



**PIAGGIO
GROUP**

**Interim Report on Operations
as of 31 March 2021**

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

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Management and Coordination

IMMSI S.p.A.

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

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

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Piaggio Group

Interim Directors' Report

Introduction

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

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

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.



Health emergency - COVID-19

During the first few months of 2021, the public health situation was still a cause for concern throughout the world. In general, while seasonal factors could potentially reduce the transmission of the virus during the summer months, leaving the crisis behind seems to be linked to the necessary and rapid distribution of the vaccine among the population. Only a few countries, thanks to particularly careful management of restrictions and lockdowns, or to a massive vaccination campaign, seemed to be on the verge of overcoming the crisis at the end of March.

The pandemic has made the need for safe personal transport increasingly important among the population – to the detriment of public transport, which is seen as a potential vector of transmission. The Group continues to work to seize the opportunities presented by potential growth in demand, offering products that guarantee safe travel with low or no environmental impact.

Since the virus first spread, Piaggio has taken all possible precautions to guarantee the safety of its employees at its sites.

The Group continues to manage the current scenario very carefully in terms of its commercial network of distributors and dealers, and in terms of its customers, to meet its commitments and to continue to offer maximum support.

Key operating and financial data

	1st Quarter		
	2021	2020	2020
<i>In millions of Euros</i>			
Data on financial position			
Net revenues	384.7	311.4	1,313.7
Gross industrial margin	111.2	88.1	372.4
Operating income	23.5	10.0	70.9
Profit before tax	18.5	5.2	50.2
Net profit	11.1	3.1	31.3
.Non-controlling interests			
.Group	11.1	3.1	31.3
Data on financial performance			
Net capital employed (NCE)	839.3	935.7	795.6
Consolidated net debt	(448.6)	(548.6)	(423.6)
Shareholders' equity	390.7	387.1	372.0
Balance sheet figures and financial ratios			
Gross margin as a percentage of net revenues (%)	28.9%	28.3%	28.3%
Net profit as a percentage of net revenues (%)	2.9%	1.0%	2.4%
ROS (Operating income/net revenues)	6.1%	3.2%	5.4%
ROE (Net profit/shareholders' equity)	2.8%	0.8%	8.4%
ROI (Operating income/NCE)	2.8%	1.1%	8.9%
EBITDA	56.0	39.8	186.1
EBITDA/net revenues (%)	14.6%	12.8%	14.2%
Other information			
Sales volumes (unit/000)	135.0	117.1	482.7
Investments in property, plant and equipment and intangible assets	35.6	28.5	140.4
Employees at the end of the period (number)	6,468	6,522	5,856

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	1-1/31-3-2021	53.4	50.9	30.7	135.0
	1-1/31-3-2020	46.9	49.3	20.9	117.1
	Change	6.5	1.6	9.8	17.9
	Change %	13.9%	3.2%	47.2%	15.3%
Turnover (million Euros)	1-1/31-3-2021	233.0	80.3	71.4	384.7
	1-1/31-3-2020	171.2	92.6	47.6	311.4
	Change	61.8	(12.3)	23.8	73.3
	Change %	36.1%	-13.3%	50.1%	23.5%
Average number of staff (no.)	1-1/31-3-2021	3,677.0	1,621.7	977.3	6,276.0
	1-1/31-3-2020	3,579.0	1,787.7	1,005.3	6,372.0
	Change	98.0	(166.0)	(28.0)	(96.0)
	Change %	2.7%	-9.3%	-2.8%	-1.5%
Investment in property, plant and equipment and intangible assets (million Euros)	1-1/31-3-2021	29.0	4.1	2.4	35.6
	1-1/31-3-2020	21.2	6.4	1.0	28.5
	Change	7.9	(2.2)	1.4	7.1
	Change %	37.1%	-35.1%	147.6%	24.8%

Company boards

Board of Directors

Chairman and Chief Executive Officer

Roberto Colaninno ^{(1), (2)}

Deputy Chairman

Matteo Colaninno

Directors

Michele Colaninno

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

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

Patrizia Albano

Federica Savasi

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

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

Board of Statutory Auditors

Chairman

Piera Vitali

Statutory Auditors

Giovanni Barbara

Massimo Giaconia

Alternate Auditors

Fabrizio Piercarlo Bonelli

Gianmarco Losi

Supervisory Body

Antonino Parisi

Giovanni Barbara

Fabio Grimaldi

Chief Financial Officer and Executive in Charge of financial reporting

Alessandra Simonotto

Independent Auditors

Deloitte & Touche S.p.A.

Board Committees

Appointment Proposal Committee

Remuneration Committee

Internal Control, Risk and Sustainability Committee

Related-Party Transactions Committee

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

⁽²⁾ Executive Director

⁽³⁾ Lead Independent Director

⁽⁴⁾ Member of the Appointment Proposal Committee

⁽⁵⁾ Member of the Remuneration Committee

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

⁽⁷⁾ Member of the Related-Party Transactions Committee

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

Significant events during the first quarter of 2021

26 January 2021 - During an international online premiere, the Piaggio Group presented the new range of four-wheeler light commercial vehicles: the new Porter NP6, the first city truck capable of combining compact dimensions with an extraordinary payload, featuring exclusively eco-friendly engines.

The new Aprilia Tuono 660 and Moto Guzzi V7 were presented to the international press from **14 to 20 February 2021**. Aprilia Tuono is aimed at a younger market, providing an accessible version of the sporty performance of the Tuono family (1100cc version already on the market). The new Moto Guzzi V7 is an important evolution of a classic, the brand's best seller, aimed at people who love style combined with technological innovation.

1 March 2021 - the Piaggio Group announced that it had signed a letter of intent with KTM AG, Honda Motor Co., Ltd and Yamaha Motor Co., Ltd to form a consortium to develop interchangeable batteries (battery swap technology) for motorbikes and light electric vehicles.

10 March 2021 - The ratings agency Standard & Poor's Global Ratings (S&P) announced the revision of the Outlook on the Piaggio Group, increasing it from negative to positive, and confirming its "B+" Rating.

15 March 2021 - The Group celebrated the centenary of Moto Guzzi. A century of history, of beautiful motorcycles, of victories, of adventures, of extraordinary characters who have built the myth of the "Eagle Marque".

18 March 2021 - Piaggio Fast Forward (PFF), a Piaggio Group company and leader in the tracking technology sector, announced its collaboration with Trimble for the development of robots and machinery for industrial applications capable of tracking personnel and other devices.

29 March 2021 - The rating agency Moody's Investors Service (Moody's) announced its revised rating of the Piaggio Group, increasing it from negative to stable, confirming its "Ba3" rating of the Group.

Financial position and performance of the Group

Consolidated income statement (reclassified)

	1st Quarter 2021		1st Quarter 2020		Change	
	<i>In millions of Euros</i>	<i>Accounting for a %</i>	<i>In millions of Euros</i>	<i>Accounting for a %</i>	<i>In millions of Euros</i>	<i>%</i>
Net revenues	384.7	100.0%	311.4	100.0%	73.3	23.5%
Cost to sell ¹	(273.5)	-71.1%	(223.2)	-71.7%	(50.3)	22.5%
Gross industrial margin¹	111.2	28.9%	88.1	28.3%	23.0	26.1%
Operating expenses	(87.6)	-22.8%	(78.1)	-25.1%	(9.5)	12.2%
Operating income	23.5	6.1%	10.0	3.2%	13.5	135.1%
Result of financial items	(5.0)	-1.3%	(4.8)	-1.5%	(0.3)	5.3%
Profit before tax	18.5	4.8%	5.2	1.7%	13.3	254.2%
Taxes	(7.4)	-1.9%	(2.1)	-0.7%	(5.3)	254.2%
Net profit	11.1	2.9%	3.1	1.0%	8.0	254.1%
Operating income	23.5	6.1%	10.0	3.2%	13.5	135.1%
Amortisation/depreciation and impairment costs	(32.5)	-8.4%	(29.8)	-9.6%	(2.7)	9.1%
EBITDA¹	56.0	14.6%	39.8	12.8%	16.2	40.8%

Net revenues

	1st Quarter 2021	1st Quarter 2020	Change
<i>In millions of Euros</i>			
EMEA and Americas	233.0	171.2	61.8
India	80.3	92.6	(12.3)
Asia Pacific 2W	71.4	47.6	23.8
TOTAL NET REVENUES	384.7	311.4	73.3
Two-wheelers	296.9	208.8	88.1
Commercial Vehicles	87.8	102.6	(14.8)
TOTAL NET REVENUES	384.7	311.4	73.3

In terms of consolidated turnover, the Group closed the first three months of 2021 with higher net revenues compared to the same period of 2020 (+23.5%). It bears repeating that production and sales were shut down in the second half of March last year due to the public health emergency, which affected markets in the EMEA and Americas and India.

As regards the type of products sold, the increase mainly referred to two-wheeler vehicles (+42.2%). Commercial Vehicles, on the other hand, saw a decline (-14.4%) due to the difficulties encountered on the Indian market caused by the tough situation of the industrial and transport sector created by the pandemic. As a result, the percentage of Commercial Vehicles accounting for overall turnover went down from 32.9% in the first three months of 2020 to the current figure of 22.8%; vice versa, the

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

percentage of Two-Wheeler vehicles accounting for overall turnover rose from 67.1% in the first three months of 2020 to the current figure of 77.2%.

The Group's **gross industrial margin** rose compared to the first three months of the previous year (+26.1%), accounting for 28.9% of turnover (28.3% in the first three months of 2020).

Amortisation/depreciation included in the gross industrial margin was equal to €9.1 million (€8.0 million in the first three months of 2020).

Operating expenses incurred in the period went up compared to the same period of the previous financial year (€+9.5 million), amounting to €87.6 million. The increase is closely linked to the increase in turnover and vehicles sold.

The above-described change in the income statement resulted in a strong increase in consolidated **EBITDA**, which stood at €56.0 million (€39.8 million in the first three months of 2020). In relation to turnover, EBITDA was equal to 14.6% (12.8% in the first three months of 2020).

Operating income (**EBIT**) amounted to €23.5 million, again a strong increase on the first three months of 2020; in relation to turnover, EBIT was equal to 6.1% (3.2% in the first three months of 2020).

The result of **financing activities** was almost in line with the first three months of the previous financial year, with net charges amounting to €5.0 million (€4.8 million in the first three months of 2020).

Income taxes for the period amounted to €7.4 million, equivalent to 40% of profit before tax.

Net profit stood at €11.1 million (2.9% of turnover), up on the figure for the same period of the previous financial year, when it amounted to €3.1 million (1.0% of turnover).

Operating data

Vehicles sold

	1st Quarter 2021	1st Quarter 2020	Change
<i>In thousands of units</i>			
EMEA and Americas	53.4	46.9	6.5
India	50.9	49.3	1.6
Asia Pacific 2W	30.7	20.9	9.8
TOTAL VEHICLES	135.0	117.1	17.9
Two-wheelers	103.2	76.4	26.7
Commercial Vehicles	31.9	40.7	(8.8)
TOTAL VEHICLES	135.0	117.1	17.9

In the first three months of 2021, the Piaggio Group sold 135,000 vehicles worldwide, recording an increase compared to the first three months of the previous year, when 117,100 vehicles had been sold (+15.3%). Sales increased in all geographic segments. As regards product type, sales of Two-Wheeler vehicles grew (+35.0%) while sales of Commercial Vehicles fell (-21.7%).

Staff

In the first three months of 2021, the average workforce decreased overall. In Italy, on the other hand, the workforce grew due to the start of the production of the New Porter NP6 light commercial vehicle and bringing forward the introduction of fixed-term contractors due to the expansion of demand.

Average number of company employees by geographic segment

Employee/staff numbers	1st Quarter 2021	1st Quarter 2020	Change
EMEA and Americas	3,677.0	3,579.0	98.0
<i>of which Italy</i>	<i>3,406.7</i>	<i>3,291.3</i>	<i>115.4</i>
India	1,621.7	1,787.7	(166.0)
Asia Pacific 2W	977.3	1,005.3	(28.0)
Total	6,276.0	6,372.0	(96.0)

As of 31 March 2021, Group employees totalled 6,468, up by 612 compared to 31 December 2020.

Breakdown of company employees by geographic segment

Employee/staff numbers	As of 31 March 2021	As of 31 December 2020	As of 31 March 2020
EMEA and Americas	3,855	3,331	3,634
<i>of which Italy</i>	<i>3,585</i>	<i>3,057</i>	<i>3,348</i>
India	1,633	1,550	1,868
Asia Pacific 2W	980	975	1,020
Total	6,468	5,856	6,522

Consolidated statement of financial position²

	As of 31 March 2021	As of 31 December 2020	Change
<i>In millions of Euros</i>			
Statement of financial position			
Net working capital	(108.3)	(146.6)	38.3
Property, plant and equipment	268.1	269.2	(1.1)
Intangible assets	702.7	695.6	7.1
Rights of use	32.4	33.2	(0.8)
Financial assets	9.8	9.6	0.1
Provisions	(65.4)	(65.5)	0.2
Net capital employed	839.3	795.6	43.7
Net financial debt	448.6	423.6	24.9
Shareholders' equity	390.7	372.0	18.7
Sources of financing	839.3	795.6	43.7
Non-controlling interests	(0.1)	(0.1)	0.0

Net working capital as of 31 March 2021, which was negative by €-108.3 million, used cash for approximately €38.3 million in the first three months of 2021.

Property, plant and equipment amounted to €268.1 million as of 31 March 2021, registering a decrease of approximately €1.1 million compared to 31 December 2020. This decrease is mainly due to the sale of investment property for €4.6 million, the impact of the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €4.4 million) and depreciation, the value of which exceeded investments for the period by approximately €0.9 million.

Intangible assets totalled €702.7 million, up by approximately €7.1 million compared to 31 December 2020. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €5.9 million, as well as the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €1.2 million).

Rights of use, equal to €32.4 million, represent the current value of future operating lease payments, as required by the adoption of the new accounting standard IFRS 16.

Financial assets totalled €9.8 million overall, showing a slight increase compared to the figures for the previous year.

Provisions totalled €65.4 million, essentially in line with 31 December 2020 (€65.5 million).

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

As fully described in the next section on the “Consolidated Statement of Cash Flows”, **net financial debt** as of 31 March 2021 was equal to €448.6 million, compared to €423.6 million as of 31 December 2020. The increase of approximately €24.9 million is mainly due to the seasonal nature of two-wheelers which, as is well-known, uses resources in the first part of the year and generates them in the second half.

Net financial debt decreased by €100.1 million compared to 31 March 2020. It is worth noting that in the first quarter of 2020, financial position was heavily affected by the sales freeze as a result of the COVID-19 lockdown.

The Group's **shareholders' equity** as of 31 March 2021 totalled €390.7 million, up by approximately €18.7 million compared to 31 December 2020.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows prepared in accordance with the models provided by international financial reporting standards (IFRS) is shown in the "Consolidated Condensed Interim Financial Statements as of 31 March 2021"; the following is a comment relating to the summary statement shown.

	1st Quarter 2021	1st Quarter 2020	Change
<i>In millions of Euros</i>			
Change in Consolidated Net Debt			
Opening Consolidated Net Debt	(423.6)	(429.7)	6.1
Cash Flow from Operating Activities	41.7	27.4	14.3
(Increase)/Reduction in Net Working Capital	(38.3)	(121.5)	83.2
Investment activities	(35.6)	(28.5)	(7.1)
Other changes	(0.4)	3.6	(4.0)
Change in Shareholders' Equity	7.6	0.1	7.5
Total Change	(24.9)	(118.9)	94.0
Closing Consolidated Net Debt	(448.6)	(548.6)	100.1

In the first three months of 2021, the Piaggio Group used **financial resources** amounting to €24.9 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €41.7 million.

Working capital involved a cash flow of €38.3 million; in detail:

- the collection of trade receivables³ used financial flows for a total of €56.7 million;
- stock management absorbed financial flows for a total of approximately €76.8 million;
- supplier payment trends generated financial flows of approximately €102.4 million;
- the movement of other non-trade assets and liabilities had a negative impact on cash flows by approximately €7.2 million.

Investing activities involved a total of €35.6 million of financial resources.

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

As a result of the above financial dynamics, which involved a cash flow of €24.9 million, the **net debt** of the Piaggio Group amounted to €448.6 million, a €100.1 million improvement on the same period of the previous year.

³ Net of customer advances.

Alternative non-GAAP performance measures

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

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

In particular the following alternative performance measures have been used:

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

Results by type of product

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

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

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

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

Two-wheelers

Two-wheelers	1st Quarter 2021		1st Quarter 2020		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million Euros)	Volumes Sell-in (units/000)	Turnover (million Euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	49.0	204.2	43.7	149.2	12.3%	36.8%	5.4	54.9
of which EMEA <i>(of which Italy)</i>	45.5 <i>11.1</i>	188.0 <i>47.7</i>	41.9 <i>6.6</i>	139.1 <i>22.3</i>	8.7% <i>69.7%</i>	35.1% <i>113.7%</i>	3.7 <i>4.6</i>	48.8 <i>25.4</i>
of which America	3.5	16.2	1.8	10.1	94.4%	59.9%	1.7	6.1
India	23.4	21.3	11.9	12.0	96.9%	77.7%	11.5	9.3
Asia Pacific 2W	30.7	71.4	20.9	47.6	47.2%	50.1%	9.8	23.8
TOTAL	103.2	296.9	76.4	208.8	35.0%	42.2%	26.7	88.1
Scooters	93.9	201.8	68.7	141.8	36.7%	42.3%	25.2	60.0
Motorcycles	9.3	64.9	7.7	40.3	19.8%	61.3%	1.5	24.7
Spare Parts and Accessories		29.6		26.2		13.2%		3.5
Other		0.5		0.5		-5.9%		(0.0)
TOTAL	103.2	296.9	76.4	208.8	35.0%	42.2%	26.7	88.1

Two-wheeler vehicles can mainly be grouped into two product segments, scooters and motorcycles, in addition to the related spare parts and accessories business, the sale of engines to third parties, involvement in main two-wheeler sports championships and technical service.

The world two-wheeler market comprises two macro areas, which clearly differ in terms of characteristics and scale of demand: economically advanced countries (Europe, United States, Japan) and emerging nations (Asia Pacific, China, India, Latin America).

In the first macro area, which is a minority segment in terms of volumes, the Piaggio Group has a historical presence, with scooters meeting the need for mobility in urban areas and motorcycles for recreational purposes.

In the second macro area, which in terms of sales, accounts for most of the world market and is the Group's target for expanding operations, two-wheeler vehicles are the primary mode of transport.

Background

In Europe, the Piaggio Group's reference area, the two-wheeler market sold 309,023 vehicles in the first quarter of 2021, a 13.6% increase compared to the first three months of 2020 (+7.9% for the motorcycle segment and +20.6% for the scooter segment).

In Italy, the scooter segment saw an increase of +47.7%, while the motorcycle segment registered a growth of +37.8%.

North America's two-wheeler market increased by 40.2% in the first three months of 2021 compared to the same period of the previous year. The motorcycle market, which accounts for 97.0% of the overall market, increased by 40.5%, while scooter market rose by 32.1%.

In Vietnam, the Asian nation with most Group vehicles, sales went down overall by 7.0%.

In India, the two-wheeler market recorded a rise (24.3%) in the first three months of 2021 compared to the same period of the previous year, driven by an increase in the scooter segment (+24.9%) and in the motorcycle segment (+24.8%).

Main results

In the first three months of 2021, the Piaggio Group sold a total of 103,200 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €296.9 million, including spare parts and accessories (€29.6 million, +13.2%).

As shown in the table, all markets showed positive trends. Overall, volumes grew by 35.0% while turnover grew by 42.2%.

Market positioning⁴

On the European two-wheeler market, the Piaggio Group achieved a total share of 13.2% in the first three months of 2021, an improvement on the share held in the first quarter of 2020 (11.7%). The leadership position in the scooter segment was confirmed (23.3% in the first quarter of 2021 compared to 21.9% in the first three months of 2020).

In Italy, the Piaggio Group's market share has gone from 15.6% in the first quarter of 2020 to 20.5% in the same period of 2021. The Group held a 32.4% share in the scooter segment (25.2% in the first

⁴ Market shares for the first three months of 2020 might differ from figures published in the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

three months of 2020) and a 4.8% share in the motorcycle segment (3.8% in the first three months of 2020).

In India, in the first three months of 2021, the Group recorded a strong increase in sell-out volumes compared to the same period of the previous year, closing at 19,392 vehicles (+84.8%).

The Group's position on the North American scooter market is growing, where it ended the period with a share of 32.9% (23.7% in the first quarter of 2020).

Commercial Vehicles

Commercial Vehicles	1st Quarter 2021		1st Quarter 2020		Change %		Change	
	Volumes Sell-in (units/000)	Turnover (million Euros)	Volumes Sell-in (units/000)	Turnover (million Euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	4.4	28.8	3.2	22.0	35.3%	31.1%	1.1	6.8
<i>of which EMEA</i>	2.2	11.3	1.5	10.1	44.6%	12.3%	0.7	1.2
<i>(of which Italy)</i>	1.1	15.8	0.8	10.3	33.4%	53.5%	0.3	5.5
<i>of which America</i>	1.1	1.7	0.9	1.6	20.8%	6.7%	0.2	0.1
India	27.5	58.9	37.4	80.6	-26.7%	-26.8%	(10.0)	(21.6)
TOTAL	31.9	87.8	40.7	102.6	-21.7%	-14.4%	(8.8)	(14.8)
Ape	30.5	56.5	39.5	76.9	-22.8%	-26.5%	(9.0)	(20.4)
Porter	1.3	18.5	1.1	13.5	20.6%	37.0%	0.2	5.0
Quargo	0.0	0.0	0.0	0.0				
Mini Truk	0.0	0.0	0.0	0.1			(0.0)	(0.1)
Spare Parts and Accessories		12.8		12.1		5.6%		0.7
TOTAL	31.9	87.8	40.7	102.6	-21.7%	-14.4%	(8.8)	(14.8)

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

Background

Europe

In the first three months of 2021, registrations on the European market of light commercial vehicles (gross vehicle weight less than or equal to 3.5 tons), in which the Piaggio Group operates, increased by 23.6%. The good results in March managed to offset the weak performance of the van segment during the first two months of the year (source: ACEA data). Demand has increased in each of the key markets: Italy (+41.9%), France (+35.4%), Spain (+11.6%) and Germany (+4.9%).

India

Sales on the Indian three-wheeler market, where Piaggio Vehicles Private Limited, a subsidiary of Piaggio & C. S.p.A. operates, went down from 129,811 units in the first three months of 2020 to 85,596 units in the same period of 2021, registering a 34.1% decrease. On this market, the fall was due entirely to the passenger vehicles segment, which recorded a drop in units (-45.6%) from 105,261 in the first three months of 2020 to 57,252 units in the first three months of 2021. The cargo segment reported an increase (+15.5%) from over 24,550 units in the first quarter of 2020 to 28,344 units in the first three months of 2021.

Main results

During the first three months of 2021, the Commercial vehicles business generated a turnover of approximately €87.8 million, down by 14.4% compared to the same period of the previous year.

The decline was caused by the drop in India (-26.8%; -19.6% at constant exchange rates) following a 26.7% drop in volumes.

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 21,804 three-wheelers on the Indian market (31,608 in the first three months of 2020).

The Indian affiliate also exported 5,653 three-wheeler vehicles (5,777 in the first quarter of 2020).

All markets in EMEA and Americas reported a positive trend (+35.3% volumes; +31.1% turnover). In particular, the Italian market benefited from the sales launch of the new Porter NP6.

Market positioning⁵

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

The Group is also present in India, in the passenger vehicle and cargo sub-segments of the three-wheeler market, where it is market leader.

On the Indian three-wheeler market, Piaggio has a market share of 25.5% (24.3% in the first quarter of 2020). Detailed analysis of the market shows that Piaggio maintained its leadership position in the goods transport segment (cargo segment) with a share of 38.8% (47.2% in the first three months of 2020). In the passenger segment Piaggio increased its share closing at 25.3%, (19.0% in the first quarter of 2020).

⁵ Market shares for the first three months of 2020 might differ from figures published in the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

Events occurring after the end of the period

14 April 2021 - The Shareholders' Meeting of Piaggio & C. S.p.A. appointed the Board of Directors, confirming the number of its members at 9, the majority of whom (5 members) declared that they meet the independence requirements established by the applicable regulations. The term of office was set at three financial years, until the Shareholders' Meeting convened to approve the Financial Statements as of 31 December 2023. The following have been appointed Directors: Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Graziano Gianmichele Visentin (independent director), Rita Ciccone (independent director), Patrizia Albano (independent director), Federica Savasi, taken from the majority list submitted by IMMSI S.p.A. (which obtained 60.991% of the votes) and Micaela Vescia (independent director), on the basis of the proposal submitted by IMMSI S.p.A. and approved by a majority (90.334% of the votes), as well as Andrea Formica (independent director), taken from the minority list submitted by a group of investors (which obtained 29.899% of the votes), who are not even indirectly linked with the shareholders who hold a majority stake in the Company. The Shareholders' Meeting also appointed the Board of Statutory Auditors, which is composed as follows: Piera Vitali (Chair), drawn from the minority list submitted by the aforesaid group of investors (which received 29.641% of the votes); Giovanni Barbara and Massimo Giaconia, drawn from the majority list submitted by IMMSI S.p.A. (which obtained 61% of the votes), as Standing Statutory Auditors; Gianmarco Losi, taken from the majority list submitted by IMMSI SpA and Fabrizio Piercarlo Bonelli, taken from the minority list, as Alternate Statutory Auditors. The appointed corporate bodies comply with applicable laws on gender balance.

23 April 2021 – Vespa's 75th anniversary was celebrated, reaching the extraordinary milestone of 19 million scooters produced since spring 1946.

Operating outlook

It remains difficult to make forecasts due to the lingering uncertainties about how the pandemic will evolve in the coming months of 2021. Even so, in the year in which Moto Guzzi celebrates its first 100 years and Vespa its first 75, Piaggio will continue its journey with the launch of 11 new two-wheeler models and a new light commercial vehicle, as well as building a new e-mobility department in Pontedera, starting up a new plant in Indonesia, and completely renovating the Moto Guzzi production site and museum areas.

Against this backdrop, Piaggio therefore confirms that, as indicated on publication of its 2020 results, it will continue to work to meet its commitments and targets, keeping all measures in place to respond quickly and flexibly to unexpected and difficult situations that could still arise, thanks to careful and efficient management of its economic and financial structure.

Transactions with related parties

Revenues, costs, receivables and payables as of 31 March 2021 involving parent companies, subsidiaries and affiliates refer to the sale of goods or services which are a part of normal operations of the Group. Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the "Notes to the consolidated financial statements".

Economic glossary

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

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

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

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

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

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

Gross industrial margin: defined as the difference between "Revenues" and corresponding "Cost to sell" of the period.

Cost to sell: include the cost for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, movements and warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, equipment and industrial equipment, external maintenance and cleaning costs net of sundry cost recovery recharged to suppliers.

Operating expenses: consist of employee costs, costs for services, leases and rentals, and additional operational expenditure net of operating income not included in the gross industrial margin. Operating expenses also include amortisation and depreciation not included in the calculation of the gross industrial margin.

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

Net capital employed: determined as the algebraic sum of Net fixed assets, Net working capital and provisions.

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

Piaggio Group

Condensed Interim Financial Statements as of 31 March 2021

Consolidated Income Statement

	Notes	1st Quarter 2021		1st Quarter 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
Net revenues	4	384,653	3	311,358	23
Cost for materials	5	(235,420)	(3,706)	(189,803)	(4,200)
Cost for services and leases and rentals	6	(57,960)	(556)	(45,764)	(539)
Employee costs	7	(60,671)		(56,450)	
Depreciation and impairment costs of property, plant and equipment	8	(11,528)		(9,920)	
Amortisation and impairment costs of intangible assets	8	(18,986)		(17,782)	
Depreciation of rights of use	8	(1,985)		(2,097)	
Other operating income	9	31,725	99	24,524	115
Net reversals (impairment) of trade and other receivables	10	(1,027)		(384)	
Other operating costs	11	(5,263)	(11)	(3,670)	(5)
Operating income		23,538		10,012	
Income/(loss) from investments	12	51	51	160	160
Financial income	13	297		605	
Borrowing costs	13	(6,510)	(27)	(6,347)	(41)
Net exchange gains/(losses)	13	1,121		793	
Profit before tax		18,497		5,223	
Taxes for the period	14	(7,399)		(2,089)	
Profit from continuing operations		11,098		3,134	
Assets held for sale:					
Profits or losses arising from assets held for sale	15				
Net Profit (loss) for the period		11,098		3,134	
Attributable to:					
Owners of the Parent		11,098		3,134	
Non-controlling interests		0		0	
Earnings per share (figures in €)	16	0.031		0.009	
Diluted earnings per share (figures in €)	16	0.031		0.009	

Consolidated Statement of Comprehensive Income

<i>In thousands of Euros</i>	Notes	1st Quarter 2021	1st Quarter 2020
Net Profit (loss) for the period (A)		11,098	3,134
Items that will not be reclassified to income statement			
Remeasurements of defined benefit plans	40	205	2,316
Total		205	2,316
Items that may be reclassified to income statement			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	40	4,010	(4,011)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	40	478	56
Total profits (losses) on cash flow hedges	40	2,935	1,965
Total		7,423	(1,990)
Other comprehensive income (B)*		7,628	326
Total comprehensive income (expenses) for the period (A + B)		18,726	3,460
* Other comprehensive income take account of related tax effects.			
Attributable to:			
Owners of the Parent		18,718	3,416
Non-controlling interests		8	44

Consolidated Statement of Financial Position

	Notes	As of 31 March 2021		As of 31 December 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
ASSETS					
Non-current assets					
Intangible assets	17	702,738		695,646	
Property, plant and equipment	18	268,073		264,616	
Rights of use	19	32,406		33,241	
Investment Property	20			4,600	
Investments	35	9,663		9,134	
Other financial assets	36	37		37	
Tax receivables	25	11,878		12,399	
Deferred tax assets	21	64,722		64,686	
Trade receivables	23				
Other receivables	24	23,662	81	26,260	81
Total non-current assets		1,113,179		1,110,619	
Assets held for sale	27				
Current assets					
Trade receivables	23	126,605	535	68,692	423
Other receivables	24	58,541	16,260	44,241	16,274
Tax receivables	25	21,671		12,851	
Inventories	22	266,634		189,864	
Other financial assets	36	2,762		2,617	
Cash and cash equivalents	37	216,180		230,093	
Total current assets		692,393		548,358	
Total assets		1,805,572		1,658,977	

	Notes	As of 31 March 2021		As of 31 December 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and reserves attributable to the owners of the Parent	39	390,877		372,159	
Share capital and reserves attributable to non-controlling interests	39	(139)		(147)	
Total shareholders' equity		390,738		372,012	
Non-current liabilities					
Financial liabilities	38	468,132		465,776	
Financial liabilities for rights of use	38	16,809	3,201	17,994	3,512
Trade payables	28				
Other long-term provisions	29	12,299		12,543	
Deferred tax liabilities	30	9,262		5,227	
Retirement funds and employee benefits	31	33,729		34,998	
Tax payables	32				
Other payables	33	10,651		11,094	
Total non-current liabilities		550,882		547,632	
Current liabilities					
Financial liabilities	38	174,678		163,510	
Financial liabilities for rights of use	38	7,837	1,367	8,582	1,952
Trade payables	28	593,572	5,341	489,964	5,770
Tax payables	32	12,033		12,987	
Other short-term payables	33	56,509	4,132	46,316	4,058
Current portion of other long-term provisions	29	19,323		17,974	
Total current liabilities		863,952		739,333	
Total Shareholders' Equity and Liabilities		1,805,572		1,658,977	

Consolidated Statement of Cash Flows

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

	Notes	1st Quarter 2021		1st Quarter 2020	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
<i>Operating activities</i>					
Net Profit (loss) for the period		11,098		3,134	
Taxes for the period	14	7,399		2,089	
Depreciation of property, plant and equipment	8	11,528		9,920	
Amortisation of intangible assets	8	18,986		17,782	
Depreciation of rights of use	8	1,985		2,097	
Provisions for risks and retirement funds and employee benefits		4,605		3,616	
Write-downs/(Reinstatements)		1,029		388	
Losses / (Gains) on the disposal of property, plant and equipment		(36)		2	
Financial income	13	(297)		(605)	
Borrowing costs	13	6,510		6,347	
Income from public grants		(617)		(798)	
Portion of earnings of associates		(51)		(160)	
<i>Change in working capital:</i>					
(Increase)/Decrease in trade receivables	23	(58,871)	(112)	(54,601)	(44)
(Increase)/Decrease in other receivables	24	(11,772)	14	(4,314)	(120)
(Increase)/Decrease in inventories	22	(76,770)		(74,925)	
Increase/(Decrease) in trade payables	28	103,608	(429)	24,488	1,088
Increase/(Decrease) in other payables	33	9,750	74	3,484	20
Increase/(Decrease) in provisions for risks	29	(2,010)		(1,611)	
Increase/(Decrease) in retirement funds and employee benefits	31	(2,817)		(2,607)	
Other changes		(11,327)		(10,443)	
Cash generated from operating activities		11,930		(76,717)	
Interest paid		(4,896)		(4,467)	
Taxes paid		(5,615)		(7,488)	
Cash flow from operating activities (A)		1,419		(88,672)	
<i>Investment activities</i>					
Investment in property, plant and equipment	18	(10,654)		(9,607)	
Sale price, or repayment value, of property, plant and equipment		4,697		18	
Investment in intangible assets	17	(24,896)		(18,889)	
Sale price, or repayment value, of intangible assets		19		1	
Public grants collected		306		352	
Collected interests		97		668	
Cash flow from investment activities (B)		(30,431)		(27,457)	
<i>Financing activities</i>					
Purchase of treasury shares	39	0		(217)	
Loans received	38	40,253		115,025	
Outflow for repayment of loans	38	(27,328)		(20,271)	
Lease payments for rights of use	38	(2,811)		(1,919)	
Cash flow from financing activities (C)		10,114		92,618	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(18,898)		(23,511)	
Opening balance		228,906		190,728	
Exchange differences		6,172		(785)	
Closing balance		216,180		166,432	

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2021 / 31 March 2021

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group translation reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
<i>In thousands of Euros</i>												
As of 1 January 2021		207,614	7,171	24,215	281	(15,525)	(38,459)	(1,966)	188,828	372,159	(147)	372,012
Profit for the period									11,098	11,098		11,098
Other comprehensive income	40				2,935		4,480		205	7,620	8	7,628
Total comprehensive income (expenses) for the period		0	0	0	2,935	0	4,480	0	11,303	18,718	8	18,726
<u>Transactions with shareholders:</u>												
Allocation of profits	39									0		0
Distribution of dividends	39									0		0
Purchase of treasury shares	39									0		0
As of 31 March 2021		207,614	7,171	24,215	3,216	(15,525)	(33,979)	(1,966)	200,131	390,877	(139)	390,738

Changes in Consolidated Shareholders' Equity

Movements from 1 January 2020 / 31 March 2020

	Notes	Share capital	Share premium reserve	Legal reserve	Reserve for measurement of financial instruments	IAS transition reserve	Group translation reserve	Treasury shares	Earnings reserve	Consolidated Group shareholders' equity	Share capital and reserves attributable to non-controlling interests	TOTAL SHAREHOLDERS' EQUITY
<i>In thousands of Euros</i>												
As of 1 January 2020		207,614	7,171	21,904	(29)	(15,525)	(27,896)	(1,749)	192,525	384,015	(208)	383,807
Profit for the period									3,134	3,134		3,134
Other comprehensive income	40				1,965		(3,999)		2,316	282	44	326
Total comprehensive income (expenses) for the period		0	0	0	1,965	0	(3,999)	0	5,450	3,416	44	3,460
<u>Transactions with shareholders:</u>												
Allocation of profits	39									0		0
Distribution of dividends	39									0		0
Purchase of treasury shares	39							(217)		(217)		(217)
As of 31 March 2020		207,614	7,171	21,904	1,936	(15,525)	(31,895)	(1,966)	197,975	387,214	(164)	387,050

Notes to the Consolidated Financial Statements

A) GENERAL ASPECTS

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

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

1. Scope of consolidation

The scope of consolidation is unchanged from the consolidated financial statements as of 31 December 2020 and 31 March 2020.

2. Compliance with international accounting standards

These Condensed Interim Financial Statements have been drafted in compliance with the International Accounting Standards (IAS/IFRS) in force at that date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (CONSOB Resolution no. 15519 dated 27 July 2006 containing the "Provisions for the presentation of financial statements", CONSOB Resolution no. 15520 dated 27 July 2006 containing the "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", CONSOB communication no. 6064293 dated 28 July 2006 containing the "Corporate reporting required in accordance with Article 114, paragraph 5 of Legislative Decree 58/98"). The interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously the Standing Interpretations Committee ("SIC"), were also taken into account.

During the drafting of these Condensed Consolidated Interim Financial statements, prepared in compliance with IAS 34 - *Interim Financial Reporting*, the same accounting standards adopted in the drafting of the Consolidated Financial Statements as of 31 December 2020 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2021". The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2020, prepared according to IFRS.

The preparation of the interim financial statements requires management to make estimates and assumptions which have an impact on the values of revenues, costs, consolidated balance sheet assets and liabilities and on the information regarding contingent assets and liabilities at the

reporting date. If these management estimates and assumptions should, in future, differ from the actual situation, they will be changed as appropriate in the period in which the circumstances change. For a more detailed description of the most significant measurement methods of the Group, reference is made to the section "Use of estimates" of the Consolidated Financial Statements as of 31 December 2020.

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

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

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

New accounting standards, amendments and interpretations adopted from 1 January 2021

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform - Phase 1

These amendments provide some facilitations in relation to the reform of interest rate benchmarks. The issues relate to the recognition of hedging transactions and have the effect that IBOR reform should not generally result in the cessation of hedge accounting. However, if the hedge is ineffective it should continue to be recognised in profit or loss. Given the pervasive nature of hedging that involves contracts based on IBOR, the facilitations will affect companies from all sectors.

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

Accounting standards, amendments and interpretations not yet applicable

At the date of these Financial Statements, competent bodies of the European Union had not completed the approval process necessary for the application of the following accounting standards and amendments:

- In May 2017, the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard will replace IFRS 4 and will be effective from 1 January 2023.
- In January 2020, the IASB published some amendments to IAS 1 that clarify the definition of "current" or "non-current" liabilities based on rights existing at the reporting date. These amendments will apply from 1 January 2022.

- In May 2020, the IASB published narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16. The amendments will be applicable with effect from 1 January 2022.
- In August 2020, the IASB published some amendments to IFRS 7, IFRS 4 and IFRS 16. The amendments will be effective from 1 January 2021.
- In February 2021, the IASB published narrow-scope amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve disclosure of accounting standards and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting standards. These amendments will apply from 1 January 2023.

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

Other information

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

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

<i>Currency</i>	Spot exchange rate 31 March 2021	Average exchange rate 1st Quarter 2021	Spot exchange rate 31 December 2020	Average exchange rate 1st Quarter 2020
US Dollar	1.1725	1.20485	1.2271	1.10266
Pounds Sterling	0.85209	0.873933	0.89903	0.86225
Indian Rupee	85.8130	87.84841	89.6605	79.90956
Singapore Dollars	1.5768	1.60543	1.6218	1.52808
Chinese Yuan	7.6812	7.80798	8.0225	7.69564
Croatian Kuna	7.5705	7.57243	7.5519	7.49037
Japanese Yen	129.91	127.80571	126.49	120.09734
Vietnamese Dong	26,239.02	26,951.31254	27,654.41	25,176.95266
Indonesian Rupiah	17,083.32	17,065.25937	17,029.69	15,742.82219
Brazilian Real	6.7409	6.59901	6.3735	4.91667

B) SEGMENT REPORTING

3. Operating segment reporting

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

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

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

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

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

INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	Total
Sales volumes (unit/000)	1-1/31-3-2021	53.4	50.9	30.7	135.0
	1-1/31-3-2020	46.9	49.3	20.9	117.1
	Change	6.5	1.6	9.8	17.9
	Change %	13.9%	3.2%	47.2%	15.3%
Net turnover (millions of Euros)	1-1/31-3-2021	233.0	80.3	71.4	384.7
	1-1/31-3-2020	171.2	92.6	47.6	311.4
	Change	61.8	(12.3)	23.8	73.3
	Change %	36.1%	-13.3%	50.1%	23.5%
Gross margin (millions of Euros)	1-1/31-3-2021	69.4	15.2	26.6	111.2
	1-1/31-3-2020	48.1	19.9	20.1	88.1
	Change	21.2	(4.7)	6.5	23.0
	Change %	44.1%	-23.5%	32.3%	26.1%
EBITDA (millions of Euros)	1-1/31-3-2021				56.0
	1-1/31-3-2020				39.8
	Change				16.2
	Change %				40.8%
EBIT (millions of Euros)	1-1/31-3-2021				23.5
	1-1/31-3-2020				10.0
	Change				13.5
	Change %				135.1%
Net profit (millions of Euros)	1-1/31-3-2021				11.1
	1-1/31-3-2020				3.1
	Change				8.0
	Change %				254.1%

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

4. Net revenues

€ /000 384,653

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

This item does not include transport costs, which are recharged to customers (€ /000 6,975) and invoiced advertising cost recoveries (€ /000 1,002), which are posted under other operating income.

The revenues for disposals of Group core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets.

Revenues by geographic segment

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

	1st Quarter 2021		1st Quarter 2020		Changes	
	Amount	%	Amount	%	Amount	%
<i>In thousands of Euros</i>						
EMEA and Americas	232,994	60.6	171,234	55.0	61,760	36.1
India	80,252	20.9	92,563	29.7	(12,311)	-13.3
Asia Pacific 2W	71,407	18.5	47,561	15.3	23,846	50.1
Total	384,653	100.0	311,358	100.0	73,295	23.5

In the first three months of 2021 net sales revenues increased by 23.5% compared to the same period of the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials

€ /000 (235,420)

Costs for materials increased by € /000 45,617 compared to the first three months of 2020, mainly due to the growth in products sold. The item includes € /000 3,706 (€ /000 4,200 in the first three months of 2020) for purchases of two-wheelers from the Chinese affiliate Zongshen Piaggio Foshan Motorcycle Co., that are sold on European and Asian markets.

6. Costs for services and leases and rental costs

€ /000 (57,960)

Costs for services and leases and rental costs recorded growth of € /000 12,196 compared to the first three months of 2020. The item includes costs for temporary work of € /000 546.

7. Employee costs

€ /000 (60,671)

Employee costs include € /000 341 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	1st Quarter 2021	1st Quarter 2020	Change
<i>In thousands of Euros</i>			
Salaries and wages	(46,723)	(43,361)	(3,362)
Social security contributions	(11,765)	(10,415)	(1,350)
Termination benefits	(1,809)	(1,765)	(44)
Other costs	(374)	(909)	535
Total	(60,671)	(56,450)	(4,221)

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

	Average number		
	1st Quarter 2021	1st Quarter 2020	Change
<i>Level</i>			
Senior management	106.3	105.0	1.3
Middle management	664.3	666.0	(1.7)
White collars	1,621.3	1,701.0	(79.7)
Blue collars	3,884.1	3,900.0	(15.9)
Total	6,276.0	6,372.0	(96.0)

Average employee numbers were affected by seasonal workers in the summer (on fixed-term employment contracts).

In fact the Group uses fixed-term employment contracts to handle typical peaks in demand in the summer months.

	Number as of		
	31 March 2021	31 December 2020	Change
<i>Level</i>			
Senior management	107	107	0
Middle management	667	661	6
White collars	1,621	1,625	(4)
Blue collars	4,073	3,463	610
Total	6,468	5,856	612
EMEA and Americas	3,855	3,331	524
India	1,633	1,550	83
Asia Pacific 2W	980	975	5
Total	6,468	5,856	612

8. Amortisation/depreciation and impairment costs**€/000 (32,499)**

This item consists of:

	1st Quarter 2021	1st Quarter 2020	Change
<i>In thousands of Euros</i>			
Amortisation and impairment costs of intangible assets	(18,986)	(17,782)	(1,204)
Depreciation and impairment costs of property, plant, and equipment	(11,528)	(9,920)	(1,608)
Depreciation of rights of use	(1,985)	(2,097)	112
Total	(32,499)	(29,799)	(2,700)

9. Other operating income**€/000 31,725**

This item, consisting prevalently of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, shows an increase of €/000 7,201 compared to the first quarter of 2020.

Revenues include €/000 3,716 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in during previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India in early 2021, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

10. Net reversals (impairment) of trade and other receivables**€/000 (1,027)**

This item, mainly comprising the impairment of trade receivables in current assets, showed additional costs of €/000 643 compared to the first three months of 2020.

11. Other operating costs**€/000 (5,263)**

The item shows an increase of €/000 1,593 compared to the same period of last year.

12. Income/(loss) from investments**€/000 51**

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

13. Net financial income (borrowing costs)**€/000 (5,092)**

Net financial income (borrowing costs) in the first three months of 2021 was negative by €/000 5,092, a slight increase on the figure of €/000 4,949 for the same period of the previous year.

14. Taxes**€/000 (7,399)**

Income tax for the period, determined based on IAS 34, was estimated by applying a rate of 40.0% to profit before tax, equivalent to the best estimate of the weighted average rate predicted for the financial year.

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

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

16. Earnings per share

Earnings per share are calculated as follows:

		1st Quarter 2021	1st Quarter 2020
Net profit	€/000	11,098	3,134
Earnings attributable to ordinary shares	€/000	11,098	3,134
Average number of ordinary shares in circulation		357,124,826	357,229,557
Earnings per ordinary share	€	0.031	0.009
Adjusted average number of ordinary shares		357,124,826	357,229,557
Diluted earnings per ordinary share	€	0.031	0.009

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets

€/000 702,738

Intangible assets went up overall by €/000 7,092 mainly due to investments for the period which were only partially balanced by amortisation for the period.

Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.

In the first three months of 2021, borrowing costs for €/000 282 were capitalised.

The table below shows the breakdown of intangible assets as of 31 March 2021, as well as changes during the period.

<i>In thousands of Euros</i>	Development costs			Patent rights and know-how			Concessions, licences and trademarks	Goodwill	Other			Total		
	Assets under development and advances			Assets under development and advances					Assets under development and advances			Assets under development and advances		
	In service	advances	Total	In service	advances	Total			In service	advances	Total	In service	advances	Total
Historical cost	307,472	43,284	350,756	439,080	71,878	510,958	190,737	557,322	7,992		7,992	1,502,603	115,162	1,617,765
Provisions for write-down	(1,136)	(1,569)	(2,705)			0					0	(1,136)	(1,569)	(2,705)
Accumulated amortisation	(256,428)		(256,428)	(383,707)		(383,707)	(161,198)	(110,382)	(7,699)		(7,699)	(919,414)	0	(919,414)
Amount as of 01 01 2021	49,908	41,715	91,623	55,373	71,878	127,251	29,539	446,940	293	0	293	582,053	113,593	695,646
Investments	5,797	7,484	13,281	5,480	6,088	11,568			37	10	47	11,314	13,582	24,896
Transitions in the period	28,809	(28,809)	0	54,940	(54,940)	0			10	(10)	0	83,759	(83,759)	0
Amortisation	(8,162)		(8,162)	(9,552)		(9,552)	(1,216)		(56)		(56)	(18,986)	0	(18,986)
Disposals			0	(19)		(19)					0	(19)	0	(19)
Write-downs			0			0					0	0	0	0
Exchange differences	850	316	1,166	32	2	34			7		7	889	318	1,207
Other movements	(661)	655	(6)			0					0	(661)	655	(6)
Total movements for the period	26,633	(20,354)	6,279	50,881	(48,850)	2,031	(1,216)	0	(2)	0	(2)	76,296	(69,204)	7,092
Historical cost	346,271	23,001	369,272	499,833	23,028	522,861	190,737	557,322	8,421		8,421	1,602,584	46,029	1,648,613
Provisions for write-down		(1,640)	(1,640)			0					0	0	(1,640)	(1,640)
Accumulated amortisation	(269,730)		(269,730)	(393,579)		(393,579)	(162,414)	(110,382)	(8,130)		(8,130)	(944,235)	0	(944,235)
Amount as of 31 03 2021	76,541	21,361	97,902	106,254	23,028	129,282	28,323	446,940	291	0	291	658,349	44,389	702,738

18. Property, plant and equipment**€/000 268,073**

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).

The increases mainly relate to the construction of moulds for new vehicles launched during the period.

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

In the first three months of 2021, borrowing costs for €/000 66 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 31 March 2021, as well as changes during the period.

<i>In thousands of Euros</i>	Land	Buildings			Plant and machinery			Equipment			Other assets			Total		
		Assets under construction and advances			Assets under construction and advances			Assets under construction and advances			Assets under construction and advances			Assets under construction and advances		
		<i>In service</i>	<i>advances</i>	<i>Total</i>	<i>In service</i>	<i>advances</i>	<i>Total</i>	<i>In service</i>	<i>advances</i>	<i>Total</i>	<i>In service</i>	<i>advances</i>	<i>Total</i>	<i>In service</i>	<i>advances</i>	<i>Total</i>
Historical cost	27,640	170,640	1,968	172,608	473,314	22,555	495,869	521,369	16,050	537,419	59,679	1,491	61,170	1,252,642	42,064	1,294,706
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,976)		(3,976)	(64)		(64)	(5,763)	0	(5,763)
Accumulated depreciation		(87,372)		(87,372)	(385,777)		(385,777)	(499,173)		(499,173)	(52,005)		(52,005)	(1,024,327)	0	(1,024,327)
Amount as of 01 01 2021	27,640	82,646	1,968	84,614	86,436	22,555	108,991	18,220	16,050	34,270	7,610	1,491	9,101	222,552	42,064	264,616
Investments		96	37	133	708	2,512	3,220	3,818	1,128	4,946	2,200	155	2,355	6,822	3,832	10,654
Transitions in the period		965	(965)	0	14,861	(14,861)	0	13,600	(13,600)	0	1,052	(1,052)	0	30,478	(30,478)	0
Depreciation		(1,219)		(1,219)	(5,299)		(5,299)	(3,259)		(3,259)	(1,751)		(1,751)	(11,528)	0	(11,528)
Disposals				0	(1)	(8)	(9)	(50)		(50)	(2)		(2)	(53)	(8)	(61)
Write-downs				0			0			0			0	0	0	0
Exchange differences		971	1	972	2,899	382	3,281			0	126	4	130	3,996	387	4,383
Other movements		3		3		6	6			0			0	3	6	9
Total movements for the period	0	816	(927)	(111)	13,168	(11,969)	1,199	14,109	(12,472)	1,637	1,625	(893)	732	29,718	(26,261)	3,457
Historical cost	27,640	173,284	1,041	174,325	497,487	10,586	508,073	538,708	3,578	542,286	63,439	598	64,037	1,300,558	15,803	1,316,361
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,976)		(3,976)	(64)		(64)	(5,763)	0	(5,763)
Accumulated depreciation		(89,200)		(89,200)	(396,782)		(396,782)	(502,403)		(502,403)	(54,140)		(54,140)	(1,042,525)	0	(1,042,525)
Amount as of 31 03 2021	27,640	83,462	1,041	84,503	99,604	10,586	110,190	32,329	3,578	35,907	9,235	598	9,833	252,270	15,803	268,073

19. Rights of use**€/000 32,406**

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

The item "Rights of use" includes operating lease agreements, finance lease agreements and lease instalments paid in advance for the use of property.

The Group has stipulated rental/hire contracts for offices, plants, warehouses, company accommodation, cars and forklift trucks. The rental/lease agreements are typically for a fixed duration, but extension options are possible. These agreements may also include service components.

The Group opted to include only the component relative to the rental/hire payment in the recognition of rights of use.

The rental/hire agreements do not have any covenants to be met, nor require guarantees to be provided in favour of the lessor.

	As of 31 March 2021				As of 31 December 2020				Change
	Operating leases	Finance leases	Rental/hire payments made in advance	Total	Operating leases	Finance leases	Rental/hire payments made in advance	Total	
<i>In thousands of Euros</i>									
Land			7,097	7,097			6,794	6,794	303
Buildings	13,419		50	13,469	14,055		82	14,137	(668)
Plant and machinery		8,773		8,773		8,988		8,988	(215)
Equipment				0				0	0
Other assets	2,999	68		3,067	3,249	73		3,322	(255)
Total	16,418	8,841	7,147	32,406	17,304	9,061	6,876	33,241	(835)

<i>In thousands of Euros</i>	Land	Buildings	Plant and machinery	Equipment	Other assets	Total
Assets as of 31 12 2020	6,794	14,137	8,988	0	3,322	33,241
Increases		348			187	535
Depreciation	(44)	(1,286)	(214)		(441)	(1,985)
Decreases		(37)			(13)	(50)
Exchange differences	347	307			12	666
Other changes			(1)			(1)
Movements for the period	303	(668)	(215)	0	(255)	(835)
Amount as of 31 03 2021	7,097	13,469	8,773	0	3,067	32,406

Future lease rental commitments are detailed in note 38.

20. Investment Property**€/000 0**

The Spanish factory in Martorelles was sold on 17 February 2021.

In thousands of Euros

Opening balance as of 1 January 2021	4,600
Sale	(4,600)
Balance as of 31 March 2021	0

The carrying amount as of 31 December 2020 was in line with the price used in the sales contract, as no misalignment events occurred between 31 December 2020 and 17 February 2021 that altered the value.

The Group uses the "fair value model" as provided for by IAS 40.

21. Deferred tax assets**€/000 64,722**

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction.

As part of measurements to define deferred tax assets, the Group mainly considered the following:

1. tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
2. taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Group plan were used as a reference.

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

22. Inventories**€/000 266,634**

This item comprises:

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Raw materials and consumables	153,581	109,216	44,365
Provision for write-down	(11,224)	(10,835)	(389)
<i>Net value</i>	<i>142,357</i>	<i>98,381</i>	<i>43,976</i>
Work in progress and semi-finished products	15,756	15,631	125
Provision for write-down	(852)	(852)	0
<i>Net value</i>	<i>14,904</i>	<i>14,779</i>	<i>125</i>
Finished products and goods	126,033	93,478	32,555
Provision for write-down	(17,436)	(17,858)	422
<i>Net value</i>	<i>108,597</i>	<i>75,620</i>	<i>32,977</i>
Advances	776	1,084	(308)
Total	266,634	189,864	76,770

As of 31 March 2021, inventories had increased by €/000 76,770.

23. Trade receivables (current and non-current)**€/000 126,605**

As of 31 March 2021 and 31 December 2020, there were no trade receivables in non-current assets. Current trade receivables are broken down as follows:

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Trade receivables due from customers	126,070	68,269	57,801
Trade receivables due from JV	496	389	107
Trade receivables due from parent companies	36	34	2
Trade receivables due from associates	3	3	3
Total	126,605	68,692	57,913

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

Receivables due from associates regard amounts due from Immsi Audit.

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 29,171.

The Group sells, on a rotating basis, a large part of its trade receivables with and without recourse. Piaggio has signed contracts with some of the most important Italian and foreign factoring companies as a move to optimise the monitoring and the management of its trade receivables,

besides offering its customers an instrument for funding their own inventories, for factoring classified as without the substantial transfer of risks and benefits. On the contrary, for factoring without recourse, contracts have been formalised for the substantial transfer of risks and benefits. As of 31 March 2021, trade receivables still due sold without recourse totalled €/000 144,414.

Of these amounts, Piaggio received payment prior to natural expiry of €/000 133,026.

As of 31 March 2021, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 9,701 with a counter entry recorded in current liabilities.

24. Other receivables (current and non-current)

€/000 82,203

They consist of:

	As of 31 March 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Receivables due from parent companies	15,697		15,697	15,794		15,794	(97)	0	(97)
Receivables due from joint ventures	544		544	452		452	92	0	92
Receivables due from affiliated companies	19	81	100	28	81	109	(9)	0	(9)
Accrued income	2,576		2,576	2,033		2,033	543	0	543
Deferred charges	10,049	14,295	24,344	3,380	17,164	20,544	6,669	(2,869)	3,800
Advance payments to suppliers	1,284	1	1,285	2,088	1	2,089	(804)	0	(804)
Advances to employees	295	127	422	1,183	28	1,211	(888)	99	(789)
Fair value of hedging derivatives	5,267		5,267	1,437		1,437	3,830	0	3,830
Security deposits	254	1,606	1,860	244	1,477	1,721	10	129	139
Receivables due from others	22,556	7,552	30,108	17,602	7,509	25,111	4,954	43	4,997
Total	58,541	23,662	82,203	44,241	26,260	70,501	14,300	(2,598)	11,702

Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and 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 hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis.

Receivables due from others include €/000 16,662 (€/000 10,230 as of 31 December 2020) relating to the recognition by the Indian affiliate of a receivable for the subsidy received from the Indian Government on investments made in previous years. For more details, see Note 9 "Other operating income".

25. Tax receivables (current and non-current)**€/000 33,549**

Tax receivables consist of:

	As of 31 March 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
VAT	16,984	286	17,270	8,563	859	9,422	8,421	(573)	7,848
Income tax	2,783	10,842	13,625	2,544	10,790	13,334	239	52	291
Others	1,904	750	2,654	1,744	750	2,494	160	0	160
Total	21,671	11,878	33,549	12,851	12,399	25,250	8,820	(521)	8,299

26. Receivables due after 5 years**€/000 0**

As of 31 March 2021, there were no receivables due after 5 years.

27. Assets held for sale**€/000 0**

As of 31 March 2021, there were no assets held for sale.

28. Trade payables (current and non-current)**€/000 593,572**

As of 31 March 2021 and as of 31 December 2020 no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Amounts due to suppliers	588,231	484,194	104,037
Trade payables to JV	4,967	5,449	(482)
Amounts due to affiliates	24	32	(8)
Amounts due to parent companies	350	289	61
Total	593,572	489,964	103,608

29. Provisions (current and non-current portion)**€/000 31,622**

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

	Balance as of 31 December 2020	Alloca- tions	Exchange differences Uses	Balance as of 31 March 2021
<i>In thousands of Euros</i>				
Provision for product warranties	19,106	1,812	(1,721)	19,452
Provision for contractual risks	4,378	734		5,152
Risk provision for legal disputes	2,484	160	(160)	2,517
Provision for tax risks	3,615			3,615
Other provisions for risks	934	79	(129)	886
Total	30,517	2,785	(2,010)	31,622

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

	As of 31 March 2021			As of 31 December 2020			Change		
	Current	Non- current	Total	Current	Non- current	Total	Current	Non- current	Total
<i>In thousands of Euros</i>									
Provision for product warranties	12,426	7,026	19,452	11,836	7,270	19,106	590	(244)	346
Provisions for contractual risks	2,152	3,000	5,152	1,378	3,000	4,378	774	0	774
Risk provision for legal disputes	797	1,720	2,517	764	1,720	2,484	33	0	33
Provision for tax risks	3,615		3,615	3,615		3,615	0	0	0
Other provisions for risks and charges	333	553	886	381	553	934	(48)	0	(48)
Total	19,323	12,299	31,622	17,974	12,543	30,517	1,349	(244)	1,105

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

The provision increased during the period by €/000 1,812 and was used for €/000 1,721 in relation to charges incurred during the period.

The provision for contractual risks refers mainly to charges which may arise from the ongoing negotiation of a supply contract.

The provision for litigation concerns labour litigation and other legal proceedings.

The provision for tax risks relates to a dispute between the French subsidiary and the French tax authorities that arose following a general audit concerning the years 2006 and 2007.

For an analysis of disputes pending, reference is made to the 2020 Financial Statements.

30. Deferred tax liabilities**€/000 9,262**

Deferred tax liabilities amount to €/000 9,262 compared to €/000 5,227 as of 31 December 2020.

31. Retirement funds and employee benefits**€/000 33,729**

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Retirement funds	969	959	10
Termination benefits provision	32,760	34,039	(1,279)
Total	33,729	34,998	(1,269)

Retirement funds comprise provisions for employees allocated by foreign companies and additional customer indemnity provisions, which represent the compensation due to agents in the case of the agency contract being terminated for reasons beyond their control.

The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans.

As regards the discount rate, the Group has decided to use the iBoxx Corporates AA rating with a 7-10 duration as the valuation reference.

If the iBoxx Corporates A rating with a 7-10 duration had been used, the value of actuarial losses and the provision as of 31 March 2021 would have been lower by €/000 818.

32. Tax payables (current and non-current)**€/000 12,033**

Trade payables recorded as current liabilities are broken down as follows:

	As of 31 March 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Due for income tax	5,042		5,042	6,464		6,464	(1,422)		(1,422)
Due for non-income tax	50		50	129		129	(79)		(79)
Tax payables for:									
- VAT	2,581		2,581	199		199	2,382		2,382
- Tax withheld at source	3,692		3,692	5,610		5,610	(1,918)		(1,918)
- Other	668		668	585		585	83		83
Total	6,941		6,941	6,394		6,394	547		547
TOTAL	12,033	0	12,033	12,987	0	12,987	(954)	0	(954)

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

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

33. Other payables (current and non-current)**€/000 67,160**

This item comprises:

	As of 31 March 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
To employees	20,947	440	21,387	14,178	345	14,523	6,769	95	6,864
Guarantee deposits		3,790	3,790		3,244	3,244	0	546	546
Accrued expenses	7,986		7,986	5,683		5,683	2,303	0	2,303
Deferred income	6,948	6,174	13,122	1,767	7,167	8,934	5,181	(993)	4,188
Amounts due to social security institutions	6,400		6,400	8,721		8,721	(2,321)	0	(2,321)
Fair value of derivatives	770	177	947	544	268	812	226	(91)	135
To joint ventures				3		3	(3)	0	(3)
To associates	20		20	1		1	19	0	19
To parent companies	4,112		4,112	4,054		4,054	58	0	58
Others	9,326	70	9,396	11,365	70	11,435	(2,039)	0	(2,039)
Total	56,509	10,651	67,160	46,316	11,094	57,410	10,193	(443)	9,750

Amounts due to employees include the amount for holidays accrued but not taken of €/000 11,236 and other payments to be made for €/000 10,151.

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

The item Fair Value of hedging derivatives refers to the fair value of derivative instruments designated to hedge the exchange risk on forecast transactions accounted for according to the cash flow hedge principle (€/000 719 current portion) and to the fair value of an Interest Rate Swap designated as a hedge and accounted for according to the cash flow hedge principle (€/000 177 non-current portion and €/000 51 current portion).

The item Accrued liabilities includes €/000 225 for interest on hedging derivatives and associated hedged items measured at fair value.

Deferred income includes €/000 6,575 (€/000 4,216 as of 31 December 2020) for the recognition by the Indian affiliate related to a deferred subsidy from the local Government for investments made in previous years, for the part not yet amortised. For more details, see Note 9 "Other operating income".

34. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 38 "Financial Liabilities and right of use liabilities".

With the exception of the above payables, no other long-term payables due after five years exist.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

35. Investments

€ / 000 9,663

The investments heading comprises:

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Interests in joint ventures	9,494	8,965	529
Investments in associates	169	169	0
Total	9,663	9,134	529

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

36. Other financial assets (current and non-current)

€ / 000 2,799

The item Fair Value derivatives is related to the fair value of the Cross Currency Swap on the private debenture loan.

	As of 31 March 2021			As of 31 December 2020			Change		
	<i>Current</i>	<i>Non- current</i>	<i>Total</i>	<i>Current</i>	<i>Non- current</i>	<i>Total</i>	<i>Current</i>	<i>Non- current</i>	<i>Total</i>
<i>In thousands of Euros</i>									
Fair Value of hedging derivatives	2,762		2,762	2,617		2,617	145	0	145
Investments in other companies		37	37		37	37	0	0	0
Total	2,762	37	2,799	2,617	37	2,654	145	0	145

37. Cash and cash equivalents

€ / 000 216,180

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

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Bank and postal deposits	190,514	230,061	(39,547)
Cheques			0
Cash on hand	46	32	14
Securities	25,620		25,620
Total	216,180	230,093	(13,913)

The item Securities refers to deposit agreements entered into by the Indian affiliate to effectively use temporary liquidity.

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

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

	As of 31 March 2021	As of 31 March 2020	Change
<i>In thousands of Euros</i>			
Liquidity	216,180	167,517	48,663
Current account overdrafts		(1,085)	1,085
Closing balance	216,180	166,432	49,748

38. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 667,456

In the first three months of 2021, the Group's total debt increased by €/000 11,594. Net of the change in right of use financial liabilities and the fair value measurement of financial derivatives to hedge foreign exchange risk and interest rate risk and the adjustment of associated hedged items, as of 31 March 2021 total financial debt of the Group had increased by €/000 12,965.

	Financial liabilities as of 31 March 2021			Financial liabilities as of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Financial liabilities	174,678	468,132	642,810	163,510	465,776	629,286	11,168	2,356	13,524
Gross financial debt	171,967	468,132	640,099	161,358	465,776	627,134	10,609	2,356	12,965
Fair value adjustment	2,711	0	2,711	2,152	0	2,152	559	0	559
Financial liabilities for rights of use	7,837	16,809	24,646	8,582	17,994	26,576	(745)	(1,185)	(1,930)
Total	182,515	484,941	667,456	172,092	483,770	655,862	10,423	1,171	11,594

Net financial debt of the Group amounted to €/000 448,565 as of 31 March 2021 compared to €/000 423,617 as of 31 December 2020.

	As of 31 March 2021	As of 31 December 2020	Change
<i>In thousands of Euros</i>			
Liquidity	216,180	230,093	(13,913)
Payables due to banks	(23,065)	(30,378)	7,313
Current portion of bank loans	(128,083)	(110,738)	(17,345)
Debenture loan	(11,047)	(11,038)	(9)
Amounts due to factoring companies	(9,701)	(9,133)	(568)
Financial liabilities for rights of use	(7,837)	(8,582)	745
<i>of which amounts due under finance leases</i>	<i>(1,186)</i>	<i>(1,182)</i>	<i>(4)</i>
<i>of which amounts due under operating leases</i>	<i>(6,651)</i>	<i>(7,400)</i>	<i>749</i>
Current portion of payables due to other lenders	(71)	(71)	0
Current financial debt	(179,804)	(169,940)	(9,864)
Net current financial debt	36,376	60,153	(23,777)
Payables due to banks and lenders	(195,227)	(192,879)	(2,348)
Debenture loan	(272,587)	(272,579)	(8)
Financial liabilities for rights of use	(16,809)	(17,994)	1,185
<i>of which amounts due under finance leases</i>	<i>(5,383)</i>	<i>(5,681)</i>	<i>298</i>
<i>of which amounts due under operating leases</i>	<i>(11,426)</i>	<i>(12,313)</i>	<i>887</i>
Amounts due to other lenders	(318)	(318)	0
Non-current financial debt	(484,941)	(483,770)	(1,171)
NET FINANCIAL DEBT⁶	(448,565)	(423,617)	(24,948)
Effect of IFRS 16	(18,077)	(19,713)	1,636

Non-current financial liabilities totalled €/000 484,941 against €/000 483,770 as of 31 December 2020, whereas current financial liabilities totalled €/000 179,804 compared to €/000 169,940 as of 31 December 2020.

⁶ Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives for hedging and otherwise, the fair value adjustment of related hedged items equal to €/000 2,711 and related accruals.

The attached tables summarise the breakdown of financial debt as of 31 March 2021 and as of 31 December 2020, as well as changes for the period.

	Balance as of 31.12.2020	Cash flows			Reclassifications	Exchange delta	Other changes	Balance as of 31.03.2021
		Movements	Repayments	New issues				
<i>In thousands of Euros</i>								
Liquidity	230,093	(20,085)				6,172		216,180
Current account overdrafts	(1,187)		1,187					0
Current account payables	(29,191)		7,640	(552)		(962)		(23,065)
Current portion of medium-/long-term bank loans	(110,738)		10,555		(27,652)	(100)	(148)	(128,083)
<i>Total current bank loans</i>	<i>(141,116)</i>	<i>0</i>	<i>19,382</i>	<i>(552)</i>	<i>(27,652)</i>	<i>(1,062)</i>	<i>(148)</i>	<i>(151,148)</i>
Debenture loan	(11,038)						(9)	(11,047)
Amounts due to factoring companies	(9,133)		9,133	(9,701)				(9,701)
Financial liabilities for rights of use	(8,582)		2,811		(2,066)	0	0	(7,837)
<i>of which amounts due under finance leases</i>	<i>(1,182)</i>		<i>294</i>		<i>(298)</i>			<i>(1,186)</i>
<i>of which amounts due under operating leases</i>	<i>(7,400)</i>		<i>2,517</i>		<i>(1,768)</i>			<i>(6,651)</i>
Current portion of payables due to other lenders	(71)							(71)
Current financial debt	(169,940)	0	31,326	(10,253)	(29,718)	(1,062)	(157)	(179,804)
Net current financial debt	60,153	(20,085)	31,326	(10,253)	(29,718)	5,110	(157)	36,376
Medium-/long-term bank loans	(192,879)			(30,000)	27,652			(195,227)
Debenture loan	(272,579)						(8)	(272,587)
Financial liabilities for rights of use	(17,994)				2,066	(361)	(520)	(16,809)
<i>of which amounts due under finance leases</i>	<i>(5,681)</i>				<i>298</i>			<i>(5,383)</i>
<i>of which amounts due under operating leases</i>	<i>(12,313)</i>				<i>1,768</i>	<i>(361)</i>	<i>(520)</i>	<i>(11,426)</i>
Amounts due to other lenders	(318)							(318)
Non-current financial debt	(483,770)	0	0	(30,000)	29,718	(361)	(528)	(484,941)
NET FINANCIAL DEBT	(423,617)	(20,085)	31,326	(40,253)	0	4,749	(685)	(448,565)
Effect of IFRS 16	(19,713)		2,517	0	0	(361)	(520)	(18,077)

Medium and long-term bank debt amounts to €/000 323,310 (of which €/000 195,227 non-current and €/000 128,083 current) and consists of the following loans:

- a €/000 25,672 medium-term loan (nominal value of €/000 25,714) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. The contract terms include covenants (described below);
- a €/000 69,916 (nominal value €/000 70,000) medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will

mature in February 2027 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);

- a €/000 30,000 medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in March 2028 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 66,910 syndicate loan (nominal value of €/000 67,500) for a total of €/000 250,000 signed in June 2018 and comprising a €/000 187,500 four-year tranche (with a year's extension at the discretion of the borrower) as a revolving credit line (of which a nominal value of €/000 5,000 used as of 31 March 2021) and a tranche as a five-year loan with amortisation of €/000 62,500. Contract terms require covenants (described below);
- a €/000 19,958 medium-term loan (nominal value of €/000 20,000) granted by Banca Nazionale del Lavoro. The loan will fall due on 12 June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €/000 11,973 medium-term loan (nominal value of €/000 12,000) granted by Banca Popolare Emilia Romagna. The loan will fall due on 1 December 2023 and has a repayment schedule of six-monthly instalments;
- a €/000 29,895 loan (nominal value of €/000 30,000) granted by Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- a €/000 59,993 medium-term loan (nominal value of €/000 60,000) from Cassa Depositi e Prestiti and Monte dei Paschi di Siena. The loan will mature on 25 December 2021, with a single repayment on maturity;
- a €/000 2,985 medium-term loan (nominal value of €/000 3,000) granted by Interbanca-Banca IFIS. The loan will fall due on 30 September 2022 and has a quarterly repayment schedule. Contract terms require covenants (described below);
- a €/000 4,058 medium-term loan (nominal value of €/000 4,060) granted by Banca del Mezzogiorno, maturing on 2 January 2023 and with six-monthly repayment schedule. The loan includes an additional €/000 20,000 tranche granted as a revolving credit line, unused as of 31 March 2021. Contract terms require covenants (described below);
- a €/000 1,950 medium-term loan for VND/000 51,157,822 granted by VietinBank to the affiliate Piaggio Vietnam (for a total amount of VND/000 414,000,000) to fund the Research & Development investment plan. The loan will mature in June 2021.

The Parent Company has a revolving credit line for €/000 20,000 (unused as of 31 March 2021) from Banca Intesa San Paolo maturing on 5 January 2022.

All the above financial liabilities are unsecured.

The item Bonds for €/000 283,634 (nominal value of €/000 291,050) refers to:

- a €/000 11,047 private debenture loan (nominal value of €/000 11,050), (US Private Placement) issued on 25 July 2011 for \$/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon. As of 31 March 2021 the fair value measurement of the debenture loan was equal to €/000 13,761 (the fair value is determined based on IFRS principles on fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- €/000 29,957 (nominal value of €/000 30,000) for a five-year private debenture loan issued on 28 June 2017 and wholly subscribed by Fondo Sviluppo Export, the fund set up by SACE and managed by Amundi SGR. The issue has no specific rating or listing on a regulated market;
- €/000 242,630 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a B+ rating with a positive outlook and a Ba3 rating with a stable outlook respectively for the issue.

The Company may repay in advance:

- all or part of the amount of the high yield debenture loan issued on 30 April 2018, according to the conditions indicated in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5;
- all or part of the amount of the private placement issued on 28 June 2017, according to the conditions indicated in the contract. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 9,701.

- Medium-/long-term payables to other lenders equal to €/000 389 of which €/000 318 maturing after the year and €/000 71 as the current portion refer to a loan from the Region of Tuscany, pursuant to regulations on incentives for investments in research and development.

Covenants

In line with market practices for borrowers with a similar credit rating, main loan contracts require compliance with:

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

The measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

The high yield debenture loan issued by the company in April 2018 provide for compliance with covenants which are typical of international practice on the high yield market. In particular, the company must observe the EBITDA/Net borrowing costs index, based on the threshold established in the Prospectus, to increase financial debt defined during issue. In addition, the Prospectus includes some obligations for the issuer, which limit, inter alia, the capacity to:

- 1) pay dividends or distribute capital;
- 2) make some payments;
- 3) grant collaterals for loans;
- 4) merge with or establish some companies;
- 5) sell or transfer own assets.

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

Financial liabilities for rights of use

€/000 24,646

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

	As of 31 March 2021			As of 31 December 2020			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Operating leases	6,651	11,426	18,077	7,400	12,313	19,713	(749)	(887)	(1,636)
Finance leases	1,186	5,383	6,569	1,182	5,681	6,863	4	(298)	(294)
Total	7,837	16,809	24,646	8,582	17,994	26,576	(745)	(1,185)	(1,930)

Payables for finance leases amounted to €/000 6,569 (nominal value of €/000 6,577) and break down as follows:

- a Sale&Lease back agreement for €/000 6,491 (nominal value of €/000 6,499) granted by Albaleasing on a production plant of the Parent Company. The loan will mature in August 2026, with quarterly repayments (non-current portion equal to €/000 5,317);
- a finance lease for €/000 78 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 66).

Payables for rights of use include payables with the parent companies Immsi and Omniaholding for €/000 4,568 (€/000 3,201 non-current portion).

Financial instruments

Exchange Risk

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

This policy analyses:

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

As of 31 March 2021, the Group had undertaken the following futures operations (recognised based on the settlement date), relating to payables and receivables already recognised to hedge the settlement exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			<i>In thousands</i>	<i>In thousands</i>	
Piaggio & C.	Purchase	CNY	129,000	16,502	03/05/2021
Piaggio & C.	Purchase	JPY	205,000	1,595	29/06/2021
Piaggio & C.	Purchase	SEK	5,000	283	22/05/2021
Piaggio & C.	Purchase	USD	23,100	18,965	09/10/2021
Piaggio & C.	Sale	CAD	7,000	4,655	20/06/2021
Piaggio & C.	Sale	USD	94,350	78,995	10/05/2021
Piaggio Vehicles Private Limited	Sale	USD	6,640	489,051	22/05/2021
Piaggio Indonesia	Purchase	USD	13,390	192,867,879	24/04/2021
Piaggio Vespa BV	Sale	SGD	750	465	07/06/2021
Piaggio Vespa BV	Sale	VND	303,760,908	10,767	28/04/2021
Piaggio Vietnam	Sale	USD	62,000	1,431,874,000	11/06/2021

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

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

As of 31 March 2021, the Group had the following transactions to hedge the exchange risk:

Company	Operation	Currency	Amount in currency	Value in local currency (forward exchange rate)	Average maturity
			<i>In thousands</i>	<i>In thousands</i>	
Piaggio & C.	Sale	GBP	12,200	13,584	09/08/2021
Piaggio & C.	Purchase	CNY	740,000	88,906	29/12/2021
Piaggio & C.	Purchase	USD	28,500	23,214	10/08/2021

To hedge the economic exchange risk alone, cash flow hedging is adopted with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.

As of 31 March 2021 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 4,547.

Interest rate risk

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

As of 31 March 2021, the following hedging derivatives were in use:

Cash flow hedging

- An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 30,000 from Banco BPM. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; as of 31 March 2021, the fair value of the instrument was negative by €/000 228.

Fair value hedging derivatives (fair value hedging and fair value options)

- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of \$/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to Euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 31 March 2021 the fair value of the instrument was equal to €/000 2,762.

FAIR VALUE

In thousands of Euros

Piaggio & C. S.p.A.

Interest Rate Swap (228)

Cross Currency Swap 2,762

F) INFORMATION ON SHAREHOLDERS' EQUITY

39. Share capital and reserves

€/000 390,738

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

Share capital

€/000 207,614

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

Therefore, as of 31 March 2021, the nominal share capital of Piaggio & C., fully subscribed and paid up, was equal to €207,613,944.37, divided into 358,153,644 ordinary shares.

Treasury shares

€/000 (1,966)

Therefore, as of 31 March 2021, Piaggio & C. held 1,028,818 treasury shares, equal to 0.2873% of the shares issued.

Shares in circulation and treasury shares

	2021	2020
<i>no. of shares</i>		
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	898,818
Shares in circulation	357,124,826	357,254,826
Movements for the period		
Purchase of treasury shares		130,000
Situation as of 31 March 2021 and 31 December 2020		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	1,028,818
Shares in circulation	357,124,826	357,124,826

Share premium reserve

€/000 7,171

The share premium reserve as of 31 March 2021 was unchanged compared to 31 December 2020.

Legal reserve

€/000 24,215

The legal reserve as of 31 March 2021 was unchanged compared to 31 December 2020.

Financial instruments' fair value reserve €/000 3,216

The financial instrument fair value reserve relates to the effects of cash flow hedge accounting implemented on foreign currencies, interest and specific commercial transactions. These transactions are described in full in the note on financial instruments.

Dividends

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 14 April 2021 resolved to distribute a final dividend of 2.6 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 3.7 eurocents paid on 25.11.2020, coupon detachment date 23.11.2020), for a total dividend of 6.3 eurocents for 2020, equal to a total of €22,498,864.04. Coupon No. 16 will be detached on 19 April 2021, with record date on 20 April 2021 and payment date on 21 April 2021.

Earnings reserve €/000 200,131

Capital and reserves of non-controlling interest €/000 (139)

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

40. Other comprehensive income**€/000 7,628**

The figure is broken down as follows:

	<i>Reserve for measurement of financial instruments</i>	<i>Group translation reserve</i>	<i>Earnings reserve</i>	<i>Group total</i>	<i>Share capital and reserves attributable to non-controlling interests</i>	<i>Total other comprehensive income</i>
<i>In thousands of Euros</i>						
As of 31 March 2021						
Items that will not be reclassified to income statement						
Remeasurements of defined benefit plans			205	205		205
Total	0	0	205	205	0	205
Items that may be reclassified to income statement						
Total translation gains (losses)		4,002		4,002	8	4,010
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		478		478		478
Total profits (losses) on cash flow hedges	2,935			2,935		2,935
Total	2,935	4,480	0	7,415	8	7,423
Other comprehensive income	2,935	4,480	205	7,620	8	7,628

As of 31 March 2020

Items that will not be reclassified to income statement						
Remeasurements of defined benefit plans			2,316	2,316		2,316
Total	0	0	2,316	2,316	0	2,316
Items that may be reclassified to income statement						
Total translation gains (losses)		(4,055)		(4,055)	44	(4,011)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		56		56		56
Total profits (losses) on cash flow hedges	1,965			1,965		1,965
Total	1,965	(3,999)	0	(2,034)	44	(1,990)
Other comprehensive income	1,965	(3,999)	2,316	282	44	326

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

	As of 31 March 2021			As of 31 March 2020		
	<i>Gross value</i>	<i>Tax (expense) / benefit</i>	<i>Net value</i>	<i>Gross value</i>	<i>Tax (expense) / benefit</i>	<i>Net value</i>
<i>In thousands of Euros</i>						
Remeasurements of defined benefit plans	270	(65)	205	3,047	(731)	2,316
Total translation gains (losses)	4,010		4,010	(4,011)		(4,011)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	478		478	56		56
Total profits (losses) on cash flow hedges	3,862	(927)	2,935	2,585	(620)	1,965
Other comprehensive income	8,620	(992)	7,628	1,677	(1,351)	326

G) OTHER INFORMATION

41. Share-based incentive plans

As of 31 March 2021, there were no incentive plans based on financial instruments.

42. Information on related parties

Revenues, costs, receivables and payables as of 31 March 2021 involving parent companies, subsidiaries and affiliates refer to the sale of goods or services which are a part of normal operations of the Group.

Transactions are carried out at normal market values, depending on the characteristics of the goods and services provided.

Information on related-party transactions, including the information required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in these notes to the consolidated financial statements.

The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 31 March 2010 is published on the Issuer's website www.piaggiogroup.com, under *Governance*.

Relations with Parent Companies

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

Designation	Registered office	Type	% of ownership	
			As of 31 March 2021	As of 31 December 2020
IMMSI S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	0.0773	0.0773

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to Article 2497 and subsequent of the Italian Civil Code. During the period, management and coordination comprised the following activities:

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations relating to Group companies, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements.

- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.
- IMMSI has also provided services for the development and management of assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.
- IMMSI has provided consultancy services and assistance concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2019, for a further three years, the Parent Company⁷ signed up to the National Consolidated Tax Mechanism pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

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

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

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

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

⁷ Aprilia Racing and Piaggio Concept Store Mantova were also party to the national consolidated tax convention, of which IMMSI S.p.A. is the consolidating company.

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

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

Transactions with Piaggio Group companies

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

Piaggio & C. S.p.A.

- sells vehicles, spare parts and accessories to sell on respective markets, to:
 - Piaggio Hrvatska
 - Piaggio Hellas
 - Piaggio Group Americas
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam
 - Piaggio Concept Store Mantova
- sells components to:
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam
- grants licences for rights to use the brand and technological know-how to:
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam
 - Aprilia Racing
- provides support services for scooter and engine industrialisation to:
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam
- leases a part of the owned property to:
 - Aprilia Racing
- subleases a part of the rented property to:
 - Piaggio Concept Store Mantova
- has cash pooling agreements with:
 - Piaggio France
 - Piaggio Deutschland
 - Piaggio España
 - Piaggio Vespa
- provides support services for staff functions to other Group companies;
- issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:

- Piaggio Indonesia
- Piaggio Group Japan
- Piaggio & C. S.p.A.
- Foshan Piaggio Vehicles Technology R&D

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

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

Piaggio Hrvatska, Piaggio Hellas, Piaggio Group Americas and Piaggio Vietnam

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

Piaggio Indonesia and Piaggio Group Japan

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

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

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

Piaggio Asia Pacific

- provides a sales promotion service and after-sales services to Piaggio Vietnam in the Asia Pacific region.

Foshan Piaggio Vehicles Technology R&D provides to:

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

Piaggio Advanced Design Center

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

Aprilia Racing provides to Piaggio & C.:

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

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

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

Piaggio & C. S.p.A.

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

Foshan Piaggio Vehicles Technology R&D

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

Zongshen Piaggio Foshan Motorcycle Co. Ltd

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

The table below summarises relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 31 March 2021 and relations during the year, as well as their overall impact on financial statement items.

As of 31 March 2021	Fondazione Piaggio	IMMSI	IMMSI Audit	Omniaholding	Zongshen Piaggio Foshan	Total	% of accounting item
<i>In thousands of Euros</i>							
<u>Income statement</u>							
Net revenues					3	3	0.00%
Cost for materials					(3,706)	(3,706)	1.57%
Cost for services and leases and rentals		(346)	(200)	(10)		(556)	0.96%
Other operating income		13	6		80	99	0.31%
Other operating costs		(11)				(11)	0.21%
Income/(loss) from investments					51	51	100.00%
Borrowing costs		(21)		(6)		(27)	0.41%
<u>Statement of Financial Position</u>							
Other non-current receivables	81					81	0.34%
Current trade receivables		36	3		496	535	0.42%
Other current receivables		15,697	19		544	16,260	27.78%
Non-current financial liabilities for rights of use		2,499		702		3,201	19.04%
Current financial liabilities for rights of use		1,153		214		1,367	17.44%
Current trade payables	14	330	10	20	4,967	5,341	0.90%
Other current payables		4,112	20			4,132	7.31%

43. Significant non-recurring events and operations

No significant, non-recurring operations, as defined by Consob Communication DEM/6064293 of 28 July 2006 took place during the first three months of 2021 and 2020.

44. Transactions arising from atypical and/or unusual transactions

During the first quarter of 2021 and in 2020, the Group did not record any significant atypical and/or unusual operations, as defined by Consob Communication DEM/6037577 of 28 April 2006 and DEM/6064293 of 28 July 2006.

45. Events occurring after the end of the period

To date, no events have occurred after 31 March 2021 that make additional notes or adjustments to these Financial Statements necessary.

In this regard, reference is made to the Report on Operations for significant events after 31 March 2021.

46. Authorisation for publication

This document was published on 12 May 2021 authorised by the Chairman and Chief Executive Officer.

* * *

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

Mantova, 29 April 2021

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