



**PIAGGIO  
GROUP**

**Interim Report on Operations  
as of 31 March 2020**

This report is available on the Internet at:  
[www.piaggiogroup.com](http://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

The mission of the Piaggio Group is to generate value for its shareholders, clients and employees, by acting as a global player that creates superior quality products, services and solutions for urban and extraurban mobility that respond to evolving needs and lifestyles.

To stand out as a player that contributes to the social and economic growth of the communities in which it operates, considering, in its activities, the need to protect the environment and the collective well-being of the community.

To be an Italian global player in the light mobility segment, standing out for its superior design, creativity and tradition. To become a leading European company with a world-class reputation, championing a business model based on the values of quality and tradition, and on the ongoing creation of value.

## Health emergency - COVID-19

During the first few months of 2020, a factor of macro-economic stability came to the fore, connected with the spread of COVID-19 ("coronavirus") which initially affected economic activity in China in the first few weeks of the year and then other countries.

Following the health emergency proclaimed by the World Health Organization (WHO), government authorities in various countries gradually issued orders to stop production and business activities, limiting people's freedom of movement in some cases.

This factor had a considerable impact on the general macroeconomic framework of the first quarter, particularly affecting the automotive markets where the Group operates.

Business and consumer confidence has rapidly declined in Italy and other European countries. The PMI Index reached a record low in Italy and the Eurozone.

Instability on financial markets reached the peak of the 2008-2009 crisis, in even quicker times. However, the outbreak of a new financial crisis on a wide scale is not expected thanks to more stringent, macroprudential policies currently being adopted.

Since the virus first spread, the Group has taken all possible precautions to guarantee the safety of its employees at its sites. In compliance with the notice issued by the Prime Minister on 21 March 2020, production at the Group's Italian sites was stopped from 23 March 2020 to 3 May 2020.

In India, based on the lockdown measure issued on 24 March by the Indian government, production was stopped from 25 March 2020 to 18 May 2020, even though the Indian government decided on activities restarting from 4 May in areas less affected by the virus.

In Vietnam, production was never stopped, but measures were necessary to make up for the lack of supplies from China and Malaysia.

Distribution and sales in some countries where the Group operates were also stopped. Activities started up again from 14 April and will continue to do so based on schedules decided in each of the countries where the Group operates.

At the same time, remote working was extended to all employees able to work away from the office.

During this time of economic uncertainty, the Group has worked tirelessly to meet all commitments and to continue to support its customers and dealers as far as possible.



## Key operating and financial data

	1st Quarter		
	2020	2019	2019
<i>In millions of Euros</i>			
<b>Data on financial position</b>			
Net revenues	311.4	346.2	1,521.3
Gross industrial margin	88.1	103.9	458.8
Operating income	10.0	20.7	104.5
Profit before tax	5.2	14.2	80.7
Net profit	3.1	7.8	46.7
.Non-controlling interests			
.Group	3.1	7.8	46.7
<b>Data on financial performance</b>			
Net capital employed (NCE)	935.7	878.5	813.6
Consolidated net debt	(548.6)	(476.4)	(429.7)
Shareholders' equity	387.1	402.1	383.8
<b>Balance sheet figures and financial ratios</b>			
Gross margin as a percentage of net revenues (%)	28.3%	30.0%	30.2%
Net profit as a percentage of net revenues (%)	1.0%	2.3%	3.1%
ROS (Operating income/net revenues)	3.2%	6.0%	6.9%
ROE (Net profit/shareholders' equity)	0.8%	1.9%	12.2%
ROI (Operating income/NCE)	1.1%	2.4%	12.8%
EBITDA	39.8	49.5	227.8
EBITDA/net revenues (%)	12.8%	14.3%	15.0%
<b>Other information</b>			
Sales volumes (unit/000)	117.1	140.4	611.3
Investments in property, plant and equipment and intangible assets	28.5	29.3	140.9
Employees at the end of the period (number)	6,522	6,425	6,222

## Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	1-1/31-3-2020	46.9	49.3	20.9	<b>117.1</b>
	1-1/31-3-2019	51.2	69.0	20.2	<b>140.4</b>
	Change	(4.3)	(19.7)	0.7	<b>(23.3)</b>
	Change %	-8.3%	-28.5%	3.5%	<b>-16.6%</b>
Turnover (million euros)	1-1/31-3-2020	171.2	92.6	47.6	<b>311.4</b>
	1-1/31-3-2019	191.7	109.1	45.4	<b>346.2</b>
	Change	(20.4)	(16.6)	2.2	<b>(34.8)</b>
	Change %	-10.7%	-15.2%	4.8%	<b>-10.1%</b>
Average number of staff (no.)	1-1/31-3-2020	3,579.0	1,787.7	1,005.3	<b>6,372.0</b>
	1-1/31-3-2019	3,590.7	1,981.0	932.0	<b>6,503.7</b>
	Change	(11.7)	(193.3)	73.3	<b>(131.7)</b>
	Change %	-0.3%	-9.8%	7.9%	<b>-2.0%</b>
Investment in property, plant and equipment intangible assets (million euros)	1-1/31-3-2020	21.2	6.4	1.0	<b>28.5</b>
	1-1/31-3-2019	22.2	5.6	1.4	<b>29.3</b>
	Change	(1.1)	0.7	(0.5)	<b>(0.8)</b>
	Change %	-4.8%	12.8%	-32.1%	<b>-2.7%</b>

# Company Boards

## Board of Directors

### Chairman and Chief Executive Officer

Roberto Colaninno <sup>(1), (2)</sup>

### Deputy Chairman

Matteo Colaninno

### Directors

Michele Colaninno

Giuseppe Tesauro <sup>(3), (4), (5), (6), (7)</sup>

Graziano Gianmichele Visentin <sup>(4), (5), (6), (7)</sup>

Maria Chiara Carrozza

Federica Savasi

Patrizia Albano

Andrea Formica <sup>(5), (6), (7)</sup>

## Board of Statutory Auditors

### Chairman

Piera Vitali

### Statutory Auditors

Giovanni Barbara

Daniele Girelli

### Alternate Auditors

Fabrizio Piercarlo Bonelli

Gianmarco Losi

### Supervisory Body

Antonino Parisi

Giovanni Barbara

Ulisse Spada

## Chief Financial Officer

### Executive in charge of financial reporting

Alessandra Simonotto

Alessandra Simonotto

## Independent Auditors

PricewaterhouseCoopers S.p.A.

## Board Committees

Appointment Proposal Committee

Remuneration Committee

Internal Control and Risk Management Committee

Related-Party Transactions Committee

<sup>(1)</sup> Director responsible for the internal control system and risk management

<sup>(2)</sup> Executive Director

<sup>(3)</sup> Lead Independent Director

<sup>(4)</sup> Member of the Appointment Proposal Committee

<sup>(5)</sup> Member of the Remuneration Committee

<sup>(6)</sup> Member of the Internal Control and Risk Management Committee

<sup>(7)</sup> 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](http://www.piaggiogroup.com).

## Significant events in the first quarter of 2020

**24 January 2020** – The Piaggio Group announced it has already started the production of three-wheeler vehicles in India conforming to new emission regulations, Bharat Stage VI - becoming the first manufacturer of three-wheelers in the country to have updated its entire range to the new standards. The models, which run on diesel, have an entirely new control unit, a 599 cc engine, 5 gears and a new, aluminium clutch. The updated cargo range features a larger cabin, while the passenger version has been fitted with new doors designed for even greater passenger safety. Lastly, alternative fuel models are equipped with one of the most advanced transmission systems in the sector, and feature an ultra hi-tech 3-valve, 230 cc engine. The Piaggio Group has always focussed in particular on the engineering of its products to reduce emissions to a minimum. This attentive policy has allowed it to comply with the new regulation ahead of schedule without any risk of negative impacts on production or sales.

**10 February 2020** - The Piaggio Group presented the new Aprilia SXR 160 for the Indian market. With an amazingly sporty and hi-tech style, the Aprilia SXR 160 is destined to become the leading light in the premium two-wheeler segment in India, expanding the range and potential number of top-end products, that already include the Vespa and Aprilia SR 150.

**25 March 2020** - The rating agency Standard and Poor's lowered its rating of Piaggio from BB- to B+ and revised its outlook from stable to negative due to the impact of coronavirus.

# Financial position and performance of the Group

## Consolidated income statement (restated)

	1st Quarter 2020		1st Quarter 2019		Change	
	In millions of Euros	Accounting for a %	In millions of Euros	Accounting for a %	In millions of Euros	%
Net revenues	311.4	100.0%	346.2	100.0%	(34.8)	-10.1%
Cost to sell <sup>1</sup>	(223.2)	-71.7%	(242.3)	-70.0%	19.0	-7.9%
<b>Gross industrial margin<sup>1</sup></b>	<b>88.1</b>	<b>28.3%</b>	<b>103.9</b>	<b>30.0%</b>	<b>(15.8)</b>	<b>-15.2%</b>
Operating expenses	(78.1)	-25.1%	(83.3)	-24.1%	5.1	-6.2%
<b>EBITDA<sup>1</sup></b>	<b>39.8</b>	<b>12.8%</b>	<b>49.5</b>	<b>14.3%</b>	<b>(9.7)</b>	<b>-19.5%</b>
Amortisation/Depreciation	(29.8)	-9.6%	(28.8)	-8.3%	(1.0)	3.5%
<b>Operating income</b>	<b>10.0</b>	<b>3.2%</b>	<b>20.7</b>	<b>6.0%</b>	<b>(10.7)</b>	<b>-51.6%</b>
Result of financial items	(4.8)	-1.5%	(6.4)	-1.9%	1.6	-25.5%
<b>Profit before tax</b>	<b>5.2</b>	<b>1.7%</b>	<b>14.2</b>	<b>4.1%</b>	<b>(9.0)</b>	<b>-63.3%</b>
Taxes	(2.1)	-0.7%	(6.4)	-1.9%	4.3	-67.4%
<b>Net profit</b>	<b>3.1</b>	<b>1.0%</b>	<b>7.8</b>	<b>2.3%</b>	<b>(4.7)</b>	<b>-60.0%</b>

### Net revenues

	1st Quarter 2020	1st Quarter 2019	Change
<i>In millions of Euros</i>			
EMEA and Americas	171.2	191.7	(20.4)
India	92.6	109.1	(16.6)
Asia Pacific 2W	47.6	45.4	2.2
<b>TOTAL NET REVENUES</b>	<b>311.4</b>	<b>346.2</b>	<b>(34.8)</b>
Two-wheelers	208.8	226.7	(17.9)
Commercial Vehicles	102.6	119.5	(17.0)
<b>TOTAL NET REVENUES</b>	<b>311.4</b>	<b>346.2</b>	<b>(34.8)</b>

In terms of consolidated turnover, the Group ended the first three months of 2020 with net revenues down on the same period of 2019 (-10.1%) following the shutdown of production and sales due to the health emergency which affected markets in the second half of March in EMEA and the Americas (-10.7%) and in India (-15.2%; -15.6% with constant exchange rates).

Only the Asia Pacific area recorded a positive performance (+4.8%; +2.1% with constant exchange rates).

As regards product type, the decrease was greater for Commercial Vehicles (-14.2%) and more moderate for Two-Wheeler Vehicles (-7.9%). As a result, the percentage of Commercial Vehicles accounting for overall turnover went down from 34.5% in the first three months of 2019 to the current figure of 32.9%; vice versa, the percentage of Two-Wheeler vehicles accounting for overall turnover rose from 65.5% in the first three months of 2019 to the current figure of 67.1%.

<sup>1</sup> For a definition of the parameter, see the "Economic Glossary".

The Group's **gross industrial margin** fell compared to the first three months of the previous year (-15.2%) and in relation to net turnover was to 28.3% (30.0% in the first three months of 2019), also due to the shutdown of operations starting from the second half of March.

Amortisation/depreciation included in the gross industrial margin was equal to €8.0 million (€7.7 million in the first three months of 2019).

**Operating expenses** incurred in the period went down compared to the same period of the previous financial year (€-5.1 million), amounting to €78.1 million. The reduction was mainly due to activities being stopped in Italy and India in March because of the health emergency.

The change in the aforementioned income statement resulted in a decreased consolidated **EBITDA**, which stood at €39.8 million (€49.5 million in the first three months of 2019). In relation to turnover, EBITDA was equal to 12.8% (14.3% in the first three months of 2019).

Operating income (**EBIT**) amounted to €10.0 million, down on the figure for the first three months of 2019; in relation to turnover, EBIT was equal to 3.2% (6.0% in the first three months of 2019).

The results for **financing activities** improved compared to the first three months of the previous financial year, due to a reduction in borrowing costs and positive contribution from currency operations, with Net Charges amounting to €4.8 million (€6.4 million in the first three months of 2019).

**Income taxes** for the period amounted to €2.1 million, equivalent to 40% of profit before tax.

**Net profit** stood at €3.1 million (1.0% of turnover), also down on the figure for the same period of the previous financial year, when it amounted to €7.8 million (2.3% of turnover).

## Operating data

### Vehicles sold

	1st Quarter 2020	1st Quarter 2019	Change
<i>In thousands of units</i>			
EMEA and Americas	46.9	51.2	(4.3)
India	49.3	69.0	(19.7)
Asia Pacific 2W	20.9	20.2	0.7
<b>TOTAL VEHICLES</b>	<b>117.1</b>	<b>140.4</b>	<b>(23.3)</b>
Two-wheelers	76.4	84.6	(8.2)
Commercial Vehicles	40.7	55.8	(15.1)
<b>TOTAL VEHICLES</b>	<b>117.1</b>	<b>140.4</b>	<b>(23.3)</b>

In the first three months of 2020, the Piaggio Group sold 117,100 vehicles worldwide, recording a decrease compared to the first three months of the previous year, when 140,400 vehicles had been sold. Only sales in Asia Pacific 2W increased (+3.5%), while in EMEA and the Americas, and in India, the number of vehicles sold fell by 8.3% and 28.5% respectively. As regards product type, sales of Commercial Vehicles fell by 27% and of Two-Wheelers by 9.7%.

### Staff

In the first three months of 2020, the average workforce decreased in all geographic segments, apart from Asia Pacific 2W where an increase in demand for Two-Wheeler vehicles led to a greater use of temporary staff.

#### Average number of company employees by geographic segment

<i>Employee/staff numbers</i>	1st Quarter 2020	1st Quarter 2019	Change
EMEA and Americas	3,579.0	3,590.7	(11.7)
<i>of which Italy</i>	3,291.3	3,320.7	(29.4)
India	1,787.7	1,981.0	(193.3)
Asia Pacific 2W	1,005.3	932.0	73.3
<b>Total</b>	<b>6,372.0</b>	<b>6,503.7</b>	<b>(131.7)</b>

As of 31 March 2020, Group employees totalled 6,522, up by 300 compared to 31 December 2019.

**Breakdown of company employees by region**

<i>Employee/staff numbers</i>	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>	<b>As of 31 March 2019</b>
EMEA and Americas	3,634	3,483	3,594
<i>of which Italy</i>	<i>3,348</i>	<i>3,199</i>	<i>3,322</i>
India	1,868	1,749	1,906
Asia Pacific 2W	1,020	990	925
<b>Total</b>	<b>6,522</b>	<b>6,222</b>	<b>6,425</b>



## Consolidated Statement of Financial Position<sup>2</sup>

	As of 31 March 2020	As of 31 December 2019	Change
<i>In millions of Euros</i>			
<b>Statement of financial position</b>			
Net working capital	5.6	(115.9)	121.6
Property, plant and equipment	270.4	272.7	(2.3)
Intangible assets	676.9	676.2	0.7
Rights of use	35.1	36.5	(1.4)
Financial assets	9.6	9.7	(0.1)
Provisions	(61.9)	(65.6)	3.7
<b>Net capital employed</b>	<b>935.7</b>	<b>813.6</b>	<b>122.1</b>
Net financial debt	548.6	429.7	118.9
Shareholders' equity	387.1	383.8	3.2
<b>Sources of financing</b>	<b>935.7</b>	<b>813.6</b>	<b>122.1</b>
Non-controlling interests	(0.2)	(0.2)	0.0

**Net working capital** as of 31 March 2020 was equal to €5.6 million and used cash for approximately €121.6 million in the first three months of 2020. To deal with the impact of coronavirus worldwide, the Group chose to help its sales network, granting longer credit terms where necessary, and purchasing all components before 31 March necessary to ensure its sites are ready at the start-up date to carry out orders for the second quarter already in its portfolio.

**Property, plant and equipment**, which include investment property, amounted to €270.4 million as of 31 March 2020, registering a decrease of approximately €2.3 million compared to 31 December 2019. This downturn is mainly due to the effect of the devaluation of the Indian rupee against the euro (approximately €2 million) and depreciation, which exceeded investments for the period by approximately €0.3 million.

**Intangible assets** totalled €676.9 million, up by approximately €0.7 million compared to 31 December 2019. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €1.1 million, offsetting the negative effect related to the devaluation of the Indian rupee against the euro (approximately €0.4 million).

**Rights of use**, equal to €35.1 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 €9.6 million overall, showing a slight decrease compared to the figures for the previous year.

<sup>2</sup> For a definition of individual items, see the "Economic Glossary".

**Provisions** totalled €61.9 million, down compared to 31 December 2019 (€65.6 million).

As fully described in the next section on the “Consolidated Statement of Cash Flows”, **net financial debt** as of 31 March 2020 was equal to €548.6 million, compared to €429.7 million as of 31 December 2019. The increase of approximately €118.9 million is 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, and also due to the effects of COVID-19, already explained in the section on changes in working capital.

Net financial debt increased by approximately €72.2 million compared to 31 March 2019. Excluding the effect of the new policy to distribute an interim dividend starting from September 2019, the increase would be reduced by €52.6 million.

The Group's **shareholders' equity** as of 31 March 2020 totalled €387.1 million, up by approximately €3.2 million compared to 31 December 2019.

## 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 2020"; the following is a comment relating to the summary statement shown.

	1st Quarter 2020	1st Quarter 2019	Change
<i>In millions of Euros</i>			
<b>Change in Consolidated Net Debt</b>			
<b>Opening Consolidated Net Debt</b>	<b>(429.7)</b>	<b>(429.2)</b>	<b>(0.5)</b>
Cash Flow from Operating Activities	27.4	36.9	(9.5)
(Increase)/Reduction in Net Working Capital	(121.5)	(26.4)	(95.1)
(Increase)/Reduction in net investments	(28.5)	(29.3)	0.8
Other changes	3.6	(30.7)	34.3
Change in Shareholders' Equity	0.1	2.3	(2.2)
<b>Total Change</b>	<b>(118.9)</b>	<b>(47.2)</b>	<b>(71.7)</b>
<b>Closing Consolidated Net Debt</b>	<b>(548.6)</b>	<b>(476.4)</b>	<b>(72.2)</b>

In the first three months of 2020, the Piaggio Group used **financial resources** amounting to €118.9 million.

**Cash flow from operating activities**, defined as net profit, minus non-monetary costs and income, was equal to €27.4 million.

**Working capital** involved a cash flow of €121.5 million; in detail:

- the collection of trade receivables<sup>3</sup> used financial flows for a total of €52.5 million;
- stock management absorbed financial flows for a total of approximately €74.9 million;
- supplier payment trends generated financial flows of approximately €22.7 million;
- the movement of other non-trade assets and liabilities had a negative impact on cash flows by approximately €16.8 million.

**Investing activities** involved a total of €28.5 million of financial resources.

As a result of the above financial dynamics, which involved a cash flow of €118.9 million, the **net debt** of the Piaggio Group amounted to €-548.6 million.

<sup>3</sup> Net of customer advances.

## Alternative non-GAAP performance measures

In accordance with Consob Communication DEM/6064293 of 28 July 2006 as amended (Consob Communication no. 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 and property, plant and equipment, 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 the fair value adjustment of related hedged items. 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 the Americas, India and Asia Pacific - to develop, manufacture and distribute two-wheeler and commercial vehicles. Each Geographic Segment has production sites and a sales network dedicated to customers in the relative segment. Specifically:

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

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

### Two-wheelers

<b>Two-wheelers</b>	<b>1st Quarter 2020</b>		<b>1st Quarter 2019</b>		<b>Change %</b>		<b>Change</b>	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	43.7	149.2	46.5	166.2	-6.2%	-10.2%	(2.9)	(17.0)
of which EMEA	41.9	139.1	44.8	156.5	-6.6%	-11.1%	(3.0)	(17.4)
<i>(of which Italy)</i>	6.6	22.3	9.8	34.8	-33.0%	-35.9%	(3.2)	(12.5)
of which America	1.8	10.1	1.7	9.7	5.5%	4.5%	0.1	0.4
India	11.9	12.0	17.9	15.0	-33.5%	-20.3%	(6.0)	(3.0)
Asia Pacific 2W	20.9	47.6	20.2	45.4	3.5%	4.8%	0.7	2.2
<b>TOTAL</b>	<b>76.4</b>	<b>208.8</b>	<b>84.6</b>	<b>226.7</b>	<b>-9.7%</b>	<b>-7.9%</b>	<b>(8.2)</b>	<b>(17.9)</b>
Scooters	68.7	141.8	74.7	146.6	-8.1%	-3.3%	(6.1)	(4.8)
Motorcycles	7.7	40.3	9.9	49.7	-21.5%	-19.0%	(2.1)	(9.4)
Spare Parts and Accessories		26.2		30.1		-12.9%		(3.9)
Other		0.5		0.3		74.7%		0.2
<b>TOTAL</b>	<b>76.4</b>	<b>208.8</b>	<b>84.6</b>	<b>226.7</b>	<b>-9.7%</b>	<b>-7.9%</b>	<b>(8.2)</b>	<b>(17.9)</b>

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 ended the first three months of 2020 with 271,747 vehicles sold, a 11.3% decrease compared to the first three months of 2019 (-11.6% for the motorcycle segment and -10.9% for the scooter segment).

In Italy, the scooter segment saw a decrease of 10.9%, while the motorcycle segment declined by 27.2%.

North America's two-wheeler market dropped by 3.9% in the first three months of 2020 compared to the same period of the previous year. The motorcycle market, which accounts for 96.8% of the overall market, decreased by 3.4%, while scooter market dropped by 15.6%.

In Vietnam, the Asian nation with most Group vehicles, sales went down overall by 3.0%.

In India, the two-wheeler market recorded a drop (-24.7%) in the first three months of 2020 compared to the same period of the previous year, driven by a decrease in the scooter segment (-20.0%) and in the motorcycle segment (-26.1%).

## **Main results**

In the first three months of 2020, the Piaggio Group sold a total of 76,400 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €208.8 million, including spare parts and accessories (€26.2 million, -12.9%).

The overall downturn recorded in volumes (-9.7%) as well as turnover (-7.9%) was mainly due to the decreases reported in Italy (-33.0% volumes; -35.9% turnover) and in India (-33.5%; -20.3% turnover; -20.4% at constant exchange rates) following the health emergency stopping production and sales as from March. Only the American and Asia Pacific markets reported increases in both volumes and turnover (America +5.5% volumes; +4.5% turnover / Asia Pacific +3.5% volumes; +4.8% turnover; +2.1% with constant exchange rates).

## Market positioning<sup>4</sup>

On the European two-wheeler market, the Piaggio Group achieved a total share of 11.7% in the first three months of 2020, slightly down on the share held in the first quarter of 2019 (12.1%). The leadership position in the scooter segment was confirmed (21.9% in the first quarter of 2020 compared to 23.2% in the first three months of 2019). In Italy, the Piaggio Group's market share went from 16.2% in the first quarter of 2019 to 15.6% in the same period of 2020. The Group held a 25.2% share in the scooter segment (28.0% in the first three months of 2019) and a 3.8% share in the motorcycle segment (3.2% in the first three months of 2019).

In India, in the first three months of 2020, the Group recorded a drop in sell-out volumes compared to the same period of the previous year, closing at 10,495 vehicles (-33.7%).

The Group's position on the North American scooter market stayed strong, where it ended the period with a share of 26.2% (22.6% in the first quarter of 2019).

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<sup>4</sup>Market shares for the first three months of 2019 might differ from figures published in the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

## Commercial Vehicles

<b>Commercial Vehicles</b>	<b>1st Quarter 2020</b>		<b>1st Quarter 2019</b>		<b>Change %</b>		<b>Change</b>	
	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes Sell-in (units/000)	Turnover (million euros)	Volumes	Turnover	Volumes	Turnover
EMEA and Americas	3.2	22.0	4.6	25.4	-30.1%	-13.5%	(1.4)	(3.4)
<i>of which EMEA</i>	1.5	10.1	2.8	10.9	-46.2%	-7.4%	(1.3)	(0.8)
<i>(of which Italy)</i>	0.8	10.3	1.1	13.2	-23.8%	-21.8%	(0.3)	(2.9)
<i>of which America</i>	0.9	1.6	0.7	1.4	26.5%	18.0%	0.2	0.3
India	37.4	80.6	51.1	94.1	-26.8%	-14.4%	(13.7)	(13.5)
<b>TOTAL</b>	<b>40.7</b>	<b>102.6</b>	<b>55.8</b>	<b>119.5</b>	<b>-27.0%</b>	<b>-14.2%</b>	<b>(15.1)</b>	<b>(17.0)</b>
Ape	39.5	76.9	54.3	92.1	-27.3%	-16.5%	(14.8)	(15.2)
Porter	1.1	13.5	1.1	13.8	-3.1%	-2.5%	(0.0)	(0.3)
Quargo	0.0	0.0	0.2	0.6	-90.3%	-96.0%	(0.1)	(0.6)
Mini Truk	0.0	0.1	0.1	0.3	-69.4%	-81.7%	(0.1)	(0.3)
Spare Parts and Accessories		12.1		12.7		-4.3%		(0.5)
<b>TOTAL</b>	<b>40.7</b>	<b>102.6</b>	<b>55.8</b>	<b>119.5</b>	<b>-27.0%</b>	<b>-14.2%</b>	<b>(15.1)</b>	<b>(17.0)</b>

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 quarter of 2020, the European light commercial vehicles market (vehicles with a maximum mass of 3.5 tons and less), in which the Piaggio Group is active, recorded sales of 407,221 units, a 25.2% decrease compared to the first quarter of 2019 (data source ACEA). In detail, the trends of main European reference markets are as follows: France (-27.3%), UK (-33.9%), Germany (-11.8%), Spain (-33.5%) and Italy (-29.4%).

#### 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 180,192 units in the first three months of 2019 to 129,811 units in the same period of 2020, registering a 28.0% decrease. On this market, the passenger vehicles segment recorded the biggest drop in units (-26.9%), from 144,000 in the first three months of 2019 to 105,261 in the first three months of 2020. The cargo segment also reported a considerable decrease (-32.2%) from over 36,200 units in the first three months of 2019 to 24,550 units in the first quarter of 2020.

Piaggio Vehicles Private Limited also operates on the four-wheeler light commercial vehicles (LCV) market for the transport of goods (cargo). The LCV cargo market, with vehicles with a maximum mass



below 2 tons, recorded sales of 33,941 units in the first quarter of 2020, decreasing by 47.8% compared to the first quarter of 2019.

## **Main results**

During the first three months of 2020, the Commercial vehicles business generated a turnover of approximately €102.6 million, down by 14.2% compared to the same period of the previous year.

In percentage terms, the biggest decrease was reported in India (-14.4%; -14.8% at constant exchange rates) following a 26.8% drop in volumes.

The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 31,608 three-wheelers on the Indian market (43,757 in the first three months of 2019).

The Indian affiliate also exported 5,777 three-wheeler vehicles (7,079 in the first quarter of 2019).

In EMEA and the Americas only the US market reported a positive trend (+26.5% volumes; +18.0 turnover), while the fall on the Italian market was considerable (-23.8% volumes; -21.8% turnover) and also on EMEA markets (-46.2% volumes; -7.4% turnover).

## **Market positioning<sup>5</sup>**

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 24.3% (the same as the first quarter of 2019). Detailed analysis of the market shows that Piaggio maintained its leadership position in the goods transport segment (cargo segment) with a share of 47.2% (44.8% in the first three months of 2019). In the passenger segment Piaggio maintained its share closing at 19.0%, (19.1% in the first quarter of 2019).

Besides the traditional three-wheeler market in India, Piaggio also operates on the four-wheeler light commercial vehicles (LCV) market (cargo vehicles for goods transport) with the Porter range. On this market, the Group's share fell to 0.2% (0.4% in the first three months of 2019).

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<sup>5</sup>Market shares for the first three months of 2019 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

**8 April 2020** - The rating agency Moody's confirmed its Ba3 rating and revised its outlook from stable to negative due to the impacts of coronavirus.

**25 April 2020** – Gita, the robot designed, developed and manufactured by Piaggio Fast Forward, won in two categories of the 2020 Red Dot Awards Product Design: the "Red Dot quality seal" for its unique, disruptive design and the most prestigious accolade "Best of the best" for innovative products.

**30 April 2020** – The last meeting between the Group and trade union organisations of Italian sites was held to explain the procedures and measures introduced to guarantee workers the utmost health protection, in view of the Piaggio Group sites re-opening in Italy on 4 May. The measures, in line with Protocols of agreement signed in the last few days, are based on provisions of government decrees issued as part of actions to combat the spread of COVID-19 and have been supplemented by additional health measures already introduced by the Piaggio Group, to keep its employees safe. In view of the return to work, the Piaggio Group has carried out major sanitisation at all workplaces. A daily plan to sanitise workplaces and equipment at the end of the day and after each shift, and for additional weekly sanitisation, has been prepared. Work organisation takes into account both health and production requirements. Suitable measures have been adopted to guarantee social distancing of at least 1 metre during work activities, when entering and leaving sites, and in the canteen and communal areas. Body temperature will be measured when entering sites. This will be overseen by specialist external companies, also introducing the use of thermal scanners. Production lines have been redesigned and organised to guarantee a distance between operators. To assist workers at their workstations, a specially equipped operator will move along the lines, during each shift, offering beverages. During the day, the company doctor will be on hand, for all workers. Access to canteens has been planned to reduce the number of users at the same time. Spaces have been redesigned and Plexiglass barriers fitted at tables. Disposable items will also be used. All workers and staff will be given a kit at regular intervals with personal protective equipment such as masks, gloves and, when necessary, goggles. Hand sanitiser dispensers are available for everyone. Work shifts will end earlier so personnel can get changed in time and organise their return home. If compatible with technical/organisational requirements, home working will be used for specific activities and for people with particular health conditions assessed by the Company Doctor. All staff will be given an information pack on the measures and rules to adopt on company premises, including measures for using canteens, for holding meetings, how to behave with visitors and suppliers, information from company doctors on managing possible COVID-19 symptoms and prevention measures to adopt in emergency situations. Suppliers and staff of external companies will also be required to comply with the rules in the signed Protocols.

## Operating outlook

During the first few months of 2020, a factor of macro-economic stability came to the fore, connected with the spread of COVID-19, which initially affected economic activity in China and then other countries.

As can be seen from quarterly data available on world economic performance, this factor has had a considerable impact on global prospects for future growth, affecting the general macroeconomic framework and financial and property markets, despite initial decisions already taken by international authorities to support the recovery.

At present, due to the valuations made based on available information, it is not possible to determine with sufficient reliability any impacts that may affect the company's business sector in 2020, also in view of the fact that the emergency may have an important impact on the mobility choices of individuals when towns and cities and workplaces have opened up again.

At this time of general uncertainty, the Piaggio Group will continue to work to meet all commitments and objectives and to continue to support its customers and dealers as far as possible.

From a technological point of view, the Piaggio Group will continue research to develop new solutions for current and future mobility challenges through the efforts of Piaggio Fast Forward (Boston) and to explore the new frontiers of design through PADc (Piaggio Advanced Design center) in Pasadena.

In general, Piaggio is fully committed to limiting any temporary productivity losses due to the coronavirus emergency, increasing its focus on the efficiency of costs and investments, while complying fully with the Group's ethical principles.

## **Transactions with related parties**

Revenues, costs, receivables and payables as of 31 March 2020 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.

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

**Net 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 2020**

## Consolidated Income Statement

	Notes	1st Quarter 2020		1st Quarter 2019	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
Net revenues	4	311,358	23	346,190	32
Cost for materials	5	(189,803)	(4,200)	(208,561)	(4,093)
Cost for services and leases and rentals	6	(45,764)	(539)	(53,650)	(569)
Employee costs	7	(56,450)		(56,141)	
Depreciation and impairment costs of property, plant and equipment	8	(9,920)		(9,967)	
Amortisation and impairment costs of intangible assets	8	(17,782)		(17,114)	
Depreciation of rights of use	8	(2,097)		(1,715)	
Other operating income	9	24,524	115	26,533	58
Net reversals (impairment) of trade and other receivables	10	(384)		(449)	
Other operating costs	11	(3,670)	(5)	(4,457)	(3)
<b>Operating income</b>		<b>10,012</b>		<b>20,669</b>	
Income/(loss) from investments	12	160	160	18	18
Financial income	13	605		952	7
Borrowing costs	13	(6,347)	(41)	(7,091)	(43)
Net exchange gains/(losses)	13	793		(305)	
<b>Profit before tax</b>		<b>5,223</b>		<b>14,243</b>	
Taxes for the period	14	(2,089)		(6,409)	
<b>Profit from continuing operations</b>		<b>3,134</b>		<b>7,834</b>	
Assets held for sale:					
Profits or losses arising from assets held for sale	15				
<b>Net Profit (loss) for the period</b>		<b>3,134</b>		<b>7,834</b>	
<b>Attributable to:</b>					
<b>Owners of the Parent</b>		<b>3,134</b>		<b>7,834</b>	
<b>Non-controlling interests</b>		<b>0</b>		<b>0</b>	
<b>Earnings per share (figures in €)</b>	16	<b>0.009</b>		<b>0.022</b>	
<b>Diluted earnings per share (figures in €)</b>	16	<b>0.009</b>		<b>0.022</b>	



## Consolidated Statement of Comprehensive Income

<i>In thousands of Euros</i>	Notes	1st Quarter 2020	1st Quarter 2019
<b>Net Profit (loss) for the period (A)</b>		<b>3,134</b>	<b>7,834</b>
<b>Items that will not be reclassified in the income statement</b>			
Remeasurements of defined benefit plans	40	2,316	(1,351)
<b>Total</b>		<b>2,316</b>	<b>(1,351)</b>
<b>Items that may be reclassified in the income statement</b>			
Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	40	(4,011)	3,236
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	40	56	432
Total profits (losses) on cash flow hedges	40	1,965	109
<b>Total</b>		<b>(1,990)</b>	<b>3,777</b>
<b>Other components of the Statement of Comprehensive Income (B)*</b>			
		<b>326</b>	<b>2,426</b>
<b>Total Profit (loss) for the period (A + B)</b>		<b>3,460</b>	<b>10,260</b>
* Other Profits (and losses) take account of relative tax effects			
<b>Attributable to:</b>			
<b>Owners of the Parent</b>		<b>3,416</b>	<b>10,263</b>
<b>Non-controlling interests</b>		<b>44</b>	<b>(3)</b>

## Consolidated Statement of Financial Position

	Notes	As of 31 March 2020		As of 31 December 2019	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
<b>ACTIVITIES</b>					
<b>Non-current assets</b>					
Intangible assets	17	676,872		676,183	
Property, plant and equipment	18	261,158		263,496	
Rights of use	19	35,129		36,486	
Investment Property	20	9,203		9,203	
Investments	35	9,126		8,910	
Other financial assets	36	3,513		3,512	
Long-term tax receivables	25	13,914		14,114	
Deferred tax assets	21	62,718		63,190	
Trade receivables	23				
Other receivables	24	15,692	81	13,638	81
<b>Total non-current assets</b>		<b>1,087,325</b>		<b>1,088,732</b>	
<b>Assets held for sale</b>	27				
<b>Current assets</b>					
Trade receivables	23	132,496	1,036	78,195	992
Other receivables	24	33,878	14,721	31,706	14,601
Short-term tax receivables	25	27,424		18,538	
Inventories	22	289,607		214,682	
Other financial assets	36	3,470		3,789	
Cash and cash equivalents	37	167,517		190,746	
<b>Total current assets</b>		<b>654,392</b>		<b>537,656</b>	
<b>Total assets</b>		<b>1,741,717</b>		<b>1,626,388</b>	

	Notes	<u>As of 31 March 2020</u>		<u>As of 31 December 2019</u>	
		Total	of which related parties	Total	of which related parties
<i>In thousands of Euros</i>					
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital and reserves attributable to the owners of the Parent	39	387,214		384,015	
Share capital and reserves attributable to non-controlling interests	39	(164)		(208)	
<b>Total shareholders' equity</b>		<b>387,050</b>		<b>383,807</b>	
<b>Non-current liabilities</b>					
Financial liabilities > 12 months	38	523,430		463,587	
Financial liabilities for rights of use > 12 months	38	16,795	2,972	19,996	4,579
Trade payables	28				
Other long-term provisions	29	12,385		12,116	
Deferred tax liabilities	30	4,196		7,762	
Retirement funds and employee benefits	31	35,137		38,997	
Tax payables	32				
Other long-term payables	33	6,398		6,437	
<b>Total non-current liabilities</b>		<b>598,341</b>		<b>548,895</b>	
<b>Current liabilities</b>					
Financial liabilities < 12 months	38	171,883		135,033	
Financial liabilities for rights of use < 12 months	38	10,561	3,151	8,408	1,553
Trade payables	28	503,176	6,789	478,688	5,701
Tax payables	32	10,625		14,934	
Other short-term payables	33	45,694	43	42,171	23
Current portion of other long-term provisions	29	14,387		14,452	
<b>Total current liabilities</b>		<b>756,326</b>		<b>693,686</b>	
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,741,717</b>		<b>1,626,388</b>	

## 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 2020		1st Quarter 2019	
		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		3,134		7,834	
Taxes for the period	14	2,089		6,409	
Depreciation of property, plant and equipment	8	9,920		9,967	
Amortisation of intangible assets	8	17,782		16,974	
Depreciation of rights of use	8	2,097		1,715	
Provisions for risks and retirement funds and employee benefits		3,616		4,380	
Write-downs / (Reinstatements)		388		589	
Losses / (Gains) on the disposal of property, plants and equipment		2		7	
Financial income	13	(605)		(952)	
Borrowing costs	13	6,347		7,091	
Income from public grants		(798)		(625)	
Portion of earnings of associates		(160)		(18)	
<i>Change in working capital:</i>					
(Increase)/Decrease in trade receivables	23	(54,601)	(44)	(34,170)	158
(Increase)/Decrease in other receivables	24	(4,314)	(120)	86	126
(Increase)/Decrease in inventories	22	(74,925)		(40,538)	
Increase/(Decrease) in trade payables	28	24,488	1,088	51,391	(1,787)
Increase/(Decrease) in other payables	33	3,484	20	(249)	(466)
Increase/(Decrease) in provisions for risks	29	(1,611)		(2,545)	
Increase/(Decrease) in retirement funds and employee benefits	31	(2,607)		(1,967)	
Other changes		(10,443)		(9,904)	
<b>Cash generated from operating activities</b>		<b>(76,717)</b>		<b>15,475</b>	
Interest paid		(4,467)		(4,109)	
Taxes paid		(7,488)		(11,031)	
<b>Cash flow from operating activities (A)</b>		<b>(88,672)</b>		<b>335</b>	
<i>Investment activities</i>					
Investment in property, plant and equipment	18	(9,607)		(9,036)	
Sale price, or repayment value, of property, plant and equipment		18		2	
Investment in intangible assets	17	(18,889)		(20,255)	
Sale price, or repayment value, of intangible assets		1		6	
Public grants collected		352		581	
Collected interests		668		216	
<b>Cash flow from investment activities (B)</b>		<b>(27,457)</b>		<b>(28,486)</b>	
<i>Financing activities</i>					
Purchase of treasury shares	39	(217)		(148)	
Loans received	38	115,025		55,130	
Outflow for repayment of loans	38	(20,271)		(35,111)	
Lease payments for rights of use	38	(1,919)		(2,183)	
<b>Cash flow from financing activities (C)</b>		<b>92,618</b>		<b>17,688</b>	
Increase / (Decrease) in cash and cash equivalents (A+B+C)		(23,511)		(10,463)	
<b>Opening balance</b>		<b>190,728</b>		<b>188,386</b>	
Exchange differences		(785)		3,490	
<b>Closing balance</b>		<b>166,432</b>		<b>181,413</b>	

## 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>												
<b>As of 1 January 2020</b>		<b>207,614</b>	<b>7,171</b>	<b>21,904</b>	<b>(29)</b>	<b>(15,525)</b>	<b>(27,896)</b>	<b>(1,749)</b>	<b>192,525</b>	<b>384,015</b>	<b>(208)</b>	<b>383,807</b>
Profit for the period										<b>3,134</b>		<b>3,134</b>
Other components of the Statement of Comprehensive Income	40				1,965		(3,999)		2,316	<b>282</b>	<b>44</b>	<b>326</b>
<b>Total profit (loss) for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>1,965</b>	<b>0</b>	<b>(3,999)</b>	<b>0</b>	<b>2,316</b>	<b>3,416</b>	<b>44</b>	<b>3,460</b>
<u>Transactions with shareholders:</u>												
Allocation of profits	39									<b>0</b>		<b>0</b>
Distribution of dividends	39									<b>0</b>		<b>0</b>
Purchase of treasury shares	39							(217)		<b>(217)</b>		<b>(217)</b>
<b>As of 31 March 2020</b>		<b>207,614</b>	<b>7,171</b>	<b>21,904</b>	<b>1,936</b>	<b>(15,525)</b>	<b>(31,895)</b>	<b>(1,966)</b>	<b>194,841</b>	<b>387,214</b>	<b>(164)</b>	<b>387,050</b>

## Movements from 1 January 2019 / 31 March 2019

	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>												
<b>As of 1 January 2019</b>		<b>207,614</b>	<b>7,171</b>	<b>20,125</b>	<b>(114)</b>	<b>(15,525)</b>	<b>(27,607)</b>	<b>(1,537)</b>	<b>202,036</b>	<b>392,163</b>	<b>(211)</b>	<b>391,952</b>
Profit for the period									7,834	<b>7,834</b>		<b>7,834</b>
Other components of the Statement of Comprehensive Income	40				109		3,671		(1,351)	<b>2,429</b>	<b>(3)</b>	<b>2,426</b>
<b>Total profit (loss) for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>0</b>	<b>3,671</b>	<b>0</b>	<b>6,483</b>	<b>10,263</b>	<b>(3)</b>	<b>10,260</b>
<u>Transactions with shareholders:</u>												
Allocation of profits	39									<b>0</b>		<b>0</b>
Distribution of dividends	39									<b>0</b>		<b>0</b>
Purchase of treasury shares	39							(148)		<b>(148)</b>		<b>(148)</b>
<b>As of 31 March 2019</b>		<b>207,614</b>	<b>7,171</b>	<b>20,125</b>	<b>(5)</b>	<b>(15,525)</b>	<b>(23,936)</b>	<b>(1,685)</b>	<b>208,519</b>	<b>402,278</b>	<b>(214)</b>	<b>402,064</b>

## 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 has not changed compared to the Consolidated Financial Statements as of 31 December 2019, while it has changed compared to the Consolidated Financial Statements as of 31 March 2019 due to the liquidation of the company Piaggio Group Canada on 25 October 2019.

#### **2. Compliance with international accounting standards**

These 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 Union, as well as in compliance with the provisions established in Article 9 of Legislative Decree no. 38/2005 (Consob Resolution no. 15519 of 27/7/2006 containing "Provisions for the presentation of financial statements", Consob Resolution no. 15520 of 27/7/2006 containing "Changes and additions to the Regulation on Issuers adopted by Resolution no. 11971/99", Consob communication no. 6064293 of 28/7/2006 containing "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 2019 were applied, with the exception of the paragraph "New accounting standards, amendments and interpretations applied as from 1 January 2020". The information provided in the Interim Report should be read together with the Consolidated Financial Statements as of 31 December 2019, 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 2019.

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.

In particular, following the COVID-19 health emergency, the Group conducted simulation tests on forecast data and on the recoverability of goodwill. The results obtained showed basically steady flows and margins compared to values expected in the Plan approved by the Board of Directors on 24 February 2020, with no significant change in the growth rates used for various CGUs.

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 2020

##### *Amendments to IAS 1 and IAS 8*

In October 2018, the IASB published some amendments to IAS 1 and IAS 8 that provide clarifications on the definition of "materiality". These amendments have applied since 1 January 2020.

##### *Amendments to IFRS 9, IAS 39 and IFRS 7*

In September 2019, the IASB published some amendments to IFRS 9, IAS 39 and IFRS 7 with some findings on the reform determining interbank rates. The findings concern the recognition of hedging and imply that a change in the interbank rate (IBOR) should not generally cause the accounting closure of hedging operations. However, the effects of all ineffective hedging should continue to be recognised in the income statement. Given the extensive nature of hedging that involves contracts based on interbank rates, the findings will concern companies from all sectors. These amendments have applied since 1 January 2020.

#### 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, IASB issued the new standard IFRS 17 – Insurance Contracts. The new standard will replace IFRS 4 and will be effective from 1 January 2021.
- In October 2018, the IASB published some amendments to IFRS 3 that amend the definition of “business”. These amendments will apply from 1 January 2020.
- 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.

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>	<b>Spot exchange rate 31 March 2020</b>	<b>Average exchange rate 1st Quarter 2020</b>	<b>Spot exchange rate 31 December 2019</b>	<b>Average exchange rate 1st Quarter 2019</b>
US Dollar	1.0956	1.10266	1.1234	1.13577
Pounds Sterling	0.88643	0.86225	0.8508	0.872508
Indian Rupee	82.8985	79.90956	80.187	80.07197
Singapore Dollars	1.5633	1.52808	1.5111	1.53877
Chinese Yuan	7.7784	7.69564	7.8205	7.66349
Croatian Kuna	7.6255	7.49037	7.4395	7.42162
Japanese Yen	118.9	120.09734	121.94	125.08349
Vietnamese Dong	25,380.46	25,176.95266	25,746.15	26,168.3000
Canadian Dollars	1.5617	1.48186	1.4598	1.51015
Indonesian Rupiah	17,858.28	15,742.82219	15,573.69	16,054.20571
Brazilian Real	5.7001	4.91667	4.5157	4.27751

## **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, relative spare parts and assistance in areas under their responsibility: EMEA and the 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 the relative segment. Specifically:

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

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

## INCOME STATEMENT BY OPERATING SEGMENT

		EMEA and Americas	India	Asia Pacific 2W	Total
Sales volumes (unit/000)	1-1/31-3-2020	46.9	49.3	20.9	<b>117.1</b>
	1-1/31-3-2019	51.2	69.0	20.2	<b>140.4</b>
	Change	(4.3)	(19.7)	0.7	<b>(23.3)</b>
	Change %	-8.3%	-28.5%	3.5%	<b>-16.6%</b>
Net turnover (millions of Euros)	1-1/31-3-2020	171.2	92.6	47.6	<b>311.4</b>
	1-1/31-3-2019	191.7	109.1	45.4	<b>346.2</b>
	Change	(20.4)	(16.6)	2.2	<b>(34.8)</b>
	Change %	-10.7%	-15.2%	4.8%	<b>-10.1%</b>
Gross margin (millions of Euros)	1-1/31-3-2020	48.1	19.9	20.1	<b>88.1</b>
	1-1/31-3-2019	56.1	29.4	18.4	<b>103.9</b>
	Change	(7.9)	(9.5)	1.6	<b>(15.8)</b>
	Change %	-14.2%	-32.3%	8.9%	<b>-15.2%</b>
EBITDA (millions of Euros)	1-1/31-3-2020				<b>39.8</b>
	1-1/31-3-2019				<b>49.5</b>
	Change				<b>(9.7)</b>
	Change %				<b>-19.5%</b>
EBIT (millions of Euros)	1-1/31-3-2020				<b>10.0</b>
	1-1/31-3-2019				<b>20.7</b>
	Change				<b>(10.7)</b>
	Change %				<b>-51.6%</b>
Net profit (millions of Euros)	1-1/31-3-2020				<b>3.1</b>
	1-1/31-3-2019				<b>7.8</b>
	Change				<b>-4.7</b>
	Change %				<b>-60.0%</b>

## C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

### **4. Net revenues**

**€ /000 311,358**

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

This item does not include transport costs, which are recharged to customers (€/000 5,579) and invoiced advertising cost recoveries (€/000 1,657), 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 2020		1st Quarter 2019		Changes	
	Amount	%	Amount	%	Amount	%
<i>In thousands of Euros</i>						
EMEA and Americas	171,234	55.0	191,657	55.4	(20,423)	-10.7
India	92,563	29.7	109,148	31.5	(16,585)	-15.2
Asia Pacific 2W	47,561	15.3	45,385	13.1	2,176	4.8
<b>Total</b>	<b>311,358</b>	<b>100.0</b>	<b>346,190</b>	<b>100.0</b>	<b>(34,832)</b>	<b>-10.1</b>

In the first three months of 2020 net sales revenues decreased by 10.1% 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 (189,803)**

Costs for materials went down by €/000 18,758 compared to the first three months of 2019, mainly due to the reduction products sold because of the lockdown for the health emergency. The item includes €/000 4,200 (€/000 4,093 in the first three months of 2019) for purchases of scooters 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 (45,764)**

Costs for services and leases and rental costs recorded a downturn of €/000 7,886 compared to the first quarter of 2019. The item includes costs for temporary work of €/000 380.

### **7. Employee costs**

**€ /000 (56,450)**

Employee costs include €/000 876 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

	<b>1st Quarter 2020</b>	<b>1st Quarter 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Salaries and wages	(43,361)	(43,009)	(352)
Social security contributions	(10,415)	(11,048)	633
Termination benefits	(1,765)	(1,782)	17
Other costs	(909)	(302)	(607)
<b>Total</b>	<b>(56,450)</b>	<b>(56,141)</b>	<b>(309)</b>

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

	<b>Average number</b>		
	<b>1st Quarter 2020</b>	<b>1st Quarter 2019</b>	<b>Change</b>
<i>Level</i>			
Senior management	105.0	104.0	1.0
Middle management	666.0	638.3	27.7
White collars	1,701.0	1,741.4	(40.4)
Blue collars	3,900.0	4,020.0	(120.0)
<b>Total</b>	<b>6,372.0</b>	<b>6,503.7</b>	<b>(131.7)</b>

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.

	<b>Number as of</b>		
	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>Change</b>
<i>Level</i>			
Senior management	105	106	(1)
Middle management	668	667	1
White collars	1,701	1,708	(7)
Blue collars	4,048	3,741	307
<b>Total</b>	<b>6,522</b>	<b>6,222</b>	<b>300</b>
EMEA and Americas	3,634	3,483	151
India	1,868	1,749	119
Asia Pacific 2W	1,020	990	30
<b>Total</b>	<b>6,522</b>	<b>6,222</b>	<b>300</b>

**8. Amortisation/depreciation and impairment costs****€/000 (29,799)**

This item consists of:

	<b>1st Quarter 2020</b>	<b>1st Quarter 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Total amortisation of intangible assets and impairment costs	(17,782)	(17,114)	(668)
Total depreciation of plant, property and equipment and impairment costs	(9,920)	(9,967)	47
Depreciation of rights of use	(2,097)	(1,715)	(382)
<b>Total</b>	<b>(29,799)</b>	<b>(28,796)</b>	<b>(1,003)</b>

**9. Other operating income****€/000 24,524**

This item, consisting prevalently of increases in fixed assets for internal work and of recoveries of costs re-invoiced to customers, shows a decrease of €/000 2,009 compared to the first quarter of 2019.

**10. Net reversals (impairment) of trade and other receivables****€/000 (384)**

This item, mainly comprising the impairment of trade receivables in current assets, improved by €/000 65 compared to the first three months of 2019.

**11. Other operating costs****€/000 (3,670)**

The reduction of €/000 787 is mainly due to fewer provisions for risks made compared to the same period of the previous year.

**12. Income/(loss) from investments****€/000 160**

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 (4,949)**

The balance of financial income (borrowing costs) in the first three months of 2020 was negative by €/000 4,949, an improvement on the figure of €/000 6,444 for the same period of the previous year, thanks to a reduction in the cost of debt and positive contribution from currency operations, which offset the increase in average debt.

**14. Taxes****€/000 (2,089)**

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:

		<b>1st Quarter 2020</b>	<b>1st Quarter 2019</b>
Net profit	€/000	3,134	7,834
Earnings attributable to ordinary shares	€/000	3,134	7,834
Average number of ordinary shares in circulation		357,229,557	357,293,401
Earnings per ordinary share	€	0.009	0.022
Adjusted average number of ordinary shares		357,229,557	357,293,401
Diluted earnings per ordinary share	€	0.009	0.022

## **D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES**

### **17. Intangible assets**

**€/000 676,872**

Intangible assets went up overall by €/000 689 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 2020, borrowing costs for €/000 296 were capitalised.

The table below shows the breakdown of intangible assets as of 31 March 2020, as well as changes during the period.



<i>In thousands of Euros</i>	<b>Development costs</b>			<b>Patent rights and know-how</b>			<b>Concessions, licences and trademarks</b>	<b>Goodwill</b>	<b>Other</b>			<b>Total</b>		
	<b>Assets under development and advances</b>			<b>Assets under development and advances</b>					<b>Assets under development and advances</b>			<b>Assets under development and advances</b>		
	<b>In operation</b>	<b>advances</b>	<b>Total</b>	<b>In operation</b>	<b>advances</b>	<b>Total</b>			<b>In operation</b>	<b>advances</b>	<b>Total</b>	<b>In operation</b>	<b>advances</b>	<b>Total</b>
Historical cost	291,228	38,272	329,500	413,157	43,957	457,114	190,737	557,322	8,447	8,447	1,460,891	82,229	1,543,120	
Provisions for write-down	(2,043)	(1,755)	(3,798)	(12)		(12)				0	(2,055)	(1,755)	(3,810)	
Accumulated amortisation	(237,425)		(237,425)	(351,008)		(351,008)	(156,375)	(110,382)	(7,937)	(7,937)	(863,127)	0	(863,127)	
<b>Assets as of 01 01 2020</b>	<b>51,760</b>	<b>36,517</b>	<b>88,277</b>	<b>62,137</b>	<b>43,957</b>	<b>106,094</b>	<b>34,362</b>	<b>446,940</b>	<b>510</b>	<b>0</b>	<b>510</b>	<b>595,709</b>	<b>80,474</b>	<b>676,183</b>
Investments	466	8,627	9,093	1,243	8,546	9,789			7	7	1,716	17,173	18,889	
Transitions in the period	111	(111)	0	2,914	(2,914)	0				0	3,025	(3,025)	0	
Amortisation	(7,848)		(7,848)	(8,646)		(8,646)	(1,206)		(82)	(82)	(17,782)	0	(17,782)	
Disposals			0			0			(1)	(1)	(1)	0	(1)	
Write-downs			0			0				0	0	0	0	
Exchange differences	(81)	(315)	(396)	(26)	(4)	(30)			9	9	(98)	(319)	(417)	
Other movements	(308)	308	0			0				0	(308)	308	0	
<b>Total movements for the period</b>	<b>(7,660)</b>	<b>8,509</b>	<b>849</b>	<b>(4,515)</b>	<b>5,628</b>	<b>1,113</b>	<b>(1,206)</b>	<b>0</b>	<b>(67)</b>	<b>0</b>	<b>(67)</b>	<b>(13,448)</b>	<b>14,137</b>	<b>689</b>
Historical cost	288,054	46,723	334,777	417,051	49,585	466,636	190,737	557,322	8,570	8,570	1,461,734	96,308	1,558,042	
Provisions for write-down		(1,697)	(1,697)			0				0	0	(1,697)	(1,697)	
Accumulated amortisation	(243,954)		(243,954)	(359,429)		(359,429)	(157,581)	(110,382)	(8,127)	(8,127)	(879,473)	0	(879,473)	
<b>Assets as of 31 03 2020</b>	<b>44,100</b>	<b>45,026</b>	<b>89,126</b>	<b>57,622</b>	<b>49,585</b>	<b>107,207</b>	<b>33,156</b>	<b>446,940</b>	<b>443</b>	<b>0</b>	<b>443</b>	<b>582,261</b>	<b>94,611</b>	<b>676,872</b>

**18. Property, plant and equipment****€/000 261,158**

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 2020, borrowing costs for €/000 92 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 31 March 2020, as well as changes during the period.

<i>In thousands of Euros</i>																
	<b>Land</b>	<b>Buildings</b>			<b>Plant and machinery</b>			<b>Equipment</b>			<b>Other assets</b>			<b>Total</b>		
		<i>In operation</i>	<i>Assets under construction</i>	<i>Total</i>	<i>In operation</i>	<i>Assets under construction</i>	<i>Total</i>	<i>In operation</i>	<i>Assets under construction</i>	<i>Total</i>	<i>In operation</i>	<i>Assets under construction</i>	<i>Total</i>	<i>In operation</i>	<i>Assets under construction</i>	<i>Total</i>
Historical cost	27,640	171,245	2,879	174,124	474,683	20,042	494,725	517,148	5,181	522,329	55,514	1,639	57,153	1,246,230	29,741	1,275,971
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,983)		(3,983)	(64)		(64)	(5,770)	0	(5,770)
Accumulated depreciation		(83,732)		(83,732)	(382,032)		(382,032)	(492,909)		(492,909)	(48,032)		(48,032)	(1,006,705)	0	(1,006,705)
<b>Assets as of 01 01 2020</b>	<b>27,640</b>	<b>86,891</b>	<b>2,879</b>	<b>89,770</b>	<b>91,550</b>	<b>20,042</b>	<b>111,592</b>	<b>20,256</b>	<b>5,181</b>	<b>25,437</b>	<b>7,418</b>	<b>1,639</b>	<b>9,057</b>	<b>233,755</b>	<b>29,741</b>	<b>263,496</b>
Investments		52	310	362	382	4,929	5,311	312	1,989	2,301	907	726	1,633	1,653	7,954	9,607
Transitions in the period		353	(353)	0	3,835	(3,835)	0	215	(215)	0	894	(894)	0	5,297	(5,297)	0
Depreciation		(1,217)		(1,217)	(5,096)		(5,096)	(2,434)		(2,434)	(1,173)		(1,173)	(9,920)	0	(9,920)
Disposals				0	(1)	(12)	(13)			0	(8)		(8)	(9)	(12)	(21)
Write-downs				0			0			0			0	0	0	0
Exchange differences		(342)	(32)	(374)	(1,339)	(298)	(1,637)			0	5	2	7	(1,676)	(328)	(2,004)
Other movements				0			0			0			0	0	0	0
<b>Total movements for the period</b>	<b>0</b>	<b>(1,154)</b>	<b>(75)</b>	<b>(1,229)</b>	<b>(2,219)</b>	<b>784</b>	<b>(1,435)</b>	<b>(1,907)</b>	<b>1,774</b>	<b>(133)</b>	<b>625</b>	<b>(166)</b>	<b>459</b>	<b>(4,655)</b>	<b>2,317</b>	<b>(2,338)</b>
Historical cost	27,640	171,137	2,804	173,941	476,934	20,826	497,760	517,674	6,955	524,629	57,183	1,473	58,656	1,250,568	32,058	1,282,626
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,983)		(3,983)	(64)		(64)	(5,770)	0	(5,770)
Accumulated depreciation		(84,778)		(84,778)	(386,502)		(386,502)	(495,342)		(495,342)	(49,076)		(49,076)	(1,015,698)	0	(1,015,698)
<b>Assets as of 31 03 2020</b>	<b>27,640</b>	<b>85,737</b>	<b>2,804</b>	<b>88,541</b>	<b>89,331</b>	<b>20,826</b>	<b>110,157</b>	<b>18,349</b>	<b>6,955</b>	<b>25,304</b>	<b>8,043</b>	<b>1,473</b>	<b>9,516</b>	<b>229,100</b>	<b>32,058</b>	<b>261,158</b>

**19. Rights of use****€/000 35,129**

This financial statement item refers to the discounted value of operating lease payments due, as provided for by IFRS 16.

	As of 31 March 2020				As of 31 December 2019				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			7,528	7,528	294		7,282	7,576	(48)
Buildings	14,014		179	14,193	14,878		144	15,022	(829)
Plant and machinery		9,629		9,629		9,844		9,844	(215)
Equipment	83			83	108			108	(25)
Other assets	3,606	90		3,696	3,841	95		3,936	(240)
<b>Total</b>	<b>17,703</b>	<b>9,719</b>	<b>7,707</b>	<b>35,129</b>	<b>19,121</b>	<b>9,939</b>	<b>7,426</b>	<b>36,486</b>	<b>(1,357)</b>

The Group opted to use the optional exemption provided for by IASB for certain lease agreements and low value and short-term leases.

Future lease rental commitments are detailed in note 38.

**20. Investment Property****€/000 9,203**

Investment property refers to the Spanish site of Martorelles, where production was stopped in March 2013 and relocated to Italian sites.

*In thousands of Euros*

<b>Opening balance as of 1 January 2020</b>	<b>9,203</b>
Fair value adjustment	
<b>Balance as of 31 March 2020</b>	<b>9,203</b>

During the quarter, no indicators of changes in fair value were identified, and therefore the carrying amount determined for the 2019 Financial Statements, with the assistance of a specific appraisal by an independent expert, was confirmed. The expert evaluated the "Fair value less cost of disposal" using a market approach (as provided for by IFRS 13). This analysis identified the total value of the investment as €/000 9,203.

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

**21. Deferred tax assets****€/000 62,718**

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****€/000 289,607**

This item comprises:

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Raw materials and consumables	163,302	110,954	52,348
Provision for write-down	(10,316)	(10,429)	113
<i>Net value</i>	<i>152,986</i>	<i>100,525</i>	<i>52,461</i>
Work in progress and semi-finished products	20,194	19,167	1,027
Provision for write-down	(852)	(852)	0
<i>Net value</i>	<i>19,342</i>	<i>18,315</i>	<i>1,027</i>
Finished products and goods	135,256	113,825	21,431
Provision for write-down	(19,206)	(19,778)	572
<i>Net value</i>	<i>116,050</i>	<i>94,047</i>	<i>22,003</i>
Advances	1,229	1,795	(566)
<b>Total</b>	<b>289,607</b>	<b>214,682</b>	<b>74,925</b>

As of 31 March 2020, inventories had increased by €/000 74,925.

**23. Current and non-current trade receivables****€/000 132,496**

As of 31 March 2020 and 31 December 2019, there were no trade receivables in non-current assets. Current trade receivables are broken down as follows:

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Trade receivables due from customers	131,460	77,203	54,257
Trade receivables due from JV	1,004	969	35
Trade receivables due from parent companies	25	23	2
Trade receivables due from associates	7		7
<b>Total</b>	<b>132,496</b>	<b>78,195</b>	<b>54,301</b>

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 26,329.

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 2020, trade receivables still due sold without recourse totalled €/000 126,766.

Of these amounts, Piaggio received payment prior to natural expiry of €/000 110,124.

As of 31 March 2020, advance payments received from factoring companies and banks, for trade receivables sold with recourse totalled €/000 8,284 with a counter entry recorded in current liabilities.

**24. Other current and non-current receivables****€/000 49,570**

They consist of:

	As of 31 March 2020			As of 31 December 2019			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Receivables due from parent companies	13,317		13,317	13,260		13,260	57	0	57
Receivables due from joint ventures	1,404		1,404	1,313		1,313	91	0	91
Receivables due from affiliated companies		81	81	28	81	109	(28)	0	(28)
Accrued income	2,681		2,681	2,616		2,616	65	0	65
Deferred charges	4,068	12,753	16,821	4,219	10,751	14,970	(151)	2,002	1,851
Advance payments to suppliers	2,971	1	2,972	2,446		2,446	525	1	526
Advances to employees	264	31	295	1,245	31	1,276	(981)	0	(981)
Fair value of hedging derivatives	2,657		2,657	123		123	2,534	0	2,534
Security deposits	282	1,342	1,624	299	1,362	1,661	(17)	(20)	(37)
Receivables due from others	6,234	1,484	7,718	6,157	1,413	7,570	77	71	148
<b>Total</b>	<b>33,878</b>	<b>15,692</b>	<b>49,570</b>	<b>31,706</b>	<b>13,638</b>	<b>45,344</b>	<b>2,172</b>	<b>2,054</b>	<b>4,226</b>

Receivables due from associates regard amounts due from the Fondazione Piaggio.

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.

**25. Current and non-current tax receivables****€/000 41,338**

Receivables due from tax authorities consist of:

	As of 31 March 2020			As of 31 December 2019			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
VAT	23,590	4,071	27,661	13,385	4,209	17,594	10,205	(138)	10,067
Income tax	2,876	9,824	12,700	2,141	9,886	12,027	735	(62)	673
Others	958	19	977	3,012	19	3,031	(2,054)	0	(2,054)
<b>Total</b>	<b>27,424</b>	<b>13,914</b>	<b>41,338</b>	<b>18,538</b>	<b>14,114</b>	<b>32,652</b>	<b>8,886</b>	<b>(200)</b>	<b>8,686</b>

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

As of 31 March 2020, there were no receivables due after 5 years.

**27. Assets held for sale****€/000 0**

As of 31 March 2020, there were no assets held for sale.

**28. Current and non-current trade payables****€/000 503,176**

As of 31 March 2020 and as of 31 December 2019 no trade payables were recorded under non-current liabilities. Trade payables recorded as current liabilities are broken down as follows:

	As of 31 March 2020	As of 31 December 2019	Change
<i>In thousands of Euros</i>			
Amounts due to suppliers	496,387	472,987	23,400
Trade payables to JV	6,447	5,318	1,129
Amounts due to affiliates	27	26	1
Amounts due to parent companies	315	357	(42)
<b>Total</b>	<b>503,176</b>	<b>478,688</b>	<b>24,488</b>

**29. Provisions (current and non-current portion)****€/000 26,772**

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

	Balance as of 31 December 2019	Alloca- tions	Uses	Reclassifi- cations	Change exchange rate	Balance as of 31 March 2020
<i>In thousands of Euros</i>						
Provision for product warranties	19,335	1,760	(1,465)	2	(72)	19,560
Provision for contractual risks	3,816	3			20	3,839
Risk provision for legal disputes	2,358		(110)		13	2,261
Provisions for risk on guarantee	58					58
Other provisions for risks	1,001	88	(36)		1	1,054
<b>Total</b>	<b>26,568</b>	<b>1,851</b>	<b>(1,611)</b>	<b>2</b>	<b>(38)</b>	<b>26,772</b>



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

	As of 31 March 2020			As of 31 December 2019			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Provision for product warranties	12,454	7,106	19,560	12,498	6,837	19,335	(44)	269	225
Provisions for contractual risks	839	3,000	3,839	816	3,000	3,816	23	0	23
Risk provision for legal disputes	598	1,663	2,261	695	1,663	2,358	(97)	0	(97)
Provisions for risk on guarantee		58	58		58	58	0	0	0
Other provisions for risks and charges	496	558	1,054	443	558	1,001	53	0	53
<b>Total</b>	<b>14,387</b>	<b>12,385</b>	<b>26,772</b>	<b>14,452</b>	<b>12,116</b>	<b>26,568</b>	<b>(65)</b>	<b>269</b>	<b>204</b>

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 1,760 and was used for €/000 1,465 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. For an analysis of disputes pending, reference is made to the 2019 Financial Statements.

### **30. Deferred tax liabilities**

**€/000 4,196**

Deferred tax liabilities amount to €/000 4,196 compared to €/000 7,762 as of 31 December 2019.

### **31. Retirement funds and employee benefits**

**€/000 35,137**

	As of 31 March 2020	As of 31 December 2019	Change
<i>In thousands of Euros</i>			
Retirement funds	864	868	(4)
Post-employment benefits provision	34,273	38,129	(3,856)
<b>Total</b>	<b>35,137</b>	<b>38,997</b>	<b>(3,860)</b>

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 "Post-employment 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 2020 would have been lower by €/000 1,781.

### **32. Current and non-current tax payables**

**€/000 10,625**

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

	As of 31 March 2020			As of 31 December 2019			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Due for income tax	5,846		5,846	8,291		8,291	(2,445)		(2,445)
Due for non-income tax	65		65	134		134	(69)		(69)
Tax payables for:									
- VAT	1,204		1,204	1,089		1,089	115		115
- Tax withheld at source	2,993		2,993	5,144		5,144	(2,151)		(2,151)
- Other	517		517	276		276	241		241
Total	4,714		4,714	6,509		6,509	(1,795)		(1,795)
<b>TOTAL</b>	<b>10,625</b>	<b>0</b>	<b>10,625</b>	<b>14,934</b>	<b>0</b>	<b>14,934</b>	<b>(4,309)</b>	<b>0</b>	<b>(4,309)</b>

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 52,092**

This item comprises:

	As of 31 March 2020			As of 31 December 2019			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
To employees	18,726	455	19,181	17,712	471	18,183	1,014	(16)	998
Guarantee deposits		3,215	3,215		3,247	3,247		(32)	(32)
Accrued expenses	6,980		6,980	4,122		4,122	2,858		2,858
Deferred income	3,119	2,658	5,777	1,303	2,649	3,952	1,816	9	1,825
Amounts due to social security institutions	5,649		5,649	8,765		8,765	(3,116)		(3,116)
Fair value of derivatives				46		46	(46)		(46)
To JV	3		3	3		3			
To associates	9		9	9		9			
To parent companies	31		31	11		11	20		20
Others	11,177	70	11,247	10,200	70	10,270	977		977
<b>Total</b>	<b>45,694</b>	<b>6,398</b>	<b>52,092</b>	<b>42,171</b>	<b>6,437</b>	<b>48,608</b>	<b>3,523</b>	<b>(39)</b>	<b>3,484</b>

Amounts due to employees include the amount for holidays accrued but not taken of €/000 9,919 and other payments to be made for €/000 9,262.

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

The item fair value of hedging derivatives mainly refers to the fair value of hedging derivatives relative to the exchange risk on forecast transactions recognised on an cash flow hedge basis.

The item Accrued expenses includes €/000 123 for interest on hedging derivatives and relative hedged items measured at fair value.

### **34. Payables due after 5 years**

The Group has loans due after 5 years, which are referred to in detail in Note 38 Current and non-current financial liabilities and financial liabilities for rights of use.

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

## E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

### **35. Investments**

**€ / 000 9,126**

The investments heading comprises:

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Interests in joint ventures	8,969	8,753	216
Investments in associates	157	157	0
<b>Total</b>	<b>9,126</b>	<b>8,910</b>	<b>216</b>

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

### **36. Other current and non-current financial assets**

**€ / 000 6,983**

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

	<b>As of 31 March 2020</b>			<b>As of 31 December 2019</b>			<b>Change</b>		
	<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	3,470	3,476	6,946	3,789	3,475	7,264	(319)	1	(318)
Investments in other companies		37	37		37	37			
<b>Total</b>	<b>3,470</b>	<b>3,513</b>	<b>6,983</b>	<b>3,789</b>	<b>3,512</b>	<b>7,301</b>	<b>(319)</b>	<b>1</b>	<b>(318)</b>

### **37. Cash and cash equivalents**

**€ / 000 167,517**

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

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Bank and postal deposits	152,908	128,565	24,343
Cheques		18	(18)
Cash on hand	56	47	9
Securities	14,553	62,116	(47,563)
<b>Total</b>	<b>167,517</b>	<b>190,746</b>	<b>(23,229)</b>

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.

	<b>As of 31 March 2020</b>	<b>As of 31 March 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
Liquidity	167,517	181,420	(13,903)
Current account overdrafts	(1,085)	(7)	(1,078)
<b>Closing balance</b>	<b>166,432</b>	<b>181,413</b>	<b>(14,981)</b>

**38. Current and non-current financial liabilities and financial liabilities for rights of use**

**€/000 722,669**

In the first three months of 2020, the Group's total debt increased by €/000 95,645. 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 relative hedged items, as of 31 March 2020 total financial debt of the Group had increased by €/000 96,694.

	<b>Financial liabilities as of 31 March 2020</b>			<b>Financial liabilities as of 31 December 2019</b>			<b>Change</b>		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Financial liabilities	171,883	523,430	695,313	135,033	463,587	598,620	36,850	59,843	96,693
Gross financial debt	168,619	520,161	688,780	131,768	460,318	592,086	36,851	59,843	96,694
Fair value adjustment	3,264	3,269	6,533	3,265	3,269	6,534	(1)	0	(1)
Financial liabilities for rights of use	10,561	16,795	27,356	8,408	19,996	28,404	2,153	(3,201)	(1,048)
<b>Total</b>	<b>182,444</b>	<b>540,225</b>	<b>722,669</b>	<b>143,441</b>	<b>483,583</b>	<b>627,024</b>	<b>39,003</b>	<b>56,642</b>	<b>95,645</b>

Net financial debt of the Group amounted to €/000 548,619 as of 31 March 2020 compared to €/000 429,744 as of 31 December 2019.

	<b>As of 31 March 2020</b>	<b>As of 31 December 2019</b>	<b>Change</b>
<i>In thousands of Euros</i>			
<b>Liquidity</b>	<b>167,517</b>	<b>190,746</b>	<b>(23,229)</b>
Payables due to banks	(119,472)	(81,032)	(38,440)
Current portion of bank loans	(29,792)	(29,724)	(68)
Debenture loan	(11,031)	(11,022)	(9)
Amounts due to factoring companies	(8,284)	(9,946)	1,662
Financial liabilities for rights of use	(10,561)	(8,408)	(2,153)
<i>of which amounts due under finance leases</i>	<i>(1,165)</i>	<i>(1,161)</i>	<i>(4)</i>
<i>of which amounts due under operating leases</i>	<i>(9,396)</i>	<i>(7,247)</i>	<i>(2,149)</i>
Current portion of payables due to other lenders	(40)	(44)	4
<b>Current financial debt</b>	<b>(179,180)</b>	<b>(140,176)</b>	<b>(39,004)</b>
<b>Net current financial debt</b>	<b>(11,663)</b>	<b>50,570</b>	<b>(62,233)</b>
Payables due to banks and lenders	(237,917)	(178,092)	(59,825)
Debenture loan	(282,117)	(282,099)	(18)
Financial liabilities for rights of use	(16,795)	(19,996)	3,201
<i>of which amounts due under finance leases</i>	<i>(6,569)</i>	<i>(6,862)</i>	<i>293</i>
<i>of which amounts due under operating leases</i>	<i>(10,226)</i>	<i>(13,134)</i>	<i>2,908</i>
Amounts due to other lenders	(127)	(127)	0
<b>Non-current financial debt</b>	<b>(536,956)</b>	<b>(480,314)</b>	<b>(56,642)</b>
<b>NET FINANCIAL DEBT</b>	<b>(548,619)</b>	<b>(429,744)</b>	<b>(118,875)</b>
<b>of which operating leases</b>	<b>(19,622)</b>	<b>(20,381)</b>	<b>759</b>

Non-current financial liabilities totalled €/000 536,956 against €/000 480,314 as of 31 December 2019, whereas current financial liabilities totalled €/000 179,180 compared to €/000 140,176 as of 31 December 2019.

The attached tables summarise the breakdown of financial debt as of 31 March 2020 and as of 31 December 2019, as well as changes for the period.

	Balance as of 31.12.2019	Cash flows			Reclassifications	Exchange delta	Other changes	Balance as of 31.03.2020
		Movements	Repayments	New issues				
<i>In thousands of Euros</i>								
<b>Liquidity</b>	<b>190,746</b>	<b>(22,444)</b>				<b>(785)</b>		<b>167,517</b>
Current account overdrafts	(18)		18	(1,085)				(1,085)
Current account payables	(81,014)			(36,741)		(632)		(118,387)
Current portion of medium-/long-term bank loans	(29,724)		10,321		(10,331)	(58)		(29,792)
<i>Total current bank loans</i>	<i>(110,756)</i>	<i>0</i>	<i>10,339</i>	<i>(37,826)</i>	<i>(10,331)</i>	<i>(690)</i>	<i>0</i>	<i>(149,264)</i>
Debenture loan	(11,022)						(9)	(11,031)
Amounts due to factoring companies	(9,946)		9,946	(8,284)				(8,284)
Financial liabilities for rights of use	(8,408)		1,919		(4,074)	2		(10,561)
<i>of which amounts due under finance leases</i>	<i>(1,161)</i>		<i>289</i>		<i>(293)</i>			<i>(1,165)</i>
<i>of which amounts due under operating leases</i>	<i>(7,247)</i>		<i>1,630</i>		<i>(3,781)</i>	<i>2</i>		<i>(9,396)</i>
Current portion of payables due to other lenders	(44)		4					(40)
<b>Current financial debt</b>	<b>(140,176)</b>	<b>0</b>	<b>22,208</b>	<b>(46,110)</b>	<b>(14,405)</b>	<b>(688)</b>	<b>(9)</b>	<b>(179,180)</b>
<b>Net current financial debt</b>	<b>50,570</b>	<b>(22,444)</b>	<b>22,208</b>	<b>(46,110)</b>	<b>(14,405)</b>	<b>(1,473)</b>	<b>(9)</b>	<b>(11,663)</b>
Medium-/long-term bank loans	(178,092)			(70,000)	10,331	(29)	(127)	(237,917)
Debenture loan	(282,099)						(18)	(282,117)
Financial liabilities for rights of use	(19,996)				4,074	40	(913)	(16,795)
<i>of which amounts due under finance leases</i>	<i>(6,862)</i>				<i>293</i>			<i>(6,569)</i>
<i>of which amounts due under operating leases</i>	<i>(13,134)</i>				<i>3,781</i>	<i>40</i>	<i>(913)</i>	<i>(10,226)</i>
Amounts due to other lenders	(127)							(127)
<b>Non-current financial debt</b>	<b>(480,314)</b>	<b>0</b>	<b>0</b>	<b>(70,000)</b>	<b>14,405</b>	<b>11</b>	<b>(1,058)</b>	<b>(536,956)</b>
<b>NET FINANCIAL DEBT</b>	<b>(429,744)</b>	<b>(22,444)</b>	<b>22,208</b>	<b>(116,110)</b>	<b>0</b>	<b>(1,462)</b>	<b>(1,067)</b>	<b>(548,619)</b>
<b>of which operating leases</b>	<b>(20,381)</b>		<b>1,630</b>			<b>42</b>	<b>(913)</b>	<b>(19,622)</b>

Medium and long-term bank debt amounts to €/000 267,709 (of which €/000 237,917 non-current and €/000 29,792 current) and consists of the following loans:

- a €/000 35,657 medium-term loan (nominal value of €/000 35,714) 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. Contract terms require covenants (described below);
- a €/000 70,000 medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, that will be carried out at 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 €/000 116,443 syndicate loan (nominal value of €/000 117,500) 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 55,000 used as of 31 March 2020) and a tranche as a five-year loan with amortisation of €/000 62,500. Contract terms require covenants (described below);
- a €/000 6,791 medium-term loan (nominal value of €/000 6,800) granted by UBI Banca. The loan will fall due on 30 June 2021 with a repayment schedule of quarterly instalments;
- a €/000 15,963 medium-term loan (nominal value of €/000 16,000) 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 5,684 loan from Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2022. This loan has an additional tranche of €/000 12,500 granted as a revolving credit line, entirely drawn as of 31 March 2020 (recognised under current account payables). Contract terms require covenants (described below);
- a €/000 4,974 medium-term loan (nominal value of €/000 5,000) 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 6,054 medium-term loan (nominal value of €/000 6,060) granted by Banca del Mezzogiorno, maturing on 2 January 2023 and with six-monthly repayment schedule. This loan has an additional tranche of €/000 20,000 granted as a revolving credit line, entirely drawn as of 31 March 2020 (recognised under current account payables). Contract terms require covenants (described below);
- a €/000 6,048 medium-term loan for VND/000 153,473,465 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 matures in June 2021, with a repayment schedule in 7 six-monthly instalments, starting from June 2018, with a fixed rate for the first year, followed by a variable rate;
- a €/000 95 loan from Intesa SanPaolo granted pursuant to Italian Law no. 346/88 on subsidised applied research.

All the above financial liabilities are unsecured.

The item Bonds for €/000 293,148 (nominal value of €/000 302,101) refers to:

- a €/000 22,078 private debenture loan (nominal value of €/000 22,101), (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 2020 the fair value measurement of the debenture loan was equal to €/000 28,635 (the fair value is determined based on IFRS relative to 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 29,923 (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;
- € /000 241,147 (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 negative outlook and a Ba3 rating with a negative 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 8,284.

Medium-/long-term payables due to other lenders equal to € /000 167 of which € /000 127 due after the year and € /000 40 as the current portion, are detailed as follows:

- a loan for € /000 5 granted by BMW Finance for the purchase of cars;
- a subsidised loan for a total of € /000 162 from the Region of Tuscany, related to regulations on incentives for investments in research and development (non-current portion equal to € /000 127).

### 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 27,356

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

	As of 31 March 2020			As of 31 December 2019			Change		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
<i>In thousands of Euros</i>									
Operating leases	9,396	10,226	19,622	7,247	13,134	20,381	2,149	(2,908)	(759)
Finance leases	1,165	6,569	7,734	1,161	6,862	8,023	4	(293)	(289)
<b>Total</b>	<b>10,561</b>	<b>16,795</b>	<b>27,356</b>	<b>8,408</b>	<b>19,996</b>	<b>28,404</b>	<b>2,153</b>	<b>(3,201)</b>	<b>(1,048)</b>

Payables for finance leases amounted to €/000 7,734 (nominal value of €/000 7,744) and break down as follows:

- a Sale&Lease back agreement for €/000 7,644 (nominal value of €/000 7,654) granted by Albaleasing on a production plant of the Parent Company. The agreement is for ten years, with quarterly repayments (non-current portion equal to €/000 6,491);

- a finance lease for €/000 90 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 78).

## 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 2020, the Group had undertaken the following futures operations (recognised based on the settlement date), relative to payables and receivables already recognised to hedge the settlement exchange risk:

<b>Company</b>	<b>Operation</b>	<b>Currency</b>	<b>Amount in currency</b>	<b>Value in local currency (forward exchange rate)</b>	<b>Average maturity</b>
			<i>In thousands</i>	<i>In thousands</i>	
Piaggio & C.	Purchase	CNY	103,000	13,325	03/05/2020
Piaggio & C.	Purchase	JPY	220,000	1,833	21/05/2020
Piaggio & C.	Purchase	SEK	5,000	472	03/04/2020
Piaggio & C.	Purchase	USD	16,200	14,695	17/05/2020
Piaggio & C.	Sale	CAD	4,100	2,712	20/06/2020
Piaggio & C.	Sale	GBP	800	896	30/04/2020
Piaggio & C.	Sale	JPY	100,000	839	12/07/2020
Piaggio & C.	Sale	USD	68,900	61,657	22/05/2020
Piaggio Vehicles Private Limited	Sale	USD	7,695	568,571	30/04/2020
Piaggio Vehicles Private Limited	Sale	€	5,099	410,826	14/05/2020
Piaggio Indonesia	Purchase	USD	8,618	124,831,085	25/04/2020
Piaggio Vespa BV	Sale	SGD	800	507	10/06/2020
Piaggio Vespa BV	Sale	USD	10,511	9,321	21/04/2020
Piaggio Vietnam	Purchase	€	8,000	205,560,000	02/06/2020
Piaggio Vietnam	Sale	JPY	150,000	32,145,000	29/07/2020
Piaggio Vietnam	Sale	USD	35,000	818,875,000	04/06/2020

- **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 relative 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 2020, 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	9,410	10,985	03/08/2020
Piaggio & C.	Purchase	CNY	722,000	88,899	22/03/2021

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 2020 the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 2,657.

### 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 2020, the following hedging derivatives were in use:

#### *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 2020 the fair value of the instrument was equal to €/000 6,946.

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	<b>FAIR VALUE</b>
<hr/>	
<i>In thousands of Euros</i>	
<i>Piaggio &amp; C. S.p.A.</i>	
Cross Currency Swap	6,946

## F) INFORMATION ON SHAREHOLDERS' EQUITY

### **39. Share capital and reserves**

**€ / 000 387,050**

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 2020, 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)

During the period, 130,000 treasury shares were acquired. Therefore, as of 31 March 2020, Piaggio & C. held 1,028,818 treasury shares, equal to 0.2873% of the shares issued.

### **Shares in circulation and treasury shares**

	<b>2020</b>	<b>2019</b>
<i>no. of shares</i>		
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	898,818	793,818
Shares in circulation	357,254,826	357,359,826
Movements for the period		
Purchase of treasury shares	130,000	105,000
Situation as of 31 March 2020 and 31 December 2019		
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

#### Share premium reserve

€ / 000 7,171

The share premium reserve as of 31 December 2019 had not changed.

#### Legal reserve

€ / 000 21,904

The legal reserve as of 31 December 2019 had not changed.

Financial instruments' fair value reserve €/000 1,936

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 €/000 39,299

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 22 April 2020 resolved to distribute a final dividend of 5.5 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 5.5 eurocents paid on 25.9.2019, coupon detachment date 23.9.2019), for a total dividend of 11 eurocents for 2019, equal to a total of €39,299,405.86. The detachment date of coupon no. 14 will be on 27 April 2020, with dividend record date on 28 April 2020, and the dividend payment date on 29 April 2020.

	<b>Total amount</b>		<b>Dividend per share</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	€/000	€/000	€	€
Of the previous year's result	19,649	32,155	0.055	0.090
Interim dividend on 2019 result		19,650		0.055

Earnings reserve €/000 194,841

Capital and reserves of non-controlling interest €/000 (164)

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



#### 40. Other components of the Statement of Comprehensive Income

€ / 000 326

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 components of the Statement of Comprehensive Income</i>
<i>In thousands of Euros</i>						
<b>As of 31 March 2020</b>						
<b>Items that will not be reclassified in the income statement</b>						
Remeasurements of defined benefit plans			2,316	2,316		2,316
Total	0	0	2,316	2,316	0	2,316
<b>Items that may be reclassified in the income statement</b>						
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)
<b>Other components of the Statement of Comprehensive Income</b>	<b>1,965</b>	<b>(3,999)</b>	<b>2,316</b>	<b>282</b>	<b>44</b>	<b>326</b>

#### As of 31 March 2019

<b>Items that will not be reclassified in the income statement</b>						
Remeasurements of defined benefit plans			(1,351)	(1,351)		(1,351)
Total	0	0	(1,351)	(1,351)	0	(1,351)
<b>Items that may be reclassified in the income statement</b>						
Total translation gains (losses)		3,236		3,236		3,236
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		432		432		432
Total profits (losses) on cash flow hedges	109			109		109
Total	109	3,668	0	3,777	0	3,777
<b>Other components of the Statement of Comprehensive Income</b>	<b>109</b>	<b>3,668</b>	<b>(1,351)</b>	<b>2,426</b>	<b>0</b>	<b>2,426</b>

The tax effect relative to other components of the Statement of Comprehensive Income is broken down as follows:

	As of 31 March 2020			As of 31 March 2019		
	<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	3,047	(731)	2,316	(1,778)	427	(1,351)
Total translation gains (losses)	(4,011)		(4,011)	3,236		3,236
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	56		56	432		432
Total profits (losses) on cash flow hedges	2,585	(620)	1,965	143	(34)	109
<b>Other components of the Statement of Comprehensive Income</b>	<b>1,677</b>	<b>(1,351)</b>	<b>326</b>	<b>2,033</b>	<b>393</b>	<b>2,426</b>

#### G) OTHER INFORMATION

#### **41. Share-based incentive plans**

As of 31 March 2020, there were no incentive plans based on financial instruments.

#### **42. Information on related parties**

Revenues, costs, receivables and payables as of 31 March 2020 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](http://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 2020	As of 31 December 2019
IMMSI S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	0.0215	0.0215

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 of the Group, 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 Company<sup>6</sup> 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 future tax periods, according to procedures in Article 84, based on the criterion established by the consolidation agreement.

Moreover, under the National Consolidated Tax Mechanism, companies may, pursuant to Article 96 of Presidential Decree 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

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

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

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

Pursuant to Article 2.6.2, section 13 of the Regulation of Markets organised and managed by Borsa Italiana S.p.A., the conditions as of Article 37 of Consob Regulation no. 16191/2007 exist.

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<sup>6</sup> 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.

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

- sells vehicles to Zongshen Piaggio Foshan Motorcycle Co. Ltd. for sale on the Chinese market.

### 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 2020 and relations during the year, as well as their overall impact on financial statement items.

<b>As of 31 March 2020</b>	Fondazione Piaggio	Zongshen Piaggio Foshan	IMMSI Audit	Is Molas	Omniaholding	IMMSI	<b>Total</b>	<b>% of accounting item</b>
<i>In thousands of Euros</i>								
<u>Income statement</u>								
Revenues from sales		23					<b>23</b>	<b>0.01%</b>
Costs for materials		(4,200)					<b>(4,200)</b>	<b>2.21%</b>
Costs for services			(205)			(308)	<b>(513)</b>	<b>1.22%</b>
Insurance						(9)	<b>(9)</b>	<b>0.84%</b>
Leases and rentals					(13)	(4)	<b>(17)</b>	<b>0.62%</b>
Other operating income		93	7			15	<b>115</b>	<b>0.47%</b>
Other operating costs						(5)	<b>(5)</b>	<b>0.14%</b>
Write-downs/Reinstatements of investments		160					<b>160</b>	<b>100.00%</b>
Borrowing costs					(3)	(38)	<b>(41)</b>	<b>0.65%</b>
<u>Assets</u>								
Other non-current receivables	81						<b>81</b>	<b>0.52%</b>
Current trade receivables		1,004	7			25	<b>1,036</b>	<b>0.78%</b>
Other current receivables		1,404				13,317	<b>14,721</b>	<b>43.45%</b>
<u>Liabilities</u>								
Financial liabilities for rights of use > 12 months					92	2,880	<b>2,972</b>	<b>17.70%</b>
Financial liabilities for rights of use < 12 months					160	2,991	<b>3,151</b>	<b>29.84%</b>
Current trade payables		6,447	25	2	34	281	<b>6,789</b>	<b>1.35%</b>
Other current payables	9	3				31	<b>43</b>	<b>0.09%</b>

#### **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 2020 and 2019.

#### **44. Transactions arising from atypical and/or unusual transactions**

During 2019 and the first quarter of 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 2020 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 2020.

#### **46. Authorisation for publication**

This document was published on 25 May 2020 authorised by the Chairman and Chief Executive Officer.

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

Mantova, 8 May 2020

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