed below:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Income: | | | |
| - Interest income from customers | 380 | 308 | 72 |
| - Interest Income from deposits | 1,525 | 1,215 | 310 |
| - Income from fair value measurements | 2 | 13 | (11) |
| **Total financial income** | **1,907** | **1,536** | **371** |
| Expenses: | | | |
| - Interest on bank accounts | 4,676 | 2,536 | 2,140 |
| - Interest on debenture loans | 14,919 | 10,682 | 4,237 |
| - Interest on bank loans | 12,710 | 6,904 | 5,806 |
| - Interest to other lenders | 8,895 | 4,080 | 4,815 |
| - Interest to suppliers | 3,373 | 1,257 | 2,116 |
| - Cash discounts to clients | 398 | 537 | (139) |
| - Bank charges on loans | 1,118 | 986 | 132 |
| - Financial costs from fair value measurements | 2 | | 2 |
| - Financial costs from discounting back termination and termination benefits | 840 | 522 | 318 |
| - Interest on rights of use (finance leases) | 195 | 98 | 97 |
| - Interest on rights of use (operating leases) | 1,521 | 1,294 | 227 |
| - Interest to parent companies on rights of use | 74 | 80 | (6) |
| - Others | 16 | 40 | (24) |
| **Total financial costs** | **48,737** | **29,016** | **19,721** |
| | | | |
| Costs capitalised on property, plant and equipment | (586) | (644) | 58 |
| Costs capitalised on intangible assets | (3,758) | (1,647) | (2,111) |
| **Total capitalised costs** | **(4,344)** | **(2,291)** | **(2,053)** |
| | | | |
| **Total net financial costs** | **44,393** | **26,725** | **17,668** |
| | | | |
| Exchange gains | 24,801 | 55,350 | (30,549) |
| Exchange losses | (26,912) | (60,790) | 33,878 |
| **Total net exchange-rate gains/(losses)** | **(2,111)** | **(5,440)** | **3,329** |
| | | | |
| **Net financial income (financial costs)** | **(44,597)** | **(30,629)** | **(13,968)** |

The balance of financial income (costs) for 2023 was negative by €/000 44,597. The deterioration compared to the values for the corresponding period of the previous year (€/000 30,629) is due to the rise in interest rates amplified by the effect of the refinancing of the "€250,000,000 3.625% Senior Notes due 2025" debenture loan which, in addition to a higher coupon in relation to current market conditions, also includes the one-off charges connected with the operation to redeem in advance the entire principal of outstanding securities, carried out by Piaggio & C S.p.A. on 5 October 2023, according to the terms indicated in the Conditional Notice of Redemption. This operation in fact generated the recognition in the 2023 income statement of financial costs related to costs not yet amortised of the loan reimbursed for Euro 2,783 thousand. The incremental change in financial costs was partially mitigated by the positive impact of foreign currency management and the increased capitalisation of expenses on fixed assets.

Financial costs of €/000 4,344 were capitalised in 2023 (in the previous year financial costs of €/000 2,291 were capitalised).
The average rate used during 2023 for capitalising financial costs (since there were general loans) was 4.77%.
Interest paid to other lenders mainly refers to interest paid to factoring companies and banks for the sale of trade receivables.

## 14. Income taxes €/000 44,279

Details of the item Income Taxes are given below:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Current taxes | 40,344 | 43,615 | (3,271) |
| Deferred taxes assets/liabilities | 3,935 | (1,285) | 5,220 |
| **Total** | **44,279** | **42,330** | **1,949** |

In 2023, taxes in the pre-tax result came to 32.7% (33.3% in 2022).

The item current taxes includes net income from tax consolidation amounting to €/000 3,861.
The portion of current taxes relative to previous years is equal to €/000 3,578 and mainly refers to Piaggio & C.
The amount is mainly attributable to the use of tax receivables for which the conditions for offsetting against current taxes due on taxable income occurred during the year.

The deferred tax portion was therefore generated during the year as follows:

1. Provision for deferred tax assets related to tax losses and temporary changes in the year for misalignments relating mainly to depreciation, write-downs and provisions amounting to €/000 -9,650;
2. The use of deferred tax assets related to tax losses and temporary changes in previous years for misalignments relating mainly to depreciation, write-downs and provisions for €/000 11,158;
3. The allocation of deferred tax liabilities for the year mainly due to depreciation of €/000 4,025;
4. The use of deferred tax liabilities from previous years for €/000 -1,598.

The reconciliation with the theoretical rate is shown in the table below:

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| Profit before tax | 135,331 | 127,219 |
| Theoretical rate | 24.00% | 24.00% |
| | | |
| Theoretical income taxes | 32,480 | 30,533 |
| Effect arising from tax differences and the difference between foreign tax rates and the theoretical rate | (1,881) | (2,354) |
| Tax effect of losses for the year which were not offset | 5,576 | 8,311 |
| Tax effect of deferred taxes | 3,935 | (1,285) |
| Taxes on income earned abroad | 5,614 | 5,817 |
| Expenses/(income) from consolidation | (3,861) | (4,793) |
| Regional business tax (IRAP) and other local taxes | 4,810 | 3,484 |
| Other differences | (2,394) | 2,617 |
| | | |
| **Income tax recognised in the financial statements** | **44,279** | **42,330** |

Theoretical taxes were determined by applying the corporate income tax (IRES) rate in force in Italy (24%) to the profit before tax. The impact of the IRAP rate and other taxes paid abroad was determined separately as these taxes are not calculated on the basis of profit before tax.

Starting from 2024, the Piaggio Group, as part of the larger Omniaholding S.p.A. Group, (hereinafter also the "Omnia Group"), is required to apply the legislation referred to in Legislative Decree no. 27 December 2023, no. 209 which transposes EU Directive 2022/2523 at national level, in compliance with what was established by the OECD with the project called "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules" (so-called Pillar Two).
This international regulation is aimed at ensuring that multinational groups with consolidated revenues equal to or greater than 750 million euros are subject to an effective tax rate (ETR) of no less than 15% in each jurisdiction in which they operate; if the ETR calculated according to the Pillar Two rules for a jurisdiction is less than 15%, the group is required to pay an additional tax (the so-called "top-up tax") to reach the minimum tax threshold.
In this regulatory context, Piaggio & C. S.p.A. qualifies as a partially owned participating company ("Partially-Owned Parent Entity" or "POPE"), and Omniaholding S.p.A. qualifies as an "Ultimate Parent Entity" or "UPE".

The Pillar Two rules also provide for a transitional period during which the groups subject to the aforementioned legislation have the possibility of being exempted from the complex calculations for determining the ETR by carrying out some tests, called "Transitional CbCR Safe Harbors" (" TSH"), applicable in the first three tax periods following the entry into force of the legislation. It is sufficient that at least one of the TSH is satisfied for the jurisdiction in which the group operates so that the supplementary tax due for that jurisdiction is equal to zero.
Although the Pillar Two rules are applicable starting from the tax period 2024, the Omnia Group, as required by the IAS 12 accounting standard (in particular as a result of the "Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two model Rules") , carried out an analysis, with the support of an external consultant, in order to identify the scope of application and evaluate the potential exposure to the top-up tax.
This assessment was carried out on the basis of data taken from the reports used in the process of preparing the consolidated financial statements 2022 (so-called financial reporting package).
Based on the results of the TSH calculation for the tax period 2022, the Omnia Group expects not to be exposed to any additional tax.

## 15. Earnings per share

Earnings per share are calculated as follows:

| | | 2023 | 2022 |
|---|---|---|---|
| Net profit | €/000 | 91,052 | 84,889 |
| Earnings attributable to ordinary shares | €/000 | 91,052 | 84,889 |
| Average number of ordinary shares in circulation | | 354,470,334 | 355,911,520 |
| Earnings per ordinary share | € | 0.257 | 0.239 |
| Adjusted average number of ordinary shares | | 354,470,334 | 355,911,520 |
| Diluted earnings per ordinary share | € | 0.257 | 0.239 |


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# D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

### 16. Intangible assets €/000 754,142

Intangible assets went up overall by €/000 24,618, mainly due to investments for the period which were only partially reduced by amortisation for the period.
The increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the acquisition and development of software.
During 2023, financial costs for €/000 3,758 were capitalised.

The following table shows the breakdown of intangible assets as of 31 December 2023 and 31 December 2022, as well as the changes that occurred during the two years.

| IN THOUSANDS OF EUROS | SITUATION AT 31.12.2021 | MOVEMENTS FOR THE PERIOD | | | | | | | SITUATION AS OF 31.12.2022 |
|---|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVEST-MENTS | TRANSI-TIONS IN THE PERIOD | AMORTISA-TION | DISPOSALS | IMPAIR-MENT | EXCHANGE DIFFEREN-CES | OTHER | NET VALUE |
| **Development costs** | **103,262** | **41,145** | **0** | **(32,068)** | **0** | **(1,990)** | **(1,027)** | **0** | **109,322** |
| In service | 80,153 | 16,525 | 17,075 | (32,068) | 0 | (1,708) | (684) | 0 | 79,293 |
| Assets under development and advances | 23,109 | 24,620 | (17,075) | 0 | 0 | (282) | (343) | 0 | 30,029 |
| **Patent rights/KH** | **140,229** | **46,246** | **0** | **(44,030)** | **(24)** | **0** | **(47)** | **3** | **142,377** |
| In service | 103,303 | 19,195 | 22,912 | (44,030) | (24) | 0 | (26) | 0 | 101,330 |
| Assets under development and advances | 36,926 | 27,051 | (22,912) | 0 | 0 | 0 | (21) | 3 | 41,047 |
| **Trademarks** | **29,478** | **0** | **0** | **(66)** | **0** | **0** | **0** | **0** | **29,412** |
| In service | 29,478 | 0 | 0 | (66) | 0 | 0 | 0 | 0 | 29,412 |
| **Goodwill** | **446,940** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **446,940** |
| In service | 446,940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 446,940 |
| **Other** | **300** | **1,241** | **0** | **(118)** | **0** | **0** | **(20)** | **70** | **1,473** |
| In service | 247 | 53 | 18 | (118) | 0 | 0 | 2 | 70 | 272 |
| Assets under development and advances | 53 | 1,188 | (18) | 0 | 0 | 0 | (22) | 0 | 1,201 |
| **Total** | **720,209** | **88,632** | **0** | **(76,282)** | **(24)** | **(1,990)** | **(1,094)** | **73** | **729,524** |
| In service | 660,121 | 35,773 | 40,005 | (76,282) | (24) | (1,708) | (708) | 70 | 657,247 |
| Assets under development and advances | 60,088 | 52,859 | (40,005) | 0 | 0 | (282) | (386) | 3 | 72,277 |

| IN THOUSANDS OF EUROS | SITUATION AS OF 31.12.2022 | MOVEMENTS FOR THE PERIOD | | | | | | | SITUATION AS OF 31.12.2023 |
|---|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVEST-MENTS | TRANSI-TIONS IN THE PERIOD | AMORTISA-TION | DISPOSALS | IMPAIR-MENT | EXCHANGE DIFFEREN-CES | OTHER | NET VALUE |
| **Development costs** | **109,322** | **45,230** | **0** | **(34,592)** | **(147)** | **(609)** | **(1,669)** | **43** | **117,578** |
| In service | 79,293 | 4,875 | 10,152 | (34,592) | (5) | (609) | (1,110) | (92) | 57,912 |
| Assets under development and advances | 30,029 | 40,355 | (10,152) | 0 | (142) | 0 | (559) | 135 | 59,666 |
| **Patent rights/KH** | **142,377** | **62,562** | **0** | **(46,132)** | **(75)** | **0** | **(46)** | **0** | **158,686** |
| In service | 101,330 | 9,372 | 8,448 | (46,132) | (75) | 0 | (28) | 0 | 72,915 |
| Assets under development and advances | 41,047 | 53,190 | (8,448) | 0 | 0 | 0 | (18) | 0 | 85,771 |
| **Trademarks** | **29,412** | **0** | **0** | **(66)** | **0** | **0** | **0** | **0** | **29,346** |
| In service | 29,412 | 0 | 0 | (66) | 0 | 0 | 0 | 0 | 29,346 |
| **Goodwill** | **446,940** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **446,940** |
| In service | 446,940 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 446,940 |
| **Other** | **1,473** | **433** | **0** | **(171)** | **0** | **0** | **(75)** | **(68)** | **1,592** |
| In service | 272 | 65 | 404 | (171) | 0 | 0 | (9) | (68) | 493 |
| Assets under development and advances | 1,201 | 368 | (404) | 0 | 0 | 0 | (66) | 0 | 1,099 |
| **Total** | **729,524** | **108,225** | **0** | **(80,961)** | **(222)** | **(609)** | **(1,790)** | **(25)** | **754,142** |
| In service | 657,247 | 14,312 | 19,004 | (80,961) | (80) | (609) | (1,147) | (160) | 607,606 |
| Assets under development and advances | 72,277 | 93,913 | (19,004) | 0 | (142) | 0 | (643) | 135 | 146,536 |

### Development costs €/000 117,578

The item Development costs includes costs for products and engines referable to projects for which revenues are expected, over the useful life of the asset, to allow at least the recovery of costs incurred. This item also includes assets under development for €/000 59,666, which represent costs for which the conditions for capitalisation are met, but related to products that will go into production in future years.
With regard to development expenditure, the new projects capitalised during 2023 refer to the study of new vehicles and new engines that are the flagship products of the 2023-2025 range.
Impairment relates to a project for which production plans were revised as part of the Business Plan update.
Financial costs attributable to the development of products that require a significant period of time to be realised are capitalised as part of the cost of the assets themselves. Development costs included in this item are amortised on a straight-line basis over a period of 3 to 5 years (lead products), in consideration of their remaining useful life.
During 2023, development costs amounting to €/000 21,968 were carried as expenses directly in the income statement.

### Industrial patent rights and know-how €/000 158,686

The item includes assets under development for €/000 85,771.
Know-how costs mainly refer to new calculation, design and production techniques and methodologies developed by the Group.
The costs of industrial patent rights are mainly developed internally.
Both items are amortised on a straight-line basis, over a period of 3 to 5 years, in consideration of their remaining useful life.

### Trademarks, Concessions and Licences €/000 29,346

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Guzzi trademark | 9,750 | 9,750 | 0 |
| Aprilia trademark | 19,158 | 19,158 | 0 |
| Minor trademarks | 5 | 10 | (5) |
| Foton licence | 433 | 494 | (61) |
| **Total** | **29,346** | **29,412** | **(66)** |

As they have had an indefinite useful life since 2021, the Moto Guzzi and Aprilia brands are no longer amortised but are tested annually for impairment, as provided for by IAS 36 - "Impairment of Assets" and described in more detail in the section on "Goodwill".

The Foton licence is amortised over a 10-year period expiring in 2031.

### Goodwill €/000 446,940

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

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

The Group's organisational structure is based on 3 Geographic Segments (CGUs), which are responsible for the production and sale of vehicles, related spare parts and after-sales services in their specific regions: Emea and Americas, India and Asia Pacific 2W. Each geographic segment is equipped with production facilities and a sales network specifically dedicated to customers in the relevant geographic segment. The central structures as well as the development activities currently concentrated in the EMEA and the Americas are transferred to the individual CGUs.
As noted with reference to accounting standards, since 1 January 2004, goodwill is no longer amortised, but is tested for impairment annually, or more frequently if specific events or changed circumstances indicate the possibility of impairment, in accordance with IAS 36 Impairment of Assets.
The recoverability of the recognised values is verified by comparing the net carrying amount of the individual cash-generating units with the recoverable value (value in use). This recoverable amount is represented by the present value of the future cash flows that are estimated to be derived from the continued use of the assets related to the cash-generating unit and the terminal value attributable to them.

The recoverability of goodwill is verified at least once a year (as of 31 December), even in the absence of indicators of impairment losses. The main assumptions used by the Group to determine future cash flows, relative to a 4-year time horizon, and the resulting recoverable value (value in use) refer to:

a. a forecasted cash flow hypothesis for a four-year time horizon derived from budget data for the year 2024, approved by the Board of Directors of Piaggio & C. S.p.A. on 26 January 2024, supplemented by forecast data for the period 2025-2027, approved by the Board of Directors of Piaggio & C. S.p.A. on 23 February 2024, together with the impairment test;
b. the WACC discount rate;
c. in addition to the explicit period, a growth rate (g rate) was estimated.

In particular, the Group has adopted a discount rate (WACC) which reflects the weighted average cost of capital calculated for the purpose of discounting cash flows on the basis of a weighting between the cost of debt and the cost of equity. This figure was prepared on the basis of values of companies comparable to the Piaggio Group and therefore operating in the same business sector, differentiated between the different cash-generating units, to reflect current market valuations of the cost of money and taking into account the specific risks of the business and geographic segment in which the cash-generating unit operates.
In determining the calculation of the discount rate (WACC), the company extrapolated data on the financial structure and beta index of comparable companies from main financial sources, as well as other parameters (i.e. risk free rate) based on market observations and in accordance with valuation practices.

In the discounted future cash flow model, a terminal value is entered at the end of the cash flow projection period to reflect the residual value that each cash-generating unit is expected to generate. The terminal value represents the present value, at the last year of the projection, of all subsequent cash flows calculated as a perpetual annuity, and was determined using a growth rate (g rate) differentiated by CGU, and updated to reflect the most recent growth potential of each CGU.

| | EMEA AND AMERICAS | ASIA PACIFIC 2W | INDIA |
|---|---|---|---|
| **2023** | | | |
| WACC | 7.7% | 8.1% | 10.5% |
| G - rate | 1.5% | 2.0% | 2.5% |
| Sales growth rate over the Plan period | 2.4% | 8.6% | 13.1% |
| | | | |
| **2022** | | | |
| WACC | 7.3% | 8.3% | 10.6% |
| G - rate | 1.0% | 2.0% | 2.0% |
| Sales growth rate over the Plan period | 3.5% | 5.1% | 21.9% |

The Terminal Value growth rate (g rate) is CGU-specific, to consider the growth potential of the area.
The medium to long-term growth rate (g rate) for determining the Terminal Value of each CGU was considered reasonable and conservative in light of:
- analysts' expectations for the Piaggio Group (source: most recent Analyst Reports);
- the long-term real GDP growth trend expected for the main countries where the Group operates (source: Economist Intelligence Unit - EIU);
- the expected long-term inflation trend for the main countries where the Group operates (source: Economist Intelligence Unit - EIU);
- the expected long-term nominal production trend in the main countries where the Group operates for two-wheelers and commercial vehicles (source: Euromonitor).

The WACC was determined taking into account the specific reference scenarios of the different CGUs and showed growth in all geographic segments.

The cash flows for the Plan period reflect a sales growth rate in line with the expected trend in the sector, and a margins consistent with the results achieved in the last financial year.
The analyses conducted did not identify any impairment losses. Therefore, no impairment was recorded in the consolidated figures as of 31 December 2023.
In addition, and on the basis of information in the document produced jointly by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009, the Group conducted sensitivity analysis of test results in relation to changes in basic assumptions (use of the growth rate in producing the terminal value and discount rate) which affect the value in use of cash generating units. In the case of a positive or negative change of 0.5% of the WACC and G-Rate used, analyses would not identify impairment losses.

In all cases, the value in use of the Group was higher than the net carrying amount tested.

In addition, the Piaggio Group has always paid special attention to sustainable mobility and to safeguarding all ESG-related matters and in 2023 presented a Decarbonisation Plan with time horizons of 2030 and 2050. Piaggio has been implementing internal processes for several years to analyse and assess short and medium/long-term risks and opportunities related to climate change and the reduction of polluting emissions. Therefore, in preparing the 2024 budget and the 2025-2027 plan and in drawing up the accounting estimates contained therein, Management considered the impacts on investments, costs and cash flows of the following elements:
- research into new technologies, focussing on future mobility to address new urbanisation;
- significant increase in investment in electric vehicles (2-3-4 wheelers);
- investments in the active and passive safety of all vehicles;
- energy transition costs (energy and raw material costs) roughly in line over the plan period with the costs incurred in 2023 and not prudently transferred to revenues;
- stated objectives in the Decarbonisation Plan, with particular reference to initiatives aimed at reducing emissions by 2030, as more fully described in the Non-Financial Statement.

The analyses carried out as part of the impairment test did not identify any elements requiring write-downs of balance sheet assets.

Since the recoverable amount has been determined on the basis of estimates, the Group cannot guarantee that there will be no impairment of goodwill in future periods.
Given the current market uncertainty, the various factors used in making estimates could be revised; the Piaggio Group will constantly monitor these factors and the existence of impairment losses.

Other intangible assets €/000 1,592

This item mainly includes the capitalisation of expenses for updating the SAP management programme of the Chinese affiliate.
It also includes €/000 2 for purchases of ETS certificates made during the year and still in the portfolio. For more details on the "Emission Trading" Directive (Directive 2003/87/EC) which established the ETS certificate trading system please refer to Note 11 Other operating costs.

## 17. Property, plant and equipment €/000 287,510

Property, plant and equipment mainly refer to the Group's production facilities located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia).
During the period, the item showed a decrease of €/000 3,856 due to the combined effects of the depreciation of assets and the depreciation of the rupee and dong only partially offset by investments for the period.
The increases mainly relate to the construction of moulds for new vehicles launched during the period.
Financial costs attributable to the construction of assets that require a significant period of time to be ready for use are capitalised as part of the cost of the assets. In 2023, financial costs of €/000 586 were capitalised.

The following table shows the breakdown of property, plant and equipment as of 31 December 2023 and 31 December 2022, as well as the changes that occurred during the two years.

| IN THOUSANDS OF EUROS | SITUATION AT 31.12.2021 | MOVEMENTS FOR THE PERIOD | | | | | | | SITUATION AS OF 31.12.2022 |
|---|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVEST-MENTS | TRANSI-TIONS IN THE PERIOD | DEPRECIA-TION | DISPOSALS | IMPAIR-MENT | EXCHANGE DIFFERENCES | OTHER | NET VALUE |
| **Land** | **31,550** | **6,075** | **0** | **0** | **0** | **0** | **(412)** | **0** | **37,213** |
| In service | 31,550 | 6,075 | 0 | 0 | 0 | | (412) | 0 | 37,213 |
| **Buildings** | **85,932** | **11,738** | **0** | **(5,159)** | **(3)** | **0** | **(878)** | **(1,800)** | **89,830** |
| In service | 80,984 | 1,887 | 9,575 | (5,159) | 0 | | (910) | 0 | 86,377 |
| Assets under construction and advances | 4,948 | 9,851 | (9,575) | 0 | (3) | | 32 | (1,800) | 3,453 |
| **Plant and machinery** | **111,891** | **21,198** | **0** | **(23,076)** | **(77)** | **0** | **(2,163)** | **1,201** | **108,974** |
| In service | 103,772 | 4,169 | 11,008 | (23,076) | (22) | | (1,834) | 1,204 | 95,221 |
| Assets under construction and advances | 8,119 | 17,029 | (11,008) | 0 | (55) | | (329) | (3) | 13,753 |
| **Equipment** | **41,828** | **14,530** | **0** | **(15,143)** | **0** | **0** | **(88)** | **618** | **41,745** |
| In service | 34,435 | 10,895 | 7,646 | (15,143) | 0 | | (69) | 618 | 38,382 |
| Assets under construction and advances | 7,393 | 3,635 | (7,646) | 0 | 0 | | (19) | 0 | 3,363 |
| **Other assets** | **11,840** | **9,502** | **0** | **(7,753)** | **(20)** | **0** | **58** | **(23)** | **13,604** |
| In service | 9,500 | 7,961 | 689 | (7,753) | (5) | | 57 | (23) | 10,426 |
| Assets under construction and advances | 2,340 | 1,541 | (689) | 0 | (15) | | 1 | 0 | 3,178 |
| **Total** | **283,041** | **63,043** | **0** | **(51,131)** | **(100)** | **0** | **(3,483)** | **(4)** | **291,366** |
| In service | 260,241 | 30,987 | 28,918 | (51,131) | (27) | | (3,168) | 1,799 | 267,619 |
| Assets under construction and advances | 22,800 | 32,056 | (28,918) | 0 | (73) | | (315) | (1,803) | 23,747 |

| IN THOUSANDS OF EUROS | SITUATION AS OF 31.12.2022 | MOVEMENTS FOR THE PERIOD | | | | | | | SITUATION AS OF 31.12.2023 |
|---|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVEST-MENTS | TRANSI-TIONS IN THE PERIOD | DEPRECIA-TION | DISPOSALS | IMPAIR-MENT | EXCHANGE DIFFERENCES | OTHER | NET VALUE |
| **Land** | **37,213** | **0** | **0** | **0** | **0** | **0** | **(314)** | **0** | **36,899** |
| In service | 37,213 | 0 | 0 | 0 | 0 | 0 | (314) | 0 | 36,899 |
| **Buildings** | **89,830** | **4,590** | **0** | **(5,346)** | **(187)** | **(241)** | **(1,333)** | **(62)** | **87,251** |
| In service | 86,377 | 1,784 | 2,437 | (5,346) | (187) | (241) | (1,264) | 221 | 83,781 |
| Assets under construction and advances | 3,453 | 2,806 | (2,437) | 0 | 0 | 0 | (69) | (283) | 3,470 |
| **Plant and machinery** | **108,974** | **30,441** | **0** | **(21,874)** | **(101)** | **0** | **(3,681)** | **11** | **113,770** |
| In service | 95,221 | 4,094 | 14,603 | (21,874) | (31) | 0 | (2,729) | 11 | 89,295 |
| Assets under construction and advances | 13,753 | 26,347 | (14,603) | 0 | (70) | 0 | (952) | 0 | 24,475 |
| **Equipment** | **41,745** | **9,091** | **0** | **(15,504)** | **(59)** | **0** | **(25)** | **(505)** | **34,743** |
| In service | 38,382 | 4,239 | 1,354 | (15,504) | (59) | 0 | (26) | (127) | 28,259 |
| Assets under construction and advances | 3,363 | 4,852 | (1,354) | 0 | 0 | 0 | 1 | (378) | 6,484 |
| **Other assets** | **13,604** | **10,522** | **0** | **(9,623)** | **(57)** | **0** | **(155)** | **556** | **14,847** |
| In service | 10,426 | 7,432 | 3,453 | (9,623) | (47) | 0 | (148) | 556 | 12,049 |
| Assets under construction and advances | 3,178 | 3,090 | (3,453) | 0 | (10) | 0 | (7) | 0 | 2,798 |
| **Total** | **291,366** | **54,644** | **0** | **(52,347)** | **(404)** | **(241)** | **(5,508)** | **0** | **287,510** |
| In service | 267,619 | 17,549 | 21,847 | (52,347) | (324) | (241) | (4,481) | 661 | 250,283 |
| Assets under construction and advances | 23,747 | 37,095 | (21,847) | 0 | (80) | 0 | (1,027) | (661) | 37,227 |

## Land €/000 36,899

Land is not depreciated.
This item mainly refers to the Group's production facilities located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco) and Jakarta (Indonesia). The item also includes land in Pisa, with a warehouse.

## Buildings €/000 87,251

The item Buildings, net of accumulated depreciation and provision for impairment, is broken down as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Industrial buildings | 82,658 | 85,292 | (2,634) |
| Buildings for civil use | 236 | 240 | (4) |
| Lightweight constructions | 887 | 845 | 42 |
| Assets under construction | 3,470 | 3,453 | 17 |
| **Total** | **87,251** | **89,830** | **(2,579)** |

Industrial buildings refer to the Group's production facilities located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia). The item also includes a building in Pisa used as a warehouse. Buildings are depreciated at rates deemed appropriate to represent their useful life and in any case on a straight-line basis.

## Plant and machinery €/000 113,770

The item Plant and Machinery, net of accumulated depreciation and provision for impairment, is broken down as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Generic installations | 60,488 | 64,370 | (3,882) |
| Automatic machines | 7,451 | 8,529 | (1,078) |
| Furnaces and their fixtures | 595 | 621 | (26) |
| Other | 20,761 | 21,701 | (940) |
| Assets under construction | 24,475 | 13,753 | 10,722 |
| **Total** | **113,770** | **108,974** | **4,796** |

Plant and machinery refer to the Group's production facilities located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia).
The item 'other' mainly comprises non-automatic machinery and robot centres.

## Equipment €/000 34,743

The value of the item Equipment is mainly composed of production equipment located in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Jakarta (Indonesia). The main investments in equipment refer to moulds for new vehicles launched during the year, moulds for new engines and specific equipment for assembly lines.

The Equipment, net of accumulated depreciation and provision for impairment, comprises:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Industrial equipment | 28,241 | 37,929 | (9,688) |
| Commercial equipment | 18 | 453 | (435) |
| Assets under construction | 6,484 | 3,363 | 3,121 |
| **Total** | **34,743** | **41,745** | **(7,002)** |

## Other plant, property and equipment €/000 14,847

The item Other assets, net of accumulated depreciation and provision for impairment is broken down as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| EDP systems | 2,784 | 2,316 | 468 |
| Office furniture and equipment | 2,276 | 2,545 | (269) |
| Vehicles | 2,353 | 1,557 | 796 |
| Others | 4,636 | 4,008 | 628 |
| Assets under construction | 2,798 | 3,178 | (380) |
| **Total** | **14,847** | **13,604** | **1,243** |

## Guarantees

As of 31 December 2023, the Group had no buildings encumbered by mortgages.

## 18. Rights of Use

This note provides information on leases as lessee. The Group has no lease agreements in place as lessor.

### Assets for rights of use €/000 36,866

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 entered into rental agreements for offices, factories, warehouses, guest quarters, cars and forklift trucks. Lease agreements typically have a fixed term but may also provide for an extension option.
These agreements may also include service components. The Group has decided to include only the rental component in the valuation of rights of use.
The rental/hire agreements do not have any covenants to be met, nor require guarantees to be provided in favour of the lessor.

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 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 | | | 6,476 | 6,476 | | | 7,049 | 7,049 | (573) |
| Buildings | 18,951 | | 64 | 19,015 | 18,513 | | 146 | 18,659 | 356 |
| Plant and machinery | | 6,419 | | 6,419 | | 7,275 | | 7,275 | (856) |
| Equipment | 1,205 | | | 1,205 | 1,661 | | | 1,661 | (456) |
| Other assets | 3,746 | 5 | | 3,751 | 2,195 | 22 | | 2,217 | 1,534 |
| **Total** | **23,902** | **6,424** | **6,540** | **36,866** | **22,369** | **7,297** | **7,195** | **36,861** | **5** |

| IN THOUSANDS OF EUROS | LAND | BUILDINGS | PLANT AND MACHINERY | EQUIPMENT | OTHER ASSETS | TOTAL |
|---|---|---|---|---|---|---|
| **As of 31 12 2022** | **7,049** | **18,659** | **7,275** | **1,661** | **2,217** | **36,861** |
| Increases | | 8,280 | | | 3,303 | 11,583 |
| Depreciation | (187) | (6,951) | (856) | (413) | (1,765) | (10,172) |
| Decreases | (7) | (507) | | (43) | (1) | (558) |
| Exchange differences | (379) | (466) | | | (3) | (848) |
| Other changes | | | | | | 0 |
| **Movements 2023** | **(573)** | **356** | **(856)** | **(456)** | **1,534** | **5** |
| **As of 31 12 2023** | **6,476** | **19,015** | **6,419** | **1,205** | **3,751** | **36,866** |

### Financial Liabilities for rights of use €/000 30,001

The composition of and changes in financial liabilities for rights of use are illustrated in Note 39 'Financial Liabilities and financial liabilities for Rights of Use', to which is reference is made.

### Amounts recognised in the Income Statement

The income statement includes the following amounts in respect of lease agreements:

| IN THOUSANDS OF EUROS | NOTE | 2023 | 2022 | CHANGE |
|---|---|---|---|---|
| Depreciation of rights of use | 8 | 10,172 | 9,999 | 173 |
| Financial costs for rights of use | 13 | 1,790 | 1,472 | 318 |
| Rental payments (no IFRS 16) | 6 | 17,562 | 16,068 | 1,494 |

In 2023, lease agreements subject to the application of IFRS 16 resulted in a cash outflow of €/000 10,019.

## 19. Deferred tax assets €/000 70,439

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.
Their composition is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Deferred tax assets | 80,501 | 79,909 | 592 |
| Deferred tax liabilities | (10,062) | (8,298) | (1,764) |
| **Total** | **70,439** | **71,611** | **(1,172)** |

The main effects recognised during the year are attributable to changes in temporary differences and tax losses.

As part of measurements to define deferred tax assets, the Group mainly considered the following:

- tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
- the tax rate in effect in the year when temporary differences occur.

Deferred tax assets arising from the carry forward of tax losses have been recognised on the basis of the foreseeable recovery of the benefit deriving from the availability of sufficient future taxable income, resulting from the most recent forecasts, against which these losses may be used; in some cases, it was decided not to fully recognise the tax benefits arising from the carry forward of losses. As regards the Italian companies of the Piaggio Group, it should be noted that they are part of the National Consolidated Tax Convention governed by articles 117 and following of the Consolidated Income Tax Act as consolidated companies. Therefore, in line with the tax consolidation contract stipulated with the consolidating company IMMSI S.p.A., the recoverability of deferred tax assets was made on the basis of the Group's foreseeable taxable income, which can be inferred from the long-term plans of the consolidating company, as well as on the basis of the plan approved by the Board of Directors of Piaggio & C. S.p.A. on 23 February 2024.

| | AMOUNT OF TEMPORARY DIFFERENCES | TAX RATE | TAX EFFECT |
|---|---|---|---|
| IN THOUSANDS OF EUROS | | | |
| | 10,220 | 24%/27.9% | 2,849 |
| **Provisions for risks** | **10,220** | | **2,849** |
| | 13,864 | 27.90% | 3,868 |
| | 1,283 | 24.27% | 311 |
| | 696 | 22.00% | 153 |
| | 386 | 33.58% | 130 |
| | 124 | 25.00% | 31 |
| | 128 | 22.00% | 28 |
| **Provision for product warranties** | **16,481** | | **4,521** |
| | 17,122 | 24.00% | 4,109 |
| | 1,599 | 22.00% | 352 |
| | 208 | 25.00% | 52 |
| | 152 | 24.00% | 36 |
| | 119 | 24.27% | 29 |
| | 13 | 33.58% | 4 |
| **Provision for bad debts** | **19,213** | | **4,582** |
| | 24,319 | 27.90% | 6,785 |
| | 4,199 | 27.90% | 1,172 |
| | 2,984 | 20.00% | 597 |
| | 963 | 24.27% | 234 |
| | 365 | 22.00% | 80 |
| | 174 | 33.58% | 58 |
| | 35 | 27.90% | 10 |
| | 31 | 22.00% | 7 |
| | 15 | 18.00% | 3 |
| **Provision for obsolete stock** | **33,085** | | **8,946** |
| | 40,410 | 24%/27.9% | 11,018 |
| | 17,554 | 20.00% | 3,511 |
| | 16,877 | 24%/27.9% | 4,059 |
| | 7,059 | 24.27% | 1,713 |
| | 6,586 | 25.00% | 1,647 |
| | 1,951 | 24.71% | 482 |
| | 761 | 17.00% | 129 |
| | 546 | 25.17% | 137 |
| | 523 | 22.00% | 115 |
| | 502 | 22.00% | 110 |
| | 368 | 27.90% | 103 |
| | 210 | 25.00% | 53 |
| | 207 | 33.58% | 70 |
| | 145 | 32.32% | 47 |
| | 89 | 31.21% | 28 |
| | 66 | 25%/30% | 17 |
| | 55 | 18.00% | 10 |
| | 44 | 19.00% | 8 |
| Offsetting Deferred Tax Liabilities | (39,072) | 10%/27.9% | (10,062) |
| Other changes | 54,881 | | 13,195 |
| **Total on provisions and other changes** | **133,880** | | **34,093** |
| **Deferred taxes already recognised** | | | **33,962** |
| **Unrecognised deferred tax assets** | | | **131** |
| Piaggio & C. S.p.A. | 131,802 | 24.00% | 31,632 |
| Piaggio Fast Forward Inc. | 109,654 | 21.00% | 23,027 |
| Nacional Motor S.A. | 35,511 | 25.00% | 8,878 |
| Piaggio Group Americas Inc. | 9,428 | 24.27% | 2,288 |
| Foshan Piaggio Vehicles technology R&D Co Ltd. | 3,316 | 25.00% | 829 |
| Piaggio Concept Store Mantova S.r.l. | 3,209 | 24.00% | 770 |
| Aprilia Racing S.r.l. | 2,494 | 24.00% | 599 |
| Piaggio Group Japan | 1,149 | 33.58% | 386 |
| Piaggio Vespa BV | 943 | 19.00% | 179 |
| **Total on tax losses** | **297,506** | | **68,588** |
| **Deferred taxes already recognised** | | | **36,477** |
| **Unrecognised deferred tax assets** | | | **32,111** |

## 20. Inventories €/000 328,017

This item comprises:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Raw materials and consumables | 180,033 | 202,223 | (22,190) |
| Provision for write-down | (16,592) | (11,532) | (5,060) |
| *Net value* | *163,441* | *190,691* | *(27,250)* |
| Work in progress and semi-finished products | 26,693 | 31,993 | (5,300) |
| Provision for write-down | (1,933) | (852) | (1,081) |
| *Net value* | *24,760* | *31,141* | *(6,381)* |
| Finished products and goods | 160,180 | 176,632 | (16,452) |
| Provision for write-down | (20,506) | (19,754) | (752) |
| *Net value* | *139,674* | *156,878* | *(17,204)* |
| Advances | 142 | 968 | (826) |
| **Total** | **328,017** | **379,678** | **(51,661)** |

In an international context characterised by some critical issues in the procurement of certain components and in transport logistics, the Group decided to take precautions by increasing its stock levels in order to secure production and sales in the coming months.
The provision for write-down is calculated to align the value of inventories to their estimated realisable value, recognising obsolescence and slow rotation where necessary.

## 21. Trade receivables (current and non-current) €/000 58,878

As of 31 December, there were no trade receivables included in non-current assets in both periods under comparison.
Trade receivables included in current assets are broken down as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Trade receivables from customers | 58,484 | 66,675 | (8,191) |
| Trade receivables from JV | 385 | 459 | (74) |
| Trade receivables from parent companies | 9 | 9 | 0 |
| **Total** | **58,878** | **67,143** | **(8,265)** |

Receivables from joint ventures consist of receivables from Zongshen Piaggio Foshan Motorcycles Co. Ltd. Receivables from parent companies are represented by receivables from Immsi.
The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 33,817.

Changes in the provision were as follows:

| IN THOUSANDS OF EUROS | |
|---|---|
| **Opening balance as of 1 January 2023** | **30,573** |
| Increases for provisions | 855 |
| Decreases for use | (10) |
| Other changes and exchange rate adjustments | 2,399 |
| **Closing balance as of 31 December 2023** | **33,817** |

The Group sells a large part of its trade receivables with and without recourse. The contractual structure that Piaggio has formalised with important Italian and foreign factoring companies pursues various objectives, such as optimising, monitoring and managing credit, the possibility of offering its customers the means for financing stock, and, as regards non-recourse sales only, the substantial transfer of the risks and benefits. As of 31 December 2023, outstanding trade receivables sold without recourse totalled €/000 118,410. Piaggio received the consideration for these receivables before their natural due date for €/000 117,395.
As of 31 December 2023, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 7,648 with a counter-entry recognised in current liabilities.

## 22. Other receivables (current and non-current) €/000 105,138

These consist of:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Receivables due from parent companies | 33,255 | | 33,255 | 25,721 | | 25,721 | 7,534 | 0 | 7,534 |
| Receivables due from JV | 586 | | 586 | 544 | | 544 | 42 | 0 | 42 |
| Receivables due from affiliated companies | 18 | | 18 | 28 | | 28 | (10) | 0 | (10) |
| Accrued income | 596 | | 596 | 1,390 | | 1,390 | (794) | 0 | (794) |
| Deferred charges | 10,799 | 9,424 | 20,223 | 11,331 | 10,771 | 22,102 | (532) | (1,347) | (1,879) |
| Advance payments to suppliers | 1,067 | 1 | 1,068 | 1,095 | 1 | 1,096 | (28) | 0 | (28) |
| Advances to employees | 1,809 | 24 | 1,833 | 513 | 24 | 537 | 1,296 | 0 | 1,296 |
| Fair Value of hedging derivatives | 4,573 | 168 | 4,741 | 5,530 | 582 | 6,112 | (957) | (414) | (1,371) |
| Security deposits | 285 | 1,151 | 1,436 | 299 | 1,125 | 1,424 | (14) | 26 | 12 |
| Receivables due from others | 33,891 | 7,491 | 41,382 | 9,667 | 7,518 | 17,185 | 24,224 | (27) | 24,197 |
| **Total** | **86,879** | **18,259** | **105,138** | **56,118** | **20,021** | **76,139** | **30,761** | **(1,762)** | **28,999** |

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 derivative instruments is composed of hedging transactions accounted for in accordance with the cash flow hedge principle and detailed as follows: fair value of hedging transactions on exchange risk on forecast transactions (€/000 4,300 current portion); fair value of an Interest Rate Swap designated as a hedge (€/000 168 current portion and €/000 168 non-current portion); fair value of hedging transactions on commodities (€/000 105).
The item Receivables due from others includes:

- €/000 5,254 (€/000 3,480 as of 31 December 2022) for the recognition by the Indian affiliate of a receivable for the grant from the Indian government for 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 given. The recognition of these amounts is supported by adequate documentation received from the Indian Government, which certifies the recognition of the right and therefore the reasonable certainty of collection. It should be noted that during 2023, the Indian Company collected receivables related to these grants for €/000 1,112. For further details please refer to Note 9 Other operating income.
- €/000 17,838 for the credit accrued by the Indian affiliate for the reimbursement of the eco-incentive on electric vehicles recognised directly by the manufacturer for the end customer. The incentive scheme for electric mobility currently in place in India envisages that the end customer benefits from the contribution at the time of purchase and that the same contribution is recovered by the manufacturer upon presentation of the necessary documentation to the Ministry.

Other receivables are shown net of a provision for write-down of €/000 6,609.
Changes in the provision were as follows:

| IN THOUSANDS OF EUROS | |
|---|---|
| **Opening balance as of 1 January 2023** | **6,537** |
| Increases for provisions | 3,041 |
| Decreases for use | (21) |
| Other changes and exchange rate adjustments | (2,948) |
| **Closing balance as of 31 December 2023** | **6,609** |

## 23. Tax receivables (current and non-current) €/000 28,533

Tax receivables consist of:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| VAT | 8,543 | 283 | 8,826 | 33,828 | 741 | 34,569 | (25,285) | (458) | (25,743) |
| Income tax | 6,207 | 6,073 | 12,280 | 2,949 | 6,270 | 9,219 | 3,258 | (197) | 3,061 |
| Others | 4,105 | 3,322 | 7,427 | 8,324 | 1,809 | 10,133 | (4,219) | 1,513 | (2,706) |
| **Total** | **18,855** | **9,678** | **28,533** | **45,101** | **8,820** | **53,921** | **(26,246)** | **858** | **(25,388)** |

## 24.Breakdown of operating receivables by valuation methodology applied

The following table shows the breakdown of operating receivables by valuation methodology applied:

| IN THOUSANDS OF EUROS | ASSETS AT FVPL | ASSETS AT FVOCI | FINANCIAL DERIVATIVES | ASSETS AT AMORTISED COST | TOTAL |
|---|---|---|---|---|---|
| AS OF 31 DECEMBER 2023 | | | | | |
| **Non-current** | | | | | |
| Tax receivables | | | | 9,678 | 9,678 |
| Other receivables | | | 168 | 18,091 | 18,259 |
| | | | | | |
| **Total non-current operating receivables** | **-** | **-** | **168** | **27,769** | **27,937** |
| | | | | | |
| **Current** | | | | | |
| Trade receivables | | | | 58,878 | 58,878 |
| Tax receivables | | | | 18,855 | 18,855 |
| Other receivables | | | 4,573 | 82,306 | 86,879 |
| | | | | | |
| **Total current operating receivables** | **-** | **-** | **4,573** | **160,039** | **164,612** |
| | | | | | |
| **Total operating receivables** | **-** | **-** | **4,741** | **187,808** | **192,549** |
| | | | | | |
| AS OF 31 DECEMBER 2022 | | | | | |
| **Non-current** | | | | | |
| Tax receivables | | | | 8,820 | 8,820 |
| Other receivables | | | 582 | 19,439 | 20,021 |
| | | | | | |
| **Total non-current operating receivables** | **-** | **-** | **582** | **28,259** | **28,841** |
| | | | | | |
| **Current** | | | | | |
| Trade receivables | | | | 67,143 | 67,143 |
| Tax receivables | | | | 45,101 | 45,101 |
| Other receivables | | | 5,530 | 50,588 | 56,118 |
| | | | | | |
| **Total current operating receivables** | **-** | **-** | **5,530** | **162,832** | **168,362** |
| | | | | | |
| **Total operating receivables** | **-** | **-** | **6,112** | **191,091** | **197,203** |

### 25. Receivables due after 5 years €/000 0

At the end of the reporting period, there were no receivables outstanding due after five years.

### 26. Breakdown of assets by geographic segment

Here below the breakdown of assets by geographic segment:


### 27. Trade Payables €/000 619,003

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Amounts due to suppliers | 612,632 | 729,974 | (117,342) |
| Trade payables to JV | 5,982 | 9,518 | (3,536) |
| Trade payables due to associates | 50 | 26 | 24 |
| Trade payables due to parent companies | 339 | 314 | 25 |
| **Total** | **619,003** | **739,832** | **(120,829)** |
| *Of which indirect factoring* | *256,318* | *297,231* | *(40,912)* |

To facilitate credit conditions for its suppliers, the Group has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements, as described in more detail in the section "Consolidation principles and measurement criteria", to which reference is made. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 31 December 2023, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 256,318 (€/000 297,231 as of 31 December 2022).

### 28. Provisions (current and non-current portion) €/000 33,136

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

| IN THOUSANDS OF EUROS | BALANCE AS OF 31 DECEMBER 2022 | PROVISIONS | USES | EXCHANGE DIFFERENCES | BALANCE AS OF 31 DECEMBER 2023 |
|---|---|---|---|---|---|
| Provision for product warranties | 21,057 | 11,333 | (11,542) | (306) | 20,542 |
| Provision for contractual risks | 6,974 | 2,000 | | (33) | 8,941 |
| Risk provision for legal disputes | 1,933 | 500 | (48) | (3) | 2,382 |
| Provision for ETS certificates | 513 | 486 | (513) | | 486 |
| Other provisions for risks | 734 | 126 | (65) | (10) | 785 |
| **Total** | **31,211** | **14,445** | **(12,168)** | **(352)** | **33,136** |

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Provision for product warranties | 12,990 | 7,552 | 20,542 | 13,042 | 8,015 | 21,057 | (52) | (463) | (515) |
| Provision for contractual risks | 941 | 8,000 | 8,941 | 974 | 6,000 | 6,974 | (33) | 2,000 | 1,967 |
| Risk provision for legal disputes | 661 | 1,721 | 2,382 | 212 | 1,721 | 1,933 | 449 | 0 | 449 |
| Provision for ETS certificates | 486 | - | 486 | 513 | - | 513 | (27) | 0 | (27) |
| Other provisions for risks | 367 | 418 | 785 | 316 | 418 | 734 | 51 | 0 | 51 |
| **Total** | **15,445** | **17,691** | **33,136** | **15,057** | **16,154** | **31,211** | **388** | **1,537** | **1,925** |

Provision for product warranties relate to accruals for technical warranty work on serviceable products that are expected to be performed over the contractual warranty period. This period varies according to the type of goods sold and the sales market and is also determined by customers having a scheduled maintenance commitment.
The provision increased during the year by €/000 11,333 and €/000 11,542 was used for charges incurred during the year.
The risk provision for legal disputes concerns labour litigation and other legal proceedings.
The provision for ETS certificates refers to the provision made by the Parent Company for the costs it will have to incur for the purchase of ETS certificates to be returned to the Authority by September 2024. For more details on the Emission Trading Directive (Directive 2003/87/EC), which established the ETS certificate trading system, see Note 11 Other Operating Costs.
Other risk provisions include management's best estimate of probable liabilities at the reporting date.

## 29. Deferred tax liabilities — €/000 7,087

The deferred tax liability is mainly attributable to taxable temporary differences between the carrying amount and tax value of tangible property, plant and equipment and intangible assets held by subsidiaries located in India and Vietnam.

## 30. Retirement funds and employee benefits — €/000 25,222

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Retirement funds | 915 | 771 | 144 |
| Termination benefits provision | 24,307 | 24,943 | (636) |
| **Total** | **25,222** | **25,714** | **(492)** |

The retirement funds consist of personnel provisions set aside by foreign companies and the supplementary client indemnity fund, which represents the indemnities due to agents in the event of the agency contract being terminated for reasons not attributable to them. Uses refer to the payment of indemnities already set aside in previous years, while allocations correspond to indemnities accrued during the period.
The item 'Termination benefits provision', consisting of the provision for termination indemnities in favour of employees of the Italian companies, includes post-employment benefits identified as defined benefit plans. Their movements are as follows:

| IN THOUSANDS OF EUROS | |
|---|---|
| **Opening balance as of 1 January 2023** | **24,943** |
| Cost for the period | 8,965 |
| Actuarial losses recognised under Shareholders' equity | 1,050 |
| Interest cost | 839 |
| Uses and Transfers to Retirement Funds | (11,490) |
| **Closing balance as of 31 December 2023** | **24,307** |

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 | 3.08% |
| Annual inflation rate | 2.00% |
| Annual rate of increase in termination benefit | 3.00% |

As regards the discount rate, the Group uses the iBoxx Corporates AA index with a duration 7-10 as a benchmark for the valuation of this parameter. If instead the iBoxx Corporates A index with duration 7-10 had been used, the value of actuarial losses and the value of the provision as of 31 December 2023 would have been lower by €/000 598.
The following table shows, as of 31 December 2023, the effects in absolute terms that would have occurred as a result of changes in reasonably possible actuarial assumptions:

| IN THOUSANDS OF EUROS | TERMINATION BENEFITS PROVISION |
|---|---|
| Turnover rate +2% | 24,442 |
| Turnover rate -2% | 24,150 |
| Inflation rate +0.25% | 24,619 |
| Inflation rate - 0.25% | 24,000 |
| Discount rate +0.50% | 23,353 |
| Discount rate -0.50% | 25,319 |

The average financial duration of the bond varies between 7 and 23 years.
Estimated future amounts are equal to:

| IN THOUSANDS OF EUROS | |
|---|---|
| YEAR | FUTURE AMOUNTS |
| 1 | 1,698 |
| 2 | 1,120 |
| 3 | 1,498 |
| 4 | 738 |
| 5 | 1,817 |

It should also be noted that the German and Indonesian subsidiaries also have employee benefit provisions identified as defined benefit plans. Their value outstanding as of 31 December 2023 was equal to €/000 77 and €/000 426 respectively. The amount of gains/(losses) recognised in the Statement of Comprehensive Income relating to foreign companies was €/000 -4.

## 31. Tax Payables €/000 13,912

As of 31 December 2023 and 31 December 2022, no tax payables were recognised under non-current liabilities. Tax payables recognised under current liabilities are broken down as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Due for income tax | 6,880 | 11,651 | (4,771) |
| Due for non-income tax | 122 | 193 | (71) |
| Tax payables for: | | | |
| VAT | 951 | 1,120 | (169) |
| . Tax withheld at source | 5,214 | 5,532 | (318) |
| . Others | 745 | 526 | 219 |
| Total | 6,910 | 7,178 | (268) |
| **Total** | **13,912** | **19,022** | **(5,110)** |

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

## 32. Other payables (current and non-current) €/000 129,659

This item comprises:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| To employees | 25,244 | 473 | 25,717 | 28,377 | 48 | 28,425 | (3,133) | 425 | (2,708) |
| Guarantee deposits | | 4,414 | 4,414 | | 4,087 | 4,087 | - | 327 | 327 |
| Accrued expenses | 7,831 | | 7,831 | 4,696 | | 4,696 | 3,135 | - | 3,135 |
| Deferred income | 9,707 | 7,377 | 17,084 | 4,233 | 11,318 | 15,551 | 5,474 | (3,941) | 1,533 |
| Amounts due to social security institutions | 8,401 | | 8,401 | 9,037 | | 9,037 | (636) | - | (636) |
| Fair value of derivatives | 5,927 | 52 | 5,979 | 3,062 | | 3,062 | 2,865 | 52 | 2,917 |
| To associates | 111 | | 111 | 114 | | 114 | (3) | - | (3) |
| To parent companies | 43,675 | | 43,675 | 26,336 | | 26,336 | 17,339 | - | 17,339 |
| Others | 16,371 | 76 | 16,447 | 17,855 | 77 | 17,932 | (1,484) | (1) | (1,485) |
| **Total** | **117,267** | **12,392** | **129,659** | **93,710** | **15,530** | **109,240** | **23,557** | **(3,138)** | **20,419** |

Amounts due to employees include the amount for holidays accrued but not taken of €/000 12,439 and other payments to be made for €/000 13,278.
Payables to associates consist of sundry payables to the Fondazione Piaggio (Piaggio Foundation).
Payables to parent companies consist of payables to Immsi.
The item Fair Value of derivative instruments is composed of hedging transactions accounted for in accordance with the cash flow hedge principle and detailed as follows: fair value of hedging transactions on exchange risk on forecast transactions (€/000 5,249 current portion); fair value of an Interest Rate Swap designated as a hedge (€/000 26 current portion and €/000 52 non-current portion); fair value of hedging transactions on commodities (€/000 652).
The item Accrued expenses includes €/000 112 for interest on hedging derivatives and associated hedged items measured at fair value.
The item Deferred income includes for €/000 5,248 (€/000 5,711 as of 31 December 2022) the recognition by the Indian affiliate of a deferral of the grant obtained from the local government on investments made in past years for the portion not yet amortised. For further details please refer to Note 9 Other operating income.

## 33.Breakdown of operating payables by valuation methodology applied

The following table shows the breakdown of operating liabilities by valuation method applied:

| IN THOUSANDS OF EUROS | LIABILITIES AT FVPL | FINANCIAL DERIVATIVES | LIABILITIES AT AMORTISED COST | TOTAL |
|---|---|---|---|---|
| AS OF 31 DECEMBER 2023 | | | | |
| **Non-current** | | | | |
| Other payables | | 52 | 12,340 | 12,392 |
| **Total non-current operating liabilities** | | **52** | **12,340** | **12,392** |
| **Current** | | | | |
| Trade payables | | | 619,003 | 619,003 |
| Tax payables | | | 13,912 | 13,912 |
| Other payables | | 5,927 | 111,340 | 117,267 |
| **Total current operating liabilities** | | **5,927** | **744,255** | **750,182** |
| **Total operating payables** | | **5,979** | **756,595** | **762,574** |
| AS OF 31 DECEMBER 2022 | | | | |
| **Non-current** | | | | |
| Other payables | | | 15,530 | 15,530 |
| **Total non-current operating liabilities** | | **-** | **15,530** | **15,530** |
| **Current** | | | | |
| Trade payables | | | 739,832 | 739,832 |
| Tax payables | | | 19,022 | 19,022 |
| Other payables | | 3,062 | 90,648 | 93,710 |
| **Total current operating liabilities** | | **3,062** | **849,502** | **852,564** |
| **Total operating payables** | | **3,062** | **865,032** | **868,094** |

## 34. Payables due after 5 years

The Group has loans due in more than five years, details of which are provided in Note 39 'Financial liabilities and financial liabilities for rights of use'.
With the exception of the above payables, no other long-term payables due after five years exist.

## 35. Breakdown of balance sheet liabilities by geographic segment

Here below the breakdown of balance sheet liabilities by geographic segment:

# E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This section provides information on the carrying amount of the financial assets and liabilities held and in particular:
- a description and specific information on the type of financial assets and liabilities outstanding;
- the accounting policies adopted;
- information about the determination of fair value, valuations and estimates made and uncertainties involved.

The Group holds the following financial assets and liabilities:

| IN THOUSANDS OF EUROS | ASSETS AT FVPL | ASSETS AT FVOCI | FINANCIAL DERIVATIVES | ASSETS AT AMORTISED COST | TOTAL |
|---|---|---|---|---|---|
| FINANCIAL ASSETS AS OF 31 DECEMBER 2023 | | | | | |
| **Non-current** | | | | | |
| Other financial assets | 16 | | | | 16 |
| | | | | | |
| **Total non-current financial assets** | **16** | **-** | **-** | **-** | **16** |
| | | | | | |
| **Current** | | | | | |
| Other financial assets | | | | 6,205 | 6,205 |
| Cash and cash equivalents | | | | 181,692 | 181,692 |
| | | | | | |
| **Total current financial assets** | **-** | **-** | **-** | **187,897** | **187,897** |
| | | | | | |
| **Total financial assets** | **16** | **-** | **-** | **187,897** | **187,913** |
| | | | | | |
| FINANCIAL ASSETS AS OF 31 DECEMBER 2022 | | | | | |
| **Non-current** | | | | | |
| Other financial assets | 16 | | | | 16 |
| | | | | | |
| **Total non-current financial assets** | **16** | **-** | **-** | **-** | **16** |
| | | | | | |
| **Current** | | | | | |
| Other financial assets | | | 59 | | 59 |
| Cash and cash equivalents | | | | 242,616 | 242,616 |
| | | | | | |
| **Total current financial assets** | **-** | **-** | **59** | **242,616** | **242,675** |
| | | | | | |
| **Total financial assets** | **16** | **-** | **59** | **242,616** | **242,691** |

| IN THOUSANDS OF EUROS | LIABILITIES AT FVPL | FAIR VALUE ADJUSTMENT | FINANCIAL DERIVATIVES | LIABILITIES AT AMORTISED COST | TOTAL |
|---|---|---|---|---|---|
| FINANCIAL LIABILITIES AS OF 31 DECEMBER 2023 | | | | | |
| **Non-current** | | | | | |
| Bank loans | | | | 221,047 | 221,047 |
| Bonds | | | | 245,900 | 245,900 |
| Other loans | | | | 106 | 106 |
| Liabilities for rights of use | | | | 19,665 | 19,665 |
| **Total non-current financial liabilities** | **-** | **-** | **-** | **486,718** | **486,718** |
| **Current** | | | | | |
| Bank loans | | | | 116,853 | 116,853 |
| Other loans | | | | 8,023 | 8,023 |
| Liabilities for rights of use | | | | 10,336 | 10,336 |
| **Total current financial liabilities** | **-** | **-** | **-** | **135,212** | **135,212** |
| **Total financial liabilities** | **-** | **-** | **-** | **621,930** | **621,930** |
| FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022 | | | | | |
| **Non-current** | | | | | |
| Bank loans | | | | 264,878 | 264,878 |
| Bonds | | | | 245,736 | 245,736 |
| Other loans | | | | 176 | 176 |
| Liabilities for rights of use | | | | 17,713 | 17,713 |
| **Total non-current financial liabilities** | **-** | **-** | **-** | **528,503** | **528,503** |
| **Current** | | | | | |
| Bank loans | | | | 59,038 | 59,038 |
| Other loans | | | | 12,111 | 12,111 |
| Liabilities for rights of use | | | | 11,192 | 11,192 |
| **Total current financial liabilities** | **-** | **-** | **-** | **82,341** | **82,341** |
| **Total financial liabilities** | **-** | **-** | **-** | **610,844** | **610,844** |

## 36. Investments €/000 8,484

The item investments comprises:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Interests in joint ventures | 8,262 | 9,697 | (1,435) |
| Investments in associates | 222 | 216 | 6 |
| **Total** | **8,484** | **9,913** | **(1,429)** |

The item Interests in joint ventures refers to the investment in Zongshen Piaggio Foshan Motorcycles Co.Ltd, in which the Group holds 45% (12.5% through the direct subsidiary Piaggio China Company Ltd). This investment was classified under "joint ventures" in relation to agreements made in the contract signed on 15 April 2004 between Piaggio & C. S.p.A. and the long-standing partner Foshan Motorcycle Plant, on the one hand, and the Chinese company Zongshen Industrial Group Company Limited on the other.

The carrying amount of the investment reflects the pro-rata shareholders' equity adjusted to take account of the valuation criteria adopted by the Group.

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

| IN THOUSANDS OF EUROS | ACCOUNTS AS OF 31 DECEMBER 2023 | | ACCOUNTS AS OF 31 DECEMBER 2022 | |
|---|---|---|---|---|
| ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE CO. | | | | |
| | | 45% * | | 45% * |
| Intangible assets | 377 | 169 | 463 | 208 |
| Property, plant and equipment | 7,441 | 3,349 | 9,662 | 4,348 |
| Rights of use | 2,526 | 1,137 | 2,822 | 1,270 |
| Trade receivables | 7,044 | 3,170 | 8,009 | 3,604 |
| Other receivables | 2,315 | 1,042 | 2,492 | 1,121 |
| Tax receivables | 343 | 154 | 480 | 216 |
| Inventories | 8,440 | 3,798 | 12,273 | 5,523 |
| Cash and cash equivalents | 2,745 | 1,235 | 2,768 | 1,245 |
| **TOTAL ASSETS** | **31,232** | **14,054** | **38,967** | **17,535** |
| **Shareholders' equity** | **20,334** | **9,150** | **24,210** | **10,895** |
| Financial liabilities | 4,567 | 2,055 | 4,077 | 1,835 |
| Trade payables | 5,419 | 2,438 | 9,193 | 4,137 |
| Other provisions | 281 | 127 | 441 | 198 |
| Retirement funds and employee benefits | 298 | 134 | 558 | 251 |
| Tax payables | 196 | 88 | 36 | 16 |
| Other payables | 136 | 61 | 453 | 204 |
| **Total liabilities** | **10,898** | **4,904** | **14,757** | **6,641** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **31,232** | **14,054** | **38,967** | **17,535** |
| * Group ownership | | | | |
| | | | | |
| Shareholders' equity attributable to the Group | | 9,150 | | 10,895 |
| Elimination of margins on internal transactions | | (888) | | (1,198) |
| **Value of the investment** | | **8,262** | | **9,697** |

| IN THOUSANDS OF EUROS | |
|---|---|
| RECONCILIATION OF SHAREHOLDERS' EQUITY | |
| **Opening balance as of 1 January 2023** | **9,697** |
| Net Profit (Loss) for the period | (1,087) |
| Statement of Comprehensive Income | (657) |
| Elimination of margins on internal transactions | 309 |
| **Closing value as of 31 December 2023** | **8,262** |

## Investments in associates €/000 222

This item comprises:

| IN THOUSANDS OF EUROS | CARRYING AMOUNT AS OF 31 DECEMBER 2022 | ADJUSTMENT | CARRYING AMOUNT AS OF 31 DECEMBER 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 | 6 | 184 |
| **Total associates** | **216** | **6** | **222** |

During the year, the value of investments in associates was adjusted to the corresponding shareholders' equity value.

## 37. Other financial assets (current and non-current) €/000 6,221

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Financial assets | 6,205 | | 6,205 | | | 0 | 6,205 | 0 | 6,205 |
| Fair Value of hedging derivatives | | | 0 | 59 | | 59 | (59) | 0 | (59) |
| Investments in other companies | | 16 | 16 | | 16 | 16 | 0 | 0 | 0 |
| **Total** | **6,205** | **16** | **6,221** | **59** | **16** | **75** | **6,146** | **0** | **6,146** |

Financial assets refer to an asset arising from the portion of government grants recognised and receipted by the Government of India for the sale of electric vehicles. These were collected in early January 2024. The electric mobility incentive scheme currently in place in India envisages that the end customer benefits from the subsidy at the time of purchase and that the same subsidy is recovered from the manufacturer upon presentation of the necessary documentation to the Ministry.

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

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

## 38. Cash and cash equivalents €/000 181,692

The item mainly includes ultra short-term and on demand bank deposits.

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Bank and postal deposits | 181,645 | 242,569 | (60,924) |
| Cash on hand | 47 | 47 | 0 |
| **Total** | **181,692** | **242,616** | **(60,924)** |

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

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Liquidity | 181,692 | 242,616 | (60,924) |
| Current account overdrafts | (2,544) | (64) | (2,480) |
| **Closing balance** | **179,148** | **242,552** | **(63,404)** |

## 39. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 621,930

During 2023, the Group's total debt increased by €/000 11,086. Excluding the change in financial liabilities for rights of use, as of 31 December 2023 the Group's total financial debt had increased by €/000 9,990.

| IN THOUSANDS OF EUROS | FINANCIAL LIABILITIES AS OF 31 DECEMBER 2023 | | | FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Financial liabilities | 124,876 | 467,053 | 591,929 | 71,149 | 510,790 | 581,939 | 53,727 | (43,737) | 9,990 |
| Financial liabilities for rights of use | 10,336 | 19,665 | 30,001 | 11,192 | 17,713 | 28,905 | (856) | 1,952 | 1,096 |
| **Total** | **135,212** | **486,718** | **621,930** | **82,341** | **528,503** | **610,844** | **52,871** | **(41,785)** | **11,086** |

Net financial debt of the Group amounted to €/000 434,033 as of 31 December 2023 compared to €/000 368,228 as of 31 December 2022.
The composition of "Net financial debt" as of 31 December 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)[96]

| | IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|---|
| **A** | **Cash** | **181,692** | **242,616** | **(60,924)** |
| **B** | **Cash equivalents** | | | **0** |
| **C** | **Other current financial assets** | **6,205** | | **6,205** |
| **D** | **Liquidity (A + B + C)** | **187,897** | **242,616** | **(54,719)** |
| **E** | **Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)** | **(68,634)** | **(33,739)** | **(34,895)** |
| | Payables due to banks | (50,275) | (10,436) | (39,839) |
| | Debenture loan | | | 0 |
| | Amounts due to factoring companies | (7,952) | (12,040) | 4,088 |
| | Financial liabilities for rights of use | (10,336) | (11,192) | 856 |
| | *.of which finance leases* | *(1,240)* | *(1,190)* | *(50)* |
| | *.of which operating leases* | *(9,096)* | *(10,002)* | *906* |
| | Current portion of payables due to other lenders | (71) | (71) | 0 |
| **F** | **Current portion of non-current financial debt** | **(66,578)** | **(48,602)** | **(17,976)** |
| **G** | **Current financial indebtedness (E + F)** | **(135,212)** | **(82,341)** | **(52,871)** |
| **H** | **Net current financial indebtedness (G - D)** | **52,685** | **160,275** | **(107,590)** |
| **I** | **Non-current financial debt (excluding current portion and debt instruments)** | **(240,818)** | **(282,767)** | **41,949** |
| | Non-current bank loans | (221,047) | (264,878) | 43,831 |
| | Financial liabilities for rights of use | (19,665) | (17,713) | (1,952) |
| | *.of which finance leases* | *(2,066)* | *(3,286)* | *1,220* |
| | *.of which operating leases* | *(17,599)* | *(14,427)* | *(3,172)* |
| | Amounts due to other lenders | (106) | (176) | 70 |
| **J** | **Debt instruments** | **(245,900)** | **(245,736)** | **(164)** |
| **K** | **Non-current trade and other payables** | | | **0** |
| **L** | **Non-current financial indebtedness (I + J + K)** | **(486,718)** | **(528,503)** | **41,785** |
| **M** | **Total financial indebtedness (H + L)** | **(434,033)** | **(368,228)** | **(65,805)** |

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

96. The indicator does not include financial assets and liabilities originated from fair value measurement, designated hedging and non-hedging derivative financial instruments, the fair value adjustment of the related hedged items, in any case amounting to €/000 0 as of 31 December 2023 and 2022, and related accruals.

The following table summarises the changes that occurred in the last two years.

| | IN THOUSANDS OF EUROS | | CASH FLOWS | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | BALANCE AS OF 31.12.2021 | MOVE-MENTS | REPAY-MENTS | NEW ISSUES | RECLASSIFI-CATIONS | EXCHAN-GE DELTA | OTHER CHANGES | BALANCE AS OF 31.12.2022 |
| **A** | **Cash** | **260,868** | **(16,656)** | | | | **(1,596)** | | **242,616** |
| **B** | **Cash equivalents** | | | | | | | | **0** |
| **C** | **Other current financial assets** | | | | | | | | **0** |
| **D** | **Liquidity (A + B + C)** | **260,868** | **(16,656)** | **0** | **0** | **0** | **(1,596)** | **0** | **242,616** |
| **E** | **Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)** | **(37,861)** | **0** | **38,682** | **(20,965)** | **(13,923)** | **330** | **(2)** | **(33,739)** |
| | Current account overdrafts | (12) | | 12 | (64) | | | | (64) |
| | Current account payables | (20,364) | | 18,523 | (8,861) | | 330 | | (10,372) |
| | *Total current bank loans* | *(20,376)* | *0* | *18,535* | *(8,925)* | *0* | *330* | *0* | *(10,436)* |
| | Debenture loan | | | | | | | | 0 |
| | Amounts due to factoring companies | (9,813) | | 9,813 | (12,040) | | | | (12,040) |
| | Financial liabilities for rights of use | (7,601) | | 10,263 | | (13,852) | 0 | (2) | (11,192) |
| | *.of which finance leases* | *(1,201)* | | *1,200* | | *(1,189)* | | | *(1,190)* |
| | *.of which operating leases* | *(6,400)* | | *9,063* | | *(12,663)* | | *(2)* | *(10,002)* |
| | Current portion of payables due to other lenders | (71) | | 71 | | (71) | | | (71) |
| **F** | **Current portion of non-current financial debt** | **(56,580)** | | **83,337** | | **(75,195)** | | **(164)** | **(48,602)** |
| **G** | **Current financial indebtedness (E + F)** | **(94,441)** | **0** | **122,019** | **(20,965)** | **(89,118)** | **330** | **(166)** | **(82,341)** |
| **H** | **Net current financial indebtedness (G - D)** | **166,427** | **(16,656)** | **122,019** | **(20,965)** | **(89,118)** | **(1,266)** | **(166)** | **160,275** |
| **I** | **Non-current financial debt (excluding current portion and debt instruments)** | **(302,599)** | **0** | **0** | **(52,500)** | **89,118** | **111** | **(16,897)** | **(282,767)** |
| | Medium-/long-term bank loans | (287,816) | | | (52,500) | 75,195 | | 243 | (264,878) |
| | Liabilities for rights of use | (14,536) | | | 0 | 13,852 | 111 | (17,140) | (17,713) |
| | *.of which finance leases* | *(4,479)* | | | | *1,189* | | *4* | *(3,286)* |
| | *.of which operating leases* | *(10,057)* | | | | *12,663* | *111* | *(17,144)* | *(14,427)* |
| | Amounts due to other lenders | (247) | | | | 71 | | | (176) |
| **J** | **Debt instruments** | **(244,150)** | | | | | | **(1,586)** | **(245,736)** |
| **K** | **Non-current trade and other payables** | | | | | | | | |
| **L** | **Non-current financial indebtedness (I + J + K)** | **(546,749)** | **0** | **0** | **(52,500)** | **89,118** | **111** | **(18,483)** | **(528,503)** |
| **M** | **Total financial indebtedness (H + L)** | **(380,322)** | **(16,656)** | **122,019** | **(73,465)** | **0** | **(1,155)** | **(18,649)** | **(368,228)** |

| | IN THOUSANDS OF EUROS | | CASH FLOWS | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | BALANCE AS OF 31.12.2022 | MOVE-MENTS | REPAY-MENTS | NEW ISSUES | RECLASSI-FICATIONS | EXCHANGE DELTA | OTHER CHANGES | BALANCE AS OF 31.12.2023 |
| **A** | **Cash** | **242,616** | **(55,374)** | | | | **(5,550)** | | **181,692** |
| **B** | **Cash equivalents** | | | | | | | | **0** |
| **C** | **Other current financial assets** | | **6,205** | | | | | | **6,205** |
| **D** | **Liquidity (A + B + C)** | **242,616** | **(49,169)** | **0** | **0** | **0** | **(5,550)** | **0** | **187,897** |
| **E** | **Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)** | **(33,739)** | **0** | **22,274** | **(49,228)** | **(9,461)** | **1,502** | **18** | **(68,634)** |
| | Current account overdrafts | (64) | | 64 | (2,544) | | | | (2,544) |
| | Current account payables | (10,372) | | 81 | (38,732) | | 1,292 | | (47,731) |
| | *Total current bank loans* | *(10,436)* | *0* | *145* | *(41,276)* | *0* | *1,292* | *0* | *(50,275)* |
| | Debenture loan | 0 | | | | | | | 0 |
| | Amounts due to factoring companies | (12,040) | | 12,040 | (7,952) | | | | (7,952) |
| | Financial liabilities for rights of use | (11,192) | | 10,019 | | (9,391) | 210 | 18 | (10,336) |
| | *.of which finance leases* | *(1,190)* | | *1,171* | | *(1,220)* | | *(1)* | *(1,240)* |
| | *.of which operating leases* | *(10,002)* | | *8,848* | | *(8,171)* | *210* | *19* | *(9,096)* |
| | Current portion of payables due to other lenders | (71) | | 70 | | (70) | | | (71) |
| **F** | **Current portion of non-current financial debt** | **(48,602)** | | **48,686** | | **(66,241)** | | **(421)** | **(66,578)** |
| **G** | **Current financial indebtedness (E + F)** | **(82,341)** | **0** | **70,960** | **(49,228)** | **(75,702)** | **1,502** | **(403)** | **(135,212)** |
| **H** | **Net current financial indebtedness (G - D)** | **160,275** | **(49,169)** | **70,960** | **(49,228)** | **(75,702)** | **(4,048)** | **(403)** | **52,685** |
| **I** | **Non-current financial debt (excluding current portion and debt instruments)** | **(282,767)** | **0** | **2,000** | **(26,000)** | **75,702** | **359** | **(10,112)** | **(240,818)** |
| | Medium-/long-term bank loans | (264,878) | | 2,000 | (26,000) | 66,241 | | 1,590 | (221,047) |
| | Liabilities for rights of use | (17,713) | | | 0 | 9,391 | 359 | (11,702) | (19,665) |
| | *.of which finance leases* | *(3,286)* | | | | *1,220* | | | *(2,066)* |
| | *.of which operating leases* | *(14,427)* | | | | *8,171* | *359* | *(11,702)* | *(17,599)* |
| | Amounts due to other lenders | (176) | | | | 70 | | | (106) |
| **J** | **Debt instruments** | **(245,736)** | | **250,000** | **(250,000)** | | | **(164)** | **(245,900)** |
| **K** | **Non-current trade and other payables** | | | | | | | | |
| **L** | **Non-current financial indebtedness (I + J + K)** | **(528,503)** | **0** | **252,000** | **(276,000)** | **75,702** | **359** | **(10,276)** | **(486,718)** |
| **M** | **Total financial indebtedness (H + L)** | **(368,228)** | **(49,169)** | **322,960** | **(325,228)** | **0** | **(3,689)** | **(10,679)** | **(434,033)** |

## Financial liabilities €/000 591,929

Financial liabilities are broken down as follows:

| IN THOUSANDS OF EUROS | ACCOUNTING BALANCE AS OF | | NOMINAL VALUE AS OF | |
|---|---|---|---|---|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Bank loans | 337,900 | 323,916 | 340,418 | 325,266 |
| Bonds | 245,900 | 245,736 | 250,000 | 250,000 |
| Other loans | 8,129 | 12,287 | 8,129 | 12,287 |
| **Total** | **591,929** | **581,939** | **598,547** | **587,553** |

| IN THOUSANDS OF EUROS | ACCOUNTING BALANCE AS OF 31.12.2023 | ACCOUNTING BALANCE AS OF 31.12.2022 | CHANGE |
|---|---|---|---|
| Current financial debt | 124,876 | 71,149 | 53,727 |
| Non-current financial debt | 467,053 | 510,790 | (43,737) |
| **Financial debt** | **591,929** | **581,939** | **9,990** |
| | | | |
| Fixed-rate gross debt | 387,050 | 397,506 | (10,456) |
| Variable-rate gross debt | 204,879 | 184,433 | 20,446 |
| **Financial debt** | **591,929** | **581,939** | **9,990** |

The following table shows the repayment schedule as of 31 December 2023:

| IN THOUSANDS OF EUROS | NOMINAL VALUE AS OF 31.12.2023 | AMOUNTS FALLING DUE WITHIN 12 MONTHS | AMOUNTS FALLING DUE AFTER 12 MONTHS | 2025 | 2026 | 2027 | 2028 | AFTER |
|---|---|---|---|---|---|---|---|---|
| Bank loans | 340,418 | 116,975 | 223,443 | 38,715 | 87,563 | 62,165 | 20,000 | 15,000 |
| *- of which opening of credit lines and bank overdrafts* | *50,275* | *50,275* | *0* | | | | | |
| *- of which medium- to long-term bank loans* | *290,143* | *66,700* | *223,443* | *38,715* | *87,563* | *62,165* | *20,000* | *15,000* |
| Bonds | 250,000 | | 250,000 | | | | | 250,000 |
| Other loans | 8,129 | 8,023 | 106 | 70 | 36 | | | |
| **Total** | **598,547** | **124,998** | **473,549** | **38,785** | **87,599** | **62,165** | **20,000** | **265,000** |

The following table analyses financial debt by currency.

| IN THOUSANDS OF EUROS | ACCOUNTING BALANCE AS OF 31.12.2022 | ACCOUNTING BALANCE | NOMINAL VALUE |
|---|---|---|---|
| | | AS OF 31.12.2023 | |
| Euros | 571,568 | 562,198 | 568,816 |
| Indian Rupee | 81 | | |
| Chinese Yuan | | 4,636 | 4,636 |
| Vietnamese Dong | 7,873 | 17,570 | 17,570 |
| Singapore Dollar | | 4,455 | 4,455 |
| Japanese Yen | 2,417 | 3,070 | 3,070 |
| *Total non-euro currencies* | *10,371* | *29,731* | *29,731* |
| **Total** | **581,939** | **591,929** | **598,547** |

Medium and long-term bank debt amounts to €/000 287,625 (of which €/000 221,047 non-current and €/000 66,578 current) and consists of the following loans:

- a €/000 46,621 (with a nominal value of €/000 46,666) medium-term loan granted by the European Investment Bank to support Research and Development projects envisaged in the investment plan for the three-year period 2019-2021 for Italian Piaggio Group sites. The loan will expire in February 2027 and envisages an amortisation plan of 6 annual instalments at a fixed rate. The

contractual terms include covenants (as described below);
- a €/000 25,000 medium-term loan granted by the European Investment Bank to support Research and Development projects envisaged in the investment plan for the three-year period 2019-2021 for Piaggio Group's Italian sites. The loan will expire in March 2028 and envisages an amortisation plan of 6 annual instalments at a fixed rate. The contractual terms include covenants (as described below);
- €/000 284 (with a nominal value of €/000 2,000) for use of the syndicated revolving loan facility for a total of €/000 200,000 maturing on 15 November 2027 (with a one-year extension at the discretion of the borrower). The contractual terms include covenants (as described below);
- a €/000 114,477 (with a nominal value of €/000 115,000) "Schuldschein" loan issued between October 2021 and February 2022 and underwritten by leading market operators. It consists of 7 tranches with maturities of 3, 5 and 7 years at fixed and variable rates;
- a €/000 17,926 (with a nominal value of €/000 18,000) medium-term loan granted by Banca Popolare Emilia Romagna. The loan will expire on 31 December 2027 and envisages an amortisation plan with half-yearly instalments. The contractual terms provide for covenants (as described below);
- a 000 13,296 (with a nominal value of €/000 13,333) loan granted by Banco BPM with an amortisation plan with half-yearly instalments and final maturity in July 2025. An Interest Rate Swap has been put in place on this loan to hedge the interest rate risk. The contractual terms provide for covenants (as described below);
- €/000 20,000 medium-term loan granted by Cassa Depositi e Prestiti to support international growth in India and Indonesia. The loan has a term of 5 years, maturing on 30 August 2026, and envisages an amortisation plan with half-yearly instalments and a 12-month pre-amortisation period. The contractual terms include covenants (as described below);
- a €/000 2,490 medium-term loan (nominal value of €/000 2,500) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 4,993 (with a nominal value of €/000 5,000) medium-term loan granted by Cassa di Risparmio di Bolzano maturing on 30 June 2026 and amortisation plan with quarterly instalments. The contractual terms include covenants (as described below);
- a €/000 3,641 medium-term loan (nominal value of €/000 3,645) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule;
- a €/000 14,981 (with a nominal value of €/000 15,000) medium-term loan granted by Oldenburgische Landensbank Aktiengesellschaft maturing on 30 September 2027. The contractual terms include covenants (as described below);
- a €/000 23,916 (of a nominal value of €/000 24,000) medium-term loan granted by Banca Nazionale del Lavoro maturing on 5 January 2027. The contractual terms provide for covenants (as described below). An Interest Rate Swap was implemented on this loan to hedge the interest rate risk.

The Parent Company also has the following revolving credit facilities and loans undrawn at 31 December 2023:

- a €/000 10,000 revolving loan facility granted by Banca del Mezzogiorno maturing on 1 July 2026;
- a €/000 12,500 revolving loan facility 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 for €/000 245,900 (with a nominal value of €/000 250,000) refers to the High Yield debenture loan issued on 5 October 2023 for an amount of €/000 250,000, maturing on 5 October 2030 and with a six-monthly coupon with a fixed annual nominal rate of 6.50%. On 5 October 2023, the parent company redeemed the entire principal amount of the bonds denominated "€250,000,000 3.625% Senior Notes due 2025" still outstanding, according to the terms set forth in the Conditional Notice of Redemption.
The transaction generated the recognition in the 2023 income statement of financial costs related to the unamortised costs of the repaid loan (€/000 2,783).
Standard & Poor's and Moody's assigned a BB- rating with a positive outlook and a Ba3 rating with a stable outlook respectively to the new issue.
It should be noted that the Company may prepay all or part of the High Yield debenture loan issued on 5 October 2023 on the terms specified in the indenture. The value of these prepayments options was not separated from the original contract, as these options were considered "closely related" to the host instrument in accordance with IFRS 9 b4.3.5.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 7,952.

Medium-/long-term payables amounts due to other lender equal to €/000 177 of which €/000 106 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 October 2023 provides for compliance with covenants typical of international high-yield market practice. In particular, the company is required to comply with the EBITDA/Net financial borrowing costs ratio, according to the threshold set forth in the Rules, to increase the financial debt defined at the time of issue. In addition, the Regulation provides for certain obligations for the issuer that limit, inter alia, the ability 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.

It should be noted that as of 31 December 2023 all covenants had been fully complied with.

### Amortised Cost and Fair Value Measurement

All financial liabilities are recognised in accordance with accounting principles using the amortised cost method (with the exception of liabilities on which hedging derivatives are measured at Fair Value through Profit & Loss, for which the same valuation criteria apply as for the derivative). According to this criterion, the nominal amount of the liability is reduced by the amount of the related issue and/or stipulation costs as well as any costs related to the refinancing of previous liabilities. The amortisation of these costs is determined according to the effective interest rate method, i.e. the rate that discounts the future flow of interest expenses and principal repayments at the net carrying amount of the financial liability.
IFRS 13 - Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. If there is no active market or if it is not functioning properly, fair value must be determined using valuation techniques. The standard therefore defines a hierarchy of fair values:

- 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 in Levels 2 and 3 must take into account adjustment factors that measure the bankruptcy risk of both parties. To this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA): CVA allows the counterparty credit risk to be included in the determination of fair value; DVA reflects the Group's insolvency risk.

The table below shows the fair value of payables measured using the amortised cost method as of 31 December 2023:

| IN THOUSANDS OF EUROS | NOMINAL VALUE | CARRYING AMOUNT | FAIR VALUE [97] |
|---|---|---|---|
| High yield debenture loan | 250,000 | 245,900 | 264,093 |
| EIB RDI | 46,666 | 46,620 | 44,488 |
| EIB RDI step up | 25,000 | 25,000 | 23,523 |
| Loan from B. Pop. Emilia Romagna | 18,000 | 17,927 | 16,522 |
| Loan from CDP | 20,000 | 20,000 | 21,105 |
| Loan from Banco BPM | 13,333 | 13,296 | 13,057 |
| Loan from Banca CARIGE | 3,645 | 3,642 | 3,472 |
| Loan from BPop Sondrio | 2,500 | 2,490 | 2,566 |
| Loan from CariBolzano | 5,000 | 4,993 | 5,069 |
| Loan from OLB | 15,000 | 14,981 | 15,985 |
| Loan from BNL | 24,000 | 23,916 | 22,782 |
| SSD loans[98] | 87,000 | 86,539 | 92,672 |

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

### Fair value hierarchy

The following table shows the assets and liabilities that are measured and recognised at fair value as of 31 December 2023, by fair value hierarchy level.

| 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 | | 4,741 | |
| Investments in other companies | | | 16 |
| **Total assets** | | **4,741** | **16** |
| LIABILITIES MEASURED AT FAIR VALUE | | | |
| Financial derivatives | | | |
| - of which financial liabilities | | | |
| - of which other payables | | (5,979) | |
| Financial liabilities at fair value recognised through profit or loss. | | | |
| **Total liabilities** | | **(5,979)** | |
| **General total** | | **(1,238)** | **16** |

The following table shows the changes in Level 2 and Level 3 during 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 | 350 | |
| Gain (loss) recognised in the statement of comprehensive income | (4,637) | |
| Increases/(Decreases) | | |
| **Balance as of 31 December 2023** | **(1,238)** | **16** |

97. The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.
98. Does not include tranches maturing within 18 months.

## Financial liabilities for rights of use €/000 30,001

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Operating leases | 9,096 | 17,599 | 26,695 | 10,002 | 14,427 | 24,429 | (906) | 3,172 | 2,266 |
| Finance leases | 1,240 | 2,066 | 3,306 | 1,190 | 3,286 | 4,476 | 50 | (1,220) | (1,170) |
| **Total** | **10,336** | **19,665** | **30,001** | **11,192** | **17,713** | **28,905** | **(856)** | **1,952** | **1,096** |

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 5,609 (€/000 4,362 non-current portion).

Payables for finance leases amounted to €/000 3,306 (nominal value of €/000 3,310) and break down as follows:

- a Sale&Lease back agreement for €/000 3,266 (nominal value of €/000 3,270) on a production plant of the Parent Company granted by Albaleasing. The loan has a term of ten years and envisages quarterly repayments (non-current portion equal to €/000 2,066);
- a finance lease for €/000 40 granted by VFS Servizi Finanziari to the Aprilia Racing company for the use of vehicles.

The following table shows the repayment schedule as of 31 December 2023:

| IN THOUSANDS OF EUROS | | | | AMOUNTS FALLING DUE IN | | | | |
|---|---|---|---|---|---|---|---|---|
| | CARRYING AMOUNT AS OF 31.12.2023 | AMOUNTS FALLING DUE WITHIN 12 MONTHS | AMOUNTS FALLING DUE AFTER 12 MONTHS | 2025 | 2026 | 2027 | 2028 | AFTER |
| Financial liabilities for rights of use | | | | | | | | |
| - of which from operating leases | 26,695 | 9,096 | 17,599 | 7,000 | 3,267 | 1,961 | 1,884 | 3,487 |
| - of which from finance leases | 3,306 | 1,240 | 2,066 | 1,274 | 792 | | | |
| **Total** | **30,001** | **10,336** | **19,665** | **8,274** | **4,059** | **1,961** | **1,884** | **3,487** |

# F) FINANCIAL RISK MANAGEMENT

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

## 40. Credit risk

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 |
|---|---|---|
| Bank and postal deposits | 181,645 | 242,569 |
| Financial receivables | 6,221 | 75 |
| Other receivables | 105,138 | 76,139 |
| Tax receivables | 28,533 | 53,921 |
| Trade receivables | 58,878 | 67,143 |
| **Total** | **380,415** | **439,847** |

The Group monitors and manages credit centrally by means of formalised policies and guidelines. The trade receivables portfolio does not have any concentration of credit risk due to the good dispersion towards our dealer or distributor network. In addition, most trade receivables have a short-term time profile. To optimise management, the Group has revolving programmes in place with some leading factoring companies  for the non-recourse assignment of trade receivables both in Europe and the United States of America.

## 41. Financial Risks

The financial risks to which the Group is exposed are Liquidity Risk, Exchange Risk, Interest Rate Risk, Credit Risk and to a lesser extent Commodity 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 capital management

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 needs of Group companies through the direct disbursement of short-term loans regulated at market conditions or through guarantees. A zero-balance cash pooling system is also in place between the Parent Company and the European companies, which allows the subsidiaries' asset and liability balances to be reset to zero on a daily basis, resulting in a more effective and efficient management of liquidity in the euro area.
As of 31 December 2023 the most important sources of financing irrevocable until maturity granted to the Parent Company were as follows:

- a debenture loan of €/000 250,000 maturing in October 2030;
- a Schuldschein loan of €/000 115,000, with final settlement in February 2029;
- a €/000 200,000 revolving loan facility maturing in November 2027;
- revolving credit facilities for a total of €/000 22,500, with final settlement in August 2026;
- loans for a total of €/000 233,144, with final settlement in March 2028.

As of 31 December 2023, the Group had a liquidity of €/000 181,692, undrawn irrevocable credit lines of €/000 280,500 and revocable credit lines of €/000 185,968, as detailed below:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 |
|---|---|---|
| Variable rate with maturity within one year - irrevocable until maturity | | 14,063 |
| Variable rate with maturity after one year - irrevocable until maturity | 280,500 | 300,500 |
| Variable rate with maturity within one year - cash revocable | 185,968 | 184,418 |
| Variable rate with maturity within one year - with revocation for self-liquidating typologies | | 9,000 |
| **Total undrawn credit lines** | **466,468** | **507,981** |

The following table shows the timing of expected future outgoings for trade payables:

| IN THOUSANDS OF EUROS | WITHIN 30 DAYS | BETWEEN 31 AND 60 DAYS | BETWEEN 61 AND 90 DAYS | OVER 90 DAYS | TOTAL AS OF 31 DECEMBER 2023 |
|---|---|---|---|---|---|
| Trade payables | 395,421 | 140,182 | 29,905 | 53,495 | 619,003 |

Management believes that the funds currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its needs arising from investment activities, working capital management and the repayment of debts at their natural due dates, and will ensure an adequate level of operational and strategic flexibility.

### Exchange risk

The Group operates in an international context in which transactions are conducted in currencies other than the euro and this exposes it to the risk of fluctuations in exchange rates. To this end, the Group has an exchange risk management policy in place with the aim of neutralising the possible negative effects of exchange rate fluctuations on the company's cash flow.
This policy analyses:

- **settlement exchange risk:** the policy provides for the full hedging of this risk, which arises from differences between the exchange rate at which receivables or payables in foreign currency are recorded in the financial statements and the exchange rate at which the related collection or payment is recorded. To hedge this type of exchange risk, recourse is firstly made to the natural offsetting of the exposure (netting between sales and purchases in the same foreign currency) and, if necessary, to the subscription of derivative contracts for forward sales or purchases of foreign currency as well as advances of receivables denominated in foreign currency;
- **translation exchange risk:** this arises from the translation into euros of subsidiaries' financial statements prepared in currencies other than the euro during consolidation. The policy adopted by the Group does not require hedging of this type of exposure;
- **economic exchange risk:** this arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget exchange rate") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging

As of 31 December 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 | COUNTERVALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE) | AVERAGE MATURITY |
|---|---|---|---|---|---|
| | | | IN THOUSANDS | IN THOUSANDS | |
| Piaggio & C. | Purchase | CNY | 192,000 | 24,545 | 28/01/2024 |
| Piaggio & C. | Purchase | JPY | 235,000 | 1,484 | 18/02/2024 |
| Piaggio & C. | Purchase | SEK | 8,000 | 690 | 11/01/2024 |
| Piaggio & C. | Purchase | USD | 33,950 | 31,151 | 05/02/2024 |
| Piaggio & C. | Sale | CNY | 115,000 | 14,509 | 01/02/2024 |
| Piaggio & C. | Sale | JPY | 195,000 | 1,242 | 04/02/2024 |
| Piaggio & C. | Sale | SEK | 2,000 | 177 | 08/01/2024 |
| Piaggio & C. | Sale | USD | 15,990 | 14,888 | 21/02/2024 |
| Piaggio & C. | Sale | VND | 1,211,600,000 | 45,055 | 09/04/2024 |
| Piaggio Vietnam | Sale | USD | 19,345 | 468,916,072 | 14/02/2024 |
| Piaggio Vespa BV | Sale | VND | 687,644,585 | 25,436 | 07/04/2024 |
| Piaggio Indonesia | Purchase | USD | 6,755 | 106,360,337 | 07/02/2024 |
| Piaggio Vehicles Private Limited | Sale | USD | 1,300 | 108,485 | 31/01/2024 |

As of 31 December 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. | Purchase | CNY | 900,000 | 119,976 | 01/08/2024 |
| Piaggio & C. | Purchase | INR | 4,151,855 | 43,573 | 15/03/2025 |
| Piaggio & C. | Sale | USD | 90,000 | 85,309 | 13/05/2024 |
| Piaggio & C. | Sale | GBP | 14,700 | 16,905 | 18/06/2024 |

The cash flow hedge accounting principle is applied to economic exchange risk hedges only, with the effective portion of gains and losses recognised in a specific reserve of Shareholders' equity. Fair value is determined based on market quotations provided by major traders. As of 31 December 2023, the total fair value of hedging instruments on economic exchange risk recognised under hedge accounting was negative for €/000 949. During 2023, losses of €/000 2,668 were recognised in other comprehensive income and losses were reclassified from other comprehensive income to profit/loss for the year of €/000 1,479.
The net balance of cash flows during 2023 in main currencies is shown below:

| IN MILLIONS OF EUROS | CASH FLOW 2023 |
|---|---|
| Canadian Dollar | 13.7 |
| Pound Sterling | 24.3 |
| Swedish Krone | (2.9) |
| Japanese Yen | (3.2) |
| US Dollar | 122.5 |
| Indian Rupee | (5.1) |
| Chinese Yuan[99] | (120.7) |
| Vietnamese Dong | (226.4) |
| Singapore Dollar | (11.4) |
| Indonesian Rupiah | 93.7 |
| **Total cash flow in foreign currency** | **(115.5)** |

99. Flow partially settled in euro.

In view of the above, an assumed appreciation/depreciation of 3% of the euro would have generated potential profits for €/000 3,359 and potential losses for €/000 3,567 respectively.

### Interest rate risk

This risk arises from the variability of interest rates and the impact this can have on future cash flows from variable-rate financial assets and liabilities. The Group regularly measures and controls its exposure to the risk of changes in interest rates in accordance with its management policies, with the objective of reducing the fluctuation of financial costs by containing the risk of a potential rise in interest rates. This objective is pursued both through an appropriate mix of fixed and variable rate exposures and through the use of derivative instruments, mainly Interest Rate Swaps and Cross Currency Swaps.

As of 31 December 2023, the following derivatives were in place for hedging purposes:

Cash flow hedging

- Interest Rate Swap to hedge the variable rate loan for a nominal value of €/000 13,333 granted by Banco BPM. The objective of the instrument is to manage and mitigate exposure to interest rate risk; from an accounting point of view, the instrument is recognised on a cash flow hedge basis with the allocation of profits/losses arising from the fair value measurement to a specific Shareholders' equity reserve; as of 31 December 2023, the fair value of the instrument was positive by €/000 336; sensitivity analysis on the instrument, assuming a shift in the variable rate curve of 1% upwards and downwards, shows a potential impact on Shareholders' equity, net of the related tax effect, equal to €/000 57 and €/000 -58 respectively;
- an Interest Rate Swap to hedge the variable rate loan for a nominal value of €/000 24,000 granted by Banca Nazionale del Lavoro. The objective of the instrument is to manage and mitigate exposure to interest rate risk; from an accounting point of view, the instrument is recognised on a cash flow hedge basis with the allocation of profits/losses arising from the fair value measurement to a specific Shareholders' equity reserve; as of 31 December 2023, the fair value of the instrument was negative by €/000 79; sensitivity analysis on the instrument, assuming a shift in the variable rate curve of 1% upwards and downwards, shows a potential impact on Shareholders' equity, net of the related tax effect, equal to €/000 376 and €/000 -393 respectively.

### Commodities price risk

This risk arises from the possibility of changes in the company's profitability due to fluctuations in the price of metals and energy (specifically platinum, palladium, aluminium and gas). The Group's objective is therefore to neutralise these possible adverse variations arising from highly probable future transactions by offsetting them with the opposite variations linked to the hedging instrument.
The cash flow hedge accounting principle is applied to this type of hedge, with the effective portion of gains and losses recognised in a specific Shareholders' equity reserve. Fair value is determined based on market quotations provided by major traders.
As of 31 December 2023, the total fair value of hedging instruments on Commodity price risk accounted for under hedge accounting was negative for €/000 547. During the 2023 financial year, losses of €/000 547 were recognised in Other Comprehensive Income and gains were reclassified from Other Comprehensive Income to profit/loss for the year of €/000 671.

| IN THOUSANDS OF EUROS | FAIR VALUE |
|---|---|
| PIAGGIO & C. S.P.A. | |
| Interest Rate Swap | 257 |
| Commodity hedges | (547) |

# G) INFORMATION ON SHAREHOLDERS' EQUITY

### 42. Share capital and reserves — €/000 415,971

#### Share Capital — €/000 207,614

The share capital of the Parent Company Piaggio & C. S.p.A. was unchanged compared to 31 December 2022 and equal to €207,613,944.37. The structure of share capital, fully subscribed and paid-up, is shown in the table below:

**SHARE CAPITAL STRUCTURE AS OF 31 DECEMBER 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 |

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, keeping the share capital unchanged. The cancellation of the aforesaid treasury shares in the portfolio required an amendment to Article 5.1 of the Company's Articles of Association, in order to incorporate the change in the number of shares from 358,153,644 to 354,632,049.

The shares of the Company are without nominal 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 (1,411)

As already mentioned, 3,521,595 treasury shares were cancelled during the period. In addition, 426,161 treasury shares were purchased. Therefore, as of 31 December 2023, Piaggio & C. held 426,161 treasury shares, equivalent to 0.1202% of the shares issued.

**SHARES IN CIRCULATION AND TREASURY SHARES**

| NO. OF SHARES | 2023 | 2022 |
|---|---|---|
| Situation as of 1 January | | |
| Shares issued | 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 | 426,161 | 2,475,777 |
| | | |
| Situation as of 31 December | | |
| Shares issued | 354,632,049 | 358,153,644 |
| Of which treasury portfolio shares | 426,161 | 3,521,595 |
| Of which shares in circulation | 354,205,888 | 354,632,049 |

#### Share premium reserve — €/000 7,171

The share premium reserve is unchanged from 31 December 2022.

#### Legal reserve — €/000 32,707

The legal reserve as of 31 December 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 (941)

The financial instruments fair value reserve refers to the effects of cash flow hedge accounting implemented for foreign currencies, interest and specific commercial transactions. These transactions are fully described in the comment on financial instruments, to which reference should be made.

### Approved dividends

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 18 April 2023 resolved to distribute a final dividend of 10 eurocents, before tax, for each eligible ordinary share (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 8.5 eurocents paid on 21 September 2022 (ex-dividend date 19 September 2022), for a total dividend for the 2022 financial year of 18.5 eurocents. The total dividend from the remaining 2022 financial year profit after allocations to reserves amounted to a total of €65,661,291.29.
In its meeting of 27 July 2023, the Board of Directors also resolved to distribute an interim ordinary dividend for the 2023 financial year of 12.5 euro cents, before tax, for each ordinary share entitled (8.5 euro cents had been approve for the interim ordinary dividend for the 2022 financial year). A total of €44,294,486.00 was paid on 20 September 2023 (ex-dividend date of coupon no. 21 18 September 2023 and record date 19 September 2023).

| | DIVIDEND PAID IN THE YEAR | | | |
|---|---|---|---|---|
| | TOTAL | | PER SHARE | |
| | 2023 | 2022 | 2023 | 2022 |
| | €/000 | €/000 | € | € |
| Of the previous year's result | 35,461 | 23,203 | 0.100 | 0.065 |
| Interim dividend for current year's result | 44,295 | 30,200 | 0.125 | 0.085 |

The Board of Directors of Piaggio & C S.p.A. proposes to allocate the result achieved in 2023 and amounting to €90,604,124.01 as follows:

- €4,530,206.20 to the legal reserve;
- €786,981.47 to the "Retained Earnings" reserve;
- €12,655,979.30 to the reserve "from the measurement of investments in shareholders' equity';
- €72,630,957.04 to shareholders by way of a dividend, of which €44,294,486.00 by way of an interim dividend already paid.

As resolved by the Board of Directors on 27 July 2023, on 20 September 2023 the Company had already paid an interim dividend per share of €0.125 with an ex-dividend date of 18 September 2023; therefore, it requested the Board to propose to the Shareholders' Meeting to pay, as the balance of the interim dividend already paid, a dividend of €0.08 per eligible ordinary share, totalling a maximum of€28,336,471.04 to be taken from the available profit for the year with ex-dividend date of coupon no. 22 on 22 April 2024, record date coinciding with 23 April 2024 and payment date 24 April 2024.

### Earnings reserve €/000 195,508

### Capital and reserves of non-controlling interest €/000 (175)

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

## 43. Other comprehensive income €/000 11,725

| IN THOUSANDS OF EUROS | RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS | GROUP TRANSLATION RESERVE | EARNINGS RESERVE | GROUP TOTAL | SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | TOTAL OTHER COMPREHENSIVE INCOME |
|---|---|---|---|---|---|---|
| **As of 31 December 2023** | | | | | | |
| | | | | | | |
| **Items that will not be reclassified in the income statement** | | | | | | |
| Remeasurements of defined benefit plans | | | (1,773) | (1,773) | | (1,773) |
| Total | 0 | 0 | (1,773) | (1,773) | 0 | (1,773) |
| **Items that may be reclassified in the income statement** | | | | | | |
| Exchange gain/(losses) arising on translation foreign operations | | (5,800) | | (5,800) | (9) | (5,809) |
| Share of Other Comprehensive Income/(loss) of associates valued with the equity method | | (657) | | (657) | | (657) |
| Total profits (losses) on cash flow hedges | (3,486) | | | (3,486) | | (3,486) |
| Total | (3,486) | (6,457) | 0 | (9,943) | (9) | (9,952) |
| **Other comprehensive income/(loss)** | **(3,486)** | **(6,457)** | **(1,773)** | **(11,716)** | **(9)** | **(11,725)** |
| | | | | | | |
| **As of 31 December 2022** | | | | | | |
| | | | | | | |
| **Items that will not be reclassified in the income statement** | | | | | | |
| Remeasurements of defined benefit plans | | | 3,925 | 3,925 | | 3,925 |
| Total | 0 | 0 | 3,925 | 3,925 | 0 | 3,925 |
| **Items that may be reclassified in the income statement** | | | | | | |
| Exchange gain/(losses) arising on translation foreign operations | | (12,234) | | (12,234) | (17) | (12,251) |
| Share of Other Comprehensive Income/(loss) of associates valued with the equity method | | (228) | | (228) | | (228) |
| Total profits (losses) on cash flow hedges | (3,538) | | | (3,538) | | (3,538) |
| Total | (3,538) | (12,462) | 0 | (16,000) | (17) | (16,017) |
| **Other comprehensive income/(loss)** | **(3,538)** | **(12,462)** | **3,925** | **(12,075)** | **(17)** | **(12,092)** |

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

| | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | |
|---|---|---|---|---|---|---|
| | GROSS VALUE | TAX (EXPENSE) / BENEFIT | NET VALUE | GROSS VALUE | TAX (EXPENSE) / BENEFIT | NET VALUE |
| IN THOUSANDS OF EUROS | | | | | | |
| Remeasurements of defined benefit plans | (1,789) | 16 | (1,773) | 5,131 | (1,206) | 3,925 |
| Exchange gain/(losses) arising on translation foreign operations | (5,809) | | (5,809) | (12,251) | | (12,251) |
| Share of Other Comprehensive Income/(loss) of associates valued with the equity method | (657) | | (657) | (228) | | (228) |
| Total profits (losses) on cash flow hedges | (4,587) | 1,101 | (3,486) | (4,655) | 1,117 | (3,538) |
| **Other comprehensive income/(loss)** | **(12,842)** | **1,117** | **(11,725)** | **(12,003)** | **(89)** | **(12,092)** |


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# H) OTHER INFORMATION

### 44. Share-based incentive plans

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

### 45. Remuneration of Directors, Statutory Auditors and Key Management Personnel

For a complete description and analysis of the remuneration due to Directors and Statutory Auditors, please refer to the remuneration report available at the Company's registered office, as well as on the Company's website in the "Governance" section. It should be noted that the Company has not currently identified any Key Managers.

| IN THOUSANDS OF EUROS | 2023 |
|---|---|
| Directors | 2,668 |
| Auditors | 155 |
| **Total remuneration** | **2,823** |

### 46. Information on related parties

Revenues, costs, payables and receivables as of 31 December 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 those required by Consob Communication No. DEM/6064293 of 28 July 2006, is presented below.
The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer **www.piaggiogroup.com**, under Governance.

Relations with Parent Companies

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

| NAME | REGISTERED OFFICE | TYPE | % OF OWNERSHIP AS OF 31 DECEMBER 2023 | % OF OWNERSHIP AS OF 31 DECEMBER 2022 |
|---|---|---|---|---|
| Immsi S.p.A. | Mantova - Italy | Direct parent company | 50.5680 | 50.0703 |

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI pursuant to Articles 2497 and following of the Italian Civil Code. During the period, this management and coordination consisted of 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 2023, for a further three years, the Parent Company[100] signed up to the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.
Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

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

Piaggio & C. S.p.A. has a lease agreement for offices owned by Omniaholding S.p.A.. This agreement, signed at normal market conditions, was approved in advance by the Committee for transactions with related parties, as envisaged by the procedure for transactions with related parties adopted by the Company.
Piaggio Concept Store Mantova Srl has a lease agreement for commercial floor space and the workshop with Omniaholding S.p.A.. This agreement was signed at 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:

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

- sells vehicles, spare parts and accessories to sell on respective markets, to:
  - Piaggio Hrvatska
  - Piaggio Hellas
  - Piaggio Group Americas
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Piaggio Concept Store Mantova
  - Foshan Piaggio Vehicles Technology R&D
  - Piaggio Asia Pacific
  - Piaggio Group Japan
  - PT Piaggio Indonesia

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

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

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

  - Piaggio Limited
  - Piaggio Deutschland

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

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

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

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

- has cash pooling agreements with:
  - Aprilia Racing
  - Piaggio Concept Store Mantova
  - Piaggio France
  - Piaggio Deutschland
  - Piaggio España
  - Piaggio Vespa

- has loan agreements with:
  - Piaggio Fast Forward
  - Aprilia Racing
  - Nacional Motor

- provides support services for staff functions to other Group companies;
- issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:
- Piaggio Indonesia
- Piaggio Group Japan
- Piaggio & C. S.p.A.
- Foshan Piaggio Vehicles Technology R&D
- Piaggio Asia Pacific

It also sells CKD vehicles to Piaggio Indonesia, which assembles them in its own factory and distributes them on the local market.

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

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

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

Foshan Piaggio Vehicles Technology R&D, PT Piaggio Indonesia, Piaggio Group Japan and Piaggio Asia Pacific
- distribute vehicles, spare parts and accessories purchased from Piaggio & C. S.p.A. and Piaggio Vietnam on their respective markets.

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

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

Foshan Piaggio Vehicles Technology R&D supplies:
- Piaggio & C. S.p.A. with:
  - a component and vehicle design/development service;
  - 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 Group Japan

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

| AS OF 31 DECEMBER 2023 | FONDAZIONE PIAGGIO | IMMSI | IMMSI AUDIT | OMNIA HOLDING | PONTECH - PONTEDERA & TECNOLOGIA | ZONGSHEN PIAGGIO FOSHAN | TOTAL | % OF ACCOUNTING ITEM |
|---|---|---|---|---|---|---|---|---|
| IN THOUSANDS OF EUROS | | | | | | | | |
| **Income statement** | | | | | | | | |
| Net revenues | | | | | | 10 | 10 | 0.00% |
| Costs for materials | | | | | | 21,208 | 21,208 | 1.68% |
| Costs for services and use of third-party assets | 7 | 461 | 750 | 65 | | 170 | 1,453 | 0.51% |
| Other operating income | | 50 | 29 | | | 281 | 360 | 0.23% |
| Other operating costs | 105 | 15 | | 1 | | 19 | 140 | 0.57% |
| Results of associates - Income/(losses) | | | | | 6 | (778) | (772) | 104.61% |
| Financial costs | | 59 | | 15 | | | 74 | 0.17% |
| Income Taxes | | | | | | | (3,861) | N.A. |
| | | | | | | | | |
| **Financial statements** | | | | | | | | |
| Current trade receivables | | 9 | | | | 385 | 394 | 0.67% |
| Other current receivables | | 33,255 | 18 | | | 586 | 33,859 | 38.97% |
| Financial liabilities for rights of use > 12 months | | 3,909 | | 453 | | | 4,362 | 22.18% |
| Financial liabilities for rights of use < 12 months | | 1,046 | | 201 | | | 1,247 | 12.06% |
| Current trade payables | 20 | 320 | 30 | 19 | | 5,982 | 6,371 | 1.03% |
| Other current payables | 111 | 43,675 | | | | | 43,786 | 37.34% |

## 47. Contractual Commitments and Guarantees Provided

Contractual commitments undertaken by the Piaggio Group are summarised below by maturity.

| IN THOUSANDS OF EUROS | WITHIN 1 YEAR | BETWEEN 2 AND 5 YEARS | OVER 5 YEARS | TOTAL |
|---|---|---|---|---|
| Operating leases no IFRS 16 | 1,387 | 727 | - | 2,114 |
| Other commitments | 35,994 | 3,989 | 1,152 | 41,135 |
| **Total** | **37,381** | **4,716** | **1,152** | **43,249** |

The main guarantees issued by credit institutions on behalf of Piaggio & C. S.p.A in favour of third parties are as follows:

| TYPE | AMOUNT €/000 |
|---|---|
| BCC-Fornacette guarantee issued in favour of Motoride Spa for a VAT refund following a deductible tax excess | 298 |
| Banco di Brescia guarantee issued in favour of the Municipality of Scorzè to guarantee urbanisation and construction of the Scorzè plant | 166 |
| Intesasanpaolo guarantee issued in favour of Consip S.p.A to guarantee contractual obligations for the supply of vehicles | 227 |
| Bper guarantee issued in favour of the Municipality of Pisa to guarantee contractual obligations for the proper performance of the conversion of an industrial building | 5,266 |

## 48. Disputes

In August 2009, Canadian Scooter Corp. (CSC), the exclusive distributor of Piaggio for Canada, summoned Piaggio & C. S.p.A., Piaggio Group Americas Inc. and Nacional Motor S.A. before the Court of Toronto (Canada) to obtain compensation for damages suffered as a result of the alleged breach of regulations established by Canadian law on franchising (the so-called Arthur Wishart Act). The lawsuit is currently suspended due to the inactivity of the counterparty. Piaggio has considered the possibility of filing a petition to obtain an "order to dismiss" the lawsuit due to inactivity of the counterparty, however it has decided at the moment not to proceed as the costs are greater than the possible benefits.

Da Lio S.p.A., with a writ of summons served on 15 April 2009, sued the Company before the Court of Pisa to obtain compensation for alleged damages suffered for various reasons as a result of the termination of the supply relationship. The Company appeared before the Court requesting the rejection of all opposing claims. Da Lio requested and obtained the joinder of the lawsuit with the one opposing the injunction issued in favour of Piaggio for the return of the moulds withheld by the supplier at the end of the relationship. The judgements were therefore joined and with an order pursuant to Article 186ter of the Italian Code of Criminal 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 obtained, followed by a court-appointed expert's report ("CTU"), ordered at Da Lio's request, to quantify the amount of interest claimed by Da Lio and the value of materials in stock. After inviting the parties to specify the conclusions and file their final briefs, the Court of Pisa ordered Piaggio to pay a total amount of approximately € 7,600,000 and to publish the operative part of the sentence in two national newspapers and two specialised magazines. Piaggio, supported by the opinion of the lawyers appointed to defend it at the appeal stage, who highlighted the many grounds for challenging the sentence and the full foundation of the Company's reasons, appealed to the Court of Appeal of Florence, requesting the reform of the sentence, as well as the suspension of its enforceability. On 21 October 2020, the Court of Appeal of Florence partially granted the petition to suspend the enforceability of the ruling made by Piaggio, up to the amount of €2,670,210.26, rejecting it for the remainder and confirming the enforceability of the ruling for the additional amounts. The Court of Appeal ordered the exchange of the written notes containing the requests and conclusions of the Parties in lieu of the first hearing set for 9 June 2021. The case was adjourned to the subsequent hearing on 8 June 2022 for closing arguments, when the Court retained the case for decision, assigning the parties time to file their final defence briefs. On 28 November 2022, the Court of Appeal of Florence partially upheld the main (Piaggio's) and incidental (Da Lio's) grounds of 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 late" compared to the previous amount of approximately €4.3 million (without prejudice to the other items of 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 should be calculated on the sums due by Piaggio as penalties for invoices paid late, starting from the date of the court application rather than from the sentence. Piaggio appealed against the ruling before the Court of Cassation on 14 March 2023, which was followed by a counter-appeal with cross-appeal by Da Lio.

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.
The Judge, rejecting all claims made by Elma, ordered the latter to pay Piaggio the sum of €966,787.95 plus default interest, less the sum of €419,874.14, already collected by Piaggio through the enforcement of the surety guarantee. Piaggio paid to Elma (offsetting) the sum of €58,313.42 plus interest as required by law. 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 before the Court of Appeal of Florence. With a ruling on 28 February 2023, the Court of Appeal of Florence rejected Elma's appeal in its entirety and confirmed the first instance ruling; Elma did not appeal to the Court of Cassation.
In relation to the same events, Elma also brought a case before the Court of Rome, against a former senior manager of the Company to obtain compensation from the latter for damages allegedly suffered: Piaggio appeared in these proceedings requesting, inter alia, the joinder with the lawsuits pending, at the time, before the Court of Pisa. The Judge admitted an accounting expert's report requested by Elma, although with a far more limited scope than the filed petition. In its judgment of 3 June 2019, the Court of Rome rejected the request made by Elma S.r.l., also sentencing it to pay the expert's expenses, and offsetting the costs of the litigation. Elma appealed before 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. The Board of Appeal rejected, at the present time, the request to annul the expert's report carried out in first instance, formulated by Elma, deeming this decision to be strictly connected to the examination of the appeal on the merits, and therefore adjourned the case to the hearing of 2 October 2024 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 (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, setting the hearing for 3 February 2016 to discuss the appraisal, after which, 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. Following the hearing, in public session, on 17 October 2023, the Court of Cassation, with a ruling published on 29 November 2023, confirmed the protection of the copyright on the form of the Vespa and instead, as regards the trademark, referred the decision back to the Turin Court of Appeal.

In a writ 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. In the next hearing on 28 February 2018, for closing arguments, the Judge ordered an addition to the expert's appraisal and set the new deadlines for the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio patents Nos. EP1363794B1, EP1571016B1, IT1357114 and Community design no. 487723-0001, as well as the claim of unfair competition, ordering Piaggio to pay 3/4 of the costs of the witness appraisal and to pay the defendant the costs of the proceedings ("Judgement 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 Judgement 1 before the Court of Appeal of Milan. The Court rejected the objection raised by Peugeot regarding the admissibility of the appeal and set a hearing for 10 November 2021 for closing arguments, adjourned for the same purposes to the hearing of 23 March 2022, in which the terms for filing final briefs and rejoinders were granted, and duly exchanged between the parties. Piaggio's request for an oral hearing was upheld, with the hearing set for 14 September 2022, after which the Court reserved its decision. In a judgement of 18 January 2023, the Court of Appeal upheld the first instance ruling. In particular, it (i) ruled out the existence of infringement of the three patents, deeming the objections of invalidity of EP'794, EP'016 and IT'114 raised by Peugeot to have been considered, and (ii) rejected Piaggio's claims of infringement of the Community design and unfair competition, deeming that the Court of First Instance's ruling on this point in the judgment at first instance was correct. No party appealed to the Court of Cassation.

PEUGEOT MOTOCYCLES SAS served a writ of summons on Piaggio before the Court of Milan, claiming that the patent on which the infringement claim made by Piaggio in Case 1 is based was invalid because of a pre-existing Japanese patent application ("Case 2"). Piaggio appeared before the court, objecting that the action brought by Peugeot was inadmissible and in any case that the patent application invoked by Peugeot was irrelevant. At the hearing of 20 February 2018, the Judge assigned the terms for filing preliminary briefs; the case was adjourned to the hearing of 22 May 2018, at the outcome of which a court-appointed expert's report was ordered, with a deadline of 15 January 2019 for filing. Having filed the expert's report (which confirmed the validity of Piaggio's patent) and discussed the same at the hearing of 29 January 2019, the Judge requested further technical clarifications from the court-appointed expert, granting Peugeot a time limit to formulate the request to supplement the court-appointed expert's report. The Judge rejected Peugeot's request for clarifications and deemed the case ready for decision, adjourning the hearing to 15 December 2020 for the closing arguments of the joined cases (infringement and nullity). The judge granted the statutory time limits for the filing of closing statements, duly exchanged between the parties. At Peugeot's request, the Court ordered the oral discussion of the case at the hearing on 24 June 2021, and then retained the case for decision. On 20 September 2021, the Court of Milan ruled in favour of Piaggio (i) rejecting the application for invalidity of the EP patent owned by Piaggio, (ii) establishing the infringement and prohibiting, limited to Italy, the manufacture, import, export, marketing, advertising, including through the internet, of the aforesaid motorbikes; (iii) ordering Peugeot Italia to recall the infringing motorbikes from the market; (iv) setting a penalty of €6,000 to be paid by each of the defendants for each Metropolis motorbike marketed after the lapse of thirty days from the communication of the ruling and €10,000 to be paid by Peugeot

Italia and Peugeot Motocycles S.A.S. for each day of delay in implementing the order under (iii), after the lapse of ninety days from the communication of this ruling; (v) making Peugeot liable for Piaggio's legal expenses.
Peugeot appealed the aforementioned judgment, with a simultaneous appeal to suspend its provisional enforceability. The latter was rejected on 6 December 2021, with confirmation of the provisional enforceability of the judgment. At the hearing held on appeal on 23 March 2022, the parties specified their conclusions; the Court granted the time limits for the submission of final statements. Piaggio insisted on the setting of the oral hearing pursuant to Article 352, paragraph 2 of the Italian Code of Criminal Procedure. A hearing was therefore set for 14 September 2022, after which the Court reserved its decision.
On 16 January 2023, the Court of Appeal of Milan: (i) upheld the first instance judgment with regard to the finding of 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 against Peugeot Motocycles Italia Srl in liquidation (iii) also rejected Peugeot's sixth ground of appeal (iv) ordered the general order against Peugeot Motocycles Italia Srl in liquidation (v) ordered, by separate order, the continuation of the case for the determination of damages to be awarded. As part of the continuation of the second-degree proceedings, a court-appointed expert' report was then produced, after which a hearing was held on 8 November 2023; on this occasion, the Court of Appeal granted the parties time limits for filing their final defence briefs (9 January 2024 and 29 January 2024, respectively for closing statements and rebuttal briefs). It then set a hearing for the oral argument of the case for 24 April 2024. In the meantime, Peugeot appealed to the Court of Cassation against the non-final ruling, which was followed by Piaggio's counter-appeal.

Piaggio also brought an action against PEUGEOT MOTOCYCLES SAS before the Tribunal de Grande Instance of Paris. Following Piaggio's action ("Saisie Contrefaçon"), a number of documents were acquired through a bailiff and tests were carried out to prove the counterfeiting of the Piaggio MP3 motorbike by the Peugeot "Metropolis" motorbike. On 8 October 2015, a hearing was held to appoint an expert to examine the findings of the Saisie Contrefaçon. On 3 February 2016, the hearing for the discussion of the parties' preliminary briefs was held. A preliminary court-appointed expert's report was filed in February 2018 to define the documents on the basis of which the judgment on the infringement claimed by Piaggio would be decided. The discussion took place at the hearing of 29 January 2019 and then at the hearing of 17 October 2019. Subsequently, after the filing of respective pleadings and the holding of two hearings (17 September 2020 and 11 March 2021), the Paris Court ruled on 7 September 2021 in favour of Piaggio, sentencing Peugeot Motocycles to pay damages of €1,500.000, plus further fines and legal costs, and an injunction prohibiting Peugeot Motocycles on French territory from producing, promoting, marketing, importing, exporting, using and/or owning any three-wheeler scooter using Piaggio's patented control system (including the Peugeot Metropolis). Piaggio appealed to obtain the provisional enforceability of the first instance judgment; the Court rejected this application by decision dated 8 March 2022. Peugeot, at the same time, appealed against the first instance ruling and Piaggio duly entered an appearance in the appeal, requesting the rejection of the appeal filed by Peugeot. Peugeot then requested that a new court-appointed expert's report be ordered; the request was rejected on 10 January 2023. The Court then set the hearing for 29 May 2024 for final discussion.

On 7 December 2022, the French company SCOOTER CENTER S.à.r.l. served a writ of summons on Piaggio & C. S.p.A. and Piaggio France to appear before the Tribunal de Commerce of Paris to order the two companies of the Piaggio group to pay compensation for alleged damages caused by the (equally alleged) brutal termination of the sales dealership agreement in place between Piaggio and the dealer Scooter Center without due notice. These damages were quantified in the court application at €4,150,000 (plus legal expenses). At the first hearing, set for 16 February 2023, the Judge set the procedural schedule. Moreover, during the same hearing, the Judge invited the parties to consider a settlement and granted Piaggio until 24 May 2023 to file its statement. The parties expressed their willingness to enter into negotiations. Therefore, the parties joined the mediation procedure and attended the meeting with the mediator on 13 October 2023. The parties then negotiated and concluded a settlement agreement on 8 February 2024.

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 litigation involving the parent company Piaggio & C. S.p.A. (hereinafter also referred to as "the Company" or "the Parent Company"), it should be noted that litigation is pending concerning the IRAP and IRES tax assessments notified to Piaggio & C. S.p.A. on 22 December 2017, both relative to the 2012 tax year and containing findings on transfer pricing. In this regard, it should be remembered that with a sentence filed on 15 January 2020, the Company won its case in the first instance before the Provincial Tax Commission of Florence; the Revenue Agency filed an appeal against this decision before the Regional Tax Commission with a deed notified to Piaggio & C. on 12 October 2020; the Company therefore took legal action on 2 December 2020. With a ruling dated 13 February 2023, filed on 1 March 2023, the Regional Tax Commission rejected the appeal filed by the Revenue Agency and confirmed the first instance ruling, favourable to the Company. The terms for a possible appeal before the Court of Cassation by the Revenue 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;
- with reference to the dispute concerning the 2010-2011 tax period, the High Court ruled in favour of the Parent Company with a judgment issued on 20 December 2023;
- With reference to disputes relating to the 2011-2012 and 2012-2013 tax periods, the Indian tax authorities filed an appeal with the High Court against the first instance decision. In relation to 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 rulings in its favour, and the positive opinions expressed by consultants appointed as counsel.

In addition, the Parent Company received a VAT assessment order from the Indian Tax Authority relative to the 2010-2011 tax period concerning the non-application of VAT in relation to intragroup transactions with Piaggio Vehicles PVT Ltd concerning royalties. A similar order was also notified for the tax years 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018. The amount of the dispute including interest amounts to approximately €0.8 million for each of the disputed tax periods, a small portion of which has already been paid to the Indian tax authorities in compliance with local legislation. The Company decided to appeal the order relating to the 2010-2011 tax period before the High Court and subsequently before the Supreme Court; against the orders relating to the subsequent tax periods. Appeals were filed with the Departmental Appellate Authority - Joint Commissioner of Sales Tax in July 2020 for the dispute concerning the 2011-2012 tax period, on 21 June 2021 in relation to the dispute concerning the 2012-2013 tax period and on 28 April 2022 with reference to 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 company, there are some disputes regarding different years from 2003 to 2017 that relate to assessments concerning both direct and indirect taxes and for part of which, taking into account the positive indications expressed by counsel for the defence, no provision has been made in the financial statements. The Indian company has already partly paid the disputed amounts, as provided for by local regulations, which will be reimbursed if the dispute is concluded in its favour.

With reference to PT Piaggio Indonesia, the Company has certain disputes outstanding relating to the 2017, 2018, 2019, 2022 and 2023 tax periods.

With respect to the 2017 period, disputes concern transfer pricing and withholding taxes. 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; in September 2023 the Supreme Court ruled against the Indonesian company in relation to transfer pricing, while the decision on Withholding taxes is pending.

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.
With regard to the 2018 tax period, the dispute, which relates to transfer pricing regulations, concerns a higher tax amount of approximately €0.2 million. The company filed an appeal against the assessment notice on 17 September 2021 before the Tax Court and a decision is pending.

In relation to the 2019 tax period, the Indonesian tax authorities are re-proposing the same transfer pricing objections made in 2018, as well as the Withholding Tax claim. The total amount currently being contested amounts to approximately €0.9 million. The company filed an appeal against the assessment notice on 15 September 2022 before the Tax Court and a decision is pending.
In relation to the 2022 and 2023 tax periods, 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 €0.4 million for the year 2022 and €0.4 million for the year 2023. With respect to the dispute relating to the period 2022, the company appealed to the Tax Court, which ruled in June 2023 with a decision unfavourable to the company; the Indonesian company appealed against this decision to the Supreme Court on 5 September 2023. The Company appealed to the Tax Court against the claim regarding the 2023 period on 12 October 2023 and is waiting for a hearing date to be set.

With reference to Piaggio Hellas S.A., on 8 April 2015, the Company received a Tax Report, as a result of a general audit relating to the 2008 tax year, with findings of approximately €0.5 million, including penalties. On 12 June 2015, the Greek company filed an appeal against this Tax Report with the Tax Centre - Dispute Resolution Department. As a result of the unfavourable outcome of the aforementioned appeal, the Company appealed to the Administrative Court of Appeal, which, in a ruling dated 27 April 2017, ruled in favour of the local tax authorities. The Company then appealed to the Supreme Court. On 18 January 2023, a hearing was held before that body and the ruling is currently pending. The disputed amount has been fully paid to the Greek Tax Authorities; the Company, on the basis of the positive indications of counsel for the defence, believes that a positive outcome of the appeal and the consequent reimbursement of the amounts paid is likely.

### 49. Significant non-recurring events and operations

For the years 2023 and 2022, there were no significant non-recurring transactions, as defined by Consob Communication No. DEM/6064293 of 28 July 2006.

### 50. Transactions arising from atypical and/or unusual operations

During the 2023 and 2022 financial years, the Group did not undertake any significant atypical and/or unusual operations, as defined by Consob Communications No. DEM/6037577 of 28 April 2006 and No. DEM/6064293 of 28 July 2006.

### 51. Subsequent events

There are no further events occurring after 31 December 2023 and up to the date of approval of these financial statements that could have a material impact on the reported results of operations and the financial position, as determined by IAS 10 paragraph 9.

### 52. Authorisation for publication

This document was published on 26 March 2024 with the authorisation of the Chief Executive Officer.

Mantova, 4 March 2024

for the Board of Directors

**Chief Executive Officer**
Michele 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: company name, registered office, country of incorporation and share capital in the original currency. The percentage share held by Piaggio & C. S.p.A. or other subsidiaries is also shown. It should be noted that the percentage of ownership corresponds with the percentage of voting rights at the Ordinary Shareholders' Meeting.

List of companies included in the scope of consolidation on a line-by-line basis as of 31 December 2023

| | | | | | % OF THE HOLDING | | | |
|---|---|---|---|---|---|---|---|---|
| COMPANY NAME | REGISTERED OFFICE | COUNTRY | SHARE CAPITAL | CURRENCY | DIRECT | INDIRECT | MEANS | % TOTAL INTEREST |
| **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 | Great Britain | 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 | 186,866,666,666.00 | VND | 63.50% | 36.50% | Piaggio Vespa B.V. | 100% |
| PT Piaggio Indonesia | Jakarta | Indonesia | 10,254,550,000.00 | IDR | 29.285714286% | 70.714285714% | Piaggio Vespa B.V. | 100% |

List of companies included in the scope of consolidation with the equity method as of 31 December 2023

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

List of investments in associates as of 31 December 2023

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

## Information pursuant to Article 149-duodecies of the Consob Regulation on Issuers

The following table, prepared in accordance with Article 149 duodecies of the Consob Regulation on Issuers, shows the fees for the year 2023 for audit and non-audit services rendered by the same independent auditors and entities belonging to its network.

| | SERVICE PROVIDER | RECIPIENT | FEE FOR THE FINANCIAL YEAR 2023 |
|---|---|---|---|
| IN EUROS | | | |
| Auditing | Deloitte | Parent Company Piaggio & C | 400,392 |
| | Deloitte | Subsidiaries | 472,992 |
| | Other auditors | Subsidiaries | 43,945 |
| | | | |
| NFS limited auditing | Deloitte | Parent Company Piaggio & C | 63,511 |
| | | | |
| Certification services | Deloitte | Parent Company Piaggio & C | 410,000 |
| | Deloitte | Subsidiaries | 41,892 |
| | | | |
| **Total** | | | **1,432,732** |

The fees of subsidiaries operating in currencies other than the euro and agreed in local currency were converted at the average 2023 exchange rate.

# CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Michele Colaninno (Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. hereby certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with regard to the company's characteristics and
   - the actual application of administrative and accounting procedures for the formation of the Consolidated Financial Statements as of 31 December 2023.

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

3. Moreover

   3.1 The Consolidated Financial Statements:

   a. have been prepared in compliance with the international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b. correspond to accounting records;

   c. give a true and fair view of the consolidated statement of financial position and results of operations of the Issuer and of all companies included in the scope of consolidation;

   3.2 The Report on Operations includes reliable analysis of the trend of operations and operating results, as well as the situation of the Issuer and companies included in the scope of consolidation, as well as a description of main risks and uncertainties to which they are exposed.

Date: 4 March 2024

**Michele Colaninno**
**Chief Executive Officer**

**Alessandra Simonotto**
**Executive in charge of financial reporting**

# REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piaggio & C. S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated income statement, and the consolidated statement of comprehensive income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piaggio & C. S.p.A. (the "Company") in accordance with the ethics and independence rules and standards applicable under Italian law to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| *Verification of capitalization criteria related to investments in development costs, industrial patent and know how* | |
|---|---|
| Description of the key audit matter | The Group has accounted as of December 31, 2023 activities relating to development costs, industrial patent and know how for Euro 276.3 million; the related investments made during 2023 amounted to Euro 107.8 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2023 - 2025 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure to verify the technical feasibility of projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold. The Piaggio Group's procedure also includes the estimation of expected future cash flows from the sale of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least once per year.<br><br>Given the magnitude of the value of the related assets, considering the complexity of the related procedure and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter.<br><br>Note D 16) "intangible assets" provides information on this caption. |
| Audit procedures performed | In the context of our audit, we have carried out, among others, the following procedures:<br>• understanding of the Piaggio Group's procedure for capitalizing development costs, industrial patent and know how;<br>• understanding of the relevant controls implemented by Piaggio Group;<br>• discussions with Management and obtaining of supporting documentation to understand the characteristics of the projects;<br>• obtaining details of the costs capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year;<br>• verification, for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets;<br>• analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year. |

| *Assessment of the recoverability of Goodwill* | |
|---|---|
| Description of the key audit matter | The Piaggio Group's consolidated financial statements include Goodwill amounting to Euro 446.9 million, unchanged from the previous year.<br><br>The recoverability of Goodwill is verified by the Directors at least once annually and whenever indicators of potential impairment appear, by |

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| | |
|---|---|
| | comparing the carrying amount with the estimated recoverable amount through an impairment test.<br><br>The Directors performed the impairment test on Goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each cash-generating unit (CGU) identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows included in a four-year period, on the basis of the budget data for the financial year 2024, supplemented by forecast data for the period 2025 - 2027 (the "Plan"), the discount rate (WACC) and the growth rate beyond the explicit forecast period (g-rate).<br><br>Based on the result of impairment test, the Directors did not identify any impairment losses.<br><br>Considering the materiality of the caption, the subjectivity and the nature of the estimates relating to the determination of the cash generating units cash flow, the key variables of impairment test, the recoverability of goodwill has been considered a key audit matter of the consolidated Financial Statement.<br><br>Note D 16) "intangible assets" provides information on goodwill. |
| Audit procedures performed | In the context of our audit, we carried out, among others, the following procedures, also with the involvement of experts from Deloitte network:<br>• understanding of the method used by Directors for the determination of the value in use of cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the development of the impairment test;<br>• analysis of the reasonableness of the assumptions made in estimating the cash flows and the parameters used by the Directors for the impairment test. In this context we have examined industry studies and sector analyzes and examined the methods used by the Directors to estimate WACC and g-rate;<br>• verification of the correct determination of the carrying amount of the assets and liabilities attributed to CGU;<br>• verification of the sensitivity analysis carried out by the Directors with reference to the main assumptions used for carrying out the impairment test on goodwill;<br>• examination of the adequacy and compliance with the accounting standard of reference, of the disclosure provided by the Directors in the consolidated financial statements as of December 31, 2023. |

Deloitte.



| *Assessment of the recoverability of Deferred Tax Assets* | |
|---|---|
| Description of the key audit matter | Deferred tax assets recognized in the consolidated financial statements as at December 31, 2023 of Piaggio Group amount to Euro 70.4 million and are related to prior year tax losses, as well as temporary differences, mainly due to provisions on taxed funds.<br><br>The parent company Piaggio & C. S.p.A. has adhered to the National Consolidation Tax Convention of the IMMSI Group, whose consolidating entity is the parent company IMMSI S.p.A..<br><br>The recoverability of deferred tax assets depends on the future results expected by Piaggio Group as well as those of all the companies that participate in the National Consolidation Tax Convention of the IMMSI Group. Consequently, the recognition and the recoverability of deferred assets requires the Directors to carry out an estimation process with the objective of forecasting the future taxable tax results of Piaggio Group which must also be confirmed by the estimates of the future taxable incomes of the companies participating in the IMMSI Group's National Consolidation Tax Convention.<br><br>Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter.<br><br>Note D 19) "Deferred tax assets" provides information on this caption. |
| Audit procedures performed | In the context of our audit, we have carried out, among others, the following procedures, also with the involvement of expert from Deloitte network:<br>• evaluation of the reasonableness of the assumptions formulated by Directors and Management in forecasting the future taxable incomes of Piaggio Group, included in the plan approved by the Board of Directors on February 23, 2024;<br>• examination of the National Consolidation Tax Convention contract with IMMSI S.p.A.;<br>• examination of the methods used by the Management to verify the recoverability of deferred tax assets, including information flows with the parent company IMMSI S.p.A. regarding the capacity of future taxable incomes expected at consolidated level;<br>• to the extent deemed necessary for the audit procedures on Piaggio Group deferred tax-asset, we have also examined the work carried out by the auditor of the parent company IMMSI S.p.A. concerning the analysis of the future taxable incomes of the companies participating in the National Consolidation Tax Convention contract with IMMSI;<br>• examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12. |

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we

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conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

### Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piaggio & C. S.p.A. has appointed us on April 22, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piaggio & C. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format)

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(hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

### Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piaggio Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Piaggio Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Piaggio Group as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

### Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

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Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, Italy
March 25, 2024

*As disclosed by the Directors, the accompanying financial statements of Piaggio & C. S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative*

# PIAGGIO & C. S.P.A.

## SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2023

# SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2023

# INCOME STATEMENT

| | | AS OF 31 DECEMBER 2023 | | AS OF 31 DECEMBER 2022 | |
|---|---|---|---|---|---|
| | | TOTAL | of which related parties | TOTAL | of which related parties |
| NOTES | IN THOUSANDS OF EUROS | | | | |
| 3 | **Net revenues** | **1,246,171** | **195,087** | **1,284,021** | **220,630** |
| | | | | | |
| 4 | Costs for materials | 779,453 | 151,100 | 836,239 | 169,580 |
| 5 | Costs for services and use of third-party assets | 226,086 | 56,673 | 233,812 | 56,700 |
| 6 | Employee costs | 175,424 | | 181,708 | |
| 7 | Depreciation and impairment costs of property, plant and equipment | 27,345 | | 27,403 | |
| 7 | Amortisation and impairment costs of intangible assets | 72,732 | | 69,441 | |
| 7 | Depreciation of rights of use | 3,383 | | 3,646 | |
| 8 | Other operating income | 151,732 | 57,567 | 161,927 | 65,201 |
| 9 | Impairment of trade and other receivables, net | (723) | | (604) | |
| 10 | Other operating costs | 18,253 | 349 | 20,067 | 498 |
| | **Operating income** | **94,504** | | **73,028** | |
| | | | | | |
| 11 | Results of associates - Income/(losses) | 50,431 | 50,397 | 43,445 | 43,429 |
| 12 | Financial income | 3,049 | 2,681 | 3,840 | 3,626 |
| 12 | Financial costs | 37,306 | 542 | 21,799 | 110 |
| 12 | Net exchange-rate gains/(losses) | 494 | | (1,988) | |
| | **Profit before tax** | **111,172** | | **96,526** | |
| | | | | | |
| 13 | Income taxes | 20,568 | (3,760) | 21,469 | (3,832) |
| | **Profit (loss) from continuing operations** | **90,604** | | **75,057** | |
| | | | | | |
| | Assets held for sale: | | | | |
| | Profits or losses arising from assets held for sale | | | | |
| | | | | | |
| | **Net Profit (loss) for the period** | **90,604** | | **75,057** | |

# STATEMENT OF COMPREHENSIVE INCOME

| NOTES | IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 |
|---|---|---|---|
| | **Net Profit (loss) for the period (A)** | **90,604** | **75,057** |
| | | | |
| | **Items that will not be reclassified in the income statement** | | |
| 38 | Remeasurements of defined benefit plans | (983) | 3,635 |
| 38 | Share of other comprehensive income of associates valued with the equity method | (787) | 312 |
| | **Total** | **(1,770)** | **3,947** |
| | | | |
| | **Items that may be reclassified in the income statement** | | |
| 38 | Total profits (losses) on cash flow hedges | (3,501) | (3,483) |
| 38 | Share of other comprehensive income/(loss) of associates valued with the equity method | (6,507) | (3,109) |
| | **Total** | **(10,008)** | **(6,592)** |
| | | | |
| | **Other comprehensive income/(loss)(B)**[101] | **(11,778)** | **(2,645)** |
| | | | |
| | **Total comprehensive income/(loss) for the period (A + B)** | **78,826** | **72,412** |

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

# STATEMENT OF FINANCIAL POSITION

| | | AS OF 31 DECEMBER 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** | | | | |
| 14 | Intangible assets | 632,688 | | 612,586 | |
| 15 | Property, plant and equipment | 164,681 | | 171,563 | |
| 16 | Rights of use | 14,013 | | 10,250 | |
| 31 | Investments | 110,009 | | 114,662 | |
| 32 | Other financial assets | 365 | 349 | 16 | |
| 21 | Tax receivables | 2,231 | | 2,496 | |
| 17 | Deferred tax assets | 48,964 | | 48,475 | |
| 20 | Other receivables | 15,515 | | 17,356 | |
| | **Total non-current assets** | **988,466** | | **977,404** | |
| | **Assets held for sale** | | | | |
| | **Current assets** | | | | |
| 19 | Trade receivables | 52,848 | 49,324 | 65,122 | 57,958 |
| 20 | Other receivables | 149,426 | 128,858 | 159,123 | 140,073 |
| 21 | Tax receivables | 4,767 | | 15,248 | |
| 18 | Inventories | 220,901 | | 247,427 | |
| 32 | Other financial assets | 22,003 | 22,003 | 25,557 | 25,557 |
| 33 | Cash and cash equivalents | 61,574 | | 79,447 | |
| | **Total current assets** | **511,519** | | **591,924** | |
| | **Total Assets** | **1,499,985** | | **1,569,328** | |
| | | | | | |
| | | | | | |
| | | | | | |
| | **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| | **Shareholders' equity** | | | | |
| 37 | Capital | 207,614 | | 207,614 | |
| 37 | Share premium reserve | 7,171 | | 7,171 | |
| 37 | Legal reserve | 32,707 | | 28,954 | |
| 37 | Other reserves | (45,788) | | (29,991) | |
| 37 | Retained earnings (losses) | 52,218 | | 58,062 | |
| 37 | Net Profit (loss) for the period | 90,604 | | 75,057 | |
| | **Total shareholders' equity** | **344,526** | | **346,867** | |
| | **Non-current liabilities** | | | | |
| 34 | Financial liabilities due after one year | 467,053 | | 510,790 | |
| 34 | Financial liabilities for rights of use > 12 months | 7,967 | 4,152 | 4,408 | 645 |
| 25 | Other non-current provisions | 14,269 | | 12,408 | |
| 26 | Retirement funds and employee benefits | 23,534 | | 24,223 | |
| 28 | Other long-term payables | 3,174 | | 6,655 | |
| | **Total non-current liabilities** | **515,997** | | **558,484** | |
| | **Current liabilities** | | | | |
| 34 | Financial liabilities due within one year | 95,120 | 281 | 61,152 | 375 |
| 34 | Financial liabilities for rights of use < 12 months | 3,630 | 1,103 | 3,303 | 1,142 |
| 24 | Trade payables | 409,470 | 26,827 | 482,418 | 34,596 |
| 27 | Tax payables | 8,120 | | 8,909 | |
| 28 | Other short-term payables | 112,406 | 52,211 | 97,569 | 49,567 |
| 25 | Current portion of other non-current provisions | 10,716 | | 10,626 | |
| | **Total current liabilities** | **639,462** | | **663,977** | |
| | **Total Shareholders' Equity and Liabilities** | **1,499,985** | | **1,569,328** | |

# CHANGES IN SHAREHOLDERS' EQUITY

## Movements from 1 January 2023/31 December 2023

| | | | | | TRANSACTIONS WITH SHAREHOLDERS | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| IN THOUSANDS OF EUROS | AS OF 1 JANUARY 2023 | PROFIT FOR THE PERIOD | OTHER COMPREHENSIVE INCOME/(LOSS) | TOTAL PROFIT (LOSS) FOR THE PERIOD | ALLOCATION OF PROFITS | DISTRIBUTION OF DIVIDENDS | CANCELLATION OF TREASURY SHARES | PURCHASE OF TREASURY SHARES | INTERIM DIVIDENDS | AS OF 31 DECEMBER 2023 |
| NOTES | | | | 38 | 37 | 37 | 37 | 37 | 37 | |
| Share capital | 207,614 | | | | | | | | | 207,614 |
| Share premium reserve | 7,171 | | | | | | | | | 7,171 |
| Legal reserve | 28,954 | | | | 3,753 | | | | | 32,707 |
| Capital gain from contributions | 152 | | | | | | | | | 152 |
| Reserve for measurement of financial instruments | 2,600 | | (3,501) | (3,501) | | | | | | (901) |
| IAS transition reserve | 1,861 | | | | | | (5,789) | | | (3,928) |
| Translation reserve | (34,604) | | (6,507) | (6,507) | | | | | | (41,111) |
| Treasury shares | (7,688) | | | | | | 7,688 | (1,411) | | (1,411) |
| Earnings reserve | 95,950 | | (1,770) | (1,770) | 5,643 | | (1,899) | | | 97,924 |
| Earnings for the period | 44,857 | 90,604 | | 90,604 | (9,396) | (35,461) | | | (44,295) | 46,309 |
| **Total Shareholders' Equity** | **346,867** | **90,604** | **(11,778)** | **78,826** | **0** | **(35,461)** | **0** | **(1,411)** | **(44,295)** | **344,526** |

## Movements from 1 January 2022/31 December 2022

| | | | | | TRANSACTIONS WITH SHAREHOLDERS | | | | |
|---|---|---|---|---|---|---|---|---|---|
| IN THOUSANDS OF EUROS | AS OF 1 JANUARY 2022 | PROFIT FOR THE PERIOD | OTHER COMPREHENSIVE INCOME/(LOSS) | TOTAL PROFIT (LOSS) FOR THE PERIOD | ALLOCATION OF PROFITS | DISTRIBUTION OF DIVIDENDS | PURCHASE OF TREASURY SHARES | INTERIM DIVIDENDS | AS OF 31 DECEMBER 2022 |
| NOTES | | | | 38 | 37 | 37 | 37 | 37 | |
| Share capital | 207,614 | | | | | | | | 207,614 |
| Share premium reserve | 7,171 | | | | | | | | 7,171 |
| Legal reserve | 26,052 | | | | 2,902 | | | | 28,954 |
| Capital gain from contributions | 152 | | | | | | | | 152 |
| Reserve for measurement of financial instruments | 6,083 | | (3,483) | (3,483) | | | | | 2,600 |
| IAS transition reserve | 1,861 | | | | | | | | 1,861 |
| Translation reserve | (31,495) | | (3,109) | (3,109) | | | | | (34,604) |
| Treasury shares | (2,019) | | | | | | (5,669) | | (7,688) |
| Earnings reserve | 90,430 | | 3,947 | 3,947 | 6,567 | (4,994) | | | 95,950 |
| Earnings for the period | 27,678 | 75,057 | | 75,057 | (9,469) | (18,209) | | (30,200) | 44,857 |
| **Total Shareholders' Equity** | **333,527** | **75,057** | **(2,645)** | **72,412** | **0** | **(23,203)** | **(5,669)** | **(30,200)** | **346,867** |

# 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 | 2023 | 2022 |
|---|---|---|---|
| | **Operating activities** | | |
| | Net profit (loss) for the period | 90,604 | 75,057 |
| 13 | Income taxes | 20,568 | 21,469 |
| 7 | Depreciation of property, plant and equipment | 27,105 | 27,403 |
| 7 | Amortisation of intangible assets | 72,123 | 67,734 |
| 7 | Depreciation of rights of use | 3,383 | 3,646 |
| | Provisions for risks and retirement funds and employee benefits | 18,766 | 19,843 |
| | Impairment / (Revaluations) (b) | (48,843) | (41,120) |
| | Losses/(Gains) on the disposal of property, plant and equipment | 6 | (2) |
| 12 | Financial income | (3,049) | (3,840) |
| | Dividend income | (34) | (15) |
| 12 | Financial costs | 37,306 | 21,799 |
| | Income from public grants | (3,588) | (5,032) |
| | Change in working capital: | | |
| 19 | (Increase)/Decrease in trade receivables (c) | 11,662 | (12,183) |
| 20 | (Increase)/Decrease in other receivables (d) | 11,445 | (36,609) |
| 18 | (Increase)/Decrease in inventories | 26,526 | (54,076) |
| 24 | Increase/(Decrease) in trade payables (e) | (72,948) | 43,121 |
| 28 | Increase/(Decrease) in other payables (f) | 11,356 | 34,944 |
| 25 | Increase/(Decrease) in provisions for risks | (8,241) | (12,297) |
| 26 | Increase/(Decrease) in retirement funds and employee benefits | (11,057) | (11,435) |
| | Other changes | (39,660) | 5,545 |
| | **Cash generated from operating activities** | **143,430** | **143,952** |
| | Interest paid | (23,474) | (17,812) |
| | Taxes paid | (11,671) | (11,191) |
| | **Cash flow from operating activities (A)** | **108,285** | **114,949** |
| | **Investment activities** | | |
| 15 | Investment in property, plant and equipment | (20,544) | (22,115) |
| | Proceeds from sales of property, plant and equipment | 82 | 10 |
| 14 | Investment in intangible assets | (93,518) | (73,809) |
| | Sale price, or repayment value, of intangible assets | 722 | 24 |
| | Investment in financial assets (g) | (3,028) | 403 |
| | Grants disbursed (g) | (20,519) | (30,159) |
| | Repayment of loans granted (g) | 76 | 90 |
| | Contributions received | 610 | 271 |
| | Interest received | 2,780 | 3,209 |
| | Dividends from investments (h) | 93,686 | 59,744 |
| | **Cash flow from investment activities (B)** | **(39,653)** | **(62,332)** |
| | **Financing activities** | | |
| 37 | Purchase of treasury shares | (1,411) | (5,669) |
| 37 | Outflow for dividends paid (i) | (79,755) | (53,403) |
| 34 | Loans received | 309,263 | 66,237 |
| 34 | Outflow for repayment of loans | (312,955) | (98,246) |
| 34 | Repayment of lease liabilities | (3,941) | (4,223) |
| | **Cash flow from financing activities (C)** | **(88,799)** | **(95,304)** |
| | Increase / (Decrease) in cash and cash equivalents | (20,167) | (42,687) |
| | **Opening balance** | **79,383** | **122,142** |
| | Exchange (losses)/gain on cash and cash equivalents | (185) | (72) |
| | **Closing balance** | **59,031** | **79,383** |

Related-Party Disclosures
(a) of which €/000 3,760 (income) refers to the effects arising from the tax consolidation agreement in place with the Parent Company;
(b) of which €/000 50,397 refers to the effects of the valuation of investments using the equity method;
(c) of which €/000 8,634 related to Group companies and other Related Parties;
(d) of which €/000 11,215 related to Group companies and other Related Parties;
(d) of which €/000 7,769 related to Group companies and other Related Parties;
(d) of which €/000 2,644 related to Group companies and other Related Parties;
(g) entirely referring to transactions/financing with subsidiaries;
(h) entirely referring to dividends cashed from Group companies;
(i) of which €/000 40,349 disbursed to the parent company IMMSI S.p.A.

# NOTES TO THE FINANCIAL STATEMENTS

## A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company incorporated in Italy at the Companies' Register of Pisa. The address of its registered office is Viale Rinaldo Piaggio 25 - Pontedera (Pisa). The main activities of the company and its subsidiaries are indicated in the Report on operations of the Consolidated Financial Statements.
These financial statements are expressed in Euros (€) since this is the currency in which most of the Company's transactions take place.

### Compliance with international accounting standards

The financial statements as of 31 December 2023 have been prepared, as provided for by Regulation (EC) No 1606/2002, in accordance with International Accounting Standards (IFRS) in force at 31 December 2023, issued by the International Accounting Standard Board (IASB) and adopted pursuant to applicable Italian and European regulations pro tempore and in force and applicable.
IFRSs are all international standards and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). The financial statements are prepared on a historical cost basis, modified as required for the valuation of certain financial instruments, and on a going concern basis. Despite the presence of a factor of macroeconomic instability and increasing geopolitical risks, and taking into account the positive results of the impairment tests approved by the Board of Directors on 23 February 2024, the Company, in fact, has assessed that there are no significant uncertainties (as defined by paragraph 25 of IAS 1) on its ability to operate as a going concern, also by virtue of the actions already identified to adapt to changed levels of demand, as well as the industrial and financial flexibility of the Company itself.

These financial statements are audited by Deloitte & Touche S.p.A..

### 1. CONTENT AND FORM OF THE FINANCIAL STATEMENTS

#### Form of the Financial Statements
The company has chosen to show all changes generated by transactions with non-shareholders in two statements measuring performance for the period, entitled 'Income Statement' and 'Statement of Comprehensive Income' respectively. The financial statements therefore consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and these notes.

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

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

#### Statement of Financial Position
The Statement of Financial Position is presented in opposite sections with separate disclosure of Assets, Liabilities and Shareholders' Equity.
In turn, assets and liabilities are presented in the balance sheet on the basis of their classification as current and non-current.

#### Statement of Changes in Shareholders' Equity
The Statement of Changes in Shareholders' Equity is presented in accordance with the revised version of IAS 1.
It includes the overall profit (loss) for the year. For each item, a reconciliation between the balance at the beginning and the balance at the end of the period is presented.

**Statement of Cash Flows**

The Statement of Cash Flows is divided into cash-flow generating areas. The Statement of Cash Flows model adopted by Piaggio & C. S.p.A. has been prepared using the indirect method. The cash and cash equivalents recorded in the Consolidated Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Cash flows in foreign currency have been converted at the spot exchange rate in effect at the end of the reporting period. Interest expense paid as well as taxes paid are included in the cash flows generated by operations. Interest received and dividends cashed are included in cash flows generated by investing activities. Finally, dividends paid are included in financing activities.

The opening balance and closing balance of cash and cash equivalents are presented net of short-term bank holdings, as required by IAS No. 7.

## 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND VALUATION CRITERIA APPLIED BY THE COMPANY

The most significant principles standards and valuation criteria adopted for the preparation of the financial statements as of 31 December 2023 are illustrated below.

### 2.1 Relevant Accounting Principles and Valuation Criteria

#### Intangible assets

An intangible asset purchased or internally generated is recognised as an asset, in accordance with IAS 38 - Intangible Assets, only if it is identifiable, controllable and is expected to generate future economic benefits and its cost can be measured reliably. Financial costs associated with the acquisition, construction or production of certain assets that require a significant period of time to be ready for use or sale (qualifying assets) are capitalised together with the asset itself.

Intangible assets with a finite life are valued at purchase or production cost less accumulated amortisation and accumulated impairment losses. Amortisation is based on the period of their expected useful life and begins when the asset is available for use.

#### Goodwill

Business combinations are recognised using the acquisition method. The consideration transferred in a business combination is determined at the date control is assumed and is equal to the fair value of the assets transferred, the liabilities incurred, and any equity instruments issued by the acquirer. The consideration transferred also includes the fair value of any assets or liabilities for contingent consideration that are contractually provided for and contingent upon the realisation of future events. Costs directly attributable to the transaction are recognised in profit or loss when incurred.

At the date control is acquired, the net assets of the investee companies are determined by attributing their fair value to the individual identifiable elements of the assets and liabilities, except where IFRS provisions establish a different valuation criterion. Any difference between the consideration paid and the fair value of the net assets acquired, if positive, is recognised as 'goodwill' in the assets; if negative, it is recognised in profit or loss.

In the event that control is not assumed on a full basis, the portion of shareholders' equity of non-controlling interests is determined on the basis of the present values attributed to the assets and liabilities at the date control is assumed or at fair value.

In the event that control is assumed in subsequent stages, the acquisition cost is determined by adding the fair value of the previously held equity interest in the acquiree and the amount paid for the additional equity interest. The difference between the fair value of the previously held equity interest and the related carrying amount is recognised in profit or loss. In addition, upon assumption of control, any amounts previously recognised in other comprehensive income are recognised in profit or loss or in another equity item, if no reversal to profit or loss is envisaged.

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. After initial recognition, goodwill is measured at cost less any impairment losses.

Upon the disposal of a part or all of a business previously acquired and from the acquisition of which goodwill arose, the corresponding residual value of the goodwill is taken into account in determining the gain or loss on disposal.

#### Development costs

Development costs on projects for the production of vehicles and engines are capitalised only if all of the following conditions of IAS 38 are met: the costs can be reliably determined and the technical feasibility of the product, volumes and expected prices indicate that the costs incurred in the development phase will generate future economic benefits. Capitalised development costs include only those costs incurred that can be directly attributed to the development process.

Capitalised development costs are amortised on a systematic basis, starting from the beginning of production over the estimated life of the product.

All other development costs are recognised in the income statement when incurred.

### Other intangible assets

Other purchased or internally generated intangible assets are recognised as assets, in accordance with IAS 38 - Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be measured reliably.
These assets are measured at purchase or production cost and amortised on a straight-line basis over their estimated useful life, if they have a finite useful life.
Other intangible assets, recognised following the acquisition of a business, are recognised separately from goodwill if their present value can be reliably determined.
The amortisation period for an intangible asset with a finite useful life is reviewed at least at each financial year-end. If the expected useful life of the asset differs from previous estimates, the amortisation period is adjusted accordingly.

The amortisation periods for the various items of Intangible Assets are summarised below:

| | |
|---|---|
| Development costs | 3-5 years |
| Industrial patent and intellectual property rights | 3-5 years |
| Goodwill | Not amortised |
| Trademarks[102] | 20 years |
| Licences | 10 years |
| Environmental Certificates | Not amortised |

Other intangible assets also include environmental certificates.

### Environmental Certificates

The Pontedera plant in Italy falls within the scope of the 'Emission Trading' Directive (Directive 2003/87/EC), which provides for the allocation of a quantity of emission permits generally lower than the emissions recorded in the reference year, with the need for the Company to purchase the necessary quotas for the purpose of compliance on the emissions market.
For the purpose of recognising the expenses arising from regulatory obligations relating to ETS certificates, the Company applies the so-called 'net liability approach'.
This accounting treatment requires the certificates obtained free of charge by the Authority to be recorded at nominal value under intangible assets (nil).
In addition, expenses for the purchase, against payment, of certificates required to meet the obligation of the reporting period, i.e. purchased in excess of the amount required to meet regulatory obligations, are capitalised and recognised as intangible assets.
These intangible assets:
- are classified as assets with an indefinite useful life and are not subject to depreciation;
- after initial registration are kept at cost;
- are reversed to Profit and Loss in the relevant period as part of sundry operating expenses, with the necessary quantification to comply with regulations for the reporting period.

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

### Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost and are not revalued. Financial costs related to the acquisition, construction or production of certain assets that require a significant period of time to be ready for use or sale (qualifying assets) are capitalised together with the asset itself.
Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recognised in profit or loss when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.
Depreciation is determined, on a straight line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life.

102. Average amortisation period (excluding the Guzzi and Aprilia brands, which have been classified as intangible assets with an indefinite useful life since 2021).

The depreciation periods for the various items of property, plant and equipment are summarised below:

| | |
|---|---|
| Land | Not depreciation |
| Buildings | 33 years |
| Plant and machinery | 5 to 15 years |
| Equipment | 4 to 5 years |
| Other assets | 5 to 10 years |

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

### Lease Agreements

Lease agreements for property, plant and equipment entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, of if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.
If the contract provides for a renewal option in favour of the lessee, the Company also includes the rentals for the renewal period if it is considered highly probable in the calculation of the right of use.
The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.
The right of use is systematically amortised at the lower of the contracted usage and the remaining useful life of the underlying asset.
The Company has decided to adopt certain simplifications, provided for by the Standard, excluding from treatment contracts with a duration of 12 months or less (so-called 'short-term', calculated on the residual duration at the time of first adoption) and those with a value of less than €5,000 (so-called 'low-value').

### Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, associates and joint ventures are included in the financial statements using the equity method, as permitted by IAS 27 and in accordance with IAS 28 (Investments in Associates and Joint Ventures).
Subsidiaries, associates and joint ventures are included in the financial statements from the date on which control, significant influence or joint control commences and until such time as this situation ceases to exist.
The financial statements of subsidiaries, associates and joint ventures are amended and reclassified, where necessary, to bring them into line with international accounting standards and uniform classification criteria within the Group.
In adopting the equity method, the investment in a subsidiary, associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the investor in the profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the investor is recognised separately in profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the investor, is recognised under other components of consolidated comprehensive income. If the portion of losses of an entity in a subsidiary, associate or joint venture is equal to or exceeds its interest in the subsidiary, associate or joint venture, the entity discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the subsidiary, associate, or joint venture. If the subsidiary, associate or joint venture subsequently reports profits, the entity resumes recognising its portion of those profits only after its portion of the profits equals the share of losses not recognised. Profit and losses arising from "upwards" or "downwards" transactions between an entity and a subsidiary, associate or joint venture are recognised in the financial statements only as regards the portion attributable to minority interest in the subsidiary, associate or joint venture. The portion of profit or loss of the subsidiary, associate or joint venture arising from these transactions, attributable to the entity is eliminated in the income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards transactions".
If there is objective evidence of impairment, the investment is subjected to impairment testing, as described in the section 'Impairment' to which reference is made for further details.
Finally, it should be noted that the separate financial statements are prepared in the currency of the primary economic environment in which the subsidiary, associated company or joint venture operates (functional currency). For the purposes of applying the equity method, the financial statements of each foreign entity are expressed in Euro, which is the functional currency of Piaggio & C. SpA and the presentation currency of the separate financial statements.

All assets and liabilities of foreign companies in a currency other than the euro are translated using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the application of this method, as well as translation differences arising from a comparison of initial shareholders' equity translated at current exchange rates and the same equity translated at historical rates, are recognised in the statement of comprehensive income and allocated to a specific reserve in shareholders' equity until disposal of the investment.
The exchange rates used to translate the financial statements of subsidiaries, associates and joint ventures into euro are shown in the appropriate table.

| CURRENCY | SPOT EXCHANGE RATE AT 31 DECEMBER 2023 | AVERAGE EXCHANGE RATE 2023 | SPOT EXCHANGE RATE AT 31 DECEMBER 2022 | AVERAGE EXCHANGE RATE 2022 |
|---|---|---|---|---|
| US Dollar | 1.1050 | 1.08127 | 1.0666 | 1.05305 |
| Pounds Sterling | 0.86905 | 0.869787 | 0.88693 | 0.852761 |
| Indian Rupee | 91.9045 | 89.30011 | 88.1710 | 82.68639 |
| Singapore Dollar | 1.4591 | 1.45232 | 1.43 | 1.45116 |
| Chinese Yuan | 7.8509 | 7.66002 | 7.3582 | 7.07880 |
| Croatian Kuna | 1.0000 | 1.00000 | 7.5345 | 7.53487 |
| Japanese Yen | 156.33 | 151.99027 | 140.66 | 138.02739 |
| Vietnamese Dong | 26,808.00 | 25,770.68627 | 25,183.00 | 24,630.01167 |
| Indonesian Rupiah | 17,079.71 | 16,479.61561 | 16,519.82 | 15,625.25113 |
| Brazilian Real | 5.3618 | 5.40101 | 5.6386 | 5.43990 |

### Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amount of its property, plant and equipment and intangible assets and rights of use to determine whether there is any indication that these assets may be impaired (impairment testing). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the asset's cash-generating unit.
The recoverable amount is the higher of the net sales price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value, using a rate that includes taxes, which reflects current market assessments of the present value of money and the risks specific to the asset.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be lower than its carrying amount, the carrying amount of the asset is reduced to the lower recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the asset is land or buildings other than investment property recognised at revalued amounts, in which case the loss is recognised in the respective revaluation reserve.
When an impairment loss no longer exists, the carrying amount of the asset (or cash-generating unit), except for goodwill, is increased to the new value resulting from an estimate of its recoverable amount, but not beyond the net carrying amount that the asset would have had if the impairment loss had not been recognised. The reversal of the impairment loss is immediately recognised in profit or loss.
An intangible asset with an indefinite useful life is tested for impairment annually, or more frequently whenever there is an indication that the asset may be impaired.

## Transactions with affiliates and related parties

Transactions with affiliates and related parties are presented in the specific section of the Notes, to which reference is made.

## Financial assets

IFRS 9 provides a single approach for the analysis and classification of all financial assets, including those containing embedded derivatives. The classification and relative valuation is performed considering both the management model of the financial asset and the contractual characteristics of the cash flows obtainable from the asset. Depending on the characteristics of the instrument and the business model adopted for its management, the following three categories are used:

(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value with the effects recognised in other comprehensive income (hereinafter also referred to as OCI); (iii) financial assets measured at fair value with the effects recognised in profit or loss.

A financial asset is measured using the amortised cost method when both of the following conditions are met:

- the financial asset management model consists of holding the financial asset for the sole purpose of collecting the related cash flows; and
- the financial asset generates, at contractually pre-determined dates, cash flows representing solely the return on the financial asset.

According to the amortised cost method, the initial recognition value is subsequently adjusted for principal repayments, any write-downs and the amortisation of the difference between the repayment value and the initial recognition value.

Amortisation is performed on the basis of the effective internal interest rate, which represents the rate that makes the present value of expected cash flows and the initial recognition value equal at the time of initial recognition.

Receivables and other financial assets measured at amortised cost are presented in the balance sheet net of the related provision for write-down.

Financial assets representing debt instruments whose business model envisages both the possibility of collecting contractual cash flows and the possibility of realising capital gains on disposal (the so-called hold-to-collect and sell business model), are measured at fair value with the effects recognised in OCI.

In this case, the changes in the instrument's fair value are recognised in equity under other comprehensive income. The cumulative amount of changes in fair value, recognised in the equity reserve that comprises the other components of comprehensive income, is reversed to profit or loss upon derecognition of the instrument. Interest income calculated using the effective interest rate, exchange rate differences and write-downs are recognised in the income statement.

A financial asset representing a debt instrument that is not measured at amortised cost or at FVTOCI is measured at fair value with the effects recognised in profit or loss.

## Inventories

Inventories, in accordance with IAS 2, are carried at the lower of purchase or production cost, determined by allocating to products the costs directly incurred, plus the portion of indirect costs reasonably attributable to the performance of production activities under normal production capacity use, and market value at the end of the reporting period.

The purchase or production cost is determined according to the weighted average cost method.

As regards raw materials and work in progress, the market value is represented by the estimated net realisable value of corresponding finished products minus completion costs. As regards finished products, the market value is represented by the estimated net realisable value (price lists minus the costs to sell and distribution costs).

The lower measurement based on market trends is eliminated in subsequent years, if the reasons no longer exist.

Obsolete, slow moving and/or excess inventories are impaired in relation to their possible use or future realisation, in a provision for the write-down of inventories.

### Receivables

IFRS 9 has established a new impairment/write-down model for these assets, with the aim of providing useful information to users of financial statements about the related expected losses. According to this model, the Company assesses loans by adopting an expected loss approach, replacing the IAS 39 framework typically based on the assessment of observed losses (Incurred Losses) together with the degree of solvency of individual debtors, also based on the specific characteristics of the underlying credit risk, taking into account available information. For trade receivables, the Company adopts a simplified approach to valuation that does not require the recognition of periodic changes in credit risk, but rather the recognition of an Expected Credit Loss ("ECL") calculated over the entire life of the receivable (so-called lifetime ECL). In particular, the policy implemented by the Company provides for the stratification of trade receivables into categories on the basis of days past due, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecast factors referred to creditors and the economic environment.
Trade receivables are fully written down in the absence of a reasonable expectation of recovery, i.e. in the presence of inactive trade counterparties.
The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement. When collection of the consideration is deferred beyond the normal commercial terms charged to customers, the receivable is discounted.

### Factoring

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

### Cash and cash equivalents

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

### Treasury shares

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

### Financial liabilities

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements. Pursuant to IFRS 9, they also include trade and other payables.
Financial liabilities are recognised at fair value less additional transaction costs. After initial recognition, loans are recognised using the amortised cost method, calculated by applying the effective interest rate. With the introduction of IFRS 9, in the case of a renegotiation of a financial liability that does not qualify as an 'extinguishment of the original debt', the difference between (i) the carrying amount of the liability prior to modification and (ii) the present value of the cash flows of the modified debt, discounted at the original rate (IRR), is recognised in profit or loss.
Financial liabilities hedged by derivative instruments are measured at fair value in accordance with hedge accounting: gains and losses from subsequent measurements at fair value are recognised in profit or loss and are offset by the effective portion of the loss and gain from subsequent measurements at fair value of the hedging instrument. Upon initial recognition, a liability may be designated as at fair value through profit or loss when such designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'accounting asymmetry') that would otherwise arise from measuring assets or liabilities or recognising the related gains and losses on different bases. This designation at fair value is exclusively applied to certain financial liabilities denominated in foreign currencies that are hedged against exchange risk.

### Derivative instruments and hedge accounting

The Company's assets are primarily exposed to financial risks from changes in exchange rates and interest rates. The Company uses derivative instruments to hedge risks arising from changes in foreign currencies and interest rates in certain firm commitments and planned future transactions. The use of these instruments is governed by written procedures on the use of derivatives consistent with risk management policies.
In accordance with IFRS 9, derivative financial instruments are initially recognised at fair value, represented by the initial consideration, and adjusted to fair value at subsequent closing dates. Derivative financial instruments are only used for hedging purposes, in order to reduce the risk of exchange rate, interest rate and market price changes. Derivative financial instruments may only be accounted for in accordance with hedge accounting when, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, the effectiveness can be reliably measured and the hedge is highly effective during the various accounting periods for which it is designated. When financial instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge: where a derivative financial instrument is designated as a hedge of the exposure to changes in the present value of a recognised asset or liability, attributable to a particular risk that may affect profit or loss, the gain or loss on the hedging instrument's present value is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of that item and is recognised in profit or loss;
- Cash flow hedge: where an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of any gain or loss on the financial instrument is recognised in other comprehensive income. The cumulative gain or loss is removed from other comprehensive income and recognised in profit or loss in the same period in which the hedged transaction is recognised. The gain or loss associated with a hedge, or that part of a hedge that has become ineffective, is recognised in profit or loss immediately. If a hedging instrument or hedge relationship is terminated, but the hedged transaction has not yet been realised, the cumulative gain or loss, recognised up to that point in equity, is recognised in profit or loss at the time the related transaction is realised. If the hedged transaction is no longer considered probable, the unrealised gains or losses suspended in the Statement of Comprehensive Income are recognised immediately in Profit or Loss.

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

### Non-current provisions

The Company recognises provisions, pursuant to IAS 37, for risks and charges when it has a legal or implicit obligation to third parties and it is likely that Company resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated.
Changes in estimates are reflected in the income statement for the period in which the change occurred.
If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specifics risks of the liability.
The warranty provision is accrued when the vehicle is sold, based on an estimate of the present value of the expected cost of fulfilling contractual obligations during the warranty period. Estimates are mainly based on historical defect statistics and the Company's experience with the cost of spare parts and services to be incurred in maintenance activities.

### Retirement funds and employee benefits

In accordance with IAS 19, the liability relating to benefits recognised to employees and paid on or after termination of employment for defined benefit plans is determined, separately for each plan, on the basis of actuarial assumptions by estimating the amount of future benefits that employees have accrued at the reporting date (the 'projected unit credit method'). The liability, recognised in the balance sheet net of any plan assets, is recognised on an accrual basis over the vesting period. The liability is measured by independent actuaries.
The components of the defined benefit cost are recognised as follows:

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

### Termination benefits

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

### Tax assets and tax liabilities

Deferred taxes are determined, pursuant to IAS 12, based on the temporary taxable differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred taxes are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income.
Deferred tax assets and liabilities are recognised at their net value when applied by the tax authorities and when they may be lawfully offset in the same tax jurisdiction.

### Payables

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

### Reverse factoring (indirect factoring)

In order to ensure easy access to credit for its suppliers, the company has set up factoring agreements, typically in the technical forms of supply chain financing or reverse factoring. On the basis of the contractual structures in place, the supplier has the option of assigning its receivables due from the company to a financing institution at its own discretion and collecting the amount before maturity.
In some cases, the payment times stipulated in the invoice are subject to further deferments agreed between the supplier and the company; these deferments may be either at cost or otherwise.
The company has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differ by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IAS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is also carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IAS 9 B3.3.6.
According to IAS 1 paragraph 54, trade and other payables must be shown separately from financial payables.
In this context, agreements for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

### Revenue recognition

Based on the five-step model introduced by IFRS 15, the Company measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).
In particular, the Company recognises revenue only if the following requirements are met (so-called 'contract' identification requirements with the customer):

a. the parties to the contract have agreed to the contract (in writing, orally or in accordance with other customary commercial practices) and have undertaken to perform their respective obligations; there is thus an agreement between the parties that creates enforceable rights and obligations irrespective of the form in which that agreement is made;
b. the Company may identify the rights of each party with respect to the goods or services to be transferred;
c. the Company may determine the terms of payment for the goods or services to be transferred;
d. the contract has commercial substance; and
e. it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

If the above requirements are not met, the related revenue is recognised when: (i) the Company has already transferred control of the goods and/or rendered services to the customer and all, or substantially all, of the consideration promised by the customer has been

received and is non-refundable; or (ii) the contract has been terminated and the consideration the Company has received from the customer is non-refundable.
If the above requirements are met, the Company applies the recognition rules described below.
Revenues from the sale of vehicles and spare parts is recognised when control of the asset being transacted is transferred to the purchaser, i.e. when the customer acquires full capacity to decide on the use of the asset as well as to derive substantially all the benefits from it. Revenues are stated net of discounts, including, but not limited to, sales incentive programmes and customer bonuses, and taxes directly related to the sale of goods.
Revenues from services are recognised when they are rendered with reference to the state of progress. Revenues also include rental fees recognised on a straight-line basis over the term of the agreement.

### Contributions

Grants for 'plant and equipment' are recorded in the balance sheet when their receipt is certain and are charged to the profit and loss account according to the useful life of the asset against which they are paid.
Operating grants are recorded in the balance sheet when the right to collect them is certain and are charged to the income statement in relation to the costs against which they are paid.

### Recognition of costs

The Company has chosen to adopt a scheme based on the classification of costs and expenses by nature.
Financial income
Financial income is recognised on an accrual basis and includes interest payable on invested funds, exchange differences receivable and income from financial instruments, when not offset in hedging transactions. Interest receivable is recognised in profit or loss when accrues, considering the actual return.

### Financial costs

Financial costs are recognised on an accrual basis. They include interest expenses on financial liabilities calculated using the effective interest method, exchange rate losses and losses on derivative financial instruments. Interest expense on finance leases is charged to the income statement using the effective interest method.

### Dividends

Dividends are recognised on an accrual basis, i.e. at the time when, following the distribution approved by the investee, the relevant entitlement arises. In accordance with IAS 27 Revised 'Separate Financial Statements', dividends distributed by subsidiaries, associates and joint ventures are recognised as a reduction of the value of the investment.

### Income tax

Taxes represent the sum of current and deferred taxes.
Taxes allocated on the basis of taxable income determined in accordance with national laws in force at the end of the reporting period, taking into account applicable exemptions and tax receivables are recognised in the financial statements. Income taxes are recognised in the income statement, with the exception of those taxes relative to items directly deducted from or charged to shareholders' equity, in cases where the tax effect is directly recognised in shareholders' equity.
Taxes are recognised in the item "Tax payables" net of advances and withholding taxes.
With effect from 2007, the Company is part of the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) whose consolidating company is IMMSI S.p.A. and which other IMMSI Group companies belong. to Membership was renewed with effect from 2022 and will last for three years, until the tax period ending 31 December 2024.
Under the procedure, the consolidating company determines a single tax base for the companies adhering to the National Consolidated Tax Convention, thus being able to offset taxable income with tax losses in a single tax return. Each company adhering to the National Tax Consolidation transfers its taxable income (taxable income or tax loss) to the consolidating company. The latter recognises a credit towards the consolidated company equal to the IRES (corporate income tax) to be paid. On the other hand, with respect to companies contributing tax losses, the consolidating company recognises a debt equal to the IRES on the part of the loss actually offset at Group level.

## Use of estimates

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

Recoverable value of non-current assets

Non-current assets include Property, Plant and Equipment, Goodwill, Other Intangible Assets, Investment Property, Investments and Other Financial Assets. The Group periodically revises the carrying amount of non-current assets held and used and of assets held for sale, when facts and circumstances make this necessary. This analysis is carried out at least annually for Goodwill, and whenever facts and circumstances make it necessary. Analysis of the recoverability of the carrying amount of Goodwill is generally based on estimates of expected cash flows from the use or sale of the asset and adequate discount rates to calculate the fair value. When the carrying amount of a non-current asset is impaired, the Group recognises a write-down equal to the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to cash flows of the most recent company plans.
The procedure for determining the impairment of property, plant and equipment, intangible assets, including goodwill, and rights of use described in the section "Impairment of non-financial assets" implies the use of certain assumptions when estimating value in use, concerning (i) the forecast of cash flows relating to a four-year time horizon inferable from budget data for the financial year 2024 supplemented by forecast data relating to the period 2025 - 2027; (ii) the determination of an appropriate discount rate (WACC) and (iii) the determination of a long-term growth rate (g-rate). In addition to the above, the Piaggio Group is assessing the risks and opportunities related to climate change and in 2023 presented a Decarbonisation Plan with a time horizon of 2030 and 2050, which indicates the actions to be pursued by 2030 in order to achieve the objectives set in terms of reducing Scope 1 and Scope 2 emissions, mainly through the streamlining of business processes and procurement of energy from renewable sources, as well as through the installation of new photovoltaic systems for the production and self-consumption of electricity.
In this regard, please note that in 2023, the Piaggio Group, with the support of a leading consulting firm, carried out a climate risk analysis for the Pontedera (Italy) and Baramati (India) plants. 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 Company through the continuous renovation of facilities, as well as by taking out specific insurance coverage for the various sites, based on their relative importance.
For more information, please refer to the specific paragraph in Note 14 Intangible Assets below.

Recoverability of deferred tax assets

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

Pension plans and other post-employment benefits

Provisions for employee benefits and net financial costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements.
The assumptions used for the measurement are explained in section 26 "Retirement funds and employee benefits".

Provision for bad debts

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

Provision for obsolete inventories

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

Provision for product warranties

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

Contingent liabilities

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

Depreciation/amortisation

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

Income tax

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

Rounding off

All amounts shown in the tables and in these notes have been rounded to the nearest thousand euros.

Climate Change Information

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

## 2.2 New accounting standards, amendments and interpretations adopted from 1 January 2023

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Company as of 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 is effective from 1 January 2023. The objective of the new standard is to ensure that an entity provides relevant information that fairly represents the rights and obligations arising from insurance contracts issued.

- On 7 May 2021, the IASB published '**Amendments to IAS 12 Income Taxes: Deferred Taxes 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 amount at the date of initial recognition, such as leases and decommissioning obligations. The amendments apply as from 1 January 2023.
- On 12 February 2021, the IASB published two amendments entitled '**Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2**' and '**Definition of Accounting Estimates-Amendments to IAS 8**'. The amendments to IAS 1 require an entity to disclose material information about the accounting policies applied by the Company. The amendments are intended to improve disclosures about the accounting policies applied by the Company so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments apply as from 1 January 2023.
- On 23 May 2023, the IASB published '**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 (which are effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides specific disclosure requirements for entities affected by the related 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.

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

### 2.3 IFRS accounting standards, amendments and interpretations endorsed by the European Union as of 31 December 2023, not yet mandatorily applicable and not adopted in advance of 31 December 2023

- On 23 January 2020, the IASB published '**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**' and on 31 October 2022 it published '**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants**'. The purpose of these amendments is to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the disclosures that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The amendments enter into force on 1 January 2024; however, earlier application is permitted.
- On 22 September 2022, the IASB published '**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 income or a loss that relates to the retained right of use. The amendments will apply from 1 January 2024, but earlier application is permitted.

The directors are currently evaluating the possible effects of the introduction of this amendment on the Company's consolidated financial statements.

### 2.4 Accounting standards, amendments and interpretations not yet applicable

At the reporting date, 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 25 May 2023, the IASB published '**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 supplier finance arrangements 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 earlier application is permitted.
- On 15 August 2023, the IASB published '**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**'. The document requires an entity to apply a consistent methodology for determining whether one currency can be translated into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, but earlier application is permitted.

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

## OTHER INFORMATION

### Departures under Article 2423(4) of the Civil Code

There were no exceptional cases that required departures from legal provisions concerning the financial statements pursuant to Article 2423, Paragraph 4 of the Civil Code.

### Article 2428 of the Civil Code

The information required by Article 2428, paragraphs 1, 2, 3 and 6, is included in the Report on Operations. Information on financial instruments, objectives and policies concerning financial risk management is given in section E of the Notes. The registered office of the Company is situated in Viale R. Piaggio 25 56025 Pontedera (Pisa). The Company's secondary offices are located in Via G. Galilei 1 Noale (Venice) e in via E.V. Parodi 57 Mandello del Lario (Lecco).

# B) INFORMATION ON THE INCOME STATEMENT

## 3. Net revenues €/000 1,246,171

Revenues mainly consist of income from the sale of 2-wheeler vehicles, 3- and 4-wheeler light commercial vehicles and related spare parts and accessories, on European and non-European markets.
Revenues are recognised net of rebates granted to customers and include sales to Group companies for €/000 195,087.

### Revenues by geographic segment

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

| IN THOUSANDS OF EUROS | 2023 | | 2022 | | CHANGES | |
|---|---|---|---|---|---|---|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| EMEA and Americas | 1,204,099 | 96.62 | 1,220,815 | 95.08 | (16,716) | (1.37) |
| Asia Pacific | 41,486 | 3.33 | 62,408 | 4.86 | (20,922) | (33.52) |
| India | 586 | 0.05 | 798 | 0.06 | (212) | (26.57) |
| **Total** | **1,246,171** | **100.00** | **1,284,021** | **100.00** | **(37,850)** | **(2.95)** |

### Revenues by product type

The breakdown of revenues by product type is shown in the following table:

| IN THOUSANDS OF EUROS | 2023 | | 2022 | | CHANGES | |
|---|---|---|---|---|---|---|
| | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Two-wheelers | 1,112,039 | 89.24 | 1,141,488 | 88.90 | (29,449) | (2.58) |
| Commercial Vehicles | 134,132 | 10.76 | 142,533 | 11.10 | (8,401) | (5.89) |
| **Total** | **1,246,171** | **100.00** | **1,284,021** | **100.00** | **(37,850)** | **(2.95)** |

In 2023, net sales revenues showed a decrease of €/000 37,850.

## 4. Costs of materials €/000 779,453

The decrease in material costs compared to 2022 (-7%) was mainly due to the decrease in production volumes and raw material costs.
The item includes €/000 151,100 (€/000 169,580 in 2022) for purchases from subsidiaries and associates.
The cost of materials includes transport costs and outsourced services related to purchased goods.
The following table details the content of this item:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Raw, ancillary materials, consumables and goods | 753,097 | 890,103 | (137,006) |
| Change in inventories of raw, ancillary materials, consumables and goods | 31,223 | (24,148) | 55,371 |
| Change in work in progress of semi-finished and finished products | (4,867) | (29,716) | 24,849 |
| **Total costs for purchases** | **779,453** | **836,239** | **(56,786)** |

## 5. Costs for services and use of third-party assets €/000 226,086

This item includes costs from Group companies and other related parties for €/000 56,673 (€/000 56,700 in 2022).

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Employee costs | 5,949 | 5,675 | 274 |
| External maintenance and cleaning costs | 7,023 | 7,299 | (276) |
| Energy and telephone costs | 11,144 | 21,805 | (10,661) |
| Postal expenses | 525 | 749 | (224) |
| Commissions payable | 20,394 | 21,034 | (640) |
| Advertising and promotion | 22,988 | 18,904 | 4,084 |
| Technical, legal and tax consultancy and services | 12,044 | 12,195 | (151) |
| Company boards operating costs | 2,965 | 3,234 | (269) |
| Insurance | 3,514 | 3,376 | 138 |
| Outsourced manufacturing | 28,334 | 27,696 | 638 |
| Outsourced services | 10,462 | 10,058 | 404 |
| Transport costs (vehicles and spare parts) | 32,771 | 35,006 | (2,235) |
| Internal shuttle services | 434 | 434 | 0 |
| Sundry commercial expenses | 4,798 | 4,529 | 269 |
| External relations | 1,141 | 1,754 | (613) |
| Product warranty costs | 1,121 | 1,263 | (142) |
| Expenses for quality-related events | 3,171 | 3,867 | (696) |
| Bank costs and factoring charges | 5,269 | 5,351 | (82) |
| Miscellaneous services rendered in the business year | 3,882 | 3,823 | 59 |
| Other services | 34,260 | 32,672 | 1,588 |
| Use of funds to cover costs for services | 0 | (153) | 153 |
| Cost for use of third-party assets | 13,897 | 13,241 | 656 |
| **Total costs for services and use of third-party assets** | **226,086** | **233,812** | **(7,726)** |

Costs for services and use of third-party assets showed a decrease of 3.3% compared to the previous year.
Expenses for quality-related events were offset by compensation recognised under "Other operating income" for €/000 1,086 and by other recoveries from suppliers for €/000 837.
Outsourced manufacturing, amounting to €/000 28,334, refers to manufacturing on production components by our suppliers on a contract basis.
Expenses for the functioning of corporate bodies are detailed in the table below:

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| Directors | 2,671 | 2,940 |
| Auditors | 161 | 161 |
| Supervisory Body | 62 | 62 |
| Internal Control Committee | 41 | 41 |
| Remuneration Committee | 30 | 30 |
| **Total remuneration** | **2,965** | **3,234** |

Services rendered during the business year include waste disposal and water treatment services for €/000 2,232.
Other services include €/000 28,858 for technical, sports and promotional services for Group brands provided by the subsidiary Aprilia Racing, €/000 3,286 for technical services provided by the subsidiaries Foshan Piaggio Vehicles Technology Research and Development Co LTD (€/000 2,824) and Piaggio Advanced Design Center Corp. (€/000 462), €/000 511 for research, design and development services provided by Piaggio Fast Forward and €/000 133 for services provided by other subsidiaries.
Insurance costs include €/000 65 incurred with related parties.

### 6. Employee costs €/000 175,424

The breakdown of employee costs is as follows:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Salaries and wages | 124,259 | 130,494 | (6,235) |
| Social security contributions | 39,485 | 40,435 | (950) |
| Termination benefits | 8,564 | 8,593 | (29) |
| Other costs | 3,116 | 2,186 | 930 |
| **Total** | **175,424** | **181,708** | **(6,284)** |

The headcount as of 31 December 2023 was 2,946, of which 7 people on fixed-term contracts.

An analysis of the average and specific composition is given below:

| | AVERAGE NUMBER | | |
|---|---|---|---|
| LEVEL | 2023 | 2022 | CHANGE |
| Senior management | 82 | 81 | 1 |
| Middle management | 227 | 227 | 0 |
| White collars | 800 | 796 | 4 |
| Intermediates and blue collars | 2,170 | 2,314 | (144) |
| **Total** | **3,279** | **3,418** | **(139)** |

| | NUMBER AS OF | | |
|---|---|---|---|
| LEVEL | 31-DIC-23 | 31-DIC-22 | CHANGE |
| Senior management | 80 | 84 | (4) |
| Middle management | 241 | 221 | 20 |
| White collars | 786 | 792 | (6) |
| Intermediates and blue collars | 1,839 | 1,829 | 10 |
| **Total** | **2,946** | **2,926** | **20** |

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

| LEVEL | AS OF 31.12.2022 | INCOMING | LEAVERS | CHANGES IN JOB QUALIFICATION | AS OF 31.12.2023 |
|---|---|---|---|---|---|
| Senior management | 84 | 1 | (6) | 1 | 80 |
| Middle management | 221 | 14 | (15) | 21 | 241 |
| White collars | 792 | 56 | (49) | (13) | 786 |
| Blue collars | 1829 | 866 | (847) | (9) | 1,839 |
| **Total (*)** | **2,926** | **937** | **(917)** | **0** | **2,946** |
| (*) of which fixed-term contracts | 6 | 865 | (864) | | 7 |

## 7. Amortization/Depreciation and impairment costs €/000 103,460

Below is a summary of depreciation for the year, broken down by category:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Buildings | 4,377 | 4,318 | 59 |
| Plant and machinery | 6,481 | 7,043 | (562) |
| Industrial and commercial equipment | 15,062 | 14,915 | 147 |
| Other assets | 1,185 | 1,127 | 58 |
| **Total depreciation of property, plant and equipment** | **27,105** | **27,403** | **(298)** |
| Impairment of property, plant and equipment | 240 | - | 240 |
| **Total depreciation and impairment of property, plant and equipment and impairment costs** | **27,345** | **27,403** | **(58)** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| INTANGIBLE ASSETS: | | | |
| Development costs | 26,343 | 24,026 | 2,317 |
| Industrial Patent and Intellectual Property Rights | 45,714 | 43,641 | 2,073 |
| Concessions, licences, trademarks and similar rights | 66 | 66 | 0 |
| **Total amortisation of intangible assets** | **72,123** | **67,733** | **4,390** |
| Impairment of intangible assets | 609 | 1,708 | (1,099) |
| **Total amortisation and impairment of intangible assets and impairment costs** | **72,732** | **69,441** | **3,291** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| RIGHTS OF USE: | | | |
| Buildings | 1,612 | 1,570 | 42 |
| Plant and machinery | 856 | 856 | 0 |
| Other assets | 915 | 1,220 | (305) |
| **Total depreciation of rights of use** | **3,383** | **3,646** | **(263)** |

Impairment costs of property, plant and equipment refer to the disposal of assets under construction that are no longer needed for the Company's business.
As specified in more detail in the section on intangible assets, impairment testing of goodwill confirmed the full recoverability of the values expressed in the financial statements.
Impairment costs of intangible assets refer to development projects for which production plans were revised as part of the Business Plan update prepared by the Company.
The item "Industrial patent and intellectual property rights" includes amortisation relative to software amounting to €/000 10,692.

## 8. Other operating income €/000 151,732

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Operating grants | 3,588 | 5,032 | (1,444) |
| Increases in fixed assets for internal work | 38,167 | 38,400 | (233) |
| Expenses recovered in invoices | 36,984 | 33,593 | 3,391 |
| Rents | 401 | 594 | (193) |
| Contingent assets from valuation | 0 | 44 | (44) |
| Capital gains on asset disposals | 25 | 6 | 19 |
| Recovery of transport costs | 258 | 671 | (413) |
| Commercial cost recovery | 4,474 | 4,633 | (159) |
| Recovery of registration costs | 36 | 32 | 4 |
| Advertising income | 2 | 52 | (50) |
| Recovery of stamp duty | 1,018 | 950 | 68 |
| Recovery of labour costs | 6,340 | 5,771 | 569 |
| Recovery of costs from suppliers | 927 | 1,552 | (625) |
| Recovery of warranty costs | 21 | 28 | (7) |
| Recovery of taxes from customers | 210 | 367 | (157) |
| Recovery of sundry costs | 2,586 | 1,535 | 1,051 |
| Provision of services to group companies | 14,522 | 14,482 | 40 |
| Licence rights and know-how | 33,781 | 43,230 | (9,449) |
| Commissions receivable | 1,894 | 2,158 | (264) |
| Compensation third party damage | 837 | 631 | 206 |
| Compensation third parties for quality-related events | 1,086 | 407 | 679 |
| Clearance of accounts payable | 106 | 77 | 29 |
| Revenues from surplus funds | 0 | 4,201 | (4,201) |
| Other income | 4,469 | 3,481 | 988 |
| **Total other operating income** | **151,732** | **161,927** | **(10,195)** |

Operating grants includes income from Group companies totalling €/000 57,567.
operating grants refer to:
- €/000 327 for public and European grants concerning research projects;
- €/000 312 for grants relating to professional training provided by the trade association;
- €/000 1,157 for government grants related to Research and Development, Technological Innovation and Design and Aesthetic Concepts;
- €/000 130 for grants accrued on investments in ordinary property, plant an equipment and intangible assets;
- €/000 209 for government grants related to Industry 4.0 investments;
- €/000 1,453 for tax receivables recognised on electricity and gas consumption.

During the reporting period, internal costs were capitalised on development projects and know-how for €/000 36,099, internal costs relating to the construction of software for €/000 573 and internal costs for the construction of property, plant and equipment for €/000 1,495.
Invoice-recovered expenses refer to the preparation, advertising, insurance, transport and packaging costs charged to customers directly in the sales invoices for the products.
The item "Recovery of sundry costs" refers for €/000 353 to charges to Group companies and for €/000 2,233 to charges to third parties for the recovery of various types of costs.
Licence rights were obtained for €/000 31,652 from Group companies (Piaggio Vehicles €/000 12,528, Piaggio Vietnam €/000 18,756, Piaggio Indonesia €/000 262, Aprilia Racing €/000 30 and Zongshen Piaggio Foshan Motorcycle Co. Ltd €/000 76).
Income for the recovery of labour costs essentially consists of charges made to Group companies for the employment of personnel.
Recoveries from suppliers consist of charges for the recovery of materials and final inspections, and charges for failure to deliver materials to assembly lines.
The recovery of stamp duty essentially relates to charging dealers for stamp duty on vehicle certificates of conformity.
In compliance with paragraph 125 of Law 124/2017 of 4 August 2017, details per project of the grants received during 2023 are presented in Note 44 "Grants, contributions, remunerated positions and economic advantages from public administrations".

## 9. Impairment of trade and other receivables, net — €/000 (723)

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Losses on receivables | (18) | (2) | (16) |
| Impairment of receivables in working capital | (705) | (602) | (103) |
| **Total** | **(723)** | **(604)** | **(119)** |

Write-downs of receivables made during the year concerned both trade and other receivables.

## 10. Other operating costs — €/000 18,253

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Provision for litigation | 500 | 0 | 500 |
| Provisions for future risks | 2,000 | 3,000 | (1,000) |
| *Total provisions for risks* | *2,500* | *3,000* | *(500)* |
| | | | |
| Provisions for product warranties | 7,200 | 7,722 | (522) |
| Provision for quality-related events | | | |
| Provision for financial services expenses | | | |
| *Total other provisions* | *7,200* | *7,722* | *(522)* |
| | | | |
| Stamp duty | 1,171 | 1,139 | 32 |
| Duties and taxes not on income | 1,380 | 1,833 | (453) |
| Municipal tax, formerly ICI | 1,446 | 1,445 | 1 |
| Miscellaneous membership contributions | 1,143 | 1,030 | 113 |
| Social utility expenses | 1,204 | 904 | 300 |
| Capital losses from disposal of assets | 31 | 8 | 23 |
| Environmental Certificates | 617 | 543 | 74 |
| Miscellaneous expenses | 1,561 | 2,443 | (882) |
| *Total sundry operating costs* | *8,553* | *9,345* | *(792)* |
| **Total other operating costs** | **18,253** | **20,067** | **(1,814)** |

Overall, other operating costs, which include costs from Group companies of €/000 349, decreased by €/000 1,814.
Stamp duty of €/000 1,171 essentially refers to the tax due on vehicle conformity certificates. This cost is charged to Dealers and the recovery is shown under "Other operating income".
The item Costs for ETS certificates refers to accruals related to the costs for the purchase of these certificates. These provisions are made on the basis of the best estimate of the number of certificates that the Company will have to return to the Authority, valued at the market price recognised at the end of the reporting period. In fact, the Pontedera plant in Italy comes under the scope of application of the "Emission Trading" Directive (Directive 2003/87/EC), which provides for the allocation of a quantity of emission permits that is generally lower than the emissions recorded in the reporting year, with the need for the Company to purchase the necessary quotas for compliance purposes on the emissions market.

### 11. Results of associates - Income/(losses) €/000 50,431

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Positive differences in valuation using the Equity Method in subsidiaries | 72,776 | 84,803 | (12,027) |
| Positive differences in valuation using the Equity Method in associates | 6 | 18 | (12) |
| Negative differences in valuation using the Equity Method in subsidiaries | (21,824) | (40,698) | 18,874 |
| Negative differences in valuation using the Equity Method in associates | (561) | (693) | 132 |
| Dividends from minority interests | 34 | 15 | 19 |
| **Total** | **50,431** | **43,445** | **6,986** |

Dividends from minority interests were distributed by the company Ecofor Service Pontedera (€/000 34).

The tables below detail the positive and negative differences recognised on investments in subsidiaries and associates in application of the Equity Method.

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| POSITIVE DIFFERENCES IN VALUATION USING THE EQUITY METHOD IN SUBSIDIARIES | | | |
| Piaggio Vespa B.V. | 21,259 | 34,566 | (13,307) |
| Piaggio Vehicles Pvt. | 11,900 | - | 11,900 |
| Piaggio Vietnam | 37,917 | 48,827 | (10,910) |
| Aprilia Racing | 168 | 126 | 42 |
| Piaggio España | 486 | 392 | 94 |
| Piaggio Indonesia | 1,015 | 859 | 156 |
| Piaggio Advanced Design Center Corporation | 31 | 33 | (2) |
| **Total** | **72,776** | **84,803** | **(12,027)** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| POSITIVE DIFFERENCES IN VALUATION USING THE EQUITY METHOD IN ASSOCIATES | | | |
| Pontedera & Technology | 6 | 18 | (12) |
| **Total** | **6** | **18** | **(12)** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| NEGATIVE DIFFERENCES IN VALUATION USING THE EQUITY METHOD IN SUBSIDIARIES | | | |
| Piaggio China | (223) | (274) | 51 |
| Piaggio Vehicles Pvt. | - | (6,951) | 6,951 |
| Nacional Motor | (75) | (77) | 2 |
| Piaggio Fast Forward | (21,130) | (33,194) | 12,064 |
| Piaggio Concept Store | (396) | (202) | (194) |
| **Total** | **(21,824)** | **(40,698)** | **18,874** |

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| NEGATIVE DIFFERENCES IN VALUATION USING THE EQUITY METHOD IN ASSOCIATES | | | |
| Zongshen Piaggio Foshan Motorcycle | (561) | (693) | 132 |
| **Total** | **(561)** | **(693)** | **132** |

## 12. Net financial income (financial costs) €/000 (33,763)

This item consists of:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Total financial income | 3,049 | 3,840 | (791) |
| Total financial costs | (37,306) | (21,799) | (15,507) |
| Total net exchange-rate gains/(losses) | 494 | (1,988) | 2,482 |
| **Net financial income (financial costs)** | **(33,763)** | **(19,947)** | **(13,816)** |

The balance of financial income (costs) for 2023 was negative for €/000 33,763, up from €/000 19,947 in the previous year.
The deterioration compared to the values for the corresponding period of the previous year (€/000 19,947) is due to the rise in interest rates amplified by the effect of the refinancing of the "€250,000,000 3.625% Senior Notes due 2025" debenture loan which, in addition to a higher coupon in relation to current market conditions, also includes non-recurrent charges connected with the operation to redeem in advance the entire principal of outstanding securities, carried out by Piaggio & C S.p.A. on 5 October 2023, according to the terms indicated in the Conditional Notice of Redemption. This operation in fact generated the recognition in the 2023 income statement of financial costs related to costs not yet amortised of the loan reimbursed for €/000 2,783. The incremental change in financial costs was partially mitigated by the positive impact of foreign currency management and the increased capitalisation of expenses on fixed assets.
Financial income and costs are detailed below:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Financial income: | | | |
| - From subsidiaries | 2,678 | 3,623 | (945) |
| - From subsidiaries for operating leases | 3 | 3 | 0 |
| Financial income from third parties: | | | |
| - Interest income from customers | 25 | 5 | 20 |
| - Interest Income from deposits | 334 | 67 | 267 |
| - Others | 9 | 142 | (133) |
| *Total financial income from third parties* | *368* | *214* | *154* |
| **Total financial income** | **3,049** | **3,840** | **(791)** |

The amount of €/000 2,678 recognised under financial income from subsidiaries refers to interest earned on financial activities with the subsidiaries Piaggio Fast Forward (€/000 1,328), Aprilia Racing (€/000 1,324) and other minor entities (€/000 26).

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Financial costs with Subsidiaries: | | | |
| - Interest expense on loans from Subsidiaries | 480 | 45 | 435 |
| Financial costs with Subsidiaries: | | | |
| - Interest expense on operating leases with Parent Companies | 62 | 65 | (3) |
| Financial costs with Third Parties: | | | |
| - Interest on Debenture Loan | 14,920 | 10,682 | 4,238 |
| - Interest on bank accounts | 821 | 225 | 596 |
| - Interest on bank loans | 12,280 | 6,807 | 5,473 |
| - Interest to suppliers | 3,373 | 1,257 | 2,116 |
| - Interest to other lenders | 2,371 | 948 | 1,423 |
| - Interest on factor subconto transactions | 3,478 | 1,251 | 2,227 |
| - Cash discounts to clients | 383 | 537 | (154) |
| - Commodities valuation costs | 802 | 205 | 597 |
| - Bank charges on loans | 1,117 | 981 | 136 |
| - Interest on finance lease agreements | 194 | 96 | 98 |
| - Interest expense on operating leases | 208 | 95 | 113 |
| - Financial costs from discounting back termination and termination benefits | 811 | 504 | 307 |
| - Others | 35 | 29 | 6 |
| *Total financial costs with third parties* | *40,793* | *23,617* | *17,176* |
| **Total financial costs** | **41,335** | **23,727** | **17,608** |
| | | | |
| Costs capitalised on property, plant and equipment | (369) | (348) | (21) |
| Costs capitalised on intangible assets | (3,660) | (1,580) | (2,080) |
| **Total capitalised costs** | **(4,029)** | **(1,928)** | **(2,101)** |
| | | | |
| **Total financial costs** | **37,306** | **21,799** | **15,507** |

Financial costs of €/000 4,029 were capitalised in 2023 (€/000 1,928 in 2022). The average rate used to capitalise financial costs (due to the presence of generic loans) was 4.73% (3.46% in 2022).
Interest paid to other lenders mainly refers to interest paid to factoring companies and banks for the sale of trade receivables.

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| EXCHANGE RATE DIFFERENCES FROM REALISATION | | | |
| - Exchange gains | 14,825 | 39,250 | (24,425) |
| - Exchange losses | (13,691) | (41,148) | 27,457 |
| *Total realised exchange gains (losses)* | *1,134* | *(1,898)* | *3,032* |
| EXCHANGE RATE DIFFERENCES FROM VALUATION | | | |
| - Exchange gains | 993 | 2,572 | (1,579) |
| - Exchange losses | (1,633) | (2,662) | 1,029 |
| *Total exchange gains (losses) from valuation* | *(640)* | *(90)* | *(550)* |
| **Net exchange-rate gains/(losses)** | **494** | **(1,988)** | **2,482** |

## 13. Income Taxes €/000 20,568

Details of the item Income Taxes are given below:

| IN THOUSANDS OF EUROS | 2023 | 2022 | CHANGE |
|---|---|---|---|
| Current taxes | 23,797 | 16,862 | 6,935 |
| Deferred taxes | 617 | 2,365 | (1,748) |
| Taxes from previous years | (3,846) | 2,242 | (6,088) |
| **Total taxes** | **20,568** | **21,469** | **(901)** |

In 2023, taxes generated a total cost of €/000 20,568.
Current taxes generated a cost of €/000 23,797 and consisted of:
- €/000 5,381 from taxes on income produced abroad;
- €/000 4,663 from IRAP due on the value of production realised during the year;
- €/000 16,018 from IRES due on income for the year;
- €/000 1,495 from substitute tax paid for the franking of profit reserves of the subsidiary Piaggio Vietnam;
- €/000 3,760 from the positive balance resulting from the allocation of the economic effects governed by the tax consolidation agreement in force.

Deferred taxes represent the economic effects of deferred tax assets and liabilities.
With regard to deferred tax liabilities during the year, new provisions of €/000 3,261 were recognised in the income statement and portions of provisions allocated in previous years of €/000 1,440 were released.
On the other hand, as regards deferred tax assets, new allocations to the income statement amounted to €/000 4,901, while the release of amounts set aside in previous years amounted to €/000 3,697.
The balance of taxes from previous years was positive at €/000 3,846. Temporary differences resulting from fiscal and civil misalignment are mainly related to depreciation, write-downs and provisions.

The reconciliation with the theoretical rate is shown in the table below:

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| INCOME TAX | | |
| Profit before tax | 111,172 | 96,526 |
| Theoretical rate | 24.00% | 24.00% |
| Theoretical tax | 26,681 | 23,166 |
| Effect of changes in Income Before Taxes due to the application of tax regulations | (10,663) | (11,385) |
| Reverse deferred IRES allocated in previous years on temporary variations | (1,425) | (801) |
| Reverse deferred IRES allocated in previous years on temporary variations | 918 | 1,598 |
| Reverse IRES advance allocated in previous years on tax losses | 2,637 | 2,637 |
| Taxes on income earned abroad | 5,381 | 5,430 |
| Taxes referring to previous years | (3,587) | 1,905 |
| Expenses (income) from Tax Consolidation | (3,760) | (3,832) |
| Tax effect of deferred IRES allocated on temporary variations | 3,181 | 1,876 |
| Tax effect of deferred IRES assets allocated on temporary variations | (2,043) | (516) |
| Tax effect of prior-year IRES on tax loss of previous years | (2,637) | (2,637) |
| REGIONAL BUSINESS TAX (IRAP) | | |
| IRAP on net production value for the year | 4,663 | 3,483 |
| IRAP referring to previous years | (259) | 337 |
| Reverse deferred IRAP allocated in previous years on temporary variations | (15) | (15) |
| Reverse deferred IRAP allocated in previous years on temporary variations | 142 | 220 |
| Tax effect of deferred IRAP allocated on temporary variations | 80 | 80 |
| Tax effect of deferred IRAP allocated on temporary variations | (221) | (77) |
| Other | 1,495 | |
| **Income tax recognised in the financial statements** | **20,568** | **21,469** |

Theoretical taxes were determined by applying the IRES rate in force in Italy (24%) to the pre-tax result. The impact of the IRAP rate was determined separately as this tax is not calculated on the basis of the pre-tax result.

Starting from 2024, Piaggio & C. S.p.A., as part of the larger Omniaholding S.p.A. Group (hereinafter also the "Omnia Group"), is required to apply the legislation referred to in Legislative Decree no. 27 December 2023, no. 209 which transposes EU Directive 2022/2523 at national level, in compliance with what was established by the OECD with the project called "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules" (so-called Pillar Two).
For the effects deriving from the application of Pillar Two, see what has already been reported in paragraph 14 "Taxes" of the Notes to the Consolidated Financial Statements.


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# C) INFORMATION ON OPERATING ASSETS AND LIABILITIES

## 14. Intangible assets €/000 632,688

Intangible assets increased by a total of €/000 20,102 as a result of investments net of divestments during the year and amortisation for the period.
The increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the acquisition of software.
Financial costs of €/000 3,660 were capitalised in the year 2023, applying an average interest rate of 4.73%.

The following table shows the breakdown of intangible assets as of 31 December 2022 and 31 December 2023, as well as the changes that occurred during the two financial years.

| IN THOUSANDS OF EUROS | SITUATION AT 31.12.2021 | MOVEMENTS FOR THE PERIOD | | | | | | SITUATION AS OF 31.12.2022 |
|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVEST-MENTS | TRANSI-TIONS IN THE PERIOD | AMORTISA-TION | DISPOSALS | IMPAIR-MENT | OTHER | NET VALUE |
| **Development costs** | **72,367** | **28,346** | **0** | **(24,026)** | **0** | **(1,708)** | **0** | **74,979** |
| In service | 57,626 | 16,440 | 8,671 | (24,026) | 0 | (1,708) | | 57,003 |
| Assets under development and advances | 14,741 | 11,906 | (8,671) | | | | | 17,976 |
| **Patent rights/KH** | **139,510** | **45,393** | **0** | **(43,641)** | **(24)** | **0** | **0** | **141,238** |
| In service | 102,663 | 18,973 | 22,575 | (43,641) | (24) | | | 100,546 |
| Assets under development and advances | 36,847 | 26,420 | (22,575) | | | | | 40,692 |
| **Trademarks** | **27,814** | **0** | **0** | **(66)** | **0** | **0** | **0** | **27,748** |
| In service | 27,814 | | | (66) | | | | 27,748 |
| **Goodwill** | **368,551** | **0** | **0** | **0** | **0** | **0** | **0** | **368,551** |
| In service | 368,551 | | | | | | | 368,551 |
| **Other** | **0** | **70** | **0** | **0** | **0** | **0** | **0** | **70** |
| In service | 0 | 70 | | | | | | 70 |
| Assets under development and advances | | | | | | | | |
| **Total** | **608,242** | **73,809** | **0** | **(67,733)** | **(24)** | **(1,708)** | **0** | **612,586** |
| In service | 556,654 | 35,483 | 31,246 | (67,733) | (24) | (1,708) | 0 | 553,918 |
| Assets under development and advances | 51,588 | 38,326 | (31,246) | 0 | 0 | 0 | 0 | 58,668 |

| IN THOUSANDS OF EUROS | SITUATION AS OF 31.12.2022 | MOVEMENTS FOR THE PERIOD | | | | | | SITUATION AS OF 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVESTMEN-TS | TRANSI-TIONS IN THE PERIOD | AMORTISA-TION | DISPOSALS | IMPAIR-MENT | OTHER | NET VALUE |
| **Development costs** | **74,979** | **31,221** | **0** | **(26,343)** | **0** | **(609)** | **38** | **79,286** |
| In service | 57,003 | 4,840 | 1,762 | (26,343) | 0 | (609) | 38 | 36,691 |
| Assets under development and advances | 17,976 | 26,381 | (1,762) | | | | | 42,595 |
| **Patent rights/KH** | **141,238** | **61,719** | **0** | **(45,714)** | **(76)** | **0** | **0** | **157,167** |
| In service | 100,546 | 9,143 | 8,099 | (45,714) | (76) | | | 71,998 |
| Assets under development and advances | 40,692 | 52,576 | (8,099) | | | | | 85,169 |
| **Trademarks** | **27,748** | **0** | **0** | **(66)** | **0** | **0** | **0** | **27,682** |
| In service | 27,748 | | | (66) | | | | 27,682 |
| **Goodwill** | **368,551** | **0** | **0** | **0** | **0** | **0** | **0** | **368,551** |
| In service | 368,551 | | | | | | | 368,551 |
| **Other** | **70** | **578** | **0** | **0** | **(646)** | **0** | **0** | **2** |
| In service | 70 | 578 | | | (646) | | | 2 |
| Assets under development and advances | | | | | | | | |
| **Total** | **612,586** | **93,518** | **0** | **(72,123)** | **(722)** | **(609)** | **38** | **632,688** |
| In service | 553,918 | 14,561 | 9,861 | (72,123) | (722) | (609) | 38 | 504,924 |
| Assets under development and advances | 58,668 | 78,957 | (9,861) | 0 | 0 | 0 | 0 | 127,764 |

### Development costs €/000 79,286

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 the costs incurred to be recovered.
With regard to development expenditure, the new projects capitalised during 2023 refer to the study of new vehicles and new engines that are the flagship products of the 2023-2025 range.
Financial costs attributable to the development of products that require a significant period of time to be realised are capitalised as part of the cost of the assets themselves. Development costs included in this item are amortised on a straight-line basis over a period of 3 to 5 years (lead products), in consideration of their remaining useful life.
During 2023, development costs amounting to approximately €/000 19,534 were carried as expenses directly in the income statement.
Pursuant to Article 2426(5) of the Italian Civil Code, it should be noted that shareholders' equity is unavailable for the value of development costs still to be amortised equal to €/000 79,286.

### Industrial patent and know how €/000 157,167

This item consists of patents for €/000 4,032, know-how for €/000 126,561 and software for €/000 26,574.
As far as software is concerned, the increase in the year amounted to €/000 7,930 and was substantially attributable to the purchase of various licences, as well as the implementation of projects in the sales, production, personnel and administrative areas.
Investments in know-how amounted to €/000 51,923 and mainly refer to new techniques and methods of calculation, design and production developed by the Company for the main new products in the 2023-2025 range.
Patent rights costs of €/000 1,866 were capitalised.
Costs for industrial patent and intellectual property rights are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

### Trademarks, Concessions and Licences €/000 27,682

Trademarks, concessions and licences are detailed as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Guzzi trademark | 9,750 | 9,750 | 0 |
| Aprilia trademark | 17,494 | 17,494 | 0 |
| Minor trademarks | 5 | 10 | (5) |
| Foton licence | 433 | 494 | (61) |
| **Total Brands** | **27,682** | **27,748** | **(66)** |

As they have had an indefinite useful life since 2021, the Moto Guzzi and Aprilia brands are no longer amortised but are tested annually for impairment, as provided for by IAS 36 - "Impairment of Assets" and described in more detail in the section on "Goodwill".
The Foton licence is amortised over a 10-year period expiring in 2031.
Other trademarks recognised in the Aprilia merger decreased in the year by €/000 5 following amortisation calculated on the basis of the relative useful life.

### Goodwill €/000 368,551

As noted with reference to accounting standards, since 1 January 2004, goodwill is no longer amortised, but is tested for impairment annually, or more frequently if specific events or changed circumstances indicate the possibility of impairment, in accordance with IAS 36 Impairment of Assets.
The recoverability of the recognised values is verified by comparing the net carrying amount of the individual cash-generating units with the recoverable value (value in use). This recoverable amount is represented by the present value of the future cash flows that are estimated to be derived from the continued use of the assets related to the cash-generating unit and the terminal value attributable to them.
The recoverability of goodwill is verified at least once a year (as of 31 December), even in the absence of indicators of impairment losses.
The main assumptions used by the Company to determine future cash flows, relative to a 4-year time horizon, and the resulting recoverable value (value in use) refer to:

a. a forecasted cash flow hypothesis for a four-year time horizon derived from budget data for the year 2024, approved by the Board of Directors of Piaggio & C. S.p.A. on 26 January 2024, supplemented by forecast data for the period 2025-2027, approved by the Board of Directors of the Company on 23 February 2024, together with the impairment test;
b. the WACC discount rate;
c. in addition to the explicit period, a growth rate (g rate) was estimated.

In particular, the Company has adopted a discount rate (WACC) which reflects the weighted average cost of capital calculated for the purpose of discounting cash flows on the basis of a weighting between the cost of debt and the cost of equity. This figure was prepared on the basis of values of comparable companies of Piaggio & C. S.p.A. and therefore operating in the same business sector, to reflect current market valuations of the cost of money and taking into account the specific risks of the business and geographic segment in which the cash-generating unit operates.
In determining the calculation of the discount rate (WACC), the company extrapolated data on the financial structure and beta index of comparable companies from main financial sources, as well as other parameters (i.e. risk free rate) based on market observations and in accordance with valuation practices.

In the discounted future cash flow model, a terminal value is entered at the end of the cash flow projection period to reflect the residual value that each cash-generating unit is expected to generate. The terminal value represents the present value, at the last year of the projection, of all subsequent cash flows calculated as a perpetual annuity, and was determined using a growth rate (g rate) differentiated by CGU.

| | EMEA AND AMERICAS | ASIA PACIFIC 2W | INDIA |
|---|---|---|---|
| **2023** | | | |
| WACC | 7.7% | 8.1% | 10.5% |
| G - rate | 1.5% | 2.0% | 2.5% |
| Sales growth rate over the Plan period | 2.4% | 8.6% | 13.1% |
| | | | |
| **2022** | | | |
| WACC | 7.3% | 8.3% | 10.6% |
| G - rate | 1.0% | 2.0% | 2.0% |
| Sales growth rate over the Plan period | 3.5% | 5.1% | 21.9% |

The medium to long-term growth rate (g rate) for determining the Terminal Value was considered reasonable and conservative in light of:
- analysts' expectations for the Company (source: most recent Analyst Reports);
- the long-term real GDP growth trend expected for the main countries in which the Company operates (source: Economist Intelligence Unit - EIU);
- the expected long-term inflation trend for the main countries where the Group operates (source: Economist Intelligence Unit - EIU);
- the expected long-term nominal production trend in the main countries where the Company operates for two-wheelers and commercial vehicles (source: Euromonitor).

The WACC was determined taking into account the specific reference scenarios of the different CGUs the Company compared to the previous year.

The cash flows for the Plan period reflect a sales growth rate in line with the expected trend in the sector, and a margins consistent with the results achieved in the last financial year.
The analyses conducted did not identify any impairment losses. Therefore, no impairment was recorded in the corporate figures as of 31 December 2023.
In addition, and on the basis of information in the document produced jointly by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009, the Company conducted sensitivity analysis of test results in relation to changes in basic assumptions (use of the growth rate in producing the terminal value and discount rate) which affect the value in use of cash generating units. In the case of a positive or negative change of 0.5% of the WACC and G-Rate used, analyses would not identify impairment losses.
In all cases, the value in use of the Company was higher than the net carrying amount tested.

In addition, the Company has always paid special attention to sustainable mobility and to safeguarding all ESG-related matters and in 2023 presented a Decarbonisation Plan with time horizons of 2030 and 2050. The Company has been implementing internal processes for several years to analyse and assess short and medium/long-term risks and opportunities related to climate change and the reduction of polluting emissions. Therefore, in preparing the 2024 budget and the 2025-2027 plan and in drawing up the accounting estimates contained therein, Management considered the impacts on investments, costs and cash flows of the following elements:
- research into new technologies, focussing on future mobility to address new urbanisation;
- significant increase in investment in electric vehicles (2-3-4 wheelers);
- investments in the active and passive safety of all vehicles;
- energy transition costs (energy and raw material costs) roughly in line over the plan period with the costs incurred in 2023 and

not prudently transferred to revenues;
- stated objectives in the Decarbonisation Plan, with particular reference to initiatives aimed at reducing emissions by 2030, as more fully described in the non-financial statement.

The analyses carried out as part of the impairment test did not identify any elements requiring write-downs of balance sheet assets.
Since the recoverable amount has been determined on the basis of estimates, the Company cannot guarantee that there will be no impairment of goodwill in future periods.
Given the current market uncertainty, the various factors used in making estimates could be revised; the Company will constantly monitor these factors and the existence of impairment losses.

Other intangible assets €/000 2

The item also includes €/000 2 for purchases of ETS certificates made during the year and still in the portfolio. For more details on the "Emission Trading Directive (Directive 2003/87/EC) which established the ETS certificate trading system please refer to Note 10 Other operating costs.

## 15. Property, plant and equipment €/000 164,681

Property, plant and equipment decreased by a total of €/000 6,882.
Investments for the period amounted to €/000 20,544 and mainly refer to moulds for new vehicles and engines that will be launched in the following year, crankshaft machining lines, engine test benches and the Pontedera experimental workshop.
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.
Financial costs of €/000 369 were capitalised in the year 2023, applying an average interest rate of 4.73%.
The following table shows the breakdown of property, plant and equipment as of 31 December 2022 and 31 December 2023, as well as the changes that occurred during the two financial years.

| IN THOUSANDS OF EUROS | SITUATION AT 31.12.2021 | MOVEMENTS FOR THE PERIOD | | | | | | SITUATION AS OF 31.12.2022 |
|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVEST-MENTS | TRANSI-TIONS IN THE PERIOD | DEPRECIA-TION | DISPOSALS | IMPAIR-MENT | OTHER | NET VALUE |
| **Land** | **27,640** | **0** | **0** | **0** | **0** | **0** | **0** | **27,640** |
| In service | 27,640 | | | | | | | 27,640 |
| **Buildings** | **64,690** | **3,097** | **0** | **(4,318)** | **0** | **0** | **0** | **63,469** |
| In service | 62,336 | 1,708 | 1,336 | (4,318) | | | | 61,062 |
| Assets under construction and advances | 2,354 | 1,389 | (1,336) | | | | | 2,407 |
| **Plant and machinery** | **39,888** | **4,371** | **0** | **(7,043)** | **(8)** | **0** | **0** | **37,208** |
| In service | 37,800 | 3,742 | 1,521 | (7,043) | (8) | | | 36,012 |
| Assets under construction and advances | 2,088 | 629 | (1,521) | | | | | 1,196 |
| **Equipment** | **41,528** | **13,107** | **0** | **(14,915)** | **0** | **0** | **0** | **39,720** |
| In service | 34,217 | 10,513 | 6,924 | (14,915) | | | | 36,739 |
| Assets under construction and advances | 7,311 | 2,594 | (6,924) | | | | | 2,981 |
| **Other assets** | **3,112** | **1,541** | **0** | **(1,127)** | **0** | **0** | **0** | **3,526** |
| In service | 2,886 | 1,099 | 202 | (1,127) | | | | 3,060 |
| Assets under construction and advances | 226 | 442 | (202) | | | | | 466 |
| **Total** | **176,858** | **22,116** | **0** | **(27,403)** | **(8)** | **0** | **0** | **171,563** |
| In service | 164,879 | 17,062 | 9,983 | (27,403) | (8) | 0 | 0 | 164,513 |
| Assets under construction and advances | 11,979 | 5,054 | (9,983) | 0 | 0 | 0 | 0 | 7,050 |

| IN THOUSANDS OF EUROS | SITUATION AS OF 31.12.2022 | MOVEMENTS FOR THE PERIOD | | | | | | SITUATION AS OF 31.12.2023 |
|---|---|---|---|---|---|---|---|---|
| | NET VALUE | INVESTMENTS | TRANSITIONS IN THE PERIOD | DEPRECIATION | DISPOSALS | IMPAIRMENT | OTHER | NET VALUE |
| **Land** | **27,640** | **0** | **0** | **0** | **0** | **0** | **0** | **27,640** |
| In service | 27,640 | 0 | 0 | 0 | 0 | 0 | 0 | 27,640 |
| **Buildings** | **63,469** | **2,631** | **0** | **(4,377)** | **0** | **(240)** | **0** | **61,483** |
| In service | 61,062 | 1,761 | 1,310 | (4,377) | 0 | (240) | 0 | 59,516 |
| Assets under construction and advances | 2,407 | 870 | (1,310) | 0 | 0 | 0 | 0 | 1,967 |
| **Plant and machinery** | **37,208** | **5,988** | **0** | **(6,481)** | **(29)** | **0** | **0** | **36,686** |
| In service | 36,012 | 3,602 | 846 | (6,481) | (29) | | | 33,950 |
| Assets under construction and advances | 1,196 | 2,386 | (846) | | | | | 2,736 |
| **Equipment** | **39,720** | **8,846** | **0** | **(15,062)** | **(59)** | **0** | **0** | **33,445** |
| In service | 36,739 | 4,006 | 1,337 | (15,062) | (59) | | 0 | 26,961 |
| Assets under construction and advances | 2,981 | 4,840 | (1,337) | | | | 0 | 6,484 |
| **Other assets** | **3,526** | **3,079** | **0** | **(1,185)** | **0** | **0** | **7** | **5,427** |
| In service | 3,060 | 1,935 | 466 | (1,185) | | | 7 | 4,283 |
| Assets under construction and advances | 466 | 1,144 | (466) | | | | | 1,144 |
| **Total** | **171,563** | **20,544** | **0** | **(27,105)** | **(88)** | **(240)** | **7** | **164,681** |
| In service | 164,513 | 11,304 | 3,959 | (27,105) | (88) | (240) | 7 | 152,350 |
| Assets under construction and advances | 7,050 | 9,240 | (3,959) | 0 | 0 | 0 | 0 | 12,331 |

### Land €/000 27,640

The value of land is unchanged from the previous year.

### Buildings €/000 61,483

Buildings decreased by a total of €/000 1,986. The negative difference originates from new investments made during the year for €/000 2,631, from the decrease generated by depreciation for the period for €/000 4,377 and write-downs for €/000 240.
Capital expenditure refers to operating buildings and mainly to work carried out at the Pontedera, Mandello del Lario, Noale and Scorzè plants.
During the period, capitalisation of €/000 3,071 came into effect, of which €/000 1,310 related to investments made in previous years.

### Plant and machinery €/000 36,686

The item decreased by a total of €/000 522. The negative difference is due to new investments made during the year for €/000 5,988, the decrease generated by depreciation for the period for €/000 6,481 and the disposal of residual costs for €/000 29.
Capitalisation mainly related to investments in new vehicle production lines and the purchase of new machinery for mechanical processing.
During the period, capitalisation of €/000 4,448 came into effect, of which €/000 846 related to investments made in previous years.

### Equipment €/000 33,445

This item decreased by a total of €/000 6,275. The negative difference arises from depreciation for the period for €/000 15,062, new investments for €/000 8,846 and the disposal of residual costs for €/000 59.
Capitalisation relates to moulds for new vehicles launched during the year or scheduled to be launched within the first half of the next year, moulds for new engines and specific equipment for assembly lines.
During the period, capitalisation of €/000 5,343 came into effect, of which €/000 1,337 related to investments made in previous years.

### Other plant, property and equipment €/000 5,427

The item increased by a total of €/000 1,901. The positive difference is due to new investments made during the year for €/000 3,079 partially offset by depreciation for the period for €/000 1,185 and other movements for €/000 7.
During the period, capitalisation of €/000 2,401 came into effect, of which €/000 466 related to investments made in previous years.

### Guarantees

As of 31 December 2023, the Company had no buildings encumbered by mortgages towards financing institutions to guarantee loans obtained in previous years.

## 16. Rights of Use

This note provides information on lease agreements.

### Assets for rights of use €/000 14,013

The item 'Rights of Use' includes operating leases and finance leases for the use of real estate.
The Company has entered into rental agreements for offices, factories, warehouses, guest quarters, cars and forklift trucks. Lease agreements typically have a fixed term but may also provide for an extension option. These agreements may also include service components.
The Company has decided to include only the rental component in the valuation 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.
The table below shows the breakdown of rights of use as of 31 December 2023, as well as changes during the period.

| IN THOUSANDS OF EUROS | LAND | BUILDINGS | PLANT AND MACHINERY | EQUIPMENT | OTHER ASSETS | TOTAL |
|---|---|---|---|---|---|---|
| **Number as of 31 12 2022** | **0** | **2,284** | **7,275** | **0** | **691** | **10,250** |
| Increases | | 5,120 | | | 2,488 | 7,608 |
| Amortisation/Depreciation | | (1,612) | (856) | | (915) | (3,383) |
| Decreases | | (461) | | | (1) | (462) |
| **Movements 2023** | **0** | **3,047** | **(856)** | **0** | **1,572** | **3,763** |
| **Number as of 31 12 2023** | **0** | **5,331** | **6,419** | **0** | **2,263** | **14,013** |

### Financial receivables from subsidiaries for rights of use €/000 416

The Company sublets part of a rented property to Piaggio Concept Store Mantova.

### Liabilities for rights of use €/000 11,597

The composition of and changes in financial liabilities for rights of use are illustrated in Note 34 'Financial Liabilities for Rights of Use', to which is reference is made.

### Amounts recognised in the Income Statement

The income statement includes the following amounts in respect of lease agreements:

| IN THOUSANDS OF EUROS | NOTE | 2023 | 2022 | CHANGE |
|---|---|---|---|---|
| Depreciation of rights of use | 7 | 3,383 | 3,646 | (263) |
| Financial costs for rights of use | 12 | 464 | 256 | 208 |
| Rental payments (no IFRS 16) | 5 | 13,897 | 13,241 | 656 |

In 2023, lease agreements subject to the application of IFRS 16 resulted in a cash outflow of €/000 3,941.

### 17. Deferred tax assets €/000 48,964

In accordance with IAS 12, this item shows the net balance of deferred tax assets and liabilities. The composition of this net balance is shown in the table below:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Deferred tax assets | 59,026 | 56,658 | 2,368 |
| Deferred tax liabilities | (10,062) | (8,183) | (1,879) |
| **Total** | **48,964** | **48,475** | **489** |

Deferred tax assets totalled €/000 59,026 compared to €/000 56,658 as of 31 December 2022, showing an increase of €/000 2,368.
The balance of deferred tax assets as of 31 December 2023 refers to:
- €000 27,394 for allocations made on temporary changes;
- €/000 31,632 for allocations made for tax losses generated within the National Tax Consolidation scheme whose consolidating company is IMMSI S.p.A..

The positive change of €/000 2,368 generated during the year is attributable to:
- €/000 3,697 from the reversal to the income statement of deferred tax assets recognised in previous years;
- €/000 37 from the reversal to the statement of comprehensive income of deferred tax assets recognised in previous years;
- €/000 4,901 from the recognition of new deferred tax assets in the income statement;
- €/000 1,201 from the recognition of new deferred tax assets in the statement of comprehensive income.

The Company is part of the national tax consolidation scheme governed by Articles 117 and following of the Consolidated Act on Income Tax (TUIR) as a consolidated company. Therefore, in line with the tax consolidation contract stipulated with the consolidating company IMMSI S.p.A., the recoverability of deferred tax assets was made on the basis of the Group's foreseeable taxable income deducible from the consolidating company's long-term plans, as well as on the basis of the plan approved by the Board of Directors of Piaggio & C. S.p.A. on 23 February 2024.

The table below provides a breakdown of the items subject to deferred tax assets as well as the amount of deferred tax assets already recognised and those not recognised.
Overall, changes in deferred tax assets can be summarised as follows:

| IN THOUSANDS OF EUROS | AMOUNT | TAX EFFECT 24% | TAX EFFECT 3.9% |
|---|---|---|---|
| Nacional Motor goodwill | 8,656 | 2,077 | 338 |
| Derbi trademark | 4,225 | 1,014 | 165 |
| Provisions for risks | 10,220 | 2,453 | 396 |
| Provision for product warranties | 13,864 | 3,327 | 541 |
| Provision for bad debts | 17,122 | 4,109 | |
| Provision for obsolete stock | 24,319 | 5,837 | 948 |
| Other changes | 18,411 | 4,326 | 543 |
| **Total on provisions and other changes** | **96,817** | **23,143** | **2,931** |
| 2011 tax loss transferred to IMMSI | 1,024 | 246 | |
| 2012 tax loss transferred to IMMSI | 26,625 | 6,390 | |
| 2013 tax loss transferred to IMMSI | 30,553 | 7,333 | |
| 2014 tax loss transferred to IMMSI | 18,668 | 4,480 | |
| 2015 tax loss transferred to IMMSI | 23,167 | 5,560 | |
| 2016 tax loss transferred to IMMSI | 7,621 | 1,829 | |
| 2017 tax loss transferred to IMMSI | 17,850 | 4,284 | |
| 2018 tax loss transferred to IMMSI | 1,892 | 454 | |
| 2019 tax loss transferred to IMMSI | 4,400 | 1,056 | |
| **Total on tax losses** | **131,800** | **31,632** | **0** |
| **Losses from valuation of financial instruments at fair value** | | **1,320** | |
| **Deferred tax assets already recognised** | | **59,026** | |
| **Unrecognised deferred tax assets and other changes** | | **0** | |

| IN THOUSANDS OF EUROS | VALUES AS OF 31 DECEMBER 2022 | PORTION RELEASED TO THE INCOME STATEMENT | PORTION RELEASED TO THE STATEMENT OF COMPREHENSIVE INCOME | PORTION ALLOCATED TO THE INCOME STATEMENT | PORTION ALLOCATED TO THE STATEMENT OF COMPREHENSIVE INCOME | VALUES AS OF 31 DECEMBER 2023 |
|---|---|---|---|---|---|---|
| DEFERRED TAX ASSETS FOR: | | | | | | |
| Temporary changes | 25,026 | (3,697) | (37) | 4,901 | 1,201 | 27,394 |
| Losses generated in the context of tax consolidation | 31,632 | | | | | 31,632 |
| **Total** | **56,658** | **(3,697)** | **(37)** | **4,901** | **1,201** | **59,026** |

As of 31 December 2023, deferred tax liabilities totalled €/000 10,062, compared to €/000 8,183 as of 31 December 2022, showing an increase of €/000 1,879.

They refer to:
- €/000 2,721 for the capital gain recognised by the merged company Aprilia in 2005 on buildings, already held under a lease, repurchased by Aprilia Leasing S.p.A.;
- €/000 1,036 for temporary changes in taxable income that will largely cancel themselves out in the next financial year;
- €/000 4,128 for future dividend distributions subject to foreign taxes;
- €/000 1,722 for amortisation charges deducted on goodwill and trademark values recognised for tax purposes;
- €/000 455 for costs deducted for tax purposes outside of accounting related to the application of IAS/IFRS.

The overall increase for the period of €/000 1,879 determined by new provisions of €/000 3,448, of which €/000 187 to the statement of comprehensive income, and by the release of the accrued portion of €/000 1,569, of which€/000 129 to the statement of comprehensive income.

Deferred tax assets and liabilities were determined by applying the tax rate in force in the year in which the temporary differences will reverse.

## 18. Inventories €/000 220,901

This item comprises:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Raw materials and consumables | 114,097 | 136,344 | (22,247) |
| Provision for write-down | (6,849) | (4,930) | (1,919) |
| **Net value** | **107,248** | **131,414** | **(24,166)** |
| Work in progress and semi-finished products | 24,965 | 28,508 | (3,543) |
| Provision for write-down | (1,933) | (852) | (1,081) |
| **Net value** | **23,032** | **27,656** | **(4,624)** |
| Finished products and goods | 106,044 | 103,469 | 2,575 |
| Provision for write-down | (15,537) | (15,395) | (142) |
| **Net value** | **90,507** | **88,074** | **2,433** |
| Advances | 114 | 283 | (169) |
| **Total** | **220,901** | **247,427** | **(26,526)** |

As of 31 December 2023, inventories showed a decrease of €/000 26,526.
The provision for write-down is calculated to align the value of inventories to their presumed realisable value, recognising obsolescence and slow rotation where necessary. The movements are summarised in the table below:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2022 | USE | PROVISIONS | AS OF 31 DECEMBER 2023 |
|---|---|---|---|---|
| Raw materials | 4,930 | - | 1,919 | 6,849 |
| Work in progress and semi-finished products | 852 | - | 1,081 | 1,933 |
| Finished products and goods | 15,395 | (2,408) | 2,550 | 15,537 |
| **Total** | **21,177** | **(2,408)** | **5,550** | **24,319** |

## 19. Trade receivables (current) €/000 52,848

Trade receivables included in current assets decreased by €/000 12,274.
In both periods under analysis, there were no trade receivables included in non-current assets.

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Receivables from customers | 3,524 | 7,164 | (3,640) |
| Trade receivables from subsidiaries | 48,939 | 57,497 | (8,558) |
| Trade receivables from associates | 376 | 452 | (76) |
| Trade receivables from parent companies | 9 | 9 | - |
| **Total** | **52,848** | **65,122** | **(12,274)** |

Trade receivables are shown net of a provision for bad debts of €/000 23,117.
Trade receivables consist of receivables referring to normal sales transactions and include receivables in foreign currency for a total countervalue, at the exchange rate of 31 December 2023, taking into account existing hedges on exchange risks, of €/000 38,025.

The item "Receivables due from customers" includes invoices to be issued for €/000 704 relative to normal commercial transactions and credit notes to be issued for €/000 19,426 mainly relative to bonuses for achieving objectives to be paid to the sales network in Italy and abroad.
Receivables from customers are normally assigned to factoring companies and mostly on a non-recourse basis with early collection.
The Company sells a large part of its trade receivables with and without recourse. The contractual structure that Piaggio has formalised with important Italian and foreign factoring companies pursues various objectives, such as optimising, monitoring and managing credit, the possibility of offering its customers the means for financing stock, and, as regards non-recourse sales only, the substantial transfer of the risks and benefits. As of 31 December 2023, outstanding trade receivables sold without recourse totalled €/000 103,340. Piaggio received the consideration for these receivables before their natural due date for €/000 102,325.
As of 31 December 2023, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 7,648 with a counter-entry recognised in current liabilities.
Changes in the provision for bad debts from customers were as follows:

| IN THOUSANDS OF EUROS | |
|---|---|
| **Opening balance as of 1 January 2023** | **22,514** |
| Decreases due to use in the income statement | (9) |
| Increases for provisions | 612 |
| **Closing balance as of 31 December 2023** | **23,117** |

During the reporting period, the provision for bad debts with customers was used to cover losses in the amount of €/000 9.
Provisions were made for risks arising from the measurement of the relevant receivables as of 31 December 2023.
Trade receivables from subsidiaries and associates refer to the supply of products at normal market conditions.

## 20. Other receivables (current and non-current) €/000 164,941

This item can be broken down as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS |
| From subsidiaries | 97,832 | | 97,832 | 116,512 | | 116,512 | (18,680) | 0 | (18,680) |
| From associates | 604 | | 604 | 572 | | 572 | 32 | 0 | 32 |
| From parent companies | 30,422 | | 30,422 | 22,989 | | 22,989 | 7,433 | 0 | 7,433 |
| Receivables from employees | 1,615 | 2 | 1,617 | 237 | 2 | 239 | 1,378 | 0 | 1,378 |
| Receivables from social security institutions | 190 | | 190 | 117 | | 117 | 73 | 0 | 73 |
| Supplier balances | 356 | | 356 | 167 | | 167 | 189 | 0 | 189 |
| Invoices and credits to be issued | 2,800 | | 2,800 | 2,171 | | 2,171 | 629 | 0 | 629 |
| Sundry receivables from third parties | 2,204 | 6,391 | 8,595 | 813 | 6,391 | 7,204 | 1,391 | 0 | 1,391 |
| Fair value of derivatives | 4,573 | 168 | 4,741 | 5,530 | 582 | 6,112 | (957) | (414) | (1,371) |
| Other receivables | 8,830 | 8,954 | 17,784 | 10,015 | 10,381 | 20,396 | (1,185) | (1,427) | (2,612) |
| **Total** | **149,426** | **15,515** | **164,941** | **159,123** | **17,356** | **176,479** | **(9,697)** | **(1,841)** | **(11,538)** |

Receivables from social security institutions essentially refer to receivables from INPS for contribution allowances.
The item "Other non-current receivables" includes guarantee deposits for €/000 571 and deferred charges for €/000 8,381.
Receivables from employees refer to advances paid for travel, sickness and accidents, contractual advances, cash funds, etc.
Sundry receivables from third parties mainly refer to receivables from domestic and foreign entities originating from transactions unrelated to the core business.
Other current receivables are shown net of a provision for write-down of €/000 6,608.
Changes in the provision for sundry bad debts were as follows:

| IN THOUSANDS OF EUROS | |
|---|---|
| **Opening balance as of 1 January 2023** | **6,536** |
| Decreases for use | (21) |
| Increases for provisions | 93 |
| **Closing balance as of 31 December 2023** | **6,608** |

During the valuation of related receivables as of 31 December 2023, the need for an additional provision of €/000 93 arose.

## 21. Tax receivables (current and non-current) €/000 6,998

The composition of tax receivables is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS |
| Tax receivables: | | | | | | | | | |
| - VAT | 2,051 | 272 | 2,323 | 8,219 | 282 | 8,501 | (6,168) | (10) | (6,178) |
| - income tax | 36 | 465 | 501 | 36 | 405 | 441 | - | 60 | 60 |
| - others | 2,680 | 1,494 | 4,174 | 6,993 | 1,809 | 8,802 | (4,313) | (315) | (4,628) |
| **Total** | **4,767** | **2,231** | **6,998** | **15,248** | **2,496** | **17,744** | **(10,481)** | **(265)** | **(10,746)** |

## 22.Breakdown of operating receivables by valuation methodology applied

The following table shows the breakdown of operating receivables by valuation methodology applied:

| IN THOUSANDS OF EUROS | ASSETS AT FVPL | ASSETS AT FVOCI | FINANCIAL DERIVATIVES | ASSETS AT AMORTISED COST | TOTAL |
|---|---|---|---|---|---|
| OPERATING ASSETS AS OF 31 DECEMBER 2023 | | | | | |
| **Non-current assets** | | | | | |
| Tax receivables | | | | 2,231 | 2,231 |
| Other receivables | | | 168 | 15,347 | 15,515 |
| **Total non-current operating receivables** | **0** | **0** | **168** | **17,578** | **17,746** |
| **Current assets** | | | | | |
| Trade receivables | | | | 52,848 | 52,848 |
| Other receivables | | | 4,573 | 144,853 | 149,426 |
| Tax receivables | | | | 4,767 | 4,767 |
| **Total current operating receivables** | **0** | **0** | **4,573** | **202,468** | **207,041** |
| **Total** | **0** | **0** | **4,741** | **220,046** | **224,787** |
| OPERATING ASSETS AS OF 31 DECEMBER 2022 | | | | | |
| **Non-current assets** | | | | | |
| Tax receivables | | | | 2,496 | 2,496 |
| Other receivables | | | 582 | 16,774 | 17,356 |
| **Total non-current operating receivables** | **0** | **0** | **582** | **19,270** | **19,852** |
| **Current assets** | | | | | |
| Trade receivables | | | | 65,035 | 65,035 |
| Other receivables | | | 5,530 | 153,593 | 159,123 |
| Tax receivables | | | | 15,248 | 15,248 |
| **Total current operating receivables** | **0** | **0** | **5,530** | **233,876** | **239,406** |
| **Total** | **0** | **0** | **6,112** | **253,146** | **259,258** |

## 23. Receivables due after 5 years — €/000 0

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

### 24. Trade payables (current) €/000 409,470

Trade payables are all included in current liabilities.

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| CURRENT LIABILITIES: | | | |
| Amounts due to suppliers | 382,643 | 447,822 | (65,179) |
| Trade payables to subsidiaries | 20,474 | 24,886 | (4,412) |
| Trade payables due to associates | 6,027 | 9,403 | (3,376) |
| Trade payables due to parent companies | 326 | 307 | 19 |
| **Total** | **409,470** | **482,418** | **(72,948)** |

Amounts due to suppliers consist of payables arising from the purchase of materials, goods and services for business operations for €/000 365,449 and the purchase of fixed assets for €/000 17,194.
The item includes payables in foreign currency for a total countervalue, at the exchange rate of 31 December 2023, taking into account existing exchange risk hedges, of €/000 82,397.
To facilitate credit conditions for its suppliers, the Company has used indirect factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements, as described in more detail in the section "valuation criteria adopted by the company", to which reference is made. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.
As of 31 December 2023, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 199,219 (€/000 238,280 as of 31 December 2022).

### 25. Provisions (current and non-current portion) €/000 24,985

| IN THOUSANDS OF EUROS | BALANCE AS OF 31 DECEMBER 2022 | PROVISIONS | USES | RECLASSIFICA-TIONS | BALANCE AS OF 31 DECEMBER 2023 |
|---|---|---|---|---|---|
| **Provisions for Risks** | | | | | |
| Provision for contractual risks | 6,000 | 2,000 | - | - | 8,000 |
| Risk provision for legal disputes | 1,720 | 500 | - | - | 2,220 |
| *Total provisions for risks* | *7,720* | *2,500* | *0* | - | *10,220* |
| **Provisions for Expenses** | | | | | |
| Provision for product warranties | 14,326 | 7,200 | (7,662) | - | 13,864 |
| Other Provisions | 85 | 6 | (66) | - | 25 |
| Provision for environmental remediation | 390 | - | - | - | 390 |
| Provision for environmental certificates and emission quotas | 513 | 486 | (513) | - | 486 |
| *Total provisions for expenses* | *15,314* | *7,692* | *(8,241)* | - | *14,765* |
| **Total provisions for risks and charges** | **23,034** | **10,192** | **(8,241)** | **-** | **24,985** |

The breakdown of provisions for risks is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS |
| Provision for product warranties | 9,705 | 4,159 | 13,864 | 10,028 | 4,298 | 14,326 | (323) | (139) | (462) |
| Provisions for promotional expenses | 6 | - | 6 | 6 | - | 6 | - | - | - |
| Provision for prize competitions | 19 | - | 19 | 79 | - | 79 | (60) | - | (60) |
| Provision for contractual risks | - | 8,000 | 8,000 | - | 6,000 | 6,000 | - | 2,000 | 2,000 |
| Risk provision for legal disputes | 500 | 1,720 | 2,220 | - | 1,720 | 1,720 | 500 | - | 500 |
| Provision for environmental remediation | - | 390 | 390 | - | 390 | 390 | - | - | - |
| Provision for environmental certificates and emission quotas | 486 | - | 486 | 513 | - | 513 | - 27 | - | (27) |
| **Total** | **10,716** | **14,269** | **24,985** | **10,626** | **12,408** | **23,034** | **90** | **1,861** | **1,951** |

The provision for contractual risks essentially refers to costs that may arise from supply contracts.
The risk provision for legal disputes concerns labour litigation and other legal proceedings.
Provision for product warranties refer to potential liabilities related to the sale of products. It relates to accruals for technical warranty work on serviceable products that are expected to be performed over the contractual warranty period. This period varies according to the type of goods sold and the sales market and by customers having a scheduled maintenance commitment.
The warranty provision increased during the year by €/000 7,200 for new provisions and was used for expenses incurred related to sales in previous years for €/000 7,662.
The provision for ETS certificates refers to the provision made by the Company for the costs it will have to incur for the purchase of ETS certificates to be returned to the Authority by next 30 September. For more details on the Emission Trading Directive (Directive 2003/87/EC), which established the ETS certificate trading system, see Note 10 Other Operating Costs.

## 26. Retirement funds and employee benefits €/000 23,534

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Provisions for pensions | 118 | 108 | 10 |
| Termination benefits provision | 23,416 | 24,115 | (699) |
| **Total** | **23,534** | **24,223** | **(689)** |

The provision for pensions mainly consists of the provision for agents' termination indemnity, representing the indemnities due to agents in the event of termination of the agency contract due to events not attributable to them. During the year, the above fund was increased by €/000 10 for indemnities accrued during the period.

Changes in the provision for termination benefits are as follows:

| IN THOUSANDS OF EUROS | |
|---|---|
| **Opening balance as of 1 January 2023** | **24,115** |
| Operating cost | 8,564 |
| Actuarial losses recognised under Shareholders' equity | 983 |
| Interest cost | 811 |
| Uses and Transfers to Retirement Funds | (11,057) |
| **Closing balance as of 31 December 2023** | **23,416** |

### Economic-technical assumptions

The economic/technical assumptions used to discount the value are shown in the table below:

| | |
|---|---|
| Technical annual discount rate | 3.08% |
| Annual inflation rate | 2.00%. |
| Annual rate of increase in termination benefit | 3.00% |

As regards the discount rate, the Company uses the iBoxx Corporates AA index with a duration 7-10 as a benchmark for the valuation of this parameter. If instead the iBoxx Corporates A index with duration 7-10 had been used, the value of actuarial losses and the value of the provision as of 31 December 2023 would have been lower by €/000 575.

The following table shows, as of 31 December 2023, the effects in absolute terms that would have occurred as a result of changes in reasonably possible actuarial assumptions:

| IN THOUSANDS OF EUROS | TERMINATION BENEFITS PROVISION |
|---|---|
| Turnover rate +2% | 23,544 |
| Turnover rate -2% | 23,266 |
| Inflation rate +0.25% | 23,715 |
| Inflation rate - 0.25% | 23,121 |
| Discount rate +0.50% | 22,498 |
| Discount rate -0.50% | 24,388 |

The average financial duration of the liabilities is 9 years.

Estimated future amounts are equal to:

| | IN THOUSANDS OF EUROS |
|---|---|
| YEAR | FUTURE AMOUNTS |
| 1 | 1,623 |
| 2 | 1,001 |
| 3 | 1,462 |
| 4 | 701 |
| 5 | 1,744 |

## 27. Tax payables (current and non-current) €/000 8,120

The composition of tax payables is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS |
| Due for income tax | 3,190 | | 3,190 | 3,488 | | 3,488 | (298) | 0 | (298) |
| Other tax payables for: | | | | | | | | | |
| - VAT | 424 | | 424 | 1,062 | | 1,062 | (638) | 0 | (638) |
| - Withholding taxes | 4,266 | | 4,266 | 4,254 | | 4,254 | 12 | 0 | 12 |
| - Tax payment notices and taxes to be paid | 4 | | 4 | 68 | | 68 | (64) | 0 | (64) |
| - Stamp duty paid virtually | 236 | | 236 | 37 | | 37 | 199 | 0 | 199 |
| Total other payables to tax authorities | 4,930 | - | 4,930 | 5,421 | - | 5,421 | (491) | 0 | (491) |
| **Total** | **8,120** | **0** | **8,120** | **8,909** | **0** | **8,909** | **(789)** | **0** | **(789)** |

Income tax payables refer for €/000 1,807 to taxes payable abroad on income generated in 2023 mainly for royalties, technical consultancy and other services rendered to the subsidiary Piaggio Vietnam and for €/000 1,383 for IRAP payable.
The IRAP payable is stated offset against relative receivables. The IRAP payable for the year amounted to €/000 4,663.
Payables for withholding taxes refer to income from employment, self-employment and commissions.

## 28. Other payables (current and non-current) €/000 115,580

The composition of other payables is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS |
| Payables to subsidiaries | 9,932 | | 9,932 | 23,303 | | 23,303 | (13,371) | 0 | (13,371) |
| Payables to associates | 110 | | 110 | 114 | | 114 | (4) | 0 | (4) |
| Payables to parent companies | 42,169 | | 42,169 | 26,150 | | 26,150 | 16,019 | 0 | 16,019 |
| Payables to employees | 17,347 | | 17,347 | 18,095 | | 18,095 | (748) | 0 | (748) |
| Payables to social security institutions | 7,308 | | 7,308 | 7,961 | | 7,961 | (653) | 0 | (653) |
| Payables to corporate bodies | 798 | | 798 | 743 | | 743 | 55 | 0 | 55 |
| Liabilities for non-final contributions | 254 | | 254 | 318 | | 318 | (64) | 0 | (64) |
| Payables for financial statement assessments | 771 | | 771 | 261 | | 261 | 510 | 0 | 510 |
| Customer balance | 7,342 | | 7,342 | 6,511 | | 6,511 | 831 | 0 | 831 |
| Payables from the measurement of financial instruments at fair value | 5,927 | 52 | 5,979 | 3,062 | | 3,062 | 2,865 | 52 | 2,917 |
| Accrued expenses | 6,515 | | 6,515 | 3,830 | | 3,830 | 2,685 | 0 | 2,685 |
| Deferred income | 7,494 | 3,052 | 10,546 | 2,298 | 6,585 | 8,883 | 5,196 | (3,533) | 1,663 |
| Other payables | 6,439 | 70 | 6,509 | 4,923 | 70 | 4,993 | 1,516 | 0 | 1,516 |
| **Total** | **112,406** | **3,174** | **115,580** | **97,569** | **6,655** | **104,224** | **14,837** | **(3,481)** | **11,356** |

Relative to the non-current portion:
- deferred income is made up of €/000 1,682 for grants to be recognised in the income statement in relation to depreciation, €/000 74 for royalties collected pertaining to years after 2023, €/000 1,247 for income related to the extension of vehicle warranties pertaining to years after 2023 and €/000 49 for income related to scheduled maintenance packages also pertaining to years after 2023;
- other payables of €/000 70 relate to a security deposit.

Relative to the current portion:
- payables to employees mainly refer to accrued and untaken holidays for €/000 10,649 and other remuneration to be paid for €/000 6,699;
- grants of €/000 254 refer to disbursements received for ongoing research projects that have not yet been definitively acquired;
- customer balances essentially refer to bonuses paid for the achievement of targets that will be paid after year-end and from credit notes for returns;
- the item Fair Value of derivative instruments is composed of hedging transactions accounted for according to the cash flow hedge principle and detailed as follows: fair value of hedging transactions on exchange risk on forecast transactions (€/000 5,275); fair value of hedging transactions on commodities (€/000 652).
- deferred income comprises €/000 4,785 for grants for research activities to be charged to the income statement in relation to depreciation, €/000 65 for commissions pertaining to future years, €/000 264 for royalties, €/000 2,234 for income related to the extension of vehicle warranties and €/000 146 for income related to scheduled maintenance packages;
- accrued expenses refer to €/000 2,454 for interest on loans, €/000 3,947 for interest on bonds, €/000 49 for interest on lease agreements and €/000 64 for other minor amounts;
- the item other payables is composed of €/000 5,176 for advances received.

## 29. Breakdown of operating payables by valuation methodology applied

The following table shows the breakdown of operating liabilities by valuation method applied:

| IN THOUSANDS OF EUROS | DERIVATIVES AT FVPL | FINANCIAL DERIVATIVES | LIABILITIES AT AMORTISED COST | TOTAL |
|---|---|---|---|---|
| OPERATING LIABILITIES AS OF 31 DECEMBER 2023 | | | | |
| **Non-current liabilities** | | | | |
| Other payables | | 52 | 3,122 | 3,174 |
| **Total non-current liabilities** | **-** | **52** | **3,122** | **3,174** |
| | | | | |
| **Current liabilities** | | | | |
| Trade payables | | | 409,470 | 409,470 |
| Tax payables | | | 8,120 | 8,120 |
| Other payables | - | 5,926 | 106,480 | 112,406 |
| **Total current liabilities** | **-** | **5,926** | **524,070** | **529,996** |
| | | | | |
| **Total** | **-** | **5,978** | **527,192** | **533,170** |
| | | | | |
| OPERATING LIABILITIES AS OF 31 DECEMBER 2022 | | | | |
| **Non-current** | | | | |
| Other payables | | - | 6,655 | 6,655 |
| **Total non-current liabilities** | **-** | **-** | **6,655** | **6,655** |
| | | | | |
| **Current** | | | | |
| Trade payables | | | 482,418 | 482,418 |
| Tax payables | | | 8,909 | 8,909 |
| Other payables | - | 3,062 | 94,507 | 97,569 |
| **Total current liabilities** | **-** | **3,062** | **585,834** | **588,896** |
| | | | | |
| **Total** | **-** | **3,062** | **592,489** | **595,551** |

## 30. Payables due after 5 years

The Company has outstanding loans due in more than five years, details of which are provided in Note 34 'Financial Liabilities and Financial Liabilities for Rights of Use'. With the exception of the aforementioned payables, there are no other long-term payables with a maturity of more than five years.

## D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This section provides information on the carrying amount of the financial assets and liabilities held and in particular:
- a description and specific information on the type of financial assets and liabilities outstanding;
- the accounting policies adopted;
- information about the determination of fair value, valuations and estimates made and uncertainties involved.

The Company holds the following financial assets and liabilities:

| IN THOUSANDS OF EUROS | ASSETS AT FVPL | ASSETS AT FVOCI | FINANCIAL DERIVATIVES | ASSETS AT AMORTISED COST | TOTAL |
|---|---|---|---|---|---|
| FINANCIAL ASSETS AS OF 31 DECEMBER 2023 | | | | | |
| **Non-current assets** | | | | | |
| Other financial assets | 16 | | | 349 | 365 |
| | | | | | |
| **Total non-current assets** | **16** | **0** | **0** | **349** | **365** |
| | | | | | |
| **Current assets** | | | | | |
| Other financial assets | | | | 22,003 | 22,003 |
| Cash and cash equivalents | | | | 61,574 | 61,574 |
| | | | | | |
| **Total current assets** | **0** | **0** | **0** | **83,577** | **83,577** |
| | | | | | |
| **Total** | **16** | **0** | **0** | **83,926** | **83,942** |
| | | | | | |
| FINANCIAL ASSETS AS OF 31 DECEMBER 2022 | | | | | |
| **Non-current** | | | | | |
| Other financial assets | 16 | | | | 16 |
| | | | | | |
| **Total non-current financial assets** | **16** | **0** | **0** | **0** | **16** |
| | | | | | |
| **Current** | | | | | |
| Other financial assets | | | | 25,557 | 25,557 |
| Cash and cash equivalents | | | | 79,447 | 79,447 |
| | | | | | |
| **Total current financial assets** | **0** | **0** | **0** | **105,004** | **105,004** |
| | | | | | |
| **Total financial assets** | **16** | **0** | **0** | **105,004** | **105,020** |

| IN THOUSANDS OF EUROS | DERIVATIVES AT FVPL | FAIR VALUE ADJUSTMENT | FINANCIAL DERIVATIVES | LIABILITIES AT AMORTISED COST | TOTAL |
|---|---|---|---|---|---|
| FINANCIAL LIABILITIES AS OF 31 DECEMBER 2023 | | | | | |
| **Non-current liabilities** | | | | | |
| Bank loans | | | | 221,048 | 221,048 |
| Bonds | | | | 245,900 | 245,900 |
| Other loans | | | | 105 | 105 |
| Liabilities for rights of use | | | | 7,967 | 7,967 |
| | | | | | |
| **Total non-current liabilities** | **-** | **-** | **-** | **475,020** | **475,020** |
| | | | | | |
| **Current liabilities** | | | | | |
| Bank loans | | | | 87,121 | 87,121 |
| Other loans | | | | 7,999 | 7,999 |
| Liabilities for rights of use | | | | 3,630 | 3,630 |
| | | | | | |
| **Total current liabilities** | **-** | **-** | **-** | **98,750** | **98,750** |
| | | | | | |
| **Total** | **-** | **-** | **-** | **573,770** | **573,770** |
| | | | | | |
| FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022 | | | | | |
| **Non-current** | | | | | |
| Bank loans | | | | 264,878 | 264,878 |
| Bonds | | | | 245,736 | 245,736 |
| Other loans | | | | 176 | 176 |
| Liabilities for rights of use | | | | 4,408 | 4,408 |
| | | | | | |
| **Total non-current financial liabilities** | **-** | **-** | **-** | **515,198** | **515,198** |
| | | | | | |
| **Current** | | | | | |
| Bank loans | | | | 48,666 | 48,666 |
| Other loans | | | | 12,486 | 12,486 |
| Liabilities for rights of use | | | | 3,303 | 3,303 |
| | | | | | |
| **Total current financial liabilities** | **-** | **-** | **-** | **64,455** | **64,455** |
| | | | | | |
| **Total financial liabilities** | **-** | **-** | **-** | **579,653** | **579,653** |

## 31. Investments €/000 110,009

The item investments comprises:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Investments in subsidiaries | 103,946 | 107,569 | (3,623) |
| Investments in associates | 6,063 | 7,093 | (1,030) |
| **Total** | **110,009** | **114,662** | **(4,653)** |

Changes for the period are shown in the table below:

| IN THOUSANDS OF EUROS | | | | CORPORATE TRANSACTIONS | | | |
|---|---|---|---|---|---|---|---|
| | CARRYING AMOUNT AS OF 31/12/2022 | RESULT 2023 | TRANSLATION RESERVE | IAS 19 DISCOUNT RESERVE | DECREASES FOR DIVIDEND DISTRIBUTION | CAPITALISA-TION/ CAPITAL REDUCTIONS | CARRYING AMOUNT AS OF 31/12/2023 |
| SUBSIDIARIES | | | | | | | |
| Piaggio Vespa B.V. | 26,945 | 21,259 | (1,571) | | (26,090) | | 20,543 |
| Piaggio Vehicles Pvt Ltd | 58,306 | 11,900 | (2,581) | (735) | | | 66,890 |
| Nacional Motor | 342 | (75) | | | | | 267 |
| Piaggio Vietnam Co Ltd | 12,633 | 37,917 | (1,937) | | (46,341) | 2,880 | 5,152 |
| Piaggio China Ltd | 2,664 | (223) | (183) | | | | 2,258 |
| Aprilia Racing S.r.l. | 706 | 168 | | (44) | | | 830 |
| Piaggio España S.L. | 3,098 | 486 | | | (897) | | 2,687 |
| Piaggio Indonesia | 2,067 | 1,015 | (79) | (1) | (937) | | 2,065 |
| Piaggio Advanced Design Centre | 439 | 31 | (16) | | | | 454 |
| Piaggio Fast Forward Inc. | 0 | (21,130) | 335 | | | 23,481 | 2,686 |
| Piaggio Concept Store Mantova S.r.l. | 369 | (396) | | (7) | | 148 | 114 |
| **Total subsidiaries** | **107,569** | **50,952** | **(6,032)** | **(787)** | **(74,265)** | **26,509** | **103,946** |
| | | | | | | | |
| ASSOCIATES | | | | | | | |
| Zongshen Piaggio Foshan | 6,905 | (561) | (475) | | | | 5,869 |
| Pontedera & Tecnologia S.c.a.r.l. | 178 | 6 | | | | | 184 |
| Immsi Audit S.c.a.r.l. | 10 | | | | | | 10 |
| Fondazione Piaggio onlus | 0 | | | | | | 0 |
| **Total associates** | **7,093** | **(555)** | **(475)** | **0** | **0** | **0** | **6,063** |
| **Total Investments** | **114,662** | **50,397** | **(6,507)** | **(787)** | **(74,265)** | **26,509** | **110,009** |

### Investments in subsidiaries €/000 103,946

The corporate transactions that concerned investments in subsidiaries during the year are as follows:

- Piaggio Vespa B.V., recognition of dividends of €/000 26,090;
- Piaggio España, recognition of dividends of €/000 897;
- Piaggio Indonesia, recognition of dividends of €/000 937;
- Piaggio Vietnam, recognition of dividends of €/000 46,341;
- Piaggio Vietnam, payment for future capital increase of €/000 2,880;
- Piaggio Fast Forward, conversion of a financial receivable into an equity reserve for €/000 23,481;
- Piaggio Concept Store Mantova S.r.l., payment to cover the loss for the year 2022 of €/000 148.

### Investments in associates €/000 6,063

During the year, the value of investments in associates was adjusted to the corresponding shareholders' equity value.

## 32. Other financial assets (current and non-current) €/000 22,368

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS | CURRENT | NON-CURRENT | TOTALS |
| Financial receivables from subsidiaries | 21,936 | - | 21,936 | 25,483 | - | 25,483 | (3,547) | 0 | (3,547) |
| Financial receivables from subsidiaries for rights of use | 67 | 349 | 416 | 74 | - | 74 | (7) | 349 | 342 |
| Investments in other companies | - | 16 | 16 | - | 16 | 16 | 0 | 0 | 0 |
| **Total** | **22,003** | **365** | **22,368** | **25,557** | **16** | **25,573** | **(3,554)** | **349** | **(3,205)** |

The item Other current financial assets includes financial receivables due from the subsidiaries Piaggio Fast Forward for €/000 639, Aprilia Racing for €/000 21,297 and Piaggio Concept Store Mantova for €/000 67.
The table below provides a breakdown of investments in other companies:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 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 |
| IVM | 9 | 9 | 0 |
| **Total other companies** | **16** | **16** | **0** |

## 33. Cash and cash equivalents €/000 61,574

The item mainly includes ultra short-term and on demand bank deposits.

The composition of cash and cash equivalents is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Bank and postal deposits | 61,547 | 79,421 | (17,874) |
| Cash on hand | 27 | 26 | 1 |
| **Total** | **61,574** | **79,447** | **(17,873)** |

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

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Cash and cash equivalents | 61,574 | 79,447 | (17,873) |
| Current account overdrafts | (2,543) | (64) | (2,479) |
| **Closing balance** | **59,031** | **79,383** | **(20,352)** |

### 34. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 573,770

During 2023, total debt decreased by €/000 5,883. Net of the change in financial liabilities for rights of use, total financial debt decreased by €/000 9,769 as of 31 December 2023.

| IN THOUSANDS OF EUROS | FINANCIAL LIABILITIES AS OF 31 DECEMBER 2023 | | | FINANCIAL LIABILITIES AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Financial liabilities | 95,120 | 467,053 | 562,173 | 61,152 | 510,790 | 571,942 | 33,968 | (43,737) | (9,769) |
| *Gross financial liabilities* | *95,120* | *467,053* | *562,173* | *61,152* | *510,790* | *571,942* | *33,968* | *(43,737)* | *(9,769)* |
| Financial liabilities for rights of use | 3,630 | 7,967 | 11,597 | 3,303 | 4,408 | 7,711 | 327 | 3,559 | 3,886 |
| **Total** | **98,750** | **475,020** | **573,770** | **64,455** | **515,198** | **579,653** | **34,295** | **(40,178)** | **(5,883)** |

The composition of "Net financial debt" as of 31 December 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)[103]

| | IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|---|
| **A** | **Cash** | **61,574** | **79,447** | **(17,873)** |
| **B** | **Cash equivalents** | | | **0** |
| **C** | **Other current financial assets** | **22,003** | **27,195** | **(5,192)** |
| | Short-term financial receivables from subsidiaries | 21,936 | 27,121 | (5,185) |
| | Short-term financial receivables from subsidiaries for rights of use | 67 | 74 | (7) |
| **D** | **Liquidity (A + B + C)** | **83,577** | **106,642** | **(23,065)** |
| **E** | **Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)** | **(32,172)** | **(15,853)** | **(16,319)** |
| | Current account overdrafts | (2,543) | (64) | (2,479) |
| | Payables due to banks | (18,000) | 0 | (18,000) |
| | Amounts due to factoring companies | (7,647) | (12,040) | 4,393 |
| | Financial liabilities for rights of use | (3,630) | (3,303) | (327) |
| | *- of which finance leases* | *(1,200)* | *(1,180)* | *(20)* |
| | *- of which operating leases* | *(2,430)* | *(2,123)* | *(307)* |
| | Current portion of payables due to other lenders | (71) | (71) | 0 |
| | Financial payables to subsidiaries | (281) | (375) | 94 |
| **F** | **Current portion of non-current financial debt** | **(66,578)** | **(48,602)** | **(17,976)** |
| **G** | **Current financial indebtedness (E + F)** | **(98,750)** | **(64,455)** | **(34,295)** |
| **H** | **Net current financial indebtedness (G - D)** | **(15,173)** | **42,187** | **(57,360)** |
| **I** | **Non-current financial debt (excluding current portion and debt instruments)** | **(229,120)** | **(269,462)** | **40,342** |
| | Non-current bank loans | (221,048) | (264,878) | 43,830 |
| | Financial liabilities for rights of use | (7,967) | (4,408) | (3,559) |
| | *- of which finance leases* | *(2,065)* | *(3,246)* | *1,181* |
| | *- of which operating leases* | *(5,902)* | *(1,162)* | *(4,740)* |
| | Amounts due to other lenders | (105) | (176) | 71 |
| **J** | **Debt instruments** | **(245,900)** | **(245,736)** | **(164)** |
| **K** | **Non-current trade and other payables** | | | **0** |
| **L** | **Non-current financial indebtedness (I + J + K)** | **(475,020)** | **(515,198)** | **40,178** |
| **M** | **Total financial indebtedness (H + L)** | **(490,193)** | **(473,011)** | **(17,182)** |

As regards indirect factoring, please refer to the comment in Note 24 "Trade payables".
The following tables analyse changes in the consolidated net debt in the two years under comparison.

103. The indicator does not include financial assets and liabilities originated from fair value measurement, designated hedging and non-hedging derivative financial instruments, the fair value adjustment of the related hedged items, in any case amounting to €/000 0 as of 31 December 2023 and 2022, and related accruals.

| | IN THOUSANDS OF EUROS | | CASH FLOWS | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | BALANCE AS OF 31.12.2021 | MOVEMEN-TS | REPAY-MENTS | NEW ISSUES | RECLASSIFI-CATIONS | EXCHAN-GE DELTA | OTHER CHANGES | BALANCE AS OF 31.12.2022 |
| A | **Cash** | **122,154** | **(42,635)** | | | | **(72)** | | **79,447** |
| B | **Cash equivalents** | | | | | | | | |
| C | **Other current financial assets** | **18,660** | **0** | **(90)** | **30,159** | **74** | **12,305** | **(33,913)** | **27,195** |
| | Short-term financial receivables from subsidiaries | 18,573 | | 0 | 30,159 | | 12,305 | (33,916) | 27,121 |
| | Short-term financial receivables from subsidiaries for rights of use | 87 | | (90) | | 74 | | 3 | 74 |
| D | **Liquidity (A + B + C)** | **140,814** | **(42,635)** | **(90)** | **30,159** | **74** | **12,233** | **(33,913)** | **106,642** |
| E | **Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)** | **(22,331)** | **0** | **19,144** | **(12,104)** | **(3,906)** | **0** | **3,344** | **(15,853)** |
| | Current account overdrafts | (12) | | 12 | (64) | | | | (64) |
| | Payables due to banks | (5,000) | | 5,000 | | | | | 0 |
| | Amounts due to factoring companies | (9,813) | | 9,813 | (12,040) | | | | (12,040) |
| | Liabilities for rights of use | (3,531) | 0 | 4,223 | 0 | (3,835) | 0 | (160) | (3,303) |
| | *- of which payables for finance leases* | *(1,188)* | | *1,187* | | *(1,180)* | | *1* | *(1,180)* |
| | *- of which payables for operating leases* | *(1,175)* | | *1,794* | | *(1,504)* | | *(96)* | *(981)* |
| | *- of which operating lease payables to Parent Companies* | *(1,168)* | | *1,242* | | *(1,151)* | | *(65)* | *(1,142)* |
| | Amounts due to other lenders | (71) | | 71 | | (71) | | | (71) |
| | Financial payables to subsidiaries | (3,904) | | 25 | 0 | | | 3,504 | (375) |
| F | **Current portion of non-current financial debt** | **(56,580)** | | **83,337** | | **(75,195)** | | **(164)** | **(48,602)** |
| G | **Current financial indebtedness (E + F)** | **(78,911)** | **0** | **102,481** | **(12,104)** | **(79,101)** | **0** | **3,180** | **(64,455)** |
| H | **Net current financial indebtedness (G - D)** | **61,903** | **(42,635)** | **102,391** | **18,055** | **(79,027)** | **12,233** | **(30,733)** | **42,187** |
| I | **Non-current financial debt (excluding current portion and debt instruments)** | **(294,740)** | **0** | **0** | **(52,500)** | **79,101** | **0** | **(1,323)** | **(269,462)** |
| | Medium-/long-term bank loans | (287,817) | | | (52,500) | 75,195 | | 244 | (264,878) |
| | Liabilities for rights of use | (6,676) | 0 | 0 | 0 | 3,835 | 0 | (1,567) | (4,408) |
| | *- of which payables for finance leases* | *(4,424)* | | | | *1,180* | | *(2)* | *(3,246)* |
| | *- of which payables for operating leases* | *(528)* | | | | *1,504* | | *(1,493)* | *(517)* |
| | *- of which operating lease payables to Parent Companies* | *(1,724)* | | | | *1,151* | | *(72)* | *(645)* |
| | Amounts due to other lenders | (247) | | | | 71 | | 0 | (176) |
| J | **Debt instruments** | **(244,150)** | | | | **0** | | **(1,586)** | **(245,736)** |
| K | **Non-current trade and other payables** | | | | | | | | |
| L | **Non-current financial indebtedness (I + J + K)** | **(538,890)** | **0** | **0** | **(52,500)** | **79,101** | **0** | **(2,909)** | **(515,198)** |
| M | **Total financial indebtedness (H + L)** | **(476,987)** | **(42,635)** | **102,391** | **(34,445)** | **74** | **12,233** | **(33,642)** | **(473,011)** |

| | IN THOUSANDS OF EUROS | | CASH FLOWS | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | BALANCE AS OF 31.12.2022 | MOVE-MENTS | REPAY-MENTS | NEW ISSUES | RECLASSI-FICATIONS | EXCHANGE DELTA | OTHER CHANGES | BALANCE AS OF 31.12.2023 |
| **A** | **Cash** | **79,447** | **(17,688)** | | | | **(185)** | | **61,574** |
| **B** | **Cash equivalents** | | | | | | | | |
| **C** | **Other current financial assets** | **27,195** | **0** | **(76)** | **20,519** | **65** | **(584)** | **(25,116)** | **22,003** |
| | Short-term financial receivables from subsidiaries | 27,121 | | 0 | 20,519 | | (584) | (25,120) | 21,936 |
| | Short-term financial receivables from subsidiaries for rights of use | 74 | | (76) | | 65 | | 4 | 67 |
| **D** | **Liquidity (A + B + C)** | **106,642** | **(17,688)** | **(76)** | **20,519** | **65** | **(769)** | **(25,116)** | **83,577** |
| **E** | **Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)** | **(15,853)** | **0** | **16,211** | **(28,191)** | **(4,067)** | **0** | **(272)** | **(32,172)** |
| | Current account overdrafts | (64) | | 64 | (2,543) | | | | (2,543) |
| | Payables due to banks | 0 | | 0 | (18,000) | | | 0 | (18,000) |
| | Amounts due to factoring companies | (12,040) | | 12,040 | (7,647) | | | | (7,647) |
| | Liabilities for rights of use | (3,303) | 0 | 3,941 | 0 | (3,996) | 0 | (272) | (3,630) |
| | *- of which payables for finance leases* | *(1,180)* | | *1,161* | | *(1,180)* | | *(1)* | *(1,200)* |
| | *- of which payables for operating leases* | *(981)* | | *1,571* | | *(1,709)* | | *(208)* | *(1,327)* |
| | *- of which operating lease payables to Parent Companies* | *(1,142)* | | *1,209* | | *(1,107)* | | *(63)* | *(1,103)* |
| | Amounts due to other lenders | (71) | | 71 | | (71) | | | (71) |
| | Financial payables to subsidiaries | (375) | | 95 | (1) | | | 0 | (281) |
| **F** | **Current portion of non-current financial debt** | **(48,602)** | | **48,685** | | **(66,578)** | | **(83)** | **(66,578)** |
| **G** | **Current financial indebtedness (E + F)** | **(64,455)** | **0** | **64,896** | **(28,191)** | **(70,645)** | **0** | **(355)** | **(98,750)** |
| **H** | **Net current financial indebtedness (G - D)** | **42,187** | **(17,688)** | **64,820** | **(7,672)** | **(70,580)** | **(769)** | **(25,471)** | **(15,173)** |
| **I** | **Non-current financial debt (excluding current portion and debt instruments)** | **(269,462)** | **0** | **2,000** | **(33,615)** | **70,645** | **0** | **1,312** | **(229,120)** |
| | Medium-/long-term bank loans | (264,878) | | 2,000 | (26,000) | 66,578 | | 1,252 | (221,048) |
| | Liabilities for rights of use | (4,408) | 0 | 0 | (7,615) | 3,996 | 0 | 60 | (7,967) |
| | *- of which payables for finance leases* | *(3,246)* | | | | *1,180* | | *1* | *(2,065)* |
| | *- of which payables for operating leases* | *(517)* | | | *(3,001)* | *1,709* | | *59* | *(1,750)* |
| | *- of which operating lease payables to Parent Companies* | *(645)* | | | *(4,614)* | *1,107* | | | *(4,152)* |
| | Amounts due to other lenders | (176) | | | | 71 | | 0 | (105) |
| **J** | **Debt instruments** | **(245,736)** | | **250,000** | **(250,000)** | **0** | | **(164)** | **(245,900)** |
| **K** | **Non-current trade and other payables** | | | | | | | | |
| **L** | **Non-current financial indebtedness (I + J + K)** | **(515,198)** | **0** | **252,000** | **(283,615)** | **70,645** | **0** | **1,148** | **(475,020)** |
| **M** | **Total financial indebtedness (H + L)** | **(473,011)** | **(17,688)** | **316,820** | **(291,287)** | **65** | **(769)** | **(24,323)** | **(490,193)** |

## Financial liabilities €/000 562,173

Financial liabilities are broken down as follows:

| IN THOUSANDS OF EUROS | ACCOUNTING BALANCE AS OF 31.12.2023 | ACCOUNTING BALANCE AS OF 31.12.2022 | NOMINAL VALUE AS OF 31.12.2023 | NOMINAL VALUE AS OF 31.12.2022 |
|---|---|---|---|---|
| Bank loans | 308,169 | 313,544 | 310,687 | 314,830 |
| Bonds | 245,900 | 245,736 | 250,000 | 250,000 |
| Other loans | 8,104 | 12,662 | 8,104 | 12,662 |
| **Total** | **562,173** | **571,942** | **568,791** | **577,492** |

| IN THOUSANDS OF EUROS | ACCOUNTING BALANCE AS OF 31.12.2023 | ACCOUNTING BALANCE AS OF 31.12.2022 | CHANGE |
|---|---|---|---|
| Current financial debt | 95,120 | 61,152 | 33,968 |
| Non-current financial debt | 467,053 | 510,790 | (43,737) |
| **Net financial debt** | **562,173** | **571,942** | **(9,769)** |
| | | | |
| Fixed-rate gross debt | 387,050 | 397,506 | (10,456) |
| Variable-rate gross debt | 175,123 | 174,436 | 687 |
| **Net financial debt** | **562,173** | **571,942** | **(9,769)** |

The following table shows the repayment schedule as of 31 December 2023:

| IN THOUSANDS OF EUROS | NOMINAL VALUE | AMOUNTS FALLING DUE WITHIN 12 MONTHS | AMOUNTS FALLING DUE AFTER 12 MONTHS | 2025 | 2026 | 2027 | 2028 | AFTER |
|---|---|---|---|---|---|---|---|---|
| Bank loans | 310,687 | 87,243 | 223,444 | 38,715 | 87,563 | 62,166 | 20,000 | 15,000 |
| Bonds | 250,000 | - | 250,000 | - | - | - | - | 250,000 |
| Other medium- to long-term loans | 8,104 | 7,998 | 106 | 71 | 35 | - | - | - |
| **Total** | **568,791** | **95,241** | **473,550** | **38,786** | **87,598** | **62,166** | **20,000** | **265,000** |

Medium and long-term bank debt amounts to €/000 287,626 (of which €/000 221,048 non-current and €/000 66,578 current) and consists of the following loans:

- a €/000 46,622 (with a nominal value of €/000 46,666) medium-term loan granted by the European Investment Bank to support Research and Development projects envisaged in the investment plan for the three-year period 2019-2021 for Italian Piaggio Group sites. The loan will expire in February 2027 and envisages an amortisation plan of 6 annual instalments at a fixed rate. The contractual terms include covenants (as described below);
- a €/000 25,000 medium-term loan granted by the European Investment Bank to support Research and Development projects envisaged in the investment plan for the three-year period 2019-2021 for Piaggio Group's Italian sites. The loan will expire in March 2028 and envisages an amortisation plan of 6 annual instalments at a fixed rate. The contractual terms include covenants (as described below);
- €/000 284 (with a nominal value of €/000 2,000) for use of the syndicated revolving loan facility for a total of €/000 200,000 maturing on 15 November 2027 (with a one-year extension at the discretion of the borrower). The contractual terms include covenants (as described below);
- a €/000 114,477 (with a nominal value of €/000 115,000) "Schuldschein" loan issued between October 2021 and February 2022 and underwritten by leading market operators. It consists of 7 tranches with maturities of 3, 5 and 7 years at fixed and variable rates;
- €/000 17,926 (with a nominal value of €/000 18,000) medium-term loan granted by Banca Popolare Emilia Romagna. The loan will expire on 31 December 2027 and is repayable in six-monthly instalments;
- a 000 13,296 (with a nominal value of €/000 13,333) loan granted by Banco BPM with an amortisation plan with half-yearly instalments and final maturity in July 2025. An Interest Rate Swap has been put in place on this loan to hedge the interest rate risk. The contractual terms provide for covenants (as described below);
- €/000 20,000 medium-term loan granted by Cassa Depositi e Prestiti to support international growth in India and Indonesia. The

loan has a term of 5 years, maturing on 30 August 2026, and envisages an amortisation plan with half-yearly instalments and a 12-month pre-amortisation period. The contractual terms include covenants (as described below);
- a €/000 2,490 medium-term loan (nominal value of €/000 2,500) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 4,993 medium-term loan (nominal value of €/000 5,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 3,641 medium-term loan (nominal value of €/000 3,645) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule;
- a €/000 14,981 (with a nominal value of €/000 15,000) medium-term loan granted by Oldenburgische Landensbank Aktiengesellschaft maturing on 30 September 2027.
- a €/000 23,916 (with a nominal value of €/000 24,000) medium-term loan granted by Banca Nazionale del Lavoro, maturing on 5 January 2027. An Interest Rate Swap was implemented on this loan to hedge the interest rate risk.

The Company also has the following revolving credit lines and loans undrawn as of 31 December 2023:
- a €/000 10,000 revolving loan facility granted by Banca del Mezzogiorno maturing on 1 July 2026;
- a €/000 12,500 revolving loan facility 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 for €/000 245,900 (with a nominal value of €/000 250,000) refers to the High Yield debenture loan issued on 5 October 2023 for an amount of €/000 250,000, maturing on 5 October 2030 and with a six-monthly coupon with a fixed annual nominal rate of 6.50%. On 5 October 2023, the parent company redeemed the entire principal amount of the bonds denominated "€250,000,000 3.625% Senior Notes due 2025" still outstanding, according to the terms set forth in the Conditional Notice of Redemption.
The transaction generated the recognition in the 2023 income statement of financial costs related to the unamortised costs of the repaid loan (€/000 2,783).
Standard & Poor's and Moody's assigned a BB- rating with a positive outlook and a Ba3 rating with a stable outlook respectively to the new issue.
It should be noted that the Company may prepay all or part of the High Yield debenture loan issued on 5 October 2023 on the terms specified in the indenture. The value of these prepayments options was not separated from the original contract, as these options were considered "closely related" to the host instrument in accordance with IFRS 9 b4.3.5.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 7,647.

Medium-/long-term payables to other lenders equal to €/000 176 of which €/000 105 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 contractual commitments is constantly monitored by the Company.
The high-yield debenture loan issued by the company in October 2023 provides for compliance with covenants typical of international high-yield market practice. In particular, the company is required to comply with the EBITDA/Net Financial Expenses ratio, according to the threshold set forth in the Rules, to increase the financial debt defined at the time of issue. In addition, the Regulation provides for certain obligations for the issuer that limit, inter alia, the ability 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.

It should be noted that as of 31 December 2023 all covenants had been fully complied with.

### Amortised Cost and Fair Value Measurement

All financial liabilities are recognised in accordance with accounting principles using the amortised cost method (with the exception of liabilities on which hedging derivatives are measured at Fair Value through Profit & Loss, for which the same valuation criteria apply as for the derivative). According to this criterion, the nominal amount of the liability is reduced by the amount of the related issue and/or stipulation costs as well as any costs related to the refinancing of previous liabilities. The amortisation of these costs is determined according to the effective interest rate method, i.e. the rate that discounts the future flow of interest expenses and principal repayments at the net carrying amount of the financial liability.
IFRS 13 - Fair Value Measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. If there is no active market or if it is not functioning properly, fair value must be determined using valuation techniques. The standard therefore defines a hierarchy of fair values:

- 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 in Levels 2 and 3 must take into account adjustment factors that measure the bankruptcy risk of both parties. To this end, the standard introduces the concepts of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA): CVA allows the counterparty credit risk to be included in the determination of fair value; DVA reflects the Group's insolvency risk.

The table below shows the fair value of payables measured using the amortised cost method as of 31 December 2023:

| IN THOUSANDS OF EUROS | NOMINAL VALUE | CARRYING AMOUNT | FAIR VALUE[104] |
|---|---|---|---|
| High yield debenture loan | 250,000 | 245,900 | 264,093 |
| EIB RDI | 46,667 | 46,622 | 44,488 |
| EIB RDI step up | 25,000 | 25,000 | 23,523 |
| Loan from B. Pop. Emilia Romagna | 18,000 | 17,926 | 16,522 |
| Loan from CDP | 20,000 | 20,000 | 21,105 |
| Loan from Banco BPM | 13,333 | 13,296 | 13,057 |
| Loan from Banca CARIGE | 3,645 | 3,642 | 3,472 |
| Loan from BPop Sondrio | 2,500 | 2,490 | 2,566 |
| Loan from CariBolzano | 5,000 | 4,993 | 5,069 |
| Loan from OLB | 15,000 | 14,981 | 15,985 |
| Loan from BNL | 24,000 | 23,916 | 22,782 |
| SSD loans[105] | 87,000 | 86,539 | 92,672 |

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

104. The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.
105. Does not include tranches maturing within 18 months.

## Fair value hierarchy

The following table shows the assets and liabilities that are measured and recognised at fair value as of 31 December 2023, by fair value hierarchy level.

| IN THOUSANDS OF EUROS | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---|---|---|
| ASSETS MEASURED AT FAIR VALUE | | | |
| Financial derivatives | | | |
| - of which other receivables | | 4,741 | |
| Investments in other companies | | | 16 |
| **Total assets** | **-** | **4,741** | **16** |
| | | | |
| LIABILITIES MEASURED AT FAIR VALUE | | | |
| Financial derivatives | | | |
| - of which other payables | | (5,979) | |
| **Total liabilities** | | **(5,979)** | |
| **General total** | **-** | **(1,238)** | **16** |

The following table shows the changes in Level 2 and Level 3 during 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 | 370 | |
| Gain (loss) recognised in the statement of comprehensive income | (4,657) | |
| Increases/(Decreases) | | |
| **Balance as of 31 December 2023** | **(1,238)** | **16** |

## Financial liabilities for rights of use €/000 11,597

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

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | | CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|
| | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL | CURRENT | NON-CURRENT | TOTAL |
| Operating leases | 2,430 | 5,902 | 8,332 | 2,123 | 1,162 | 3,285 | 307 | 4,740 | 5,047 |
| Finance leases | 1,200 | 2,065 | 3,265 | 1,180 | 3,246 | 4,426 | 20 | (1,181) | (1,161) |
| **Total** | **3,630** | **7,967** | **11,597** | **3,303** | **4,408** | **7,711** | **327** | **3,559** | **3,886** |

Payables for finance leases refer to a Sale&Lease back agreement for €/000 3,266 (nominal value of €/000 3,270) on a production plant of the Company granted by Albaleasing. The loan has a term of ten years and envisages quarterly repayments (non-current portion equal to €/000 2,065).
Payables for rights of use include payables to the parent companies Immsi and Omniaholding for €/000 5,255 (€/000 4,152 non-current portion).

The following table shows the repayment schedule as of 31 December 2023:

| | | | | AMOUNTS FALLING DUE IN | | | | |
|---|---|---|---|---|---|---|---|---|
| IN THOUSANDS OF EUROS | CARRYING AMOUNT AS OF 31.12.2023 | AMOUNTS FALLING DUE WITHIN 12 MONTHS | AMOUNTS FALLING DUE AFTER 12 MONTHS | 2025 | 2026 | 2027 | 2028 | AFTER |
| Financial liabilities for rights of use | | | | | | | | |
| - of which from operating leases | 8,332 | 2,430 | 5,902 | 2,696 | 835 | 772 | 815 | 784 |
| - of which from finance leases | 3,265 | 1,200 | 2,065 | 1,274 | 791 | | | |
| **Total** | **11,597** | **3,630** | **7,967** | **3,970** | **1,626** | **772** | **815** | **784** |


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# E) FINANCIAL RISK MANAGEMENT

This section describes the financial risks to which the Company is exposed and how these might affect future results.

### 35. Credit risk

The Company considers its exposure to credit risk to be as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 |
|---|---|---|
| Liquid assets | 61,547 | 79,447 |
| Financial receivables | 22,368 | 25,573 |
| Trade receivables | 52,848 | 65,122 |
| Tax receivables | 6,998 | 17,744 |
| Other receivables | 164,941 | 176,479 |
| **Total** | **308,702** | **364,365** |

The Company monitors and manages credit centrally by means of formalised policies and guidelines. The trade receivables portfolio does not have any concentration of credit risk due to the good dispersion towards our dealer or distributor network. In addition, most trade receivables have a short-term time profile. To optimise management, the Company has revolving programmes in place with some leading factoring companies for the non-recourse assignment of trade receivables.

### 36. Financial Risks

The financial risks to which the Company is exposed 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 capital management

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 Company's credit line needs are monitored or managed centrally under the control of the Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.
In addition, the Company finances the temporary cash needs of subsidiaries through the direct disbursement of short-term loans regulated at market conditions or through guarantees. A zero-balance cash pooling system is also in place between the Company and European subsidiaries, which allows the subsidiaries' asset and liability balances to be reset to zero on a daily basis, resulting in a more effective and efficient management of liquidity in the euro area.
As of 31 December 2023, the most important sources of irrevocable financing to maturity granted to the Company included:
- a debenture loan of €/000 250,000 maturing in October 2030;
- a Schuldschein loan of €/000 115,000, with final settlement in February 2029;
- a €/000 200,000 revolving loan facility maturing in November 2027;
- revolving credit facilities for a total of €/000 22,500, with final settlement in August 2026;
- loans for a total of €/000 233,144, with final settlement in March 2028.

As of 31 December 2023, the Company had a liquidity of €/000 61,574, undrawn irrevocable credit lines of €/000 280,500 and revocable credit lines of €/000 72,334, as detailed below:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 |
|---|---|---|
| Variable rate with maturity after one year - irrevocable until maturity | 280,500 | 300,500 |
| Variable rate with maturity within one year - cash revocable | 72,334 | 89,006 |
| Variable rate with maturity within one year - revocable for self-liquidating technical forms | | 9,000 |
| **Total** | **352,834** | **398,506** |

The following table shows the timing of expected future outgoings for trade payables:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | WITHIN 30 DAYS | BETWEEN 31 AND 60 DAYS | BETWEEN 61 AND 90 DAYS | OVER 90 DAYS |
|---|---|---|---|---|---|
| Amounts due to suppliers | 382,643 | 246,934 | 87,560 | 5,297 | 42,852 |
| Trade payables to subsidiaries | 20,474 | 12,436 | 7,937 | - | 101 |
| Trade payables to associates related parties | 6,027 | 3,151 | 1,301 | 61 | 1,514 |
| Trade payables to parent companies | 326 | 306 | 20 | - | - |
| **Total trade payables** | **409,470** | **262,827** | **96,818** | **5,358** | **44,467** |

Management believes that the funds currently available, in addition to those that will be generated by operating and financing activities, will allow the Company to meet its needs arising from investment activities, working capital management and the repayment of debts at their natural due dates, and will ensure an adequate level of operational and strategic flexibility.

### Exchange risk

The Company operates in an international context in which transactions are conducted in currencies other than the euro and this exposes it to the risk of fluctuations in exchange rates. To this end, the Company has an exchange risk management policy in place with the aim of neutralising the possible negative effects of exchange rate fluctuations on the company's cash flow.
This policy analyses:

- **settlement exchange risk**: the policy provides for the full hedging of this risk, which arises from differences between the exchange rate at which receivables or payables in foreign currency are recorded in the financial statements and the exchange rate at which the related collection or payment is recorded. To hedge this type of exchange risk, recourse is firstly made to the natural offsetting of the exposure (netting between sales and purchases in the same foreign currency) and, if necessary, to the subscription of derivative contracts for forward sales or purchases of foreign currency as well as advances of receivables denominated in foreign currency;
- **economic exchange risk:** this arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget exchange rate") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

At the end of the reporting period, the Company's exposure to exchange risk was as follows:

| AS OF 31 DECEMBER 2023 | USD | GBP | CHF | CNY | DKK | SGD | CAD | SEK | HKD | IDR | INR | JPY | RMB | PLZ | VND | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IN THOUSANDS OF EUROS | | | | | | | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | | | | | | | |
| Trade and other receivables | 20,246 | (263) | | 15,671 | | | | | | | (66) | 1,458 | | | | 37,046 |
| Long-term tax receivables | | | | | | | | | | | 420 | | | | | 420 |
| **Total non-current assets** | **20,246** | **(263)** | **0** | **15,671** | **0** | **0** | **0** | **0** | **0** | **0** | **354** | **1,458** | **0** | **0** | **0** | **37,466** |
| | | | | | | | | | | | | | | | | |
| **Current assets** | | | | | | | | | | | | | | | | |
| Trade and other receivables | 7,788 | 81 | | 1,122 | | 91 | | (3) | | 256 | 3,503 | (11) | | | 48,258 | 61,085 |
| Other financial assets | 639 | | | | | | | | | | | | | | | 639 |
| Bank and postal deposits | 3,070 | | | 1,835 | | 140 | 5 | 26 | | | | 430 | 68 | | | 5,574 |
| **Total current assets** | **11,497** | **81** | **0** | **2,957** | **0** | **231** | **5** | **23** | **0** | **256** | **3,503** | **419** | **68** | **0** | **48,258** | **67,298** |
| | | | | | | | | | | | | | | | | |
| **Total assets** | **31,743** | **(182)** | **0** | **18,628** | **0** | **231** | **5** | **23** | **0** | **256** | **3,857** | **1,877** | **68** | **0** | **48,258** | **104,764** |
| | | | | | | | | | | | | | | | | |
| **Current liabilities** | | | | | | | | | | | | | | | | |
| Trade and other payables | (42,284) | (1,056) | (27) | (35,267) | (3) | (172) | | (586) | (3) | | (657) | (2,791) | | (1) | | (82,847) |
| Tax payables | (273) | (335) | | (37) | | | | | | | (699) | | (19) | | (938) | (2,301) |
| **Total current liabilities** | **(42,557)** | **(1,391)** | **(27)** | **(35,304)** | **(3)** | **(172)** | **0** | **(586)** | **(3)** | **0** | **(1,356)** | **(2,791)** | **(19)** | **(1)** | **(938)** | **(85,148)** |
| | | | | | | | | | | | | | | | | |
| **Total liabilities** | **(42,557)** | **(1,391)** | **(27)** | **(35,304)** | **(3)** | **(172)** | **0** | **(586)** | **(3)** | **0** | **(1,356)** | **(2,791)** | **(19)** | **(1)** | **(938)** | **(85,148)** |

At the end of the reporting period, the Company held no financial liabilities in foreign currencies subject to exchange risk.

## Cash flow hedging

As of 31 December 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 | COUNTERVALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE) | AVERAGE MATURITY |
|---|---|---|---|---|---|
| | | | IN THOUSANDS | IN THOUSANDS | |
| Piaggio & C. | Purchase | CNY | 192,000 | 24,545 | 28/01/2024 |
| Piaggio & C. | Purchase | JPY | 235,000 | 1,484 | 18/02/2024 |
| Piaggio & C. | Purchase | SEK | 8,000 | 690 | 11/01/2024 |
| Piaggio & C. | Purchase | USD | 33,950 | 31,151 | 05/02/2024 |
| Piaggio & C. | Sale | CNY | 115,000 | 14,509 | 01/02/2024 |
| Piaggio & C. | Sale | JPY | 195,000 | 1,242 | 04/02/2024 |
| Piaggio & C. | Sale | SEK | 2,000 | 177 | 08/01/2024 |
| Piaggio & C. | Sale | USD | 15,990 | 14,888 | 21/02/2024 |
| Piaggio & C. | Sale | VND | 1,211,600,000 | 45,055 | 09/04/2024 |

As of 31 December 2023, the Company had the following hedging transactions on economic exchange risk in place:

| COMPANY | OPERATION | CURRENCY | AMOUNT IN CURRENCY | VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE) | AVERAGE MATURITY |
|---|---|---|---|---|---|
| | | | IN THOUSANDS | IN THOUSANDS | |
| Piaggio & C. | Purchase | CNY | 900,000 | 119,976 | 01/08/2024 |
| Piaggio & C. | Purchase | INR | 4,151,855 | 43,573 | 15/03/2025 |
| Piaggio & C. | Sale | USD | 90,000 | 85,309 | 13/05/2024 |
| Piaggio & C. | Sale | GBP | 14,700 | 16,905 | 18/06/2024 |

The cash flow hedge accounting principle is applied to economic exchange risk hedges only, with the effective portion of gains and losses recognised in a specific reserve of Shareholders' equity. Fair value is determined based on market quotations provided by major traders. As of 31 December 2023, the total fair value of hedging instruments on economic exchange risk recognised under hedge accounting was negative for €/000 949. During 2023, losses of €/000 2,668 were recognised in other comprehensive income and losses were reclassified from other comprehensive income to profit/loss for the year of €/000 1,479.

The net balance of cash flows during 2023 in main currencies is shown below:

| IN MILLIONS OF EUROS | CASH FLOW 2023 |
|---|---|
| Pound Sterling | 24 |
| Canadian Dollar | 14.9 |
| Swedish Krone | (2.9) |
| Japanese Yen | (4.0) |
| US Dollar | (30.6) |
| Singapore Dollar | 0.7 |
| Indian Rupee | (2.2) |
| Chinese Yuan[106] | (151.7) |
| **Total cash flow in foreign currency** | **(151.8)** |

106.Flow partially settled in Euros.

In view of the above, an assumed appreciation/deprecation of 3% of the Euro would have generated potential profits for €/000 4,354 and potential losses for €/000 4,623 respectively.

### Interest rate risk

This risk arises from the variability of interest rates and the impact this can have on future cash flows from variable-rate financial assets and liabilities. The Company regularly measures and controls its exposure to the risk of changes in interest rates in accordance with its management policies, with the objective of reducing the fluctuation of financial costs by containing the risk of a potential rise in interest rates. This objective is pursued both through an appropriate mix of fixed and variable rate exposures and through the use of derivative instruments, mainly Interest Rate Swaps and Cross Currency Swaps.

As of 31 December 2023, the following derivatives were in place for hedging purposes:

Cash flow hedging

- Interest Rate Swap to hedge the variable rate loan for a nominal value of €/000 13,333 granted by Banco BPM. The objective of the instrument is to manage and mitigate exposure to interest rate risk; from an accounting point of view, the instrument is recognised on a cash flow hedge basis with the allocation of profits/losses arising from the fair value measurement to a specific Shareholders' equity reserve; as of 31 December 2023, the fair value of the instrument was positive by €/000 336; sensitivity analysis on the instrument, assuming a shift in the variable rate curve of 1% upwards and downwards, shows a potential impact on Shareholders' equity, net of the related tax effect, equal to €/000 57 and €/000 -58 respectively;
- an Interest Rate Swap to hedge the variable rate loan for a nominal value of €/000 24,000 granted by Banca Nazionale del Lavoro. The objective of the instrument is to manage and mitigate exposure to interest rate risk; from an accounting point of view, the instrument is recognised on a cash flow hedge basis with the allocation of profits/losses arising from the fair value measurement to a specific Shareholders' equity reserve; as of 31 December 2023, the fair value of the instrument was negative by €/000 79; sensitivity analysis on the instrument, assuming a shift in the variable rate curve of 1% upwards and downwards, shows a potential impact on Shareholders' equity, net of the related tax effect, equal to €/000 376 and €/000 -39 respectively;

### Commodities price risk

This risk arises from the possibility of changes in the company's profitability due to fluctuations in the price of metals and energy (specifically platinum, palladium, aluminium and gas). The Group's objective is therefore to neutralise these possible adverse variations arising from highly probable future transactions by offsetting them with the opposite variations linked to the hedging instrument.
The cash flow hedge accounting principle is applied to this type of hedge, with the effective portion of gains and losses recognised in a specific Shareholders' equity reserve. Fair value is determined based on market quotations provided by major traders.
As of 31 December 2023, the total fair value of hedging instruments on Commodity price risk accounted for under hedge accounting was negative for €/000 495. During the 2023 financial year, losses of €/000 495 were recognised in Other Comprehensive Income and gains were reclassified from Other Comprehensive Income to profit/loss for the year of €/000 600.

| IN THOUSANDS OF EUROS | FAIR VALUE |
|---|---|
| PIAGGIO & C. S.P.A. | |
| Interest Rate Swap | 257 |
| Commodity hedges | (495) |

# F) INFORMATION ON SHAREHOLDERS' EQUITY

## 37. Share capital and reserves €/000 344,526

### Share capital €/000 207,614

The share capital of the company was unchanged compared to 31 December 2022 and equal to €207,613,944.37. The structure of share capital, fully subscribed and paid-up is shown in the table below:

**SHARE CAPITAL STRUCTURE AS OF 31 DECEMBER 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 |

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, keeping the share capital unchanged. The cancellation of the aforesaid treasury shares in the portfolio required an amendment to Article 5.1 of the Company's Articles of Association, in order to incorporate the change in the number of shares from 358,153,644 to 354,632,049.
The shares of the Company are without nominal 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 (1,411)

As already mentioned, 3,521,595 treasury shares were cancelled during the period. In addition, 426,161 treasury shares were purchased. Therefore, as of 31 December 2023, the Company held 426,161 treasury shares, equivalent to 0.1202% of the shares issued.

**OUTSTANDING SHARES AND OWN SHARES**

| NO. OF SHARES | 2023 | 2022 |
|---|---|---|
| Situation as of 1 January | | |
| Shares issued | 358,153,644 | 358,153,644 |
| Of which treasury portfolio shares | 3,521,595 | 1,045,818 |
| Outstanding shares | 354,632,049 | 357,107,826 |
| | | |
| Movements for the period | | |
| Cancellation of treasury shares | (3,521,595) | |
| Purchase of treasury shares | 426,161 | 2,475,777 |
| | | |
| Situation as of 31 December | | |
| Shares issued | 354,632,049 | 358,153,644 |
| Of which treasury portfolio shares | 426,161 | 3,521,595 |
| Outstanding shares | 354,205,888 | 354,632,049 |

### Share premium reserve €/000 7,171

The share premium reserve is unchanged from 31 December 2022.

### Legal reserve €/000 32,707

The legal reserve as of 31 December 2023 had increased by €/000 3,753 as a result of the allocation of earnings for the last period.

### Other reserves €/000 (45,788)

The composition of this grouping is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 | CHANGE |
|---|---|---|---|
| Capital gain from contributions | 152 | 152 | 0 |
| IFRS transition reserve | (3,927) | 1,861 | (5,788) |
| Financial instruments' fair value reserve | (901) | 2,600 | (3,501) |
| Translation reserve from measurement of investments using the equity method | (41,112) | (34,604) | (6,508) |
| **Total other reserves** | **(45,788)** | **(29,991)** | **(15,797)** |

The financial instruments fair value reserve refers to the effects of cash flow hedge accounting implemented for foreign currencies and interest. These transactions are fully described in the comment on financial instruments, to which reference should be made.

### Approved dividends

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 18 April 2023 resolved to distribute a final dividend of 10 eurocents, before tax, 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 8.5 eurocents paid on 21 September 2022 (ex-dividend date 19 September 2022), for a total dividend for the 2022 financial year of 18.5 eurocents. The total dividend from the remaining 2022 financial year profit after allocations to reserves amounted to a total of €65,661,291.29.
In its meeting of 27 July 2023, the Board of Directors also resolved to distribute an interim ordinary dividend for the 2023 financial year of 12.5 euro cents, before tax, for each ordinary share entitled (8.5 euro cents had been approve for the interim ordinary dividend for the 2022 financial year). A total of €44,294,486.00 was paid on 20 September 2023 (ex-dividend date of coupon no. 21 18 September 2023 and record date 19 September 2023).

| | DIVIDEND PAID IN THE YEAR | | | |
|---|---|---|---|---|
| | TOTAL | | PER SHARE | |
| | 2023 | 2022 | 2023 | 2022 |
| | €/000 | €/000 | € | € |
| Of the previous year's result | 35,461 | 23,203 | 0.100 | 0.065 |
| Interim dividend for current year's result | 44,295 | 30,200 | 0.125 | 0.085 |

### Earnings reserve €/000 144,233

The composition of earnings reserves as of 31 December 2023 is as follows:

| IN THOUSANDS OF EUROS | AS OF 31 DECEMBER 2023 | AS OF 31 DECEMBER 2022 |
|---|---|---|
| Earnings reserves from the measurement of investments using the equity method | 36,131 | 39,246 |
| Retained earnings (losses) | 61,177 | 53,188 |
| Stock Option Reserve | 9,296 | 11,195 |
| Reserve from discounting termination benefits | (8,663) | (7,679) |
| Interim dividends | (44,312) | (30,200) |
| Total profit (loss) carried forward | 53,629 | 65,750 |
| Profit (loss) for the year | 90,604 | 75,057 |
| Total earnings reserves | 144,233 | 140,807 |
| **Total earnings reserves** | **144,233** | **140,807** |

The following table provides a breakdown of the individual items of Shareholders' Equity, distinguishing them according to their origin, availability and, finally, their use in previous years.

| NATURE/DESCRIPTION | AMOUNT | POSSIBILITIES OF USE | PORTION AVAILABLE | 2014 USES TO COVER LOSSES |
|---|---|---|---|---|
| IN THOUSANDS OF EUROS | | | | |
| Share capital | 207,614 | | | |
| Capital reserves: | | | | |
| Share premium | 7,171 | A,B,C(*) | 7,171 | |
| Profit reserves: | | | | |
| Legal reserve | 32,707 | B | | |
| Capital gain from contributions | 152 | A,B | 152 | |
| IAS transition reserve | (3,927) | A,B | (3,927) | |
| Financial instruments' fair value reserve | (901) | | | |
| Translation reserve from the measurement of y investments using the equity method: Translation difference | (41,112) | | | |
| Total Reserves | (5,910) | | 3,396 | |
| Earnings reserves from the measurement of investments using the equity method | | | | |
| - Discounting D.B.O. | (2,113) | | | |
| - Economic gains | 38,244 | A,B | 38,244 | |
| Treasury shares | (1,411) | | | |
| - Reserve from discounting termination benefits | (8,663) | | | |
| Stock Option Reserve | 9,296 | A,B,C | 9,296 | |
| Retained earnings (losses) | 61,177 | A,B,C | 61,177 | 1,649 |
| Interim dividends | (44,312) | | | |
| Total profit (loss) carried forward | 52,218 | | | |
| Profit (loss) for the year | 90,604 | | | |
| **Total shareholders' equity** | **344,526** | | **112,113** | |

Key:

A: to increase capital

B: to cover losses

C: to allocate to shareholders

(*) wholly available to increase capital and cover losses. For other uses prior adjustment (also by transfer from the share premium reserve) of the legal reserve to 20% of the Share Capital is necessary. As of 31 December 2023, this adjustment would be equal to €/000 8,816.

Pursuant to Article 2426(5) of the Italian Civil Code, it should be noted that shareholders' equity is unavailable for the value of development costs still to be amortised, which was equal to €/000 79,286 as of 31 December 2023.

## 38. Other Comprehensive Income €/000 11,778

The value of the other Comprehensive Income is broken down as follows:

| | RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS | EARNINGS RESERVE | TOTAL OTHER COMPREHENSIVE INCOME |
|---|---|---|---|
| IN THOUSANDS OF EUROS | | | |
| **As of 31 December 2023** | | | |
| | | | |
| **Items that will not be reclassified in the income statement** | | | |
| Remeasurements of defined benefit plans | | (983) | (983) |
| Share of other comprehensive income of associates valued with the equity method | | (787) | (787) |
| Total | 0 | (1,770) | (1,770) |
| **Items that may be reclassified in the income statement** | | | |
| Total profits (losses) on cash flow hedges | (3,501) | | (3,501) |
| Share of other comprehensive income of associates valued with the equity method | | (6,507) | (6,507) |
| Total | (3,501) | (6,507) | (10,008) |
| **Other comprehensive income** | **(3,501)** | **(8,277)** | **(11,778)** |
| | | | |
| **As of 31 December 2022** | | | |
| | | | |
| **Items that will not be reclassified in the income statement** | | | |
| Remeasurements of defined benefit plans | | 3,635 | 3,635 |
| Share of other comprehensive income of associates valued with the equity method | | 312 | 312 |
| Total | 0 | 3,947 | 3,947 |
| **Items that may be reclassified in the income statement** | | | |
| Total profits (losses) on cash flow hedges | (3,483) | | (3,483) |
| Share of other comprehensive income of associates valued with the equity method | | (3,109) | (3,109) |
| Total | (3,483) | (3,109) | (6,592) |
| **Other comprehensive income** | **(3,483)** | **838** | **(2,645)** |

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

| | AS OF 31 DECEMBER 2023 | | | AS OF 31 DECEMBER 2022 | | |
|---|---|---|---|---|---|---|
| | GROSS VALUE | TAX (EXPENSE) / BENEFIT | NET VALUE | GROSS VALUE | TAX (EXPENSE) / BENEFIT | NET VALUE |
| IN THOUSANDS OF EUROS | | | | | | |
| Remeasurements of defined benefit plans | (983) | | (983) | 4,783 | (1,148) | 3,635 |
| Total profits (losses) on cash flow hedges | (4,607) | 1,106 | (3,501) | (4,583) | 1,100 | (3,483) |
| Share of other comprehensive income of associates valued with the equity method | (7,294) | | (7,294) | (2,797) | | (2,797) |
| **Other comprehensive income** | **(12,884)** | **1,106** | **(11,778)** | **(2,597)** | **(48)** | **(2,645)** |


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# G) OTHER INFORMATION

### 39. Share-based incentive plans

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

### 40. Remuneration of Directors, Statutory Auditors and Key Management Personnel

For a complete description and analysis of the remuneration due to Directors and Statutory Auditors, please refer to the remuneration report available at the Company's registered office, as well as on the Company's website in the "Governance" section. It should be noted that the Company has not currently identified any Key Managers.

| IN THOUSANDS OF EUROS | 2023 | 2022 |
|---|---|---|
| Directors | 2,668 | 2,788 |
| Auditors | 155 | 155 |
| **Total fees** | **2,823** | **2,943** |

### 41. Information on related parties

Revenues, costs, payables and receivables as of 31 December 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 those required by Consob Communication No. DEM/6064293 of 28 July 2006, is presented below.
The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer **www.piaggiogroup.com**, under Governance.

Relations with Parent Companies

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

| NAME | REGISTERED OFFICE | TYPE | % OF OWNERSHIP AS OF 31 DECEMBER 2023 | % OF OWNERSHIP AS OF 31 DECEMBER 2022 |
|---|---|---|---|---|
| Immsi S.p.A. | Mantova - Italy | Direct parent company | 50.5680 | 50.0703 |

It should be noted that during the 2023 financial year, no transactions were carried out either directly or indirectly on shares of parent companies.
Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to Articles 2497 and following of the Italian Civil Code. During the period, this management and coordination consisted of the following activities:

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations relating to Group companies, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements;

- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities;

- IMMSI has also provided services for the development and management of Company assets, with a view to optimising resources within the Group structure, and provided property consultancy services and other administrative services;

- IMMSI has provided the Company and subsidiaries with 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 2023, for a further three years, the Company signed up to the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.
Under the National Consolidated Tax Convention, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.
Piaggio & C. S.p.A. has a lease agreement for offices owned by Omniaholding S.p.A.. This agreement, signed at normal market conditions, was approved in advance by the Committee for transactions with related parties, as envisaged by the procedure for transactions with related parties adopted by the Company.

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

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

### Relations with Piaggio Group companies

The main intercompany transactions with subsidiaries relate to the following transactions:

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

- sells vehicles, spare parts and accessories to sell on respective markets, to:
  - Piaggio Hrvatska
  - Piaggio Hellas
  - Piaggio Group Americas
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Piaggio Concept Store Mantova
  - Foshan Piaggio Vehicles Technology R&D
  - Piaggio Asia Pacific
  - Piaggio Group Japan
  - PT Piaggio Indonesia

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

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

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

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

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

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

- has cash pooling agreements with:
  - Aprilia Racing
  - Piaggio Concept Store Mantova
  - Piaggio France
  - Piaggio Deutschland
  - Piaggio España
  - Piaggio Vespa

- has loan agreements with:
  - Piaggio Fast Forward
  - Aprilia Racing
  - Nacional Motor

- provides support services for staff functions to other Group companies;
- issues guarantees for the Group's subsidiaries, for medium-term loans.

- buy vehicles, spare parts and accessories from:
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam

- buys components from:
  - Piaggio Fast Forward

- receives a distribution service for vehicles, spare parts and accessories in their respective markets from:
  - Piaggio Hrvatska
  - Piaggio Hellas
  - Piaggio Group Americas
  - Piaggio Vehicles Private Limited
  - Piaggio Vietnam
  - Foshan Piaggio Vehicles Technology R&D
  - PT Piaggio Indonesia
  - Piaggio Group Japan
  - Piaggio Asia Pacific

- receives sales promotion and after-sales support in their respective markets from:
  - Piaggio France
  - Piaggio Deutschland
  - Piaggio Limited
  - Piaggio España
  - Piaggio Vespa

- receives from Foshan Piaggio Vehicles Technologies R&D a design/development service for components and vehicles and a scouting service for local suppliers;

- receives a research/design/development service for vehicles and components from:
  - Piaggio Advanced Design Centre
  - Piaggio Fast Forward

- receives from Aprilia Racing a service to manage and organise the racing team and promote the commercial brands (owned by Piaggio & C. S.p.A.).

Relations between Piaggio & C. S.p.A. and the JV Zongshen Piaggio Foshan Motorcycle Co. Ltd

The main intercompany transactions between Piaggio & C. S.p.A and the 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..

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, in some cases produced by Piaggio & C. S.p.A., to Piaggio & C. S.p.A. for subsequent marketing.

The following tables summarise relations described above and financial relations with parent, subsidiary and associate companies respectively as of 31 December 2023 and relations during the year, as well as their overall impact on financial statement items.

| IN THOUSANDS OF EUROS | APRILIA RACING SRL | FONDAZIONE PIAGGIO | FPVT | IMMSI AUDIT | IMMSI S.P.A. |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Net revenues | 1,828 | | 7,864 | | |
| Costs for materials | 1,814 | | | | |
| Costs for services and use of third-party assets | 28,970 | 7 | 2,824 | 750 | 461 |
| Other operating income | 1,833 | | 929 | 29 | 50 |
| Other operating costs | | 105 | | | 15 |
| Results of associates - Income/(losses) | 168 | | | | |
| Financial income | 1,324 | | | | |
| Financial costs | 1 | | | | 59 |
| Income taxes | | | | | (3,760) |
| **Financial statements:** | | | | | |
| Other financial assets > 12 months | | | | | |
| Trade receivables | 49 | | 15,425 | | 9 |
| Other receivables < 12 months | 2,636 | | 1,369 | 18 | 30,422 |
| Other financial assets < 12 months | 21,297 | | | | |
| Financial liabilities Rights of Use > 12 months | | | | | 3,909 |
| Financial liabilities < 12 months | | | | | |
| Financial liabilities Rights of Use < 12 months | | | | | 1,046 |
| Trade payables | 114 | 20 | 740 | 30 | 320 |
| Other payables < 12 months | | 111 | | | 42,169 |

| IN THOUSANDS OF EUROS | IS MOLAS S.P.A. | NACIONAL MOTOR S.A. | OMNIAHOLDING | PADC | PIAGGIO ASIA PACIFIC LTD |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Net revenues | | | | | 13,165 |
| Costs for materials | | | | | |
| Costs for services and use of third-party assets | | | 7 | 462 | 12 |
| Other operating income | | | | | 984 |
| Other operating costs | | | | | |
| Results of associates - Income/(losses) | | (75) | | 31 | |
| Financial income | | | | | |
| Financial costs | | 2 | 3 | | |
| Income Taxes | | | | | |
| **Financial statements:** | | | | | |
| Other financial assets > 12 months | | | | | |
| Trade receivables | | | | | 2,396 |
| Other receivables < 12 months | | | | | 352 |
| Other financial assets < 12 months | | | | | |
| Financial liabilities Rights of Use > 12 months | | | 243 | | |
| Financial liabilities < 12 months | | 281 | | | |
| Financial liabilities Rights of Use < 12 months | | | 57 | | |
| Trade payables | | | 6 | 162 | 12 |
| Other payables < 12 months | | | | | 240 |

| IN THOUSANDS OF EUROS | PIAGGIO CONCEPT STORE MANTOVA | PIAGGIO DEUTSCHLAND | PIAGGIO ESPAÑA | PIAGGIO FAST FORWARD | PIAGGIO FRANCE |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Net revenues | 2,889 | 9 | 40 | | 17 |
| Costs for materials | | | | 909 | |
| Costs for services and use of third-party assets | 52 | 5,080 | 4,770 | 511 | 6,546 |
| Other operating income | 237 | 154 | 125 | 9 | 177 |
| Other operating costs | | | | | |
| Results of associates - Income/(losses) | (396) | | 486 | (21,130) | |
| Financial income | 7 | 4 | | 1,328 | 18 |
| Financial costs | 22 | 2 | 6 | | |
| Income Taxes | | | | | |
| **Financial statements:** | | | | | |
| Other financial assets > 12 months | 349 | | | | |
| Trade receivables | 2,206 | 14 | 45 | | |
| Other receivables < 12 months | 780 | 483 | 709 | 41 | 409 |
| Other financial assets < 12 months | 67 | | | 639 | |
| Financial liabilities Rights of Use > 12 months | | | | | |
| Financial liabilities < 12 months | | | | | |
| Financial liabilities Rights of Use < 12 months | | | | | |
| Trade payables | 204 | 1,116 | 804 | 379 | 1,137 |
| Other payables < 12 months | 140 | 508 | 927 | | |

| IN THOUSANDS OF EUROS | PIAGGIO GROUP AMERICAS INC. | PIAGGIO GROUP JAPAN | PIAGGIO HELLAS | PIAGGIO HRVATSKA | PIAGGIO LIMITED |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Net revenues | 101,610 | 5,946 | 38,656 | 7,705 | 14 |
| Costs for materials | 14 | | | 291 | |
| Costs for services and use of third-party assets | 615 | | 254 | 15 | 2,230 |
| Other operating income | 987 | 384 | 2,015 | 183 | 72 |
| Other operating costs | | | | | |
| Results of associates - Income/(losses) | | | | | |
| Financial income | | | | | |
| Financial costs | | | | | |
| Income Taxes | | | | | |
| **Financial statements:** | | | | | |
| Other financial assets > 12 months | | | | | |
| Trade receivables | 15,670 | 1,457 | 5,815 | 1,324 | 11 |
| Other receivables < 12 months | 427 | 93 | 77 | 20 | 49 |
| Other financial assets < 12 months | | | | | |
| Financial liabilities Rights of Use > 12 months | | | | | |
| Financial liabilities < 12 months | | | | | |
| Financial liabilities Rights of Use < 12 months | | | | | |
| Trade payables | 216 | | 74 | 306 | 255 |
| Other payables < 12 months | | | | | |

| IN THOUSANDS OF EUROS | PIAGGIO VEHICLES PVT. LTD | PIAGGIO VESPA | PIAGGIO VIETNAM | PONTEDERA & TECNOLOGIA | PT PIAGGIO INDONESIA |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Net revenues | 586 | 5 | 12,396 | | 2,116 |
| Costs for materials | 22,406 | | 104,815 | | |
| Costs for services and use of third-party assets | 293 | 2,745 | 17 | | |
| Other operating income | 19,404 | 113 | 28,021 | | 1,774 |
| Other operating costs | | 210 | | | |
| Results of associates - Income/(losses) | 11,900 | 21,259 | 37,917 | 6 | 1,015 |
| Financial income | | | | | |
| Financial costs | | 447 | | | |
| Income Taxes | | | | | |
| **Financial statements:** | | | | | |
| Other financial assets > 12 months | | | | | |
| Trade receivables | 558 | 5 | 3,938 | | 26 |
| Other receivables < 12 months | 8,176 | 26,113 | 55,321 | | 777 |
| Other financial assets < 12 months | | | | | |
| Financial liabilities Rights of Use > 12 months | | | | | |
| Financial liabilities < 12 months | | | | | |
| Financial liabilities Rights of Use < 12 months | | | | | |
| Trade payables | 4,156 | 459 | 10,340 | | |
| Other payables < 12 months | 100 | 7,067 | 919 | | 30 |

| IN THOUSANDS OF EUROS | ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE | PIAGGIO CHINA | TOTAL | % OF ACCOUNTING ITEM |
|---|---|---|---|---|
| **Income statement:** | | | | |
| Net revenues | 241 | | 195,087 | 15.7% |
| Costs for materials | 20,851 | | 151,100 | 19.4% |
| Costs for services and use of third-party assets | 52 | | 56,673 | 25.1% |
| Other operating income | 87 | | 57,567 | 37.9% |
| Other operating costs | 19 | | 349 | 1.9% |
| Results of associates - Income/(losses) | (561) | (223) | 50,397 | 99.9% |
| Financial income | | | 2,681 | 87.9% |
| Financial costs | | | 542 | 1.5% |
| Income Taxes | | | (3,760) | N.A. |
| **Financial statements:** | | | | |
| Other financial assets > 12 months | | | 349 | 95.6% |
| Trade receivables | 376 | | 49,324 | 93.3% |
| Other receivables < 12 months | 586 | | 128,858 | 86.2% |
| Other financial assets < 12 months | | | 22,003 | 100.0% |
| Financial liabilities Rights of Use > 12 months | | | 4,152 | 52.1% |
| Financial liabilities < 12 months | | | 281 | 0.3% |
| Financial liabilities Rights of Use < 12 months | | | 1,103 | 30.4% |
| Trade payables | 5,977 | | 26,827 | 6.6% |
| Other payables < 12 months | | | 52,211 | 46.4% |

## 42. Contractual Commitments and Guarantees Provided

Contractual commitments undertaken by the Company are summarised below by maturity.

| IN THOUSANDS OF EUROS | WITHIN 1 YEAR | BETWEEN 2 AND 5 YEARS | OVER 5 YEARS | TOTAL |
|---|---|---|---|---|
| Operating leases | 942 | 541 | | 1,483 |
| Other commitments | 7,086 | 860 | | 7,946 |
| **Total** | **8,028** | **1,401** | | **9,429** |

The main guarantees issued by credit institutions on behalf of Piaggio & C. S.p.A in favour of subsidiaries are as follows:

| TYPE | AMOUNT €/000 |
|---|---|
| a Piaggio & C. guarantee for USD 11,000,000 to support the working capital credit line of USD 10,000,000 granted by the Hongkong and Shanghai Banking Corporation in favour of the subsidiary Piaggio Vietnam | |
| - of which drawn | 0 |
| - of which undrawn | 9,050 |
| a Piaggio & C. guarantee for USD 5,500,000 to support the working capital credit line of USD 5,000,000 granted by the Hongkong and Shanghai Banking Corporation in favour of the subsidiary Piaggio Indonesia | |
| - of which drawn | 0 |
| - of which undrawn | 4,525 |
| a Piaggio & C. guarantee for USD 5,500,000 to support the working capital credit line of USD 5,000,000 granted by Bank of America in favour of the subsidiary Piaggio Indonesia | |
| - of which drawn | 0 |
| - of which undrawn | 4,525 |
| a Piaggio & C. credit mandate to guarantee the credit line granted by Intesa Sanpaolo to the subsidiary Piaggio Group Americas for USD 5,000,000 | |
| - of which drawn | 0 |
| - of which undrawn | 4,525 |
| a Piaggio & C. credit mandate to guarantee the credit line granted by Intesa Sanpaolo to the subsidiary Piaggio Group Japan for USD 4,500,000 | |
| - of which drawn | 3,070 |
| - of which undrawn | 1,002 |
| a Piaggio & C. credit mandate to guarantee the credit line granted by Intesa Sanpaolo to the subsidiary Piaggio Asia Pacific for USD 5,000,000 | |
| - of which drawn | 0 |
| - of which undrawn | 4,525 |

The main guarantees issued by credit institutions on behalf of Piaggio & C. S.p.A in favour of third parties are as follows:

| TYPE | AMOUNT €/000 |
|---|---|
| BCC-Fornacette guarantee issued in favour of Motoride Spa for a VAT refund following a deductible tax excess | 298 |
| Banco di Brescia guarantee issued in favour of the Municipality of Scorzè to guarantee urbanisation and construction of the Scorzè plant | 166 |
| Intesasanpaolo guarantee issued in favour of Consip S.p.A to guarantee contractual obligations for the supply of vehicles | 227 |
| Bper guarantee issued in favour of the Municipality of Pisa to guarantee contractual obligations for the proper performance of the conversion of an industrial building | 5,266 |

## 43. Disputes

For a detailed description of existing disputes, please refer to the similar section in the Notes to the Consolidated Financial Statements.

## 44. Grants, contributions, remunerated positions and economic advantages from public administrations

In compliance with Section 125 of Law 124/2017 of 4 August 2017, we publish the details per research project of the contributions received during 2023 and the revenue from sales to the public administration:

| PROJECTS | PROVIDER | DISBURSEMENTS 2023 |
|---|---|---|
| VALUES IN EUROS | | |
| SAFE | INEA | 18,239.92 |
| Drive2theFuture | EUROPEAN COMMISSION | 2,940.84 |
| STAN4SWAP | EUROPEAN COMMISSION | 149,953.13 |
| **Total** | | **171,133.89** |

| CUSTOMER | 2023 REVENUES FROM SALES |
|---|---|
| VALUES IN EUROS | |
| Italian municipalities | 374,748.59 |
| Carabinieri Corps | 456,520.00 |
| Health Authorities | 2,500.00 |
| **Total** | **833,768.59** |

During the year, grants were also acquired for investments in plant, property and equipment financed by the National Plan for Industry 4.0. of €/000 394 and for €/000 2,416 for investments in Research, Development, Innovation and Design.

## 45. Significant non-recurring events and operations

For the years 2023 and 2022, there were no significant non-recurring transactions, as defined by Consob Communication No. DEM/6064293 of 28 July 2006.

## 46. Transactions arising from atypical and/or unusual operations

During the 2023 and 2022 financial years, the Company did not undertake any significant atypical and/or unusual operations, as defined by Consob Communications No. DEM/6037577 of 28 April 2006 and No. DEM/6064293 of 28 July 2006.

## 47. Subsequent events

It should be noted that no further events occurred after 31 December 2023 and up to the date of approval of these financial statements that could have a material impact on the reported results of operations and the financial position, as determined by IAS 10 paragraph 9.

## 48. Proposed allocation of the result for the year

The financial statements as of 31 December 2023 show a profit for the year of €90,604,124.01.

The Board of Directors of Piaggio & C S.p.A. proposes to allocate this result as follows:

- €4,530,206.20 to the legal reserve;
- €786,981.47 to the "Retained Earnings" reserve;
- €12,655,979.30 to the reserve "from the measurement of investments in shareholders' equity';
- €72,630,957.04 to shareholders by way of a dividend, of which €44,294,486.00 by way of an interim dividend already paid.

As resolved by the Board of Directors on 27 July 2023, on 20 September 2023 the Company had already paid an interim dividend per share of €0.125 with an ex-dividend date of 18 September 2023; therefore, it requested the Board to propose to the Shareholders' Meeting to pay, as the balance of the interim dividend already paid, a dividend of €0.08 per eligible ordinary share, totalling a maximum of €28,336,471.04 to be taken from the available profit for the year with ex-dividend date of coupon no. 22 on 22 April 2024, record date coinciding with 23 April 2024 and payment date 24 April 2024.

## 49. Authorisation for publication

This document was published on 26 March 2024 authorised by the Chief Executive Officer.

Mantova, 4 March 2024

for the Board of Directors

**Chief Executive Officer**
Michele Colaninno


PIT - LANE
V7
MICHELIN

# ATTACHMENTS

## Piaggio Group companies

Please see the annexes to the consolidated financial statements.

## Information pursuant to Article 149-duodecies of the Consob Regulation on Issuers

The following table, prepared in accordance with Article 149 duodecies of the Consob Regulation on Issuers, shows the fees for the year 2023 for audit and non-audit services rendered by the same independent auditors and entities belonging to its network.

| TYPE OF SERVICE | SERVICE PROVIDER | FEE FOR THE FINANCIAL YEAR 2023 |
|---|---|---|
| IN EUROS | | |
| Auditing | Deloitte | 400,392 |
| NFS limited auditing | Deloitte | 63,511 |
| Certification services | Deloitte | 410,000 |
| **Total** | | **873,903** |

## Information on the management and coordination of companies

The Company is subject to the management and coordination of Immsi S.p.A..
Pursuant to Article 2497-bis, paragraph 4, of the Italian Civil Code, the following table summarises the essential data from the latest financial statements of the parent company IMMSI S.p.A, with registered office in Mantova, Piazza Vilfredo Pareto 3 - tax code 07918540019, for the year ended 31 December 2022. The aforesaid essential data have been extracted from the relevant financial statements for the year ended 31 December 2022. For an adequate and complete understanding of the financial position and performance of IMMSI S.p.A. as of 31 December 2022, as well as the economic result achieved by the company for the year ended on that date, please refer to the financial statements which, accompanied by the independent auditors' report, are available in the form and manner required by law.

## INCOME STATEMENT

| IN THOUSANDS OF EUROS | | 2022 | 2021 |
|---|---|---|---|
| Financial income | | 37,289 | 32,734 |
| | *- of which related parties and intragroup* | *37,132* | *32,697* |
| Financial costs | | (12,650) | (59,352) |
| | *- of which related parties and intragroup* | *(3,177)* | *(50,527)* |
| Results of associates - Income/(losses) | | 0 | 0 |
| Operating income | | 0 | 515 |
| | *- of which related parties and intragroup* | *0* | *515* |
| Material costs | | (25) | (23) |
| Costs for services and leases and rentals | | (3,665) | (3,432) |
| | *- of which related parties and intragroup* | *(336)* | *(396)* |
| Employee costs | | (1,756) | (1,340) |
| Depreciation of property, plant and equipment | | (384) | (401) |
| Amortisation of goodwill | | 0 | 0 |
| Amortisation of intangible assets with a finite life | | 0 | 0 |
| Other operating income | | 205 | 126 |
| | *- of which related parties and intragroup* | *107* | *80* |
| Net write-backs (write-downs) of trade and other receivables | | | |
| Other operating costs | | (282) | (276) |
| | | | |
| **PROFIT BEFORE TAX** | | **18,732** | **(31,449)** |
| Income Taxes | | 1,701 | 185 |
| | | | |
| **PROFIT AFTER TAX FROM CONTINUING OPERATIONS** | | **20,433** | **(31,264)** |
| Profit (loss) from assets held for disposal or sale | | 0 | 0 |
| | | | |
| **NET PROFIT FOR THE PERIOD** | | **20,433** | **(31,264)** |

## STATEMENT OF COMPREHENSIVE INCOME

| IN THOUSANDS OF EUROS | 2022 | 2021 |
|---|---|---|
| **NET PROFIT FOR THE PERIOD** | **20,433** | **(31,264)** |
| | | |
| **Items that may be reclassified in the income statement:** | | |
| Effective portion of gains (losses) on cash flow hedging instruments | 438 | (45) |
| **Items that will not be reclassified in the income statement:** | | |
| Gains (Losses) from the fair value measurement of financial assets | (76) | 1,649 |
| Actuarial gains (losses) on defined benefit plans | 56 | (9) |
| | | |
| **TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD** | **20,851** | **(29,669)** |

## STATEMENT OF FINANCIAL POSITION

| IN THOUSANDS OF EUROS | | AS OF 31 DECEMBER 2022 | AS OF 31 DECEMBER 2021 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Intangible assets | | 0 | 0 |
| Property, plant and equipment | | 938 | 837 |
| Real estate investments | | 0 | 0 |
| Investments in subsidiaries and associates | | 293,800 | 305,392 |
| Other financial assets | | 272,578 | 265,823 |
| | *- of which related parties and intragroup* | *272,578* | *265,823* |
| Tax receivables | | 0 | 0 |
| Deferred tax assets | | 1,587 | 1,573 |
| Trade and other receivables | | 13,580 | 13,059 |
| | *- of which related parties and intragroup* | *13,063* | *12,931* |
| **TOTAL NON-CURRENT ASSETS** | | **582,483** | **586,684** |
| | | | |
| **ASSETS HELD FOR SALE** | | **0** | **0** |
| CURRENT ASSETS | | | |
| Trade and other receivables | | 3,138 | 4,752 |
| | *- of which related parties and intragroup* | *2,164* | *3,759* |
| Tax receivables | | 486 | 407 |
| Inventories | | 0 | 0 |
| Work in progress on order | | 0 | 0 |
| Other financial assets | | 4,854 | 4,906 |
| | *- of which related parties and intragroup* | *1,143* | *1,119* |
| Cash and cash equivalents | | 6,309 | 13,944 |
| **TOTAL CURRENT ASSETS** | | **14,787** | **24,009** |
| **TOTAL ASSETS** | | **597,270** | **610,693** |
| | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 178,464 | 178,464 |
| Reserves and retained earnings | | 156,591 | 197,653 |
| Net profit for the period | | 20,433 | (31,264) |
| **TOTAL SHAREHOLDERS' EQUITY** | | **355,487** | **344,853** |
| | | | |
| NON-CURRENT LIABILITIES | | | |
| Financial liabilities | | 41,524 | 40,790 |
| | *- of which related parties and intragroup* | *413* | *223* |
| Trade and other payables | | 0 | 49 |
| Retirement fund and similar obligations | | 330 | 403 |
| Other non-current provisions | | 0 | 0 |
| Deferred taxes | | 3,057 | 5,511 |
| **TOTAL NON-CURRENT LIABILITIES** | | **44,910** | **46,753** |
| **LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE** | | **0** | **0** |
| | | | |
| CURRENT LIABILITIES | | | |
| Financial liabilities | | 191,182 | 214,066 |
| | *- of which related parties and intragroup* | *121* | *122* |
| Trade payables | | 1,159 | 1,033 |
| | *- of which related parties and intragroup* | *151* | *159* |
| Current taxes | | 2,406 | 2,467 |
| Other payables | | 2,125 | 1,521 |
| | *- of which related parties and intragroup* | *141* | *0* |
| Current portion of other non-current provisions | | 0 | 0 |
| **TOTAL CURRENT LIABILITIES** | | **196,872** | **219,087** |
| | | | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **597,270** | **610,693** |

# CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Michele Colaninno (Chief Executive Officer) and Alessandra Simonotto (Executive in charge of financial reporting) of Piaggio & C. S.p.A. hereby certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with regard to the company's characteristics and
   - the actual application of administrative and accounting procedures for the formation of the Separate Financial Statements as of 31 December 2023.
2. With regard to the above, no relevant aspects are to be reported.

3. Moreover

   3.1 the financial statements:

   a. have been prepared in compliance with the international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b. correspond to accounting records;

   c. give a true and fair view of the statement of financial position and results of operations of the Issuer;

   3.2 The Report on Operations includes reliable analysis of the trend of operations and operating results, as well as the situation of the Issuer and a description of main risks and uncertainties to which they are exposed.

Date: 4 March 2024

**Milchele Colaninno**
**Chairman and Chief Executive Officer**

**Alessandra Simonotto**
**Executive in charge of financial reporting**

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Piaggio & C. S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2023, the income statement, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethics and independence rules and standards applicable under Italian law to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.



| *Verification of capitalization criteria related to investments in development costs, industrial patent and know how* | |
|---|---|
| Description of the key audit matter | The Company has accounted as of December 31, 2023 activities relating to development costs, industrial patent and know how for Euro 236.5 million; the related investments made during 2023 amounted to Euro 92.9 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2023 - 2025 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure to verify the technical feasibility of projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold. The Company's procedure also includes the estimation of expected future cash flows from the sale of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least once per year.<br><br>Given the magnitude of the value of the related assets, considering the complexity of the related procedure and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter.<br><br>Note C14) "intangible assets" provides information on this caption. |
| Audit procedures performed | In the context of our audit, we have carried out, among others, the following procedures:<br>• understanding of the company's procedure for capitalizing development costs, industrial patent and know how adopted by the Company;<br>• understanding of the relevant controls implemented by the Company;<br>• discussions with Management and obtaining of supporting documentation to understand the characteristics of the projects;<br>• obtaining details of the costs capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year;<br>• verification, for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets;<br>• analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year. |

| *Assessment of the recoverability of Goodwill* | |
|---|---|
| Description of the key audit matter | The Company's separate financial statements include a Goodwill amounting to Euro 369 million, unchanged from the previous year.<br><br>The recoverability of Goodwill is verified by the Directors at least once annually and whenever indicators of potential impairment appear, by |

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| | comparing the carrying amount with the estimated recoverable amount through an impairment test.<br><br>The Directors performed impairment test on Goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each cash-generating unit (CGU) identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows included in a four-year period, on the basis of the budget data for the financial year 2024, supplemented by forecast data for the period 2025 - 2027 (the "Plan"), the discount rate (WACC) and the growth rate beyond the explicit forecast period (g-rate).<br><br>Based on the result of impairment test, the Directors did not identify any impairment losses.<br><br>Considering the materiality of the caption, the subjectivity and the nature of the estimates relating to the determination of the cash flow, the key variables of impairment test, the recoverability of goodwill has been considered a key audit matter of the separate Financial Statement.<br><br>Note C 14) "Intangible assets" provides information on goodwill. |
| Audit procedures performed | In the context of our audits, we carried out, among others, the following procedures, also with the involvement of experts from Deloitte network:<br>• an understanding of the method used by Directors for the determination of the value in use of cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the development of the impairment test;<br>• analysis of the reasonableness of the assumptions made in estimating the cash flows and the parameters used by the directors for the impairment test. In this context we have examined industry studies and sector analyzes and retraced the methods used by the Directors to estimate WACC and g-rate;<br>• verification of the correct determination of the carrying amount of the assets and liabilities attributed to each CGU identified;<br>• verification of the sensitivity analysis carried out by directors with reference to the main assumptions used for carrying out the impairment test on goodwill;<br>• examination of the adequacy and compliance, in relation with the accounting standard, of the information provided by directors in the separate financial statements as of December 31, 2023. |

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| *Assessment of the recoverability of Deferred Tax Assets* | |
|---|---|
| Description of the key audit matter | Deferred tax assets recognized in the separate financial statements as at December 31, 2023 of Piaggio & C. S.p.A. amounted to Euro 49 million and are related to the temporary differences connected to prior year tax losses, as well as temporary differences, mainly due to provisions on taxed funds. Piaggio & C. S.p.A. has adhered to the National Consolidation Tax Convention of the IMMSI Group, whose consolidating entity is the parent company IMMSI S.p.A..<br><br>The recoverability of deferred tax assets depends, on the future results expected by Piaggio & C. S.p.A. as well as those of all the companies that participate in the National Consolidation Tax Convention of the IMMSI Group. Consequently, the recognition and the recoverability of deferred assets requires the Directors to carry out an estimation process with the objective of forecasting the future taxable tax results of Piaggio & C. S.p.A. which must also be confirmed by the estimates of the future taxable incomes of the companies participating in the IMMSI Group's National Consolidation Tax Convention.<br><br>Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter.<br><br>Note C 17) "Deferred tax assets" provides information on this caption. |
| Audit procedures performed | In the context of our audit, we have carried out, among others, the following procedures, also with the involvement of expert from Deloitte network:<br>• evaluation of the reasonableness of the assumptions formulated by Directors and by Management in forecasting the future taxable incomes of Piaggio & C. S.p.A., included in the plan approved by the Board of Directors on February 23, 2024;<br>• examination of the National Consolidation Tax Convention contract with IMMSI S.p.A.;<br>• examination of the methods used by the Management to verify the recoverability of deferred tax assets, including information flows with the parent company IMMSI S.p.A. regarding the capacity of future taxable incomes expected at consolidated level;<br>• to the extent deemed necessary for the audit procedures on Piaggio & C S.p.A. deferred-tax asset, we have also examined the work carried out by the auditor of the parent company IMMSI S.p.A. concerning the analysis of the future taxable incomes of the companies participating in the National Consolidation Tax Convention contract with IMMSI;<br>• examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12. |

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### Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

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report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

### Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piaggio & C. S.p.A. has appointed us on April 22, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piaggio & C. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

**Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piaggio & C. S.p.A. as at December 31, 2023, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Piaggio & C. S.p.A. as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Piaggio & C. S.p.A. as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
**Gianni Massini**
Partner

Florence, Italy
March 25, 2024

*As disclosed by the Directors, the accompanying financial statements of Piaggio & C. S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative*


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# REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

**BOARD OF STATUTORY AUDITORS' REPORT**
**to the FINANCIAL STATEMENTS as of 31 December 2023**

Dear Shareholders

With this report – drafted pursuant to Article 153 of Legislative Decree 58/1998 and Article 2429, paragraph 2, of the Italian Civil Code – the Board of Statutory Auditors of Piaggio & C. SpA (hereinafter also referred to as the Company) reports to you on the supervisory and control activities carried out during the year ended 31 December 2023, in compliance with reference regulations, also taking into account the Rules of Conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Professional Accountants).

**1. Activities of the Board of Statutory Auditors**

During the 2023 financial year, the Board of Statutory Auditors carried out its institutional duties in compliance with the provisions of the Italian Civil Code and Legislative Decree 39/2010 as amended by Legislative Decrees 135/2016 and 58/1998 (Consolidated Law on Finance), the Articles of Association, as well as those issued by public authorities exercising supervisory and control activities, also taking into account the rules of conduct recommended by the National Council of Professional Accountants.

During 2023 and early 2024, the Board of Statutory Auditors conducted its activities by holding 12 meetings, some of them jointly with the Audit, Risk and Sustainability Committee.
The Board also participated in all nine (14) meetings of the Board of Directors.
The Board of Statutory Auditors or some of its members attended the meetings of the Audit, Risk and Sustainability Committee, the Remuneration Committee, the Related Parties Committee and the Appointment Proposal Committee held in 2023 and early 2024.

The auditors also met with the Board of Statutory Auditors of the subsidiary Aprilia Racing S.r.l. in order to exchange information; for the same purposes, the Board of Statutory Auditors met with the Board of Statutory Auditors of the parent company Immsi SpA.
The head of the Internal Audit function also attended the meetings of the Board of Statutory Auditors as a permanent guest to ensure continuous interaction with the company's third-level control function.

**2. Significant transactions during the year**

In the course of its supervisory work, the Board of Statutory Auditors periodically obtained from the company's directors, also by attending Board Directors' meetings, information on the activities and most important business, economic and financial transactions approved and implemented by the company and its subsidiaries, also pursuant to Article 150(1) of the Consolidated Law on Finance.

The Board of Statutory Auditors also checked whether there were any significant non-recurring transactions, as defined in Consob Communication no. DEM/6064293 of 28 July 2006, noting that in 2023 there were no such transactions.

**3. Supervisory activities**

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**3.1 - Supervision of compliance with the law, the Articles of Association and the corporate governance code of listed companies**

Based on the information gathered in the course of its work, the Board of Statutory Auditors did not discover any transactions that were (i) not compliant with the principles of sound governance, not approved and implemented in compliance with the law and the company's Articles of Association, not in the company's interests, or not in line with the resolutions adopted by the shareholders' meeting, or (ii) manifestly imprudent, risky or such as to compromise the integrity of the company's equity value.

The Board of Statutory Auditors was not aware of any transactions involving a potential conflict of interest.

The Board of Statutory Auditors checked that the procedure governing business with related parties was compliant with the rules of law and was properly followed.
In particular, as required by the relevant regulation, the Chairman and/or the other Statutory Auditors attended the meetings of the Audit, Risk and Sustainability Committee in order to discuss transactions with related parties; the Board of Statutory Auditors also received regular progress updates.

The Board of Statutory Auditors judged that the Board of Directors, in its report on operations and in the notes on the financial statements, had provided adequate information about transactions with related parties, taking account of the rules in force. So far as the Board of Statutory Auditors is aware, no intercompany transactions in 2023 were in conflict with the company's interests.

In 2023, there were no atypical or unusual transactions. The most significant ordinary transactions were prudent, did not conflict with the resolutions adopted by the shareholders' meeting, and were not such as to harm the company's equity value.

The Board of Statutory Auditors, in acknowledging the adherence of Piaggio & C. S.p.A. as of 1 January 2021, to the Corporate Governance Code of Listed Companies, (hereinafter also referred to as the Code) notes that the recommendations formulated in the letter, dated 14 December 2023, of the Chairman of the Corporate Governance Committee were brought to the attention of the Board of Directors and the Board of Statutory Auditors in the meeting of 4 March 2024.
The Board of Directors took note of these recommendations and found the Company's overall adequacy with respect to what was required therein.
The Board of Statutory Auditors also verified the independence requirements of its members, as well as the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of the Directors.

**3.2 – Checking of the adequacy of the internal control system and the systems for managing risk and the organisational framework**

The Board of Statutory Auditors checked the adequacy of the internal control system and risk management system by:
- holding meetings with the company's management;
- holding periodic meetings with the control functions – Internal Audit, Risk Management and the Executive in Charge of Financial Reporting – in order to evaluate their planning methods, based on identification and evaluation of the main risks involved in the processes and associated with the organisational units;

- examining the periodic reports by the control functions and periodic information on the outcome of monitoring;
- gathering information from those in charge of the functions;
- discussing the results of the Independent Auditors' work;
- participating in the work of the Audit, Risks and Sustainability Committee and, where required, joint discussion of the same with the Committee.
- meeting the subsidiary's supervisory bodies.

**3.3 – Checking of the administrative and accounting system and the process of reporting financial and non-financial information**

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, also following the changes made to the Italian system by Legislative Decree 135/2016, monitored the process and verified the effectiveness of the internal control and risk management systems in respect of financial reporting.

The Board of Statutory Auditors periodically met the Executive in Charge of Financial Reporting to exchange information on the administrative and accounting system, and on its reliability to give a true picture of transactions.
In the course of these meetings, the Executive in Charge of Financial Reporting did not report any shortcomings in the operating and control processes that could alter the view that the administrative and accounting procedures are adequate and actually applied.
The Board of Statutory Auditors examined the Report that the Executive in charge of financial reporting, with its support and that of Internal Audit, had prepared for the 2023 financial statements. This report contains the results of the tests on the controls carried out, as well as the main issues detected in the framework of the application of the reference regulations and the methodologies used, identifying appropriate remedial measures.

The Board of Statutory Auditors also took note of the certifications issued on 4 March 2024 by the Chief Executive Officer and the Executive in charge of financial reporting, pursuant to the provisions of Article 154-*bis* of the Consolidated Law on Finance and Article 81-*ter* of Consob Regulation 11971/1999, from which no deficiencies emerged that could affect the judgement of the adequacy of the administrative and accounting procedures.

The Board of Statutory Auditors also took note of the checks carried out by the Executive in Charge of Financial Reporting with regard to the consolidated subsidiaries; no critical issues emerged from these.

The independent auditors Deloitte & Touche S.p.A, (hereinafter also referred to as Deloitte) in the course of periodic meetings and in light of the Additional Report - provided for pursuant to Article 11 of Regulation (EU) No 537/2014 and issued on 25 March 2024 - has not reported to the Board of Statutory Auditors any critical situations such as to affect the internal control system inherent to the administrative and accounting procedures, nor has it ever highlighted any facts deemed reprehensible or irregularities such as to require reporting pursuant to Article 155, paragraph 2, of the Consolidated Law on Finance.

Pursuant to law, the Board of Directors has prepared the Consolidated Financial Statements as of 31 December 2023 of the Piaggio Group. These financial statements have been audited by the Independent Auditors Deloitte, in respect of which (as required by the rules of conduct recommended by the National Council of Professional Accountants) the Board of Statutory Auditors supervised compliance with procedural rules concerning the formation and configuration of such statements and of the report on operations.

In light of the above, there is nothing that leads the Board of Statutory Auditors to believe that the business was not run in compliance with the principles of sound governance or that the organisational framework, system of internal controls and accounting and administrative apparatus were not, as a whole, suited to the needs and size of the company.

The Company has prepared the Non-Financial Statement (hereinafter also the NFS) as a section of the Report on Operations, on a consolidated basis, and this Board of Statutory Auditors, in accordance with the provisions of Article 3, paragraph 7, of Legislative Decree 254/2016 and taking into account Consob notice no. 1/21 of 16-2-21, has verified its completeness and compliance with the provisions of regulations and the rationale of the preparation criteria illustrated in the Methodological Note of the NFS, without finding elements that require mention in this our report.

The Board of Statutory Auditors also took note of the Report issued by the Independent Auditors Deloitte on 25 March 2024, concluding the limited review of the NFS. This Report states that no evidence came to the attention of the Independent Auditors to suggest that the NFS for the financial year 2023 had not been prepared in all significant aspects in accordance with the relevant regulations.

**3.4 – Checking in accordance with Legislative Decree no. 39/2010**

The Board of Statutory Auditors, in its capacity as "Internal Control Committee", has monitored (to the extent of its remit) the operations of the Independent Auditors Deloitte & Touche SpA, appointed by the Shareholders' Meeting of 22 April 2020 for the financial years from 31/12/2021 to 31/12/2029.
As already stated, the Board of Statutory Auditors met several times during the year with the Independent Auditors pursuant to Article 150 of the Consolidated Law on Finance, in order to exchange data and information concerning the activities carried out in the performance of their respective duties.

On 25 March 2024, the Independent Auditors issued - pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) No 537 of 16 April 2014 - the certification reports showing that the Financial Statements and Consolidated Financial Statements as of 31 December 2023 had been drawn up clearly and gave a true and fair view of the financial position, results of operations and cash flows of Piaggio & C. S.p.A. and the Group for the year then ended in compliance with International Financial Reporting Standards, and with the measures issued to implement Article 9 of Legislative Decree 38/05.

In the Independent Auditors' opinion, moreover:

- the financial statements and the consolidated financial statements have been prepared in an XHTML format in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (European Single Electronic Format (ESEF);
- the Report on Operations to the Financial Statements and Consolidated Financial Statements as of 31 December 2023 and some specific information in the “Report on Corporate Governance and Ownership Structure” are consistent with the Financial Statements and Consolidated Financial Statements of Piaggio & C. SpA and have been prepared in accordance with the law.

On 25 March 2024, the Independent Auditors submitted to the Board of Auditors the Additional Report, required pursuant to Article 11 of Regulation (EU) No 537/2014, which this Board will bring to the attention of the next Board of Directors’ meeting.

In relation to the financial reporting process, the Additional Report does not indicate any significant shortcomings in the internal control system that deserve to be brought to the attention of the entities and individuals responsible for governance.
In the Additional Report, the Independent Auditors submitted the declaration of independence to the Board of Statutory Auditors, as required by Article 6 of Regulation (EU) No 537/2014, from which no situation emerged that could compromise its independence.
Moreover, the Board of Statutory Auditors took note of the Report on Transparency drawn up by the independent auditors and published on its website in accordance with Article 18 of Legislative Decree no. 39/2010.

Finally, the Board of Statutory Auditors examined, as mentioned above, the content of Deloitte's report on the Non-Financial Statement issued pursuant to Article 3, paragraph 10 of Legislative Decree 254/2016 on 25 March 2024.

The Board of Statutory Auditors points out that during 2023, in addition to the tasks of auditing the separate financial statements, the consolidated financial statements and the financial statements of the subsidiaries, other activities were entrusted to Deloitte and its network, with the approval of this Board, as indicated below:

| | **Service provider** | **Recipient** | **Fee for the financial year 2023** |
|---|---|---|---|
| *In euros* | | | |
| Auditing | Deloitte | Parent company Piaggio & C | 400,392 |
| | Deloitte | Subsidiaries | 472,992 |
| | Other auditors | Subsidiaries | 43,945 |
| Limited audit of the NFS | Deloitte | Parent company Piaggio & C | 63,511 |
| Certification services | Deloitte | Parent company Piaggio & C | 410,000 |
| | Deloitte | Subsidiaries | 41,892 |
| **Total** | | | **1,432,732** |

The Independent Auditors also confirmed to the Board of Statutory Auditors that it did not issue any other opinions required by law over the course of the year, as there were no grounds for doing so.

**3.5 – Dealings with the Supervisory Board**

As recommended by the rules of conduct issued by the National Council of Professional Accountants, in 2023 the Board of Statutory Auditors obtained all useful information from the Supervisory Board in order to verify that it had the necessary level of autonomy, independence and expertise to carry out its duties effectively.

The Board of Statutory Auditors has therefore acquired information from the Supervisory Board concerning the adequacy of the organisational model adopted by the Company, its actual functioning and its effective implementation.
The Supervisory Board reported on the work it carried out in the course of the year ended 31 December 2023, without flagging up any particular issues, and describing a situation basically in line with that required by the Organisational and Management Model referred to in Legislative Decree 231/2001.

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Apart from the facts that it has already described above, the Board of Statutory Auditors is not aware of anything to be reported to the shareholders' meeting.

In 2023 the Board of Statutory Auditors did not receive any reports from shareholders under Article 2408 of the Italian Civil Code.

In the course of its work, and on the basis of the information gathered, the Board of Statutory Auditors has not discovered any omissions, reprehensible facts, irregularities or significant circumstances that need to be reported to the regulatory authorities or mentioned in this report.

In conclusion, the Board of Statutory Auditors – taking into account the specific tasks assigned to the Independent Auditors in terms of auditing the accounting records and verifying the reliability of the financial statements – has issued its opinion without reservations, in light of the certifications issued pursuant to Article 154-bis of Legislative Decree 58/1998 by the Executive in charge of financial reporting and by the Chief Executive Officer, and considering the favourable opinion of the Audit, Risk and Sustainability Committee on the adequacy of the Company's Internal Control and Risk Management System - has no comments to make to the Shareholders' Meeting, pursuant to Article 153 of the Consolidated Law on Finance, regarding the approval of the financial statements for the year ending 31 December 2023, accompanied by the Report on Operations, as presented by the Board of Directors, and therefore has no objections to the approval of the financial statements, the proposal for the allocation of the profit for the year and the distribution of dividends.

Milan, 25 March 2024

For the Board of Statutory
Auditors
The Chair

Piera Vitali

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We would like to thank all colleagues who,
with their valuable cooperation, have contributed to this project,
and made the drafting of this document possible.

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

Disclaimer

This Financial Report as of 31 December 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: Pontedera (Pisa) viale R. Piaggio, 25
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Index no. 134077