



PIAGGIO
GROUP

FINANCIAL STATEMENTS 2021



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REPORT ON OPERATIONS





REPORT ON OPERATIONS

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HEALTH EMERGENCY - COVID-19

During 2021, the public health situation was still a cause for concern throughout the world.

Limiting the analysis to the Piaggio Group's geographical areas of reference in Europe, America and Asia Pacific, the health situation gradually improved in 2021 and many restrictions on the free movement of people were lifted. Only India was still affected by intermittent lockdowns which halted both manufacturing and trading activities.

However, the end of December saw an exponential increase in infections in all parts of the world, due to the spread of the Omicron variant. To cope with the spread of the new variant, many countries decided to adopt new restrictive measures, that came into force at the end of 2021 and were being resolved at the time this document was written.

The key to ending the crisis worldwide appears to be the completion of vaccination programmes among the population and the effectiveness against any new variants.

The pandemic has made the need for safe personal transport increasingly important among the population - to the detriment of public transport, which is seen as a potential vector of transmission. The Group continues to work to seize the opportunities presented by potential growth in demand, offering products that guarantee safe travel with low or no environmental impact. Since the virus first spread, Piaggio has taken all possible precautions to guarantee the safety of its employees at its premises. The Group continues to manage the current scenario very carefully in terms of its commercial network of distributors and dealers, and in terms of its customers, to meet its commitments and to continue to offer maximum support.

Against this difficult backdrop, the Piaggio Group has concretely demonstrated its ability to respond effectively to an unprecedented health emergency. All the main economic and financial indicators showed a clear improvement compared to 2020. Net revenues grew by 27% compared to 2020, and by 9.7% compared to 2019 (pre-COVID year). Net financial debt amounted to approximately €380.3 million as of 31 December 2021, an improvement of approximately €43.3 million compared to €423.6 million as of 31 December 2020 and of approximately €49.4 million compared to €429.7 million as of 31 December 2019, due to the positive trend in sales and the careful management of working capital.

In light of the performance recorded, taking into account the financial structure, compliance with covenants and available irrevocable (and revocable) credit lines, there are no doubts as to business being a going concern.

In addition, the Group has planned major investments in new vehicles for 2022, that will increase the already wide range of products available. This choice confirms the strategies adopted by the Group, demonstrating its concrete ability to react. Based on the aforementioned results and expectations in the plan, the Group tested goodwill for impairment, as more fully described in the note "Goodwill" in the notes to the financial statements to which reference is made; no impairment losses were identified for the scenarios examined.

Finally, given the structure and subject matter of its leases, which give rise to the item Rights of Use, no significant impact due to the pandemic was identified.

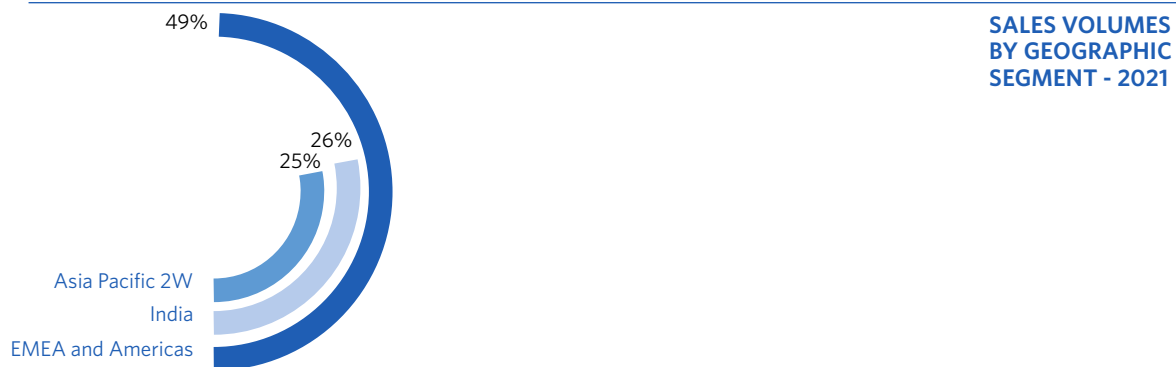
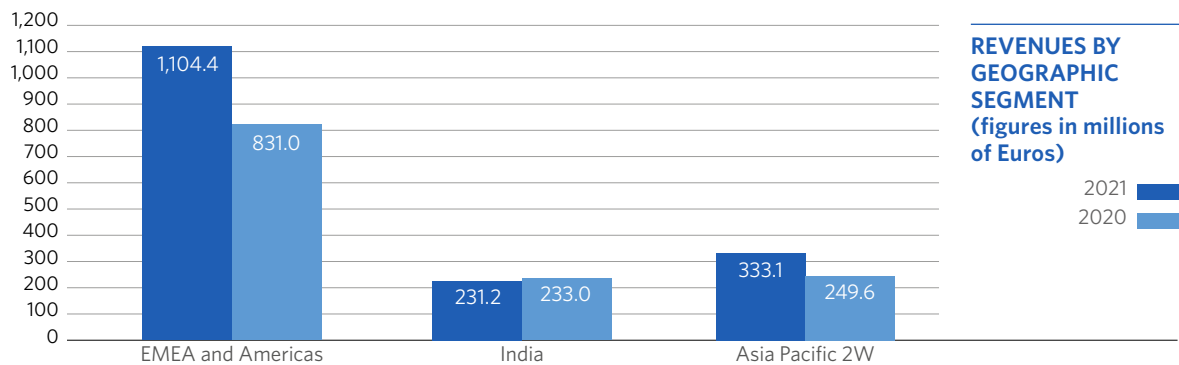
MAIN ECONOMIC, FINANCIAL AND MANAGEMENT DATA

	2021	2020
IN MILLIONS OF EUROS		
Data on financial position		
Net revenues	1,668.7	1,313.7
Gross industrial margin	462.5	372.4
Operating income	112.6	70.9
Profit before tax	93.7	50.2
Net profit	60.1	31.3
.Non-controlling interests		
.Group	60.1	31.3
Data on financial performance		
Net capital employed (NCE)	784.4	795.6
Consolidated net debt ¹	(380.3)	(423.6)
Shareholders' equity	404.1	372.0
Balance sheet figures and financial ratios		
Gross margin as a percentage of net revenues (%)	27.7%	28.3%
Net profit as a percentage of net revenues (%)	3.6%	2.4%
ROS (Operating income/net revenues)	6.7%	5.4%
ROE (Net profit/shareholders' equity)	14.9%	8.4%
ROI (Operating income/NCE)	14.4%	8.9%
EBITDA ¹	240.6	186.1
EBITDA/net revenues (%)	14.4%	14.2%
Other information		
Sales volumes (unit/000)	536.0	482.7
Investments in property, plant and equipment and intangible assets	154.1	140.4
Employees at the end of the period (number)	5,702	5,856
Social indicators		
Carbon Disclosure Project Score Climate Change	B	A-
Carbon Disclosure Project Score Water Security	B	B
MSCI ESG Research	AA	AA

¹ For a definition of the parameter, see the section "Alternative non-gaap performance indicators".

Results by operating segments

		EMEA and AME- RICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	2021	262.2	138.4	135.4	536.0
	2020	239.6	135.8	107.4	482.7
	Change	22.6	2.7	28.0	53.2
	Change %	9.4%	2.0%	26.1%	11.0%
Turnover (million Euros)	2021	1,104.4	231.2	333.1	1,668.7
	2020	831.0	233.0	249.6	1,313.7
	Change	273.4	(1.9)	83.5	355.0
	Change %	32.9%	-0.8%	33.4%	27.0%
Average number of staff (no.)	2021	3,646.7	1,492.8	1,019.7	6,159.2
	2020	3,575.7	1,670.9	987.8	6,234.4
	Change	71.0	(178.1)	31.8	(75.2)
	Change %	2.0%	-10.7%	3.2%	-1.2%
Investment in property, plant and equipment and intangible assets (million Euros)	2021	117.4	14.0	22.8	154.1
	2020	109.5	23.4	7.4	140.4
	Change	7.9	(9.5)	15.4	13.8
	Change %	7.2%	-40.4%	208.6%	9.8%



GROUP PROFILE

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

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

Mission



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



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



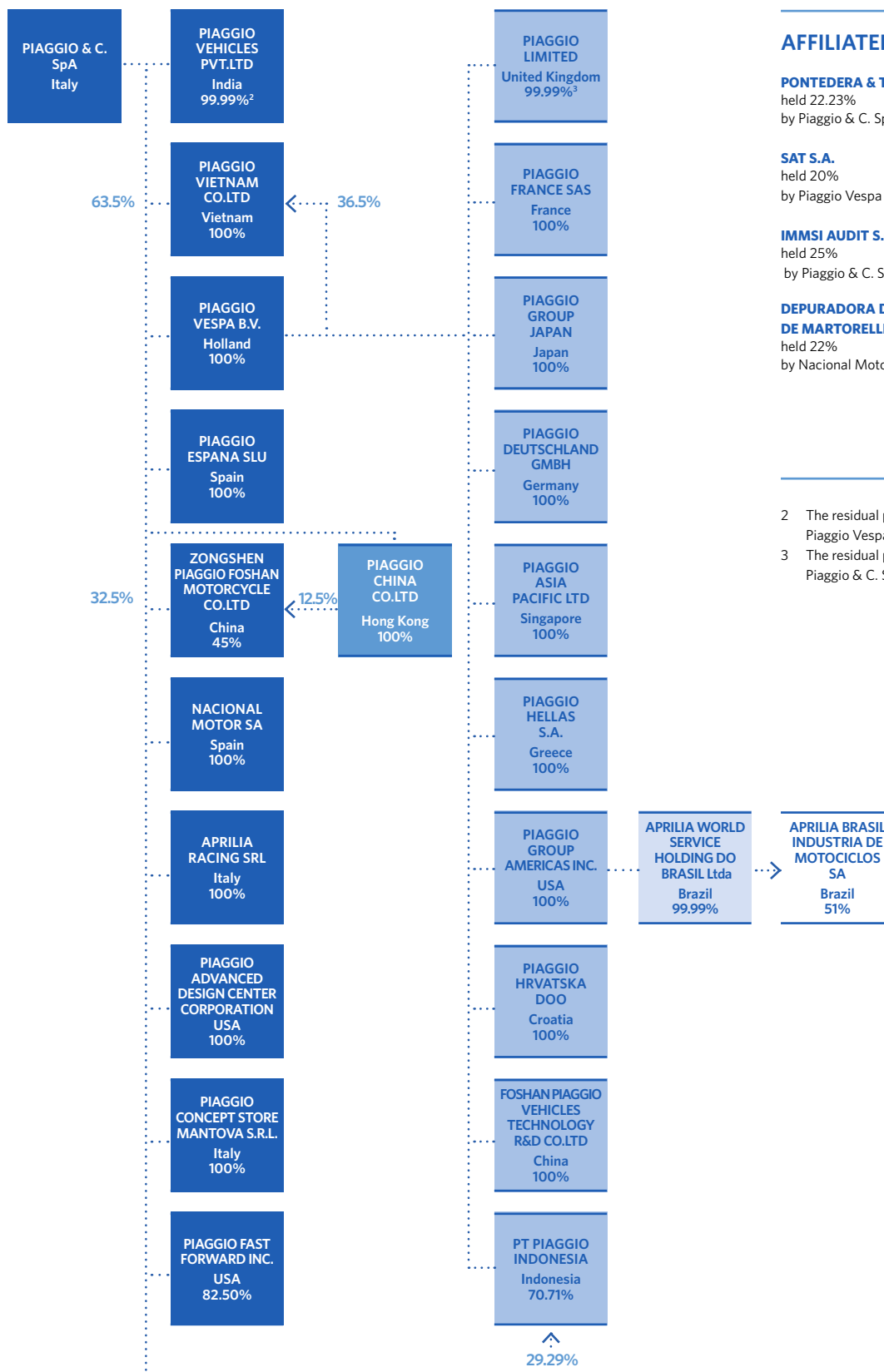
We are customer-driven. The customer's satisfaction, safety, pleasure and emotions come first. We develop products to customer requirements, accompanying the changes in the ecosystem within which customers move.

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



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

COMPANY STRUCTURE AT 31 DICEMBRE 2021



AFFILIATED COMPANIES

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

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

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

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

2 The residual portion is held by Piaggio Vespa B.V.

3 The residual portion is held by Piaggio & C. SpA



COMPANY BOARDS

BOARD OF DIRECTORS	
Chairman and Chief Executive Officer	Roberto Colaninno ^{(1), (2)}
Deputy Chairman	Matteo Colaninno
Directors	Michele Colaninno
	Graziano Gianmichele Visentin ^{(3), (4), (5), (6), (7)}
	Rita Ciccone ^{(4), (5), (6), (7)}
	Patrizia Albano
	Federica Savasi
	Micaela Vescia ^{(4), (6)}
	Andrea Formica ^{(5), (7)}
BOARD OF STATUTORY AUDITORS	
Chairman	Piera Vitali
Statutory Auditors	Giovanni Barbara
	Massimo Giaconia
Alternate Auditors	Fabrizio Piercarlo Bonelli
	Gianmarco Losi
SUPERVISORY BODY	
	Antonino Parisi
	Giovanni Barbara
	Fabio Grimaldi
Chief Financial Officer and Executive in Charge of financial reporting	Alessandra Simonotto
Independent Auditors	Deloitte & Touche S.p.A.
Board Committees	Comitato per le proposte di nomina
	Comitato per la Remunerazione
	Comitato Controllo Rischi e Sostenibilità
	Comitato Operazioni parti correlate

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

(2) Executive Director

(3) Lead Independent Director

(4) Member of the Appointment Proposal Committee

(5) Member of the Remuneration Committee

(6) Member of the Audit, Risk and Sustainability Committee

(7) Member of the Related-Party Transactions Committee

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

ORGANISATIONAL STRUCTURE

As of 31 December 2021 the structure of Piaggio's organisation was based on the following front-line functions.

- **Finance Department:** this department is responsible for administration, finance, planning and control and information technology, and for the coordination and reporting of sustainability activities.
- **Legal & Tax:** this department is responsible for support activities in the areas of law, providing assistance in contractual matters, managing the Group's litigation issues, ensuring the global protection of the Group's brands, guaranteeing the management of corporate law obligations, as well as those relating to tax, fiscal, customs and intercompany issues.
- **Human Resources Department:** this department is responsible for recruiting, managing and developing human resources, as well as managing industrial relations.
- **Marketing and Communications Department:** this department is responsible for managing and coordinating at a global level sales communication, digital marketing and customer experience activities, as well as monitoring brand image and awareness of the Group's brands and managing the Museums and historical archives of Group brands. This function also manages and coordinates communication activities and relations with the media and end consumers, and guarantees the management and coordination of relations with product and racing media at a global level.
- **Product Development and Marketing Division:** this division is responsible for identifying market/customer needs and opportunities arising from technological innovation and developments in laws and standards, in order to assist the definition of vehicle concepts, as part of product range development, and is also responsible for design activities at a global level for the Group's brands.
- **Racing:** this function is responsible for racing activities.
- **R&D Two-Wheeler Department:** this function is responsible for activities focussing on technological innovation, engineering, reliability, quality for scooters, motorcycles and two-wheeler engines, and for protecting industrial property relative to the Group's technical patents and models.
- **Three-, Four-wheeler Product Development:** this function is responsible for activities concerning design, engineering, reliability and quality relative to three- and four-wheeler commercial vehicles and engines.
- **Manufacturing Technologies:** this function is responsible for guaranteeing production technology innovation and change, managing infrastructure and plants, and ensuring the development of new industrial sites worldwide.
- **Purchasing:** this function is responsible for purchasing and supplier management.
- **Materials Management:** this function is responsible for managing vehicle distribution logistics and optimising commercial and production planning processes.
- **Market Management Italy, Two-Wheeler EMEA and America,**
- **Three-, Four-Wheeler EMEA Market and Emerging Markets:**
 each department, for the area and products in its management, is responsible for achieving sales targets, defining price policies for single markets and identifying appropriate actions to develop the sales network, through the coordination of sales companies in Europe, and for managing corporate sales to major clients and the central public administration sector at a European level.
- **Emea production:** this function is responsible for guaranteeing the manufacture and quality of engines, motorcycles, scooters and commercial vehicles.

- **Asia Pacific 2 Wheeler:** this function is responsible for coordinating the companies Piaggio Vietnam, Piaggio Asia Pacific, Piaggio Group Japan and Piaggio Indonesia, to guarantee business and industrial profitability, turnover, market share and customer satisfaction for the Group's two-wheeler vehicles, by managing production and sales on reference markets.
- **China:** this function is responsible for monitoring operations in the area, coordinating the Company Foshan Piaggio Vehicles Technology Research & Development.
- **Piaggio Vehicles Private Limited:** this function is responsible for guaranteeing business and industrial profitability, turnover, market share and customer satisfaction for the Group's commercial vehicles and scooters in India, by managing production and sales on reference markets.
- **Business Unit Aftersales:** this function is responsible for managing after-sales activities, defining the range of spare parts and accessories, establishing prices in conjunction with the sales department, guaranteeing turnover is achieved and ensuring the distribution of the Group's spare parts and accessories, as well as the management of customer care activities.
- **Internal Audit:** this function is responsible for developing all activities concerning and functional to internal auditing, in order to improve the effectiveness and efficiency of the internal control system and evaluate its operation.
- **Corporate Press Office:** this function oversees media management and coordination for Corporate activities, inviting the press to attend institutional events, preparing notices and issuing press releases.
- **Investor Relations:** this function is responsible for promoting Piaggio shares and engaging with the national and international financial community.
- **Regulatory Affairs:** this function is responsible for monitoring regulatory developments worldwide, ensuring consistency at Group level.

With reference to this organisational structure, on 23 October 2018, the Board of Directors of Piaggio & C. SpA, as part of the project to reorganise the product and marketing strategy areas, assigned Michele Colaninno authority to operate in this sector, with powers to manage and coordinate the following company functions, at worldwide level, involved in the product strategy creation and development process: Product Development and Marketing Division, Marketing, Communications and Racing Department.

STRATEGY AND AREAS OF DEVELOPMENT

Business strategy

The Piaggio Group aims to create value by adopting a strategy which:

- strengthens its leadership position in the European two-wheeler and Indian light commercial vehicle markets, also with a view to climate change connected to the transition process towards the use of renewable energy sources;
- increases its presence on international markets, with particular reference to the Asian area;
- increases the operating efficiency of all company processes, with a focus on industrial productivity.

EMEA and Americas

Europe Two-wheeler - lever market recovery, consolidating a leadership position in the scooter segment. Focus on the Aprilia and Moto Guzzi brands to improve sales and profitability in the motorcycle segment. Expand the range of electric vehicles, targeting its technological and design leadership, and the distribution network.

America Two-Wheeler - growth, with the introduction of the premium products Aprilia and Moto Guzzi and consolidation of the sales network.

Europe Commercial Vehicles - maintain growth based on eco-sustainable solutions, with a product range featuring new engines with zero or low environmental impact and lower emissions.

India

Two-wheelers - consolidate the scooter market position through expansion of the Vespa and Aprilia brand ranges.

Commercial vehicles - growth in volumes and profitability, through the consolidation of a strong competitive position on the local three-wheeler market and a focus on the export of vehicles to Africa and Latin America.

Asia Pacific 2W

Development: the aim is to increase scooter sales in the entire area (Vietnam, Indonesia, Thailand, Malaysia and Taiwan), exploring opportunities for motorcycles with a medium capacity engine, consolidating penetration in the premium segment of the Chinese market.

Key Assets

The Group will aim to consolidate its business position by leveraging and investing in the potential of its key assets:

- distinctive brands, recognised worldwide;
- an extensive sales network on reference markets;
- competency in research and development, focussed on innovation, safety and the environment;
- a strong international presence, with local operations for all core company processes, from marketing to research and development, production and purchasing.

Sustainability strategy

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

- **Economic:** timely, correct, in-depth information to stakeholders.
Creation of value while respecting business ethics.
- **Product:** technological investments to meet the need for sustainable mobility - innovation to develop products that are environmentally friendly, safe and cost-effective.
- **Environmental:** decreasing energy consumption, reducing CO₂ emissions and emissions of other pollutants - conserving natural resources - waste management.
- **Social:** developing, training and promoting human resources so that everyone's expectations and aspirations are met. Engaging with customers in order to establish relations based on transparency and trust - developing Company Advocacy in partnership with the dealer network - selling products that are environmentally friendly, reliable, safe and cost-effective. Engaging and cooperating with suppliers through shared development projects - respecting human rights. Fighting against corruption. Engaging and supporting local communities through social, cultural and educational initiatives.

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

Piaggio believes that SDGs represent an opportunity for and an approach to steer the Group's future development. Piaggio knows its activities can contribute to achieving the following SDGs:

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

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

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

Furthermore, Piaggio Group strongly believes that stakeholder engagement is one of the fundamental elements in the development of Piaggio and the communities where it operates, both in terms of economic success and social wellbeing.

Safeguarding the environment while carrying out all company operations is essential for humankind, technology and nature to coexist peacefully. The Group therefore makes sustainable products, which must be manufactured using production facilities with minimal environmental impact. Production systems are made sustainable through optimising process efficiency and converting facilities that are no longer competitive.

In particular, the environmental strategy for the Group's production sites is designed to promote a more rational use of natural resources, and to minimise harmful emissions and waste from production.

People are fundamental for Piaggio. They are vital to creating added value in the long term. The Group has defined objectives for the growth, promotion and training of human resources, ensuring that each person is rewarded for the contributions they make and that their expectations and goals are met.

In order to achieve the objective of sustainable development, growth must go beyond the boundaries of the company. It must go further afield to reach suppliers and dealers, with whom Piaggio wants to cooperate being a reliable partner, forging a common ground to work and grow together, to create value for the end customer. The success of a company over time is closely linked to customer confidence and satisfaction: customers must be listened to, informed and respected, establishing relations based on transparency and trust.



PIAGGIO AND FINANCIAL MARKETS

INVESTOR RELATIONS

Piaggio considers financial disclosure to be of vital importance in building a relationship of trust with the financial market. In particular the Investor Relations function engages institutional and individual investors as well as financial analysts in an ongoing dialogue, producing transparent, timely and accurate information to promote a correct perception of the Group's value.

During 2021, despite continuing difficulties related to the spread of COVID-19, numerous initiatives with the financial community were promoted, through participation in roadshows and virtual conferences. Initiatives also included conference calls, managed daily by the IR function, and institutional communication events concerning quarterly results.

To ensure adequate reporting and compliance with Borsa Italiana and Consob regulations, the Company's website is promptly and continually updated with all information concerning the Group and key corporate documents, published in both Italian and English.

In particular, press releases disclosed to the market, the Company's periodic financial reports, the Corporate Social Responsibility Report, and data on business and financial performance are all published online, along with the material used in meetings with the financial community, Piaggio share consensus, as well as corporate governance documents (articles of association, insider trading and material concerning shareholders' meetings).

Contacts Investor Relations Department

Raffaele Lupotto - Executive Vice President, Head of Investor Relations

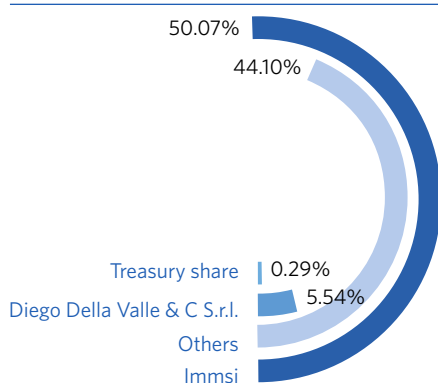
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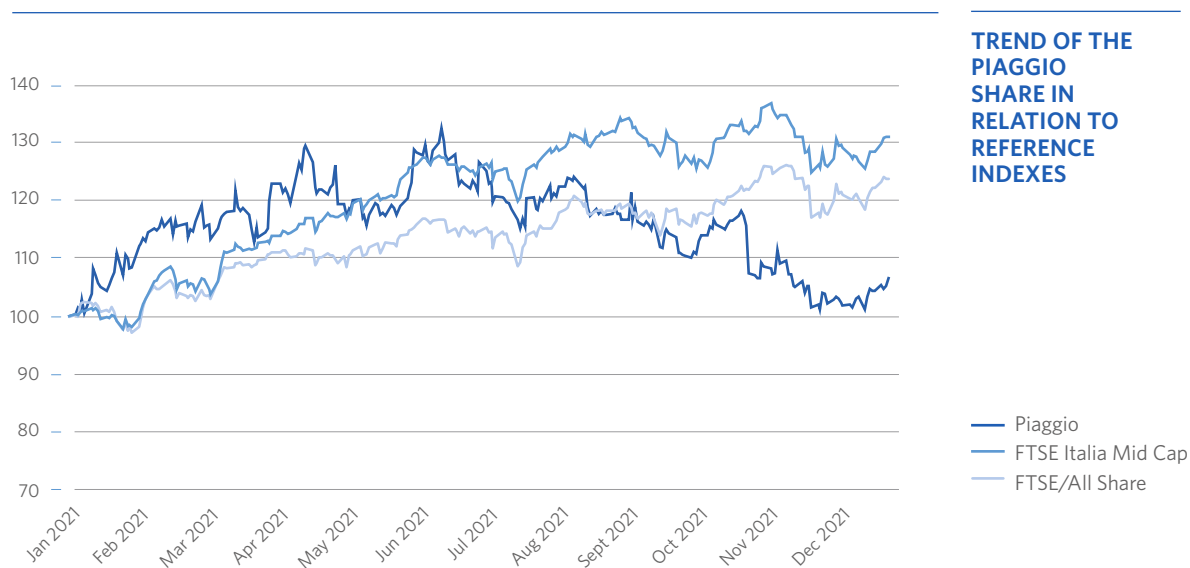
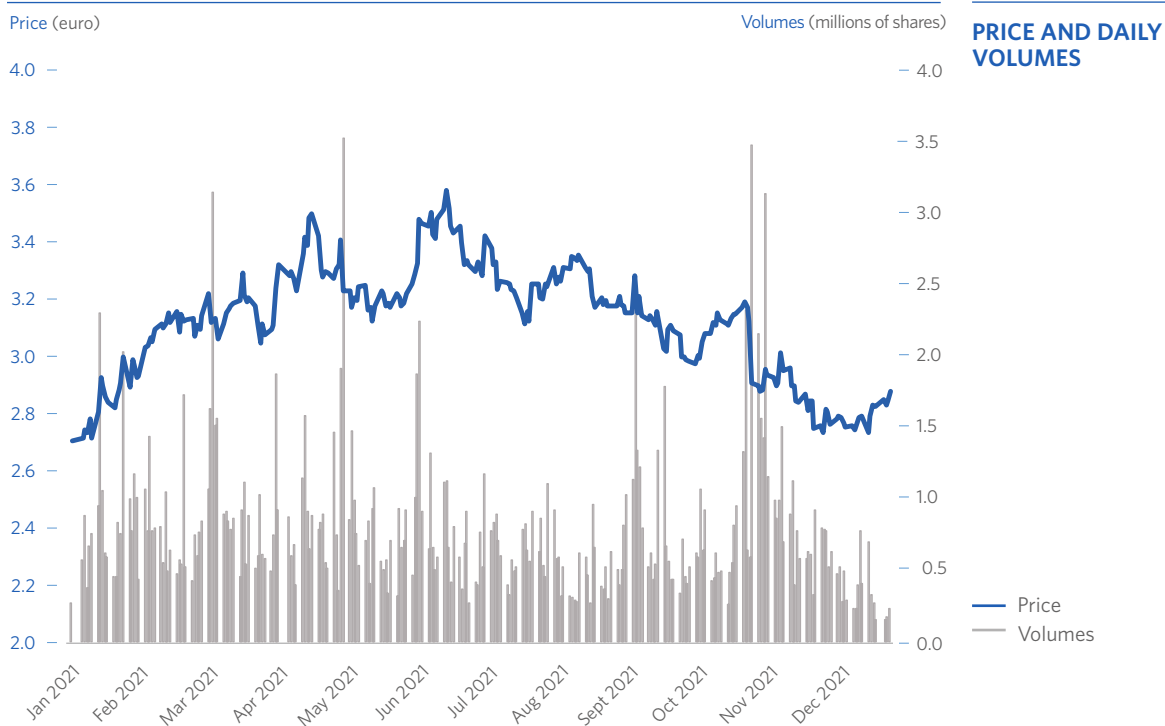
SHAREHOLDING STRUCTURE

As of 31 December 2021, share capital comprised 358,153,644 ordinary shares. On the same date, the shareholding structure, according to the results of the shareholders' register supplemented by the communications received pursuant to Article 120 of Legislative Decree 58/1998 and other information available, was as follows:



SHARE PERFORMANCE

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. In 2021, after reaching an intraday record of 3.620 euros on 15 June, the Piaggio Share closed at 2.874 euros, up 6.6% - the highest year-end level since 2006.



MAIN SHARE INDICATORS

	2021	2020
Official share price on the last day of trading (euro)	2.874	2.696
Number of shares (no.)	358,153,644	358,153,644
Treasury shares (no.)	1,045,818	1,028,818
Earnings per share (euro)		
Basic earnings	0.168	0.088
Diluted earnings	0.168	0.088
Shareholders' equity by share (euro)	1.13	1.04
Market capitalisation (millions of Euros) ⁴	1,029.3	965.6

GROUP RATINGS

	31/12/2021	31/12/2020
Standard & Poor's		
Corporate	BB-	B+
Outlook	Stable	Negative
Moody's		
Corporate	Ba3	Ba3
Outlook	Stable	Negative
MSCI ESG Research	AA	AA

DIVIDENDS

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

SUMMARY OF DIVIDENDS PAID BY PIAGGIO & C. SPA

	TOTAL DIVIDEND			DIVIDEND PER SHARE		
	2021	2020	2019	2021	2020	2019
	€/000	€/000	€/000	€	€	€
Of the previous year's result	9,285	19,642	32,155	0.026	0.055	0.090
Interim dividend for current year's result	30,354	13,214	19,650	0.085	0.037	0.055

⁴ Source Borsa Italiana.



SIGNIFICANT EVENTS DURING THE YEAR

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

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

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

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

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

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

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

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

24 May 2021 - The Piaggio Group used TikTok to unveil the Piaggio 1, a completely new generation of environmentally friendly zero-emission electric scooters. Light, easy to ride and elegantly simple, Piaggio 1 combines these characteristics with the best features of Piaggio scooters - quality, reliability and a solid frame - ensuring driving pleasure through both safety and fun. Piaggio 1 boasts a wealth of technological equipment including digital colour instruments with sensors that adapt backgrounds and brightness to the environment, full LED lights, keyless start and two engine mappings.

5 August 2021 - Piaggio Fast Forward (PFF) announced the development of its new sensor technology to be deployed in domestic and industrial robots, as well as scooters and motorbikes. The new sensor technology comprises hardware and software modules that combine high security with an affordable price, ensuring reliable monitoring regardless of lighting and environmental conditions. PFF has signed a contract with Vayyar Imaging to supply Radar-on-Chip, developing the first safety platform based on 4D Radar Imaging technology for scooters and motorbikes. The complete package of sensors for the scale production of ARAS (Advanced Rider Assistance Systems) is developed, built and supplied by Piaggio Fast Forward for Piaggio Group motorbikes.

6 September 2021 - Following the signing of the Letter of Intent on 1 March, the Piaggio Group, HONDA Motor Co., Ltd., KTM F&E GmbH, and YAMAHA Motor Co, Ltd. signed the official agreement for the establishment of the Swappable Batteries Motorcycle Consortium (SBMC), in order to promote the widespread use of light electric vehicles such as motorised mopeds, scooters, motorbikes, tricycles and quadricycles, and to encourage more sustainable management of the life cycle of batteries, in keeping with international climate policies.

10 September 2021 - At Mandello del Lario, an ambitious project was presented for the conservative restructuring of the industrial site where each and every Moto Guzzi brand motorbike has been produced for exactly 100 years. Designed by world-renowned US architect and designer Greg Lynn, the project will span the entire site. It is a futuristic project, unique in its style and genre: an environment with open, publicly accessible spaces. It will be a hub for the community, grounded in culture, design and mechanics, with a relentless focus on environmental sustainability and efficient use of resources. All the new buildings will be constructed using the old building volumes, with the selection of materials focusing on efficient management of energy resources, photovoltaic systems and environmentally sustainable materials. It will be a landmark not only for Moto Guzzi enthusiasts, but also for young people and international tourists who want to get up close to the unique world of Moto Guzzi motorbikes. The expansion of the production capacity, in keeping with the steady increase in demand, will be accompanied by a completely new design for the Mandello plant.

20 September 2021 - The Tribunal Judiciaire of Paris and the Ordinary Court of Milan, in judgments issued within a few days of each other, found that the Peugeot Metropolis by Peugeot Motorcycles (now owned by an Indian Group) infringed a European patent relating to the technology of the Piaggio MP3 three-wheeled scooter. The patent owned by the Piaggio Group that is the subject of the favourable rulings (still subject to appeal), concerns the control of the system that allows a three-wheeled vehicle to tilt to the side like a traditional motorbike. For this infringement, Peugeot Motorcycles was ordered in France to pay damages of €1,500,000, plus additional fines and legal costs. The decision of the Paris court also prohibits Peugeot Motorcycles from producing, promoting, marketing, importing, exporting, using and/or possessing on French territory any three-wheeled scooter using the Piaggio Group's patented control system (including the Peugeot Metropolis), under penalty of a fine for each infringing vehicle. The Court of Milan prohibited Peugeot Motorcycles from importing, exporting, marketing and advertising (including through the Internet) the Peugeot Metropolis in Italy, setting a penalty of €6,000 for each vehicle sold after the 30-day deadline following the date of notification of the ruling. In addition, Peugeot Motorcycles must withdraw all infringing vehicles from sale in Italy within 90 days, under penalty of a further €10,000 fine for each day's delay in complying with the order.

25 October 2021 - Bp and Piaggio signed a Memorandum of Understanding to develop and implement a wide range of services to support the growing deployment of electric two- and three-wheeled vehicles in Europe, India and Asia.

24 November 2021 - The ratings agency Standard & Poor's Global Ratings (S&P) announced the revision of its rating of the Piaggio Group, increasing it from "B+" to "BB-", also confirming the stable outlook.



FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (reclassified)

	2021		2020		CHANGE	
	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	%
Net revenues	1,668.7	100.0%	1,313.7	100.0%	355.0	27.0%
Cost to sell ⁵	1,206.2	72.3%	941.3	71.7%	264.8	28.1%
Gross Industrial Margin⁵	462.5	27.7%	372.4	28.3%	90.2	24.2%
Operating expenses	350.0	21.0%	301.5	23.0%	48.5	16.1%
Operating income	112.6	6.7%	70.9	5.4%	41.7	58.9%
Result of financial items	(18.9)	-1.1%	(20.7)	-1.6%	1.8	-8.7%
Profit before tax	93.7	5.6%	50.2	3.8%	43.5	86.7%
Taxes	33.6	2.0%	18.8	1.4%	14.8	78.4%
Net profit	60.1	3.6%	31.3	2.4%	28.7	91.7%
Operating income	112.6	6.7%	70.9	5.4%	41.7	58.9%
Amortisation/depreciation and impairment costs	128.0	7.7%	115.2	8.8%	12.8	11.1%
EBITDA⁵	240.6	14.4%	186.1	14.2%	54.6	29.3%

Net revenues

	2021	2020	CHANGE
IN MILLIONS OF EUROS			
EMEA and Americas	1,104.4	831.0	273.4
India	231.2	233.0	(1.9)
Asia Pacific 2W	333.1	249.6	83.5
Total	1,668.7	1,313.7	355.0
Two-wheelers	1,369.0	1,040.9	328.1
Commercial Vehicles	299.7	272.8	26.9
Total	1,668.7	1,313.7	355.0

In terms of consolidated turnover, the Group closed 2021 with net revenues up compared to 2020 (+27.0%). It should be noted that production and sales were shut down last year due to the public health emergency, which affected markets in EMEA and Americas and India.

Growth was particularly strong in EMEA and Americas (+32.9%) and Asia Pacific (+33.4%; +35.1% at constant exchange rates), while in India, still negatively impacted by the pandemic, there was a slight drop (-0.8%; -2.5% at constant exchange rates).

As regards the type of products sold, the increase mainly referred to two-wheeler vehicles (+31.5%). Commercial Vehicles, on the other hand, saw a slight increase (+9.9%) due to the difficulties encountered on the Indian market caused by the tough economic situation of the industrial and transport sector created by the pandemic. As a result, the percentage of Commercial Vehicles accounting for overall turnover dropped from 20.8% in 2020 to the current figure of 18.0%; vice versa, the percentage of Two-wheelers rose from 79.2% in 2020 to the current figure of 82.0%. The **gross industrial margin** of the Group increased compared to the previous year (€ + 90.2 million), and was equal to 27.7% (28.3% in 2020).

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

Amortisation/depreciation included in the gross industrial margin was equal to €35.6 million (€31.5 million in 2020).

Operating expenses incurred during 2021 stood at €350.0 million (€301.5 million in 2020). The increase is closely linked to the growth in turnover and vehicles sold.

This performance resulted in a consolidated **EBITDA** which was higher than the previous year, and equal to €240.6 million (€186.1 million in 2020). In relation to turnover, EBITDA was equal to 14.4% (14.2% in 2020).

Operating income (**EBIT**) which amounted to €112.6 million, recording strong growth compared to the first nine months of 2020 (+€41.7 million); in relation to turnover, EBIT was equal to 6.7% (5.4% in 2020).

The result of **financing activities** improved compared to the previous year by €1.8 million, with Net Charges amounting to €18.9 million (€20.7 million in 2020). This improvement was mainly due to a decrease in average debt.

Taxes for the period were equal to €33.6 million, while they amounted to €18.8 million in 2020. In 2021 the impact of taxes on profit before tax was estimated as equal to 35.9% (37.6% in 2020). The decrease is mainly related to the drop in income produced in India and to the tax benefit deriving from the exercise of the option, pursuant to Article 110 of Decree Law 104/2020, for the realignment of some intangible assets.

Adjusted net profit stood at €60.1 million (3.6% of turnover), up on the figure for the previous year of €31.3 million (2.4% of turnover).

Operating data

VEHICLES SOLD

	2021	2020	CHANGE
IN THOUSANDS OF UNITS			
EMEA and Americas	262.2	239.6	22.6
India	138.4	135.8	2.7
Asia Pacific 2W	135.4	107.4	28.0
Total	536.0	482.7	53.2
Two-wheelers	449.7	384.7	65.0
Commercial Vehicles	86.3	98.0	(11.7)
Total	536.0	482.7	53.2

During 2021, the Piaggio Group sold 536,000 vehicles worldwide, registering a growth of 11.0% in volume over the previous year, when 482,700 units were sold. Sales increased in all geographic segments.

As regards product type, sales of Two-Wheeler vehicles grew (+16.9%) while sales of Commercial Vehicles fell (-12.0%).

For a more detailed analysis of market trends and results, see relative sections.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁶

STATEMENT OF FINANCIAL POSITION	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
IN MILLIONS OF EUROS			
Net working capital	(196.0)	(146.6)	(49.4)
Property, plant and equipment	283.0	269.2	13.8
Intangible assets	720.2	695.6	24.6
Rights of use	30.7	33.2	(2.5)
Financial assets	11.2	9.6	1.6
Provisions	(64.8)	(65.5)	0.7
Net capital employed	784.4	795.6	(11.2)
Net financial debt	380.3	423.6	(43.3)
Shareholders' equity	404.1	372.0	32.1
Sources of financing	784.4	795.6	(11.2)
Non-controlling interests	(0.1)	(0.1)	(0.0)

Net working capital as of 31 December 2021 was negative (€196.0 million), generating a cash flow of approximately €49.4 million during 2021.

Property, plant and equipment amounted to €283.0 million, registering an increase of approximately €13.8 million compared to 31 December 2020. This increase is mainly due to investments for the period, which exceeded depreciation by approximately €11.9 million, as well as the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €7.1 million). These increases offset the sale of real estate investments for €4.6 million, disposals for €0.4 million and write-downs of €0.2 million.

Intangible assets totalled €720.2 million, up by approximately €24.6 million compared to 31 December 2020. This growth is mainly due to investments for the period, which exceeded amortisation by approximately €23.9 million and the effect related to the strengthening of the Indian rupee and Vietnamese dong against the euro (approximately €2.0 million), which offset disposals and write-downs totalling approximately €1.3 million.

Rights of use, equal to €30.7 million, decreased by approximately €2.5 million compared to figures as of 31 December 2020.

Financial assets which totalled €11.2 million, increased compared to figures for the previous year (€9.6 million).

Provisions totalled €64.8 million, down compared to 31 December 2020 (€65.5 million).

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 31 December 2021 was equal to €380.3 million, compared to €423.6 million as of 31 December 2020, down by approximately €43.3 million.

Shareholders' equity as of 31 December 2021 amounted to €404.1 million, up by approximately €32.1 million compared to 31 December 2020.

⁶ For a definition of individual items, see the "Economic Glossary".

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated Statement of Cash Flows, prepared in accordance with international accounting standards, is presented in the Consolidated Financial Statements and Notes as of 31 December 2021; the following is a comment relating to the summary statement shown.

CHANGE IN CONSOLIDATED NET DEBT	2021	2020	CHANGE
IN MILLIONS OF EUROS			
Opening Consolidated Net Debt	(423.6)	(429.7)	6.1
Cash Flow from Operating Activities	180.0	138.8	41.2
(Increase)/Reduction in Working Capital	49.4	30.7	18.8
Net Investments	(154.1)	(140.4)	(13.8)
Other changes	(4.0)	20.1	(24.1)
Change in Shareholders' Equity	(28.0)	(43.1)	15.1
Total Change	43.3	6.1	37.2
Closing Consolidated Net Debt	(380.3)	(423.6)	43.3

During 2021, the Piaggio Group generated **financial resources** amounting to €43.3 million.

Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €180.0 million.

Working capital generated a cash flow of approximately €49.4 million; in detail:

- the collection of trade receivables⁷ used financial flows for a total of €1.1 million;
- stock management absorbed financial flows for a total of €88.7 million;
- supplier payment trends generated cash flows of €132.1 million;
- the movement of other non-trade assets and liabilities had a positive impact on financial flows by approximately €7.1 million.

Investing activities used financial resources for a total of €154.1 million, of which €41.9 million in capitalised development costs and €112.2 million in property, plant and equipment and intangible assets.

Dividends paid in the year were equal to €39.6 million and included the interim dividend paid in September 2021.

Other changes mainly include other movements in assets and assets for rights of use.

As a result of the above financial dynamics, which generated a cash flow of €43.3 million, the **net debt** of the Piaggio Group amounted to €380.3 million.

⁷ Net of customer advances.

ALTERNATIVE NON-GAAP PERFORMANCE MEASURES

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

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

In particular the following alternative performance measures have been used:

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





BACKGROUND

THE MACROECONOMIC FRAMEWORK

While in the first half of 2021 the global economy performed in line with growth forecasts, reflecting how economic activities continually adapted to the pandemic, in the second half of the year the positive trend decreased due to the increase in infections in developing countries and the scarcity of supplies. The International Monetary Fund (IMF) has estimated global GDP growth in 2021 equal to 5.9%. The easing of restrictions allowed an acceleration in demand, but conversely supply was slower to respond. Commodity prices rose significantly and, in general, inflation increased, although the employment rate stayed below pre-pandemic levels.

Eurozone GDP grew by 5%, while the forecast for 2022 is a return to pre-pandemic levels (+3.9%). The reopening of the economy enabled a greater boost to growth, mainly benefiting the services sector. Manufacturing activity slowed from its Q3 peak as global growth slowed and supply tightened, while private spending grew below expectations as inflation increased.

The **US economy** grew by 5.6%, and a further increase of close to 3.5 percentage points is projected for 2022.

The main contribution came from the increase in demand for services, investment in stocks and the rebound in industrial spending on equipment. Inflation reached record levels during the year, primarily due to higher energy and primary goods' prices. On the currency market, the dollar appreciated significantly against the euro, contrary to forecasts at the beginning of the year, partly as a result of the FED's statements on the stability of interest rates.

Japan saw GDP grow by 2% in 2021, with +2.6% estimated for 2022. An expansionary fiscal policy warded off the danger of an economic crisis. Thanks to restrictions and the vaccination campaign, consumer spending recorded a positive trend; although higher oil prices have reduced households' purchasing power, considerable 'involuntary' savings accumulated during the pandemic limited the effects.

China's economy grew by 8.1% in 2021; according to official data from China's National Bureau of Statistics, industrial production increased steadily until the end of the year and offset a decline in retail sales. In order to prevent the spread of the Delta variant, the government introduced restrictive measures in several areas of the country, which led to a drastic decline in economic activities, especially in the tertiary sector. Uncertainty for businesses and investors has increased; the recent sale of shares and bonds by the Chinese group Evergrande suggests an increase in credit risk in the real estate sector that could destabilise the economy in the future. The forecasts for GDP in 2022 indicate approximately +5%.

India has grown at the fastest pace among the world's major economies, overtaking pre-pandemic levels.

The growth of the Indian economy reached 7.3% thanks to the rebound in the third quarter, due to a better performance in the agricultural sector, in manufacturing and the increase in consumer spending. The Reserve Bank of India has so far kept rates at historic lows by predicting a decrease in the current peak of inflation, generated by oil import needs. GDP is estimated to grow by 9.5% in 2022; in fact economists are predicting an upward trend, once the pandemic's harsh impact on the country has been overcome.

Italian economic activity was surprisingly positive during the year, supported by a faster-than-expected recovery in services, tourism and household spending, as well as a significant development in industry and fixed investments. GDP grew by 6.3%, confirming the effectiveness of the government's management of the health emergency. The increase was mainly driven by the contribution of domestic demand, combined with a smaller contribution from net foreign demand; the employment rate increased, while the spread of the new Omicron COVID-19 variant and the resulting disruptions in global supply chains, combined with booming commodity and energy prices, led to higher-than-expected inflation. The scenario presented takes into account the effects of the actions envisaged in the National Recovery and Resilience Plan (NRRP), a monetary policy which still has an expansionary outlook, and the absence of significant measures to contain social and productive activities related to the health emergency. In 2022 estimated growth will be around 4%; the trend will be affected by the pandemic continuing, by international tensions and above all by the increase in energy costs, for which the government has launched new measures, aimed at supporting families and production development.

MARKET SCENARIO

Two-wheelers

Currently available figures for monitored markets, and specifically the performance of the two-wheeler segment (scooters and motorcycles) are reported below.

India, the most important two-wheeler market, reported a significant increase in 2021, closing with just under 14.5 million vehicles sold, up by 1.4% compared to 2020.

The People's Republic of China resumed its growth trend (+5.5%), closing at just under 6.21 million units sold.

The Asian area, termed Asean 5, reported an increase in 2021 (+15.6% compared to 2020) ending the period with nearly 11.1 million units sold. This performance was due to:

- Indonesia, the area's main market, (+38.2% compared to 2020 and sales of over 5 million units);
- Thailand (+6.0% compared to 2020 and 1.6 million units sold);
- Malaysia (-0.2% compared to the previous year and nearly 500 thousand units sold);
- Vietnam (-8.1% compared to 2020 and nearly 2.5 million units sold);
- the Philippines (+19.0% compared to 2020 and nearly 1.44 million units sold).

Volumes of other Asian area countries (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) decreased in overall terms, compared to the previous year, with over 1.5 million units sold (-3.8%). In particular, the Taiwanese market showed a strong turnaround compared to the previous year, decreasing by approximately 800 thousand units sold (-14.7% compared to 2020). Japan, on the other hand, bucked the trend, reaching almost 416 thousand units sold (+13.6% compared to 2020).

The North American market reported an increase (+8.7%) compared to 2020 (629,307 vehicles sold in 2021).

Europe, the reference area for Piaggio Group activities, performed well in 2021, with an overall increase of 4.0% in sales compared to 2020 (+5.6% for the motorcycle segment and +2.3% for scooters), ending the period with approximately 1,512,756 million units sold.

The scooter market

Europe

The European scooter market in 2021 accounted for 737,121 registered vehicles, with sales up by 2.3% compared to 2020.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2021	2020		OVERALL	< 50 CC	> 50 CC
Italy	165,793	139,877	25,916	+18.5%	-5.4%	+21.5%
France	143,198	139,028	4,170	+3.0%	+6.4%	-1.3%
Spain	102,943	104,248	-1,305	-1.3%	-21.3%	+3.0%
Holland	75,451	84,889	-9,438	-11.1%	-12.0%	+23.0%
Germany	71,341	72,268	-927	-1.3%	+4.2%	-3.9%
Greece	38,475	31,385	7,090	+22.6%	+33.9%	+21.9%
United Kingdom	31,582	28,154	3,428	+12.2%	-1.9%	+15.5%
Europe	737,121	720,412	16,709	+2.3%	-8.4%	+9.4%

North America

In 2021 the North American market reported an increase of 8.3% and 29,606 units sold:

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2021	2020		OVERALL	< 50 CC	> 50 CC
USA	26,266	23,653	2,613	+11.0%	+10.9%	+11.2%
Canada	3,340	3,691	-351	-9.5%	-14.6%	+19.6%
North America	29,606	27,344	2,262	+8.3%	+5.1%	+11.5%

Asia

The main scooter market in the Asean 5 area is Indonesia, with nearly 4.75 million items sold, reporting an increase of 38.1% compared to 2020. The automatic scooter segment reported a growth in 2021 (+37.7% compared to 2020, with just over 4.43 million units sold). The gearbox (cub) segment also increased in 2021, closing with +45.1% and over 318 thousand units.

India

The automatic scooter market, after last year's decrease, picked up slightly (+2.8% in 2021), closing at over 4.32 million units.

The 125cc segment was the best performer, with over 4.25 million units sold in 2021, accounting for 98.4% of the total automatic scooter market. There was a slight drop in the 150cc segment (-1.6%), no longer linked solely to sales of the Aprilia SR 150 scooter, which closed at 39 units in 2021, but also to the Vespa, which closed at 2,722 units (-5.5% compared to 2020). The 50cc scooter segment is not operative in India.

The motorcycle market

Europe

With approximately 775,635 units registered, the motorcycle market ended 2021 with a 5.6% increase. The 50cc segment recorded a negative performance (-14.7%) closing with 40,113 units sold. On the other hand, the over 50cc segment performed well, with 735,522 units sold (+7%).

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2021	2020		OVERALL	< 50 CC	> 50 CC
France	161,425	147,300	14,125	+9.6%	-9.2%	+12.4%
Germany	150,211	169,664	-19,453	-11.5%	-100%	-11.4%
Italy	123,530	98,022	25,508	+26.0%	16.6%	+26.4%
United Kingdom	82,326	76,026	6,300	+8.3%	-7.1%	+8.6%
Spain	82,358	74,000	8,358	+11.3%	2.3%	+11.6%
Europe	775,635	734,215	41,420	+5.6%	-14.7%	+7.0%

North America

The motorcycle market in North America (USA and Canada) recorded an increase in 2021 (+8.7%), closing the period with 599,701 units sold compared to 551,572 the previous year.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2021	2020		OVERALL	< 50 CC	> 50 CC
USA	530,681	488,538	42,143	8.6%	-6.5%	+9.4%
Canada	69,020	63,034	5,986	9.5%	-7.9%	+10.7%
North America	599,701	551,572	48,129	8.7%	-6.7%	+9.5%

Asia

The most important motorcycle market in Asia is India, which bucked the trend of the previous year, registering over 9.6 million pieces with a growth of 1.7% in 2021.

The motorcycle market in the Asean 5 area is far less important than the scooter sector: sales of motorcycles in Vietnam were not significant. In other countries, the highest sales were recorded in Indonesia; with nearly 310 thousand units sold it reported an increase of 38.6% compared to the previous year.

Commercial Vehicles

Europe

In 2021, the European market (including the UK) for light commercial vehicles (gross vehicle weight less than or equal to 3.5 tons), in which the Piaggio Group operates, increased by 10.7% compared to 2020, with 1,916,805 units sold (source: ACEA data). In detail, the trends of main European reference markets are as follows: France (+7.5%), UK (+21.4%), Germany (-0.8%), Italy (+14.7%) and Spain (-4.0%).

India

The Indian three-wheeler market, in which Piaggio Vehicles Privates Limited, controlled by Piaggio & C. S.p.A., operates, reported the following trends:

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %
	2021	2020		
Cargo	82,281	78,316	3,965	+5.1%
Passengers	180,330	182,096	-1,766	-1.0%
Total 3W India	262,611	260,412	2,199	+0.8%



THE REGULATORY FRAMEWORK

European Union

COVID-19 - European Recovery Plan / National Recovery and Resilience Plan (NRRP)

In response to the economic, health and social crisis caused by the COVID-19 pandemic, the European Commission proposed a massive plan of financial aid to support the recovery of the economy. To deploy the investments necessary, the Commission has launched a dual approach:

- **Next Generation EU**, with €750 billion to consolidate the EU budget with new financial market loans for the 2021-2024 period.
- **An EU mid-term budget** for the 2021-2027 period (€1,100 billion).

Italy is the leading beneficiary of the Next Generation EU and has decided to channel this aid into a National Recovery and Resilience Plan (NRRP) providing for €191.5 billion in aid, divided into six missions:

- Digitalisation, innovation, competitiveness and culture - €40.29 billion;
- Green revolution and ecological transition - €59.46 billion;
- Infrastructure for sustainable mobility - €25.40 billion;
- Education and research - €30.88 billion;
- Inclusion and Cohesion - €19.85 billion;
- Health - €15.63 billion.

To finance further interventions, the Italian Government has approved a complementary fund with resources amounting to €30.6 billion. Overall, the investments provided for by the NRRP and the Supplementary Fund amount to €222.1 billion.

Within the Plan, some €24 billion have been allocated to Digitalisation, innovation and competitiveness in the production system, while €23 billion have been allocated to Energy transition and sustainable mobility, including the Development of electric recharging infrastructures to which €750 million have been allocated to develop 7,500 fast-charging points on dual carriageways and motorways and 13,750 points in urban centres.

From January 2022, the various ministries will hold calls for tender, issue notices and hold other public procedures for the submission and selection of NRRP projects.

European Green Deal / "Fit for 55"

In order to implement the "European Green Deal", which aims to reduce CO₂ emissions by 50% by 2030 and achieve climate neutrality (zero emissions) by 2050, the European Commission presented in July 2021 the "Fit for 55" package, a set of legislative proposals on the climate, to be discussed and approved in a co-decision with the European Parliament and the European Council in the coming months. The package contains proposals concerning the future of the automotive industry, such as the revision of the Directive on the implementation of an infrastructure for alternative fuels and the amendment of the regulation setting CO₂ emission standards for cars and vans.

Emissions

With the new Regulation (EU) 2019/631, European institutions approved new limits for CO₂ emissions for cars and light commercial vehicles (VTL) post-2020. An EU fleet-wide target of 147g CO₂/km for the average emissions of new light commercial vehicles (95g CO₂/km for cars), has been confirmed for 2030, and a gradual reduction in CO₂ emissions (g/Km) of 15% by 2025 and of 31% by 2030 has been decided, compared to 2021. However, the new Regulation still allows manufacturers producing less than 22,000 units a year to request an extension until 2030. However, these limits will be discussed in the Fit-for-55 package.

The Commission also started work on a study of future post-Euro 6 limits for cars, beginning preliminary activities in the second half of 2019 and holding consultations with stakeholders to analyse the results of the commissioned study. A Euro 7 legislative proposal could therefore be presented during 2022. Any developments in the car world could possibly have repercussions on the two-wheeler segment.

Battery regulations

In line with the objectives of the European Green Deal, the European Commission presented a Proposal for a Regulation that aims to modernise the legislative framework for batteries, and encourage the production of batteries and accumulators that are more sustainable throughout their entire life cycle, introducing a new classification by use and specific targets to ensure recycling and reuse. There will be an obligation to use responsibly sourced materials and a restriction on the use of hazardous substances. At the same time, minimum recycled content, carbon footprint, efficiency, durability, labelling, as well as compliance with collection and recycling targets will become essential

constraints for the development of a more sustainable and competitive battery industry across Europe and the world. The Proposal for a Regulation is following its legislative process and will be discussed in a co-decision with the European Parliament and the European Council during 2022.

In September 2021, Piaggio, together with Honda, Yamaha and KTM, created the Swappable Batteries Motorcycle Consortium (SBMC) with the aim of developing an international standard for swappable batteries. This technology aims to improve the sustainability of the battery lifecycle, reduce costs and cut recharging times, meeting key consumer needs. The technical specifications to be developed within the Consortium will be in line with the requirements of the Regulation that will be adopted at EU level.

Sound emissions

The European Commission has started discussions to reach a Legislative Proposal for new noise limits for L-category vehicles. After a first study published in 2017, which was in favour of a drastic lowering of the noise limits, the Commission requested an in-depth study and at the same time a second cost-benefit analysis of a possible reduction of the noise limits for L-category vehicles. The publication of this second study is expected during 2022 as well as the subsequent legislative proposal of the Commission.

In the meantime, national institutions or local authorities have adopted various initiatives, to impose stricter limits on noise emissions, anticipating legal developments at European level.

To prevent a drastic reduction in noise limits, ACEM, the European Association of Motorcycle Manufacturers, has worked on a shared strategy of which the key focus is to revise ASEP noise test procedures bearing in mind real driving conditions. Moreover, a more holistic approach to noise has been defined, which takes into account the widespread practice of motorcyclists replacing original exhausts, necessary controls on the road, and different riding styles.

End of life of vehicles - ELV

At present the EU Directive on end of life of vehicles (ELV) does not apply to two-wheelers. Manufacturers of cars and commercial vehicles are required to meet specific targets on the recycling and reuse of materials, comply with vehicle design obligations to facilitate the recovery of components, publish a manual on dismantling and collect and be responsible for the collection and disposal of end of life vehicles. The European Commission is reportedly considering extending its scope to Category L. A new legislative proposal is currently being prepared and will be launched by the Commission during 2022. European manufacturers of ACEM contributed to the public consultation launched by the European Commission with a view to preparing to extend the ELV regime and calibrate it to two-wheeler requirements.

SCIP DATABASE

In 2021, Directive (EU) 2018/851 – the Waste Framework Directive – came into force. This requires all manufacturers to notify the European Chemicals Agency (ECHA) of the "risk substances" contained in the items and groups of items they put on the European market. This notification is made through the SCIP Database: this toxicological database stores information on substances of very high concern (SVHC) contained in items or groups of items in quantities of more than 0.1% by weight.

General vehicle safety regulation

As regards cars and light commercial vehicles, in 2018 revision of the General Vehicle Safety Regulation (GVSR) got underway. European institutions reached an agreement on the new Regulation in April 2019. The new wording (which is still to be published in the European Journal), introduces the obligation to use new active safety devices - ADAS (Advanced Driver Assistance Systems) and non-ADAS for light commercial vehicles. As regards passive safety, the new GVSR extends the scope of some Regulations (including ECE94 for moderate overlap tests and ECE95 for side impact tests) to category N1 vehicles, previously exempt from these obligations. The Piaggio Group, together with national and international trade associations, took an active part in the negotiations held in Geneva and at European level, with a view to promoting rules for application which are not detrimental to vehicles concerned. During the WP29 (World Forum for Harmonization of Vehicle Regulations) in June 2020, some technical implementing rules and specific exemptions were adopted for the frontal, side and rear crash tests of category N1 vehicles. The new ADAS regulation will come into force from July 2022 for new type-approved vehicles and from 2024 for all new vehicles produced.

Italy

Electric vehicle incentives - Category L

As of 13 January 2022, bookings for incentives for the purchase of mopeds and motorbikes have reopened. The 2021 Budget Law allocated a total of €150 million, equal to €20 million for each year from 2021 to 2023 and €30 million for each year from 2024 to 2026.

This grant, aimed at people who purchase a brand new electric or hybrid vehicle in categories L1e, L2e, L3e, L4e, L5e, L6e, L7e, will be calculated on the percentage of the list price: 30% for purchases up to €3,000 without an old vehicle being scrapped, and 40% for purchases up to €4,000 with an old vehicle being scrapped.

Minimum environmental criteria (CAM)

In 2021, the Ministry of Ecological Transition published the document regulating the "Minimum Environmental Criteria (CAM) for the purchase, leasing, rental and hire of road transport vehicles" and governing tenders for the supply of Category L, M and N vehicles. By updating the minimum environmental criteria for the purchase of road transport vehicles, the new CAM contribute to limiting pollutant emissions and other environmental impact throughout the entire life cycle of vehicles (production, use, maintenance, disposal, including the disposal of traction batteries in the case of electric vehicles).

India

Onboard Diagnostics -II (OBD-II)

For all category L5N and L5M internal combustion engine vehicles, the two-stage implementation of the OBD-II Regulation for Bharat Stage VI (BS VI) vehicles has been planned from 1 April 2023 (moved to April 2024 due to the pandemic for new products and April 2025 for existing products).

20% ethanol mix in petrol

The Indian government (Ministry of Oil and Natural Gas) has announced that from 1 April 2023, the percentage of ethanol in petrol will rise to 20%. The outlined timeline could be delayed due to the pandemic situation.

"FAME" scheme - incentives

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

Vietnam

Emissions

Since 1 January 2017, the National Technical Regulation on the Third Level of Emission of Gaseous Pollutants No. 77 issued by the Ministry of Transport in 2014 ("QCVN 77: 2014 / BGTVT") has been in force in Vietnam for new assembled, manufactured and imported two-wheeler motorcycles. This level is equivalent to the Euro 3 standard specified in European Community technical regulations on vehicle gas emissions. Both the current law on environmental protection and the new one, which will come into force on 1 January 2022 ('New Law on Environmental Protection'), require all transport vehicles to be certified to Vietnamese environmental regulations. However, at present, only gas emission limitation regulations for cars in circulation exist. In an attempt to reduce environmental pollution, the Vietnamese government also wants to apply gas emission limits to two-wheelers. Local governments in some large cities have worked with authorities and industry associations to test gas emissions of vehicles on the road, to be proposed to the government as a procedure to test and enforce gas emission limitation standards on vehicles.

The Vietnamese government is considering switching to the Euro 4 standard in the coming years.

Energy label

In order to reduce environmental pollution and ensure buyers are aware and informed, the government has introduced energy labelling for motorbikes. With Circular 59/2018/TT-BGTVT, the Ministry of Transport has regulated energy labelling for manufactured, assembled and imported motorbikes and mopeds. The energy label must be affixed to the motorbike by the manufacturer/importer/retailer and kept on the vehicle until it is delivered to the final customer.

Recycling/End-of-Life

Currently in Vietnam, the take-back and treatment of discarded products (batteries, tyres, end-of-life vehicles) is governed by Circular 34/2017/TT-BTNMT issued by the Ministry of Natural Resources and Environment ("MONRE"). According to this legislation, manufacturers, sellers and service providers are responsible for taking back and treating these discarded products by recycling them, or final disposal.

The new Environmental Protection Act, which will come into force on 1 January 2022, requires manufacturers and importers to recycle discarded products according to mandatory percentages and methods, leaving them the choice of either handling the recycling themselves or paying the Environment Fund to do so on their behalf. The new decree requires manufacturers and importers to recycle accumulators, batteries, lubricating oil, inner tubes and tyres from 1 January 2024 and motorcycles scrapped from 1 January 2027. Producers and importers will also be required to register for the annual recycling plan and submit a recycling report for the previous year to MONRE by 31 March each year at the latest, unless the producers and importers choose to pay the Environment Fund. The mandatory recycling rate (including the recovery and recycling of waste motorcycles) is 0.5% of the annual sales volume.

In addition, MONRE is responsible for the development in Vietnam of an extended producer responsibility strategy ("EPR"), which is an approach whereby producer responsibility for a product extends to the disposal phase. This EPR strategy will involve producers who will take responsibility for the management of products after they have become waste, including collection, pre-treatment, preparation for re-use, recovery or final disposal. MONRE aims to provide a clear regulation on the outstanding issues related to the percentages and procedures of compulsory recycling, the amount to be paid to the Environment Fund that will implement the new law on environmental protection. The establishment and organisation of an EPR National Council has been officially recognized by Decree 08/2022/ND-CP pursuant to the Environmental Law.

Environmental tax

In order to protect the environment, the Vietnamese Government is considering a bill to impose a tax on products that have a negative impact on the environment (motorbikes are not on the list of products with negative impacts). The environmental tax applies to the producer who discharges waste and wastewater into the environment. Tax and tariff rates depend on the level of negative impact on the environment.



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 that geographic segment. In particular:

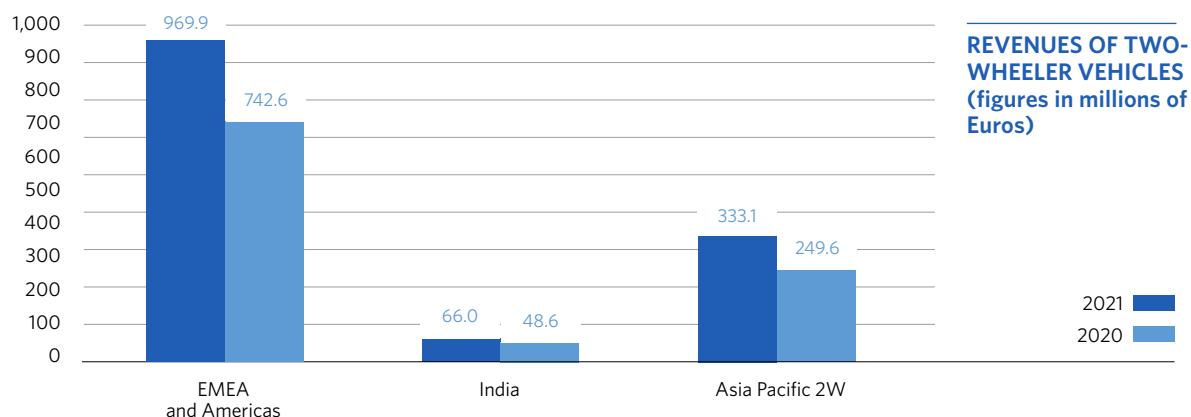
- EMEA and the Americas have production sites and deal with the distribution and sale of two-wheeler and commercial vehicles;
- India has production sites and deals with the distribution and sale of two-wheeler and commercial vehicles;
- Asia Pacific 2W has production sites and deals with the distribution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

For details of results and final capital invested by each operating segment, reference is made to the Notes to the Consolidated Financial Statements.

The volumes and turnover in the three geographic segments, also by product type, are analysed below.

TWO-WHEELERS

	2021		2020		CHANGE %		CHANGE	
	VOLUMES SELL-IN (UNITS/ 000)	TURNOVER (MILLION EUROS)	VOLUMES SELL-IN (UNITS/ 000)	TURNOVER (MILLION EUROS)	VOLUMES	TURNOVER	VOLUMES	TURNOVER
EMEA and Americas	244.0	969.9	225.8	742.6	8.1%	30.6%	18.2	227.3
of which EMEA	225.1	882.4	213.2	688.1	5.6%	28.2%	11.9	194.3
<i>(of which Italy)</i>	51.9	222.7	43.7	141.6	18.8%	57.2%	8.2	81.1
of which Americas	18.9	87.5	12.5	54.5	50.6%	60.5%	6.3	33.0
India	70.3	66.0	51.6	48.6	36.4%	35.8%	18.8	17.4
Asia Pacific 2W	135.4	333.1	107.4	249.6	26.1%	33.4%	28.0	83.5
Total	449.7	1,369.0	384.7	1,040.9	16.9%	31.5%	65.0	328.1
Scooters	407.8	938.6	349.1	748.8	16.8%	25.3%	58.6	189.8
Motorcycles	41.9	289.4	35.6	170.4	17.8%	69.9%	6.3	119.0
Spare Parts and Accessories		139.4		119.4		16.8%		20.0
Other		1.7		2.4		-29.7%		(0.7)
Total	449.7	1,369.0	384.7	1,040.9	16.9%	31.5%	65.0	328.1



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

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

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

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

Main results

During 2021, the Piaggio Group sold a total of 449,700 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,369 million, including spare parts and accessories (€139.4 million, +16.8%). As shown in the table, all markets showed positive trends. Overall, volumes grew by 16.9% while turnover grew by 31.5%.

Market positioning⁸

On the European⁹ market, the Piaggio Group achieved an overall share of 13.1% in 2021, compared with 14.2% in 2020, confirming its leadership in the scooter segment (22.7% at present, compared to 24.0% in 2020).

In Italy, the Piaggio Group achieved a share of 18.0% (18.4% in 2020). The incidence in the scooter segment also decreased by 27.5% (28.5% in 2020).

The Group, with its own sites in India and Vietnam, also operates in the "premium" segment of the Indian market and in Asia Pacific countries. In particular, Piaggio is one of the leading segment operators in Vietnam, which is the Group's main market in the Asian area.

On the North American market, Piaggio consolidated its position, from 28.2% in 2020 to 35.0% in 2021. Sell-out volumes in the motorbike segment remain largely unchanged (from 0.5% in 2020 to 0.8% in 2021).

⁸ Market shares are calculated based on "sell out" volumes, i.e. sales by the distribution network to end purchasers. Market shares for 2020 might differ from figures published the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

⁹ Italy, France, Spain, Germany, United Kingdom, Belgium, Holland, Greece, Croatia, Portugal, Switzerland, Austria, Finland, Sweden, Norway, Denmark, Czech Republic, Hungary and Slovenia.

The distribution network

EMEA

In EMEA, the Piaggio Group has a direct sales presence in main European countries. On other European markets and in the Middle East and Africa, it operates through distributors.

In December 2021, the Group's sales network comprised 1,059 partners managing around 2,700 sales agency agreements for various brands. 50% of these dealers sell only Group brands (one or more), without handling competitors' products.

At present, the Piaggio Group is active in 79 countries in the area and in 2021 further consolidated its sales activities. Actions targeting the distribution network followed market trends in the area, focussing on a better qualitative/quantitative balance for the sales network.

In addition, new sales and after-sales quality standards continued to be distributed, geared to offering end customers a better experience throughout the customer journey.

Guidelines on the distribution network cover the following areas:

1. improving customer experience at the sales outlet, consolidating the project to implement the new retail format which is consistent with the premium positioning of Piaggio Group products;
2. consolidating local coverage, through a quality-based selection of the network, with the objective of increasing the weight of exclusive Group dealers;
3. consolidating retail channel activities through a gradual increase in the importance of the primary network;
4. improving dealers' financial performance by expanding areas of expertise and offering them the chance to sell products and services attributable to the Piaggio Group;
5. raising the level of service to dealers through appropriate support tools.

Americas

In the Americas, the Piaggio Group is directly present in the United States and Canada, while in Latin America it operates through a network of importers. At the end of 2021, the Group had 195 partners, of which 146 in the United States, 29 in Canada and a network of 20 importers in Central and South America.

In 2021, the process to streamline and consolidate the distribution network continued, through the replacement and appointment of new partners to support the growth of Piaggio brands with a special focus on the motorcycle segment and on consolidating the Group's presence in the scooter segment.

Asia Pacific

In Asia Pacific, the Piaggio Group is directly present in Vietnam, Indonesia, China and Japan, while on other markets it operates through importers. The distribution network is developed on an ongoing basis, in line with the Group's strategic objectives that plan to expand operations in the region. Past and future actions in the Asia Pacific area include:

- an increase in sales outlets, and consolidation of the sales service and other services;
- consolidation of a local presence, with a more focussed, detailed geo-marketing study;
- growth in the size of the sales and after-sales area;
- the gradual channelling of the Corporate Identity towards a Motoplex concept, which is therefore increasingly widespread and uniform in all countries.

In Vietnam, the lead nation of the entire Asia Pacific area, the Group had 96 sales outlets throughout the country by the end of 2021, of which 84% Motoplexes. In Indonesia, Japan and China, Piaggio has a network of 45 (82% Motoplex), 53 (32% Motoplex) and 64 (100% Motoplex) sales outlets.

In other areas of Asia Pacific, the number of sales outlets totalled 283 at the end of 2021, with major changes to the current network focussed on the Motoplex concept (72%), with 12 distributors operating in 11 nations - Thailand, Singapore, Taiwan, Australia, Malaysia, South Korea, New Zealand, Cambodia, Hong Kong, the Philippines and Macau. In 2021, 8 new Motoplex stores were inaugurated operating with the 4 brands, Piaggio-Vespa-Aprilia-Moto Guzzi, on the following markets: 2 in Vietnam, 4 in Indonesia and 2 in Thailand.

India

In India, Piaggio Vehicles Private Limited had 294 dealers as of 31 December 2021. The increase from 245 dealers at the end of 2020 is due to the expansion of the network, which now covers the main areas of the entire country.

Investments

Investments mainly targeted the following areas:

- developing new products also with a view to climate change connected to the transition process towards the use of renewable energy sources and face lifts for existing products;
- construction of a new 2-wheeler assembly plant for CKD in Indonesia;
- improving and modernising current production capacity.

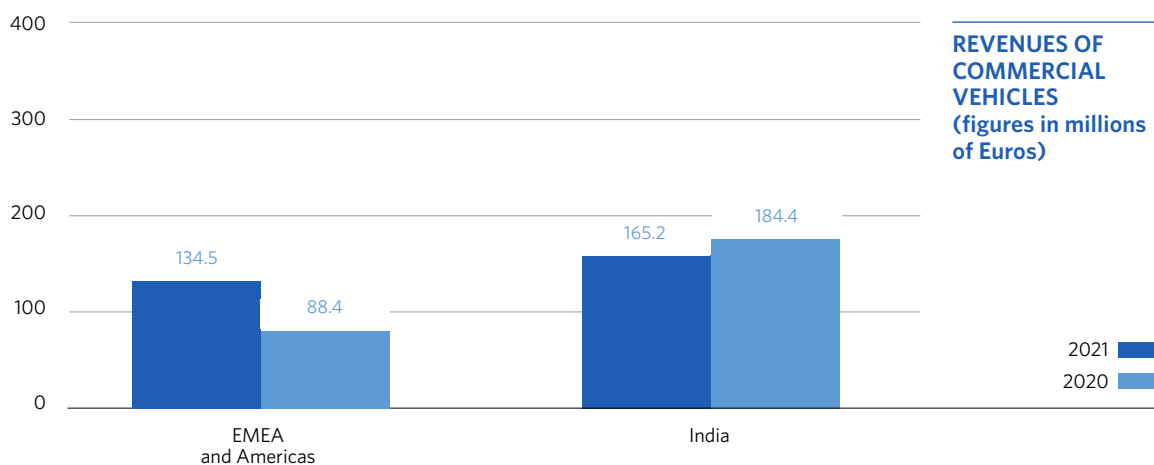
In 2021, Piaggio set up its new eMobility department, dedicated to the development of two-, three- and four-wheeler vehicles and components for Sustainable Mobility. When fully operational, the department will have 40 electronic, mechanical and electrical engineers.

As regards product investments in particular, considerable resources were allocated to developing new products to market on both European and Asian (Vietnamese and Indian) markets.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

COMMERCIAL VEHICLES

	2021		2020		CHANGE %		CHANGE	
	VOLUMES SELL-IN (UNITS/ 000)	TURNOVER (MILLION EUROS)	VOLUMES SELL-IN (UNITS/ 000)	TURNOVER (MILLION EUROS)	VOLUMES	TURNOVER	VOLUMES	TURNOVER
EMEA and Americas	18.2	134.5	13.8	88.4	31.8%	52.2%	4.4	46.1
of which EMEA	13.8	127.1	11.8	84.1	17.5%	51.2%	2.1	43.0
<i>(of which Italy)</i>	5.2	76.2	3.6	43.8	45.9%	74.1%	1.6	32.4
of which Americas	4.4	7.4	2.0	4.3	114.0%	72.0%	2.3	3.1
India	68.1	165.2	84.2	184.4	-19.1%	-10.4%	(16.1)	(19.3)
TOTAL	86.3	299.7	98.0	272.8	-12.0%	9.9%	(11.7)	26.9
Ape	79.9	155.5	93.7	180.8	-14.7%	-14.0%	(13.8)	(25.2)
Porter	6.4	94.4	4.3	53.4	50.3%	76.7%	2.2	41.0
Quargo			0.0	0.0	-100.0%	-100.0%	(0.0)	(0.0)
Mini Truk			0.1	0.2	-100.0%	-100.0%	(0.1)	(0.2)
Spare Parts and Accessories		49.7		38.4		29.5%		11.3
TOTAL	86.3	299.7	98.0	272.8	-12.0%	9.9%	(11.7)	26.9



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

Main results

The Commercial Vehicles business generated a turnover of around €299.7 million in 2021, up 9.9% compared to the previous year.

All markets in EMEA and Americas reported a positive trend (+31.8% volumes; +52.2% turnover). In particular, the Italian market benefited from the sales launch of the new Porter NP6.

Turnover in the Indian region was down (-10.4%; -7.4% at constant exchange rates) following a 19.1% drop in volumes. The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 51,166 three-wheelers on the Indian market (72,534 in 2020).

The same affiliate also exported 16,939 three-wheeler vehicles (11,620 in 2020).

Market positioning¹⁰

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

In Europe, the Group acts as operator on these markets in a niche segment (urban mobility), thanks to its range of low environmental impact products.

On the Indian three-wheeler market, Piaggio has a 19.5% market share (27.9% in 2020). Detailed analysis of the market shows that Piaggio lost its leadership position – albeit narrowly – in the goods transport segment (cargo segment) with a share of 34.6% (46.8% in 2020). In the Passenger segment, its share instead was 14.6% (19.7% in 2020).

¹⁰ Market shares are calculated based on “sell out” volumes, i.e. sales by the distribution network to end purchasers. Market shares for 2020 might differ from figures published the previous year, due to final vehicle registration data, which some countries publish with a few months' delay, being updated.

The distribution network

Europe and Overseas

In January 2021, the new Piaggio Porter NP6 4-wheeler light commercial vehicle was presented to the entire sales network and the press through an online streaming event.

Together, the development process of the new Network was completed with the addition of about 30 new partners specialised in the LCV segment, with the highest financial, organizational, welfare and territorial coverage standards and therefore fully able to seize the growth opportunities provided by the new vehicle. This will allow Piaggio to expand its potential clientele and improve its competitive position.

Piaggio Commercial's Europe dealer network closed 2021 with around 480 retail outlets.

This result represents the sum of two parallel phenomena, which only partially overlap. The reshaping of the distribution network over the years has in fact led to a distinction between operators dedicated to the Porter NP6 range and those operating exclusively in the three-wheeler business (Ape). The first number around 330, including second-level operators (authorised dealer sub-network). Conversely, the three-wheeler network now comprises some 150 sales outlets.

This has made it possible to consolidate coverage of the potential of the commercial vehicles segment on the four main markets (Italy, France, Germany, Spain) bringing it to around 95% of the total.

As regards European importers, the network continued to expand, with new high-level operators added in markets such as Bulgaria, Portugal, Hungary, Guadalupe, Réunion and Guyana, bringing the number of current importers to 20, 6 of which added only in 2021.

This opening up has enabled the brand to extend its operating horizons to overseas, with the aim of developing all forms of potential business.

In line with the company's general objectives and the Network Development guidelines, the main objectives for 2022, which concern all countries in the EU area, are as follows:

- maintaining and consolidating the current distribution network through appropriate and timed assessments aimed at resolving possible critical issues and improving network quality;
- improving area coverage, which is fundamental for business development, thanks to an appropriate scouting activity, with a focus on the non-domestic market;
- adopting or improving required standards, also with regard to the Piaggio Commercial brand service sub-network, in order to guarantee an increasingly better quality of service and brand representativeness.

India

In India, Piaggio Vehicles Private Limited had 506 dealers as of 31 December 2021 (401 ICE¹¹ and 105 EV¹²). The growth compared to 429 dealers in 2020 is due to the increase in dealers specialising in electric vehicles. At present, the network covers main areas throughout the country.

Investments

Investments mainly targeted the following areas:

- the study of engines with low consumption and reduced polluting emissions;
- the use of alternative fuels across the product range;
- the development of electric vehicles.

In 2021, Piaggio set up its new eMobility department, dedicated to the development of two-, three- and four-wheeler vehicles and components for Sustainable Mobility. When fully operational, the department will have 40 electronic, mechanical and electrical engineers.

Industrial investments were also made, targeting safety, quality and the productivity of production processes.

¹¹ ICE Internal Combustion Engine.

¹² EV Electric Vehicles.



RISKS AND UNCERTAINTIES

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

EXTERNAL RISKS

Risks related to the macroeconomic and geopolitical context

To mitigate any negative effects arising from the macroeconomic and geopolitical context, the Piaggio Group continued its strategic vision, diversifying operations at international level - in particular in Asia where growth rates of economies are still high, and consolidating the competitive positioning of its products. To achieve this, the Group focuses on research activities, and in particular on the development of engines with a low consumption and a low or zero environmental impact.

Risks connected to consumer trends

Piaggio's success depends on its ability to manufacture products that cater for consumer's tastes and can meet their needs for mobility. Levering customer expectations and emerging needs, with reference to its product range and customer experience, is essential for the Group to maintain a competitive edge.

Through market analysis, focus groups, concept and product testing, investments in research and development and sharing a roadmap with suppliers and partners, Piaggio can seize emerging market trends to renew its own product range.

Customer feedback enables Piaggio to evaluate customer satisfaction levels and fine tune its own sales and after-sales service model.

Risks related to a high level of market competition

The Group is exposed to the actions of competitors that, through technological innovation or replacement products, could obtain products with better quality standards and streamline costs, offering products at more competitive prices.

Piaggio has tried to tackle this risk, which could have a negative impact on the financial position and performance of the Group, by manufacturing high quality products that are innovative, cost-effective, reliable and safe, and by consolidating its presence in the geographic segments where it operates.

Risk relative to the regulatory and legal framework

Numerous national and international laws and regulations on safety, noise levels, consumption and the emission of pollutant gases apply to Piaggio products. Strict regulations on atmospheric emissions, waste disposal, the drainage and disposal of water and other pollutants also apply to the Group's production sites.

Unfavourable changes in the regulatory and/or legal framework at a local, national and international level could mean that products can no longer be sold on the market, forcing manufacturers to invest to renew their product ranges and/or renovate/upgrade production plants.

To deal with these risks, the Group has invested in research and development into innovative products, anticipating any restrictions on current regulations. Moreover, the Group, as one of the sector's leading manufacturers, is often requested to be represented on parliamentary committees appointed to discuss and formulate new laws.

Risks connected with natural events

The Group operates through industrial sites located in Italy, India and Vietnam. These sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales.

Continual renewal of the sites prevents these risk scenarios. The potential impact of these risks is mitigated by specific insurance cover taken out for various sites based on their relative importance.

Risks connected with the pandemic

If a pandemic spreads and emergency measures are adopted by governments to contain the virus, the Group could be negatively affected as regards:

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

Piaggio has tried and is trying to deal with this risk, which could negatively affect the Group's financial position and performance following a possible decrease in revenues, profitability and cash flows, thanks to a global sourcing policy, a production capacity distributed in various geographic segments and a sales network present in over 100 nations.

Measures have been adopted at Group sites to guarantee social distancing, the sanitisation of environments, taking people's temperature at the site entrance, the adoption of specific PPE (e.g. distribution of masks and sanitising gels) and promote working from home, overseen at central level by an anti-Covid Committee.

Risk connected with the use of new technologies

Piaggio is exposed to the risk deriving from the Group's difficulty in keeping up with technological developments, both regarding the product and processes. To deal with this risk, on the one hand, as regards products, the R&D centres in Pontedera, Noale and the PADc (Piaggio Advance Design Center) in Pasadena carry out research, development and testing of new technological solutions, such as those dedicated to electric vehicles. Piaggio Fast Forward in Boston is also studying innovative solutions to anticipate and respond to the mobility needs of the future.

As regards the production process, Piaggio has operational areas dedicated to the study and implementation of new solutions to improve the performance of production facilities, with particular attention paid to sustainability and energy efficiency aspects.

Risks connected with the sales network

The Group's business is closely related to the sales network's ability to guarantee end customers a high quality sales and after-sales service. Piaggio deals with this risk by defining compliance with certain technical/professional standards in contracts, and implementing periodic controls, reinforced by new IT systems designed to improve network monitoring activities and therefore the level of customer service.

STRATEGIC RISKS

Reputational and Corporate Social Responsibility risks

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

Risks connected with the definition of strategies

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

Risks connected with the adoption of strategies

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

FINANCIAL RISKS

Risks connected with exchange rate trends

The Piaggio Group undertakes operations in currencies other than the euro and this exposes it to the risk of fluctuating exchange rates of different currencies.

Exposure to business risk consists of envisaged payables and receivables in foreign currency, taken from the budget for sales and purchases reclassified by currency and accrued on a monthly basis.

The Group's policy is to hedge at least 66% of the exposure of each reference month.

Exposure to the settlement risk consists of receivables and payables in foreign currency acquired in the accounting system at any moment. The hedge must at all times be equal to 100% of the import, export or net settlement exposure for each currency.

During the year, currency exposure was managed based on a policy that aims to neutralise the possible negative effects of exchange rate variations on company cash flow. This was achieved by hedging economic risk, which refers to changes in company profitability compared to the planned annual economic budget, based on a reference change (the "budget change"), and transaction risk, which refers to differences between the exchange rate at which receivables and payables are recognised in currency in the financial statements and the exchange rate at which the relative amount received or paid is recognised.

The Group has assets and liabilities which are sensitive to changes in interest rates and are necessary to manage

liquidity and financial requirements. These assets and liabilities are subject to an interest rate risk and are hedged by derivatives or by specific fixed-rate loan agreements.

For a further description, reference is made to section 44 of the Notes to the Consolidated Financial Statements.

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

The Group is exposed to the risk arising from the production of cash flows that are not sufficient to guarantee Group payments due, or adequate profitability and growth to achieve its strategic objectives. Moreover, this risk is connected with the difficulty the Group may have in obtaining loans or a worsening in conditions of loans necessary to support Group operations in appropriate time frames.

To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of financial resources as well as optimise the debt maturity standpoint.

The Group also has undrawn credit lines, sufficient to enable it to manage with any unforeseen cash requirements. In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees.

Risks connected with credit quality of counterparties

This risk is connected with any downgrading of the credit rating of customers and consequent possibility of late payments, or the insolvency of customers and consequent failure to receive payments.

To balance this risk, the Parent Company evaluates the financial reliability of its business partners and stipulates agreements with primary factoring companies in Italy and other countries for the sale of trade receivables without recourse.

Risks connected with deleverage

This risk is connected with compliance with covenants and targets to reduce loans, to maintain a sustainable debt/equity balance.

To offset this risk, the measurement of financial covenants and other contract commitments is monitored by the Group on an ongoing basis.

OPERATING RISKS

Risks relative to the product

The "Product" category includes all risks concerning faults due to a nonconforming quality and safety and consequent recall campaigns that could expose the Group to: the costs of managing campaigns, replacing vehicles, claims for compensation and if faults are not managed correctly and/or are recurrent, damage to its reputation. A product nonconformity may be due to potential errors and/or omissions of suppliers, or internal processes (i.e. during product development, production, quality control).

To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Group has also defined plans to manage recall events and has taken out insurance to protect the Group against events attributable to product defects.

Risks connected with the production process/business continuity

The Group is exposed to risk connected with possible interruptions to company production, due to the unavailability of raw materials or components, skilled labour, systems or other resources.

To deal with these risks, the Group has necessary maintenance plans, invests in upgrading machinery, has a flexible production capacity and sources from several suppliers of components to prevent the unavailability of one supplier affecting company production. Moreover, the operating risks related to industrial sites in Italy and other countries are managed through specific insurance cover assigned to sites based on their relative importance.

Risks connected with the supply chain

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

Risks connected with the environment and with health and safety

The Group has production sites, research and development centres and sales offices in different nations and so is exposed to the risk of not being able to guarantee a safe working environment, with the risk of causing potential harm to property, the environment or people and exposing the Group to legal sanctions, lawsuits brought by employees, costs for compensation payments and reputational harm.

To mitigate these risks, Piaggio adopts a development model that is based on environmental sustainability, in terms of safeguarding natural resources and the possibility that the ecosystem might absorb the direct and indirect impact of production activities. Specifically, Piaggio seeks to minimise the environmental impact of its industrial activities through careful definition of the technological transformation cycle and using the best technologies and most modern methods of production.

The risks related to accidents/injuries sustained by personnel are mitigated by aligning processes, procedures and structures with applicable Occupational Safety laws, as well as best international standards.

These commitments, set out in the Code of Ethics¹³ and confirmed by top management in the Group's "environmental policy" which is the basis for environmental certification (ISO 14001) and health and safety certification (ISO 45001) already awarded and maintained at production sites, is a mandatory benchmark for all company sites.

Risks connected with processes and procedures adopted

The Group is exposed to the risk of shortcomings in planning its company processes or errors and deficiencies in carrying out operations.

To deal with this risk, the Group has established a system of directives comprising organisational notices and Manuals/Policies, Management Procedures, Operating Procedures and Work Instructions. All documents relative to Group processes and procedures are part of the single Group Document Information System, with access that is regulated and managed on the company intranet.

¹³ Code of Ethics

Article 9: "Without prejudice to compliance with the specific applicable regulation, the Company pays attention to environmental issues in its decisions, also adopting - where operationally and economically feasible and compatible - environmentally friendly production technologies and methods, with the aim of reducing the environmental impact of its activities".

Article 10: "[The principles of health and safety] shall be used by the undertaking to take the necessary measures for the protection of the safety and health of workers, including occupational risk prevention, information and training activities, as well as the preparation of an organisation and the necessary means."

Risks relative to human resources

The main risks concerning human resources management include the ability to recruit expertise, professionalism and experience necessary to achieve objectives. To offset these risks, the Group has established specific policies for recruitment, career development, training, remuneration and talent management, which are adopted in all countries where the Group operates according to the same principles of merit, fairness and transparency, and focussing on aspects that are relevant for the local culture.

In Europe, the Piaggio Group operates in an industrial context with a strong trade union presence, and is potentially exposed to the risk of strikes and interruptions to production activities. In the recent past there have been no significant production stoppages due to strikes. To avoid the risk of interruptions to production activities, as far as possible, the Group bases its relations with trade union organisations on dialogue.

Legal risks

The Piaggio Group legally protects its products and brands throughout the world. In some countries where the Group operates, laws do not offer certain standards of protection for intellectual property rights. This circumstance could render the measures adopted by the Group to protect itself from the unlawful use of these rights by third parties inadequate.

Within the framework of its operations, the Group is involved in legal and tax proceedings. As regards some of the proceedings, the Group could be in a position where it is not able to effectively quantify potential liabilities that could arise. A detailed analysis of the main disputes is provided in the specific paragraph in the Notes to the Consolidated Financial Statements.

Risks relative to internal offences

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

Risks relative to reporting

The Group is exposed to the risk of possible inadequacies in its procedures that are intended to ensure compliance with Italian and relevant foreign regulations applicable to financial disclosure, running the risk of fines and other sanctions. In particular there is a risk that financial reporting for Group stakeholders is not accurate and reliable due to significant errors or the omission of material facts and that the Group provides disclosure required by applicable laws in a manner which is inadequate, inaccurate or untimely.

To deal with these risks, the financial statements are audited by Independent Auditors. Furthermore, it should be noted that the control activity envisaged by Law 262/2005 is also extended to the most important subsidiaries, Piaggio Vehicles Pvt. Ltd, Piaggio Vietnam Co Ltd, Piaggio Group Americas Inc and Foshan Piaggio Vehicles Technologies Co Ltd.

Risks related to ICT systems

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



EVENTS OCCURRING AFTER THE END OF THE PERIOD

20 January 2022 - The Piaggio Group presented the results of a new study that explores and analyses the value of the Vespa brand, identifying it as a key asset in its portfolio. The study conducted by Interbrand, a global leader in brand consultancy, indicates Vespa as "a unique and globally recognised brand, thanks to its perfect combination of design, lifestyle and Italian tradition" and attests to the economic value of the Vespa brand of €906 million.

7 February 2022 - The placement with European and Asian banks of a loan on the Schuldschein market for a total of €115 million was completed. The transaction launched in October 2021 for an initial amount of €50 million euros was increased in relation to the amount of orders collected. This was an important transaction for Piaggio on the Schuldschein market, both for the uptake and the qualifying structure of the 3, 5 and 7 year maturities. The financing will be used to refinance maturing debt by contributing to the diversification of lenders as well as strengthening the solid liquidity profile thanks to a longer average duration of debt.



OPERATING OUTLOOK

2021 ended with better than expected results on both European and Asian markets, confirming the Group's ability to respond to the various uncertainties that have characterised the performance of the world economy.

Thanks to a portfolio of unique brands in the world, Piaggio will continue its growth path in 2022, confirming planned investments in new products and new plants and strengthening its commitment to ESG issues, despite the general market context continuing to be affected by current international geopolitical tensions.

In this general framework, Piaggio will continue to work as always to meet its commitments and objectives, maintaining a constant focus on the efficient management of its economic and financial structure, to respond flexibly and immediately to the challenges and uncertainties of 2022.



TRANSACTIONS WITH RELATED PARTIES

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

Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 DEM/6064293, is given in the notes to the Consolidated Financial Statements and notes to the separate Financial Statements of the Parent Company.

The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under Governance.

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

Members of the board of directors and members of the control committee of the Issuer do not hold shares in the Issuer.



CORPORATE GOVERNANCE

PROFILE

The Company is organised in accordance with the traditional administration and control model mentioned in Articles 2380-bis and following of the Italian Civil Code, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The Chairman and Chief Executive Officer of the Company is Roberto Colaninno, the Deputy Chairman is Matteo Colaninno.

The Board of Directors has given the Director Michele Colaninno powers to operate in the context of the development of Group operations and product and marketing strategies.

As of 1 January 2021, the Company has endorsed the new edition of the Corporate Governance Code, available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).

The Company is subject to the management and coordination of IMMSI S.p.A. pursuant to Article 2497 and following of the Italian Civil Code.

BOARD OF DIRECTORS

The Company's Board of Directors in office at the date of this Report consisted of nine members, appointed by the Ordinary Shareholders' Meeting held on 14 April 2021 on the basis of lists submitted by shareholders in accordance with the law and the Articles of Association. In particular, (i) Roberto Colaninno, Matteo Colaninno, Michele Colaninno, Graziano Gianmichele Visentin (independent director), Rita Ciccone (independent director), Patrizia Albano (independent director) and Federica Savasi were taken from the majority list presented by IMMSI S.p.A.; (ii) Micaela Vescia (independent director) was appointed on the basis of the proposal submitted by IMMSI S.p.A.; (iii) Andrea Formica (independent director) was taken from the minority list presented by a group of investors representing a total of 2.74826% of the share capital.

The Board of Directors will remain in office until the date of the Ordinary General Meeting of Shareholders called for approval of the Financial Statements for the financial year ending 31 December 2023.

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

COMMITTEES

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system requires the Board, with the support of the Audit, Risk and Sustainability Committee, to be responsible for defining the guidelines of the internal control and risk management system in line with the Company's strategies, intended as a set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of main risks, in order to contribute to the sustainable success of the Company (an objective that guides the action of the Board of Directors and involves the creation of long-term value for shareholders, taking into account the interests of other stakeholders relevant to the Company).

In this context, the Board of Directors is assisted, in particular, by the Chief Executive Officer (in charge of establishing and maintaining the internal control and risk management system), as well as an Audit, Risk and Sustainability Committee.

The Board of Directors, on the proposal of the Chief Executive Officer (formerly the Director in charge of the internal control and risk management system) and after hearing the opinion of the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, appointed the head of internal audit, who is responsible for verifying that the internal control and risk management system is operational, adequate and consistent with the guidelines defined by the Board of Directors, ensuring that it has adequate resources to carry out its tasks, including in terms of its operational structure and internal organisational procedures for access to the information necessary for its duties.

BOARD OF STATUTORY AUDITORS

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

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

CORPORATE GOVERNANCE REPORT

The Company produces an annual Report on Corporate Governance and Corporate Ownership, describing the corporate governance system adopted by the Issuer, and containing information on corporate ownership and the internal control and risk management system. The entire report is available on the website of the Issuer www.piaggiogroup.com under Governance.

OTHER INFORMATION

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

Following the entry into force of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data (GDPR), the company has completed the process to align with regulations.

The Company is responsible, in accordance with law and in its capacity as "Controller", for all personal data processing it carries out and in view of this responsibility, adopts adequate security measures in relation to risks for the rights and freedoms of natural persons. To guarantee effective data processing, the Board of Directors has appointed an officer from its members who, in the name and on behalf of the Company, independently takes decisions as to the purposes and procedures of personal data processing and instruments used, including the adoption and monitoring of security measures and their adequacy, and supervises all personal data processing activities carried out by the Company.

The company has also appointed a Data Protection Officer (DPO), as provided for by Articles 37-39 of the GDPR, who acts as consultant to company functions on privacy, and inspects personal data management activities, acting as the reference point within the Company for all matters concerning personal data processing and as the interface with the Italian Data Protection Authority, also assisting the Company in guaranteeing compliance with the GDPR.

ARTICLE 36 OF THE CONSOB REGULATION ON MARKETS (ADOPTED WITH CONSOB RESOLUTION 16191/2007 AS AMENDED): CONDITIONS FOR LISTING COMPANIES CONTROLLING COMPANIES ESTABLISHED AND GOVERNED ACCORDING TO LAWS OF NON-EU MEMBER STATES ON THE STOCK EXCHANGE

As regards regulatory requirements on conditions for listing companies controlling companies established and governed according to laws of non-EU Member States on the stock exchange and material importance for the purposes of consolidated financial statements, the following is reported:

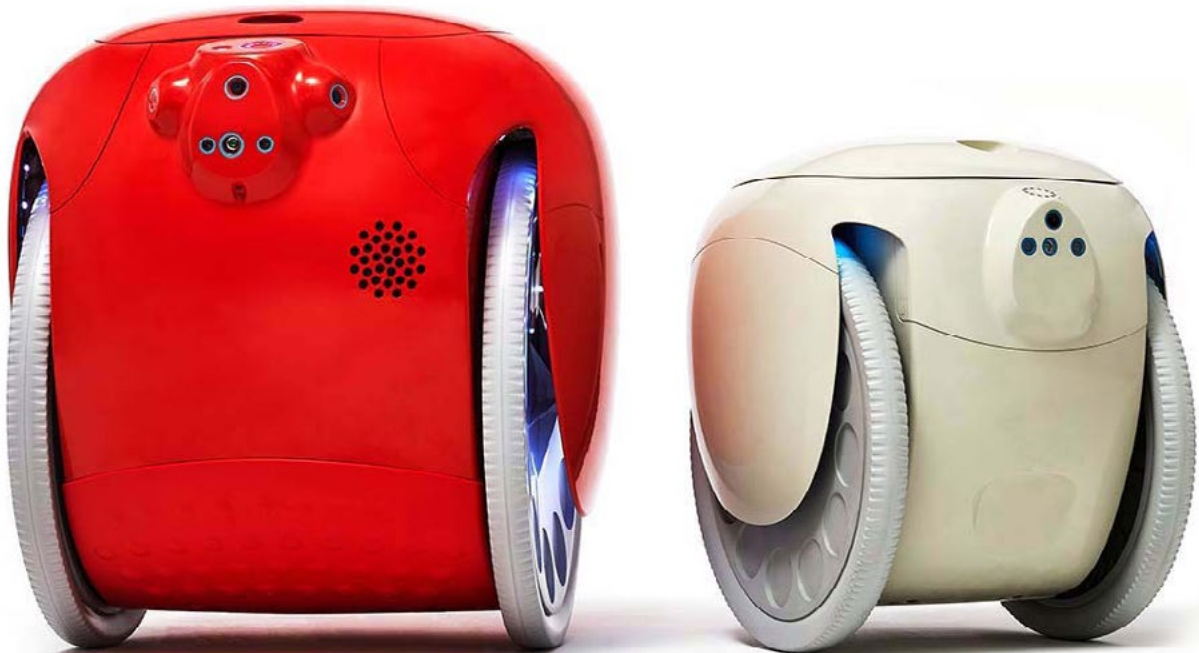
- as of 31 December 2021, the regulatory requirements of Article 36 of the Regulation on Markets apply to the subsidiaries: Piaggio Vehicles Private Limited; Piaggio Vietnam Co Ltd; Piaggio Group Americas Inc; Zongshen Piaggio Foshan Motorcycle Co. Ltd; Foshan Piaggio Vehicles Technology R&D Co. Ltd; Piaggio Advanced Design Center Corporation; Piaggio Fast Forward Inc.; Piaggio Group Japan; PT Piaggio Indonesia; Piaggio China Co. LTD; Piaggio Asia Pacific PTE Ltd;
- adequate procedures for ensuring full compliance with the above regulation have been adopted.

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

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

ARTICLE 2428 OF THE CIVIL CODE

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



STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD OF THE PARENT COMPANY AND CONSOLIDATED COMPANIES

	SHAREHOLDERS' EQUITY 31/12/2020	2021 PROFIT MOVEMENTS	OTHER MOVEMENTS	SHAREHOLDERS' EQUITY 31/12/2021
IN THOUSANDS OF EUROS				
Piaggio & C. SpA	299,321	58,032	(23,826)	333,527
Net profit and shareholders' equity of subsidiaries	189,246	74,104	(83,259)	180,091
Elimination of the carrying amount of investments	(114,569)	(65,798)	78,177	(102,190)
Elimination of the effects of intergroup transactions	(1,986)	(6,284)	928	(7,342)
Piaggio Group	372,012	60,054	(27,980)	404,086



ECONOMIC GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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



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

METHODOLOGY

This Non-Financial Statement (hereinafter also "NFS" or statement), is published by Piaggio & C. S.p.A. (hereinafter "Piaggio" or the "Group") in compliance with Legislative Decree no. 254/2016 (Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups). This Non-Financial Statement is subject to limited assurance engagement according to the criteria indicated by the ISAE 3000 Revised principle by Deloitte & Touche S.p.A

REPORTING PERIOD	2021 financial year (from 1 January to 31 December 2021). Data relative to 2020 are presented for comparison. The analysis for some data over 3 financial years is given in the CSR Report 2021, available at www.piaggio.com .
DATE OF PUBLICATION	This document was published on 18 March 2022. The 2020 Non Financial Statement was published on 23 March 2021.
REPORTING PERIMETER	<p>The scope of the information and economic data contained in the NFS is the same as that of the Consolidated Financial Statements of the Piaggio Group. The perimeter of social and environmental data and information is made up of companies consolidated using the line-by-line method within the Consolidated Financial Statements. The environmental data (consumption, emissions, water, waste) and health and safety include data relating only to the production plants as the data of the commercial companies are overall insignificant and, as regards the environmental ones, in some cases impossible to notice as sometimes they operate in buildings shared with third parties.</p> <p>For further details on the scope of consolidation for various topics addressed, see the table in the section "Contents of the NFS".</p> <p>Information on the Fondazione Piaggio, which is not in the scope of consolidation of the Group, is also included in relation to contributions and initiatives in support of the community. It refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation of quantitative information of the NFS.</p> <p>The report duly indicates when aggregate data derive from estimates; any restatements of data relating to previous years with respect to what has been published, due to the refinement of the collection and reporting process, are clearly indicated as such. In some cases, data could be affected by rounding off defects due to the fact that figures are represented in thousands/millions of Euros; changes and percentages are calculated based on specific data.</p>
CONTENT	The contents of the NFS were selected based on a process of materiality, focussing on the non-financial topics required by the Directive. All sustainability issues are fully described in the CSR Report 2021 available at www.piaggio.com .
REPORTING STANDARD	The 2021 Non-Financial Statement was prepared by reporting on a selection of the "GRI Sustainability Reporting Standards" (GRI Referenced claim) published by the Global Reporting Initiative (GRI), as indicated in the table "Index of GRI content", which provides evidence of the coverage of GRI indicators associated with each material topic reported in this document.
INFORMATION PURSUANT TO REGULATION (EU) 2020/852 AND RELATED DELEGATED REGULATIONS (SO-CALLED "EU TAXONOMY")	<p>Piaggio & C. S.p.A. has an obligation to include in the NFS, published on or after 1 January 2022, the disclosure required by the regulations so-called "EU taxonomy" regarding the Group's eco-sustainable activities, in relation to which reference is made to section "European Taxonomy".</p> <p>Pursuant to Article 10 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, this disclosure for the 2021 financial year concerns the proportion, compared to the total, of the Group's turnover, investments and operating costs relating to activities eligible for the Taxonomy with reference to the objectives of mitigation and adaptation to climate change, as covered by the annexes to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, as well as certain qualitative information.</p> <p>In this regard, it should be noted that the limited review of this Consolidated Non-Financial Statement carried out by the independent auditors Deloitte & Touche S.p.A. does not extend to this disclosure.</p>

The "Table of correspondence with Legislative Decree no. 254/2016 - material topics - GRI Standards - referenced option" which clearly identifies the non-financial material topics for the Piaggio Group and standards used to report on each topic, is included at the end of the statement. This table also contains specific information in compliance with requirements of Legislative Decree no. 254/2016.

SOCIAL AND ENVIRONMENTAL-ORIENTED POLICIES AND GUIDELINES

The Piaggio Group has established a system of policies, including its anti-corruption policy and environmental, training, safety and quality policies, to guarantee compliance with principles of fairness, transparency, honesty and integrity in keeping with international standards on responsible business management.

The Group operates in diverse geographic, legal and cultural contexts. As such, its policies and guidelines are put in place by each company, through their own operating procedures and practices.

The cornerstone of the system is the Group's Code of Ethics - this is not only for employees, but also for suppliers, who must sign and comply with the Code in order to work with Piaggio.

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

The contents of this NFS are based on principles of materiality, the inclusion of stakeholders and the context of sustainability and completeness. The quality of information and adequacy of its presentation is guaranteed by the principles of fairness, clarity, accuracy, timeliness, comparability and reliability.

Materiality analysis

The analysis process was conducted within the Finance Department by the CSR Manager with the support of the Group's Consolidated Financial Statements Department. The process comprises 5 stages:

1. Identification of sustainability issues;
2. Identification and engagement of relevant stakeholders;
3. Assessment of the significance of topics;
4. Preliminary review by the Audit, Risk and Sustainability Committee;
5. approval by the Board of Directors.

Piaggio updates its materiality analysis every year in order to capture material topics, i.e. topics that can generate significant economic, environmental and social impacts for the Group or that can substantially influence stakeholders' assessments and decisions.

The stage of identifying sustainability aspects that are relevant to the sector and to Piaggio was based on various sources, including relevant issues that emerged last year, a benchmark analysis of topics recognised as relevant by other major listed European groups operating in the automotive sector, corporate policies and principles of conduct and stakeholder engagement initiatives.

The changes made with respect to last year substantially took the form of a different denomination and a merger / separation of some topics.

The Piaggio Group has always paid considerable attention to engaging with stakeholders, i.e. all entities inside and outside the organisation whose activities have an impact on company operations. In fact stakeholders are defined as having an interest in or various expectations (social, economic, professional, human) of the company.

Based on this definition, the Group has identified categories of stakeholders in relation to its operations.



MAP OF PIAGGIO GROUP STAKEHOLDERS

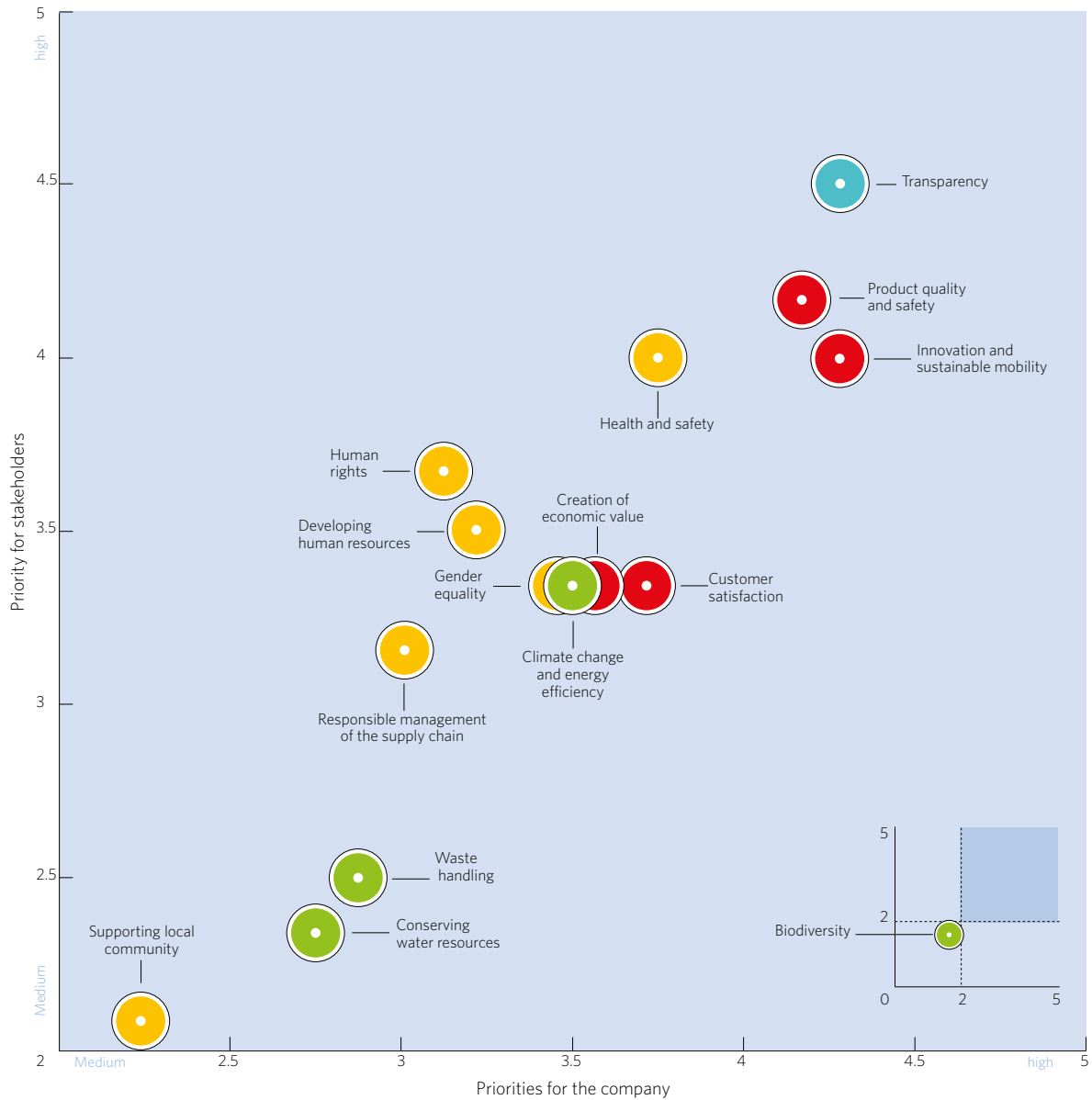
The Group's top managers and a small but representative sample of external stakeholders (consultants, suppliers and dealers) were asked to assess the importance of the topics identified by filling in a materiality form, from which the materiality matrix was constructed. The 15 topics previously selected were positioned along the two axes:

- the x-axis shows the significance for Piaggio;
- the y-axis shows the significance for external stakeholders.

Of the 15 topics identified, only biodiversity did not exceed the materiality threshold. Piaggio's production sites are not located in protected areas or areas with high levels of biodiversity. The sole exception is the Scorzè site, which although located in an industrial zone, conveys its waste water into the drainage basin of the Venetian Lagoon. As such, the production site is subject to restrictions imposed by specific laws.

The 2021 Matrix was reviewed by the Audit, Risk and Sustainability Committee in its meeting of 17 February 2022 and approved by the Board of Directors of Piaggio & C. S.p.A. on 21 February 2022.

MATERIALITY DIAGRAM



Contents of the Non-Financial Statement

Based on the results of materiality analysis, the format of the 2021 Non-Financial Statement was defined, focussing on non-financial “material” topics, as referred to in Legislative Decree no. 254 of 30 December 2016. Similarly, the level of materiality of the topics - in turn broken down into detailed subtopics - influenced the level of depth with which the individual topics and GRI indicators were investigated, as well as the choice of the most suitable reporting tool to represent them (Consolidated Financial Statements and Corporate Governance Report).

The following table shows:

- the material topics for the Group, represented by dimension,
- the scope of the Group's impact and involvement,
- the relative section in the Non-Financial Statement or reference to the most appropriate reporting document and
- the reporting boundary.



DIMENSION	TOPIC	IMPACT	GROUP INVOLVEMENT	RELATIVE SECTION IN THE NFS / OTHER DOCUMENT	REPORTING PERIMETER ¹⁴
SUSTAINABILITY GOVERNANCE	Business integrity	All Group companies	Caused by the Group	NFS: Governance of sustainability and CSR Report 2021	All Group companies
	Respecting human rights	All Group companies	Caused by the Group and related to the Group through its business relations	NFS: Governance of sustainability and CSR Report 2021	All Group companies
ECONOMIC	Creating economic value	All Group companies	Caused by the Group	Consolidated Financial Statements and CSR Report 2021	All Group companies
PRODUCT	Innovation and sustainable mobility, Quality and safety product	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Piaggio Advanced Design Center (PADC) - Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies (FPVT)	Caused by the Group	NFS: The business model and the CSR Report 2021	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Piaggio Advanced Design Center (PADC) - Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies (FPVT)
	Customer satisfaction	All Group companies	Caused by the Group and related to the Group through its business relations	CSR Report 2021	All Group companies
ENVIRONMENTAL	Climate change, Waste management, Conserving water resources	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited	Caused by the Group and related to the Group through its business relations	NFS: The environmental dimension and the CSR Report 2021	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
SOCIAL	Developing human capital	All Group companies - Human resources	Caused by the Group	NFS: The social dimension and the CSR Report 2021	All Group companies
	Gender equality	All Group companies - Human resources	Caused by the Group	NFS: The social dimension and the CSR Report 2021	All Group companies
	Health and safety	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited - Human resources and external workers ¹⁵	Caused by the Group	NFS: The social dimension and the CSR Report 2021	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
	Responsible management of the supply chain	All Group companies - Human resources	Caused by the Group and related to the Group through its business relations	NFS: The social dimension and the CSR Report 2021	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
	Supporting local communities	All Group companies	Caused by and contributed to by the Group	NFS: The social dimension and the CSR Report 2021	Fondazione Piaggio - All Group companies

For details of the stakeholder map and stakeholder engagement process, see the section "The commitment of the Piaggio Group" in the CSR Report 2021.

¹⁴ Any exceptions are reported in a note at the time of reporting.

¹⁵ External workers include external firms operating in Piaggio's Italian production sites.

THE BUSINESS MODEL

The Piaggio Group today has three distinct core segments:

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

In 2021 there are no significant changes in the corporate structure, in the control chain or in the supply chain.

Generation of sustainable value

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

To this end, the Group uses the following capital:

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

Our resources

FINANCIAL CAPITAL

Shareholders, bondholders and banks ensure that Piaggio has the financial resources it needs, on condition that their expected return on invested capital is met.

PRODUCTION CAPITAL

The Piaggio Group operates on a global scale, with production sites in:

- **Pontedera (Pisa)**, the main technical headquarters of the Group, which manufactures Piaggio, Vespa and Gilera brand two-wheeler vehicles, light transport vehicles for the European market and engines for scooters, motorcycles and Ape vehicles;
- **Noale (Venice)**, the technical centre for the development of motorcycles for the entire Group, and the headquarters of Aprilia Racing;
- **Scorzè (Venice)**, a factory for the production of two-wheeler vehicles for the brands Aprilia;
- **Mandello del Lario (Lecco)**, a factory which produces Moto Guzzi vehicles and engines;
- **Baramati (India, in the state of Maharashtra)**, with plants dedicated to the manufacture of three-wheeler commercial vehicles, Vespa and Aprilia brand scooters and engines;
- **Vinh Phuc (Vietnam)** where Vespa and Piaggio scooters and engines are produced.

A new 2-wheeler assembly plant for CKD¹⁶ is under construction in Indonesia.

The Piaggio Group also operates via a joint venture company in **China** (Zongshen Piaggio Foshan Motorcycles, in **Foshan**, in the province of Guangdong), which is 45% owned by Piaggio (and therefore not consolidated in the Group's results).

¹⁶ CKD Completely Knocked Down.

INTELLECTUAL CAPITAL

The Piaggio Group is aware of the great value of innovation and research and believes in the importance of sharing knowledge and ideas and in the stimulus that it can give to improving technologies, processes and products. For this reason, the Piaggio Group has always been engaged on many fronts to consolidate the synergy between its research and development centres, the world of research and its industrial sector.

Moreover, from on early on as 2015, with the establishment of the Piaggio Fast Forward company, the Piaggio Group has developed a new way of doing research, to interpret the signs of change and find intelligent solutions to problems and new needs that will arise.

Piaggio Fast Forward aims to help the Piaggio Group, in cooperation with its Research and Development Centres around the world, to develop increasingly technological and innovative products that meet the changing needs of consumers.

Every year, the Group's intensive research and development activities lead to patents being filed in the countries where it works.

HUMAN CAPITAL

Human resources, and the skills, abilities and dedication offered by individuals, represent a key factor in Piaggio's competitiveness and growth at a global level. Everything we do as individuals or as a team is shaped by our strategic vision, result-driven approach, constant commitment to customer satisfaction, desire for innovation and awareness of the future needs of the market, to generate value for each and every stakeholder. People are the key element that enables us to meet challenges in an increasingly dynamic and competitive international scenario. It is for these reasons that Piaggio places such central importance on people in the organisation, assuring them our respect and protection in all Group companies.

RELATIONAL CAPITAL

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

How we build our strategic advantage

ORGANISATIONAL STRUCTURE

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

The Group boasts an agile and flexible production capacity, enabling it to adapt quickly to the needs of the market.

A UNIQUE BRAND PORTFOLIO

The Piaggio Group sells two-wheeler vehicles under the brands **Piaggio**, **Vespa**, **Aprilia**, **Moto Guzzi**, and commercial vehicles under the brands **Ape** and **Porter**. Some of the Piaggio Group brands are the most prestigious and historic in the world of motorcycle racing. **Moto Guzzi** celebrated its centenary in 2021. One hundred years of stunning motorcycles, of victories, of adventures, of extraordinary characters who have created the myth of the "Brand of the Eagle". **Aprilia** has made a name for itself as one of the world's most successful manufacturers participating in the World Speed and Superbike Championships. In the scooter sector, the legendary **Vespa** brand has been synonymous with two-wheel mobility since 1946, and with over 19 million units produced to date, it represents a commercial success story of incredible longevity, as well as being one of the most recognisable icons of Italian style and technology in the world.

DISTRIBUTION AND SERVICE NETWORK

Piaggio, which distributes its products in more than 100 countries, has an extensive distribution and sales network made up of qualified, reliable partners.

Since the right location is essential in order to enable each brand to express its values, for a number of years Piaggio has been using a new distribution format called "Motoplex", joined by more than 700 sales points around the world. The Motoplex concept is based on the idea of showcasing "brand islands", giving the customer the real experience of the brand represented.

PRODUCT RANGE

The main objective of the Piaggio Group is to meet the most progressive needs for mobility, through a deep understanding of people and their habits, reducing the environmental impact and fuel consumption of its vehicles, ensuring customers excellent levels of performance. In its effort to ensure the sustainability of its products, the Piaggio Group takes into account the entire life cycle, which comprises the design, procurement of raw materials, production proper, use of the product by customers and, finally, decommissioning, which consists in disassembly at the end of service life and in the disposal and/or recycling of the components and raw materials.

The Piaggio Group's product range includes scooters, motorbikes and mopeds from 50cc to 1,100cc, three- and four-wheeler light commercial vehicles and, from the end of December 2020, an electric scooter distributed under the Aprilia brand. Moreover, the American affiliate Piaggio Fast Forward has been selling the GITA since November 2019, only in the USA. This smart robot is powered by electric motors and equipped with sensors and cameras, to follow people and avoid obstacles, and can transport up to 40 pounds.

In a society which is increasingly aware of the issue of sustainability, creating products with low environmental impact, in factories that are safe, non-polluting and do not waste resources, is becoming vital for survival.

Constant focus is placed on research into vehicles that are at the cutting edge in terms of:

- **Ecology and ability to contribute to the mitigation of Climate Change:** products able to avoid or in any case reduce emissions of polluting gases and greenhouse gases (CO₂) both in urban-area and extra-urban use; this is achieved by introducing electric engines and further developing traditional engine technologies (increasingly sophisticated internal combustion engines), as well as the Group making more use of renewable, sustainable energy sources;
- **Reliability and safety:** vehicles that allow a growing number of people to get about town easily, while contributing to ease traffic congestion and ensuring high levels of active, passive and preventive safety;
- **Recyclability:** products that reduce the environmental impact at the end of their life cycle to a minimum;
- **Cost-effectiveness:** vehicles with lower running and maintenance costs.

QUALITY CONTROL

Piaggio has a comprehensive quality management system to monitor product quality levels in the various stages of the production process and prior to dispatch to the customer. The standard procedures adopted at all Piaggio Group sites enable the constant monitoring of the quality of all vehicles produced, ensuring product standards that fully meet both regulatory and type approval specifications and the expectations of the end customer.

SUPPLY CHAIN

Some components are purchased externally in line with a global sourcing model that guarantees the quality and economy of the products supplied.

Piaggio requires its suppliers to sign the code of ethics, included in the general terms of supply; a procedure is in the early stages of being adopted, for a "Sustainability Statement" to be signed and periodically updated in Italy, to ensure compliance with Piaggio's ethical values throughout the production cycle and sales of its products.

ENVIRONMENTAL SUSTAINABILITY

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

Results

REMUNERATION TO LENDERS

During 2021, dividends for €39,639,410.69 were distributed.

In 2021, after reaching an intraday record of 3.620 euros on 15 June, the Piaggio Share closed at 2.874 euros, up 6.6% - the highest year-end level since 2006.

EMPLOYEES

In 2021, the Piaggio Group employed 6,159 people (annual average figures), providing them and their family members with a health scheme. In the same period, accident statistics stayed at the minimum physiological level, at all sites. Moreover, 86,249 hours of training were delivered.

During 2021, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights.

R&D

In 2021, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of €63.7 million to research and development, of which €41.9 million capitalised under intangible assets as development costs.

	2021			2020		
	CAPITALISED	EXPENSES	TOTAL	CAPITALISED	EXPENSES	TOTAL
IN MILLIONS OF EUROS						
Two-wheelers	20.8	17.7	38.5	24.9	14.0	38.9
Commercial Vehicles	21.1	4.1	25.2	10.7	2.3	13.0
Total	41.9	21.8	63.7	35.7	16.2	51.9
EMEA and Americas	31.1	17.2	48.3	26.1	13.8	39.8
India	6.3	2.4	8.7	7.0	1.0	8.0
Asia Pacific 2W	4.5	2.2	6.7	2.6	1.4	4.1
Total	41.9	21.8	63.7	35.7	16.2	51.9

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

Patents are registered in countries where Piaggio operates on a continual basis, thanks to intense research and development carried out by the Group at its research centres. In 2021, the number of new patented solutions increased, confirming the Piaggio Group's strong focus on intellectual property. Piaggio is one of the leading Italian companies for its number of patented solutions.

The Piaggio Group has been a pioneer in electric mobility since the mid-1970s and is constantly seeking the most technologically advanced solutions, developed at its Research and Development Centres around the world. The Group sees the ability to combine robotics and software as key to improving future mobility systems in cities and, through its capabilities in the production of electric vehicles and the management of related infrastructure, intends to confirm its leadership in the revolution which is taking place.

As 2030 approaches, Piaggio has decided to embark on a path based mainly on electric technology¹⁷, pursuing its idea of Sustainable Mobility even more strongly.

"To achieve this goal, the large-scale adoption of electric vehicles, such as motorbikes, scooters and light commercial vehicles equipped with battery swap or plug-in technology, must be promoted, fostering a more sustainable battery life cycle management and greater environmental friendliness."¹⁸

This strategy starts in Pontedera, where Piaggio set up its new eMobility department in 2021, dedicated to the development of two-, three- and four-wheeler vehicles and components for Sustainable Mobility. When fully operational, the department will have 40 electronic, mechanical and electrical engineers.

The latest result of this new "strategy" is the new Piaggio 1 scooter, unveiled in 2021 and put on sale at a price that is accessible to all customer segments. Piaggio's electric range is completed by the Vespa Elettrica and the Ape e-City Full Electric available for the Indian market.

¹⁷ Statement by Roberto Colaninno, Chairman and CEO of the Piaggio Group, at the presentation of the Moto Guzzi V100 (September 2021, adnkronos).

¹⁸ Statement by Michele Colaninno, Chief of Strategy and Product of the Piaggio Group, in the Piaggio-BP joint press release (October 2021).

ESG INDICES

Some economic studies point to a link between sustainability and long-term value creation. The economists Porter and Kramer, in their well-known 2011 article 'The big idea: Creating shared value', identified the concept of shared value as the ability of corporate policies and practices to create value that simultaneously generates greater competitiveness for the company and responses to the needs of the communities and challenges of the society in which the company operates.

In recent years, the European Union has enacted provisions to facilitate the financing of sustainable economic activities.

Investors are increasingly interested in investing in sustainable companies as they are considered less risky and more profitable in the long term.

Analysts and international rating agencies constantly monitor Piaggio's ESG performance.

Below are the scores obtained by the international body Carbon Disclosure Project, which assesses CO₂ emissions and water use, and the MSCI ESG Research rating agency, which measures the performance of companies based on ESG factors.

	CDP SCORE CLIMATE CHANGE	CDP SCORE WATER SECURITY	MSCI ESG RESEARCH
2021	B	B	AA
2020	A-	B	AA
2019	B	B	AA
2018	C	B-	AA

AS OF 2021,
 PIAGGIO & C S.P.A
 RECEIVED AN
 MSCI ESG RATING
 OF AA



EUROPEAN TAXONOMY

1 Introduction to European Taxonomy

The European Union, in line with the contents of the 2015 Paris Climate Agreement and the 17 Sustainable Development Goals of the United Nations 2030 Agenda, has developed an ambitious strategy towards more sustainable economic models to achieve the 2050 climate neutrality goal. To achieve these targets, the EU intends to promote investment in sustainable assets and activities through the use of public and private resources.

In this context, within the action plan on sustainable finance adopted in 2018 by the European Commission, the classification system or "taxonomy" of sustainable activities was established, set out in Regulation (EU) 2020/852 (hereinafter "the Regulation"), in which the criteria are defined to determine whether an economic activity can be considered eco-sustainable and in order to consequently identify the degree of eco-sustainability of an investment associated with it. In particular, the Taxonomy Regulation classifies the economic activities that can potentially be aligned with the 6 environmental objectives defined by the European Union:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of waters and marine resources
- Transition to a circular economy
- Prevention and reduction of pollution
- Protection and restoration of biodiversity and ecosystems

Currently legislation (Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021), has defined technical screening criteria only for the first two objectives, and it is on these that an adjustment is required by the financial and non-financial companies falling within the scope of the Regulation.

In order to classify an activity as "environmentally sustainable" under the Taxonomy, a distinction must first be made between Taxonomy-Eligibility and Taxonomy-Alignment. With regard to the former, it is necessary to check whether the activities fall within those described by the Delegated Regulation, as only these can be considered Taxonomy-eligible. On the other hand, in order to be considered taxonomy-aligned, the activities carried out by the company must meet the technical screening criteria set out in the same delegated acts, avoid significant harm to any of the objectives, and take place in compliance with minimum safeguards.

Pursuant to Art. 10 of the 2021/2178 EU Delegated Regulation of 6 July 2021 starting from the 2021 financial statements, companies required to publish a consolidated non-financial statement (NFS) must disclose the proportion, compared to the total, of their revenue, capital expenditure (Capex) and operating expenditure (Opex)

that qualifies as being potentially sustainable (eligible) in environmental terms; this assessment only concerns the economic activities eligible for the mitigation and adaptation objectives to climate change, the only ones with respect to which the technical screening criteria have been defined up to now as specified.

In order to comply with the aforementioned disclosure obligations, Piaggio carried out an analysis of the economic activities made by the Group, in order to identify those to be considered "eligible" in relation to the objectives illustrated, and prepare the disclosure required by the reference, also having in this regard the interpretative clarifications provided by the European Commission in the form of "Q&A" in the months of December 2021 and February 2022¹⁹.

It should be noted that, in carrying out the aforementioned activities of analysis and preparation of disclosures relating to Taxonomy, the Company Management has adopted a prudential approach as a whole, based on its understanding and interpretation, at the current state of knowledge, of the regulatory requirements applicable in this context. The awaited publication of the reference technical regulations for the additional environmental objectives defined by Art. 9 of the Regulations, as well as the intervention of further evolutions in the interpretation of the Regulations, could lead to substantial changes in the assessments and in the KPI calculation process for the next reporting year.

2 Methodological approach

2.1 Identification of "eligible" (Taxonomy-Eligible) activities

The first stage of the process made it possible to identify, through an analysis of the activities included in the Delegated Regulation (EU) 2021/2139, those applicable to the Piaggio Group's business, considering the description given in the annexes to the Regulation and the potentially applicable NACE codes.

On the basis of the above analysis, the following activities of the Piaggio Group can contribute to achieving the Climate Change Mitigation and Adaptation objectives:

	DESCRIPTION OF THE TAXONOMY-ELIGIBLE ACTIVITY	APPLICABLE KPI	REFERENCE CONSOLIDATED FINANCIAL STATEMENT ITEM
3.3	Manufacturing low-carbon technologies for transport	Turnover	Net Sales Revenue - Sale of 2-, 3- and 4-wheeler motor vehicles and Gita robots
		CapEx	Property, plant and equipment Intangible assets Rights of use
		OpEx	External maintenance and cleaning costs Labour and consultancy costs
6.4	Management of personal mobility devices, cyclologistics	Turnover	Net sales revenue - Sale of scooters
9.1	Research, development and innovation close to the market	CapEx	Intangible assets
		OpEx	Labour and consultancy costs

2.2 Definition of the perimeter

On the basis of the requirements in the Regulation, the percentages of turnover, Capex and Opex related to "eligible" activities was calculated for 2021 and included all fully consolidated Piaggio Group companies.

¹⁹ "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets", published on February 2, 2022. This document clarifies how the reference to "low carbon emissions" in the description of activity 3.3 should not be taken into account for the purposes of assessing eligibility; this consequently makes all the vehicles produced by the Group "eligible", regardless of the level of CO2 emissions at the exhaust and the propulsion system adopted.

2.3 Calculation of KPIs

On the basis of the Group's Consolidated Financial Statements as of 31.12.2021 (the "Financial Statements"), the percentage of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) in relation to the respective total values was calculated for each "eligible" activity identified.

2.3.1 Calculation of the proportion of turnover

As established by the Regulation, the "eligible" proportion of turnover represents the portion of net revenues derived from services or products, including intangible ones, that originate from economic activities consistent with the taxonomy, divided by the total net revenues.²⁰ In the 2021 financial year, the Piaggio Group carried out the following activities for the production of goods or services considered Taxonomy-eligible:

- activity "**3.3 Manufacture of low-emission carbon technologies for transport**" with specific reference to the sale of 2-, 3- and 4-wheeler motor vehicles and GITA robots;
- activity "**6.4 Management of personal mobility devices, cycling**" with specific reference to the sale of scooters and personal mobility devices.

Starting from the Net Sales Revenue, in order to identify the proportion considered Taxonomy-eligible, the proportion of revenue relating to "Spare Parts and Accessories" was subtracted, as this was evaluated as not being applicable for eligibility purposes.

2.3.2 Calculation of capital expenditure (CapEx)

The CapEx KPI was calculated by dividing the value that includes "eligible" capital expenditure by the value at the denominator that constitutes total capital expenditure. Specifically, the numerator for the calculation of CapEx is represented by additions to property, plant and equipment and intangible assets and "eligible" rights of use during the year, before amortisation and depreciation, any revaluations and excluding fair value changes. The denominator, on the other hand, comprises total capital expenditure and increases in rights of use, before amortisation and depreciation, any revaluations and excluding fair value changes.

For the 2021 financial year, the Piaggio Group incurred the following capitalised costs considered taxonomy-eligible:

- activity "**3.3 Manufacture of low-emission carbon technologies for transport**" at all the Group's production sites, with specific reference to investments concerning the design (including R&D) and manufacture of vehicles (with the sole exception of activities for Racing);
- activity "**9.1 Research, development and innovation close to the market**" with specific reference to capitalised Research and Development expenditure related to experimental development projects for solutions and technologies that contribute to the reduction of atmospheric emissions.

2.3.3 Calculation of the proportion of operating expenditure (OpEx)

The OpEx KPI was calculated by dividing the value comprising the portion of "eligible" operating expenditure by the denominator value constituting total operating expenditure. Specifically, the numerator for the calculation of OpEx is represented by the total value of indirect uncapitalised research and development expenditure and any other direct expenses related to the maintenance and ordinary repair of real estate, plant and equipment necessary to ensure the continuous and effective operation of said. The denominator, on the other hand, is the total value of these costs.

For the 2021 financial year, the Piaggio Group incurred the following operating expenditure considered taxonomy-eligible:

- activity "**3.3 Manufacture of low-carbon emission technologies for transport**" with specific reference to maintenance and repair costs, both of buildings and of plants and equipment, related to production plants and non-capitalised Research and Development expenditure related to new vehicles.
- activity "**9.1 Research, development and innovation close to the market**" with specific reference to non-capitalised Research and Development expenditure related to experimental development projects for solutions and technologies that contribute to the reduction of atmospheric emissions.

TABLE ACCORDING TO REGULATION (EU) 2020/852

KPI	TOTAL (MILLION EUROS)	% OF ACTIVITIES ELIGIBLE FOR THE TAXONOMY	% OF ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY
Turnover	1,668.7	88.6%	11.4%
CapEx	159.5	78.7%	21.3%
OpEx	32.6	98.7%	1.3%

²⁰ Assonime Circular No. 1 of 19 January 2022.

RISK MANAGEMENT

The Piaggio Group started an Enterprise Risk Management (ERM) project to define and implement a structured, integrated system to identify, measure and manage company risks in line with applicable best practices. During 2021, the campaign to update the Group's risk profile, involving company managers across the Group, identified 181 risk scenarios, comprising 25 categories which were grouped into 4 level-one macro-categories (External, Operational, Financial, Strategic Risks). In this context, issues concerning environmental and social aspects, human resources, human rights and the fight against corruption were all analysed, as detailed below.

Environment

The analysis refers to the actual and potential effects of the Group's operations on the environment, considering, for example, atmospheric emissions, the impact of noise, discharge and waste disposal processes, using and safeguarding natural resources and protecting biodiversity, as well as environmental compliance aspects in a national and international dimension.

Greenhouse gases (mainly CO₂) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.

The structure of Piaggio's production sites has been designed based on support mechanisms that use energy from fossil fuels. The use of resources at the production faculties and offices of all affiliates is monitored daily, with the aim of optimising energy use and reducing consumption.

Operations to clean up sites were necessary due to historical site contamination: the pollutants removed had not been used for several decades by the sites, proving the historical nature of this contamination. Other cases of ground contamination have never concerned the Group's operations: the classification, management and transport of waste produced comply with sector regulations.

The volume of water used in the production process is monitored monthly, to safeguard its conservation; a part of this water is re-used.

Lastly, all Piaggio sites have ISO 140001 environmental certification and investments are made each year to reduce the environmental impact of production sites.

Despite a considerable risk level, in line with other industry operators, control measures adopted significantly reduce environmental risks.

With reference to the risk of climate change, aspects related to the transition of market demand towards vehicles with a lower impact in terms of greenhouse gas emissions are particularly relevant for the Group; in this context, the short-term introduction of stricter laws and regulations on vehicle emissions consequently represents a significant risk for the entire automotive industry.

Any tightening of regulations in this field, in addition to having a considerable influence on customer behaviour, could require a significant increase in investments and current expenses necessary to adapt and technologically update the Group's product range. In this regard, Piaggio has been a pioneer in the study of electric and hybrid engines. Piaggio already sells a number of electric vehicles (both two-wheelers and commercial vehicles) and plans to expand its range of zero-emission vehicles. Therefore, any increase in demand for electric vehicles could represent a development opportunity for Piaggio.

With reference to the risk of suffering physical damage connected to extreme climatic phenomena, it is noted how Group sites could be affected by natural events, such as earthquakes, typhoons, flooding and other catastrophes that may damage sites and also slow down/interrupt production and sales.

The Group manages this risk by the continual renewal of the sites and by specific insurance cover taken out for various sites based on their relative importance.

Employees

This area covers numerous aspects, such as the management of human capital, including career development, the remuneration and training system, the promotion of diversity and inclusion, as well as aspects relative to occupational health and safety and trade union relations.

Piaggio operates globally with employees in Europe, the Americas and Asia. It promotes diversity in age, culture, ethnics, religion, political opinion, civil status, gender, physical ability, sexual orientation, encouraging different ways to achieve and reach the highest levels of performance within a single and broader-ranging organisational set-up of the Group. The integration of disabled people into the workforce is also made possible in practice by the accessibility of company facilities and the existence of a relative company procedure.

Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Development tools are used to build on and continually improve skills, while empowering potential, recognising and rewarding outstanding performance. Reward policies remunerate people and their contribution based on principles of meritocracy and transparency. The above mechanisms reduce potential risks related to these aspects to a residual level which is not significant.

The Piaggio Group acknowledges the role of trade union organisations and worker representatives and is committed to establishing relationships with them that are characterised by attention, dialogue and a common understanding; in fact, assessment and continual engagement are considered essential for identifying the best solutions for the company's specific needs. For these reasons and despite the high number of employees with trade union membership, strikes are infrequent.

As regards occupational health and safety, testing motorcycles with a medium and large engine capacity entails the highest risk levels. Generally, the risk of accidents/injuries to personnel is mitigated by aligning processes, procedures and structures to applicable occupational safety laws and international best standards, and promoting responsible behaviour, through targeted training.

Social sphere

The social sphere includes aspects concerning Piaggio's relations with consumers, as well as the effects of the business on the community.

In the first case, product quality and reliability are essential and key to obtaining and guaranteeing customer satisfaction and safety. In the "Product - Operational Risk" category, risk scenarios relating to potential product defects have been mapped. To mitigate these risks, Piaggio has established a Quality Control system, it tests products during various stages of the production process and carefully sources its suppliers based on technical/professional standards. The Group is also committed to being awarded and maintaining certification of its quality management systems at global level (ISO 9001).

The Group undertakes to redistribute economic value generated to support social solidarity initiatives and promote local areas. In 2021, the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued. Thanks to the help of partners and supporters, the association has allocated almost \$700 million to the fight against AIDS and COVID-19.

In Italy, funds were donated to support research in the health sector and to deal with the emergency due to the COVID-19 pandemic. Thanks to the Piaggio Foundation and the Piaggio Museum, numerous initiatives are organised in the cultural, scientific and artistic fields.

The Vietnamese subsidiary was involved in projects supporting local associations that help families in need and provide education for children.

The Indian subsidiary has focused its commitment on social projects generally in the areas of water and sanitation, education, women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the plant.

Human rights

As set out in the Code of Ethics, adopted in 2004 and updated during 2017, Piaggio specifically prohibits any form of discrimination or forced labour. This Code has been distributed to all subsidiaries and clearly states the principles and values the entire organisation takes inspiration from.

To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any suspected misconduct.

The Whistle-blowing Policy, developed for the Group's Indian company, aims to provide a safe means for employees and other parties concerned to report violations that come to their knowledge in the context of their work activities. For this purpose, in compliance with Law 179/2017, an entirely new section with regulations on whistle-blowing designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work was added to the last revision of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.

Based on the significant and specific nature of the Indian market, the Indian affiliate has put in place: a Code of Business Conduct & Ethic, a Whistle-Blower Policy and Policy on Prevention of Sexual Harassment of women at the workplace to prevent episodes of sexual harassment within the plant.

Based on prevention and control mechanisms established in the Code of Ethics and adopted by all Group subsidiaries, no risk scenarios relative to the violation of human rights were identified.

Fighting corruption

The fight against both active and passive corruption comes under the risk categories "Internal/external offences" of the Group's risk model. In its Code of Ethics, Piaggio strictly prohibits any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties.

A number of processes, procedures, roles and responsibilities have been defined to achieve the above objective, as regards business negotiations/relations with the public administration sector and with private entities.

The controls briefly described above decrease residual risk relative to episodes of active/passive corruption to a negligible level.

MATERIAL TOPIC	RISK	CONTROLS
Energy efficiency and emissions reduction (climate change, energy consumption and logistics)	Air pollution attributable to: <ul style="list-style-type: none"> - uncontrolled greenhouse gas emissions - uncontrolled emissions of Volatile Organic Compounds (i.e. paint/varnish solvents) - lower number of infrastructure works/initiatives to reduce energy consumption/needs - decrease in vehicle emission levels 	<ul style="list-style-type: none"> - ISO 14001 environmental certification - Infrastructure improvements aimed at a rational use of energy - Energy consumption monitoring plans - Development of alternative engines (i.e. hybrid/electric)
Waste handling	Soil/water pollution attributable to: <ul style="list-style-type: none"> - No waste classification/characterisation - Uncontrolled spills and discharges into the sewage system 	<ul style="list-style-type: none"> - SO 14001 environmental certification - Water waste treatment
Protection of water resources (water consumption and discharges and soil pollution)	<ul style="list-style-type: none"> - Uncontrolled use of water resources 	<ul style="list-style-type: none"> - ISO 14001 environmental certification - Water use monitoring - Reuse of water for production activities
Human capital development (selection process, recruitment and turnover management, training, performance management, dialogue with trade unions)	<ul style="list-style-type: none"> - Lack of competencies and professional expertise necessary to implement strategic/business objectives - Loss of key personnel - Tensions in relations the company has with trade unions 	<ul style="list-style-type: none"> - Mapping key competencies/professional expertise and defining adequate retention plans - Performance review systems - Training courses and continuing professional development - Relations with trade union organisations based on attention, dialogue and a common understanding
Health, safety (OSH management, corporate welfare activities, diversity management)	<ul style="list-style-type: none"> - Worker Injuries/onset of occupational diseases - COVID-19 infection risk 	<ul style="list-style-type: none"> - ISO 45001 certification - Periodic occupational health and safety training - Personal protective equipment and operating instructions - Preparation of an anti-COVID-19 protocol and establishment of a special committee to oversee the implementation of prevention measures

MATERIAL TOPIC	RISK	CONTROLS
Product innovation (sustainable mobility, CO2 emissions, alternative fuels)	<ul style="list-style-type: none"> - Reduced level of technological innovation in the product range - Reduced recyclability/recoverability of end-of-life vehicles - Use of materials/substances harmful to the environment - Regulatory measures to restrict the circulation of internal combustion vehicles in order to reduce the level of emissions 	<ul style="list-style-type: none"> - Considerable investments in research and development - Development of alternative engines (i.e. hybrid/electric) - Product conformity to the REACH Regulation 1907/2006 and End of Life Directive 2000/53/EC - Use of environmentally friendly, recyclable materials
Product safety and reliability	Faulty products for reasons attributable to: <ul style="list-style-type: none"> - Errors/omissions of suppliers - Errors/omissions during the product development stage - Errors/omissions during the production stage - Errors/omissions during the quality control stage 	<ul style="list-style-type: none"> - Supplier audits - Product testing during various stages of the production process - ISO 9001 quality certification
Customer Satisfaction	Service quality level not in line with customer requirements, for reasons attributable to: <ul style="list-style-type: none"> - Sales network/after-sales service (e.g. long diagnostic/delivery times, use of non-original spare parts etc.) - Reduced extension of the sales/after-sales network - Range of products offered not in line with market requirements 	<ul style="list-style-type: none"> - Periodic appraisal of supplier performance based on international standards - Customer satisfaction analysis and preparation of action plans if areas for improvement are identified with reference to the service provided by the network - New computerisation systems to improve control of the sales network/after-sales service and the level of customer service offered - Geo-marketing system for optimal coverage of the territory through the network
Responsible management of the supply chain	<ul style="list-style-type: none"> - Suppliers that do not comply with environmental sustainability principles (e.g. with reference to energy consumption, atmospheric emissions, waste management, protection of water resources, protection of biodiversity, etc.) - Suppliers that do not comply with the principles of social sustainability (e.g. with reference to the development of human resources, freedom of association and collective bargaining, child labour, forced labour, industrial relations, health and safety at work, support for local communities, charity activities, etc.) - Violation of the Group's Code of Ethics by suppliers 	<ul style="list-style-type: none"> - ISO 14001 certification ensures a higher score in the supply audit - Obligation to sign the Group's Code of Ethics

MATERIAL TOPIC	RISK	CONTROLS
Supporting local communities	<ul style="list-style-type: none"> - Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values (e.g. partnerships with non-profit/non-government, volunteer associations, etc.) 	<ul style="list-style-type: none"> - Organisation of events at the Piaggio Museum - Piaggio Foundation cultural project - Charity and sponsorship activities - Support for hospitals during the COVID-19 health emergency period
Respecting human rights	<ul style="list-style-type: none"> - Incidents of discrimination or exclusion of employees for reasons related for example to age, culture, ethnic origin, religion, political opinion, civil status, gender, physical ability, sexual orientation - For human rights risks within the supply chain, see the relevant point 	<ul style="list-style-type: none"> - Prohibition on any type of discrimination, harm to personal dignity in the Code of Ethics - Use of instruments, including organisational tools, to ensure respect for human rights and the principles in the Group Code of Ethics
Fighting corruption	<ul style="list-style-type: none"> - Unlawful collusion/corruption by employees 	<ul style="list-style-type: none"> - Obligation to sign the Group Code of Ethics - Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics
Transparency and company integrity	<ul style="list-style-type: none"> - Information in mandatory financial disclosure (e.g. the annual report, interim report, interim report on operations/sustainability report) which is untruthful 	<ul style="list-style-type: none"> - Mandatory financial information audited by an external body - Non-Financial Statement audited by an external body - CSR Report audited by an external body - Formal undertaking, by all company functions, on achieving sustainability objectives establish and reporting, on an annual basis, of any gaps with results actually achieved
Creating economic value	<p>Failure to achieve established growth objectives for reasons attributable to:</p> <ul style="list-style-type: none"> - competitive dynamics - sales network - political/macroeconomic instability of countries where the Group operates 	<ul style="list-style-type: none"> - Brand positioning initiatives and expansion of the product range - Rationalisation of the sales network based on current and future expectations - Creation of a new retail model being developed worldwide - Diversification of markets

SUSTAINABILITY GOVERNANCE

For more in-depth, specific analysis of the Corporate Governance system of Piaggio & C., please see the Report on Corporate Governance and Corporate Ownership for the year ending 31 December 2021, available online at www.piaggiogroup.com in the Governance section.

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

The Board of Directors currently in office is composed of 9 members, of whom 4 are women (44%). 33% of the members are aged between 30 and 50 years old, the rest are over 50.

Piaggio has a specific governance system inspired by international best practices, which covers all company, decision-making and operational processes, along the entire value chain.

- The Board of Directors examines and approves strategic, industrial and financial plans, including the annual budget and Group's Business Plan, supplementing main guidelines to promote a sustainable business model and lay the foundations for creating long-term value. The Board approves the CSR Report and Consolidated Non-Financial Statement pursuant to Legislative Decree 254/16 (NFS).
- The Audit, Risk and Sustainability Committee, in addition to supporting the Board of Directors' assessments and decisions on the internal control and risk management system, has an advisory function with the Board of Directors on sustainability issues such as:
 - examining and assessing sustainability issues related to business operations and the dynamics of interaction with stakeholders;
 - examining and assessing the system for collecting and consolidating data for the Corporate Social Responsibility Report and the "Consolidated non-financial statement" referred to in Legislative Decree 254/2016;
 - examining in advance the Corporate Social Responsibility Report and the "Consolidated Non-Financial Statement" pursuant to Legislative Decree 254/2016, formulating an opinion for approval by the Board of Directors;
 - monitoring the Company's positioning on sustainability issues, with particular reference to the Company's position in ethical sustainability indices;
 - providing opinions on any additional sustainability issues, on the request of the Board of Directors.
- The Executive in charge of financial reporting prepares the Non-Financial Statement and CSR Report, assisted by the CSR Manager. S/he presents both documents to the Audit, Risk and Sustainability Committee, and then, submits them to the Board of Directors for approval.
- As delegated by the Executive in charge of financial reporting, the CSR Manager manages all activities related to sustainability, through the "Consolidated Financial Reporting" Function: defining the Sustainability Plan and monitoring progress, preparing reporting, relations with international organisations.
- The Ethics Committee develops rules and organisational behaviour in line with international best practices in the field of Corporate Social Responsibility.
The Committee's duties include the following:
 - monitoring instruments, conduct and relations between management and company personnel and all stakeholders;
 - optimising relations with local communities and stakeholders;
 - measuring ethical standards, which are an integral part of the good governance of a company;
 - implementing the provisions in the Code of Ethics, including receiving and managing reports of fraud that may involve employees, managers and partners of Piaggio & C. and Group companies.

All operations concerning relations between the Piaggio Group and the external world are analysed and revised by the Committee, with the aim of guaranteeing to all stakeholders that the information cycle is managed transparently. Starting from the assumption that transparency best describes the purpose of corporate social responsibility today, the Committee acts as a "guarantor" for investors, consumers and opinion leaders, to make sure company conduct is based on conformity to laws at all times, on fairness and on the truthfulness of disclosure to the public.

The system for responsible business management

In achieving its mission, the Group has adopted tools and organisational instruments in order to respect environmental and social values.

Code of Ethics

Piaggio & C. has adopted a Code of Ethics since 2004 for the Organisational Model pursuant to Italian Legislative Decree 231/2001.

The Code of Ethics was last updated in 2017, with the introduction of an article on safeguarding human rights, aimed in particular at preventing "modern slavery".

Through this article, the company expresses its commitment to recognising and ensuring the utmost respect for the principles that protect human rights, as shared at international level and articulated in a number of international conventions. In particular, respect for personal dignity, for the individual and the prohibition of any type of discrimination.

These principles, already embraced by the company as they are implicit in its code of ethics, have been described more specifically, in order to align the code with the ethical and social values that inspire the Piaggio Group's activities.

The company also issues a Modern Slavery Statement annually, designed to ensure that the Group's activities comply with the regulatory provisions set out under the Modern Slavery Act 2015, as issued by the British Parliament and which all companies operating in the UK must observe.

The Code of Ethics, available online at www.piaggiogroup.com/Governance, is in force at all Group companies and clearly and transparently sets out the principles and values which the entire company organisation takes inspiration from:

- complying with the laws of countries where Piaggio operates;
- dismissing and condemning unlawful and improper behaviour;
- preventing breaches of lawfulness, constantly achieving transparency and openness in managing the business;
- seeking excellence and market competitiveness;
- respecting, protecting and valuing human resources;
- pursuing sustainable development while respecting the environment and the rights of future generations.

The Group's Code of Ethics sets out the social and ethical responsibilities of each member of the company's organisation. In particular the ethical and social responsibilities of senior management, middle management, employees and suppliers are defined, in order to prevent any party, acting in the name of and on behalf of Group companies, from adopting a conduct which is irresponsible or unlawful.

The articles of the Code of Ethics also set forth an important principle on how to manage relations with policy-makers: "The Company does not make contributions or offer advantages and/or benefits to political parties and trade unions or to their representatives or candidates without prejudice to compliance with applicable law".

All employees and suppliers are required to sign and respect the Group's Code of Ethics in order to be able to work with Piaggio.

Based on the specific nature and significance of India, the following have been prepared and in effect for some years now at the Indian affiliate:

- the Code of Business Conduct & Ethics;
- the Whistle-Blower Policy, specifically designed to protect and guarantee whistle-blowers of alleged breaches of the Code, and protect the Code's effectiveness;
- a Policy on the Prevention of Sexual Harassment of women in the workplace.

Organisational model pursuant to Legislative Decree no. 231/2001

The internal control and risk management system of Piaggio & C. includes the Organisational, Management and Control Model for the prevention of corporate offences pursuant to Legislative Decree 231/2001 ("Model pursuant to Legislative Decree 231/2001"), which Piaggio & C. adopted in 2004, which was updated by the Board of Directors of the Company on 27 July 2020, with the introduction of the predicate crimes contemplated in Article 25

quinquiesdecies of Legislative Decree 231/2001 (tax crimes) and subsequently revised and approved in the Board meeting of 21 February 2022.

Law Decree 124 of 26 October 2019, "Urgent provisions on taxation and for non-deferrable needs", converted with amendments by Law 157 of 19 December 2019, includes tax crimes in the category of predicate offences pursuant to Legislative Decree 231/2001. The category of predicate offences was further expanded following the transposition of EU Directive 2017/1371, known as the PIF Directive ("Protection of the Union's Financial Interests"), which also introduced the punishment of attempted tax crimes related to the filing of tax returns (Articles 2, 3, 4, Legislative Decree 74 of 10 March 2000).

The new offences introduced in Section O of the Model, when it was revised in 2020, are: Fraudulent tax return through the use of invoices or other documents for non-existent transactions; Fraudulent tax return by other means; Issue of invoices or other documents for non-existent transactions; Concealment or destruction of accounting documents; Fraudulent evasion of tax payments; Inaccurate tax return; Omitted tax return; Undue compensation; Smuggling.

The Model starts with the Code of Ethics, followed by general principles of internal control and guidelines for conduct, and is divided into two parts.

The first part is general, and includes an overview of the legal framework, followed by an introduction to the Model's function and operation within the Company; sections are also included on the disciplinary system, as well as a description of the role, composition, functioning and duties of the Supervisory Body.

In compliance with Law 179/2017, an entirely new section was introduced in 2018 with regulations on whistle-blowing (this policy had already been introduced in India in 2016), designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work.

To guarantee the confidentiality of the identity of the person reporting the information in question, the Company, in compliance with applicable legislation, believes that the management of reported information must involve the Supervisory Body appointed pursuant to Legislative Decree no. 231/2001. The system to protect whistle-blowers, introduced by Law 179/2017 and implemented by Article 6 of Legislative Decree 231/2001, indirectly assigns the Supervisory Body the task of receiving and managing information reported on alleged offences and breaches of the Model or Code. The Company has therefore set up the following communication channels:

- a dedicated mailbox: organismodivigilanza@piaggio.com
- a physical mail channel, by sending an envelope with the words "private and confidential" addressed directly to the Supervisory Body at the registered office of the Company, Viale Rinaldo Piaggio, 25, 56025 Pontedera (PI) - Italy
- Internet points have been set up in plant areas, where workers and other employees who do not have, for work reasons, access to a computer, can report information.

The second, "special" section of the Model formalises specific decision-making protocols for "sensitive processes" in relation to the individual categories of offences the section refers to.

The Model pursuant to Legislative Decree 231/2001 - widely distributed by email to all Piaggio Group employees in Italy, and also published on the company Intranet - is constantly monitored and periodically updated.

Piaggio & C. has also established a "Fraud Policy" with information channels for receiving, analysing and processing reported fraud that may involve employees, directors and partners of Piaggio and Group Companies. The Policy is another instrument that the Piaggio Group has adopted to prevent infringement of the principles of lawfulness, transparency, fairness and loyalty which the Model pursuant to Legislative Decree no. 231/2001 takes inspiration from.

The Model is available on the corporate web site (www.piaggiogroup.com) in the section Governance/System.

Social and environmental-oriented policies and guidelines

The Piaggio Group has a system of Policies aimed at guaranteeing compliance with principles of fairness, transparency, honesty and integrity in line with international standards on responsible business management.

The Group operates in diverse geographic, legal and cultural contexts. As such, its policies and guidelines are put in place by each company, through their own operating procedures and practices.

Anti-corruption policy

As stated in the Code of Ethics, in pursuing its mission the Group ensures, through appropriate tools, including organisational means, compliance with the absolute prohibition of any practice of corruption, request for and/or provision of preferential treatment, of any collusive behaviour, solicitation, whether direct/indirect and/or through third parties, of personal benefits of any kind for oneself and/or for others, of material benefits and/or any other advantage of any extent in favour of third parties, whether they be private or public entities or government representatives, both Italian and foreign.

When participating in public tenders or competitions called by the Public Administration as well as in any negotiations or contracts entered into with both Public Administration and private entities, all those involved must behave in good faith and in accordance with the law, correct commercial practice and current regulations, as well as with the corresponding company procedures, avoiding any situation from which violation of laws and/or principles of fairness and transparency in the conduct of negotiations may arise. Such negotiations must be conducted only by those previously and expressly authorised to do so, respecting roles and in accordance with corporate procedures. Adequate mechanisms for the traceability of information flows towards the contracting party must also be put in place. Any request for advantages, any intimidating and/or constrictive or oppressive behaviour on the part of Public Administration officials or third contracting parties or which come to the knowledge of operators must be immediately reported.

Function managers who liaise with the Public Administration must:

- provide their partners with guidelines regarding the operative conduct to follow in formal and informal contacts with various public subjects, according to the characteristics of each individual area of activity, sharing their knowledge of regulations and their awareness of situations liable to crime;
- provide for adequate tracing mechanisms as regards official information channels with the Public Administration;
- maintain and request on the part of those having relations with the Public Administration a conduct characterised by fairness, transparency, traceability and good faith, respecting the roles and responsibilities attributed; strictly observe and enforce, also with specific reference to relations with the Public Administration, company procedures aimed at abstractly identifying and tracing the functions and positions responsible and appointed for relations with the Public Administration, in compliance with corporate roles;
- make clear, truthful, complete and traceable statements to public authorities and exhibit complete, truthful and unaltered documents and data;
- maintain a correct and clear conduct such as to avoid inducing the counterparty into even potential error. All consultants, suppliers, customers, and whoever is related to the Group, are committed to complying with laws and regulations in force in all countries where the Group operates.

No relation will be initiated or continued with those who do not intend to comply with such principles.

When appointing these subjects to operate as representatives and/or in the interest of the Group towards the Public Administration, the appointment must be in writing, with a specific binding clause requiring compliance with the principles of ethics and conduct adopted by the Group.

Conduct guidelines which are identical to those for relations with the Public Administration must also be adopted with regard to relations with any private third party, such as suppliers, customers, competitors, partners and/or any contractual counterparty. In this regard, the section on corporate offences in the Model 231 was updated with the following introduction, implementing Legislative Decree no. 38 of 15 March 2017 (implementing Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector), as well as with measures introduced by article 2635 of the Italian Civil Code on the offence of "corruption between private individuals", and with the introduction of the new offence "instigating corruption between private individuals", whereby corruption is a punishable offence even if the offer is not accepted (Article 2635 bis of the Italian Civil Code).

When contributions, grants or financial support are requested from the State, the public corporations or the European Union, all employees involved in such procedures must:

- be correct and truthful when using and presenting documents and declarations that are complete and pertinent to the activities for which such benefits can be legitimately requested and obtained;
- once the requested outpayment has been obtained, the sum should be employed for the goals for which it was originally requested and obtained. People in charge of administrative/accounting functions must verify that each operation and transaction is: legitimate, consistent, congruous, authorised, verifiable; correctly and adequately

registered, so that decision, authorisation and implementation process can be verified; supported by correct, authentic and appropriate documentation, so that careful inspections can be carried out at any time regarding the characteristics and the motivations of the operation, and the identification of those who have authorised, carried out, registered and verified the operation itself.

No incidents of corruption occurred in the reporting year.

Guidelines for compliance with laws and local regulations

Group companies must comply with local laws and regulations and must conduct their activities in line with the Code of Ethics and its core values of honesty, integrity and respect for people. The Code of Ethics underpins Piaggio's commitment to behave in a responsible and respectful manner, and helps staff and contractors to make informed, ethical and legal decisions. Suppliers all over the world who wish to do business with Piaggio must sign the Group's general supply conditions, which include the Code of Ethics.

During 2021, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights. Moreover, no infringement procedures have been filed against the Piaggio Group for the breach of anti-competitive or anti-trust laws.

As of 31 December 2021, there were no sanctions²¹ in place concerning non-compliance with social/economic legislation, including laws and regulations on environmental matters, marketing, advertising, promotions and sponsorships.

Finally, no cases regarding the breach of consumer privacy or loss of consumer data were reported in 2021.

Guidelines for respecting human rights

The Piaggio Group conforms to the Guiding Principles on Business and Human Rights adopted by the United Nations in 2011 and the ILO Declaration on Fundamental Principles and Rights at Work adopted in 1998.

It recognises the importance of its role in condemning any violation of human rights and to this end improves and continually aligns its policies and controls, to prevent any potential violation that could affect the Group or its procurement chain.

Group companies comply with national and international laws and regulations and conduct their activities in compliance with the Code of Ethics. The Code of Ethics was supplemented in 2017 with an article specifically dedicated to human rights. Suppliers all over the world who wish to do business with Piaggio must sign the Group's general supply conditions, which include the Code of Ethics and observe its values.

To maintain the highest standards of ethical, moral and legal conduct, Piaggio encourages its employees to report any allegedly nonconforming conduct, guaranteeing they will not be affected by harmful consequences.

The Whistle-blowing Policy, initially developed for the Group's Indian company, aims to provide a safe means for employees and other parties concerned to report violations that come to their knowledge in the context of their work activities. For this purpose, in compliance with Law 179/2017, an entirely new section with regulations on whistle-blowing designed to protect workers that report unlawful activities and irregularities that come to their knowledge during their work was added to the last revision of the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.

²¹ Tax sanctions are not included.

THE ENVIRONMENTAL DIMENSION

Piaggio has organised its processes and activities through a management system which focuses on Quality, the Environment and the Health and Safety of Workers, with a view to providing a model of sustainable development that not only guarantees lasting success, but also ensures that the expectations of stakeholders are met (including investors, shareholders, partners, suppliers, the social community and public administration).

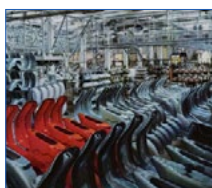
Environmental sustainability - understood as the ability to protect and safeguard natural resources, combined with the capacity of the ecosystem to absorb the direct and indirect impacts generated by manufacturing activities - is among the key focal points of Group Policy, as expressed by the company's senior management team. This concept provides the basis for the environmental certification (ISO 14001) process that has already been launched (or is being continued) at the various production sites, and is an essential point of reference for every Group company, wherever they may operate.

Specifically, Piaggio is committed to minimising the environmental impact of its industrial activities by carefully defining the product design, the manufacturing technological cycle and by using the best technology and the most modern production methods. Pursuing these objectives generates continual improvement in environmental performance, not only in production but also throughout the product life cycle.

The phases of the life cycle of a vehicle that determine the greatest environmental impacts can be summarised as follows:



During the procurement of raw materials/components, the main impact derives from the relative production and distribution that involves direct and indirect emissions of CO₂, the consumption of water and the production of waste. These impacts cannot be monitored by the Group.



During production, the main impacts are related to the consumption of electricity and natural gas which results in direct and indirect CO₂ emissions, water consumption mainly related to painting and the amount of waste produced. All these impacts are monitored and reported in the next few pages.



During distribution, the impact is from the fuel consumption of vehicles used to transport finished products, spare parts and accessories. These impacts cannot be monitored by the Group.



During use by the customer, the impact is from the fuel consumption of vehicles and any disposal of consumables and worn components. The actual impacts cannot be monitored by the Group as they depend on the real use that customers make of their vehicle. Piaggio promotes safe and responsible driving and studies vehicles that are increasingly environmentally friendly.



Finally, during disposal, the impact is from the dismantling of various components for their recovery or disposal. All vehicles are designed for their effective disposal at the end of their life. In addition, the Group's vehicles have a particularly long life. The Vespa in particular maintains a high second-hand value and is a collector item for a large group of enthusiasts.

Quantitative data on the mitigation of the environmental impact resulting from the Group's operations are reported on in the sections below.

With these objectives in mind, initiatives and goals for the future focus on the following areas:

- maintaining environmental certification awarded to all production sites;
- reducing energy consumption;
- reducing emissions of CO₂ and other pollutants;
- conserving water resources;
- waste handling and recovery;
- absence of soil contamination;
- environmental spending and investments.

The data in this chapter refer only to production plants. The Group also operates through commercial companies (distributors and selling agencies) and research centres located on various reference markets. The consumption of natural resources at these sites cannot always be detected, as they sometimes refer to properties that are not owned where services are shared with other tenants and in any case are to be considered marginal and therefore irrelevant.

Environmental Management System

The Piaggio Group has defined a specific organisational structure to achieve the environmental sustainability objectives of its production sites.

The responsibilities and roles of the Environmental Management System (EMS) with Organisational Units/Functions involved are reported in the Quality, Environmental and Occupational Health and Safety Management Manuals, for sites in Italy.

ENVIRONMENTAL ORGANISATIONAL STRUCTURE OF ITALIAN SITES OF THE PIAGGIO GROUP

	ENVIRONMENTAL MANAGEMENT SYSTEM
Management Representative	Quality System Manager
Management System Manager	General Systems Manager
Coordination and control	Environmental Manager
Audits	Process Auditor (Internal Auditor)

The head of the Environmental Management System reports to the representative of the Processes Quality & Cost Engineering Department on the performance of the Management System and about any need for improvement. The Environmental Management System manager, a position held by the General Plants manager, has power of attorney to perform his duties and responsibilities, while Environmental Managers are appointed by the Environmental Management System manager after obtaining approval of their affiliated Manager.

The subsidiaries in Vietnam and India (PVPL) have EHS (Environment Health and Safety) teams which work full-time on environmental, health and safety issues, with clearly defined roles and responsibilities. Piaggio Vietnam's EHS team is led by the Technology and Maintenance Manager who reports to the Director of Operations while a full-time employee is responsible for the management of environmental issues. The environmental team at PVPL, consisting of senior management, engineers and operators, is part of the Maintenance Department and reports to the Director of Operations.

Environmental certification

For several years now, the Piaggio Group has implemented an environmental management system in its facilities in compliance with the international standard UNI EN ISO 14001. At the end of 2019, certification was renewed for a further three years for Italian sites, confirmed by the maintenance audit of November 2021.

Energy consumption

The aim of the Group is to optimise plant management and minimise energy waste. Energy is procured from leading energy companies whose production is partly from renewable sources. In particular, according to the latest statistics published by Enel Energia (the energy supplier of Italian plants), 38% of the energy produced in Italy comes from renewable sources.

Although the structure of the Group's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. Having an extensive monitoring network of main energy carriers is important for achieving noticeable results, especially in more complex activities. Since 2016, the Pontedera site has adopted measures to reduce energy waste, with a smart metering system that can use, observe and compare in real time (with a delay of 3 hours) the consumption recorded by over 90 meters at the site.

Specifically, when reconfiguring or restructuring plants, the Technology functions carry out evaluations and analysis with a view to introducing machinery and methods that minimise environmental impact.

In 2021, Piaggio presented the project for the new Moto Guzzi factory and museum. The production site in Mandello del Lario was redesigned with a strict focus on environmental sustainability and the efficient use of resources. All the new buildings will be constructed using the old building volumes, with the selection of materials focusing on efficient management of energy resources, photovoltaic systems and environmentally sustainable materials.

ENERGY CONSUMPTION OF PIAGGIO GROUP PLANTS ²²

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL SITES
Electricity (Thousand KWh)	2021	34,091	4,168	836	16,123	16,313	71,531
	2020	32,200	3,771	654	15,847	15,060	67,532
	Delta 2021-2020	5.9%	10.5%	27.8%	1.7%	8.3%	5.9%
Methane/Natural Gas (Sm ³)	2021	5,488,105	416,967	202,153			6,107,225
	2020	5,085,839	328,737	143,121			5,557,697
	Delta 2021-2020	7.9%	26.8%	41.2%			9.9%
LPG (Ton)	2021				921	30	951
	2020				926	27	953
	Delta 2021-2020				-0.5%	13.5%	-0.2%
Diesel fuel (Litres)	2021	2,490	90	12	12,340	752,435	767,367
	2020	2,743	62	10	14,122	740,295	757,232
	Delta 2021-2020	-9.2%	45.2%	20.0%	-12.6%	1.6%	1.3%

GJ ²³		ELECTRICITY	METHANE/ NATURAL GAS	LPG	DIESEL FUEL	TOTAL
Sites	2021	257,510	215,396	43,622	27,635	544,163
	2020	243,115	196,081	43,961	27,273	510,431
	Delta 2021-2020	5.9%	9.9%	-0.8%	1.3%	6.6%

²² Some values are based on estimates. The Group did not purchase energy from renewable sources certified through guarantees of origin.

²³ The data relating to energy and fuel consumption expressed in GJ are calculated using the conversion standards set out in the standard parameter table published by ISPRA and by the Italian Ministry of the Environment, Land and Sea (MATTM) for the year 2021. For electricity, the standard coefficient of 1 kWh = 0.0036 GJ was used.

USE OF FUELS FOR COMPANY CARS AND TESTING VEHICLES²⁴

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINHPHUC	TOTAL SITES
Petrol (litres)	2021	146,835	127,671	51,048	153,320	125,036	603,910
	2020	136,168	108,541	31,598	97,010	98,985	472,302
	Delta 2021-2020	7.8%	17.6%	61.6%	58.0%	26.3%	27.9%
Methane/Natural Gas (Sm ³)	2021	660					660
	2020	4,571					4,571
	Delta 2021-2020	-85.6%					-85.6%
GPL ² (Ton)	2021	1			5		7
	2020	3			6		9
	Delta 2021-2020	-45.3%			-12.4%		-22.3%
Diesel fuel ² (Litres)	2021	137,871	50,992	6,683	77,844		273,389
	2020	102,492	32,144	5,654	193,739		334,029
	Delta 2021-2020	34.5%	58.6%	18.2%	-59.8%		-18.2%
CGN (Ton)	2021				5		5
	2020				7		7
	Delta 2021-2020				-20.8%		-20.8%

GJ ²⁵		PETROL	METHANE/ NATURAL GAS	LPG	DIESEL FUEL	CNG	TOTAL
Company vehicles	2021	19,534	23	85	9,846	240	29,728
	2020	15,167	161	415	12,031	304	28,077
	Delta 2021-2020	28.8%	-85.6%	-79.6%	-18.2%	-20.8%	5.9%

In 2021 the total consumption of the Group was equal to 573,891 GJ compared to 538,508 GJ last year.

Emissions of CO₂ and other pollutants

Greenhouse gases (mainly CO₂) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators.

The increases recorded in 2021 in CO₂ emissions are due to the growth in production volumes that affected the entire Group as a whole. Structural works (the replacement of boilers and restructuring of distribution networks), carried out over time and already described in previous financial statements, show that changes made have been appropriate.

CO₂ emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG used at plants are reported below.

DIRECT²⁶ CO₂EQ EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES

TON.	PONTEDERA*	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2021	11,049	827	401	2,742	2,164	17,183
2020	10,262	652	284	2,761	2,119	16,079
Delta 2021-2020	7.7%	26.8%	41.2%	-0.7%	2.1%	6.9%

* Pontedera's direct CO₂ emissions include not only the emissions deriving from the consumption of non-renewable fuels, but also the emissions produced by the post-combustion of VOCs.

²⁴ Some values are based on estimates.

²⁵ The data relating to energy and fuel consumption expressed in GJ are calculated using the conversion standards set out in the standard parameter table published by ISPRA and by the Italian Ministry of the Environment, Land and Sea (MATTM) for the year 2021. For electricity, the standard coefficient of 1 kWh = 0.0036 GJ was used.

²⁶ To calculate Scope 1 emissions, the following were considered: (i) for Italian plants, the emission factors published by ISPRA in the document National Standard Parameters; (ii) for foreign plants, Department for Environmental Food & Rural Affairs (DEFRA) emission factors. It should be noted that the emissions calculated with the emission factors published by ISPRA are indicated in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂eq), as can be inferred from the relevant technical literature. Compared to the NFS 2020, a different source was used for the emission factors applied to foreign plants. Therefore, the relevant emission data were restated.

The greenhouse gases deriving from the use of diesel, fuel oil and methane at Italian plants, were determined using the calculation factors provided for in the ETS regulation referred to in the "Emission Trading" Directive (Directive 2003/87/EC).

With reference to CO₂ emissions, the industrial plant at Pontedera comes under the scope of the "Emission Trading" directive (Directive 2003/87/EC) which implements the Kyoto Protocol. The site is classed as a "Group A" site, relative to plants releasing the lowest amount of CO₂ indicated in the Directive.

CO₂ emissions are almost entirely derived from the combustion of methane, marginally from the combustion of diesel fuel in back-up power generators and small amounts from the combustion of VOCs in the painting post-combustor.

The monitoring and reporting of CO₂ emissions from the Pontedera plant are governed by a specific Group procedure, which is periodically audited in-company and annually audited by a certification body.

Direct CO₂ emissions deriving from the combustion of fuels at Piaggio's Pontedera site are certified by a certification body accredited by the National Competent Authority in March of each year.

Below are the CO₂ emissions deriving from the leakage of F-gas from the plants.

CO ₂ eq [t]		PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	TOTAL ITALY
F-gas	2021	440	68		508
	2020	177			177
	Delta 2021/2020	148.9%	-100.0%		187.6%

The next table shows the CO₂ emissions from the use of company cars and from testing and development activities.

TON.	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2021	720	438	138	562	274	2,132
2020	610	341	89	722	215	1,976
Delta 2021-2020	18.1%	28.4%	54.9%	-22.2%	27.8%	7.9%

Overall, direct emissions of the Group in 2021 were equal to 19,823 tons (18,232 tons in 2020).

INDIRECT²⁷ CO₂ EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES

Location based

TON.	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2021	8,857	1,083	217	13,221	13,795	37,173
2020	9,061	1,061	184	12,995	13,750	37,051
Delta 2021-2020	-2.3%	2.1%	18.0%	1.7%	0.3%	0.3%

Market based

TON.	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2021	15,633	1,911	383	13,221	13,795	44,943
2020	14,766	1,729	300	12,995	13,750	43,539
Delta 2021-2020	5.9%	10.5%	27.8%	1.7%	0.3%	3.2%

For the location-based method, average emission factors related to national energy generation, published by national

²⁷ Scope 2 emissions are indicated in tons of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂eq), as can be inferred from the relevant technical literature.

governing bodies, were used for the various countries where operations are carried out. In particular: for Italian plants, reference was made to the ISPRA publication "Emission factors for electricity production and consumption in Italy"; the emission data of Indian plants were determined by applying the coefficients established by The Central Electricity Authority "CO₂ Baseline Database for the Indian power sector"; the data relating to the plants in Vietnam were calculated using the coefficients established by the "Department of Meteorology, Hydrology and Climate change - Ministry of Natural resource and Environment Vietnam".

For the market-based method, the factor reported in the document Residual Mix Results, Association of issuing bodies (AIB), was used for the Italian plants. For other countries, the same factors used for the location-based method were applied.

Emission intensity

As previously commented, in 2021 the Group improved the efficiency of its production processes. The table below provides evidence of the results achieved:

	EMISSIONS ²⁸		SALES	VEHICLES	EMISSIONS/	EMISSIONS/
	TON	MILLION EUROS	REVENUE	SOLD	REVENUE	VEHICLES SOLD
				(UNITS/000)	TON/MILLION EUROS	TON/UNIT/000
2021	54,867	1,669		536	33	102
2020	53,307	1,314		483	41	110
Delta	1,560	355		53	-8	-8
Delta %	2.9%	27.0%		11.0%	-19.0%	-7.3%

OTHER SIGNIFICANT EMISSIONS AT THE PRODUCTION SITES OF THE PIAGGIO GROUP²⁹

	PONTERERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
COV (Ton.)	2021	26.2		218.1	0.7	245.1
	2020	19.1		214.4	2.8	236.2
	Delta 2021-2020	37.2%		1.8%	-73.0%	3.8%

In 2021, a slight increase in overall VOC emissions was recorded compared to 2020 - a year characterised by prolonged production stoppages due to the pandemic - despite the significant growth in production. As for the Vietnamese plant, the strong reduction is due to the installation of a new plant for the absorption of harmful emissions.

Conserving water resources

Water consumption is one of Piaggio's main areas of focus and it has taken concrete action to implement its Policy of trying to reduce the consumption of energy and natural resources. Piaggio has consistently worked on this, analysing the water consumption of the Pontedera plant, which in a decade has more than halved its m³ consumption of well water. This reduction was made possible by plant upgrades (e.g. inverters on well pumps) and in more recent times by replacing less efficient systems with latest generation technologies (e.g. new 2R painting and new cataphoresis). The Baramati and Vinh Phuc plants reuse part of the water withdrawn as part of the effort to reduce consumption. The Pontedera, Baramati and Vinh Phuc plants are located in areas with high water stress (Source: Aqueduct Water Risk Atlas).

²⁸ Emissions from company cars and testing activities are excluded.

²⁹ The reported data were processed considering the emission of VOCs in terms of hourly mass flow, based on periodic monitoring, and the number of hours of operation of the plants in the reporting year. The indicator considers VOC (volatile organic compounds) released by solvents used in painting.

WATER WITHDRAWALS

MEGALITRES	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	INDIA	VIETNAM	TOTAL	OF WHICH WATER STRESS AREAS	
2021	Groundwater (total)	164	7	1		172	164	
	Freshwater (≤1,000 mg/L Total Dissolved Solids)							
	Other types of water	164	7	1		172	164	
	Third-party water (total)	61	15	1	207	111	395	379
	Freshwater (≤1,000 mg/L Total Dissolved Solids)				207	111	318	318
	Other types of water	61	15	1			78	61
Total	225	22	2	207	111	567	543	
2020	Groundwater (total)	159	5			164	159	
	Freshwater (≤1,000 mg/L Total Dissolved Solids)							
	Other types of water	159	5				164	159
	Third-party water (total)	72	30	1	215	95	412	382
	Freshwater (≤1,000 mg/L Total Dissolved Solids)				215	95	310	310
	Other types of water	72	30	1			102	72
Total	231	35	1	215	95	576	541	
Change	Groundwater (total)	5	2	1		8	5	
	Freshwater (≤1,000 mg/L Total Dissolved Solids)							
	Other types of water	5	2	1			8	5
	Third-party water (total)	(11)	(14)	1	(8)	16	(17)	(3)
	Freshwater (≤1,000 mg/L Total Dissolved Solids)				(8)	16	8	8
	Other types of water	(11)	(14)	1			(25)	(11)
Total	(6)	(13)	2	(8)	16	(9)	2	
Change %	-2.5%	-35.9%	295.3%	-3.7%	16.3%	-1.6%	0.3%	

Despite the increase in activity volumes, water withdrawals are broadly in line with the previous year. Piaggio will continue though with targeted activities and controls to further reduce water use, in the belief that minimising this resource is essential.

WATER DISCHARGES³⁰

MEGALITRES	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	INDIA	VIETNAM	TOTAL	OF WHICH WATER STRESS AREAS
Third-party water							
2021							
					89	89	89
	225	22	2			250	225
Total	225	22	2		89	338	314
Third-party water							
2020							
					76	76	76
	231	35	1			266	231
Total	231	35	1		76	343	307
Third-party water							
Change							
					12	12	12
	(6)	(13)	2			(17)	(6)
Total	(6)	(13)	2		12	(4)	7
Change %	-2.5%	-35.9%	295.3%		16.3%	-1.3%	2.2%

As regards waste water, environmental respect is ensured with processes to treat and purify waste water.

With reference to discharges, a summary of their destination by production site is provided below:

- **Pontedera:** the plant's drains are divided into two separate networks:

- one that collects "industrial" waste, originating from the painting plants, the wastewater preparation plant and the temporary waste storage areas, which could lead to the discharge of potentially polluted rainwater runoff;
- the other collects "non-industrial" waste (from the toilets, canteens and unpolluted rainwater).

The two networks are completely separate and both deliver to a purification hub outside the plant, where the wastewater, after initial chemical/physical treatment is then sent for biological treatment, after which is discharged into an open riverbed. A small part of the discharges, originating from the toilets of two areas of the plant, flows directly into the public sewage network which is directly connected to the biological system of the integrated water supply. From the tables above, it is assumed that all the water collected is discharged into the sewers, a part in the industrial network (about 100,000 m³) and the rest into the non-industrial network); it is obvious that both industrial and non-industrial discharges are strongly affected by the annual rainfall;

- **Noale:** all buildings are connected to the public sewer system; the waste water is of a non-industrial origin only (from toilets and the site canteen);

- **Scorzè:** the plant is not served by the public sewer system, so waste water is biologically purified at the site and then conveyed to the local Rio Desolino canal;

- **Mandello del Lario:** the plant discharges a part of waste water directly into the public sewer system (non-industrial waste water, canteen waste water, etc.), while waters used in the cooling plants are discharged into the Torrente Valletta stream;

- **Baramati:** waste water is treated and reused for internal purposes and irrigation;

- **Vinh Phuc:** the site has a chemical/physical purification plant for waste from painting pre-treatment operations before it is conveyed to the public sewer systems, where all other site waste (non-industrial waste) is sent. The final destination is in the public sewer system. A part of this water is re-used. In 2021 the recovery of waste water amounted to 15,850 m³, equal to 14.31% of the water withdrawn;

- **Commercial companies:** water use, which is only for toilet facilities and comes from the mains, coincides with waste water. The water use of these sites cannot always be recorded, as the sites are sometimes located at property which is not owned, where communal services are shared with other occupants.

³⁰ The water discharges of the Vietnamese plant are estimated to be 80% of water withdrawals.

WATER CONSUMPTION

MEGALITRES	PONTERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	INDIA	VIETNAM	TOTAL	OF WHICH WATER STRESS AREAS
2021	0	0	0	207	22	229	229
2020	0	0	0	215	19	234	234
Change	0	0	0	(8)	3	(5)	(5)
Change %	0	0	0	-3.7%	16.3%	-2.1%	-2.1%

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

Waste handling and recovering

The Company's desire to minimise the environmental impact of its industrial activities through careful calibration of the technological processing cycle and the use of the best technologies and most up-to-date production methods, as set out in its Policy, is also (and above all) expressed through waste management and recovery. Within the Management System based on the ISO 14001 standard, each plant has specific procedures that regulate waste management, guaranteeing above all the necessary compliance with the regulations, but above all the continuous improvement of performance aimed at reducing the quantity of waste produced and ensuring it is recycled.

The management activities consist of separate collection of the different types of waste, their correct categorisation through product classification or chemical analysis, internal handling without the possibility of accidental spillage, their storage in suitable temporary storage areas, the definition of contracts with companies specialised in recovery/disposal, and the management of all formalities, including paperwork, to ensure traceability of the waste until it reaches the final recipient.

In 2021, there was an increase of 14.1% in waste produced, which is to be correlated with the growth in production volumes (13.2% increase in vehicles produced).

At Italian plants, the percentage of waste sent for recovery improved, exceeding 93% of the waste produced.

Lastly, it should be noted that the separation of hazardous from non-hazardous waste and the possibility of recovering waste is affected by local regulations.

TON	ITALY			INDIA			VIETNAM			TOTAL		
	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL
2021												
Hazardous	260	504	764	71	115	186	1,281	-	1,281	1,613	619	2,232
Non-hazardous	298	7,863	8,161	97	1,797	1,893	160	412	572	555	10,071	10,626
Total	558	8,367	8,925	168	1,912	2,080	1,442	412	1,854	2,168	10,690	12,858
2020												
Hazardous	28	586	614	58	53	111	826	-	826	913	638	1,551
Non-hazardous	901	6,524	7,425	365	1,423	1,788	144	364	508	1,410	8,311	9,721
Total	929	7,110	8,039	424	1,476	1,899	971	364	1,335	2,323	8,949	11,272
Change												
Hazardous	232	(82)	150	13	62	75	455	-	455	700	(19)	680
Non-hazardous	(603)	1,339	736	(269)	374	105	16	48	64	(855)	1,760	905
Total	(371)	1,257	886	(256)	436	180	471	48	519	(155)	1,741	1,585

2021 TON.	ITALY			INDIA			VIETNAM			TOTAL		
	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL
Paints, varnishes and glazing, enamels, adhesives, sealants and inks	65	1	66	97	41	138	862	-	862	1,024	42	1,066
Waste from chemical surface treatment and coating of metals and other	3	-	3	66	-	66	-	-	-	69	-	69
Waste from the shaping and physical and mechanical surface treatment of metals and plastics	4	697	701	-	106	106	85	-	85	90	803	893
Oil and liquid fuel waste	1	6	8	1	14	16	-	-	-	3	21	24
Waste from organic solvents, refrigerants and propellants	103	54	158	-	-	-	-	-	-	103	54	158
Waste from packaging, absorbent material, wiping cloth, filtering and protective material not otherwise specified	101	6,211	6,312	-	1,154	1,154	50	322	373	152	7,687	7,838
Other waste not otherwise specified	34	476	510	2	74	76	7	14	21	43	565	608
Construction and demolition waste	18	800	818	2	365	368	-	7	7	20	1,172	1,192
Waste from waste management facilities, off-site treatment plants and preparation of water intended for human consumption and water for industrial use	-	-	-	-	-	-	323	-	323	323	-	323
Municipal waste	228	120	349	-	157	157	114	69	183	342	346	688
Total	558	8,367	8,925	168	1,912	2,080	1,442	412	1,854	2,168	10,690	12,858

2020 TON.	ITALY			INDIA			VIETNAM			TOTAL		
	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL	DISPOSAL	RECYCLING	TOTAL
Paints, varnishes and glazing, enamels, adhesives, sealants and inks	-	63	63	103	56	158	586	-	586	689	119	808
Waste from chemical surface treatment and coating of metals and other	-	-	-	58	-	58	3	-	3	60	-	60
Waste from the shaping and physical and mechanical surface treatment of metals and plastics	-	528	528	-	65	65	63	-	63	63	593	656
Oil and liquid fuel waste	1	8	9	-	18	18	1	-	1	2	26	28
Waste from organic solvents, refrigerants and propellants	-	134	134	-	-	-	-	-	-	-	134	134
Waste from packaging, absorbent material, wiping cloth, filtering and protective material not otherwise specified	-	4,584	4,584	-	999	999	51	288	339	51	5,871	5,922
Other waste not otherwise specified	687	404	1,091	1	49	50	3	18	21	690	471	1,161
Construction and demolition waste	2	1,310	1,311	1	290	291	-	8	8	2	1,608	1,610
Waste from waste management facilities, off-site treatment plants and preparation of water intended for human consumption and water for industrial use	25	-	25	-	-	-	156	-	156	181	-	181
Municipal waste	214	78	292	262	-	262	108	51	158	583	129	712
Total	929	7,110	8,039	424	1,476	1,899	971	364	1,335	2,323	8,949	11,272

The analysis by type of waste produced shows that packaging waste (cardboard, wood, etc.) and construction and demolition waste are predominant.

Avoiding soil contamination

In 2021, as in previous years, no spills or polluting events of significance occurred at any of Piaggio's sites.

At the Mandello and Pontedera, decontamination initiatives are under way due to historic contaminations. These situations emerged during demolition work in Mandello and during environmental monitoring campaigns in Pontedera. In both cases, the pollutants found have not been used in the production sites for several decades, providing the historical nature of their origin. In accordance with legal obligations, the two situations have been reported to the relevant authorities and are managed according to their instructions.

Environmental spending and investments

As proof of the Group's commitment to environmental sustainability, investments were made for the environment at Italian sites during 2021, directed in the Pontedera Plant to the construction of the new e-mobility department, where electric vehicles will be designed and developed. This last development, which is not included in the summary, has committed the company for more than €1,200,000.

ENVIRONMENTAL SPENDING AND INVESTMENTS IN ITALY

EUROS	2021	2020
Waste disposal, emissions management and environmental clean-up costs	1,360,743	970,546
Costs for prevention and environmental management	1,235,946	1,120,228
Total	2,596,689	2,090,774

Logistics

The Group has consolidated its logistics model aimed at benefiting from the synergies among various distribution centres in Europe and identifying opportunities for optimisation, paying particular attention to service quality aspects. To optimise distribution, the model provides for the following:

- the targeted management of departures and itineraries to be covered;
- the storage of vehicles produced in Italy at the distribution hub adjacent to the production site, of vehicles imported from abroad at the distribution hub corresponding to the type of product.

The procedure also regulates:

- the vehicles and equipment used by logistics operators certified by Piaggio, in accordance with the relevant quality standards;
- the replacement of vehicles for internal shuttling with others equipped with systems to cut CO₂ emissions;
- the collection of packaging from dealers and related disposal in accordance with local regulations in force;
- the disposal with separate collection of waste materials and replacement of packaging;
- printing only documents which are necessary.

Thanks to the centralised management of all logistics centres (Pontedera, Scorzè, Mandello):

- the number of trips needed to transfer stock between centres has been optimised;
- The use of electronic archives for storing shipment documents has been consolidated and paper copies have been reduced;
- printing of shipping documents to be sent to end customers has been minimised, and electronic documents are used whenever possible.

In 2020, the three-year distribution contract for two-wheeler vehicles became operational.

The difficult situation caused by the COVID-19 pandemic has unfortunately not allowed maximum efficiency to be achieved. In addition, England leaving the European Community also generated difficulties in distribution at the beginning of the year, partially offset during the same year. This led to an inefficiency in distribution operations per vehicle in 2021 equal to 2.34%, mitigated by an improvement of 3.25% for commercial vehicles compared to the previous year, also due to the rationalisation of the product range.

As part of activities to streamline the distribution warehouses at the Pontedera production hub, the crating process, with vehicles only being crated during the dispatch stage, made it possible to optimise vehicle stock. This meant that for scooters from Asia (excluding those from India) transit necessary for transport to Europe was optimised.

Activities have started to have paperless transport documents as far as possible so that hard copy documents can be nearly entirely phased out.

The production centres in India and Vietnam also set up procedures aimed at minimising the number of trips for shipping produced vehicles and consumption of packing materials.

THE SOCIAL DIMENSION

Developing human resources

Human resources, with their skills, capacities and dedication, are a key factor in Piaggio's competitiveness and growth.

Everything we do as individuals or as a team is shaped by our strategic vision, our results-driven approach, our constant commitment to customer satisfaction, our desire for innovation and our awareness of future market scenarios, to generate value for each and every stakeholder. People are the key element that enables us to meet challenges in an increasingly dynamic and competitive international scenario.

It is for these reasons that Piaggio places such central importance on people in the organisation, assuring them our respect and protection in all Group companies.

Staff

Over the years, the Group has always focused on aligning its organisation with international best practices. During 2021, Piaggio adopted organisational initiatives to deal with the impacts of the COVID-19 emergency and support the commercial, innovation and development objectives of new products, while maintaining efficiency and productivity targets.

As of 31 December 2021, Group employees totalled 5,702, down overall by 2.6% compared to 31 December 2020.

COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

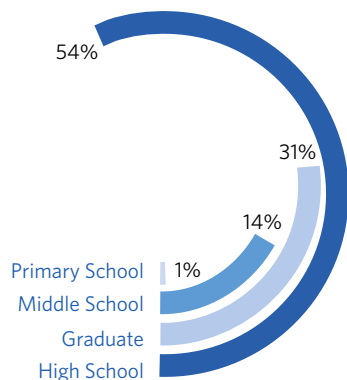
EMPLOYEE/STAFF NUMBERS	2021	2020
EMEA and Americas	3,295	3,331
<i>of which Italy</i>	3,026	3,057
India	1,328	1,550
Asia Pacific 2W	1,079	975
Total	5,702	5,856

AVERAGE NUMBER OF COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY

EMPLOYEE/STAFF NUMBERS	2021	2020
Senior management	109	106
Middle management	672	664
White collars	1,616	1,673
Blue collars	3,762	3,791
Total	6,159	6,234

COMPANY EMPLOYEES BY EDUCATIONAL QUALIFICATIONS AS OF 31 DECEMBER 2021

EMPLOYEE/STAFF NUMBERS	GRADUATE	HIGH SCHOOL	MIDDLE SCHOOL	PRIMARY SCHOOL	TOTAL
EMEA and Americas	804	1,647	815	29	3,295
<i>of which Italy</i>	625	1,576	801	24	3,026
India	503	825	0	0	1,328
Asia Pacific 2W	448	629	2	0	1,079
Total	1,755	3,101	817	29	5,702



COMPANY EMPLOYEES BY EDUCATIONAL QUALIFICATIONS

An entry turnover rate of 5.2% and leaving turnover rate of 6.1% were recorded in Italy in 2021 (excluding staff on a fixed-term contract).

GROUP EMPLOYEE TURNOVER AS OF 31 DECEMBER 2021

EMPLOYEE/ STAFF NUMBERS	NEW RECRUITS												% TURNOVER		
	< 30			30-50			> 50			TOTAL			M	W	TOTAL
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL			
EMEA and Americas	53	9	62	46	11	57	10	-	10	109	20	129	4.8%	1.9%	3.9%
India	28	1	29	58	1	59	2	1	3	88	3	91	6.8%	9.7%	6.9%
Asia Pacific	28	7	35	38	4	42	1	1	2	67	12	79	7.6%	6.1%	7.3%
Total	109	17	126	142	16	158	13	2	15	264	35	299			
% Turnover	19.3%	16.2%	18.8%	5.5%	2.2%	4.7%	1.0%	0.5%	0.9%	5.9%	2.8%	5.2%			
EMPLOYEE/STAFF NUMBERS	LEAVERS												% TURNOVER		
	< 30			30-50			> 50			TOTAL			M	W	TOTAL
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL			
EMEA Americas	13	10	23	35	16	51	73	17	90	121	43	164	5.3%	4.2%	5.0%
India	23	3	26	93	2	95	18	-	18	134	5	139	10.3%	16.1%	10.5%
Asia Pacific	22	2	24	16	4	20	-	-	-	38	6	44	4.3%	3.0%	4.1%
Total	58	15	73	144	22	166	91	17	108	293	54	347			
% Turnover	10.3%	14.3%	10.9%	5.6%	3.0%	5.0%	7.0%	4.2%	6.4%	6.6%	4.3%	6.1%			

Personnel management policies

Piaggio adopts a system of recruitment, development and salary packages for personnel which recognises and rewards merit and performance. Any type of discrimination is specifically forbidden by the Code of Ethics. The primary focus on human resources and the development of core competencies for business development are the cornerstone of relationships with people and are reflected in the following corporate policies:

COMPETITIVE ORGANISATION

The Group pursues an innovative organisational approach as a way to create a competitive edge and support a multicultural, multinational, lean organisation focused on the customer and on generating value. In its relations with staff and regardless of the work they carry out, Piaggio respects the principles set forth by the Group's Code of Ethics in all circumstances, as well as the laws in force in the geographic areas where it operates. Piaggio does not resort to child labour according to the age limits in force in the various countries or to forced labour and adheres to main international laws, such as the UN Convention on the Rights of the Child (UNCRC) and the 1998 Human Rights Act.

RECRUITMENT AND INTERNAL MOBILITY

During 2021, resourcing activities mainly focused on highly professional and specialised positions, and new professional competencies in the e-mobility and cyber security area.

Recruitment is now fully supported by digital tools, so that a common methodology can be adopted at a global level. Alongside external recruitment, the number of positions filled by internal candidates has remained steady, with a view to job rotation and career development.

CAREER DEVELOPMENT

Development and career paths at Piaggio are mainly based on the assessment of managerial and technical skills, behaviour, performance and potential, with the aim of creating a pool of highly motivated individuals to fill key positions.

The development of the core skills necessary to remain in step with evolving markets and business is a priority. This is why the Group's human resources development policies focus on building, maintaining and developing factors that are instrumental for competing in international contexts which are continually evolving.

The Group's managerial and professional competencies model

Piaggio has identified a managerial skills model, which constitutes the set of behaviours to be put into practice each day, in order to ensure the success of the manager in question and the Group as a whole at global level.

At the same time, Piaggio has developed a reference model regarding the various professional skills required, which represent the shared assets of professionalism and expertise that constitute the true foundation of the company, and serve as the only real guarantee of continuity and quality of results.

In 2021, detailed periodic gap analysis was conducted, in order to set up training and continual professional development plans.

THE GROUP'S MANAGERIAL COMPETENCIES MODEL



Development paths

The goal of the development tools is to build and improve the managerial and professional skills required by the respective models, while realising potential and assessing and rewarding excellent performance, as well as safeguarding specific technical know-how. Specifically, the tools used by Piaggio include:

- development plans, which identify the actions to be taken for employee development;
- job rotation and participation in strategic or international projects;
- management and professional training (see "training" section);
- the talent management programme for younger employees (see the "talent management" section).

Career paths

Resources are encouraged to follow a career path focused on continual improvement through training and development of their expertise, so they can successfully tackle the changes and challenges of the near future.

Performance appraisal processes for succession planning are created to develop the technical expertise and managerial skills of resources, in order to consolidate the Group's leadership role. Expatriation and job rotation, plus Talent Development programmes are key to encouraging the growth of resources and laying the foundations for shaping the managers of tomorrow.

In line with market best practices, Piaggio deploys a number of tools for the supervision and management of succession plans with regard to key Group positions, and in 2021, the Group used the global IT platform to test the methodology implemented, which also takes into account the skills and performances recorded each year.

EVALUATION

The Group places great importance on using transparent criteria and methods for reviewing employees with respect to:

- performance,
- managerial and professional competencies and language skills,
- international mobility,
- potential,
- professional aspirations and goals,

as regards their specific role and company needs.

Both the evaluator and the person being evaluated are given the opportunity to share the result of the performance and skills assessment, and to add to this with suggestions for the establishment of the individual development and training path, to be implemented in accordance with a clearly defined time scale through the dedicated SAP SuccessFactors IT platform.

Employees are evaluated by comparing their competencies against the company model for their specific role, as evidenced by concrete and observable behavioural indicators relative to their everyday work. The review process is managed in an integrated way through a dedicated IT platform and provides the information necessary for the processes of succession planning, management reviews and a gap analysis of professional competencies, which are conducted across the Group.

PERCENTAGE OF EMPLOYEES WHO RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS IN 2021³¹

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

Talent Management: The talent development programme

Programmes to manage young talent are one of the main tools used for development, attraction and retention. The programmes are aimed at employees around the world who show high potential, great enthusiasm for their work and the courage to undertake new directions, in order to identify and ensure a growth path for the most deserving resources.

³¹ The company population and work performance during an appraisal period of at least 6 months is considered.

In general, these programmes allow talented employees to access customised development plans, which comprise:

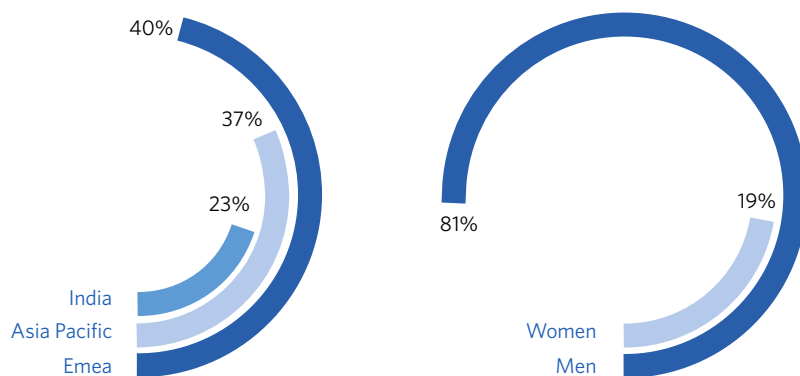
- coaching and personalised training;
- strategic and international projects;
- job rotation.

The programmes include Piaggio Way, which involves employees under 35 years of age, from all geographic areas of the Group. At present 30 employees are involved, in addition to a community of 66 students who have completed their development plan and who still remain active in the programme.

The geographic breakdown of active participants is as follows: 40% EMEA, 23% India, 37% Asia Pacific.

Access to the programme is on a meritocratic basis and includes an assessment by a third party to guarantee the impartiality and objectivity of the evaluation.

A structured Talent Review process is conducted each year to verify programme participation.



**GEOGRAPHIC
DISTRIBUTION
OF TALENT AND
BREAKDOWN BY
GENDER AS OF 31
DECEMBER 2021**

TRAINING

Training is one of the tools used to consolidate and develop the competences of resources and strengthen their motivation. In particular, the Piaggio Group's training system is based on four main clusters: managerial, vocational/technical, linguistic and Health & Safety (H&S).

Training activities are managed with the support of an IT tool that includes the following steps:

- annual analysis of training needs with line Managers, HR Managers and H&S (for safety aspects) taking into account gaps emerging from performance appraisals, development and career plans and specific business projects;
- planning of training activities in line with the Piaggio competency model;
- planning and delivery of courses with the identification of participants' level of satisfaction.

The analysis of occupational health and safety training needs is carried out together with the Health & Safety department, with the aim of meeting legal obligations, observing company procedures introduced to strengthen awareness and enhance knowledge of specific risks and respond to any specific needs.

In 2021, taking into account the limitations due to anti-COVID measures, classroom training activities were reduced and the use of digital tools for training (e-learning courses and synchronous training in virtual classrooms) was consolidated.

Technical/professional training focused considerably on the development of skills in design, vehicle planning, programme management and the implementation of innovative tools for data management and team collaboration. In Italy, training was also carried out in e-learning mode for over 600 resources on compliance issues pursuant to Legislative Decree 231, on the crimes related to this Decree, and on the specific methods of conduct indicated by the Piaggio Code of Ethics and Organisational Model.

As part of a specific project, more than 1,500 hours of training/awareness-raising were provided to Indian employees on the prevention of sexual harassment crimes.

TRAINING HOURS³² BY AREA OF INTERVENTION AND GEOGRAPHIC SEGMENT

THEMATIC AREA	2021				2020			
	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Managerial training	2,161	16,484	1,013	19,658	712	9,224	3,213	13,149
Technical - professional training	7,802	28,290	2,875	38,967	4,236	12,941	2,294	19,471
Language training	2,795	157	1	2,953	2,850	1,093	104	4,047
Health and safety training	11,272	9,379	4,020	24,671	11,287	9,849	4,578	25,714
Total	24,030	54,310	7,909	86,249	19,085	33,107	10,189	62,381

TRAINING HOURS BY GENDER

THEMATIC AREA	2021			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managerial training	18,286	1,373	19,658	11,673	1,476	13,149
Technical - professional training	35,215	3,752	38,967	18,239	1,232	19,471
Language training	1,728	1,225	2,953	2,864	1,183	4,047
Health and safety training	21,813	2,857	24,671	22,342	3,372	25,714
Total	77,042	9,207	86,249	55,118	7,263	62,381

TOTAL TRAINING HOURS BY PROFESSIONAL CATEGORY

HOURS	2021			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	816	61	877	771	120	891
Middle management	14,806	627	15,432	11,611	616	12,227
White collars	22,221	4,598	26,819	18,614	4,066	22,680
Blue collars	33,193	3,275	36,468	17,431	2,260	19,691
Other workers ³³	6,006	647	6,653	6,692	201	6,893
Total	77,042	9,207	86,249	55,118	7,263	62,381

HOURS PER CAPITA	2021			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Senior management	8.2	7.6	8.1	7.7	17.1	8.3
Middle management	25.0	7.7	22.9	19.9	7.9	18.5
White collars	19.2	10.4	16.8	15.7	9.2	14.0
Blue collars	12.8	4.5	11.0	6.4	3.1	5.7
Total	16.0	6.8	14.0	10.5	5.6	9.5

³² The figure does not include hours of on-the-job training.

³³ This category includes agency workers and interns.

REWARDS

Reward policies are designed to reward individuals and recognise their contribution to the company, according to the criteria of competitiveness, fairness and meritocracy, which are openly shared throughout the evaluation processes, in order to motivate and retain those individuals who make significant contributions to the achievement of business results.

The Group reward system is differentiated for the various professional groups in the company, and consists of a fixed salary component and variable objective- and benefits-based incentive systems.

In Italy, in 2021 Piaggio set up a digital platform to manage welfare services, through which employees can exercise the choice options provided for in their national employment contracts and supplementary company agreements.

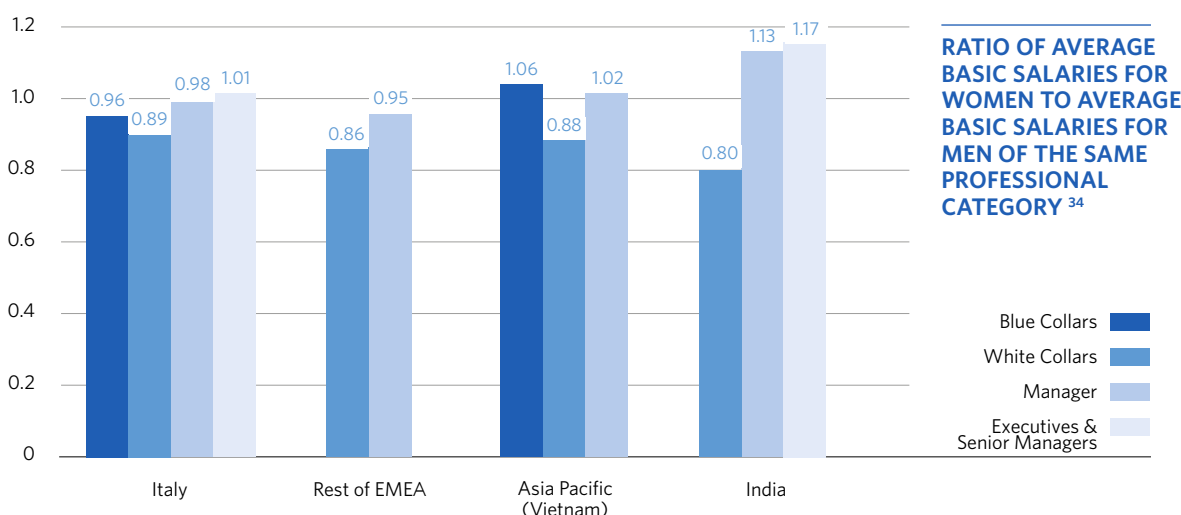
Salary packages

Piaggio offers to new recruits and all its employees a salary package in line with best market practices. Accordingly, Piaggio has adopted a structured salary review process based on:

- comparing salaries with market benchmarks, considering the market positioning of the company as a whole and the review of individual organisational roles, which is periodically revised. Comparisons are conducted using internationally recognised methods, with the support of specialist consultants;
- setting out guidelines for the salary review process that take into account company results and focus on criteria of meritocracy, competitiveness, internal fairness and sustainability;
- the timely identification of fixed and variable remuneration actions, consistent with defined guidelines, with meritocratic logics and the retention needs of strategic resources for the business, also with a view to the development of roles defined through the succession planning process.

An analysis performed on a single country basis did not reveal any significant differences between the basic salary and remuneration of men compared to women with the same category, experience and assigned duties.

Piaggio complies with labour laws in the various countries where it operates, adopting collective bargaining agreements where applicable.



³⁴ In individual geographical areas, the categories not represented do not have female employees or their small number would make the calculation insignificant.

Objective-based incentive systems

The achievement of excellent results in terms of objectives set by the company is rewarded through variable incentive systems, focused on business-related qualitative and quantitative objectives as well as on the internal efficiency of each area of responsibility.

The full process of setting objectives and reviewing results is conducted with employees, using objective criteria.

Benefits

Piaggio offers a benefits package in line with best local market practices, which is structured on an organisational basis. Benefits include, by way of example:

- company car;
- private health insurance;
- company medical centre at various production sites;
- agreements with local groups and facilities of interest for employees.

Benefits are provided to full-time as well as to part-time employees without differentiation.

DIVERSITY AND EQUAL OPPORTUNITIES

Piaggio operates globally with a diversity of employees, in terms of age and gender, in Europe, America, India and Asia. Staff diversity represents values and opportunities arising from various different ways of pursuing and achieving the highest levels of performance within a single, broader Group organisational design.

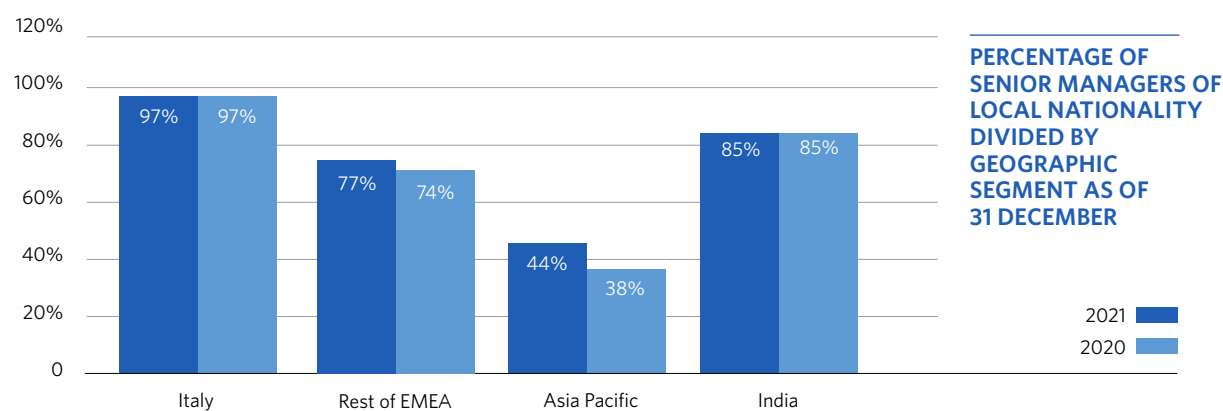
For Piaggio, managing diversity means acknowledging and respecting differences as part of the shared substratum of company culture. The Group therefore rejects any form of discrimination on the basis of gender, age, nationality, ethnic background, ideology or religion. It operates in strict compliance with law and with contractual requirements, and in keeping with the customs, practices and usages of each country in which the Group operates.

The Group's concrete commitment to embracing diversity is reflected by its adoption of a Code of Ethics, conformity to international laws on equal opportunities and use of policies that protect forms of diversity already found within the company.

The Group seeks to spread its culture and values throughout the world through shared digital platforms (company Intranet and tools supporting the work of HR such as the Success Factor, Piaggio Global Training), with a view to creating the conditions for fostering an international mindset and a building a truly multinational organisation, in which all employees can benefit from equal opportunities.

Human resources management processes are conducted applying the same principles of merit, fairness and transparency in all the countries in which the Group operates, with the accent placed on aspects of relevance for the local culture.

Piaggio selects and hires its staff based solely on the candidates' characteristics and experiences and the requirements of the position. As shown in the graph below³⁵, Piaggio promotes and supports the recruitment of candidates from many parts of the world, to contribute to the international mindset that is a key value for the Group.



³⁵ Figures include senior managers, first- and second-level executives reporting to top management at Piaggio & C SpA, and the first- and second-level executives of subsidiaries. The term local refers to the national level and local senior managers means senior managers with nationality the same as the country where they work.

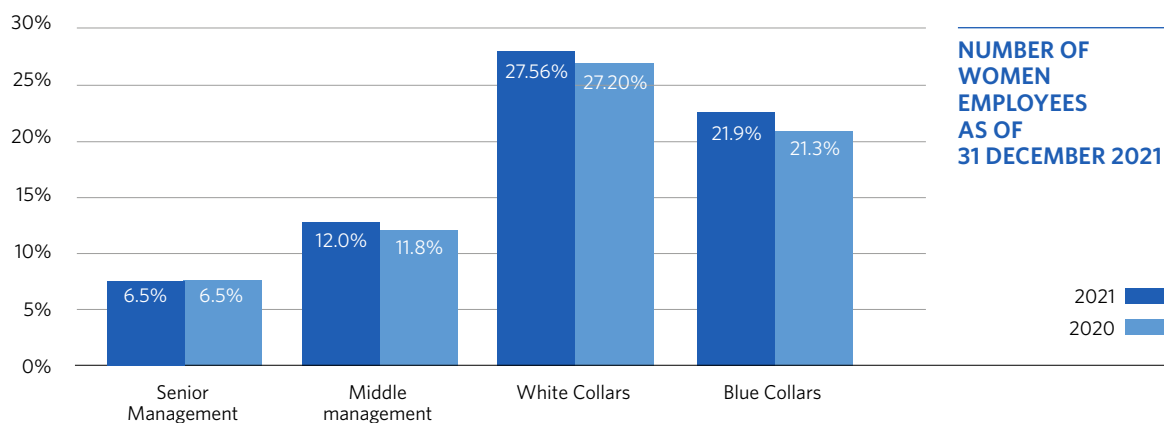
In order to promote and sustain intercultural exchange and diversity management, the Group encourages the international mobility of its people, enabling the reciprocal secondment of employees between Group companies.

Female employment

Female employees at Piaggio play a fundamental role at all levels of the organisational structure. Females make up 22% of the workforce, in line with the previous year in all professional categories.

COMPANY EMPLOYEES BY GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

	2021		2020	
	MEN	WOMEN	MEN	WOMEN
EMEA e Americas	2,268	1,027	2,287	1,044
<i>of which Italy</i>	2,059	967	2,073	984
India	1,297	31	1,517	33
Asia Pacific	882	197	788	187
Totale	4,447	1,255	4,592	1,264



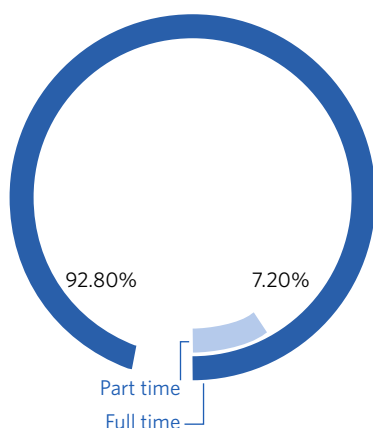
COMPANY EMPLOYEES BY CONTRACT TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2021

N. PERSONE	FIXED-TERM CONTRACT			OPEN-ENDED CONTRACT		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA e Americas	15	1	16	2,253	1,026	3,279
<i>of which Italy</i>	15	1	16	2,044	966	3,010
India	148	10	158	1,149	21	1,170
Asia Pacific	294	65	359	588	132	720
Totale	457	76	533	3,990	1,179	5,169

Equal opportunities are offered to employees of both genders, with concrete initiatives in place to help people strike a balance between work and domestic life. Such initiatives include alternatives to full-time work.

COMPANY EMPLOYEES BY PROFESSION, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2021

EMPLOYEE/ STAFF NUMBERS	FULL TIME			PART TIME		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	2,234	837	3,071	34	190	224
<i>of which Italy</i>	2,027	781	2,808	32	186	218
India	1,297	31	1,328	0	0	0
Asia Pacific	882	197	1,079	0	0	0
Total	4,413	1,065	5,478	34	190	224



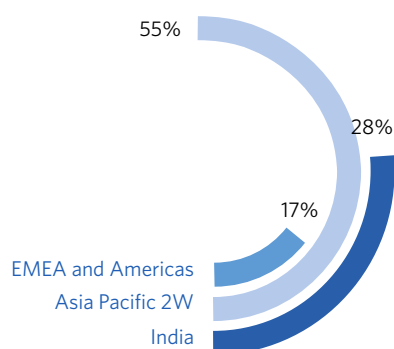
PART-TIME EMPLOYMENT IN ITALY AS OF 31 DECEMBER 2021

Young employees

Within the Group, the company's largest population is in the 30-50 age group. The generational mix is essential for more experienced workers, who can set an example and pass on skills and abilities learned over time, to impart their knowledge to younger employees.

COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE BRACKET AS OF 31 DECEMBER

EMPLOYEE/STAFF NUMBERS	< 30	30-50	> 50	TOTAL	
2021	Senior management	0	42	66	108
	Middle management	1	463	209	673
	White collars	174	1,019	407	1,600
	Blue collars	494	1,809	1,018	3,321
	Totals	669	3,333	1,700	5,702
2020	Senior management	0	43	64	107
	Middle management	1	463	197	661
	White collars	218	1,056	351	1,625
	Blue collars	697	1,885	881	3,463
	Totals	916	3,447	1,493	5,856



COMPANY EMPLOYEES UP TO 30 YEARS OF AGE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2021

Parental/maternity leave

Our companies apply laws passed by pertinent national legislation.

The Group does not discriminate in any way against women who take maternity leave. Indeed, to support work-child care balance, a horizontal part-time contract has been granted to 184 employees in Italy. In addition, as further support for work-life balance, employees at the Pontedera site can benefit from an agreement for childcare support (see the Industrial Relations section). As demonstration of the above, the following information has been provided for the companies where the phenomenon is more numerically significant³⁶.

	EMEA & AMERICAS (INCLUDING ITALY)			ASIA PACIFIC		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Employees on maternity/paternity leave during 2021	25	17	42	101	21	122
Employees returning in 2021 after maternity/paternity leave	25	10	35	99	20	119
Employees returning in 2020 after maternity leave	19	12	31	110	17	127
Employees returning to work and on the payroll 12 months after returning from maternity/paternity leave	18	11	29	95	20	115
Retention rate (%)	94.74%	91.67%	93.55%	86.36%	117.65%	90.55%

In Italy, all employees who are parents of a child³⁷ up to 12 years of age are entitled to an additional period of absence from work. In Vietnam, this opportunity is guaranteed up to 7 years of age.

ENGAGEMENT AND DIALOGUE WITH STAFF

The Piaggio Group's internal communication guidelines are designed to keep employees informed with regard to business performance and prospects, bringing them closer to top management strategies.

The system is based on the conviction that sharing strategic objectives with every employee is a key factor to success. Piaggio uses communication and information tools which respect and empower the social and cultural realities within the Group.

In particular, in Italy there is an active national Intranet portal, "PiaggioNet", which provides information on the Group, with company news and the latest on the product ranges of the various brands, as well as a range of staff services (e.g. transfer management, manuals/internal procedures, Piaggio Global Training platform and direct access to the online company publication Wide Piaggio Group Magazine, which is also published on the Group's websites, updated on a continual basis and available in Italian and English versions).

In order to facilitate communication with employees and workers and dematerialise the payroll distribution process, a specific portal accessible to employees has been set up.

Similar information is made available to the employees of foreign subsidiaries through the dedicated Intranet portal "PiaggioNet International", whose contents are published in English.

Additional specific initiatives are provided for employees of premises in Vietnam and India.

³⁶ The figures refer only to parental leave requested up to the child's first birthday.

³⁷ Natural, adopted or in foster care.

Industrial relations

The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focused on attention, engagement and a common understanding; in fact ongoing dialogue is considered as fundamental for finding the best solutions to specific company needs.

The Group's approach lies in involving workers and their representatives in the pursuit of company objectives, establishing a continuous dialogue with them. The solutions and conduct adopted in various countries where the Group operates are in line with the social and institutional context, but are always consistent with the fundamental principles and overall needs of the Group.

Piaggio complies with the labour legislation of countries where it operates.

Permanent employees working at the Group's production companies have 100% salary and welfare cover, in accordance with law and collective bargaining agreements.

Italy

During 2021, dialogue and discussion with Trade Unions and with workers' representatives continued with the aim of seeking shared solutions in the context of an international scenario that has been characterised by the ongoing COVID-19 pandemic crisis and, also following repercussions due to this health emergency, by phenomena that have had negative impacts on the supply of production systems in terms of the service level of transport and availability of raw materials; these situations were managed through the use of the Ordinary Redundancy Fund. On the other hand, the excellent response from the markets to the Piaggio Group's products, together with the expectations of growth in demand for two-wheelers expected for 2022, led to the signing of a trade union agreement at the end of November 2021 which launched a fixed-term recruitment plan for a maximum number of 580 people, to strengthen the workforce of the group's plants in Pontedera (Pisa), Mandello del Lario (Lecco) and Scorzè (Venice) as early as the first quarter of 2022. Under the agreements signed with the trade unions, workers who have already had experience at Piaggio over the last few years will be hired, to avoid wasting skills acquired and at the same time allow for a more effective response to changing market trends. In addition, as regards the Pontedera site, 50 people will be recruited on an indefinite contract by March 2022, and for the Moto Guzzi production hub, vertical part-time workers and some of the leasing³⁸ staff at the Company will switch to permanent employment.

As far as the COVID-19 health crisis is concerned, discussions continued within the framework of the company's Control Committees, set up at individual sites, to verify the application of rules to combat and contain the spread of the COVID-19 virus in the workplace, and discuss and identify suitable tools to deal with pandemic emergency scenarios. These Committees were attended by the company trade union representatives and workers' safety representatives (RLS). With reference to collective bargaining, the National Collective Bargaining Agreement (CCNL) for workers in the private metalworking and plant installation sectors was confirmed as valid throughout Italy. In February 2021, an agreement was reached to renew the CCNL, which had expired at the end of 2019.

In December 2019, an agreement with local trade unions and trade union representatives was signed at the Ministry of Labour and Social Policies, to continue the Special Redundancy Fund for reorganisation only at the Scorzè site from 9 January 2020 to 8 January 2021; this Fund, temporarily suspended, after the Ordinary Redundancy Fund had been used, was initially restarted for the period from 1 July 2021 to 9 April 2022. Finally, following a company agreement signed on 17 December 2021, the Parties agreed to the early termination of the company reorganisation programme on 31 December 2021.

The number of hours lost due to strikes in 2021 increased overall, but this is attributable to causes linked to general/category strikes (the number of hours not worked in this respect went up from 1,596 in 2020 to 9,919 in 2021), while the number of hours lost due to causes linked to company micro-conflicts showed a significant decrease (-18%) compared to the previous year (15,816 in 2020 and 12,920 in 2021).

It should be noted, however, that the figures regarding micro-conflicts, in absolute terms, are negligible and are attributable solely to initiatives of a minority of trade union representatives.

All corporate micro-conflict events referred to the Pontedera site.

³⁸ Staff leasing means provision for an indefinite period.

The table below provides a summary of the hours lost due to strikes in the last three years at the company's sites in Italy:

		2021	2020
No. of hours lost due to strikes	general/category	9,919	1,596
	company	12,920	15,816
	Total	22,839	17,412
% hours lost compared to hours worked ³⁹	general/category	0.35%	0.06%
	company	0.46%	0.75%
	Total	0.81%	0.83%
No. of days lost due to strikes	general/category	1,240	200
	company	1,615	1,977
	Total	2,855	2,177

A structured company welfare system has been established in Italy, with services that aim to increase the well-being of employees and their families, in economic and social terms.

In general, a supplementary health care fund (Métasalute) for the engineering sector has been in place since the end of 2011, based on a national trade union agreement. Membership of the plan has been automatic for all Group employees since October 2017.

The scheme also includes health benefits/services for employees:

- at Pontedera, the company medical centre for employees has specialists (an optician, an orthopaedic specialist, a lung specialist, a dermatologist and an ENT specialist) for consultations during working hours;
- in Noale/Scorzè and Mandello del Lario paid leave is provided for all employees for specialist visits outside the Company and for clinical analysis, as well medical test/examination monitoring.

All sites also offer employees flu vaccinations free of charge.

India

In India, trade unions have a two-tier structure: one at company level and the other at local/area level; this structure is also replicated at the Indian subsidiary, where the trade union system comprises a company trade union committee with Piaggio worker representatives, and a central trade union committee, which is the highest hierarchical level, with members selected by the trade union. The company union committee consists of 8 members elected annually by the workers.

At the Indian subsidiary, a collective company agreement is periodically discussed and signed, which was renewed in March 2018 valid for four years.

In 2021, the impact of the pandemic on the business and on regulations called for considerable effort to adapt production to the complex and changing scenario. This effort was facilitated by constructive dialogue with trade union representatives. In this regard, there were no strikes in 2021.

In 2021, the main industrial relations activities focused on:

- maintaining the productivity levels of workers defined by the company agreement. Based on these indicators, levels of manpower connected with varying levels of production were established;
- a further increase in flexibility also made necessary by the changing pandemic scenario and achieved, in addition to the already planned and regulated use of temporary flexible labour, through specific agreements with trade union representatives. These agreements governed attendance and the shift schedule also in order to adapt them to operating methods ensuring a necessary level of social distancing;
- maintaining and improving positive and cooperative relations with workers and trade unions;

³⁹ For the calculation of the %, only the hours of production staff were considered.

- guaranteeing full compliance with labour legislation (for example in the field of health care following the spread of COVID-19, the use of new schemes for the administration and training of temporary workers, the prevention of sexual harassment in the workplace etc.);
- employee engagement to improve the business climate and, accordingly, employee motivation. In line with this approach, Piaggio organised numerous activities to engage its employees, including health check-ups and prevention, initiatives to raise awareness of health and safety, the purchase of books and uniforms for the children of employees.

Vietnam

In Vietnam, trade union representatives at a company level (selected by a company trade union committee) are tasked with protecting employees, helping them to understand aspects concerning labour regulations and company policies, and providing economic support for some company initiatives benefiting employees.

In particular, the current Trade Union Committee, elected in February 2019 and comprising 15 members who will remain in office for 3 years, made an excellent contribution in 2021, having sponsored and assisted the company in a number of initiatives to bolster employee motivation.

In 2021, due to the COVID-19 pandemic, activities focused on preventing and limiting infection.

In particular, in addition to specific health-related initiatives (delivery of masks to all employees, availability of sanitiser, particular attention paid to periodic cleaning of the workplace), changes were introduced to regulate attendance and shift schedules, in order to guarantee changes to operating methods to ensure necessary social distancing (alternating shifts, smart working).

No strikes took place in 2021.

Occupational health and safety

For the Piaggio Group, workplace health and safety is a corporate value, and continuous improvement is an integral part of its activities, representing a clear strategic commitment to the Group's more general objectives. This principle is valid and applied in all countries where the Piaggio Group operates. In particular, Piaggio continually pursues concrete actions aimed at:

- a continual and systematic evolution towards ever higher safety standards, which considers the assessment of occupational safety and related tools, starting from the definition of new activities, or when reviewing existing ones;
- a safer conduct through the education, information and awareness of all workers, to enable them to perform their duties safely and with awareness, and have a central role and be accountable for occupational health and safety aspects.

All employees guarantee and work together to put in place effective occupational health and safety programmes, to safeguard their own safety and that of others, based on interdependence.

Prevention and protection activities to safeguard the health of workers in a complex industrial context like the Piaggio Group, both in Italy and abroad, can only be achieved effectively through an adequately structured organisation which specifically aims to foster a "culture" of safety within the company. This context encompasses "Safety Culture" training and development initiative which shape and will shape current and future strategies. The belief that prevention must steer behaviour and daily activities, at all levels, has led the Piaggio Group to adopt very similar safety management standards in all the countries where it operates, regardless of any regulatory constraints that are less stringent than the Group's standards. From this perspective, the plants in Italy, Vietnam and India have an Occupational Health and Safety management system certified by a certification body accredited according to ISO 45001 standard (Occupational Health and Safety Management System). Audits are conducted annually and were successfully completed in 2021. The ISO 45001 certified management system applies to 83% of all Piaggio Group employees worldwide. Production processes or company support processes are subject to a risk assessment, conducted according to a systematic process, and with the support of external specialised technical resources

where necessary, with registration in specific Risk Assessment Reports. Specific procedures are in place for change management, both with a view to risk prevention and to identify opportunities for improvement (ergonomics, plant safety, etc.). In addition, a consolidated system of immediate reporting and analysis of accidents, dressings and near misses is in place, with standardised methods and defined working groups, in order to identify the root causes of these events and prevent the occurrence of accidents or recurrence. All workers, consultants and suppliers who enter the Group's sites are required to comply with this management system which provides for internal and external audits on compliance with procedures adopted. In 2021, initiatives were further developed to mitigate occupational health and safety impacts within the commercial network. In particular, the manual with technical instructions for maintenance operations was supplemented with general rules on safe conduct, to be observed by service network personnel during maintenance activities. Promoting health is another important aspect for Piaggio, and this is achieved based on two main areas of action: free testing and information campaigns on healthy lifestyles. Each Group site has a health unit for prevention, surveillance and first aid, manned by specialist medical and paramedical staff. To respond to the COVID-19 emergency, Piaggio has adopted measures to ensure social distancing, the sanitisation of workstations and communal areas, taking people's temperature at the site entrance, the adoption of specific PPE (e.g. distribution of masks and sanitising gels).

Italy

The health emergency caused by the spread of the COVID-19 pandemic has led to the introduction of organisational, procedural and technical measures to prevent contagion in the workplace, as per the company protocol signed with the company trade union representatives for each site and in line with the "Shared regulation protocol for measures to combat and contain the spread of the COVID-19 virus in the workplace" between the Government and social partners.

Corporate control committees have also been set up to monitor the adoption of rules to combat and contain the spread of the COVID-19 virus in the workplace, with the participation of company trade union representatives and workers' safety representatives (RLS) at each site.

At the same time, specific strategies to contain the virus were defined in collaboration with competent doctors for people who tested positive or were suspected to be positive (nose/throat swabs, company contact tracing, etc.).

Starting from 2021, a post-COVID medical evaluation and support service has been operating for employees who have contracted the virus, with specialist follow-up visits, in addition to clinics which are already running, that employees can access free of charge for specialist visits (dermatology, pulmonology, orthopaedics, etc.) at the Pontedera Company Medical Centre. A "COVID passport" monitoring system was set up all Italian offices in 2021, for access to all company areas.

OCCUPATIONAL ACCIDENTS AT ITALIAN PLANTS⁴⁰

	PONTERERA	NOALE AND SCORZÈ	MANDELLO
2021			
Hours worked	4,206,574	767,712	255,760
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	57	6	1
Rate of recordable occupational accidents	13.6	7.8	3.9
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0
2020			
Hours worked	3,458,896	607,436	189,009
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	42	3	2
Rate of recordable occupational accidents	12.5	5.0	11.0
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0

Injuries that occurred at Italian sites in 2021 refer solely to Group employees and mainly involved bruising and injuries. No injury lasted longer than 6 months.

The injuries are mainly attributable to conduct, such as distractions, inadequate behaviour, failure to comply with procedures.

As for external companies operating at Piaggio's Italian production sites, no accidents were recorded in 2021, while 1 accident was recorded in 2020 referring only to the Pontedera site (6 accidents in 2019).

There were no fatal injuries in Italy in 2021, as was the case in 2020 and 2019.

India

In 2021, as in the previous year, health and safety was one of the main priorities for the company, especially with a view to the pandemic.

In order to guarantee the best occupational health and safety standards, the Indian subsidiary has an organisational structure that operatively involves the "Occupier" (employer), a single person across various production sites who has responsibility for the health, safety and well-being of all employees in the workplace, Factory Managers and a Safety Committee comprising 20 members that includes executives, managers and office workers.

The Safety Committee meets at regular intervals to plan, revise and discuss action plans necessary to establish and disseminate an awareness and safety culture among employees in the workplace. The presence of a Health & Safety team guarantees that the entire system may operate effectively.

To deal with the pandemic and ensure the effective adoption of anti-COVID protocols and preventive measures, a Safety Committee was set up in which members of all company functions participate and audits were carried out on a daily/weekly basis to ensure that this Committee can promptly adopt specific corrective actions.

Numerous surveys and situation assessments were carried out with the effective implementation of health and safety protocols across the organisation.

A priority for the Company was the strict compliance with central and local government regulations relating to the prevention of the spread of COVID-19.

To this end, the Company began to work with a primary hospital in Pune, for the preparation and assessment of health protocols and a consultation service by a specialist doctor was made available to employees at the Pune office.

All employees participated in e-learning/information activities on the anti-COVID measures followed, which are binding for entry to the company, and frequent awareness sessions were held on the conduct to adopt.

Specific prevention measures were adopted for workers at higher risk of infection (e.g. frail workers and the over 60s).

⁴⁰ Accident rates, for all geographic segments, are calculated taking into account the hours worked by employees during the reporting year and the multiplication factor of 1,000,000.

Employees were given the chance to take out additional medical insurance for any medical/hospital expenses incurred due to COVID-19.

To facilitate the management of potential symptoms of anxiety and depression related to the situation arising from the COVID-19 emergency, a virtual counselling service was also made available for employees and their families provided by a company specialised in compliance with privacy regulations.

Comprehensive risk assessments were carried out to help identify and mitigate occupational risks related to mental health.

In line with the Group's approach, a great deal has been invested in training over the last few years as a key driver to increase employee accountability in relation to safety and, consequently, to promote a proactive approach to and engagement with safety issues.

OCCUPATIONAL ACCIDENTS IN INDIA

	COMMERCIAL VEHICLES PLANT	TWO-WHEELER PLANT	ENGINE PLANT
2021			
Hours worked	1,986,376	771,123	723,510
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	2	1	1
Rate of recordable occupational accidents	1.0	1.3	1.4
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0
2020			
Hours worked	2,051,302	596,872	530,808
No. of fatalities from occupational accidents	0	0	0
Fatality rate	0	0	0
No. of recordable occupational accidents	2	0	0
Rate of recordable occupational accidents	1.0	0	0
No. of occupational accidents with serious consequences	0	0	0
Rate of occupational accidents with serious consequences	0	0	0

Vietnam

The main priority of the Company this year was also the preventive management of the risk from COVID-19, in addition to maintaining the usual health and safety targets. A series of risk containment measures were implemented at the Vietnamese plants (face mask, maintaining distances, hand-washing, spraying disinfectants, rotation of work shifts, etc.) which made it possible to avoid infection from COVID-19 in the workplace. A Committee was set up to manage all issues relating to safety at work and the preventive measures adopted to minimise the risk of infection from COVID-19.

The protocols adopted were subject to periodic internal audits so that the Committee could promptly identify the necessary corrective actions. An external assessment was also conducted on the aforementioned H&S management model, with a positive outcome. The planning of H&S activities was reviewed to ensure the achievement of established objectives. For example, to reduce the risk of gatherings, some internal events were postponed to avoid people gathering.

OCCUPATIONAL ACCIDENTS IN VIETNAM

	VIETNAM
2021	
Hours worked	2,160,537
No. of fatalities from occupational accidents	0
Fatality rate	0
No. of recordable occupational accidents	1
Rate of recordable occupational accidents	0.5
No. of occupational accidents with serious consequences	0
Rate of occupational accidents with serious consequences	0
2020	
Hours worked	1,810,609
No. of fatalities from occupational accidents	0
Fatality rate	0
No. of recordable occupational accidents	0
Rate of recordable occupational accidents	0
No. of occupational accidents with serious consequences	0
Rate of occupational accidents with serious consequences	0

Responsible management of the supply chain

Piaggio Group produces vehicles that are sold under its brand on the various markets around the world. The only exception regards vehicles purchased by the Chinese subsidiary Zongshen Piaggio Foshan and scooters purchased by third parties (14,415 units in 2021, equivalent to 2.69% of vehicles sold).

Piaggio is a leader in engine technology and produces engines at its plants both for internal production and to meet the demand of other manufacturers.

All the other components that constitute a vehicle are purchased externally and assembled in-company.

Purchases of production sites related to goods and spare parts are indicated below. Purchases of commercial companies and research centres are not considered, as they are residual and not relevant.

Italian plants

In 2021, Italian plants purchased merchandise and spare parts for an overall value of €614.5 million (excluding complete vehicles) from 637 suppliers.

The first ten suppliers made up 21.7% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF ITALIAN PLANTS⁴¹

GEOGRAPHIC SEGMENT	2021	2020
Italy	49.3%	54.7%
Europe	7.9%	10.8%
China+Taiwan	28.8%	20.3%
Vietnam	7.8%	7.5%
India	4.9%	5.7%
Japan	0.7%	0.5%
Others	0.6%	0.5%

⁴¹ For the calculation of the percentages, the value of incoming goods - open orders was taken into consideration.

Indian plants

In 2021, plants in India purchased raw materials, merchandise and spare parts for an overall value of €194 million from around 568 suppliers.

The first ten suppliers made up 35.8% of the total purchases.

GEOGRAPHIC LOCATION OF THE SUPPLIERS TO INDIAN PLANTS

GEOGRAPHIC SEGMENT	2021	2020
India	95.9%	94.9%
Other	4.1%	5.1%

Vietnamese plants

In 2021, plants in Vietnam purchased merchandise and spare parts for an overall value of €279 million from around 273 suppliers.

The first ten suppliers made up 35% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF VIETNAMESE PLANTS

GEOGRAPHIC SEGMENT	2021	2020
Vietnam	57.2%	59.1%
China+Taiwan	16.6%	18.0%
EMEA	22.1%	18.2%
India	0.9%	1.2%
Others	3.2%	3.5%

Group relations with suppliers are based on loyalty, impartiality and respect of equal opportunities of all parties concerned.

The Piaggio Group is convinced that responsibility is a commitment which goes beyond the boundaries of the Company and must positively involve everyone in the Company-supplier chain; this is why suppliers worldwide that wish to do business with Piaggio have to sign the general conditions of supply of the Piaggio Group which include the "Code of Ethics and Guidelines for doing business". A new procedure is being trialled in Italy, where Piaggio requires suppliers to sign a "Sustainability Statement" in order for them to be included on the Supplier List for Italy, and ensure compliance with its ethical values throughout the production cycle and sales of its products.

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

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

Corporate Finance Area

Responsibility for activities relating to the monitoring of the financial and corporate reliability of Strategic Suppliers rests with the Finance Area.

In 2021, Piaggio & C. SpA Supplier analysis and monitoring continued, as did the mapping of controlling partners/shareholders (identified as "Beneficial Owners") of strategic partners. Furthermore, on the subject of compliance, controls of any politically exposed persons and/or subjects included on anti-terrorist lists (or in any case on lists

of possible offences that could harm the company's reputation) among Suppliers continued, in order to mitigate "reputation risk". All possible company variations that may affect perceived risk are presented to a Suppliers' Committee (comprising the Purchasing Manager, Managers of Production Development (3-4W), the Manager of 2W R&D, the Manager of Administration and Credit Management, as well as the Finance Manager and the Chief Financial Officer) during periodic meetings in order to identify corrective and performance improvement actions, whenever critical issues are identified. The supply chain was also monitored in terms of financial sustainability following COVID-19.

In 2020, a new company procedure was published to assess Suppliers, in terms of their being legal entities and members of groups, identifying possible risks in the control chain.

The Financial Assessment of Aprilia Racing Strategic Suppliers continued in 2021, along with an analysis of the financial and corporate reliability of the main Sponsor Companies of the Team, including the monitoring of possible reputation risk.

Vendor Assessment

With the strategic objective of creating a network of lasting and mutually satisfactory partnerships with highly qualified associates, the Vendor Assessment function, in addition to managing the Supplier Qualification Process, assesses purchasing performance through Vendor Rating campaigns.

Supplier relations are defined by specific company processes comprising two fundamental stages: new supplier qualification and periodic supplier monitoring.

New supplier qualification is an interfunctional process based on specific standards that lead to a potential supplier being included in the Supplier List, for its chosen goods' category; after an initial documentary pre-qualification stage, a multidisciplinary, supplier qualification team is involved, with specific positions giving a technical, economic/financial and corporate rating on goods' categories.

Periodic supplier assessment is conducted at the Italian, Indian and Vietnamese plants through six-monthly Vendor Rating campaigns, in which supplies relating to the period are examined, based on the quality of the product supplied, technical/scientific collaboration, and compliance with delivery plans. Over 1,000 suppliers are involved, representing nearly all supplies. This provides a reference framework for procurement strategies and actions concerning suppliers.

The process involves:

- Assignment of a Vendor Rating Index, which measures the performance of the vendor using a weighted average of the assessments made by corporate functions (for direct materials, the relevant functions are R&D, Quality, Manufacturing and Spare Parts);
- assignment of a Criticality Rating that takes into account the Quality function's assessment, to decide whether a supplier is "critical" for the purposes of granting them new supply agreements.

Supplier Portal

To ensure the effective and efficient management of supplier relationships, the Supplier Portal, based on the SRM-SAP system, is available in Italy, India and Vietnam.

The "SRM - Suppliers Portal" system is a computer tool to exchange information and documents on purchasing materials, components, equipment and services in real time between all company functions and suppliers, so as to guarantee the proper and transparent management of all purchasing process stages: purchase requests to purchase orders, price lists and supply programmes, incoming goods, invoices and information on payments.

In particular, the Portal ensures the achievement of the following objectives:

- greater collaboration with suppliers, through self-service, connectivity, document and information sharing tools;
- greater efficiency of purchasing processes, through the implementation of automated tools, and greater compliance with purchasing procedures;
- minimisation of manual activities;
- quality and accuracy of information;
- reducing business processes and communication times;
- low use of paper (including through the use of the digital signature);
- Reducing billing anomalies;
- visibility of the entire authorisation process, from purchase requests to orders.



Taxes

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

Approach to taxation

All Group companies operate mainly in the country and market in which they are located, paying taxes on profits generated there, on the income of employees directly employed in these activities, as well as consumption taxes and other local taxes imposed by the various regulations in force.

Subsidiaries are not located in countries that are "non-cooperative" for tax purposes or in countries considered by Italian tax law to have a so-called privileged tax status, unless this is required by unavoidable industrial or commercial needs. Where this is the case, the Parent Company adopts and complies with the tax regime envisaged by Italian legislation on "Controlled Foreign Companies" (i.e. the so-called CFC rules).

The Group adopts an approach based on principles of rigour, prudence and correctness in its financial decisions and rejects the use of "aggressive tax planning" schemes through the creation of artificial corporate structures aimed at evading its tax obligations and obtaining undue tax advantages.

All tax incentives and benefits are used in full compliance with the rationale that drives individual countries to adopt them and in any case according to a transparent approach. The tax variable is used exclusively to support industrial and commercial plans and objectives and is never the main or prevailing cause.

In order to eliminate or contain economic and legal double taxation, the Group, where permitted, applies the "International Conventions against double taxation on income and capital and for the prevention of tax evasion and avoidance" as interpreted by the OECD.

Intra-group transactions are settled based on the arm's length principle, as interpreted by the OECD in its guidelines (i.e. the "Transfer Pricing Guidelines"). In this regard, the Group also adopts instruments aimed at avoiding or reducing the risk of disputes with the tax authorities and any tax disputes, such as so-called APA - "Advance Pricing Agreements".

Finally, it should be noted that the Parent Company fulfils all the documentary requirements necessary for the disapplication of penalties for misstatement pursuant to Article 1, paragraph 2 of Legislative Decree 471/1997, in the event of adjustment of the normal value of transfer prices charged as part of transactions pursuant to Article 110, paragraph 7 of the Consolidated Income Tax Act, by preparing the so-called "Masterfile", which contains information about the multinational group and its overall transfer pricing policy, and the "country file", which contains more specific information about the Parent Company, pursuant to Article 26 of Decree Law 78/2010, converted, with amendments, into Law 122/2010.

Tax governance and risk management

In recognition of the importance that tax policy has for the individual countries in which it operates and of the potential economic and reputational risks associated with incorrect management of taxation, the Group has set up a specific tax department at the Parent Company which, under the supervision of the Board of Directors, operates as an effective control point for identifying, managing and containing the risks of violation or abuse of tax regulations, which is also responsible for support, direction and strategic coordination of subsidiaries.

Since 2014, the Parent Company has set up an optional system for identifying, monitoring and mitigating tax risk, known as the "Tax Control Framework" which has made it possible to:

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

This has promoted a process of centralisation for the Tax Entity and a greater comparison between said and all main corporate bodies. The current organisation is more likely to guarantee the identification of the most relevant tax risks, an the assessment of the consequences and the adoption of necessary solutions or corrective tools. All of this also helps to ensure correct performance of all tax compliance activities and the settlement of taxes due, reducing the risk of formal and/or substantial violations.

For its analyses and activities, the Group also avails of leading professional firms or, if necessary and permitted, it consults the competent Tax Authorities in advance.

Stakeholder engagement

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

Reporting

Piaggio recognises the social role of tax issues and the importance they play in promoting sustainable development. To ensure full transparency and in compliance with GRI Standard 207-Tax, the following is a breakdown of consolidated data required by the above standard by tax jurisdiction.

As required by GRI Disclosure 207-4, since all necessary information referring to the most recent consolidated financial statements was not available for the purposes of this report, the information in this section refers to the year ended 31 December 2020, as this period refers to the consolidated financial statements immediately preceding the most recent consolidated financial statements.

The following should be noted:

- the data presented refer to the 2020 financial year;
- the workforce is that indicated at 31 December 2020;
- revenues from third parties also include other revenues;
- revenues from the Group exclude those between companies operating in the same tax jurisdiction;
- pre-tax profit (loss) and property, plant and equipment are presented on an aggregate basis, without taking into account eliminations on consolidation;
- pre-tax profit (loss) includes the amounts of dividends received from other Group entities;
- property, plant and equipment do not include investment property as the latter is not involved in the process to generate corporate value;
- regarding any differences between the income tax accrued on profits and the tax due (GRI 207-4-b-x), please refer to Note 14 of the Consolidated Financial Statements as of 31 December 2021 of the Piaggio Group. It should also be noted that both the income taxes accrued and those paid on a cash basis in various countries are affected by the significant presence of dividends received from Group entities, which are included in the pre-tax profit (loss). As is the case in most countries, these jurisdictions also have exemption tax regimes for dividends, as they are the expression of a profit already tax

COUNTRY	DESIGNATION	ACTIVITIES	ANNO 2020						
			NO. OF EMPLOYEES	REVENUES FROM THIRD PARTIES	REVENUES FROM THE GROUP	PRE-TAX PROFIT (LOSS)	PROPERTY, PLANT AND EQUIPMENT	TAXES PAID	ACCRUED TAXES
IN MILLIONS OF EUROS									
Italy	Piaggio & C. S.p.A.	Production and sale of vehicles							
	Aprilia Racing S.r.l.	Research and development							
	Piaggio Concept Store Mantova S.r.l.	Commercial distributor							
	Total Italy		3,057	852	121	45	174	6	10
Croatia	Piaggio Hrvatska Doo	Commercial distributor	9	3					
France	Piaggio France SAS	Selling agency	41		6	1		1	4
Germany	Piaggio Deutschland GMBH	Selling agency	31		4	1			
Greece	Piaggio Hellas S.A.	Commercial distributor	19	28		1	1		
Holland	Piaggio Vespa B.V.	Holding company and selling agency	20		4	16			
Spain	Piaggio Espana S.L.	Selling agency							
	Nacional Motor S.A.	Inactive							
	Total Spain		32		4	(4)			
UK	Piaggio Limited	Selling agency	19		2				
USA	Piaggio Group Americas Inc.	Commercial distributor							
	Piaggio Advanced Design Center Corp.	Research and development							
	Piaggio Fast Forward Inc.	Research and development							
	Total USA		103	58	2	(16)	1		
India	Piaggio Vehicles Pvt Ltd	Production and sale of vehicles	1,550	245	27	10	67	3	
Vietnam	Piaggio Vietnam Co. Ltd.	Production and sale of vehicles	854	162	131	39	25	5	7
Indonesia	Pt. Piaggio Indonesia	Selling agency	31	34		2			1
Singapore	Piaggio Asia Pacific Ltd	Selling agency	16	0	3	1			
Japan	Piaggio Group Japan	Selling agency	10	8					
China	Piaggio China Co Ltd.	Holding							
	Foshan Piaggio Vehicles Tech.Dev. Co.Ltd.	Research and development							
	Total China		64	48	3	5	0	1	1
Brazil	AWS do Brasil	Inactive							
	Aprilia Brasil	Inactive							
	Total Brazil								
Grand total						100	268	24	
Consolidation entries						(50)	(3)		
Total consolidated			5,856	1,438	308	50	265	17	24

Supporting local communities

FONDAZIONE PIAGGIO⁴²

In 2021, the Piaggio Foundation's activities were also strongly affected by developments in the COVID-19 pandemic. Live events were slowed down and for caution's sake, the Vespa events, school visits and organised tours were not held; however the fervour of scientific, historical and cultural activities that have always characterised the Foundation certainly did not stop.

The Piaggio Museum remained closed to the public until the end of April when, with extreme caution, visits were resumed by appointment at set times and with limited numbers. The virtual tour of the Museum, launched in March, overcame the difficulties of live visits, and kept the interest in the collections alive.

Since the health situation prevented us from celebrating Vespa's 75th anniversary with events open to fans, we decided to celebrate with Vespizzatevi! 75 years of success and starting over - a virtual tour enjoyed by many Vespa enthusiasts and visitors to the Museum.

Of particular importance in 2021 were the musical events organised and hosted (32 concerts), which have always been a highlight linking Piaggio to the world of youth culture.

All of the above events resulted in some 15,000 visitors to the museum, along with the 10,000 or so virtual visits of our collections and the exhibition Vespizzatevi! 75 years of success and starting over. Some 3,000 people attended outdoor events.

In 2021, study activities and historical and documentary support for Piaggio activities and the projects of authorised third parties (Universities, scholars, Publishers etc.) continued. Further improvements were made to the Museum's exhibition rooms, and additions made to the collections on display.

PIAGGIO MUSEUM

During the long closure of the Museum, we tried to maintain contact with the public, via the web, and worked on new features to boost the Museum's appeal. However, archiving work and activities connected with studies and historical analysis continued and the opportunity was taken to develop new projects and carry out important works to improve the museum rooms and remote use of the Piaggio Museum.

PIAGGIO HISTORICAL ARCHIVE

During 2021, the Piaggio Historical Archive made an important contribution to corporate communication activities, especially in the context of two important anniversaries: the 75th anniversary of the Vespa (1946-2021) and the 100th anniversary of the Moto Guzzi (1921-2021). As regards Vespa's anniversary, the Archive provided ideas, images and historical advice for both the social campaign and the creation of the communication linked to the anniversary on the Vespa.com website and in the newly created Vespa Magazine. The Archive also worked on the conception, iconographic research and drafting of texts for the exhibition Vespizzatevi! 75 years of success and starting over, and its 'virtual' version, with video insights. For Moto Guzzi, work continued on the digitalisation and indexing of the archive's material, taken from Mandello in October 2020: photographic collections on racing, factories, events and rallies, military supplies and products, communication material, press reviews and a selection of technical documentation, as well as brochures and magazines of a historical nature, were all digitised and described. This large-scale operation enabled the Archive to provide documented advice for the production of the book "Moto Guzzi" published by Piaggio and Rizzoli to mark Moto Guzzi's centenary: iconographic research was conducted, photographic rights were evaluated and acquired, and texts revised. The Archive also provided images and historical information for the anniversary communication campaign, and the volume on Moto Guzzi produced by Italy's daily sports-themed newspaper "Gazzetta dello Sport".

⁴² Information on the Piaggio Foundation, which is not included in the scope of consolidation of the Group, refers to qualitative aspects useful for understanding its focus on the social fabric, even though this information is not included in the scope of consolidation.

Traditional support for licensing involved iconographic research for the design of the animated Vespa of the Disney Pixar film "Luca", and for the project of the Vespa Lego Creator and other projects, which are being defined. With the gradual resumption of services to the public, the Archive began to provide research support to students, scholars and journalists for the production of theses, dissertations and publications, including, in particular, the volume produced by the Vespa Club d'Italia dedicated to the Vespa Rally. Finally, the work of uploading to and filing images in the Digital Historical Archive portal continued, extending the activity to the Moto Guzzi and Aprilia brands.

CULTURAL PROJECT

The activities and events organised or promoted by the Piaggio Foundation during the year are part of a wider cultural project designed to convey the historical and current values of the Piaggio Group to visitors, and to transform the Museum into a scientific, artistic and cultural meeting place which can be visited again and again.

CHARITY ACTIVITIES AND SPONSORSHIPS

The Piaggio Group consists of 23 companies, 19 of which are operational. The latter are located in 15 countries. In four of these countries, the Group launched charity projects worth €1.7 million in 2021.

The percentage of involvement of local communities is calculated as follows: $4 / 15 = 26.7\%$.

The funded projects are analysed below.

In 2021, the partnership between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued, which, thanks to the help of partners and supporters, has allocated more than USD 700 million to the fight against AIDS and COVID-19. (RED) aid to the Global Fund has impacted more than 220 million lives through prevention, treatment, counselling, HIV testing and support services.

This year the partnership has been extended with the introduction of the new model (VESPA ELETTRICA)^{RED} which will be marketed from Spring 2022.

The collaboration with (RED) also continued during the last round of the Moto GP world championship, held in Valencia (Spain) on 14 November, which saw the riders and the entire Aprilia Racing team become promoters to raise awareness among the large audience of MotoGP enthusiasts towards issues such as the fight against pandemics.

Interest in research and progress in the health sector led the Piaggio Group to donate €250,000 to the IEO CCM Foundation (European Institute of Oncology) and €50,000 to the Pontedera vaccination centre (to help with the emergency due to the COVID-19 pandemic).

In the field of international cooperation, €40,000 was also donated to ISPI (Institute for International Political Studies) and €10,000 to AIICP (Italy-India Association for Cooperation between the two countries).

Two Wi-Bikes were donated to the Istituto Oncologico Mantovano, and a Vespa Dior was donated in support of the Community of San Patignano through an auction organised by Charity Stars.

Lastly, for some years now, for the end of year festive season, the Piaggio Group, together with the entire Immsi Group, has been fostering educational and rehabilitative activities for disabled children affected by brain damage by making a donation to the "Casa del Sole Onlus" association, in the name of all the employees of the Immsi and Piaggio Groups. This year the Piaggio Group contributed €20,000. In forty years of activities, the non-profit-making organisation Casa del Sole Onlus has assisted over five thousand children affected by brain damage and been a valuable source of help for their families.

The Indian and Vietnamese subsidiaries have also been active in the social field, supporting and promoting charitable initiatives, despite the impossibility of organising events due to the pandemic.

In particular, Piaggio Vietnam donated 8 respirators to the Vinh Phuc health district, raised funds for 2 orphanages and gave gifts to the children of some disadvantaged families.

Particular mention should go to the Indian subsidiary.

The Company Act of 2013 enacted by the Government of India in 2013 stipulated that large companies operating in India must spend in each financial year, at least two percent of the average net profits of the last three years, in accordance with the company's Corporate Social Responsibility Policy and favouring local areas adjacent to

the production site. Schedule VII of the Companies Act 2013 lists the CSR activities that can be undertaken by companies in compliance with the company's Corporate Social Responsibility Policy: (i) eradicating hunger and extreme poverty; (ii) promoting training; (iii) promoting gender equality and women's empowerment; (iv) reducing infant mortality and improving maternal health; (v) combating HIV, malaria and other diseases; (vi) ensuring environmental sustainability; (vii) promoting employment and the improvement of professional skills; (viii) social entrepreneurial projects; (ix) contribution to the Prime Minister's National Relief Fund or any other fund created by central government or local governments for socio-economic development.

Piaggio Vehicles Private Limited (PVPL) has focused its commitment on social projects generally in the areas of water and sanitation, education, women's empowerment, chosen on the basis of preliminary research carried out internally on the needs of the area surrounding the plant.

The projects developed by the Indian subsidiary during 2021 were as follows:

DEVELOPMENT OF A WATERSHED

PVPL's aim is to make water available to communities residing in the area adjacent to the plant and to reduce dependence on the supply from tankers on which they were forced to rely for almost 5 months a year. Thanks to soil and water conservation measures combined with the development of biomass and vegetation on the basis of the river basin, efforts have been made to improve the natural resource base of the local economy (household needs, agriculture, livestock, livelihoods and income), thus mitigating climate-induced risks, such as disasters resulting from extreme weather events.

By December 2021, the total coverage of the watershed area through various treatments reached 11,978 hectares and covered 10 villages. Before the treatment of the catchment area, the upper fertile soil was washed away by the rainwater runoff. The soil erosion of this area is now controlled, and the improved retention of soil moisture contributes to increasing crop yield. The most important aspect of this project is the increase in groundwater resupply and increase in well water levels; farmers are switching to an increasingly appropriate farming model. The models are horticulture and dairy farming.

After ensuring a greater availability of water for domestic and agricultural use for the community, the focus shifted to the prevention of waterborne diseases and thus to the provision of safe drinking water. Water filters were installed in 3 villages with capacities ranging from 1000 LPH to 2000 LPH depending on the population.

EYE CARE

As a company operating in mobility, PVPL is committed to reducing road accidents. Given that 60% of road accidents in the world are attributable to vision problems and 28% of road accidents in India involve light commercial vehicles, the company took the opportunity to provide eye care facilities for the 3-wheeler driver community. More than 520 mobile eye care facilities were built across India, that examined more than 33,500 motorists. Free corrective glasses were provided to 18,600 drivers. In addition, 1,800 motorists with severe vision problems were referred to hospitals and some received free cataract surgery.

KITS FOR THE FOOD SUPPLY OF 3-WHEELER TAXI DRIVERS DURING LOCKDOWN

Dealers were encouraged to contribute together with the company to the supply of food supply kits for a family of 4 people lasting 2 months. 11,000 families of 3-wheeler taxi drivers were assisted in 14 states through the dealer network.

SCHOLARSHIPS FOR CHILDREN OF 3-WHEELER TAXI DRIVERS

A scholarship programme was launched to support the children of 3-wheeler taxi drivers who are studying for a diploma, bachelor's degree or at upper secondary school. The market demands more technically qualified workers and through this scholarship programme, PVPL is offering young people the chance to acquire the skills to find a job and support their families.

Thanks to the project, 549 students received a scholarship to continue their higher education after school.

Only 25% of students opt for higher education. Studies have shown that 57% of students drop out of education because they cannot afford it.



TABLE OF CORRESPONDENCE LEGISLATIVE DECREE NO. 254/2016 - MATERIAL TOPICS - GRI STANDARDS (GRI CONTENT INDEX)

TOPICS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH	REPORTING PERIMETER	OMISSIONS
ENVIRONMENT	Innovation and sustainable mobility	The risk related to an inadequate level of innovation	Policy adopted to monitor technological leadership in the sector	GRI 103-1-2-3 (2016): Management approach	Generation of sustainable value CSR Report 2021 - The Product Dimension - Research guidelines	The entire Group	
				GRI 103-1-2-3 (2016): Management approach	The Environmental Dimension		
				GRI 302-1 (2016): Energy consumption within the organisation	The Environmental Dimension - Energy consumption	The entire Group	
				GRI 305-1 (2016): Energy direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO ₂ and other pollutants	Production sites	
		Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental policy - for a description of the policies implemented, see the chapter. The Environmental Dimension - (ISO 14001)	GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO ₂ and other pollutants	Production sites	
	Climate change and energy efficiency			GRI 305-4 (2016): GHG emissions intensity	The Environmental Dimension - Emissions of CO ₂ and other pollutants	Production sites	
				GRI 305-7 (2016): Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	The Environmental Dimension - Emissions of CO ₂ and other pollutants	Production sites	

TOPICS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH	REPORTING PERIMETER	OMISSIONS	
ENVIRONMENT	Waste handling	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental policy - for a description of the policies implemented, see the chapter. The Environmental Dimension - (ISO 14001)	GRI 103-1-2-3 (2016): Management approach	The Environmental Dimension	Production sites		
				GRI 306-1 (2020): Waste generation and significant waste related impacts	The Environmental Dimension	Production sites		
				GRI 306-2 (2020): Management of significant waste related impacts	The Environmental Dimension - Waste handling and recovery	Production sites		
				GRI 306-3 (2020): Waste generated	The Environmental Dimension - Waste handling and recovery	Production sites		
	Responsible use of water resources	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community for an uncontrolled use of water resources	Environmental policy - for a description of the policies implemented, see the chapter. The Environmental Dimension - (ISO 14001)	GRI 103-1-2-3 (2016): Management approach				
				GRI 303-1 (2018): Interactions with water as a shared resource				
				GRI 303-2 (2018): Management of water discharge-related impacts	The Environmental Dimension - Conserving water resources	Production sites		
				GRI 303-3 (2018): Water withdrawal				
				GRI 303-4 (2018): Water discharge				
	Corporate integrity	Risk of a possible inadequacy in company procedures aimed at ensuring compliance with main regulations	Environmental policy - for a description of the policies implemented, see the chapter. The Environmental Dimension	GRI 307-1 (2016): Non-compliance with environmental laws and regulations	Governance of sustainability - The system for responsible business management	The entire Group		

TOPICS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH	REPORTING PERIMETER	OMISSIONS
SOCIAL	Product quality and safety	The risk related to an actual or presumed product defect due to inadequate quality/safety/technological levels and a potential recall action	Policy adopted to produce vehicles that guarantee a high level of active, passive and preventive safety. The adoption of this policy is demonstrated by the Group's commitment to maintaining certification of its quality management systems (ISO 9001)	GRI 103-1-2-3 (2016): Management approach GRI 416-1 (2016): Assessment of the health and safety impacts of product and service categories	Generation of sustainable value CSR Report 2021 - The Product Dimension - Research guidelines	The entire Group The entire Group	
	Responsible management of the supply chain	Risk relative to management of the Group's supply chain: supplier breach, excess reliance on individual/critical suppliers, management of partnerships and alliances	Policy adopted to qualify and periodically evaluate suppliers based on technical/professional/financial criteria in line with international standards	GRI 103-1-2-3 (2016): Management approach GRI 204-1 (2016): Proportion of spending on local suppliers	The Social Dimension - Responsible management of the supply chain	Production sites	
	Customer Satisfaction	Service quality level not in line with customer requirements	Quality audits, market analysis, focus groups, concept and product tests, investments in research and development activities	GRI 103-1-2-3 (2016): Management approach	CSR Report 2021 - The Product Dimension - Meeting customer requirements	The entire Group	
	Customer Satisfaction	Service quality level not in line with customer requirements	Quality audits, market analysis, focus groups, concept and product tests, investments in research and development activities	GRI 417-3 (2016): Incidents of non-compliance concerning marketing communications GRI 418-1 (2016): Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance of sustainability - The system for responsible business management Governance of sustainability - The system for responsible business management	The entire Group The entire Group	
	Supporting local communities	Reduced number of initiatives aimed at developing the territory in which the Group operates and promoting the values of inclusion	Policies adopted to establish roots in the area and increase value for the community. The Fondazione Piaggio is an example of the Group's focus on the community	GRI 103-1-2-3 (2016): Management approach GRI 203-1 (2016): Infrastructure Investments and service supported GRI 413-1 (2016): Operations with local community engagement, impact assessment, and development programs	The Social Dimension - Supporting local communities	The entire Group	
	Corporate integrity	Risk of a possible inadequacy in company procedures aimed at ensuring compliance with main regulations	Policy for transparency and corporate integrity	GRI 103-1-2-3 (2016): Management approach GRI 415-1 (2016): Political contributions GRI 206-1 (2016): Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Governance of sustainability - The system for responsible business management	The entire Group	

TOPICS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS
				GRI 103-1-2-3 (2016): Management approach	CSR Report 2021 - The Economic Dimension - Determination and distribution of Added Value		
		Risk of a possible inadequacy in business strategies	Integration of economic and social choices	GRI 201-1 (2016): Direct economic value generated and distributed	CSR Report 2021 - The Economic Dimension - Determination and distribution of Added Value	The entire Group	
				GRI 201-4 (2016): Financial assistance received from government	CSR Report 2021 - The Economic Dimension - Determination and distribution of Added Value		
	Creating economic value	Risk of a possible inadequacy in corporate procedures	Policies for personnel management - Diversity and equal opportunities	GRI 202-2 (2016): Proportion of senior management hired from the local community	The social dimension - Personnel management policies - Diversity and equal opportunities	The entire Group	
SOCIAL				GRI 103-1-2-3 (2016): Management approach			
				GRI 207-1 (2019): Approach to tax			
		Risk of a possible inadequacy in company procedures aimed at ensuring compliance with main regulations	Policy aimed at fiscal transparency	GRI 207-2 (2019): Tax governance, control and risk management GRI 207-3 (2019): Stakeholder engagement and management concerns related to tax	The social dimension - Taxes	The entire Group	
	Corporate integrity	Risk of non-compliance with laws and regulations	Code of Ethics	GRI 207-4 (2019): Country-by-country reporting	Sustainability Governance - Policy and guidelines in the social and environmental field	The entire Group	

TOPICS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH	REPORTING PERIMETER	OMISSIONS
				GRI 103-1-2-3 (2016): Management approach	The Social Dimension	The entire Group	
				GRI 401-1 (2016): New employee hires and employee turnover	The Social Dimension - Staff	The entire Group	
				GRI 401-2 (2016): Benefits provided to full-time employees that are not provided to temporary or part-time employees	The social dimension - Personnel management policies - Rewarding	The entire Group	
				GRI 401-3 (2016): Parental leave	The social dimension - Personnel management policies - Diversity and equal opportunities	EMEA & Americas/Asia Pacific	The Group reports on the retention rate
				GRI 404-1 (2016): Average hours of training per year per employee	The social dimension - Personnel management policies - Training	The entire Group	
				GRI 404-2 (2016): Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Development and careers	The entire Group	
				GRI 404-3 (2016): Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies - Appraisal	The companies PFF, PADC and PCSM are excluded	
EMPLOYEES	Developing human capital	Risk arising from a lack of skills, professionalism and experience of company resources, the inadequate sizing of the structure and trade union tensions	Policies adopted to manage personnel (e.g. recruitment and internal mobility, development and careers, training, industrial relations, diversity and equal opportunities)				

TOPICS OF LEGISLATIVE DEGREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH	REPORTING PERIMETER	OMISSIONS		
EMPLOYEES	Health and safety	Risk of injuries/accidents sustained by personnel of the Group's offices/sites	Occupational health and safety (ISO 45001)	GRI 403-1 (2018): Occupational health and safety management system					
				GRI 403-2 (2018): Hazard identification, risk assessment, and incident investigation					
				GRI 403-3 (2018): Occupational health services					
				GRI 403-4 (2018): Worker participation, consultation, and communication on occupational health and safety					
				GRI 403-5 (2018): Worker training on occupational health and safety			The Social Dimension - Occupational health and safety	The entire Group	
				GRI 403-6 (2018): Promotion of worker health					
				GRI 403-7 (2018): Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					
				GRI 403-8 (2018): Workers covered by an occupational health and safety management system					
				GRI 403-9 (2018): Work-related injuries					

TOPICS OF LEGISLATIVE DECREE NO. 254/2016	MATERIAL TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER / PARAGRAPH	REPORTING PERIMETER	OMISSIONS
RESPECTING HUMAN RIGHTS	Respecting human rights	Risk from unlawful activities carried out by employees	Code of Ethics, Policy to report violations of human rights	GRI 103-1-2-3 (2016): Management approach	Governance of sustainability - The system for responsible business management	The entire Group	
				GRI 406-1 (2016): Incidents of discrimination and corrective actions taken			
				GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Governance - Policy and guidelines in the social and environmental field Risk management		
RESPECTING HUMAN RIGHTS	Diversity and gender equality	Risk from unlawful activities carried out by employees	Policies for personnel management - Diversity and equal opportunities	GRI 408-1 (2016): Operations and suppliers at significant risk for incidents of child labour	Governance - Policy and guidelines in the social and environmental field Risk management	The entire Group	
				GRI 409-1 (2016): Operations and suppliers at significant risk for incidents of forced or compulsory labour			
				GRI 405-1 (2016): Diversity of governance bodies and employees	The social dimension - Personnel management policies - Diversity and equal opportunities		
FIGHTING CORRUPTION	Corporate integrity	Risk from unlawful activities carried out by employees	Code of Ethics	GRI 103-1-2-3 (2016): Management approach	Governance of sustainability - The system for responsible business management	The entire Group	
				GRI 205-3 (2016): Confirmed incidents of corruption and actions taken			

GRI Content Index

GRI INDICATOR	DISCLOSURE TITLE	REFERENCE	OMISSIONS
GRI 101 FOUNDATION			
GRI 102 GENERAL DISCLOSURES			
1. STRATEGY AND ANALYSIS			
102-14 (2016)	Statement from senior decision-maker	CSR Report 2021 Letter from the Chairman	
2. ORGANIZATIONAL PROFILE			
102-1 (2016)	Name of the organisation	Methodology	
102-2 (2016)	Activities, brands, products, and services	Generation of sustainable value	
102-3 (2016)	Location of headquarters	Generation of sustainable value	
102-4 (2016)	Location of operations	Generation of sustainable value	
102-5 (2016)	Ownership and legal form	Corporate Governance Report 2021	
102-6 (2016)	Markets served	Generation of sustainable value	
102-7 (2016)	Scale of the organisation	Generation of sustainable value	
102-8 (2016)	Information on employees and other workers	The Social Dimension - Staff	
102-9 (2016)	Supply chain	The Social Dimension - Responsible management of the supply chain	
102-10 (2016)	Significant changes to the organisation and its supply chain	Generation of sustainable value	
102-11 (2016)	Precautionary Principle or approach	Risk management	
102-12 (2016)	External initiatives	CSR Report 2021: The Commitment of the Piaggio Group	
102-13 (2016)	Membership of associations	CSR Report 2021: The Product Dimension - Funded European projects The Social Dimension - Supporting local communities	
3. IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
102-45 (2016)	Entities included in the consolidated financial statements	Methodology	
102-46 (2016)	Defining report content and topic boundaries	Description of the process to identify material issues for Non-Financial Statement purposes	
102-47 (2016)	List of material topics	Materiality analysis	
102-48 (2016)	Restatements of information	Methodology The Environmental Dimension - Emissions of CO ₂ and other pollutants	
102-49 (2016)	Changes in reporting	Methodology Materiality analysis	
4. STAKEHOLDER ENGAGEMENT			
102-40 (2016)	List of stakeholder groups	Materiality analysis	
102-41 (2016)	Collective bargaining agreements	The Social Dimension - Industrial Relations	
102-42 (2016)	Identifying and selecting stakeholders	Materiality analysis	
102-43 (2016)	Approach to stakeholder engagement	CSR Report 2021: The commitment of the Piaggio Group - Stakeholders' involvement Materiality analysis	
102-44 (2016)	Key topics and concerns raised	CSR Report 2021: The commitment of the Piaggio Group - Stakeholders' involvement Materiality analysis	
5. REPORT PROFILE			
102-50 (2016)	Reporting period	Methodology	
102-51 (2016)	Date of most recent report	Methodology	
102-52 (2016)	Reporting cycle	Methodology	
102-53 (2016)	Contact point for questions regarding the report	CSR Report 2021	
102-54 (2016)	Claims of reporting in accordance with the GRI Standards	Methodology	
102-55 (2016)	GRI content index	GRI Content Index	
102-56 (2016)	External assurance	Report of the Independent Auditors on the Consolidated Non-financial Statement	
6. GOVERNANCE			
102-18 (2016)	Governance structure	Sustainability governance Corporate Governance Report 2021	

GRI INDICATOR	DISCLOSURE TITLE	REFERENCE	OMISSIONS
7. BUSINESS INTEGRITY			
102-16 (2016)	Values, principles, standards, and norms of behavior	Governance of sustainability - The system for responsible business management - Code of Ethics Sustainability Governance - Policy and guidelines in the social and environmental field	
SPECIFIC DISCLOSURE			
SIGNIFICANT TOPICS: CREATION OF ECONOMIC VALUE			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement	
202-2 (2016)	Proportion of senior management hired from the local community	The Social Dimension - Developing human resources - Diversity and equal opportunity	
207-1 (2019)	Approach to tax	The social dimension - Taxes	
207-2 (2019)	Tax governance, control, and risk management	The social dimension - Taxes	
207-3 (2019)	Stakeholder engagement and management of concerns related to tax	The social dimension - Taxes	
207-4 (2019)	Country-by-country reporting	The social dimension - Taxes	
SIGNIFICANT TOPICS: RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Social Dimension - Responsible management of the supply chain	
204-1 (2016)	Proportion of spending on local suppliers	The Social Dimension - Responsible management of the supply chain	
SIGNIFICANT TOPICS: CLIMATE CHANGE			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Environmental Dimension - Energy consumption The Environmental Dimension - Environmental certification The Environmental Dimension - Emissions of CO ₂ and other pollutants	
302-1 (2016)	Energy consumption within the organization	The Environmental Dimension - Energy consumption	
305-1 (2016)	Direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO ₂ and other pollutants	
305-2 (2016)	Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO ₂ and other pollutants	
305-4 (2016)	GHG emissions intensity	The Environmental Dimension - Emissions of CO ₂ and other pollutants	
305-7 (2016)	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	The Environmental Dimension - Emissions of CO ₂ and other pollutants	
SIGNIFICANT TOPICS: CONSERVING WATER RESOURCES			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Environmental Dimension - Conserving water resources	
303-1 (2018)	Interactions with water as a shared resource	The Environmental Dimension - Conserving water resources	
303-2 (2018)	Management of water discharge-related impacts	The Environmental Dimension - Conserving water resources	
303-3 (2018)	Water withdrawal	The Environmental Dimension - Conserving water resources	
303-4 (2018)	Water discharge	The Environmental Dimension - Conserving water resources	
303-5 (2018)	Water consumption	The Environmental Dimension - Conserving water resources	
SIGNIFICANT TOPICS: WASTE HANDLING			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Environmental Dimension - Waste handling and recovery	
306-1 (2020)	Waste generation and significant waste-related impacts	The Environmental Dimension - Environmental certification The Environmental Dimension - Waste handling and recovery	

GRI INDICATOR	DISCLOSURE TITLE	REFERENCE	OMISSIONS
SIGNIFICANT TOPICS: WASTE HANDLING			
306-2 (2020)	Management of significant waste related impacts	The Environmental Dimension - Waste handling and recovery	
306-3 (2020)	Waste generated	The Environmental Dimension - Waste handling and recovery	
SIGNIFICANT TOPICS: DEVELOPING HUMAN RESOURCES			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Social Dimension - Personnel management policies The Social Dimension - Industrial relations The Social Dimension - Developing human resources	
401-1 (2016)	New employee hires and employee turnover	The Social Dimension - Personnel management policies	
401-2 (2016)	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Social Dimension - Developing human resources - Reward policies	
401-3 (2016)	Parental leave	The Social Dimension - Diversity and equal opportunity	The Group reports on the retention rate
404-1 (2016)	Average hours of training per year per employee	The Social Dimension - Training	
404-2 (2016)	Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Development and careers	
404-3 (2016)	Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies - Appraisal	
SIGNIFICANT TOPICS: HEALTH AND SAFETY			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Social Dimension - Occupational health and safety	
403-1 (2018)	Occupational health and safety management system	The Social Dimension - Occupational health and safety	
403-2 (2018)	Hazard identification, risk assessment, and incident investigation	The Social Dimension - Occupational health and safety	
403-3 (2018)	Occupational health services	The Social Dimension - Occupational health and safety	
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety	The Social Dimension - Occupational health and safety	
403-5 (2018)	Worker training on occupational health and safety	The Social Dimension - Occupational health and safety	
403-6 (2018)	Promotion of worker health	The Social Dimension - Occupational health and safety	
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	The Social Dimension - Occupational health and safety	
403-8 (2018)	Workers covered by an occupational health and safety management system	The Social Dimension - Occupational health and safety	
403-9 (2018)	Work-related injuries	The Social Dimension - Occupational health and safety	
SIGNIFICANT TOPICS: GENDER EQUALITY			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Social Dimension - Personnel management policies Governance of sustainability - The system for responsible business management	
405-1 (2016)	Diversity of governance bodies and employees	The Social Dimension - Diversity and equal opportunity Sustainability governance	

GRI INDICATOR	DISCLOSURE TITLE	REFERENCE	OMISSIONS
SIGNIFICANT TOPICS: HUMAN RIGHTS			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Social Dimension - Personnel management policies Governance of sustainability - The system for responsible business management	
406-1 (2016)	Incidents of discrimination and corrective actions taken	Governance of sustainability - The system for responsible business management	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Governance - Policy and guidelines in the social and environmental field Risk management	
408-1 (2016)	Operations and suppliers at significant risk for incidents of child labor	Sustainability Governance - Policy and guidelines in the social and environmental field Risk management	
409-1 (2016)	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Governance - Policy and guidelines in the social and environmental field Risk management	
SIGNIFICANT TOPICS: SUPPORTING LOCAL COMMUNITY			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement The Social Dimension - Supporting local communities	
413-1 (2016)	Operations with local community engagement, impact assessments, and development programs	The Social Dimension - Supporting local communities	
203-1 (2016)	Infrastructure investments and services supported	The Social Dimension - Supporting local communities	
SIGNIFICANT TOPICS: BUSINESS INTEGRITY			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement Governance of sustainability - The system for responsible business management	
415-1 (2016)	Political contributions	Governance of sustainability - The system for responsible business management	
205-3 (2016)	Confirmed incidents of corruption and actions taken	Governance of sustainability - The system for responsible business management	
206-1 (2016)	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Governance of sustainability - The system for responsible business management	
419-1 (2016)	Non-compliance with laws and regulations in the social and economic area	Sustainability Governance - Policy and guidelines in the social and environmental field	
307-1 (2016)	Non-compliance with environmental laws and regulations	Governance of sustainability - The system for responsible business management	
SIGNIFICANT TOPICS: PRODUCT SAFETY AND RELIABILITY			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement CSR Report 2021 - The Product Dimension - Research guidelines	
416-1 (2016)	Assessment of the health and safety impacts of product and service categories	CSR Report 2021 - The Product Dimension - Research guidelines CSR Report 2021 - The Product Dimension - Meeting customer requirements	A qualitative contribution is provided
SIGNIFICANT TOPICS: CUSTOMER SATISFACTION			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement Governance of sustainability - The system for responsible business management	
417-3 (2016)	Incidents of non-compliance concerning marketing communications	Governance of sustainability - The system for responsible business management	
418-1 (2016)	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance of sustainability - The system for responsible business management	
SIGNIFICANT TOPICS: INNOVATION AND SUSTAINABLE MOBILITY			
103-1-2-3 (2016)	Management approach	Materiality analysis Contents of the Non-Financial Statement CSR Report 2021 - The Product Dimension - Research guidelines	



REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED NON-FINANCIAL STATEMENT - LEGISLATIVE DECREE NO. 254 OF 30 DECEMBER 2016

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Piaggio & C. S.p.A. and its subsidiaries (hereinafter "Piaggio Group" or "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on March 2, 2022 (hereinafter "NFS").

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

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

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

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

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

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

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

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

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

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

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Piaggio Group;



4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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

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

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

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

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, Pontedera (Pisa) headquarters and production site for Piaggio & C. S.p.A. and Vinh Phuc (Vietnam) production site for Piaggio Vietnam Co.Ltd., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Piaggio & C. Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards, with reference to the selection of GRI Standards.

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

Other matters

The NFS for the year ended December 31, 2020, whose data are presented for comparative purposes, have been subject to a limited assurance engagement by another auditor that, on March 22, 2021 expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Franco Amelio
Partner

Milan, Italy
March 17, 2022

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

**PIAGGIO
GROUP
CONSOLIDATED
FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021**





CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

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CONSOLIDATED INCOME STATEMENT

	2021		2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
4 Net revenues	1,668,689	25	1,313,690	24
5 Cost for materials	1,057,855	31,331	815,684	14,221
6 Cost for services and leases and rentals	257,902	1,558	199,141	1,869
7 Employee costs	238,721		212,772	
8 Depreciation and impairment costs of property, plant and equipment	45,173		40,263	
8 Amortisation and impairment costs of intangible assets	74,656		66,433	
8 Depreciation of rights of use	8,205		8,498	
9 Other operating income	152,237	500	124,097	1,406
10 Net reversals (impairment) of trade and other receivables	(1,510)		(2,906)	
11 Other operating costs	24,330	9	21,234	28
Operating income	112,574		70,856	
12 Income/(loss) from investments	642	644	529	504
13 Financial income	802		1,493	
13 Borrowing costs	24,897	107	27,437	198
13 Net exchange gains/(losses)	4,557		4,725	
Profit before tax	93,678		50,166	
14 Taxes for the period	33,624	(3,817)	18,844	(2,437)
Profit from continuing operations	60,054		31,322	
Assets held for sale:				
15 Profits or losses arising from assets held for sale				
Net Profit (loss) for the period	60,054		31,322	
Attributable to:				
Owners of the Parent	60,054		31,322	
Non-controlling interests				
16 Earnings per share (figures in €)	0.168		0.088	
16 Diluted earnings per share (figures in €)	0.168		0.088	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021	2020
NOTES IN THOUSANDS OF EUROS		
Net Profit (loss) for the period (A)	60,054	31,322
Items that will not be reclassified in the income statement		
46 Remeasurements of defined benefit plans	(1,521)	148
Total	(1,521)	148
Items that may be reclassified in the income statement		
46 Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	6,172	(10,228)
46 Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	1,259	(274)
46 Total profits (losses) on cash flow hedges	5,802	310
Total	13,233	(10,192)
Other comprehensive income (B)⁴³	11,712	(10,044)
Total Profit (loss) for the period (A + B)	71,766	21,278
Attributable to:		
Owners of the Parent	71,768	21,217
Non-controlling interests	(2)	61

43 Other Profits (and losses) take account of related tax effects

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS OF 31 DECEMBER 2021		AS OF 31 DECEMBER 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
ASSETS				
Non-current assets				
17 Intangible assets	720,209		695,646	
18 Property, plant and equipment	283,041		264,616	
19 Rights of use	30,727		33,241	
20 Investment Property			4,600	
39 Investments	11,047		9,134	
40 Other financial assets	16		37	
25 Tax receivables	8,904		12,399	
21 Deferred tax assets	72,479		64,686	
23 Trade receivables				
24 Other receivables	23,628	67	26,260	81
Total non-current assets	1,150,051		1,110,619	
29 Assets held for sale				
Current assets				
23 Trade receivables	71,225	610	68,692	423
24 Other receivables	57,273	20,018	44,241	16,274
25 Tax receivables	17,542		12,851	
22 Inventories	278,538		189,864	
40 Other financial assets	176		2,617	
41 Cash and cash equivalents	260,868		230,093	
Total current assets	685,622		548,358	
Total assets	1,835,673		1,658,977	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS OF 31 DECEMBER 2021		AS OF 31 DECEMBER 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
45	Share capital and reserves attributable to the owners of the Parent	404,235		372,159
45	Share capital and reserves attributable to non-controlling interests	(149)		(147)
	Total shareholders' equity	404,086		372,012
Non-current liabilities				
42	Financial liabilities	532,213		465,776
42	Financial liabilities for rights of use	14,536	2,220	17,994
30	Trade payables			
31	Other long-term provisions	17,364		12,543
32	Deferred tax liabilities	7,495		5,227
33	Retirement funds and employee benefits	33,070		34,998
34	Tax payables	1,387		
35	Other payables	12,760		11,094
	Total non-current liabilities	618,825		547,632
Current liabilities				
42	Financial liabilities	86,840		163,510
42	Financial liabilities for rights of use	7,601	1,319	8,582
30	Trade payables	623,564	16,829	489,964
34	Tax payables	16,976		12,987
35	Other payables	63,425	15,037	46,316
31	Current portion of other long-term provisions	14,356		17,974
	Total current liabilities	812,762		739,333
	Total Shareholders' Equity and Liabilities	1,835,673		1,658,977

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2021		2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
Operating activities				
Net Profit (loss) for the period	60,054		31,322	
14 Taxes for the period	33,624		18,844	
8 Depreciation of property, plant and equipment	44,998		40,263	
8 Amortisation of intangible assets	73,382		65,297	
8 Depreciation of rights of use	8,205		8,498	
Provisions for risks and retirement funds and employee benefits	23,903		20,830	
Write-downs/(Reinstatements)	2,960		8,624	
Losses / (Gains) on the disposal of property, plant and equipment	(323)		(578)	
13 Financial income	(802)		(1,493)	
12 Dividend income	(19)		(25)	
13 Borrowing costs	24,897		27,437	
Income from public grants	(4,488)		(3,962)	
Portion of earnings of associates	(642)		(504)	
<i>Change in working capital:</i>				
23 (Increase)/Decrease in trade receivables	(3,831)	(187)	7,155	569
24 (Increase)/Decrease in other receivables	(10,613)	(3,730)	(25,694)	(1,673)
22 (Increase)/Decrease in inventories	(88,674)		24,818	
30 Increase/(Decrease) in trade payables	133,600	11,059	11,276	69
35 Increase/(Decrease) in other payables	18,775	10,979	8,802	4,035
31 Increase/(Decrease) in provisions for risks	(15,277)		(8,090)	
33 Increase/(Decrease) in retirement funds and employee benefits	(11,743)		(12,331)	
Other changes	(11,703)		11,113	
Cash generated from operating activities	276,283		231,602	
Interest paid	(21,377)		(21,745)	
Taxes paid	(28,404)		(16,647)	
Cash flow from operating activities (A)	226,502		193,210	
Investment activities				
18 Investment in property, plant and equipment	(56,887)		(51,973)	
Sale price, or repayment value, of property, plant and equipment	5,326		1,203	
17 Investment in intangible assets	(97,261)		(88,378)	
Sale price, or repayment value, of intangible assets	63		101	
Public grants collected	1,421		2,612	
Dividends cashed	19		25	
Collected interests	546		1,079	
Cash flow from investment activities (B)	(146,773)		(135,331)	
Financing activities				
45 Purchase of treasury shares	(53)		(217)	
45 Outflow for dividends paid	(39,639)		(32,856)	
42 Loans received	204,873		205,965	
42 Outflow for repayment of loans	(213,909)		(172,802)	
42 Lease payments for rights of use	(9,646)		(7,471)	
Cash flow from financing activities (C)	(58,374)		(7,381)	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	21,355		50,498	
Opening balance	228,906		190,728	
Exchange differences	10,595		(12,320)	
Closing balance	260,856		228,906	

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Movements from 1 January 2021 / 31 December 2021

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR MEASURE- MENT OF FINANCIAL IN- STRUMENTS	IAS TRANSITION RESERVE	GROUP TRAN- SLATION RESERVE	TREA- SURY SHARES	EARNINGS RESERVE	EARNINGS FOR THE PERIOD	CONSOLIDA- TED GROUP SHAREHOL- DERS' EQUITY	SHARE CA- PITAL AND RESERVES ATTRIBU- TABLE TO NON-CON- TROLLING INTERESTS	TOTAL SHAREHOL- DERS' EQUITY
NOTES	IN THOUSANDS OF EUROS											
As of 1 January 2021	207,614	7,171	24,215	281	(15,525)	(38,459)	(1,966)	170,720	18,108	372,159	(147)	372,012
Profit for the period									60,054	60,054		60,054
46 Other comprehensive income				5,802		7,433		(1,521)		11,714	(2)	11,712
Total profit (loss) for the period	0	0	0	5,802	0	7,433	0	(1,521)	60,054	71,768	(2)	71,766
Transactions with shareholders:												
45 Allocation of profits			1,837					12,703	(14,540)	0		0
45 Distribution of dividends								(5,717)	(3,568)	(9,285)		(9,285)
45 Purchase of treasury shares							(53)			(53)		(53)
45 Interim dividend									(30,354)	(30,354)		(30,354)
As of 31 December 2021	207,614	7,171	26,052	6,083	(15,525)	(31,026)	(2,019)	176,185	29,700	404,235	(149)	404,086

Movements from 1 January 2020 / 31 December 2020

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR MEASURE- MENT OF FINANCIAL INSTRU- MENTS	IAS TRANSITION RESERVE	GROUP TRAN- SLATION RESERVE	TREA- SURY SHARES	EARNINGS RESERVE	EARNINGS FOR THE PERIOD	CONSO- LIDATED GROUP SHAREHOL- DERS' EQUITY	SHARE CA- PITAL AND RESERVES ATTRIBU- TABLE TO NON-CON- TROLLING INTERESTS	TOTAL SHA- REHOLDERS' EQUITY
NOTES	IN THOUSANDS OF EUROS											
As of 1 January 2020	207,614	7,171	21,904	(29)	(15,525)	(27,896)	(1,749)	145,776	46,749	384,015	(208)	383,807
Profit for the period									31,322	31,322		31,322
46 Other comprehensive income				310		(10,563)		148		(10,105)	61	(10,044)
Total profit (loss) for the period	0	0	0	310	0	(10,563)	0	148	31,322	21,217	61	21,278
Transactions with shareholders:												
45 Allocation of profits			2,311					24,796	(27,107)	0		0
45 Distribution of dividends									(19,642)	(19,642)		(19,642)
45 Purchase of treasury shares							(217)			(217)		(217)
45 Interim dividend									(13,214)	(13,214)		(13,214)
As of 31 December 2020	207,614	7,171	24,215	281	(15,525)	(38,459)	(1,966)	170,720	18,108	372,159	(147)	372,012

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 Group is manufacture and sale of vehicles.

These Financial Statements are expressed in Euros (€) since this is the currency in which most of the Group's transactions take place. Foreign operations are included in the consolidated financial statements according to the standards indicated in the notes below.

Scope of consolidation

As of 31 December 2021, the structure of the Piaggio Group was as indicated in the Report on Operations and is the structure referred to herein.

The scope of consolidation has not changed compared to the Consolidated Financial Statements as of 31 December 2020.

Compliance with international accounting standards

The Consolidated Financial Statements of the Piaggio Group as of 31 December 2021 have been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at the date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions issued in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolution 15519 of 27/7/06 on "Provisions on financial statements", Consob Resolution 15520 of 27/7/06 on "Amendments and additions to the Issuers' Regulation adopted by Resolution 11971/99", Consob Communication 6064293 of 28/7/06 concerning "Corporate reporting required under 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.

Moreover, international accounting standards have been uniformly adopted for all Group companies.

The financial statements of subsidiaries, used for consolidation and for the joint venture consolidated using the equity method, have been appropriately modified and reclassified, where necessary, to bring them in line with the international accounting standards and classification criteria used by the Group on a consistent basis.

The Financial Statements have been prepared on a historical cost basis, amended as required for the measurement of investment property and some financial instruments, and on a going-concern basis. Despite the macroeconomic instability related to the spread of COVID-19 and taking into account the positive results of the impairment tests approved by the Board of Directors on 21 February 2022, the Group considers that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, also because of the actions already identified to adapt to changed levels of demand, as well as the Group's industrial and financial flexibility.

These consolidated financial statements have been audited by Deloitte & Touche S.p.A.

Effects of the COVID-19 pandemic

For the effects of the COVID-19 pandemic, please refer to the chapter "Health emergency - COVID-19" in the report.

Other information

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

1. FORM AND CONTENT OF THE FINANCIAL STATEMENTS

Form of the consolidated financial statements

The Group has chosen to highlight all changes generated by transactions with non-shareholders within two statements reporting trends of the period, respectively named the "Consolidated Income Statement" and "Consolidated Statement of Comprehensive Income". The Financial Statements are therefore composed of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Consolidated Shareholders' Equity, and these notes.

Consolidated Income Statement

The Consolidated Income Statement is presented with the items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and Profit before tax. In addition, the income and cost items arising from assets that are held for sale or to be discontinued, including any capital gains or losses net of the tax element, are recorded in a specific item preceding profit attributable to the owners of the parent and to non-controlling interests.

Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income is presented in accordance with the revised version of IAS 1. Components presented in 'Other comprehensive income' are grouped according to whether or not they can be reclassified subsequently to profit or loss.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities and shareholders' equity.

In turn, assets and liabilities are reported in the Consolidated Financial Statements on the basis of their classification as current and non-current.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is divided into cash-flow generating areas. The Statement of Cash Flows model adopted by the Piaggio Group has been prepared using the indirect method. The cash and cash equivalents recorded in the Consolidated Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Cash flows in foreign currency have been converted at the average exchange rate for the period. Interest expense paid as well as taxes paid are included in the cash flows generated by operations. Interest received and dividends received are included in cash flows generated by investing activities. Finally, dividends paid are included in financing activities.

The opening balance and closing balance of cash and cash equivalents are presented net of short-term bank holdings, as required by IAS No. 7.

Statement of Changes in Consolidated Shareholders' Equity

The Statement of Changes in Consolidated Shareholders' Equity is presented as provided for in IAS 1 revised.

It includes the total statement of comprehensive income while separately reporting the amounts attributable to owners of the Parent company as well as the quota pertaining to non-controlling interests, the amounts of operations with shareholders acting in this capacity and potential effects of retrospective application or of the retroactive calculation pursuant to IAS 8. For each item, a reconciliation between the balance at the start and end of the period is presented.

Contents of the Consolidated Financial Statements

The Consolidated Financial Statements of the Piaggio Group include the Financial Statements of the Parent Company Piaggio & C. S.p.A. and Italian and foreign companies in which it has direct or indirect control, which are listed in the attachments.

As of 31 December 2021 subsidiaries and associates of Piaggio & C. S.p.A. were as follows:

COMPANIES:	SUBSIDIARIES			ASSOCIATES			TOTAL
	ITALY	ABROAD	TOTAL	ITALY	ABROAD	TOTAL	
- consolidated on a line-by-line basis	2	20	22				22
- consolidated with the equity method				2	3	5	5
Total companies	2	20	22	2	3	5	27

2. CONSOLIDATION PRINCIPLES AND MEASUREMENT CRITERIA

2.1 Principles of consolidation

Assets and liabilities, and income and costs, of consolidated companies are recognised on a global integration basis, eliminating the carrying amount of consolidated investments in relation to the relative shareholders' equity at the time of purchase or underwriting. The carrying amount of investments has been eliminated against the shareholders' equity of subsidiaries/associates, assigning to non-controlling interests under specific items the relative portion of shareholders' equity and relative net profit due for the period, in the case of subsidiaries consolidated on a line-by-line basis.

Subsidiaries

Subsidiaries are companies in which the Group exercises control. This control exists when the Group is exposed, or is entitled to receive variable returns from its involvement in the company and has the capacity to influence such variable returns through its power over the controlled company. The acquisition of subsidiaries is recognised according to the acquisition method. The cost of acquisition is determined by the sum of present values at the date control of the given assets was obtained, liabilities borne or undertaken and financial instruments issued by the Group in exchange for control of the acquired company.

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.

The financial statements of subsidiaries are included in the Consolidated Financial Statements starting from the date when control is acquired until control ceases.

The portions of shareholders' equity and income attributable to non-controlling interests are separately indicated in the Consolidated Statement of Financial Position and Consolidated Income Statement respectively.

Associates and joint arrangements

Associates are companies in which the Group has considerable influence but not control of financial and operational policies.

The Group adopts IFRS 11 for all joint arrangements. According to IFRS 11, investments in joint arrangements are classified as joint operations or joint ventures depending on the contractual obligations and rights of each investor. The Group has classified the only joint arrangement agreement in place as being a joint venture.

In adopting the equity method, the investment in an associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the Group of profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the Group is recognised separately in consolidated profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the Group, is recognised under other components of consolidated comprehensive income. If the portion of losses of an entity in an associate or joint venture is equal to or exceeds its interest in the associate or joint venture, the Group discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the

Group has incurred legal or constructive obligations or made payments on behalf of the associate, or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its portion of those profits only after its portion of the profits equals the share of losses not recognised. Profit and losses arising from "upwards" or "downwards" transactions between a Group and an associate or joint venture are recognised in the consolidated financial statements only as regards the portion attributable to minority interest in the associate or joint venture. The portion of profit or loss of the associate or joint venture arising from these transactions, attributable to the Group, is eliminated in the consolidated income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards transactions".

Transactions eliminated during the consolidation process

In preparing the Consolidated Financial Statements, all balances and significant transactions between Group companies have been eliminated, as well as unrealised profits and losses arising from intergroup transactions. Unrealised profits and losses generated from transactions with associates or jointly controlled companies are eliminated based on the value of the investment of the Group in the companies.

Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the reporting date.

Consolidation of foreign companies

The separate financial statements of each company belonging to the Group are prepared in the currency of the primary economic environment in which they operate (the functional currency). For the purposes of the Consolidated Financial Statements, the financial statements of each foreign entity are in euro, which is the functional currency of the Group and the presentation currency of the Consolidated Financial Statements.

All assets and liabilities of foreign companies in a currency other than the euro which come under the scope of consolidation are translated, using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the application of this method, as well as translation differences arising from a comparison of initial shareholders' equity translated at current exchange rates and the same equity translated at historical rates, are recognised in the statement of comprehensive income and allocated to a specific reserve in shareholders' equity until disposal of the investment. Average exchange rates for translating the cash flows of foreign subsidiaries are used in preparing the Consolidated Statement of Cash Flows.

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

CURRENCY	SPOT EXCHANGE RATE 31 DECEMBER 2021	AVERAGE EXCHANGE RATE 2021	SPOT EXCHANGE RATE 31 DECEMBER 2020	AVERAGE EXCHANGE RATE 2020
US Dollar	1.1326	1.18274	1.2271	1.14220
Pounds Sterling	0.84028	0.859604	0.89903	0.889704
Indian Rupee	84.2292	87.43916	89.6605	84.63916
Singapore Dollars	1.5279	1.58910	1.6218	1.57424
Chinese Yuan	7.1947	7.62823	8.0225	7.87470
Croatian Kuna	7.5156	7.52841	7.5519	7.53838
Japanese Yen	130.38	129.87671	126.49	121.84576
Vietnamese Dong	25,137.39	26,372.96376	27,654.41	25,901.44233
Indonesian Rupiah	16,166.73	16,914.56136	17,029.69	16,657.37626
Brazilian Real	6.3101	6.37789	6.3735	5.89426

2.2 Accounting policies

The most significant accounting policies adopted to prepare the Consolidated Financial Statements as of 31 December 2021 are outlined below.

Intangible assets

As provided for in IAS 38 - Intangible Assets, an intangible asset which is purchased or internally generated, is

recognised as an asset only if it is identifiable, controllable and future economic benefits are expected and its cost may be measured reliably.

Intangible assets with a definite useful life are measured at acquisition cost or production cost net of amortisation and accumulated impairment losses. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

Amortisation is referred to the expected useful life and commences when the asset is available for use.

Goodwill

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.

Goodwill is not amortised but tested annually for impairment, or more frequently if specific events or changed circumstances indicate that an asset may be impaired, as provided for in IAS 36 - Impairment of Assets.

After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.

At the disposal of part of or an entire company previously acquired from whose acquisition goodwill arose, the corresponding residual value of goodwill is considered when measuring the capital gain or loss of the disposal.

Development costs

Development costs of projects for the manufacture of vehicles and engines are recognised as assets only if all of the following conditions are met: the costs can be reliably measured and the technical feasibility of the product, the volumes and expected prices indicate that costs incurred during development will generate future economic benefits. Capitalised development costs include only costs incurred that may be directly attributed to the development process. Capitalised development costs are amortised on a systematic criterion basis, starting from the beginning of production through the estimated life of the product.

All other development costs are recognised in profit or loss when they are incurred.

Other intangible assets

As provided for in IAS 38 - Intangible Assets, other intangible assets which are purchased or internally generated are recognised as assets if it is probable that use of the asset will generate future economic benefits and the cost of the asset can be reliably measured.

These assets are recognised at acquisition or production cost and are amortised on a straight line basis over their estimated useful life, if they have a definite useful life.

Other intangible assets recognised following the acquisition of a company are accounted for separately from goodwill, if their fair value may be reliably measured.

The amortisation period for an intangible asset with a useful life is revised at least at the end of each reporting period. If the expected useful life of the asset differs from estimates previously made, the amortisation period is changed accordingly.

The amortisation periods of intangible assets are shown below:

Development costs	3-5 years
Industrial Patent and Intellectual Property Rights	3-5 years
Other	5 years
Trademarks	15 years
Licences	10 years

Property, plant and equipment

The Piaggio Group opted for the cost method when first preparing its IAS/IFRS financial statements, as allowed by IFRS 1. For the measurement of property, plant and equipment, it was therefore decided not to use the fair value method. Property, plant and equipment were booked at the purchase or production cost and were not revalued. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they

refer to. All other costs are recognised in profit or loss when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation. Depreciation is determined, on a straight line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life.

The depreciation periods of Plant, property and equipment are summarised below:

Land	Land is not depreciated
Buildings	33-60 years
Plant and machinery	5 -15 years
Equipment	4-20 years
Other assets	3-10 years

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sale revenue and net carrying amount of the asset and are recognised in profit or loss for the period.

Lease agreements as lessor

Lease agreements for property, plant and machinery entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, or if this cannot easily be determined, by using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.

If the contract provides for a renewal option in favour of the lessee, the Group also includes the rentals for the renewal period if it is considered highly probable in the calculation of the right of use.

The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.

The Group has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).

The Group has its own production plants even in countries where ownership rights are not allowed. Rental paid in advance, to obtain the availability of land where own production sites are located, is recognised as a right of use.

Impairment

At the end of the reporting period, the Group reviews the carrying amount of its tangible and intangible assets and rights of use to determine whether there is any indication that these assets may be impaired (impairment test). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the asset's cash generating unit.

The recoverable amount is the higher of an asset's fair value less costs to sell (if available) and its value in use. In measuring the value in use, estimated future cash flows are discounted at their fair value, using a rate which reflects current market changes in the fair value of money and specific risks of the asset.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the relative carrying amount, the carrying amount of the asset is reduced to the lower recoverable value. An impairment loss is immediately recognised in profit or loss, unless the asset concerns land or property other than investment property recognised at revalued values. In said case, the loss is recorded in the relative revaluation reserve.

When the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset (or of a cash generating unit), except for goodwill, is increased to the new value arising from an estimate of its recoverable amount, up to the net carrying amount applicable to the asset if no impairment loss had been recognised. The reversal of the impairment loss is immediately recognised in profit or loss.

An intangible asset with an indefinite useful life is tested annually for impairment, or more frequently if there is an indication that an asset may be impaired.

Investment Property

As permitted by IAS 40, non-instrumental property and buildings held for rental and/or asset appreciation purposes are measured at fair value. Investment properties are eliminated from the financial statements when they are disposed of or when they may not be used over time and future economic benefits from their sales are not expected.

Transactions with affiliates and related parties

Transactions with affiliates and related parties are indicated in specific sections of the Report on Operations and Notes, referred to herein.

Non-current assets held for sale

Non-current assets (or disposal groups) that are classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale when it is expected that their carrying amount will be recovered through a sale rather than through their use in company operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale and management is committed to a plan to sell, which should take place within 12 months from the date in which this item was classified as held for sale.

Financial assets

IFRS 9 adopts a single approach to analysing and classifying all financial assets, including those containing embedded derivatives. Classification and measurement consider the business model of the financial asset and the contractual characteristics of cash flows that may be obtained from the asset. Depending on the characteristics of the instrument and business model adopted, the following three categories are determined:

(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, with the effects recognised in other comprehensive income (OCI); (iii) financial assets measured at fair value, with the effects recognised in profit or loss.

The financial asset is measured at amortised cost if both the following conditions are met:

- the business model holds the financial asset only to collect the relative cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that only represent the return on the financial asset.

According to the amortised cost method, the value of initial recognition is subsequently adjusted to take into account repayments of principal, any impairment and amortisation of the difference between the repayment value and value of initial recognition.

Amortisation is based on the internal effective interest rate that represents the rate which, at the time of initial recognition, makes the present value of expected cash flows equal to the value of initial recognition.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the relative provision for write-downs.

Financial assets representing debt instruments whose business model covers the possibility of collecting contractual cash flows and realising capital gains from sale (the hold to collect and sell business model), are measured at fair value, recognising the effects in OCI.

In this case, changes in fair value of the instrument are recognised as shareholders' equity in OCI. The total of changes in fair value, recognised in a shareholders' equity reserve that includes OCI, is reversed to profit or loss when the instrument is deleted from the accounts. Interest expense is recognised in profit or loss using the effective interest rate, exchange differences and write-downs.

A financial asset representing a debt instrument that has not been measured at amortised cost or at fair value through other comprehensive income is measured at fair value with the effects recognised in profit or loss.

Inventories

Inventories are recognised as the lower of the purchase or production cost, determined by assigning to products the costs directly incurred in addition to the portion of indirect costs reasonably attributable to the performance of production activities in normal production capacity conditions and the market value at the end of the reporting period. The purchase or production cost is determined based on the weighted average cost method.

As regards raw materials and work in progress, the market value is represented by the estimated net realisable value of corresponding finished products minus completion costs. As regards finished products, the market value is represented by the estimated net realisable value (price lists minus the costs to sell and distribution costs).

The lower measurement based on market trends is eliminated in subsequent years, if the trends no longer exist.

Obsolete, slow moving and/or excess inventories are impaired in relation to their possible use or future realisation, in a provision for the write-down of inventories.

Receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently recognised based on the amortised cost method, net of the provisions for write-downs.

IFRS 9 establishes a new model for the impairment/write-down of these assets, with the aim of providing useful information for financial statement users on relative expected losses. According to this model, the Group measures receivables on an expected loss basis, replacing the provisions in IAS 39 which typically measure receivables on an incurred loss basis. For trade receivables, the Group adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but instead the recognition of an expected credit loss (ECL) calculated over the ECL lifetime. In particular, the policy adopted by the Group involves the stratification of trade receivables in categories based on past due days, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment.

Trade receivables are wholly written down in the absence of a reasonable expectation of their recovery, or in the case of inactive counterparties.

The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement.

When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

Factoring

The Group sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.

In the case of transfers in which the risks and benefits are not transferred, the relative receivables remain in the statement of financial position until the transferred sum has been paid. In this case any advance payments collected by the factor are recognised under payables as amounts due to other lenders.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, current bank accounts, deposits payable on demand and other high liquidity short term financial investments, which are readily convertible into cash and not affected by any major risk of a change in value. This item does not include bank overdrafts payable on demand.

Treasury shares

Treasury shares are recognised as a reduction of shareholders' equity. The original cost of treasury shares and revenues arising from subsequent sales are recognised as movements of shareholders' equity.

Financial liabilities

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements.

Pursuant to IFRS 9, they include trade and other payables.

Financial liabilities are recognised at fair value net of additional transaction costs. After initial recognition, loans are measured at amortised cost, calculated using the effective interest rate. With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount value of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement.

Financial liabilities hedged by derivatives are recognised at present value, according to procedures established for hedge accounting: gains and losses arising from subsequent measurements at present value are recognised in profit or loss and are offset by the effective portion of the loss and again arising from subsequent measurements at present value of the hedging instrument. On initial recognition, a liability may be designated at fair value recognised in profit or loss when this eliminates or considerably reduces a lack of uniformity in the measurement or recognition (sometimes defined as "asymmetric accounting") that would otherwise arise from the measurement of an asset or liability or recognition of relative profit and loss on different bases. This fair value designation is exclusively applied to some financial liabilities in currency subject to exchange risk hedging.

Derivatives and measurement of hedging transactions

Group assets are primarily exposed to financial risks from changes in exchange and interest rates. The Group uses derivatives to hedge risks arising from changes in foreign currency and interest rates in particular irrevocable commitments and planned future transactions. The use of these instruments is regulated by written procedures on the use of derivatives, in line with risk management policies of the Group. Until 31 December 2020, the Group had chosen to apply the hedge accounting provisions of IAS 39, as permitted by IFRS 9. As of 1 January 2021, IFRS 9 has been applied. This change has not had a significant impact on the values or disclosures in the financial statements.

Derivatives are initially recognised at fair value, represented by the initial amount and aligned with the fair value at subsequent ends of reporting periods. Financial derivatives are used solely for hedging purposes, in order to reduce exchange risk, interest rate risk and the risk of changes in the market price. In line with IFRS 9, financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated. When financial instruments may be measured by hedge accounting, the following accounting treatment is adopted:

- Fair value hedge: if a financial derivative is designated as a hedge of the exposure to changes in present value of a recognised asset or liability, attributable to a particular risk and could affect profit or loss, the gain or loss from the subsequent change in present value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the hedged item and is recognised in profit or loss;
 - Cash flow hedge: if an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or of a highly probable forecast transaction which could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognised in the Statement of Comprehensive Income. Accumulated gain or loss is reversed from the Statement of Comprehensive Income and recognised in profit or loss in the same period as the hedging transaction. The gain or loss associated with hedging or the part of hedging which is ineffective, is immediately recognised in profit or loss. If the hedging instrument or hedging ceases, but the transaction covered by hedging is not yet realised, profits and losses, recognised in equity, are instead recognised in profit or loss when the transaction takes place. If the transaction to be hedged is deemed no longer probable, gains or losses deferred in the Statement of Comprehensive Income are recognised immediately in profit or loss.
- If hedge accounting cannot be applied, gains or losses from measurement at present value of the financial derivative are immediately recognised in profit or loss.

Long-term provisions

The Group recognises provisions for risks and charges when it has a legal or implicit obligation to third parties and it is likely that Group resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated.

Changes in estimates are recognised in profit or loss when the change takes place.

If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specific risks of the liability.

Retirement funds and employee benefits

Liabilities relative to employee benefits paid on or after termination of employment for defined benefit plans are determined separately for each plan, based on actuarial hypotheses estimating the amount of future benefits that employees will accrue at the reporting date (the "projected unit credit method"). Liabilities, recognised in the financial statements net of any assets serving the plan, are entered for the period when the right accrues. Liabilities are measured by independent actuaries.

The cost components of defined benefits are recognised as follows:

- the costs relative to services are recognised in the Income Statement under employee costs;
- net borrowing costs of liabilities or assets with defined benefits are recognised in the Income Statement as financial income/(borrowing costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
- the remeasurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the assets, are immediately recognised as "Other comprehensive income (expense)". These components must not be reclassified to the Income Statement in a subsequent period.

Termination benefits

Termination benefits are recognised at the closest of the following dates: i) when the Group can no longer withdraw the offer of such benefits and ii) when the Group recognises the costs of restructuring.

Tax assets and liabilities

Deferred taxes are determined based on the temporary differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred taxes are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income.

In the case of reserves of undistributed profits of subsidiaries and since the Group is able to control distribution times, deferred taxes are allocated for the reserves when distribution is expected in the future.

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

Payables

Payables are recognised at fair value and then measured based on the amortised cost method.

Reverse factoring (indirect factoring)

To guarantee suppliers easier credit conditions, the Group has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Group to a lender and collect amounts before maturity.

In some cases, payment terms are extended further in agreements between the supplier and the Group; these extensions may be interest or non-interest bearing.

The Group has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differs by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IFRS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IFRS 9 B3.3.6.

Pursuant to IAS 1 paragraph 54, trade payables and other payables must be shown separately from payables of a financial nature.

In this context, relations, for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

Recognition of revenues

Based on the five-step model introduced by IFRS 15, the Group measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).

In particular, the Group measures revenues only if the following requirements have been met (requirements to identify the "contract" with the customer):

- a. the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; an agreement therefore exists between the parties that establishes the rights and obligations to be met, regardless of the form by which the agreement is made;
- b. the Group can identify each party's rights in relation to the goods or services to be transferred;
- c. the Group can identify the payment terms for the goods or services to be transferred;
- d. the contract has commercial substance; and
- e. it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the relative revenues are recognised when: (i) the Group has already transferred control of the goods and/or provided the services to the customer and all or nearly all of the consideration from the customer has been received and cannot be reimbursed; or (ii) the contract has ended and the consideration received by the Group from the customer cannot be reimbursed.

If the above requirements are instead met, the Group adopts the following rules for recognition.

Revenues for the sale of vehicles and spare parts are recognised when control of the good is transferred to the purchaser, or when the customer can use in full the good or substantially benefit from it.

Revenues are represented net of discounts, including, among others, sales incentive programmes and bonuses to customers, as well as taxes directly connected with the sale of the goods.

Revenues from the provision of services are recognised when the services are provided based on their progress.

Revenues also include lease payments recognised on a straight line basis for the duration of the contract.

Grants

Set-up grants are recognised in the financial statements when their payment is certain and are recognised in profit or loss based on the useful life of the asset for which the grants have been provided.

Operating grants are recognised in the financial statements, when their payment is certain and are recognised in profit or loss in relation to costs for which the grants have been provided.

Financial income

Financial income is recognised on an accrual basis and includes interest payable on invested funds, exchange differences receivable and income from financial instruments, when not offset in hedging transactions. Interest receivable is recognised in profit or loss when it matures, considering the actual return.

Borrowing costs

Borrowing costs are recognised on an accrual basis, and include interest payable on financial payables calculated using the effective interest rate method, exchange differences payable and losses on derivative financial instruments. The rate of interest payable of finance lease payments is recognised in profit or loss, using the effective interest rate method.

Dividends

Dividends recognised in profit or loss, from non-controlling interests, are recognised on an accrual basis, and therefore at the time when, following the resolution to distribute dividends by the subsidiary, the relative right to payment arises.

Income tax

Taxes represent the sum of current and deferred tax assets and liabilities.

Taxes allocated under accounting circumstances of individual companies included in the scope of consolidation are recognised in the consolidated financial statements, based on taxable income estimated in compliance with national laws in force at the end of the reporting period, considering applicable exemptions and tax receivables owing. Income taxes are recognised in the income statement, with the exception of those taxes relative to items directly deducted from or charged to the statement of comprehensive income.

Taxes are recorded under "Tax payables" net of advances and withheld taxes. Taxes due in the event of the distribution of reserves as withheld taxes recognised in the financial statements of individual Group companies are not allocated, as their distribution is not planned.

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

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

Earnings per share

Basic earnings per share are calculated dividing the profit or loss attributable to shareholders of the Parent Company by the weighted average of ordinary shares in circulation during the period. Diluted earnings per share are calculated dividing the profit or loss attributable to shareholders of the Parent Company by the weighted average of ordinary shares in circulation adjusted to take account of the effects of all potential ordinary shares with a dilutive effect. Any shares related to the stock option plan are considered as shares that may be potentially issued. The adjustment to make to the number of stock options to calculate the number of adjusted shares is determined by multiplying the number of stock options by the subscription cost and dividing it by the share market price.

Use of estimates

The preparation of the financial statements and notes in compliance with IFRS requires management to make estimates and assumptions which have an impact on the values of assets and liabilities and on disclosure regarding contingent assets and liabilities at the end of the reporting period. Actual results could differ from estimates. Estimates are used to measure intangible assets tested for impairment (see § Impairment losses) and to identify provisions for bad debts, for obsolete inventories, amortisation and depreciation, impairment of assets, employee benefits, taxes, restructuring provisions and other allocations and funds. Estimates and assumptions are periodically revised and the effects of any change are immediately recognised in profit or loss.

In the current world economic and financial crisis, assumptions made as to future trends are marked by a considerable degree of uncertainty. Therefore the possibility in the next reporting period of results that differ from estimates cannot be ruled out, and these could require even significant adjustments which at present cannot be predicted or estimated. The critical measurement processes and key assumptions used by the Group in adopting IFRS and that may have a significant impact on figures in the Consolidated Financial Statements or for which a risk exists that significant differences in value may arise in relation to the carrying amount of assets and liabilities in the future are summarised below.

Recoverable value of non-current assets

Non-current assets include Property, Plant and Equipment, Goodwill, Other Intangible Assets, Investment Property, Investments and Other Financial Assets. The Group periodically revises the carrying amount of non-current assets held and used and of assets held for sale, when facts and circumstances make this necessary. This analysis is carried out at least annually for Goodwill, and whenever facts and circumstances make it necessary. Analysis of the recoverability of the carrying amount of Goodwill is generally based on estimates of expected cash flows from the use or sale of the asset and adequate discount rates to calculate the fair value. When the carrying amount of a non-current asset is impaired, the Group recognises a write-down equal to the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to cash flows of the most recent company plans.

Recoverability of deferred tax assets

The Group has deferred tax assets from deductible temporary differences and theoretical tax benefits from losses to be carried forward. In estimating recoverable value, the Group considered the results of the company plan in line with the results used for impairment testing. Net deferred tax assets allocated on this basis refer to temporary differences and tax losses which, to a significant extent, may be recovered over an indefinite period, and are therefore compatible with a context in which an end to current difficulties and uncertainties and an upswing in the economy could take longer than the time frame of the above-mentioned estimates. As regards Piaggio & C. SpA, which is party to the IMMSI Group National Consolidated Tax Convention, the recovery of deferred tax assets is related to results forecast for the company, and also to the taxable amounts of companies which are part of the IMMSI Group National Consolidated Tax Convention.

Pension schemes and other termination benefits

Provisions for employee benefits and net borrowing costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements. The assumptions used for the measurement are explained in section 33 "Retirement funds and employee benefits".

Provisions for bad debts

The provision for bad debts reflects management's estimate of expected losses related to receivables. The Group adopts the simplified approach of IFRS 9 and recognises expected losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (Expected Credit Loss - ECL concept).

Provision for obsolete inventories

The provision for obsolete inventories reflects management's estimate of impairment losses expected by the Group, determined based on past experience. Anomalous market price trends could have an effect on future inventory write-downs.

Provision for product warranties

At the time of a product's sale, the Group makes provisions relative to estimated costs for the product warranty. This provision is estimated based on historical information about the nature, frequency and average cost of warranty jobs.

Potential liabilities

The Group recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements. The Group is subject to legal and tax proceedings concerning complex and difficult legal issues, of varying degrees of uncertainty, including facts and circumstances relative to each case, jurisdiction and different applicable laws. Given the uncertainties concerning these issues, it is hard to predict with certainty the outflow arising from these disputes and it is therefore possible that the value of provisions for legal proceedings and disputes of the Group may vary as a result of future developments in proceedings underway.

The Group monitors the status of ongoing proceedings and consults its legal and tax advisers.

Amortisation/Depreciation

The cost of assets is depreciated on a straight line basis over their estimated useful life, which for rights of use coincides with the assumed contract duration. The economic useful life of Group assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of technological innovations that may make the asset obsolete and no longer economical.

The Group periodically evaluates technological and segment changes, in order to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

Income tax

The Group is subject to different income tax laws in various jurisdictions. Group tax liabilities are determined based on management valuations referred to transactions of which the tax effect is not certain at the end of the reporting period. The Group recognises the liabilities that could arise from future inspections of tax authorities based on an estimate of taxes that will be due. If the outcome of inspections differs from management's estimates, significant effects on current and deferred taxes could arise.

Rounding off

All amounts in the tables and in these notes have been rounded off to thousands of Euros.

2.3 New accounting standards, amendments and interpretations applied as from 1 January 2021

Derivatives and measurement of hedging transactions

Until 31 December 2020, the Group had chosen to apply the hedge accounting provisions of IAS 39, as permitted by IFRS 9. As of 1 January 2021, IFRS 9 has been applied. This change has not had a significant impact on the values or disclosures in the financial statements.

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

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

Amendments to IFRS 7, IFRS 4 and IFRS 16 - Reform of the interest rate benchmark Phase 2

In August 2020, the IASB published amendments to IFRS 7, IFRS 4 and IFRS 16. The Phase 2 amendments provide additional temporary relief from the application of the specific hedge accounting requirements in IAS 39 and IFRS 9 to hedging relationships directly affected by the IBOR reform.

Amendments to IFRS 4

In June 2020, the IASB published amendments to IFRS 4 that postpone the exemption from the application of IFRS 9 to 1 January 2023.

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

2.4 Accounting standards amendments and interpretations not yet applicable

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

- in May 2017, the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard, which will replace IFRS 4 and will be effective from 1 January 2023, was amended in June 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 2023.
- In May 2020, the IASB published narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16. The amendments will be applicable with effect from 1 January 2022.
- In February 2021, the IASB published narrow-scope amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve disclosure of accounting standards and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting standards. These amendments will apply from 1 January 2023. In any case, the IASB plans to publish a draft in the fourth quarter of 2021, in which it will propose deferring the effective date of application to 1 January 2024 at the earliest.
- In March 2021, the IASB published amendments to IFRS 16 that move the final date from 30 June 2021 to 30 June 2022, for a practical expedient for measuring leases where renegotiated lease payments have been made as a result of COVID-19. The lessee may opt to recognise the concession in the accounts as a variable lease payment in the period when a lower payment is recognised. These amendments will apply from 1 April 2021.
- In May 2021, the IASB issued amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred taxes when an asset or liability is initially recognised in a transaction that results in equal amounts of temporary deductible and taxable differences. These amendments will apply from 1 January 2023.

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

B) SEGMENT REPORTING

3. Operating segment reporting

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

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

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

- EMEA and 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 Americas, are handled by individual segments.



INCOME STATEMENT/ NET CAPITAL EMPLOYED BY OPERATING SEGMENT

		EMEA AND AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (unit/000)	2021	262.2	138.4	135.4	536.0
	2020	239.6	135.8	107.4	482.7
	Change	22.6	2.7	28.0	53.2
	Change %	9.4%	2.0%	26.1%	11.0%
Turnover (in millions of Euros)	2021	1,104.4	231.2	333.1	1,668.7
	2020	831.0	233.0	249.6	1,313.7
	Change	273.4	(1.9)	83.5	355.0
	Change %	32.9%	-0.8%	33.4%	27.0%
Gross margin (millions of Euros)	2021	308.9	38.4	115.2	462.5
	2020	231.1	45.2	96.1	372.4
	Change	77.8	(6.8)	19.1	90.2
	Change %	33.7%	-15.0%	19.9%	24.2%
EBITDA (millions of Euros)	2021				240.6
	2020				186.1
	Change				54.6
	Change %				29.3%
EBIT (millions of Euros)	2021				112.6
	2020				70.9
	Change				41.7
	Change %				58.9%
Net profit (millions of Euros)	2021				60.1
	2020				31.3
	Change				28.7
	Change %				91.7%
Capital employed (millions of Euros)	2021	448.1	145.2	191.1	784.4
	2020	496.8	151.0	147.8	795.6
	Change	(48.7)	(5.8)	43.3	(11.2)
	Change %	-9.8%	-3.8%	29.3%	-1.4%
Of which receivable (millions of Euros)	2021	1,018.1	278.0	273.5	1,569.6
	2020	927.1	276.3	219.6	1,423.0
	Change	91.0	1.7	53.9	146.6
	Change %	9.8%	0.6%	24.5%	10.3%
Of which payable (millions of Euros)	2021	570.0	132.8	82.4	785.2
	2020	430.3	125.3	71.8	627.4
	Change	139.7	7.5	10.6	157.8
	Change %	32.5%	6.0%	14.8%	25.2%

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Values for the 2020 were heavily influenced by the COVID-19 health emergency, which led to the closure of production and commercial activities for several weeks in many countries.

4. Net revenues

€/000 1,668,689

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

This item does not include transport costs, which are recharged to customers (€/000 33,997) and invoiced advertising cost recoveries (€/000 5,109), which are posted under other operating income.

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

Revenues by geographic segment

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

IN THOUSANDS OF EUROS	2021		2020		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	1,104,422	66.2	831,026	63.3	273,396	32.9
India	231,159	13.8	233,031	17.7	(1,872)	-0.8
Asia Pacific 2W	333,108	20.0	249,633	19.0	83,475	33.4
Total	1,668,689	100.0	1,313,690	100.0	354,999	27.0

In 2021, net sales revenue increased by 27.0% compared to the previous year. Last year's figures were adversely affected by the lockdown measures implemented in many countries to deal with the COVID-19 pandemic. For a more detailed analysis of trends in individual geographic segments, please refer to the Report on Operations.

5. Costs for materials

€/000 1,057,855

The increase in material costs compared to 2020 (+29.7%) is due to the growth in production volumes and the cost of raw materials.

The item includes €/000 31,331 (€/000 14,221 in 2020) for purchases of two-wheelers from the Chinese subsidiary Zongshen Piaggio Foshan Motorcycle Co. Ltd., that are sold on European and Asian markets.

The following table details the content of this item:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Raw, ancillary materials, consumables and goods	1,140,827	793,612	347,215
Change in inventories of raw, ancillary materials, consumables and goods	(53,202)	9,294	(62,496)
Change in work in progress of semifinished and finished products	(29,770)	12,778	(42,548)
Total	1,057,855	815,684	242,171

6. Costs for services and leases and rental costs

€/000 257,902

Below is a breakdown of this item:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Employee costs	10,653	8,113	2,540
External maintenance and cleaning costs	10,808	9,159	1,649
Energy and telephone costs	12,294	12,691	(397)
Postal expenses	1,082	722	360
Commissions payable	519	406	113
Advertising and promotion	53,257	39,595	13,662
Technical, legal and tax consultancy and services	22,432	15,940	6,492
Company boards operating costs	2,704	2,734	(30)
Insurance	4,580	4,219	361
Insurance from related parties	53	33	20
Outsourced manufacturing	26,921	15,262	11,659
Outsourced services	16,435	14,710	1,725
Transport costs (vehicles and spare parts)	48,423	36,559	11,864
Sundry commercial expenses	7,341	4,627	2,714
Expenses for public relations	2,737	1,751	986
Product warranty costs	1,241	527	714
Quality-related events	5,805	7,114	(1,309)
Bank costs and factoring charges	5,662	4,764	898
Other services	12,800	8,857	3,943
Services and costs for use by related parties	1,505	1,836	(331)
Lease and rental costs	10,650	9,522	1,128
Total costs for services, leases and rental costs	257,902	199,141	58,761

Costs for services, lease and rental went up by 29.5% compared to the previous year. 2020 figures were affected by lockdown periods resulting from the difficult health situation. The item includes costs for temporary work of €/000 2,882.

7. Employee costs

€/000 238,721

Employee costs include €/000 1,536 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Salaries and wages	181,761	160,695	21,066
Social security contributions	46,322	39,453	6,869
Termination benefits	8,109	7,951	158
Other costs	2,529	4,673	(2,144)
Total	238,721	212,772	25,949

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

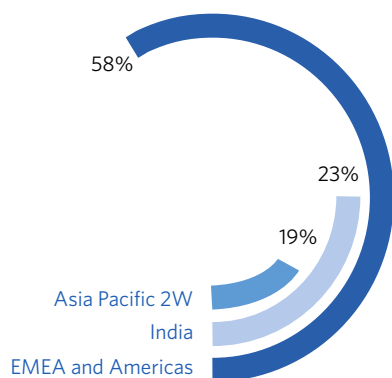
LEVEL	AVERAGE NUMBER		CHANGE
	2021	2020	
Senior management	109	106	3
Middle management	672	664	8
White collars	1,616	1,673	(57)
Blue collars	3,762	3,791	(29)
Total	6,159	6,234	(75)

LEVEL	NUMBER AS OF		CHANGE
	31 DECEMBER 2021	31 DECEMBER 2020	
Senior management	108	107	1
Middle management	673	661	12
White collars	1,600	1,625	(25)
Blue collars	3,321	3,463	(142)
Total	5,702	5,856	(154)

As of 31 December 2021, Group employees totalled 5,702,⁴⁴ down overall by 2.6% compared to 31 December 2020.

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

LEVEL	AS OF 31.12.20	INCOMING	LEAVERS	RELOCATIONS	AS OF 31.12.21
Senior management	107	5	(6)	2	108
Middle management	661	52	(77)	37	673
White collars	1,625	194	(186)	(33)	1,600
Blue collars	3,463	1,518	(1,654)	(6)	3,321
Total	5,856	1,769	(1,923)	0	5,702



**DISTRIBUTION OF
THE WORKFORCE
BY GEOGRAPHIC
SEGMENT AS OF
31 DECEMBER 2021**

⁴⁴ Of which 533 on fixed-term contracts.

8. Amortisation/depreciation and impairment costs

€/000 128,034

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

IN THOUSANDS OF EUROS	2021	2020	CHANGE
PROPERTY, PLANT AND EQUIPMENT:			
Buildings	4,910	4,840	70
Plant and machinery	21,887	20,331	1,556
Industrial and commercial equipment	11,538	9,214	2,324
Other assets	6,663	5,878	785
Total depreciation of property, plant and equipment	44,998	40,263	4,735
Impairment costs of property, plant and equipment	175		175
Total depreciation of property, plant and equipment and impairment costs	45,173	40,263	4,910

IN THOUSANDS OF EUROS	2021	2020	CHANGE
INTANGIBLE ASSETS:			
Development costs	31,504	26,527	4,977
Industrial Patent and Intellectual Property Rights	41,616	33,664	7,952
Concessions, licences, trademarks and similar rights	61	4,823	(4,762)
Other	201	283	(82)
Total amortisation of intangible assets	73,382	65,297	8,085
Impairment costs of intangible assets	1,274	1,136	138
Total amortisation of intangible assets and impairment costs	74,656	66,433	8,223

IN THOUSANDS OF EUROS	2021	2020	CHANGE
RIGHTS OF USE:			
Land	180	185	(5)
Buildings	5,197	5,520	(323)
Plant and equipment	857	856	1
Other assets	1,971	1,937	34
Total depreciation of rights of use	8,205	8,498	(293)

The overall increase of €/000 12,840 was moderated by the change from finite to indefinite useful life of the Aprilia and Moto Guzzi trademarks (reference should be made to the comment on the specific asset item).

As indicated in more detail in the section on intangible assets, impairment testing of goodwill confirmed the full recoverability of values indicated in the financial statements.

Impairment costs of intangible and tangible assets refer to a project for a new vehicle, for which production plans were reviewed in the context of the Group's Business Plan.

9. Other operating income

€/000 152,237

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Operating grants	4,488	3,962	526
Increases in fixed assets for internal work	57,379	50,133	7,246
Rent receipts	5,634	3,801	1,833
Capital gains on the disposal of assets	352	650	(298)
Sale of miscellaneous materials	1,302	764	538
Recovery of transport costs	33,997	28,669	5,328
Recovery of advertising costs	5,109	3,511	1,598
Recovery of sundry costs	3,919	2,476	1,443
Compensation	1,188	810	378
Compensation for quality-related events	8,726	1,089	7,637
Licence rights and know-how	2,534	2,640	(106)
Sponsorship	2,749	2,352	397
Other income	24,360	21,834	2,526
Other Group income	500	1,406	(906)
Total	152,237	124,097	28,140

Contributions include:

- €/000 921 for state aid and EU contributions to support research projects. These contributions are recognised in profit or loss, with reference to the amortisation and depreciation of capitalised costs for which the grants were received;
- €/000 1,579 for export grants received by the Indian subsidiary;
- €/000 1,390 for participation in MotoGP races paid by the organiser;
- €/000 438 for funding for professional training provided by trade associations;
- €/000 156 for operating grants from a client;
- €/000 4 for state grants received by Piaggio Concept Store for expenses related to COVID-19.

Revenues include €/000 4,727 in subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in during previous years and recognised in the income statement in proportion to the depreciation and amortisation of assets for which the grant was given. The recognition of these amounts is supported by appropriate documentation received from the Government of India in early 2021, certifying that the entitlement has been recognised and therefore that collection is reasonably certain.

10. Net reversals (impairment) of trade and other receivables

€/000 (1,510)

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Reversals	384	18	366
Losses on receivables	(383)	(39)	(344)
Write-downs of receivables in working capital	(1,511)	(2,885)	1,374
Total	(1,510)	(2,906)	1,396

11. Other operating costs

€/000 24,330

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Provision for future risks	4,303	830	3,473
Provisions for product warranties	10,837	8,071	2,766
Duties and taxes not on income	4,986	4,752	234
Various subscriptions	1,171	1,139	32
Capital losses from disposal of assets	29	72	(43)
Losses from changes in the fair value of investment property		4,603	(4,603)
Miscellaneous expenses	3,004	1,767	1,237
<i>Total sundry operating costs</i>	<i>9,190</i>	<i>12,333</i>	<i>(3,143)</i>
Total	24,330	21,234	3,096

The increase is mainly attributable to higher provisions for risks. Fair value impairment losses from the previous year refer to a real estate investment now sold.

12. Income/(loss) from investments

€/000 642

Net income from investments comprise the following:

- €/000 626 relative to the portion of income attributable to the Group from the Zongshen Piaggio Foshan Motorcycle Co. Ltd. joint venture, valued at equity;
- €/000 18 relative to the portion of income attributable to the Group of the associated company Pontech valued at equity;
- €/000 -21 for the write-down of the minority stake in Vega, Società Consortile Parco Scientifico e Tecnologico Venezia (S.C.P.S.T.V.);
- €/000 19 dividends received from the minority interest in Ecofor Service Pontedera.



13. Net financial income (borrowing costs)

€/000 (19,538)

Below is the breakdown of borrowing costs and income:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Income:			
- Interest receivable from clients	14	32	(18)
- Bank and post office interest payable	546	820	(274)
- Interest payable on financial receivables	201	387	(186)
- Income from fair value measurements	-	206	(206)
- Other	41	48	(7)
Total financial income	802	1,493	(691)
Expenses:			
- Interest payable on bank accounts	(2,688)	(3,288)	600
- Interest payable on debenture loans	(11,437)	(12,351)	914
- Interest payable on bank loans	(5,598)	(6,501)	903
- Interest payable to other lenders	(2,619)	(2,408)	(211)
- Interest to suppliers	(569)	(542)	(27)
- Cash discounts to clients	(801)	(630)	(171)
- Bank charges on loans	(1,408)	(1,353)	(55)
- Income from fair value measurements	(17)	(658)	641
- Borrowing costs from discounting back termination and termination benefits	(53)	(167)	114
- Interest on rights of use (finance leases)	(93)	(119)	26
- Interest on rights of use (operating leases)	(764)	(906)	142
- Interest to parent companies on rights of use	(107)	(198)	91
- Other	(24)	(78)	54
Total borrowing costs	(26,178)	(29,199)	3,021
Costs capitalised on property, plant and equipment	250	410	(160)
Costs capitalised on intangible assets	1,031	1,352	(321)
Total Capitalised Costs	1,281	1,762	(481)
Total net borrowing costs	(24,897)	(27,437)	2,540
Exchange gains	26,324	26,619	(295)
Exchange losses	(21,767)	(21,894)	127
Total net exchange gains/(losses)	4,557	4,725	(168)
Net financial income (borrowing costs)	(19,538)	(21,219)	1,681

The balance of financial income (expenses) for 2021 was negative at €/000 19,538, improving compared to the values for the corresponding period of the previous year (€/000 21,219), thanks to the reduction in average debt.

During 2021, borrowing costs for €/000 1,281 were capitalised (in the previous year, borrowing costs for €/000 1,762 had been capitalised).

The average rate used during 2021 for the capitalisation of borrowing costs (because of general loans), was equal to 3.2% and also refers to loans obtained by the Vietnamese company in local currency (3.37% in 2020).

Interest payable to other lenders mainly refers to interest payable to factoring companies and banks for the sale of trade receivables.

14. Taxes

€/000 33,624

The item "Income taxes" is detailed below:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Current taxes	40,343	23,539	16,804
Deferred tax assets/liabilities	(6,719)	(4,695)	(2,024)
Total	33,624	18,844	14,780

In 2021 the impact of taxes on profit before tax was estimated as equal to 35.9% (37.6% in 2020).

The decrease is mainly related to the drop in income produced in India and to the tax benefit deriving from the exercise of the option, pursuant to Article 110 of Decree Law 104/2020, for the realignment of some intangible assets.

The item current taxes includes net income from the Consolidated Tax Convention of €/000 3,817.

Reconciliation in relation to the theoretical rate is shown below:

IN THOUSANDS OF EUROS	2021	2020
Profit before tax	93,678	50,166
Theoretical rate	24.00%	24.00%
Theoretical income taxes	22,483	12,040
Effect arising from tax differences and the difference between foreign tax rates and the theoretical rate	(520)	(1,564)
Tax effect arising from losses for the year not offset	5,514	5,208
Tax effect arising from deferred taxes	(6,719)	(4,695)
Taxes on income generated abroad	6,282	6,992
Expenses/income from the Consolidated Tax Convention	(3,817)	(2,437)
Regional production tax and other local taxes	2,892	1,750
Other differences	7,509	1,550
Income taxes recognised in the financial statements	33,624	18,844

Theoretical tax rates were determined applying the corporate tax rate in effect in Italy (24.0%) to profit before tax. The effect arising from the rate of regional production tax and other taxes paid abroad was determined separately, as these taxes are not calculated on the basis of profit before tax.

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:

		2021	2020
Net profit	€/000	60,054	31,322
Earnings attributable to ordinary shares	€/000	60,054	31,322
Average number of ordinary shares in circulation		357,114,186	357,151,009
Earnings per ordinary share	€	0.168	0.088
Adjusted average number of ordinary shares		357,114,186	357,151,009
Diluted earnings per ordinary share	€	0.168	0.088

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

17. Intangible assets

€/000 720,209

Intangible assets went up overall by €/000 24,563 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.

During 2021, borrowing costs for €/000 1,031 were capitalised.

The table below shows the breakdown of intangible assets as of 31 December 2021 and 31 December 2020, as well as movements during the period.



	DEVELOPMENT COSTS			PATENT RIGHTS AND KNOW-HOW			CONCESSIONS, LICENCES AND TRADE-MARKS		GOODWILL		OTHER			TOTAL		
	ASSETS UNDER DEVELOPMENT AND ADVANCES		TOTAL	ASSETS UNDER DEVELOPMENT AND ADVANCES		TOTAL					ASSETS UNDER DEVELOPMENT AND ADVANCES		TOTAL	ASSETS UNDER DEVELOPMENT AND ADVANCES		TOTAL
	IN SERVICE			IN SERVICE			IN SERVICE		IN SERVICE		IN SERVICE		IN SERVICE		IN SERVICE	
IN THOUSANDS OF EUROS																
Historical cost	291,228	38,272	329,500	413,157	43,957	457,114	190,737		557,322	8,447	18	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)	(18)	(7,937)	(863,127)	0	(863,127)	
Assets as of 01/01/2020	51,760	36,517	88,277	62,137	43,957	106,094	34,362		446,940	510	0	510	595,709	80,474	676,183	
Investments	7,210	28,460	35,670	14,122	38,496	52,618				72	18	90	21,404	66,974	88,378	
Transitions in the period	20,682	(20,682)	0	12,913	(12,913)	0				18	(18)	0	33,613	(33,613)	0	
Amortisation	(26,527)		(26,527)	(33,664)		(33,664)	(4,823)			(283)		(283)	(65,297)	0	(65,297)	
Disposals	(45)		(45)	(48)		(48)				(8)		(8)	(101)	0	(101)	
Write-downs	(1,136)		(1,136)			0						0	(1,136)	0	(1,136)	
Exchange differences	(1,594)	(765)	(2,359)	(87)	(13)	(100)				(16)		(16)	(1,697)	(778)	(2,475)	
Other movements	(442)	(1,815)	(2,257)	2,351	2,351	2,351						0	(442)	536	94	
Movements in 2020	(1,852)	5,198	3,346	(6,764)	27,921	21,157	(4,823)		0	(217)	0	(217)	(13,656)	33,119	19,463	
Historical cost	307,472	43,284	350,756	439,080	71,878	510,958	190,737		557,322	7,992	78	7,992	1,502,603	115,162	1,617,765	
Provisions for write-down	(1,136)	(1,569)	(2,705)	0		0						0	(1,136)	(1,569)	(2,705)	
Accumulated amortisation	(256,428)		(256,428)	(383,707)		(383,707)	(161,198)		(110,382)	(7,699)	(28)	(7,699)	(919,414)	0	(919,414)	
Assets as of 31/12/2020	49,908	41,715	91,623	55,373	71,878	127,251	29,539		446,940	293	0	293	582,053	113,593	695,646	
Investments	18,630	23,276	41,906	24,654	30,482	55,136				141	78	219	43,425	53,836	97,261	
Transitions in the period	42,303	(42,303)	0	65,436	(65,436)	0				28	(28)	0	107,767	(107,767)	0	
Amortisation	(31,504)		(31,504)	(41,616)		(41,616)	(61)			(201)		(201)	(73,382)	0	(73,382)	
Disposals			0	(37)	(2)	(39)				(24)		(24)	(61)	(2)	(63)	
Write-downs	(717)		(717)	(557)		(557)						0	(1,274)	0	(1,274)	
Exchange differences	1,533	427	1,960	38	4	42				10	3	13	1,581	434	2,015	
Other movements	0	(6)	(6)	12		12						0	12	(6)	6	
Movements in 2021	30,245	(18,606)	11,639	47,930	(34,952)	12,978	(61)		0	(46)	53	7	78,068	(53,505)	24,563	
Historical cost	375,660	24,780	400,440	528,831	36,926	565,757	190,737		557,322	8,845	53	8,898	1,661,395	61,759	1,723,154	
Provisions for write-down	(717)	(1,671)	(2,388)	(557)		(557)						0	(1,274)	(1,671)	(2,945)	
Accumulated amortisation	(294,790)		(294,790)	(424,971)		(424,971)	(161,259)		(110,382)	(8,598)		(8,598)	(1,000,000)	0	(1,000,000)	
Amount as of 31/12/2021	80,153	23,109	103,262	103,303	36,926	140,229	29,478		446,940	247	53	300	660,121	60,088	720,209	

Development costs

€/000 103,262

Development costs include costs for products and engines referable to projects for which, as regards the period of the useful life of the asset, revenues are expected that allow for at least the costs incurred to be recovered. This item also includes assets under development for €/000 23,109 that represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.

With regard to development expenses, new projects capitalised in 2021 refer to the study of new vehicles and new engines, which are the flagship products of the 2021-2023 range.

Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years (lead products), in consideration of their remaining useful life.

During 2021, development expenditure amounting to €/000 21,817 was directly recognised in profit or loss. The write-downs concern the project of a new vehicle for which the production plans have been revised as part of the update of the Business Plan prepared by the Group.

Industrial patent rights and know-how

€/000 140,229

This item includes assets under construction for €/000 36,926.

Know-how costs mainly refer to new techniques and methods of calculation, design and production developed by the Group.

The costs of industrial patent rights are mainly developed internally.

Both items are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

Write-downs concern projects for which production plans were revised as part of the update to the Business Plan.

Trademarks, concessions and licences

€/000 29,478

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Guzzi trademark	9,750	9,750	0
Aprilia trademark	19,158	19,158	0
Minor trademarks	15	20	(5)
Foton licence	555	611	(56)
Total	29,478	29,539	(61)

The Foton licence was acquired following agreements signed in 2018 between Piaggio and the Foton Motor Group for the development and manufacture of a new range of light commercial four-wheelers. The licence is amortised over 10 years, from production start-up, maturing in February 2031.

It should be noted that, in light of the strategic initiatives announced by the Parent Company, and of the results achieved thanks to the significant investment plan envisaged, which will contribute to a development strategy already started during the last three years, the Group, supported by the fairness opinion of a leading consulting firm, revised the residual useful lives of the Aprilia and Moto Guzzi brands, changing them from definite to indefinite.

The accounting effects of the amendment are as follows:

		APRILIA TRADEMARK	BRAND MOTO GUZZI	TOTAL
Expected useful life				
	Former measurement	2026	2026	
	New measurement	indefinite	indefinite	
Annual amortisation				
€/000	Former measurement	3,193	1,625	4,818
	New measurement	-	-	-
	Difference	3,193	1,625	4,818
Annual share of deferred taxes				
€/000	Former measurement	(423)	(453)	(876)
	New measurement	-	-	-
	Difference	(423)	(453)	(876)
Net annual impact on the income statement				
€/000	Former measurement	2,770	1,172	3,942
	New measurement	-	-	-
	Difference	2,770	1,172	3,942

Goodwill

€/000 446,940

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

Goodwill was attributed to cash generating units.

IN THOUSANDS OF EUROS	EMEA AND AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
31 12 2021	305,311	109,695	31,934	446,940
31 12 2020	305,311	109,695	31,934	446,940

The organisational structure of the Group is based on 3 Geographic Segments (CGUs), involved in the production and sale of vehicles, relative spare parts and assistance in areas under their responsibility: EMEA and Americas, India and Asia Pacific 2W. Each Geographic Segment has production sites and a sales network dedicated to customers in that geographic segment. Central structures and development activities currently dealt with by EMEA and Americas, are handled by individual CGUs.

As specified in the section on accounting standards, from 1 January 2004 goodwill is no longer amortised, but is tested annually or more frequently for impairment if specific events or changed circumstances indicate the possibility of it having been impaired, in accordance with the provisions of IAS 36 Impairment of Assets (impairment test).

The possibility of reinstating booked values is verified by comparing the net carrying amount of individual cash generating units with the recoverable value (value in use). This recoverable value is represented by the present value of future cash flows which, it is estimated, will be derived from the continual use of goods referring to cash generating units and by the terminal value attributable to these goods.

The recoverability of goodwill is verified at least once per year (as of 31 December), even in the absence of indicators of impairment losses.

The main assumptions used by the Group to determine future cash flows, relative to a four-year period, and the consequent recoverable value (value in use) refer to:

- a hypothesis of estimated cash flows over a four-year period, inferred from budget data for 2022, approved by the Board of Directors of the Company on 4 January 2022, supplemented by forecast data for the period 2023-2025, approved by the Board of Directors of the Company on 21 February 2022, along with an impairment test;
- the WACC discount rate;
- in addition to the period, a growth rate (g rate) has been estimated.

In particular, for discounting cash flows, the Group has adopted a discount rate (WACC) which differs based on different cash generating units. This reflects market valuations of the fair value of money and takes account of specific risks of activities and the geographic segment in which the cash generating unit operates.

In the future cash flows discounting model, a terminal value is entered at the end of the cash flow projection period, to reflect the residual value each cash-generating unit should produce. The terminal value represents the current value, at the last year of the projection, of all subsequent cash flows calculated as perpetual income, and was determined using a growth rate (g rate) which differed by CGU, to reflect the different growth potentials of each CGU.

	EMEA AND AMERICAS	ASIA PACIFIC 2W	INDIA
2021			
WACC	5.2%	7.4%	10.1%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	4.4%	6.5%	22.9%
2020			
WACC	6.1%	8.2%	10.4%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	8.0%	6.5%	21.8%

The terminal value growth rate (g rate) is specific for CGUs, considering the area's growth potential.

The medium-/long-term growth rate (g rate) for determining the Terminal Value of each CGU was considered as reasonable and prudent, in the light of:

- analysts' expectations for the Piaggio Group (source: most recent Analyst Reports);
- the long-term real GDP growth trend expected for main countries where the Group operates (source: Economist Intelligence Unit - EIU);

The WACC was determined based on the previous year.

The growth rate during the period of the Plan was determined using the trend expected for the sector of origin as the benchmark.

Analyses did not identify any impairment losses. Therefore no impairment was reflected in consolidated data as of 31 December 2021.

In addition, and on the basis of information in the document produced jointly by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009, the Group conducted sensitivity analysis of test results in relation to changes in basic assumptions (use of the growth rate in producing the terminal value and discount rate) which affect the value in use of cash generating units. In the case of a positive or negative change of 0.5% of the WACC and G used, analyses would not identify impairment losses.

In all cases, the value in use of the Group was higher than the net carrying amount tested.

In addition, on the basis of the requirements of Consob warning no. 1/21 of 16 February 2021 and the recommendations provided by ESMA in the Public Statement "European common enforcement priorities for 2020 annual financial reports", in addition to the base scenario just commented on and supported as described above (i.e. external studies, analysts' reports, etc.), a scenario was developed that continues to be further penalised by the continuation of the pandemic, notwithstanding the excellent performance achieved by the Group in 2021, with the exception of India, as proof of the resilience of the business. The world's population is looking for independent mobility solutions to replace public transport. In the assumed scenario, volumes throughout the plan period (22-25) are expected to decrease, compared to the base scenario, differentiated for each CGU, to reflect the current situation and the expected reaction times of each market.

In particular, a reduction was used:

- of 15% per year for EMEA and Americas and for Asia Pacific;
- decreasing from 47% in 2022 to around 8% in 2025 for India.

Notwithstanding this additional serious penalisation, due to the above considerations the Group's value in use is higher than the net carrying amount for each CGU.

In addition, as explained further in the Annual Report and the Non-Financial Statement, the Group has carried out an analysis, and assessed the risks and short- and medium/long-term opportunities related to climate change and the reduction of polluting emissions.

Impacts on investments, costs and cash flows were considered in the process to prepare accounting estimates.

Therefore, in preparing the budget data for 2022 and 2023-2025 plan, management took the following aspects into account:

- Research into new technologies with a view to future mobility in the context of a new urbanisation;
- A significant increase in investments in electric vehicles (2-3-4 wheelers);
- Investments in the active and passive safety of all vehicles;
- Inclusion of energy transition costs.

The analyses conducted during impairment testing did not identify aspects making write-downs of assets necessary.

Given that the recoverable value was determined based on estimates, the Group cannot ensure that there will be no impairment losses of goodwill in future financial periods.

Given the current market weakness, the various factors used in processing estimates could require revision; the Piaggio Group will constantly monitor these factors as well as the existence of impairment losses.

Other intangible assets €/000 300

The item shows a slight increase compared to the previous year.

18. Property, plant and equipment €/000 283,041

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

During the period, the item showed an increase of €/000 18,425, mainly due to investments in the period and the effects of the devaluation of the rupee and the dong, which more than offset depreciation.

The increases mainly relate to moulds for new vehicles launched in the period and the construction of a new two-wheeler plant for the assembly of CKD⁴⁵ in Indonesia.

Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During 2021, borrowing costs for €/000 250 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 31 December 2021 and 31 December 2020, as well as movements during the period.

⁴⁵ CKD Completely Knocked Down.

	LAND		BUILDINGS		PLANT AND MACHINERY		EQUIPMENT		OTHER ASSETS		TOTAL					
	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL			
IN THOUSANDS OF EUROS																
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	571,553	1,246,230	29,741	1,275,971
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,983)		(3,983)	(64)		(64)	(5,770)		(5,770)
Accumulated depreciation		(83,732)		(83,732)	(382,032)		(382,032)	(492,909)		(492,909)	(48,032)		(48,032)	(1,006,705)		(1,006,705)
Assets as of 01 01 2020	27,640	86,891	2,879	89,770	91,550	20,042	111,592	20,256	5,181	25,437	7,418	1,639	9,057	233,755	29,741	263,496
Investments		775	953	1,728	3,947	21,521	25,468	6,096	12,325	18,421	4,980	1,376	6,356	15,798	36,175	51,973
Transitions in the period		1,895	(1,895)	0	17,870	(17,870)	0	1,455	(1,455)	0	1,383	(1,383)	0	22,603	(22,603)	0
Depreciation		(4,840)		(4,840)	(20,331)		(20,331)	(9,214)		(9,214)	(5,878)		(5,878)	(40,263)		(40,263)
Disposals		(18)		(18)	(85)	(133)	(218)	(373)		(373)	(14)	(2)	(16)	(490)	(135)	(625)
Write-downs		0		0	0		0	0		0	0		0	0		0
Exchange differences		(2,057)	(38)	(2,095)	(6,515)	(966)	(7,481)	(3,976)		(3,976)	(279)	(14)	(293)	(8,851)	(1,018)	(9,869)
Other movements		69		69	(39)		(39)	(1)		(1)	(125)		(125)	0	(96)	(96)
Movements in 2020	0	(4,245)	(911)	(5,156)	(5,114)	2,513	(2,601)	(2,036)	10,869	8,833	192	(148)	44	(11,203)	12,323	1,120
Historical cost	27,640	170,640	1,968	172,608	473,314	22,555	495,869	521,369	16,050	537,419	59,679	1,491	61,170	1,252,642	42,064	1,294,706
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,976)		(3,976)	(64)		(64)	(5,763)		(5,763)
Accumulated depreciation		(87,372)		(87,372)	(385,777)		(385,777)	(499,173)		(499,173)	(52,005)		(52,005)	(1,024,327)		(1,024,327)
Assets as of 31 12 2020	27,640	82,646	1,968	84,614	86,436	22,555	108,991	18,220	16,050	34,270	7,610	1,491	9,101	222,552	42,064	264,616
Investments	3,737	674	3,904	4,578	6,206	13,605	19,811	11,903	6,663	18,566	7,224	2,971	10,195	29,744	27,143	56,887
Transitions in the period		1,046	(1,046)	0	28,530	(28,530)	0	15,324	(15,324)	0	1,297	(1,297)	0	46,197	(46,197)	0
Depreciation		(4,910)		(4,910)	(21,887)		(21,887)	(11,538)		(11,538)	(6,663)		(6,663)	(44,998)		(44,998)
Disposals		0		0	(48)	(24)	(72)	(70)		(70)	(201)	(60)	(261)	(319)	(84)	(403)
Write-downs		0		0	0		0	(175)		(175)	0		0	(175)		(175)
Exchange differences	173	1,525	120	1,645	4,535	509	5,044	4	4	4	233	6	239	6,466	639	7,105
Other movements		3	2	5	4	4	4	771		771	774	(771)	(771)	774	(765)	9
Movements in 2021	3,910	(1,662)	2,980	1,318	17,336	(14,436)	2,900	16,215	(8,657)	7,558	1,890	849	2,739	37,689	(19,264)	18,425
Historical cost	31,550	174,914	4,948	179,862	507,561	8,119	515,680	522,405	7,393	529,798	59,241	2,340	61,581	1,295,671	22,800	1,318,471
Provisions for write-down		(622)		(622)	(618)		(618)	(4,037)		(4,037)	(49,741)		0	(5,277)		(5,277)
Accumulated depreciation		(93,308)		(93,308)	(403,171)		(403,171)	(483,933)		(483,933)	(49,741)		(49,741)	(1,030,153)		(1,030,153)
Amount as of 31 12 2021	31,550	80,984	4,948	85,932	103,772	8,119	111,891	34,435	7,393	41,828	9,500	2,340	11,840	260,241	22,800	283,041

Land

€/000 31,550

Land is not depreciated.

Land mainly refers to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice) and Mandello del Lario (Lecco) and Cikarang (Indonesia). The item also includes land in Pisa, with a warehouse. The increase compared to the previous year is related to the land on which a new 2-wheeler assembly plant for CKD in Indonesia is being built.

Buildings

€/000 85,932

The item Buildings, net of accumulated depreciation, comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Industrial buildings	79,844	81,822	(1,978)
Ancillary buildings	245	251	(6)
Light constructions	895	573	322
Assets under construction	4,948	1,968	2,980
Total	85,932	84,614	1,318

Industrial buildings refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Cikarang (Indonesia). The item also includes a building at Pisa used as a warehouse.

Buildings are depreciated on a straight-line basis using rates considered suitable to represent their useful life.

Plant and machinery

€/000 111,891

The item Plant and machinery, net of accumulated depreciation, consists of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
General plants	73,397	69,374	4,023
Automatic machinery	8,914	5,172	3,742
Furnaces and sundry equipment	631	267	364
Other	20,830	11,623	9,207
Assets under construction	8,119	22,555	(14,436)
Total	111,891	108,991	2,900

Plant and machinery refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).

The "Other" item mainly includes non-automatic machinery and robotic centres.

Equipment

€/000 41,828

The item Equipment mainly refers to production equipment at Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India), Vinh Phuc (Vietnam) and Cikarang (Indonesia). Main investments in equipment concerned moulds for new vehicles launched during the year or scheduled to be launched in the first half of next year, moulds for new engines and specific equipment for assembly lines, including the lines of the new plant in Indonesia. Write-downs concern vehicle equipment for which production plans were revised as part of the update to the Business Plan.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Industrial equipment	34,429	18,212	16,217
Commercial equipment	6	8	(2)
Assets under construction	7,393	16,050	(8,657)
Total	41,828	34,270	7,558

Other plant, property and equipment

€/000 11,840

The item Other assets comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
EDP systems	2,405	1,897	508
Office furniture and equipment	2,367	2,165	202
Vehicles	1,359	1,002	357
Others	3,369	2,546	823
Assets under construction	2,340	1,491	849
Total	11,840	9,101	2,739

Warranties

As of 31 December 2021, the Group had no buildings with mortgages.

19. Rights of use

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

Assets for rights of use

€/000 30,727

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

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

These agreements may also include service components. The Group opted to include only the component relative to the rental/hire payment in the recognition of rights of use.

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021				AS OF 31 DECEMBER 2020				CHANGE
	OPERA- TING LEASES	FINANCE LEASES	RENTAL/ HIRE PAY- MENTS MADE IN ADVANCE	TOTAL	OPERA- TING LEASES	FINANCE LEASES	RENTAL/ HIRE PAYMENTS MADE IN ADVANCE	TOTAL	
Land			7,212	7,212			6,794	6,794	418
Buildings	12,970		241	13,211	14,055		82	14,137	(926)
Plant and machinery		8,131		8,131		8,988		8,988	(857)
Other assets	2,123	50		2,173	3,249	73		3,322	(1,149)
Total	15,093	8,181	7,453	30,727	17,304	9,061	6,876	33,241	(2,514)

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	OTHER ASSETS	TOTAL
As of 31 12 2020	6,794	14,137	8,988	3,322	33,241
Increases		3,818		1,576	5,394
Amortisation/Depreciation	(180)	(5,197)	(857)	(1,971)	(8,205)
Decreases		(116)		(767)	(883)
Exchange differences	598	569		14	1,181
Other changes				(1)	(1)
Movements in 2021	418	(926)	(857)	(1,149)	(2,514)
As of 31 12 2021	7,212	13,211	8,131	2,173	30,727

Financial liabilities for rights of use

€/000 22,137

The composition of and changes in financial liabilities for rights of use are illustrated in Note 42 "Financial liabilities and liabilities for rights of use", to which reference should be made.

Amounts recognised in the income statement

The Income Statement includes the following amounts relating to lease agreements:

IN THOUSANDS OF EUROS	NOTE	2021	2020	CHANGE
Depreciation of rights of use	8	8,205	8,498	(293)
Financial charges for rights of use	13	964	1,223	(259)
Rental payments (not IFRS 16)	6	10,688	9,359	1,329

In 2021, leasing agreements subject to IFRS 16 resulted in a cash outflow of €/000 9,646.

20. Investment Property

€/000 0

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

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	4,600
Sale	(4,600)
Closing balance as of 31 December 2021	0

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

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



21. Deferred tax assets

€/000 72,479

Deferred tax assets and liabilities are recognised at their net value when they may be offset in the same tax jurisdiction. Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Deferred tax assets	80,651	76,781	3,870
Deferred tax liabilities	(8,172)	(12,095)	3,923
Total	72,479	64,686	7,793

The main effects recognised in the year are attributable to changes in temporary differences.

The decrease in offset deferred tax liabilities is mainly due to the release of deferred tax liabilities related to the realignment of the tax value with the civil value of certain assets of the parent company following the regulation introduced by Decree Law 104/2020 converted into Law 178 of 30.12.2020 (the so-called "2021 Budget Law").

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

- tax regulations of countries where it operates, the impact of regulations in terms of temporary differences and any tax benefits arising from the use of previous tax losses;
- taxable income expected in the medium term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Piaggio Group plan were approved by the Board of Directors on 21 February 2022. As regards Piaggio & C. SpA, which is part of the National Consolidated Tax Convention of the IMMSI Group, the recovery of deferred tax assets is related to and confirmed by company forecasts and by taxable amounts of companies that are part of the above convention, as indicated in the long-term plans approved by their respective Boards;
- the tax rate in effect in the year when temporary differences occur.

Based on 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.



	TEMPORARY DIFFERENCES	TAX RATE	TAX EFFECT
IN THOUSANDS OF EUROS			
	8,844	24.00%/27.90%	2,465
	4,948	27.90%	1,380
Provisions for risks	13,792		3,845
	14,000	27.90%	3,906
	1,070	25.52%	273
	534	22.00%	118
	338	33.58%	114
	358	25.00%	90
	121	22.00%	27
Provision for product warranties	16,421		4,528
	16,465	24.00%	3,952
	1,555	22.00%	342
	233	24.00%	56
	117	25.52%	30
	16	33.58%	5
Provisions for bad debts	18,386		4,385
	20,049	27.90%	5,594
	2,701	20.00%	540
	866	25.52%	221
	263	22.00%	58
	230	25.00%	57
	134	33.58%	45
	52	18.00%	9
	31	22.00%	7
	26	27.90%	7
Provisions for obsolete stock	24,352		6,538
	46,936	24.00%/27.90%	12,753
	21,593	20.00%	4,319
	13,982	24.00%/27.90%	3,362
	7,520	25.00%	1,880
	6,235	24.71%/25.52%	1,588
	704	25.17%	177
	477	32.32%/33.58%	158
	378	24.00%/27.90%	103
	311	25.00%	78
	381	17.00%	65
	226	22.00%	50
	166	22.00%/24.00%	37
	103	31.16%	32
	150	18.00%	27
	15	25.00%	4
	18	15.00%	3
	9	30.00%	3
Offsetting of Deferred Tax Liabilities	(34,516)	10.00%/27.90%	(8,172)
Other changes	64,688		16,467
Total for provisions and other changes	137,639		35,763
Deferred tax assets already recognised			35,574
Deferred tax assets not booked			189
Piaggio & C. S.p.A.	131,802	24.00%	31,633
Piaggio Fast Forward Inc.	67,852	27.32%	18,537
Nacional Motor S.A.	35,359	25.00%	8,840
Piaggio Group Americas Inc.	13,581	25.52%	3,467
Piaggio Concept Store Mantova S.r.l.	3,600	24.00%	864
Piaggio Group Japan	2,387	33.58%	801
Aprilia Racing S.r.l.	2,494	24.00%	599
Piaggio Vespa BV	371	15.00%	56
Total out of tax losses	257,446		64,797
Deferred tax assets already recognised			36,905
Deferred tax assets not booked			27,892

22. Inventories

€/000 278,538

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Raw materials and consumables	167,349	109,216	58,133
Provision for write-down	(12,425)	(10,835)	(1,590)
<i>Net value</i>	154,924	98,381	56,543
Work in progress and semi-finished products	22,934	15,631	7,303
Provision for write-down	(852)	(852)	0
<i>Net value</i>	22,082	14,779	7,303
Finished products and goods	118,555	93,478	25,077
Provision for write-down	(18,067)	(17,858)	(209)
<i>Net value</i>	100,488	75,620	24,868
Advances	1,044	1,084	(40)
Total	278,538	189,864	88,674

The increase recorded as of 31 December 2021 is in line with the forecast production and sales volumes.

The provision is calculated to align the inventories value with the presumed realizable value, recognizing its obsolescence and slow rotation where necessary.

23. Trade receivables (current and non-current)

€/000 71,225

As of 31 December, no non-current trade payables were recorded for the periods compared.

Current trade receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Trade receivables due from customers	70,615	68,269	2,346
Trade receivables due from JV	590	389	201
Trade receivables due from parent companies	20	34	(14)
Total	71,225	68,692	2,533

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

The item Trade receivables comprises receivables referring to normal sale transactions, recorded net of a provision for bad debts of €/000 29,235.

Movements of write-down provision were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	28,123
Increases for allocations	1,298
Decreases for use	(385)
Other changes	199
Closing balance as of 31 December 2021	29,235

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, monitor and manage its trade receivables, besides offering its customers an instrument for funding their own inventories and, as regards factoring without recourse, the substantial transfer of risks and benefits. As of 31 December 2021, trade receivables still due, sold without recourse, totalled €/000 123,459. Of these amounts, Piaggio received payment prior to natural expiry of €/000 120,373.

As of 31 December 2021, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €/000 9,813 with a counter entry recorded in current liabilities.

24. Other receivables (current and non-current)

€/000 80,901

They consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Receivables due from parent companies	19,098		19,098	15,794		15,794	3,304	0	3,304
Receivables due from joint ventures	900		900	452		452	448	0	448
Receivables due from affiliated companies	20	67	87	28	81	109	(8)	(14)	(22)
Accrued income	2,267		2,267	2,033		2,033	234	0	234
Deferred charges	8,014	14,948	22,962	3,380	17,164	20,544	4,634	(2,216)	2,418
Advance payments to suppliers	1,850	1	1,851	2,088	1	2,089	(238)	0	(238)
Advances to employees	688	26	714	1,183	28	1,211	(495)	(2)	(497)
Fair value of hedging derivatives	8,326		8,326	1,437		1,437	6,889	0	6,889
Security deposits	278	1,122	1,400	244	1,477	1,721	34	(355)	(321)
Receivables due from others	15,832	7,464	23,296	17,602	7,509	25,111	(1,770)	(45)	(1,815)
Total	57,273	23,628	80,901	44,241	26,260	70,501	13,032	(2,632)	10,400

Receivables due from affiliated companies are amounts due from the Fondazione Piaggio and Immsi Audit.

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

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

The item Fair Value of hedging derivatives comprises the fair value of hedging transactions on the exchange risk on forecast transactions recognised on a cash flow hedge basis.

Receivables due from others include €/000 5,419 (€/000 10,230 as of 31 December 2020) relating to the recognition by the Indian affiliate of a receivable for the subsidy received from the Indian Government on investments made in previous years. This receivable is recognised in the income statement in proportion to the depreciation of the assets on which the grant was made. The recognition of these amounts is supported by appropriate documentation received from the Government of India, certifying that the entitlement has been recognised and therefore that collection is reasonably certain. During 2021, the Indian company collected receivables related to these subsidies worth €/000 11,447.

For more details, see Note 9 "Other operating income".

Other receivables are recognised net of a write-down provision of €/000 6,609.

Movements of write-down provision were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	6,396
Increases for allocations	213
Closing balance as of 31 December 2021	6,609

25. Tax receivables (current and non-current)

€/000 26,446

Tax receivables consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
VAT	11,619	543	12,162	8,563	859	9,422	3,056	(316)	2,740
Income tax	2,114	7,333	9,447	2,544	10,790	13,334	(430)	(3,457)	(3,887)
Others	3,809	1,028	4,837	1,744	750	2,494	2,065	278	2,343
Total	17,542	8,904	26,446	12,851	12,399	25,250	4,691	(3,495)	1,196

26. Breakdown of operating receivables by measurement method

The table below shows the breakdown of operating receivables by measurement method:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
AS OF 31 DECEMBER 2021					
Non-current					
Tax receivables				8,904	8,904
Other receivables				23,628	23,628
Total non-current operating receivables	-	-	-	32,532	32,532
Current					
Trade receivables				71,225	71,225
Tax receivables				17,542	17,542
Other receivables			8,326	48,947	57,273
Total current operating receivables	-	-	8,326	137,714	146,040
Total operating receivables	-	-	8,326	170,246	178,572
AS OF 31 DECEMBER 2020					
Non-current					
Tax receivables				12,399	12,399
Other receivables				26,260	26,260
Total non-current operating receivables	-	-	-	38,659	38,659
Current					
Trade receivables				68,692	68,692
Tax receivables				12,851	12,851
Other receivables	205		1,232	42,804	44,241
Total current operating receivables	205	-	1,232	124,347	125,784
Total operating receivables	205	-	1,232	163,006	164,443

27. Receivables due after 5 years

€/000 0

At the end of the reporting period, there were no receivables with a maturity of more than 5 years.

28. Breakdown of assets by geographic segment

As regards the breakdown of assets by geographic segment, reference is made to the section on segment reporting.

29. Assets held for sale

€/000 0

At the end of the reporting period, there were no assets held for sale.

30. Trade payables (current and non-current)

€/000 623,564

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Amounts due to suppliers	606,735	484,194	122,541
Trade payables to JV	16,622	5,449	11,173
Amounts due to affiliates	117	32	85
Amounts due to parent companies	90	289	(199)
Total	623,564	489,964	133,600
<i>of which indirect factoring</i>	258,667	206,362	52,305

To facilitate credit conditions for its suppliers, the Group has used factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements, as described in more detail in "Accounting policies and measurement criteria applied by the Group", to which reference is made. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.

As of 31 December 2021, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 258,667 (€/000 206,362 as of 31 December 2020).

31. Provisions (current and non-current portion)

€/000 31,720

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

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2020	ALLOCA- TIONS	USES	RECLASSIFI- CATIONS	EXCHANGE DIFFERENCES	BALANCE AS OF 31 DECEMBER 2021
Provision for product warranties	19,106	10,837	(10,003)		433	20,373
Provision for contractual risks	4,378	4,126	(531)		70	8,043
Risk provision for legal disputes	2,484	271	(815)		31	1,971
Provision for tax risks	3,615		(3,615)			0
Other provisions for risks	934	708	(313)		4	1,333
Total	30,517	15,942	(15,277)	0	538	31,720

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON- CURRENT	TOTAL	CURRENT	NON- CURRENT	TOTAL	CURRENT	NON- CURRENT	TOTAL
Provision for product warranties	12,416	7,957	20,373	11,836	7,270	19,106	580	687	1,267
Provision for contractual risks	920	7,123	8,043	1,378	3,000	4,378	(458)	4,123	3,665
Risk provision for legal disputes	250	1,721	1,971	764	1,720	2,484	(514)	1	(513)
Provision for tax risks	-	-	-	3,615	-	3,615	(3,615)	0	(3,615)
Other provisions for risks and charges	770	563	1,333	381	553	934	389	10	399
Total	14,356	17,364	31,720	17,974	12,543	30,517	(3,618)	4,821	1,203

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 10,837 and €/000 10,003 was used in relation to costs incurred during the period.

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

The provision for tax risks was used to cover the unfavourable final judgment received by the French affiliate concerning a dispute with the local tax authorities.

Other risk provisions include management's best estimate of probable liabilities at the reporting date.

32. Deferred tax liabilities

€/000 7,495

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

33. Retirement funds and employee benefits

€/000 33,070

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Retirement funds	811	959	(148)
Termination benefits provision	32,259	34,039	(1,780)
Total	33,070	34,998	(1,928)

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. Uses refer to the payment of benefits already accrued in previous years, while allocations refer to benefits accrued in the period.

The item "Termination benefits provision", comprising severance pay of employees of Italian companies, includes termination benefits indicated in defined benefit plans. Their breakdown was as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	34,039
Cost for the period	8,109
Actuarial losses recognised in Equity	1,803
Interest cost	53
Uses and transfers of retirement funds	(11,743)
Other movements	(2)
Closing balance as of 31 December 2021	32,259

The economic/technical assumptions used by Group companies operating in Italy to discount the value are shown in the table below:

Technical annual discount rate	0.44%
Annual inflation rate	1.75%
Annual rate of increase in termination benefit	2.81%

As regards the discount rate, the Group uses 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 December 2021 would have been lower by €/000 860.

The table below shows the effects, in absolute terms, as of 31 December 2021, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	31,616
Turnover rate -2%	33,034
Inflation rate +0.25%	32,729
Inflation rate - 0.25%	31,796
Discount rate +0.50%	30,797
Discount rate -0.50%	33,826

The average financial duration of the bond ranges from 9 to 26 years.

Estimated future amounts are equal to:

IN THOUSANDS OF EUROS	FUTURE AMOUNTS
YEAR	
1	3,170
2	1,803
3	1,162
4	1,227
5	1,426

The affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. As of 31 December 2021, these provisions amounted to €/000 115 and €/000 222 respectively. The amount of profits/(losses) recognised in the statement of comprehensive income related to foreign companies amounted to €/000 25.

34. Tax payables (current and non-current)

€/000 18,363

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Due for income tax	9,011	1,387	10,398	6,464		6,464	2,547	1,387	3,934
Due for non-income tax	154		154	129		129	25	0	25
Tax payables for:									
. VAT	1,007		1,007	199		199	808	0	808
. Tax withheld at source	5,032		5,032	5,610		5,610	(578)	0	(578)
. Others	1,772		1,772	585		585	1,187	0	1,187
Total	7,811	-	7,811	6,394		6,394	1,417	0	1,417
Total	16,976	1,387	18,363	12,987	0	12,987	3,989	1,387	5,376

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.

35. Other payables (current and non-current)

€/000 76,185

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
To employees	19,056	543	19,599	14,178	345	14,523	4,878	198	5,076
Guarantee deposits		4,048	4,048		3,244	3,244	-	804	804
Accrued expenses	4,559		4,559	5,683		5,683	(1,124)	-	(1,124)
Deferred income	3,798	8,065	11,863	1,767	7,167	8,934	2,031	898	2,929
Amounts due to social security institutions	8,718		8,718	8,721		8,721	(3)	-	(3)
Fair value of derivatives	217	34	251	544	268	812	(327)	(234)	(561)
To JV			-	3		3	(3)	-	(3)
To associates	118		118	1		1	117	-	117
To parent companies	14,919		14,919	4,054		4,054	10,865	-	10,865
Others	12,040	70	12,110	11,365	70	11,435	675	-	675
Total	63,425	12,760	76,185	46,316	11,094	57,410	17,109	1,666	18,775

Amounts due to employees include the amount for holidays accrued but not taken of €/000 10,730 and other payments to be made for €/000 8,869.

Payables due to associates refer to various amounts due to the Fondazione Piaggio (Foundation).

Payables to parent companies consist of payables to Immsi.

The item Fair Value of hedging derivatives refers to the fair value of derivative instruments designated to hedge the exchange risk on forecast transactions accounted for according to the cash flow hedge principle (€/000 22 current portion), to the fair value of derivatives to hedge commodity risks (€/000 184 current portion), and to the fair value of an Interest Rate Swap designated as a hedge and accounted for according to the cash flow hedge principle (€/000 34 non-current portion and €/000 11 current portion).

The item Accrued liabilities includes €/000 216 for interest on hedging derivatives and associated hedged items measured at fair value.

Deferred income includes €/000 5,993 (€/000 4,216 as of 31 December 2020) for the recognition by the Indian affiliate related to a deferred subsidy from the local Government for investments made in previous years, for the part not yet amortised. For more details, see Note 9 "Other operating income".

36. Breakdown of operating payables by measurement method

The table below shows the breakdown of operating payables by measurement method:

IN THOUSANDS OF EUROS	LIABILITIES MEASURED AT FVPL	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
AS OF 31 DECEMBER 2021				
Non-current				
Tax payables			1,387	1,387
Other payables		34	12,726	12,760
Total non-current operating payables		34	14,113	14,147
Current				
Trade payables			623,564	623,564
Tax payables			16,976	16,976
Other payables		217	63,208	63,425
Total current operating payables		217	703,748	703,965
Total operating payables		251	717,861	718,112
AS OF 31 DECEMBER 2020				
Non-current				
Tax payables				
Other payables		268	10,826	11,094
Total non-current operating payables		268	10,826	11,094
Current				
Trade payables			489,964	489,964
Tax payables			12,987	12,987
Other payables		544	45,772	46,316
Total current operating payables		544	548,723	549,267
Total operating payables		812	559,549	560,361

37. Payables due after 5 years

The Group has loans due after 5 years, which are referred to in detail in Note 42 "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.

38. Breakdown of liabilities by geographic segment

As regards the breakdown of liabilities by geographic segment, reference is made to the section on segment reporting.

E) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This section provides information on the carrying amount of financial assets and liabilities held, and in particular:

- specifically describes the type of financial assets and liabilities;
- the accounting standards adopted;
- describes how fair value is determined, how measurements and estimates are made, and the uncertainties involved.

The Group holds the following financial assets and liabilities:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
FINANCIAL ASSETS AS OF 31 DECEMBER 2021					
Non-current					
Other financial assets	16				16
Total non-current financial assets	16	-	-	-	16
Current					
Other financial assets			176		176
Cash and cash equivalents				260,868	260,868
Total current financial assets	-	-	176	260,868	261,044
Total financial assets	16	-	176	260,868	261,060
FINANCIAL ASSETS AS OF 31 DECEMBER 2020					
Non-current					
Other financial assets	37				37
Total non-current financial assets	37	-	-	-	37
Current					
Other financial assets			2,617		2,617
Cash and cash equivalents				230,061	230,061
Total current financial assets	-	-	2,617	230,061	232,678
Total financial assets	37	-	2,617	230,061	232,715

IN THOUSANDS OF EUROS	LIABILITIES MEASURED AT FVPL	FAIR VALUE ADJUSTMENT	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021					
Non-current					
Bank loans				287,816	287,816
Bonds				244,150	244,150
Other loans				247	247
Liabilities for rights of use				14,536	14,536
Total non-current liabilities	-	-	-	546,749	546,749
Current liabilities					
Bank loans				76,956	76,956
Bonds				-	-
Other loans				9,884	9,884
Liabilities for rights of use				7,601	7,601
Total current liabilities	-	-	-	94,441	94,441
Total	-	-	-	641,190	641,190
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020					
Non-current					
Bank loans				192,879	192,879
Bonds				272,579	272,579
Other loans				318	318
Liabilities for rights of use				17,994	17,994
Total non-current liabilities	-	-	-	483,770	483,770
Current liabilities					
Bank loans				141,116	141,116
Bonds		2,152		11,038	13,190
Other loans				9,204	9,204
Liabilities for rights of use				8,582	8,582
Total current liabilities	-	2,152	-	169,940	172,092
Total	-	2,152	-	653,710	655,862

39. Investments

€/000 11,047

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Interests in joint ventures	10,850	8,965	1,885
Investments in associates	197	169	28
Total	11,047	9,134	1,913

The item Investments in joint ventures relates to the investment in Zongshen Piaggio Foshan Motorcycles Co. Ltd, of which the Group holds 45% (of which 12.5% through the direct subsidiary Piaggio China Company Ltd). The investment was classified under the item "joint ventures" in relation to agreements made in the contract signed on 15 April 2004

between Piaggio & C. S.p.A. and its historical partner Foshan Motorcycle Plant, and the Chinese company Zongshen Industrial Group Company Limited.

The carrying amount of the investment refers to shareholders' equity pro-quota adjusted to take into account the measurement criteria adopted by the Group.

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

IN THOUSANDS OF EUROS	ACCOUNTS AS OF 31 DECEMBER 2021		ACCOUNTS AS OF 31 DECEMBER 2020	
ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE CO. LTD				
		45% *		45% *
Working capital	16,651	7,493	10,686	4,808
Financial debt	0	0	4,333	1,950
Total assets	13,918	6,263	9,278	4,175
Net capital employed	30,569	13,756	24,297	10,933
Provisions	592	267	377	169
Financial debt	2,513	1,131	0	0
Shareholders' equity	27,464	12,359	23,920	10,764
Total sources of financing	30,569	13,756	24,297	10,933
* Group ownership				
Shareholders' equity attributable to the Group		12,359		10,764
Elimination of margins on internal transactions		(1,509)		(1,799)
Value of the investment		10,850		8,965

IN THOUSANDS OF EUROS	
RECONCILIATION OF SHAREHOLDERS' EQUITY	
Opening balance as of 1 January 2021	8,965
Profit (Loss) for the period	336
Statement of Comprehensive Income	1,259
Elimination of margins on internal transactions	290
Closing balance as of 31 December 2021	10,850

Investments in associates

€/000 197

This item comprises:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31 DECEMBER 2020	ADJUSTMENT	CARRYING AMOUNT AS OF 31 DECEMBER 2021
ASSOCIATES			
Immsi Audit S.c.a.r.l.	10		10
S.A.T. S.A. - Tunisia	0		0
Depuradora D'Aigues de Martorelles	17	10	27
Pontedera & Tecnologia S.c.a r.l.	142	18	160
Total associates	169	28	197

The value of investments in associates was adjusted during the year to the corresponding value of shareholders' equity.

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

€/000 192

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Fair Value of hedging derivatives	176		176	2,617		2,617	(2,441)	0	(2,441)
Investments in other companies		16	16		37	37	0	(21)	(21)
Total	176	16	192	2,617	37	2,654	(2,441)	(21)	(2,462)

The item Fair Value of derivative instruments relates to a hedging transaction on an intercompany loan in foreign currency. As of 31 December 2020, the item included the fair value measurement of a Cross Country Swap on an extinguished loan.

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
OTHER COMPANIES:			
A.N.C.M.A. - Rome	2	2	0
ECOFOR SERVICE S.p.A. - Pontedera	2	2	0
Consorzio Fiat Media Center - Turin	3	3	0
S.C.P.S.T.V.	0	21	(21)
IVM	9	9	0
Total other companies	16	37	(21)

The investment in Vega, Società Consortile Parco Scientifico e Tecnologico Venezia (S.C.P.S.T.V.), was completely written off during the period.

41. Cash and cash equivalents

€/000 260,868

This item mainly includes short-term or on demand bank deposits.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Bank and postal deposits	260,829	230,061	30,768
Cash on hand	39	32	7
Total	260,868	230,093	30,775

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

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Liquidity	260,868	230,093	30,775
Current account overdrafts	(12)	(1,187)	1,175
Closing balance	260,856	228,906	31,950

42. Financial liabilities and financial liabilities for rights of use (current and non-current)

€/000 641,190

During 2021, the Group's total debt decreased by €/000 14,672. Excluding the change in financial liabilities for rights of use 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 December 2021 total financial debt of the Group had decreased by €/000 8,081.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON- CURRENT	TOTAL	CURRENT	NON- CURRENT	TOTAL	CURRENT	NON- CURRENT	TOTAL
Financial liabilities	86,840	532,213	619,053	163,510	465,776	629,286	(76,670)	66,437	(10,233)
Gross financial debt	86,840	532,213	619,053	161,358	465,776	627,134	(74,518)	66,437	(8,081)
Fair value adjustment	0	0	0	2,152	0	2,152	(2,152)	0	(2,152)
Financial liabilities for rights of use	7,601	14,536	22,137	8,582	17,994	26,576	(981)	(3,458)	(4,439)
Total	94,441	546,749	641,190	172,092	483,770	655,862	(77,651)	62,979	(14,672)

Net financial debt of the Group amounted to €/000 380,322 as of 31 December 2021 compared to €/000 423,617 as of 31 December 2020.

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

Consolidated net debt/(Net financial debt)⁴⁶

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
A Cash	260,868	230,093	30,775
B Cash equivalents			0
C Other current financial assets	0		0
D Liquidity (A + B + C)	260,868	230,093	30,775
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(37,861)	(59,202)	21,341
Payables due to banks	(20,376)	(30,378)	10,002
Debenture loan	0	(11,038)	11,038
Amounts due to factoring companies	(9,813)	(9,133)	(680)
Financial liabilities for rights of use	(7,601)	(8,582)	981
.of which finance leases	(1,201)	(1,182)	(19)
.of which operating leases	(6,400)	(7,400)	1,000
Current portion of payables due to other lenders	(71)	(71)	0
F Current portion of non-current financial debt	(56,580)	(110,738)	54,158
G Current financial indebtedness (E + F)	(94,441)	(169,940)	75,499
H Net current financial indebtedness (G - D)	166,427	60,153	106,274
I Non-current financial debt (excluding current portion and debt instruments)	(302,599)	(211,191)	(91,408)
Payables due to banks	(287,816)	(192,879)	(94,937)
Financial liabilities for rights of use	(14,536)	(17,994)	3,458
.of which finance leases	(4,479)	(5,681)	1,202
.of which operating leases	(10,057)	(12,313)	2,256
Amounts due to other lenders	(247)	(318)	71
J Debt instruments	(244,150)	(272,579)	28,429
K Non current trade and other payables			0
L Non-current financial indebtedness (I + J + K)	(546,749)	(483,770)	(62,979)
M Total financial indebtedness (H + L)	(380,322)	(423,617)	43,295

As regards indirect factoring, please refer to the comment in Note 30 "Trade payables".

The following table summarises the changes in the last two years.

⁴⁶ The indicator does not include financial assets and liabilities arising from the fair value measurement, financial derivatives for hedging and otherwise, the fair value adjustment of relative hedged items equal in any case to €/000 0 at 31 December 2021, and relative accruals.

IN THOUSANDS OF EUROS		CASH FLOWS							BALANCE AS OF 31.12.2020
		BALANCE AS OF 31.12.2019	MOVEMEN- TS	REPAY- MENTS	NEW ISSUES	RECLASSIFI- CATIONS	EXCHAN- GE DELTA	OTHER CHANGES	
A	Cash	190,746	51,667				(12,320)		230,093
B	Cash equivalents								0
C	Other current financial assets								0
D	Liquidity (A + B + C)	190,746	51,667	0	0	0	(12,320)	0	230,093
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(110,452)	0	96,085	(26,925)	(18,720)	837	(27)	(59,202)
	Current account overdrafts	(18)		18	(1,187)				(1,187)
	Current account payables	(81,014)		67,591	(16,605)		837		(29,191)
	<i>Total current bank loans</i>	<i>(81,032)</i>	<i>0</i>	<i>67,609</i>	<i>(17,792)</i>	<i>0</i>	<i>837</i>	<i>0</i>	<i>(30,378)</i>
	Debenture loan	(11,022)		11,050		(11,038)		(28)	(11,038)
	Amounts due to factoring companies	(9,946)		9,946	(9,133)				(9,133)
	Financial liabilities for rights of use	(8,408)		7,471		(7,646)	0	1	(8,582)
	<i>.of which finance leases</i>	<i>(1,161)</i>		<i>1,158</i>		<i>(1,180)</i>		<i>1</i>	<i>(1,182)</i>
	<i>.of which operating leases</i>	<i>(7,247)</i>		<i>6,313</i>		<i>(6,466)</i>			<i>(7,400)</i>
	Current portion of payables due to other lenders	(44)		9		(36)			(71)
F	Current portion of non-current financial debt	(29,724)		84,206		(165,286)	111	(45)	(110,738)
G	Current financial indebtedness (E + F)	(140,176)	0	180,291	(26,925)	(184,006)	948	(72)	(169,940)
H	Net current financial indebtedness (G - D)	50,570	51,667	180,291	(26,925)	(184,006)	(11,372)	(72)	60,153
I	Non-current financial debt (excluding current portion and debt instruments)	(198,215)	0	0	(180,227)	172,968	854	(6,571)	(211,191)
	Payables due to banks	(178,092)			(180,000)	165,286	137	(210)	(192,879)
	Liabilities for rights of use	(19,996)			0	7,646	717	(6,361)	(17,994)
	<i>.of which finance leases</i>	<i>(6,862)</i>				<i>1,180</i>		<i>1</i>	<i>(5,681)</i>
	<i>.of which operating leases</i>	<i>(13,134)</i>				<i>6,466</i>	<i>717</i>	<i>(6,362)</i>	<i>(12,313)</i>
	Amounts due to other lenders	(127)			(227)	36			(318)
J	Debt instruments	(282,099)				11,038		(1,518)	(272,579)
K	Non current trade and other payables								
L	Non-current financial indebtedness (I + J + K)	(480,314)	0	0	(180,227)	184,006	854	(8,089)	(483,770)
M	Total financial indebtedness (H + L)	(429,744)	51,667	180,291	(207,152)	0	(10,518)	(8,161)	(423,617)

IN THOUSANDS OF EUROS		CASH FLOWS							BALANCE AS OF 31.12.2021
		BALANCE AS OF 31.12.2020	MOVE- MENTS	REPAY- MENTS	NEW ISSUES	RECLASSI- FICATIONS	EXCHANGE DELTA	OTHER CHANGES	
A	Cash	230,093	20,180				10,595		260,868
B	Cash equivalents	0							0
C	Other current financial assets	0							0
D	Liquidity (A + B + C)	230,093	20,180	0	0	0	10,595	0	260,868
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(59,202)	0	84,729	(23,885)	(38,735)	0	(768)	(37,861)
	Current account overdrafts	(1,187)		1,187	(12)				(12)
	Current account payables	(29,191)		23,642	(14,060)			(755)	(20,364)
	<i>Total current bank loans</i>	<i>(30,378)</i>	<i>0</i>	<i>24,829</i>	<i>(14,072)</i>	<i>0</i>	<i>0</i>	<i>(755)</i>	<i>(20,376)</i>
	Debenture loan	(11,038)		41,050		(30,000)		(12)	0
	Amounts due to factoring companies	(9,133)		9,133	(9,813)				(9,813)
	Financial liabilities for rights of use	(8,582)		9,646		(8,664)	0	(1)	(7,601)
	<i>.of which finance leases</i>	<i>(1,182)</i>		<i>1,184</i>		<i>(1,202)</i>		<i>(1)</i>	<i>(1,201)</i>
	<i>.of which operating leases</i>	<i>(7,400)</i>		<i>8,462</i>		<i>(7,462)</i>			<i>(6,400)</i>
	Current portion of payables due to other lenders	(71)		71		(71)			(71)
F	Current portion of non-current financial debt	(110,738)		140,013		(85,703)		(152)	(56,580)
G	Current financial indebtedness (E + F)	(169,940)	0	224,742	(23,885)	(124,438)	0	(920)	(94,441)
H	Net current financial indebtedness (G - D)	60,153	20,180	224,742	(23,885)	(124,438)	10,595	(920)	166,427
I	Non-current financial debt (excluding current portion and debt instruments)	(211,191)	0	0	(181,000)	94,438	(647)	(4,199)	(302,599)
	Payables due to banks	(192,879)			(181,000)	85,703		360	(287,816)
	Liabilities for rights of use	(17,994)			0	8,664	(647)	(4,559)	(14,536)
	<i>.of which finance leases</i>	<i>(5,681)</i>				<i>1,202</i>			<i>(4,479)</i>
	<i>.of which operating leases</i>	<i>(12,313)</i>				<i>7,462</i>	<i>(647)</i>	<i>(4,559)</i>	<i>(10,057)</i>
	Amounts due to other lenders	(318)				71			(247)
J	Debt instruments	(272,579)				30,000		(1,571)	(244,150)
K	Non current trade and other payables								
L	Non-current financial indebtedness (I + J + K)	(483,770)	0	0	(181,000)	124,438	(647)	(5,770)	(546,749)
M	Total financial indebtedness (H + L)	(423,617)	20,180	224,742	(204,885)	0	9,948	(6,690)	(380,322)

Financial liabilities

€/000 619,053

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	BALANCE AT		NOMINAL VALUE AT	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Bank loans	364,772	333,995	366,043	335,058
Bonds	244,150	283,617	250,000	291,050
Other loans	10,131	9,522	10,131	9,522
Total	619,053	627,134	626,174	635,630

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2021	CARRYING AMOUNT AS OF 31.12.2020	CHANGE
Current financial debt	86,840	161,358	(74,518)
Non-current financial debt	532,213	465,776	66,437
Financial debt	619,053	627,134	(8,081)
Gross debt, fixed rate	425,224	462,763	(37,539)
Gross debt, variable rate	193,829	164,371	29,458
Financial debt	619,053	627,134	(8,081)

The table below shows the repayment schedule as of 31 December 2021:

IN THOUSANDS OF EUROS	NOMINAL VALUE AS OF 31.12.2021	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN				
				2023	2024	2025	2026	AFTER
Bank loans	366,043	77,213	288,830	72,685	62,200	34,215	83,063	36,667
- of which opening of credit lines and bank overdrafts	20,376	20,376	0					
- of which medium/long-term bank loans	345,667	56,837	288,830	72,685	62,200	34,215	83,063	36,667
Bonds	250,000	0	250,000			250,000		
Other loans	10,131	9,884	247	71	71	71	34	0
Total	626,174	87,097	539,077	72,756	62,271	284,286	83,097	36,667

The following table analyses financial debt by currency.

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2020	ACCOUNTING BALANCE AS OF 31.12.2021	NOMINAL VALUE
	Euros	596,092	603,689
Indonesian Rupiah	470		
Vietnamese Dong	27,884	13,523	13,523
Japanese Yen	2,688	1,841	1,841
<i>Total currencies other than euro</i>	<i>31,042</i>	<i>15,364</i>	<i>15,364</i>
Total	627,134	619,053	626,174

Medium and long-term bank debt amounts to €/000 344,396 (of which €/000 287,816 non-current and €/000 56,580 current) and consists of the following loans:

- a €/000 19,970 medium-term loan (nominal value of €/000 20,000) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan is divided into two disbursements with a final maturity in February and December 2023 and a repayment schedule of 7 annual fixed-rate instalments. Contract terms require covenants (described below);
- a €/000 69,926 (nominal value €/000 70,000) medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in February 2027 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 30,000 medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in March 2028 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 99,228 (nominal value of €/000 100,000) "Schuldschein" loan issued between October and November 2021 and subscribed by leading market participants. It consists of 6 tranches with maturities of 3, 5 and 7 years at fixed and variable rates;
- a €/000 24,263 syndicate loan (nominal value of €/000 24,500) 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 2,000 used as of 31 December 2021) and a tranche as a five-year loan with amortisation of an initial amount of €/000 62,500, of which a nominal amount of €/000 22,500 as of 31 December 2021. Contract terms require covenants (described below);
- a €/000 14,984 medium-term loan (nominal value of €/000 15,000) granted by Banca Nazionale del Lavoro. The loan will fall due on 12 June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €/000 9,981 medium-term loan (nominal value of €/000 10,000) 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 26,580 loan (nominal value of €/000 26,666) granted by Banco BPM with a repayment schedule of six-monthly instalments and final settlement in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- €/000 30,000 medium-term loan granted by Cassa Depositi e Prestiti to support international growth in India and Indonesia. The loan has a duration of 5 years expiring on 30 August 2026. It entails a repayment plan with six-monthly instalments and a 12-month grace period. Contract terms require covenants (described below);
- a €/000 4,482 medium-term loan (nominal value of €/000 4,500) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 8,988 medium-term loan (nominal value of €/000 9,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 5,994 medium-term loan (nominal value of €/000 6,000) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule.

The Parent Company also has a revolving credit line for €/000 20,000 (undrawn at 31 December 2021) granted by Banca Intesa San Paolo maturing on 31 January 2024 and a revolving credit line for €/000 10,000 (undrawn at 31 December 2021) granted by Banca del Mezzogiorno maturing on 1 July 2022.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 244,150 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a BB- rating with a stable outlook and a Ba3 rating with a stable outlook respectively for the issue.

It should be noted that the Company may repay in advance all or part of the High Yield bond issued on 30 April 2018 on the terms specified in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 9,813.

Medium-/long-term payables to other lenders equal to €/000 318 of which €/000 247 maturing after the year and €/000 71 as the current portion refer to a loan from the Region of Tuscany, pursuant to regulations on incentives for investments in research and development.

Covenants

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

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

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

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

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

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

As of 31 December 2021 all covenants had been met in full.

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit & Loss, for which the same measurement criteria used for the derivative are applied). According to this criterion, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability.

IFRS 13 - Fair Value Measurement defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

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

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

The table below shows the fair value of payables measured using the amortised cost method as of 31 December 2021:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE ⁴⁷
High yield debenture loan	250,000	244,150	254,925
EIB (R&D loan 2016-2018)	20,000	19,970	20,112
EIB RDI	70,000	69,926	68,209
EIB RDI step-up	30,000	30,000	28,830
Loan from B. Pop. Emilia Romagna	10,000	9,981	10,042
Syndicated loan maturing in 2023	22,500	22,433	22,609
Loan from CDP	30,000	30,000	29,574
Loan from Banco BPM	26,666	26,580	26,623
Loan from Banca CARIGE	6,000	5,994	5,871
Loan from BPop Sondrio	4,500	4,482	4,362
Loan from CariBolzano	9,000	8,987	8,773
SSD loans	100,000	99,228	95,724

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

⁴⁷ The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 31 December 2021, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Investment Property			
Financial derivatives:			
- of which financial assets			
- of which other receivables		8,326	
Investments in other companies			16
Total assets		8,326	16
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives			
- of which financial liabilities			
- of which other payables		(251)	
Financial liabilities at fair value recognised through profit or loss			
Total liabilities		(251)	
General total		8,075	16

The following tables show Level 2 and Level 3 changes during 2021:

IN THOUSANDS OF EUROS	LEVEL 2	LEVEL 3
Balance as of 31 December 2020	(10,409)	4,637
Gain (loss) recognised in profit or loss	(178)	(21)
Gain (loss) recognised in the statement of comprehensive income	7,612	
Increases/(Decreases)	11,050	(4,600)
Balance as of 31 December 2021	8,075	16

The valuation of the real estate investment relating to the Martorelles site had been classified at hierarchical level 3. The carrying amount at 31 December 2020 had been determined on the basis of the price defined in the contract of sale, which took place in February 2021, the negotiation of which was already underway and the essential elements defined at the end of December 2020. In the period from 1 January 2021 to the date of the transaction, no extraordinary events occurred that could have an impact on the fair value at 31 December 2020.

Financial liabilities for rights of use

€/000 22,137

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Operating leases	6,400	10,057	16,457	7,400	12,313	19,713	(1,000)	(2,256)	(3,256)
Finance leases	1,201	4,479	5,680	1,182	5,681	6,863	19	(1,202)	(1,183)
Total	7,601	14,536	22,137	8,582	17,994	26,576	(981)	(3,458)	(4,439)

Operating lease liabilities include payables to the parent companies Immsi and Omniaholding for €/000 3,539 (€/000 2,220 non-current portion).

Payables for finance leases amounted to €/000 5,680 (nominal value of €/000 5,687) and break down as follows:

- a Sale&Lease back agreement for €/000 5,612 (nominal value of €/000 5,619) 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 4,424);
- a finance lease for €/000 68 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 55).

The table below shows the repayment schedule as of 31 December 2021:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2021	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN				
				2023	2024	2025	2026	AFTER
Rights of use								
- of which operating leases	16,457	6,400	10,057	4,697	3,001	1,328	486	545
- of which finance leases	5,680	1,201	4,479	1,219	1,265	1,240	755	
Total	22,137	7,601	14,536	5,916	4,266	2,568	1,241	545



F) MANAGEMENT OF FINANCIAL RISK

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

43. Credit risk

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Liquid assets	260,829	230,061
Financial receivables	192	2,654
Other receivables	80,901	70,501
Tax receivables	26,446	25,250
Trade receivables	71,225	68,692
Total	439,593	397,158

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

44. Financial risks

The financial risks the Group is exposed to are liquidity risk, exchange risk, interest rate risk and credit risk and to a lesser extent commodities risk.

The management of these risks, in order to reduce management costs and dedicated resources, is centralised and treasury operations take place in accordance with formal policies and guidelines which are applicable to all Group companies.

Liquidity risk and capitals management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with these risks, cash flows and the Group's credit line needs are monitored or managed centrally under the control of the Group's Treasury in order to guarantee an effective and efficient management of the financial resources as well as optimise the debt's maturity standpoint.

In addition, the Parent Company finances the temporary cash requirements of Group companies by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Parent Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.

As of 31 December 2021 the most important sources of financing irrevocable until maturity granted to the Parent Company were as follows:

- a debenture loan of €/000 250,000 maturing in April 2025;
- a Schuldschein loan of €/000 100,000, with final settlement in November 2028;
- a credit line of €/000 250,000 comprising a Revolving Credit Facility of €/000 187,500 maturing in July 2022 and a loan of €/000 22,500 maturing in July 2023;
- Revolving credit facilities for a total of €/000 30,000, with final settlement in January 2024;
- loans for a total of €/000 221,166, with final settlement in March 2028.

Other Group companies also have irrevocable loans totalling €/000 13,523 with final settlement in December 2023.

As of 31 December 2021, the Group had a liquidity of €/000 260,868, €/000 215,500 of undrawn credit lines irrevocable to maturity and €/000 237,844 of revocable credit lines, as detailed below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Variable rate with maturity within one year - irrevocable until maturity ⁴⁸	195,500	
Variable rate with maturity after one year - irrevocable until maturity	20,000	261,072
Variable rate with maturity within one year - cash revocable	226,844	194,419
Variable rate with maturity within one year - with revocation for self-liquidating typologies	11,000	6,000
Total undrawn credit lines	453,344	461,491

The table below shows the timing of future payments in relation to trade payables:

IN THOUSANDS OF EUROS	WITHIN 30 DAYS	BETWEEN 31 AND 60 DAYS	BETWEEN 61 AND 90 DAYS	OVER 90 DAYS	TOTAL AS OF 31 DECEMBER 2021
Trade payables	298,548	175,308	96,954	52,754	623,564

Management considers that currently available funds, as well as funds that will be generated from operations and loans, will enable the Group to meet its requirements relative to investments, the management of working capital and repayment of loans on expiry and will ensure an adequate level of operating and strategic flexibility.

Exchange Risk

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

This policy analyses:

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

⁴⁸ Does not take into account the 1-year extension on the revolving credit facility of the syndicated loan.

Cash flow hedging

As of 31 December 2021, the Group had undertaken the following futures transactions (recognised based on the regulation date) relative to payables and receivables already recognised to hedge the transaction exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	218,000	29,885	02/03/2022
Piaggio & C.	Purchase	CAD	100	69	09/02/2022
Piaggio & C.	Purchase	SEK	7,000	688	28/01/2022
Piaggio & C.	Purchase	JPY	565,000	4,362	22/03/2022
Piaggio & C.	Purchase	USD	41,600	36,337	24/02/2022
Piaggio & C.	Sale	CAD	1,100	761	13/02/2022
Piaggio & C.	Sale	SEK	2,000	195	07/01/2022
Piaggio & C.	Sale	USD	113,300	99,285	24/02/2022
Piaggio Vietnam	Sale	USD	29,000	662,284,000	07/02/2022
Piaggio Vespa BV	Sale	USD	18,850	16,205	28/04/2022
Piaggio Vehicles Private Limited	Sale	USD	1,350	102,178	31/01/2022

As of 31 December 2021, the Group had undertaken the following transactions to hedge the business exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CUR- RENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATU- RITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	594,000	72,797	26/06/2022
Piaggio & C.	Sale	GBP	12,000	14,168	22/06/2022

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 December 2021, the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 8,305. During 2021, profit was recognised under Other Comprehensive Income amounting to €/000 7,206 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 333.

The net balance of cash flows during 2021 is shown below, divided by main currency:

IN MILLIONS OF EUROS	CASH FLOW 2021
Canadian Dollar	11.3
Pound Sterling	26.9
Swedish Krone	(1.9)
Japanese Yen	0.4
US Dollar	87.8
Indian Rupee	(50.8)
Chinese Yuan ⁴⁹	(61.5)
Vietnamese Dong	(145.0)
Singapore Dollar	(2.4)
Indonesian Rupiah	44.3
Total cash flow in foreign currency	(90.9)

In view of the above, an assumed appreciation/depreciation of 3% of the euro would have generated potential profits for €/000 2,650 and potential losses for €/000 2,814 respectively.

Interest rate risk

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

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

Cash flow hedging

- an Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 30,000 from Banco BPM. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; as of 31 December 2021, the fair value of the instrument was negative by €/000 45; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on equity, net of the related tax effect, of €/000 350 and €/000 -291 respectively.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	(45)

Commodity Price Risk

This risk arises from the possibility of changes in company profitability due to fluctuations in commodity prices (specifically platinum and palladium). The Group's objective is therefore to neutralise such possible adverse changes deriving from highly probable future transactions by compensating them with opposite variations related to the hedging instrument.

Cash flow hedging is adopted with this type of hedging, with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.

As of 31 December 2021, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative by €/000 184. During 2021, profit was recognised under Other Comprehensive Income amounting to €/000 184 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 17.

⁴⁹ Cash flow partially in euro.

G) INFORMATION ON SHAREHOLDERS' EQUITY

45. Share capital and reserves

€/000 404,086

Share capital

€/000 207,614

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

The structure of Piaggio & C's share capital, equal to €207,613,944.37, fully subscribed and paid up, is indicated in the next table:

STRUCTURE OF SHARE CAPITAL AS OF 31 DECEMBER 2021

	N° OF SHARES	% COMPARED TO THE SHARE CAPITAL	MARKET LISTING	RIGHTS AND OBLIGATIONS
Ordinary shares	358,153,644	100%	MTA	Right to vote in the Ordinary and Extraordinary Shareholders' Meetings of the Company

The Share of the Company are without par value, are indivisible, registered and issued on a dematerialisation basis, in the centralised management system of Monte Titoli S.p.A..

At the date of these financial statements, no other financial instruments with the right to subscribe to new issue shares had been issued, nor were there share-based incentive plans in place involving increases, also without a consideration, in share capital.

Treasury shares

€/000 (2,019)

During the period, 17,000 treasury shares were acquired. Therefore, as of 31 December 2021, Piaggio & C. held 1,045,818 treasury shares, equal to 0.292% of the shares issued.

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2021	2020
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	898,818
Shares in circulation	357,124,826	357,254,826
Movements for the period		
Purchase of treasury shares	17,000	130,000
Situation as of 31 December		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,045,818	1,028,818
Shares in circulation	357,107,826	357,124,826

Share premium reserve

€/000 7,171

The share premium reserve as of 31 December 2021 had not changed.

Legal reserve

€/000 26,052

The legal reserve as of 31 December 2021 had increased by €/000 1,837 as a result of the allocation of earnings for the previous year.

Financial instruments' fair value reserve

€/000 6,083

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

Dividends approved

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 14 April 2021 resolved to distribute a final dividend of 2.6 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 3.7 eurocents paid on 25 November 2020, coupon detachment date 23 November 2020), for a total dividend of 6.3 eurocents for 2020, equal to €22,498,864.04 overall. Coupon no. 16 will be detached on 19 April 2021, with record date on 20 April 2021 and payment date on 21 April 2021.

In the meeting of 30 July 2021, the Board of Directors also resolved to distribute an interim dividend for the 2021 financial year equal to 8.5 euro cents, gross of taxes, for each ordinary share entitled (against an advance on the ordinary dividend for 2020 of 3.7 eurocents), for a total of €30,354,165.21 (coupon date 20 September 2021, record date dividend 21 September 2021 and payment date 22 September 2021).

	TOTAL DIVIDEND		DIVIDEND PER SHARE	
	2021	2020	2021	2020
	€/000	€/000	€	€
Of the previous year's result	9,285	19,642	0.026	0.055
Interim dividend for current year's result	30,354	13,214	0.085	0.037

Earnings reserve

€/000 176,185

Capital and reserves of non-controlling interest

€/000 (149)

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



46. Other comprehensive income

€/000 11,712

The figure is broken down as follows:

	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	GROUP TRANSLATION RESERVE	EARNINGS RESERVE	GROUP TOTAL	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON- CONTROLLING INTERESTS	TOTAL OTHER COMPREHEN- SIVE INCOME
IN THOUSANDS OF EUROS						
As of 31 December 2021						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			(1,521)	(1,521)		(1,521)
Total	0	0	(1,521)	(1,521)	0	(1,521)
Items that may be reclassified in the income statement						
Total translation gains (losses)		6,174		6,174	(2)	6,172
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	1,259			1,259		1,259
Total profits (losses) on cash flow hedges	5,802			5,802		5,802
Total	7,061	6,174	0	13,235	(2)	13,233
Other comprehensive income	7,061	6,174	(1,521)	11,714	(2)	11,712
As of 31 December 2020						
Items that will not be reclassified in the income statement						
Remeasurements of defined benefit plans			148	148		148
Total	0	0	148	148	0	148
Items that may be reclassified in the income statement						
Total translation gains (losses)		(10,289)		(10,289)	61	(10,228)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	(274)			(274)		(274)
Total profits (losses) on cash flow hedges	310			310		310
Total	36	(10,289)	0	(10,253)	61	(10,192)
Other comprehensive income	36	(10,289)	148	(10,105)	61	(10,044)

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

	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	(1,949)	428	(1,521)	120	28	148
Total translation gains (losses)	6,172		6,172	(10,228)		(10,228)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	1,259		1,259	(274)		(274)
Total profits (losses) on cash flow hedges	7,634	(1,832)	5,802	407	(97)	310
Other comprehensive income	13,116	(1,404)	11,712	(9,975)	(69)	(10,044)

H) OTHER INFORMATION

47. Share-based incentive plans

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

48. Fees for Directors, Statutory Auditors and Key Managers

For a complete description and analysis of fees of Directors and Statutory Auditors, reference is made to the remuneration report available from the registered office, and on the Company's website in the section "Governance". At present, the Company has not identified any Key Senior Managers.

IN THOUSANDS OF EUROS	2021
Directors	2,335
Statutory auditors	155
Total fees	2,490

49. Information on related parties

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

Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 no. DEM/6064293, is reported below.

The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under Governance.

Relations with Parent Companies

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

NAME	REGISTERED OFFICE	TYPE	% OF OWNERSHIP	
			AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Immsi S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	-	0.0773

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

- as regards mandatory financial disclosure, and in particular the financial statements and reports on operations relating to Group companies, IMMSI has produced a group manual containing the accounting standards adopted and options chosen for implementation, in order to give a consistent and fair view of the consolidated financial statements.
- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.
- IMMSI has also provided services for the development and management of assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.
- IMMSI has provided consultancy services and assistance concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2019, for a further three years, the Parent Company⁵⁰ signed up to the National Consolidated Tax Mechanism pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

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

Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess

⁵⁰ 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.

of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

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

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

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

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

Transactions with Piaggio Group companies

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

Piaggio & C. S.p.A.

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

- Piaggio Hrvatska
- Piaggio Hellas
- Piaggio Group Americas
- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Piaggio Concept Store Mantova

- sells components to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

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

- Piaggio Vehicles Private Limited
- Piaggio Vietnam
- Aprilia Racing

- provides support services for scooter and engine industrialisation to:

- Piaggio Vehicles Private Limited
- Piaggio Vietnam

- leases a part of the owned property to:

- Aprilia Racing

- subleases a part of the rented property to:

- Piaggio Concept Store Mantova

- has cash pooling agreements with:

- Piaggio France
- Piaggio Deutschland
- Piaggio España
- Piaggio Vespa

- has loan agreements with:
 - Piaggio Fast Forward
 - Aprilia Racing
 - Nacional Motor
- provides support services for staff functions to other Group companies;
- issues guarantees for the Group's subsidiaries, for medium-term loans.

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

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

[Piaggio 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 to Piaggio & C S.p.A.;
- Piaggio Vehicles Private Limited:
 - scouting of local suppliers to Piaggio & C S.p.A.;
- Piaggio Vietnam:
 - scouting of local suppliers to Piaggio & C S.p.A.;
 - 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.

[Piaggio Fast Forward](#) provides Piaggio & C. S.p.A.:

- a research/design/development service.

[Aprilia Racing](#) provides Piaggio & C. S.p.A:

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

[Piaggio Espana](#) supplies Nacional Motor:

- with an administrative/accounting service.

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

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

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

[Piaggio & C. S.p.A.](#)

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

[Foshan Piaggio Vehicles Technology R&D](#)

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

[Zongshen Piaggio Foshan Motorcycle Co. Ltd](#)

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

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

AS OF 31 DECEMBER 2021	FONDAZIONE PIAGGIO	IMMSI	IMMSI AUDIT	IS MOLAS	OMNIA HOLDING	PONTECH- PONTEDERA & TECNOLOGIA	ZONGSHEN PIAGGIO OSHAN	TOTAL	% OF ACCOUNTING ITEM
IN THOUSANDS OF EUROS									
Income statement									
Net Revenues	2						23	25	0.00%
Cost for materials							31,331	31,331	2.96%
Cost for services and leases and rentals	7	660	770	86	35		418	1,558	0.60%
Other operating income		50	32					500	0.33%
Other operating costs		8			1			9	0.04%
Income/(loss) from investments						18	626	644	100.31%
Borrowing costs		84			23			107	0.43%
Taxes		(3,817)						(3,817)	N.A.
Financial statements									
Other non-current receivables	67							67	0.28%
Current trade receivables		20					590	610	0.86%
Other current receivables		19,098	20				900	20,018	34.95%
Non-current financial liabilities for rights of use		1,674			546			2,220	15.27%
Current financial liabilities for rights of use		1,100			219			1,319	17.35%
Current trade payables	1	79	30	86	11		16,622	16,829	2.70%
Other current payables	118	14,919						15,037	23.71%

50. Contract commitments and guarantees

Contract commitments of the Piaggio Group are summarised based on their expiry.

IN THOUSANDS OF EUROS	IN 1 YEAR	BETWEEN 2 AND 5 YEARS	AFTER 5 YEARS	TOTAL
No IFRS 16 operating leases	1,685	656		2,341
Other commitments	20,828	7,275	836	28,939
Total	22,513	7,931	836	31,280

The main guarantees issued by banks on behalf of Piaggio & C. S.p.A in favour of third parties are listed below:

TYPE	AMOUNT €/000
A guarantee of BCC-Fornacette issued to Pisa Customs Authorities for handling Piaggio goods at the Pisana docks and at Livorno Port	200
Guarantee of BCC-Fornacette issued in favour of Motoride Spa to reimburse VAT following the deductible tax surplus	298
Guarantee of Banco di Brescia issued to the local authorities of Scorzè, to guarantee payment of urbanisation and construction charges relative to the Scorzè site	166
Guarantee of Banca Intesa SanPaolo issued to the Ministry of the Defence of Algeria, to guarantee contract obligations for the supply of vehicles	158
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane - Rome to guarantee contract obligations for the supply of vehicles (5,000 tricycles)	475
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane - Rome to guarantee contract obligations for the supply of vehicles	469

51. Disputes

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

In 2010, Piaggio took action to establish an arbitration board through the Arbitration Chamber of Milan, for a ruling against some companies of the Case New Holland Group (Italy, Netherlands and the USA), as it was known at the time, to recover damages under contractual and non-contractual liability relating to the execution of a supply and development contract of a new family of utility vehicles (NUV). In the award notified to the parties on 3 August 2012, the Board rejected the claims made by the Company. The appeal brought by the Company against this award, before the Court of Appeal of Milan, ended with the appeal being rejected. The Company filed an appeal with the Court of Cassation. In the meantime, the parties reached a settlement agreement, waiving their claims and putting an end to the dispute.

Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned the Company before the Court of Pisa to claim compensation for the alleged damages sustained for various reasons as a result of the termination of supply relationships. The Company appeared in court requesting the rejection of all opposing requests. Da Lio requested and obtained the joinder of the proceedings with the proceedings opposing the injunction issued in favour of Piaggio for the return of the moulds retained by the supplier at the end of the supply agreement. The proceedings were therefore joined and with an order pursuant to Article 186ter of the code of civil procedure dated 7 June 2011, Piaggio was ordered to pay €109,586.60, plus interest, relative to the amounts not contested. During 2012, witness evidence was taken followed by a technical appraisal, requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The technical appraisal was concluded at the end of 2014. The case was adjourned to 23 September 2016 for

specification of the pleadings, with the case held for decision. Subsequently, the Court of Pisa had to reassign the case, and after the interruption, the re-appointed Judge decided to re-examine the proceedings and set a new hearing for closing arguments. The parties submitted their closing arguments again, exchanging relative briefs and rejoinders. In a ruling published on 8 August 2019, the Court of Pisa ordered Piaggio in the first instance to pay a total of approximately €7,600,000 and to publish the ruling in two national newspapers and two specialist journals. Piaggio, assisted by its lawyers providing counsel in the appeal proceedings who had indicated the many reasons for filing an appeal and the grounds of the Company, filed an appeal before the Appeal Court of Florence, requesting the ruling to be revised and its enforcement to be suspended. On 21 October 2020, the Florence Court of Appeal (Third Civil Court section) partially accepted the petition to suspend the enforceability of the ruling made by Piaggio up to the amount of €2,670,210.26, rejecting the rest of the appeal and confirming the enforceability of the ruling for the additional amounts. The Court of Appeal ordered the exchange of written submissions containing the Parties' requests and conclusions in lieu of the first hearing set for 9 June 2021. As a result of the situation related to the COVID-19 pandemic, the case was adjourned to the next hearing on 8 June 2022 for closing arguments.

In June 2011 Elma srl, a Piaggio dealer since 1995, brought two separate proceedings against the Company, claiming the payment of approximately €2 million for alleged breach of the sole agency ensured by Piaggio for the Rome area and an additional €5 million as damages for alleged breach and abuse of economic dependence by the Company. Piaggio opposed the proceedings undertaken by Elma, fully disputing its claims and requesting a ruling for Elma to settle outstanding sums owing of approximately €966,000.

During the case, Piaggio requested the enforcement of bank guarantees that ensured against the risk of default by the dealer issued in its favour by three banks. Elma attempted to stop enforcement of the guarantees with preventive proceedings at the Court of Pisa (Pontedera section): the proceedings ended in favour of Piaggio that collected the amounts of the guarantees (over €400,000). Trial proceedings took place and a hearing was held on 24 April 2013 to examine evidence. After reaching a decision at the aforesaid hearing, the Judge rejected requests for preliminary examination of Elma and set the hearing for 17 December 2015 for closing arguments, which was adjourned to 3 March 2016 and was then not held as the judge was transferred. The case was reassigned to a new Judge, who set the hearing for 19 July 2018, which was adjourned to 4 October 2018 and then to 10 January 2019 to discuss arguments. In the latter hearing, although the parties had already filed their closing arguments, the Judge adjourned the case, for closing arguments to be made, to the hearing of 9 April 2019. In ruling no. 1211/2019, published on 25 November 2019, the Court of Pisa ruled in favour of Piaggio. The Judge threw out all claims made by Elma, ruling it to pay Piaggio the sum of €966,787.95 plus interest on arrears, deducting the amount of €419,874.14, already received by Piaggio through enforcing the guarantee. Piaggio has paid Elma (offsetting the amount) the sum of €58,313.42 plus legal interest. On 14 January 2020, Piaggio filed a bankruptcy petition against Elma in relation to the sums to receive, while on 15 January 2020, Elma appealed against the above ruling with the Court of Appeal of Florence. At the first hearing held by way of written hearing on 2 March 2021, with the filing of authorised notes, the Court held the case for decision, assigning the parties legal deadlines for filing their final statements and respective replies, which were filed within the deadlines by both parties.

As regards the matter, Elma has also brought a case against a former senior manager of the Company before the Court of Rome, claiming compensation for damages: Piaggio appeared in the proceedings, requesting, among other things, that the case be moved to the Court of Pisa. At the hearing of 27 January 2014, the Judge ruled on the preliminary exceptions and did not admit preliminary briefs. The hearing for closing arguments set for 21 December 2015 and subsequently adjourned, was not held as the Judge, on petition of Elma, re-opened the preliminary investigation, admitting testimonial evidence and setting the hearing for 25 May 2016. On this date, examination of the witnesses began and the hearing was adjourned to 24 October 2016 to continue the preliminary investigation. On 11 April 2017, the parties made an attempt at conciliation, initiated by the Judge, which was unsuccessful. The Judge admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed, adjourning the case to the hearing of 9 October 2018 for closing arguments. The expert's appraisal was filed in October 2018. The parties exchanged their closing arguments and respective rejoinders. In a ruling of 31 May 2019 (published on 3 June 2019) the Ordinary Court of Rome, Civil Section XII, rejected the claim made by Elma S.r.l., also ordering it to pay the expert's fees and legal fees. Elma appealed to the Court of Appeal of Rome, summoning Piaggio to a hearing on 15 April 2020, postponed to 31 March 2021 and again postponed to 6 April 2021, and held by written hearing with exchange of authorised notes. At this stage, the Court rejected the request for annulment of the technical appraisal carried out at first instance, formulated by Elma, deeming this decision to be strictly related to the examination of the appeal on merits, and therefore adjourned the case to the hearing of 10 October 2023 for closing arguments.

The company TAIZHOU ZHONGNENG summoned Piaggio before the Court of Turin, requesting the annulment of the Italian part of the 3D trademark registered in Italy protecting the form of the Vespa, as well as a ruling denying

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

In summons dated 27 October 2014, Piaggio summoned PEUGEOT MOTOCYCLES ITALIA S.p.A., MOTORKIT s.a.s. di Turcato Bruno and C., GI.PI to the Companies Court of Milan. MOTOR di Bastianello Attilio and GMR MOTOR s.r.l. before the Court of Milan, to obtain the recall of Peugeot "Metropolis" motorcycles from the market, and to establish the infringement of some European patents and designs owned by Piaggio, as well as a ruling for the compensation for damages for unfair competition, and the publication of the ruling in some newspapers ("Case 1").

In the hearing for the first appearance of 4 March 2015, the judge set the deadline for filing statements pursuant to Article 183.6 of the Italian Code of Civil Procedure and appointed an expert witness. The witness's appraisal report was filed on 2 May 2017 and the Judge adjourned the case to the hearing of 28 February 2018 for closing arguments. At the hearing, the Judge ordered an addition to the expert's appraisal, filed on 20 June 2018 and set the new deadlines for the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio patents Nos. EP1363794B1, EP1571016B1, IT1357114 and Community design no. 487723-0001, as well as the claim of unfair competition, ordering Piaggio to pay 3/4 of the costs of the witness appraisal (equal to €22,800) and to pay the defendant €21,387 for the costs of the proceedings ("Judgment 1"), and also ordered the separation of the hearing on the infringement of patent No. EP1561612B1, combining it with the case brought by PEUGEOT MOTOCYCLES SAS for a declaration of erga omnes invalidity ("Case 2").

Piaggio appealed against Judgment 1 before the Court of Appeal of Milan. At the first hearing held on 17 February 2021, the Court verified the admissibility of the notification of the summons to appeal and the parties presented their respective arguments by referring to the filed documents. The Court rejected the objection raised by the appealing Peugeot on the grounds that the appeal was inadmissible, and set the hearing on 10 November 2021 for the closing arguments, adjourned to 23 March 2022, reserving the right to decide on the preliminary motion requests made by Piaggio in the appeal.

PEUGEOT MOTOCYCLES SAS summoned Piaggio to appear before the Court of Milan, claiming that the patent based on which Piaggio filed a claim in Case 1 for counterfeiting would be voidable, due to a previously existing Japanese patent ("Case 2"). Piaggio appeared in court, claiming that the action taken by Peugeot could not proceed further and that the patent application referred to by Peugeot was irrelevant. During the hearing of 20 February 2018, the Judge established the deadlines for filing preliminary briefs and the case was adjourned to the hearing of 22 May 2018, after which an expert's appraisal was ordered, with the date of 15 January 2019 set for the filing. After the expert's appraisal was filed (confirming the validity of Piaggio's patent), and discussed during the hearing of 29 January 2019, the Judge requested further technical confirmations from the expert, establishing a deadline by which Peugeot must have requested additions to the appraisal. The Judge rejected Peugeot's request for clarification and considered that the case was ready for decision, adjourning the hearing to 15 December 2020 for the definition of the closing arguments of the joined cases (infringement and nullity). The Judge granted the time limits prescribed by law for the filing of closing statements, which were duly exchanged between the parties. At Peugeot's request pursuant to Article 275, paragraph 2 of the Italian Code of Civil Procedure, the Court ordered the discussion of arguments of the case, setting the hearing for 24 June 2021, holding the case for decision. On 20 September 2021, the Court of Milan - Business Section - ruled in favour of Piaggio (i) rejecting the application for invalidity of the EP patent owned by Piaggio, (ii) ascertaining the infringement and inhibiting, limited to Italy, the production, import, export, marketing, advertising, also through the Internet, of the aforementioned motorcycles; (iii) ordering Peugeot Italia to withdraw the counterfeit motorcycles from the market; (iv) establishing a penalty of €6,000.00 to be paid by each of the defendants for each

Metropolis motorcycle marketed after the expiry of the deadline of thirty days from the notification of this ruling and of €10,000.00 to be paid by Peugeot Italia and Peugeot Motocycles S.A.S. for each day's delay in implementing order sub 3, after the term of deadline of ninety days from the notification of this ruling; (v) charging Peugeot the costs of litigation and also ordering it to pay legal costs in favour of Piaggio.

Peugeot appealed against the ruling, and against Piaggio, at the same time taking action to suspend the provisional effect of the ruling in the first instance. The latter appeal was dismissed by an Order of 6 December 2021 confirming the provisional effect of the ruling in the first against Peugeot Italia. The appeal is pending and the first hearing is set for 23 March 2022.

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

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

With reference to the tax disputes involving the parent company Piaggio & C. S.p.A. (hereinafter also "the Company" or "the Parent Company"), it should be noted that the dispute against the notices of tax assessment sent to the Company and relating to the 2002 and 2003 tax years, was closed, as a result of signing up for the settlement concession procedure pursuant to Article 6 of Law Decree no. 119/2018; the above was declared by the President of the Chamber of the Court of Cassation in charge of the case in decrees filed on 4 June and 19 July 2021 respectively.

The Parent Company obtained a favourable ruling concerning these proceedings, in both the first and second instance, and with reference to both tax periods. The Italian Revenue Agency filed an appeal with the Court of Cassation and the Company filed related appeals against it on 27 May 2013, with reference to the tax litigation made related to the 2002 tax period, and on 10 March 2014, for the tax litigation made relative to the 2003 tax period. On 22 May 2019, the Company filed an application for a settlement concession pursuant to Article 6 of Law Decree 119/2018, paying the amounts required by this law and on 10 June 2019, filed relative applications for suspension.

It should also be noted that the dispute concerning the IRAP and IRES assessments sent to Piaggio & C. S.p.A. on 22 December 2017, both relating to the 2012 tax year and relating to transfer pricing, is pending before the Tuscany Provincial Tax Commission. In this regard, it should be noted that the Company was successful in the first instance before the Florence Provincial Tax Commission with a ruling filed on 15 January 2020; the Revenue Agency appealed against this decision before the Provincial Tax Commission with a summons issued to Piaggio & C. on 12 October 2020; The Company therefore filed an appearance on 2 December 2020 and is waiting for the date of the hearing to be set.

With reference to the disputes arising from inspections relating to income produced by Piaggio & C. S.p.A. in India in the Indian tax years 2009-2010, 2010-2011, 2011-2012 and 2012-2013, respectively involving claims for approximately €1.4 million, €1.3 million, €1.1 million and €0.9 million, inclusive of interest, the following is reported:

- for all the years concerned, the Parent Company was successful before the Income Tax Appellate Tribunal;
- As regards disputes relative to the 2009-2010, 2010-2011, 2011-2012 and 2012-2013 periods, the Indian tax

- authorities filed an appeal against the first instance decision before the High Court;
- the dispute relative to the 2009-2010 period can be considered as settled, as no reply was received from the local tax authorities within the deadlines established by local regulations in response to a request for clarifications made over 700 days previously by the ruling body. In this regard, the Indian tax authorities could request a remittal for the reply, but in the opinion of consultants assisting the Company the likelihood of the High Court granting this is remote;
- in relation to the disputes relating to the tax periods 2010-2011, 2011-2012 and 2012-2013, the date of the hearing is pending.

Following the favourable judgements in the first instance, the Parent Company obtained the reimbursement of the disputed amounts previously paid to the Indian tax authorities (for a total of €1.1 million) in compliance with local regulations.

The Company has not considered allocating provisions for these disputes, considering the rules in its favour, in the first instance, and the positive opinions expressed by consultants appointed as counsel.

Moreover, the Parent Company received a VAT assessment order from the Indian tax authorities relative to the 2010-2011 tax period, concerning the non-application of VAT to intergroup transactions with Piaggio Vehicles PVT Ltd relative to royalties. A similar order was also notified for the 2011-2012 and 2012-2013 tax periods. The amount of the dispute including interest is approximately €0.7 million for each of the disputed tax periods, of which a small part already paid to the Indian tax authorities, in compliance with local law. The Company decided to appeal against the order relative to the 2010-2011 tax period before the High Court, filing its appeal on 17 June 2019; the Departmental Appellate Authority - Joint Commissioner of Sales Tax orders were appealed relating to subsequent tax periods, with appeals filed in July 2020 for the dispute concerning the 2011-2012 tax period and on 21 June 2021 in relation to the dispute concerning the 2012-2013 tax period.

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

With reference to the Indian subsidiary, some disputes concerning different tax years from 1998 to 2017 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

It should also be noted that in 2021, Piaggio Vehicles PVT Ltd decided to sign up for the Vivvad Se Vishwas Scheme, a facilitated dispute settlement procedure for certain disputes, thanks to which it was able to settle pending disputes by paying, where due, only the disputed tax (or 50% of it where appealed by the Indian tax authorities), thereby saving on penalties and interest.

With reference to PT Piaggio Indonesia, the company has certain disputes outstanding relating to the 2015, 2017 and 2018 tax periods.

In particular, in relation to the 2015 tax period, the company appealed against the notices concerning transfer pricing, Withholding Taxes and Value Added Tax respectively.

With respect to the transfer pricing dispute, the Tax Court ruled on 27 January 2020 that the Company was not in favour of the transfer pricing dispute with respect to one of the findings of the local tax authorities concerning the deduction of financial guarantees. On 8 June 2020, the company filed an appeal against this ruling before the Supreme Court. On 22 September 2021, the Supreme Court issued a final ruling against the Company, limited to the dispute concerning the deduction of the aforementioned financial guarantees.

In relation to the dispute concerning Withholding Taxes, on 10 October 2019, the Company appealed to the Tax Court, which on 5 March 2021, ruled against one of the findings made by the local tax authorities concerning financial guarantees. On 9 June 2021, the company filed an appeal against this ruling before the Supreme Court.

With regard to the dispute on Value Added Tax, the Company filed an appeal on 4 May 2021 with the Tax Court and the first hearing took place on 22 October 2021. It should be noted that the dispute also concerns the month of December 2014.

With respect to the 2017 tax period, the Company filed an appeal with the Tax Court on 8 September 2020 against the transfer pricing and withholding tax notice, and is waiting for the decision of the Tax Court.

The total amount currently in question amounts to €0.3 million and where due (i.e. where not offset by the company's past losses) has already been paid in full to the Indonesian tax authorities in accordance with the regulations in force there.

Finally, as regards the 2018 tax period, the dispute, relating to transfer pricing, concerns a higher tax of about 0.2 million euros. On 17 September 2021, the company appealed against filed action against the notice of assessment before the Tax Court.

As regards Piaggio France, a favourable ruling was issued in December 2012 by the Commission Nationale des Impôts directes et des taxes sur le chiffre d'affaires, the decision-making body ruling prior to legal proceedings in disputes with the French tax authorities concerning a general audit of the 2006 and 2007 periods. The French tax authorities, however, upheld their claims against the Company, requesting payment of the amounts claimed and issuing related notices (one for withholding tax and the other for corporate income tax and VAT).

The French company appealed against the notices and appeals were filed against the findings on withholding tax and corporate income tax, before the Tribunal Administratif. Appeals were lodged against decisions taken against the Company on 7 September 2015 and 8 July 2016 before the Cour Administrative d'Appel de Versailles. Following the hearing on 23 January 2018, appeal judges issued a ruling in favour of the Company. The amount in question, equal to approximately €3.7 million, including interest, initially paid in full to the French tax authorities, was then reimbursed following the ruling handed down by the Cour Administrative d'Appel de Versailles. This last ruling was appealed against by the French financial administration before the Conseil d'Etat that, in a ruling of 4 October 2019, put the case before the Cour Administrative d'Appel de Versailles to review the decision at a second level, identifying a lack of grounds. Following the hearing held on 22 June 2020, this court ruled against the French company, which had to repay the disputed amounts to the local tax authorities; however, the Company was able to secure the ability to pay a significant portion (approximately €3.1 million) of these amounts in instalments in 2021 and 2022.

On 7 December 2020, Piaggio France decided to appeal against the ruling before the Conseil d'Etat which, following the hearing held on 15 June 2021, deemed the appeal inadmissible, rejecting it with a ruling dated 25 June 2021.

As a result of the latest unfavourable judgment received, the French company used the provision set aside for this dispute in the amount of €3.6 million.

On 8 April 2015, Piaggio Hellas S.A. received a Tax Report following a general assessment for the 2008 tax period, with findings for approximately €0.5 million, including sanctions. On 12 June 2015, the Greek company appealed against the report with the Tax Center – Dispute Resolution Department. Following the unfavourable outcome of this appeal, the Company appealed before the Administrative Court of Appeal, which ruled in favour of the local tax authorities in a ruling of 27 April 2017. The Company therefore appealed before the Supreme Court. The hearing before this court is currently scheduled for 9 March 2022. The amount in question was paid in full to the Greek tax authorities. Based on positive opinions from professionals appointed as counsel, the Company considers a favourable outcome and subsequent reimbursement of amounts paid as likely.

52. Significant non-recurring events and operations

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

53. Transactions arising from atypical and/or unusual transactions

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

54. Events occurring after the end of the period

After 31 December 2021 and up to the date of approval of these financial statements, no other events occurred that could have a material impact on the reported performance and financial position, as determined by IAS 10 paragraph 9.

55. Authorisation for publication

This document was published on 18 March 2022 authorised by the Chairman and Chief Executive Officer.

Mantova, 2 March 2022

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno

ATTACHMENTS

Piaggio Group companies

Companies and material investments of the Group are listed below.

The list presents the companies divided by type of control and method of consolidation.

The following are also shown for each company: the company name, the registered office, the country of origin and the share capital in the original currency, in addition to the percentage held by Piaggio & C. S.p.A. or by other subsidiaries.

It should be noted that the percentage share of ownership corresponds to the percentage share of the voting rights exercised at Ordinary General Meetings of Shareholders.

List of companies included in the scope of consolidation on a line-by-line basis as of 31 December 2021

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING		MEANS	% TOTAL INTEREST
					DIRECT	INDIRECT		
Parent company:								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	207,613,944.37	Euros				
Subsidiaries:								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	R\$		51%	Aprilia World Service Holding do Brasil Ltda	51%
Aprilia Racing S.r.l.	Pontedera (Pisa)	Italy	250,000.00	Euros	100%			100%
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	R\$		99.999950709%	Piaggio Group Americas Inc	99.999950709%
Foshan Piaggio Vehicles Technology Research and Development Co Ltd.	Foshan City	China	10,500,000.00	CNY		100%	Piaggio Vespa B.V.	100%
Nacional Motor S.A.	Barcelona	Spain	60,000.00	Euros	100%			100%
Piaggio Advanced Design Center Corp.	Pasadena	USA	100,000.00	USD	100%			100%
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	SGD		100%	Piaggio Vespa B.V.	100%
Piaggio China Co. Ltd.Ss	Hong Kong	China	12,500,000 auth. capital (12,151,000 subscribed and paid up)	USD	100%			100%
Piaggio Concept Store Mantova S.r.l.	Mantova	Italy	100,000.00	Euros	100%			100%
Piaggio Deutschland GmbH	Düsseldorf	Germany	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio España S.L.U.	Alcobendas	Spain	426,642.00	Euros	100%			100%
Piaggio Fast Forward Inc.	Boston	USA	14,599.12	USD	82.499943159488%			82.499943159488%
Piaggio France S.A.S.	Clichy Cedex	France	250,000.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Group Americas Inc.	New York	USA	2,000.00	USD		100%	Piaggio Vespa B.V.	100%
Piaggio Group Japan	Tokyo	Japan	99,000,000.00	JPY		100%	Piaggio Vespa B.V.	100%
Piaggio Hellas S.A.	Athens	Greece	1,004,040.00	Euros		100%	Piaggio Vespa B.V.	100%
Piaggio Hrvatska D.o.o.	Split	Croatia	400,000.00	HRK		100%	Piaggio Vespa B.V.	100%
Piaggio Limited	Orpington	United Kingdom	250,000.00	GBP	0.0004%	99.99996%	Piaggio Vespa B.V.	100%
Piaggio Vehicles Private Limited	Maharashtra	India	340,000,000.00	INR	99.9999971%	0.0000029%	Piaggio Vespa B.V.	100%
Piaggio Vespa B.V.	Breda	Holland	91,000.00	Euros	100%			100%
Piaggio Vietnam Co Ltd.	Hanoi	Vietnam	64,751,000,000.00	VND	63.50%	36.50%	Piaggio Vespa B.V.	100%
PT Piaggio Indonesia	Jakarta	Indonesia	6,241,900,000.00	IDR	29.285714286%	70.714285714%	Piaggio Vespa B.V.	100%

List of companies included in the scope of consolidation with the equity method as of 31 December 2021

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

List of investments in affiliated companies as of 31 December 2021

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

Information pursuant to Article 149-duodecies of the Consob Regulation on Issuers

Pursuant to Article 149-duodecies of the Consob Regulation on Issuers, the following table indicates the fees for 2021 paid for auditing services and services other than auditing services provided by the independent auditors and entities of its network.

TYPE OF SERVICE	SUBJECT PROVIDING THE SERVICE	RECIPIENT	FEES FOR 2021
IN EUROS			
Auditing services	Deloitte	Parent Company Piaggio & C	347,240
	Deloitte	Subsidiaries	423,862
	Other auditors	Subsidiaries	41,450
Auditing services for the NFS and CSR	Deloitte	Parent Company Piaggio & C	50,000
Certification services	Deloitte	Parent Company Piaggio & C	17,000
	Deloitte	Subsidiaries	39,575
Other services	Deloitte	Parent Company Piaggio & C	15,000
Total			934,127

N.B.: Sums of subsidiaries operating in currencies other than the euro and agreed on in a local currency have been converted to the average exchange rate of 2021.



CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Appointed Executive) of Piaggio & C. S.p.A. hereby certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
 - the appropriateness with regard to the company's characteristics and
 - the actual application of administrative and accounting procedures for the formation of the Consolidated Financial Statements as of 31 December 2021.
2. With regard to the above, no relevant aspects are to be reported.
3. Moreover
 - 3.1 The Consolidated Financial Statements:
 - a. have been prepared in compliance with the international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - b. correspond to accounting records;
 - c. give a true and fair view of the consolidated statement of financial position and results of operations of the Issuer and of all companies included in the scope of consolidation;
 - 3.2 The Report on Operations includes reliable analysis of the trend of operations and operating results, as well as the situation of the Issuer and companies included in the scope of consolidation, as well as a description of main risks and uncertainties to which they are exposed.

Date: 2 March 2022

Chairman and Chief Executive Officer

Executive in charge

REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piaggio Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piaggio & C. S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancora Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT03049560166

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Verification of capitalization criteria related to investments in development costs, industrial patent and intellectual property rights

Description of the key audit matter The Group has accounted as of December 31, 2021 activities relating to development costs, industrial patent and intellectual property rights for Euro 243,5 million; the related investments made during 2021 amounted to Euro 97,0 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2021-2023 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure to verify the technical feasibility of projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold. The Piaggio Group's procedure also includes the estimation of expected future cash flows from the sale of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least once per year.

Given the magnitude of the value of the related assets, considering the complexity of the related procedure and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter.

Note D 17) "intangible assets" provides information on this caption.

Audit procedures performed

In the context of our audit, we have carried out, among others, the following procedures:

- understanding of the Piaggio Group's procedure for capitalizing development costs, industrial patent and intellectual property rights;
- understanding of the relevant controls implemented by Piaggio Group;
- discussions with Management and obtaining of supporting documentation to understand the characteristics of the projects;
- obtaining details of the costs capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year;
- verification, for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets;
- analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year.

Assessment of the recoverability of Goodwill

Description of the key audit matter The Piaggio Group's consolidated financial statements include Goodwill amounting to Euro 446,9 million, unchanged from the previous year.

The recoverability of Goodwill is verified by the Directors at least once annually and whenever indicators of potential impairment appear, by



comparing the carrying amount with the estimated recoverable amount through an impairment test.

The Directors performed the impairment test on Goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each cash-generating unit (CGU) identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows included in a four-year period, on the basis of the budget data for the financial year 2022, supplemented by forecast data for the period 2023-2025 (the "Plan"), the discount rate (WACC) and the growth rate beyond the explicit forecast period (g-rate).

Based on the result of impairment test, the Directors did not identify any impairment losses.

Considering the materiality of the caption, the subjectivity and the nature of the estimates relating to the determination of the cash generating units cash flow, the key variables of impairment test, the recoverability of goodwill has been considered a key audit matter of the consolidated Financial Statement.

Note D 17) "intangible assets" provides information on goodwill.

Audit procedures performed

In the context of our audit, we carried out, among others, the following procedures, also with the involvement of experts from Deloitte network:

- understanding of the method used by Directors for the determination of the value in use of cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the development of the impairment test;
- analysis of the reasonableness of the assumptions made in estimating the cash flows and the parameters used by the Directors for the impairment test. In this context we have examined industry studies and sector analyzes and examined the methods used by the Directors to estimate WACC and g-rate;
- verification of the correct determination of the carrying amount of the assets and liabilities attributed to CGU;
- verification of the sensitivity analysis carried out by the Directors with reference to the main assumptions used for carrying out the impairment test on goodwill;
- examination of the adequacy and compliance with the accounting standard of reference, of the disclosure provided by the Directors in the consolidated financial statements as of December 31, 2021.

Assessment of the recoverability of Deferred Tax Assets

Description of the key audit matter Deferred tax assets recognized in the consolidated financial statements as at December 31, 2021 of Piaggio Group amount to Euro 72,5 million and



are related to prior year tax losses, as well as temporary differences, mainly due to provisions on taxed funds.

The parent company Piaggio & C. S.p.A. has adhered to the National Consolidation Tax Convention of the IMMSI Group, whose consolidating entity is the parent company IMMSI S.p.A..

The recoverability of deferred tax assets depends on the future results expected by Piaggio Group as well as those of all the companies that participate in the National Consolidation Tax Convention of the IMMSI Group. Consequently, the recognition and the recoverability of deferred assets requires the Directors to carry out an estimation process with the objective of forecasting the future taxable tax results of Piaggio Group which must also be confirmed by the estimates of the future taxable incomes of the companies participating in the IMMSI Group's National Consolidation Tax Convention.

Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter.

Note D 21) "Deferred tax assets" provides information on this caption.

Audit procedures performed

In the context of our audit, we have carried out, among others, the following procedures, also with the involvement of expert from Deloitte network:

- evaluation of the reasonableness of the assumptions formulated by Directors and Management in forecasting the future taxable incomes of Piaggio Group, included in the plan approved by the Board of Directors on February 21, 2022;
- examination of the National Consolidation Tax Convention contract with IMMSI S.p.A.;
- examination of the methods used by the Management to verify the recoverability of deferred tax assets, including information flows with the parent company IMMSI S.p.A. regarding the capacity of future taxable incomes expected at consolidated level;
- to the extent deemed necessary for the audit procedures on Piaggio Group deferred tax-asset, we have also examined the work carried out by the auditor of the parent company IMMSI S.p.A. concerning the analysis of the future taxable incomes of the companies participating in the National Consolidation Tax Convention contract with IMMSI;
- examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12.



Other matter - Corresponding data

The Piaggio Group's 2020 consolidated financial statements were audited by other auditors, who expressed their unqualified opinion thereon on March 22, 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piaggio & C. S.p.A. has appointed us on April 22, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piaggio & C. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piaggio Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Piaggio Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Piaggio Group as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Deloitte.

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Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, Italy
March 17, 2022

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PIAGGIO & C. S.P.A.
SEPARATE FINANCIAL STATEMENTS
OF THE PARENT COMPANY
AS OF 31 DECEMBER 2021



→ SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2021

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INCOME STATEMENT

	AS OF 31 DECEMBER 2021		AS OF 31 DECEMBER 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
3 Net revenues	1,122,951	147,690	832,841	88,190
4 Cost for materials	721,834	132,753	522,109	102,333
5 Cost for services and leases and rentals	198,569	47,726	154,885	41,736
6 Employee costs	168,977	21	146,908	26
7 Depreciation and impairment costs of property, plant and equipment	23,512		20,263	
7 Amortisation and impairment costs of intangible assets	66,726		58,541	
7 Depreciation of rights of use	3,563		3,389	
8 Other operating income	140,345	47,638	118,785	42,043
9 Net reversals (impairment) of trade and other receivables	315		1,391	1
10 Other operating costs	19,685	693	14,265	1,786
Operating income	60,115		29,875	
11 Income/(loss) from investments	34,134	34,136	34,121	34,096
12 Financial income	2,074	2,062	1,921	1,666
12 Borrowing costs	20,391	104	21,691	176
48 <i>of which non-recurring</i>				
12 Net exchange gains/(losses)	(1,497)		2,133	
Profit before tax	74,435		46,359	
13 Taxes for the period	16,403	(3,705)	9,610	(1,631)
48 <i>of which non-recurring</i>				
Profit from continuing operations	58,032		36,749	
Assets held for sale:				
14 Profits or losses arising from assets held for sale				
Net Profit (loss) for the period	58,032		36,749	

STATEMENT OF COMPREHENSIVE INCOME

	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
NOTES IN THOUSANDS OF EUROS		
Net Profit (loss) for the period (A)	58,032	36,749
Items that will not be reclassified in the income statement		
41 Remeasurements of defined benefit plans	(1,302)	(85)
41 Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	(487)	239
Total	(1,789)	154
Items that may be reclassified in the income statement		
41 Total profits (losses) on cash flow hedges	5,802	310
41 Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	11,853	(14,145)
Total	17,655	(13,835)
Other comprehensive income (B)⁵¹	15,866	(13,681)
Total Profit (loss) for the period (A + B)	73,898	23,068

51 Other Profits (and losses) take account of related tax effects

STATEMENT OF FINANCIAL POSITION

	AS OF 31 DECEMBER 2021		AS OF 31 DECEMBER 2020	
	TOTAL	of which related parties	TOTAL	of which related parties
NOTES IN THOUSANDS OF EUROS				
ASSETS				
Non-current assets				
15 Intangible assets	608,242		589,530	
16 Property, plant and equipment	176,858		170,456	
17 Rights of use	12,330		15,000	
18 Investment Property				
34 Investments	140,306		139,256	
35 Other financial assets	90	74	191	154
23 Tax receivables	5,242		7,756	
19 Deferred tax assets	50,888		45,777	
22 Other receivables	20,745	67	22,938	81
Total non-current assets	1,014,701		990,904	
26 Assets held for sale				
Current assets				
21 Trade receivables	53,404	34,351	40,209	23,551
22 Other receivables	119,261	96,637	82,762	74,443
23 Short-term tax receivables	4,783		5,635	
20 Inventories	193,351		130,819	
35 Other financial assets	18,660	18,660	21,243	19,074
36 Cash and cash equivalents	122,154		79,690	
Total current assets	511,613		360,358	
TOTAL ASSETS	1,526,314		1,351,262	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
40 Capital	207,614		207,614	
40 Share premium reserve	7,171		7,171	
40 Legal reserve	26,052		24,215	
40 Other reserves	(23,399)		(41,054)	
40 Retained earnings (losses)	58,057		64,626	
40 Net Profit (loss) for the period	58,032		36,749	
Total shareholders' equity	333,527		299,321	
Non-current liabilities				
37 Financial liabilities falling due after one year	532,214		465,776	
37 Financial liabilities for rights of use > 12 months	6,676	1,724	9,722	2,878
28 Other long-term provisions	13,580		8,946	
29 Retirement funds and employee benefits	31,338		33,134	
30 Tax payables	1,387			
31 Other payables	3,230		2,104	
Total non-current liabilities	588,425		519,682	
Current liabilities				
37 Financial liabilities falling due within one year	75,380	3,904	132,468	
37 Financial liabilities for rights of use < 12 months	3,531	1,168	4,664	1,804
27 Trade payables	439,297	35,286	327,792	24,484
30 Tax payables	9,594		8,389	
31 Other short-term payables	66,050	32,390	49,520	16,579
28 Current portion of other long-term provisions	10,510		9,426	
Total current liabilities	604,362		532,259	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,526,314		1,351,262	

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.

	2021	Of which related parties	2020	Of which related parties
NOTES IN THOUSANDS OF EUROS				
OPERATING ACTIVITIES				
Net Profit (loss) for the period	58,032		36,749	
13 Taxes for the period	16,403		9,610	
7 Depreciation of property, plant and equipment	23,337		20,263	
7 Amortisation of intangible assets	65,452		57,405	
7 Depreciation of rights of use	3,563		3,389	
Provisions for risks and retirement funds and employee benefits	20,966		14,788	
Write-downs/(Reinstatements)	(32,352)		(31,512)	
Losses / (Gains) on the disposal of property, plant and equipment	(40)		(442)	
12 Financial income	(2,074)		(1,921)	
Dividend income	(19)		(25)	
12 Borrowing costs	20,391		21,691	
Income from public grants	(1,515)		(1,012)	
Change in working capital:				
21 (Increase)/Decrease in trade receivables	(13,297)	(10,800)	2,572	(2,935)
22 (Increase)/Decrease in other receivables	(34,519)	(22,180)	(7,697)	6,298
20 (Increase)/Decrease in inventories	(62,532)		24,082	
27 Increase/(Decrease) in trade payables	111,505	10,802	19,988	3,034
31 Increase/(Decrease) in other payables	17,656	15,811	5,089	1,914
28 Increase/(Decrease) in provisions for risks	(7,471)		(6,184)	
29 Increase/(Decrease) in retirement funds and employee benefits	(11,336)		(11,970)	
Other changes	14,118	2,608	4,855	(7,913)
Cash generated from operating activities	186,268		159,718	
Interest paid	(18,443)		(16,895)	
Taxes paid	(10,738)		(6,342)	
CASH FLOW FROM OPERATING ACTIVITIES (A)	157,087		136,481	
INVESTMENT ACTIVITIES				
16 Investment in property, plant and equipment	(30,423)		(31,706)	
Sale price, or repayment value, of property, plant and equipment	177		916	
15 Investment in intangible assets	(85,463)		(78,058)	
Sale price, or repayment value, of intangible assets	25		93	
Investment in non-current financial assets	(6,514)		(9,013)	
Loans provided	(23,263)		(19,596)	
Repayment of loans provided	1,636		79	
Grants collected	69		527	
Collected interests	1,864		1,728	
Dividends from investments	60,281		57,665	
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(81,611)		(77,365)	
FINANCING ACTIVITIES				
40 Purchase of treasury shares	(53)		(217)	
40 Outflow for dividends paid	(39,639)		(32,855)	
37 Loans received	202,436		189,360	
37 Outflow for repayment of loans	(189,517)		(151,839)	
37 Repayment of liabilities for rights of use	(5,242)		(3,572)	
CASH FLOW FROM FINANCING ACTIVITIES (C)	(32,015)		877	
Increase / (Decrease) in cash and cash equivalents (A+B+C)	43,461		59,993	
Opening balance	78,504		18,825	
Exchange differences	177		(314)	
Closing balance	122,142		78,504	

CHANGES IN SHAREHOLDERS' EQUITY

Movements from 1 January 2021/31 December 2021

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	NET CAPITAL GAIN FROM CONTRIBU- TION	RESERVE FOR MEASURE- MENT OF FINANCIAL INSTRUMENTS	IAS TRANSITION RESERVE	TRANSLATION RESERVE	TREASURY SHARES	EARNINGS RESERVE	TOTAL SHA- REHOLDERS' EQUITY
NOTES IN THOUSANDS OF EUROS										
As of 1 January 2021	207,614	7,171	24,215	152	281	1,861	(43,348)	(1,966)	103,341	299,321
Profit for the period									58,032	58,032
41 Other comprehensive income					5,802		11,853		(1,789)	15,866
Total profit (loss) for the period	0	0	0	0	5,802	0	11,853	0	56,243	73,898
Distribution of profit reserves as resolved by the ordinary meeting of shareholders										
- To shareholders									(9,285)	(9,285)
- To shareholders' equity			1,837						(1,837)	0
40 Purchase of treasury shares								(53)		(53)
40 2021 interim dividend									(30,354)	(30,354)
As of 31 December 2021	207,614	7,171	26,052	152	6,083	1,861	(31,495)	(2,019)	118,108	333,527

MOVEMENTS FROM 1 JANUARY 2020/31 DECEMBER 2020

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	NET CAPITAL GAIN FROM CONTRIBUTION	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	IAS TRANSITION RESERVE	TRANSLATION RESERVE	TREASURY SHARES	EARNINGS RESERVE	TOTAL SHAREHOLDERS' EQUITY
NOTES IN THOUSANDS OF EUROS										
As of 1 January 2020	207,614	7,171	21,904	152	(29)	1,861	(29,203)	(1,749)	101,604	309,325
Profit for the period									36,749	36,749
41 Other comprehensive income					310		(14,145)		154	(13,681)
Total profit (loss) for the period	0	0	0	0	310	0	(14,145)	0	36,903	23,068
Distribution of profit reserves as resolved by the ordinary meeting of shareholders										
- To shareholders									(19,642)	(19,642)
- To shareholders' equity			2,311						(2,311)	0
40 Purchase of treasury shares								(217)		(217)
40 2020 interim dividend									(13,213)	(13,213)
As of 31 December 2020	207,614	7,171	24,215	152	281	1,861	(43,348)	(1,966)	103,341	299,321

NOTES TO THE 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 operations of the Company and its subsidiaries are described in the Report on Operations of the Consolidated Financial Statements. These Financial Statements are expressed in Euros (€) since this is the currency in which most of the Company's transactions take place.

Compliance with international accounting standards

The Financial Statements as of 31 December 2021 have been prepared in compliance with the International Accounting Standards (IAS/IFRS) in force at the date, issued by the International Accounting Standards Board and approved by the European Commission, as well as in compliance with the provisions issued in implementation of Article 9 of Legislative Decree 38/2005 (Consob Resolution 15519 of 27/7/06 on "Provisions on financial statements", Consob Resolution 15520 of 27/7/06 on "Amendments and additions to the Issuers' Regulation adopted by Resolution 11971/99"), Consob Communication 6064293 of 28/7/06 concerning "Corporate reporting required under 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.

The Financial Statements have been prepared on a historical cost basis, amended as required for the measurement of some financial instruments, and on a going-concern basis. Despite the macroeconomic instability related to the spread of COVID-19 and taking into account the positive results of the impairment tests approved by the Board of Directors on 21.2.2022, the Company considers that there are no significant uncertainties (as defined in paragraph 25 of IAS 1) regarding its ability to continue as a going concern, also because of the actions already identified to adapt to changed levels of demand, as well as the Company's industrial and financial flexibility.

These financial statements have been audited by Deloitte & Touche S.p.A..

Effects of the COVID-19 pandemic

For the effects of the COVID-19 pandemic, please refer to the chapter "Health emergency - COVID-19" in the report.

1. FORM AND CONTENT OF THE FINANCIAL STATEMENTS

Form of the financial statements

The Company has chosen to highlight all changes generated by transactions with non-shareholders in two statements reporting trends of the period, the "Income Statement" and "Statement of Comprehensive Income". The Financial Statements are therefore composed of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Shareholders' Equity and these notes.

Income Statement

The Income Statement is presented with items classified by nature. The overall Operating Income is shown, which includes all income and cost items, irrespective of their repetition or fact of falling outside normal operations, except for the items of financial operations included under Operating Income and profit before tax. In addition, income and cost items arising from assets held for sale or to be discontinued, including any capital gains or losses net of the tax element, are recognised in a specific item of the Financial Statements which precede financial performance.

Statement of Comprehensive Income

The Statement of Comprehensive Income is presented in accordance with the revised version of IAS 1. Components presented in 'Other comprehensive income' are grouped according to whether or not they can be reclassified subsequently to profit or loss.

Statement of Financial Position

The Statement of Financial Position is presented in opposite sections with separate indication of assets, liabilities and shareholders' equity.

In turn, assets and liabilities are reported in the Financial Statements on the basis of their classification as current and non-current.

Statement of Cash Flows

The Statement of Cash Flows is divided into cash-flow generating areas. The Statement of Cash Flows model adopted by Piaggio & C. S.p.A. has been prepared using the indirect method. The cash and cash equivalents recorded in the Consolidated Statement of Cash Flows include the Consolidated Statement of Financial Position balances for this item at the reporting date. Cash flows in foreign currency were converted at the spot rate in force at the end of the reporting period. Interest expense paid as well as taxes paid are included in the cash flows generated by operations. Interest received and dividends received are included in cash flows generated by investing activities. Finally, dividends paid are included in financing activities.

The opening balance and closing balance of cash and cash equivalents are presented net of short-term bank holdings, as required by IAS No. 7.

Statement of Changes in Shareholders' Equity

The Statement of Changes in Shareholders' Equity is presented as provided for in IAS 1 revised.

The Statement includes overall profit (loss) for the period. Reconciliation between the opening and closing balance of each item for the period is presented.

2. ACCOUNTING POLICIES ADOPTED BY THE COMPANY

The most significant accounting policies adopted to prepare the Financial Statements as of 31 December 2021 are outlined below.

Intangible assets

As provided for in IAS 38 - Intangible Assets, an intangible asset which is purchased or internally generated is recognised as an asset only if it is identifiable, controllable and future economic benefits are expected and its cost may be measured reliably. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

Intangible assets with a definite useful life are measured at acquisition cost or production cost net of amortisation and accumulated impairment losses. Amortisation is referred to the expected useful life and commences when the asset is available for use.

Goodwill

In the case of acquisitions of companies, acquired and identifiable assets, liabilities and potential liabilities are recognised at the present value at the date of acquisition. The positive difference between the acquisition cost and share of the Company at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.

Goodwill is not amortised but tested annually for impairment, or more frequently if specific events or changed circumstances indicate that an asset may be impaired, as provided for in IAS 36 - Impairment of Assets. After initial recognition, goodwill is recognised at cost net of any accumulated impairment losses.

At the disposal of part of or an entire company previously acquired from whose acquisition goodwill arose, the corresponding residual value of goodwill is considered when measuring the capital gain or loss of the disposal.

Development costs

Development costs of projects for the manufacture of vehicles and engines are recognised as assets only if all of the following conditions are met: the costs can be reliably measured and the technical feasibility of the product, the volumes and expected prices indicate that costs incurred during development will generate future economic benefits. Capitalised development costs include only costs incurred that may be directly attributed to the development process. Capitalised development costs are amortised on a systematic criterion basis, starting from the beginning of production through the estimated life of the product.

All other development costs are recognised in profit or loss when they are incurred.

Other intangible assets

As provided for in IAS 38 – Intangible Assets, other intangible assets which are purchased or internally generated are recognised as assets if it is probable that use of the asset will generate future economic benefits and the cost of the asset can be reliably measured.

These assets are recognised at acquisition or production cost and are amortised on a straight line basis over their estimated useful life, if they have a definite useful life.

Other intangible assets recognised following the acquisition of a company are accounted for separately from goodwill, if their fair value may be reliably measured.

The amortisation period for an intangible asset with a useful life is revised at least at the end of each reporting period. If the expected useful life of the asset differs from estimates previously made, the amortisation period is changed accordingly.

The amortisation periods of intangible assets are shown below:

Development costs	3-5 years
Industrial Patent and Intellectual Property Rights	3-5 years
Other	5 years
Trademarks	15 years
Licences	10 years

Property, plant and equipment

The Company opted for the cost method when first preparing its IAS/IFRS financial statements, as allowed by IFRS 1. For the measurement of property, plant and equipment, it was therefore decided not to use the fair value method. Property, plant and equipment were booked at the purchase or production cost and were not revalued. Borrowing costs related to the acquisition, construction or production of certain assets that require a significant period of time before they are ready for use or sale (qualifying assets), are capitalised along with the asset.

Costs incurred after acquisition are capitalised only if they increase the future economic benefits of the asset they refer to. All other costs are recognised in profit or loss when they are incurred. Property, plant and equipment under construction are measured at cost and depreciated starting from the period in which they are put into operation.

Depreciation is determined, on a straight line basis, on the cost of the assets net of their relative residual values, based on their estimated useful life.

The depreciation periods of Plant, property and equipment are summarised below:

Land	Land is not depreciated
Buildings	33 years
Plant and machinery	From 5 to 15 years
Equipment	From 4 to 5 years
Other assets	From 5 to 10 years

Profits and losses arising from the sale or disposal of assets are measured as the difference between the sale revenue and net carrying amount of the asset and are recognised in profit or loss for the period.

Lease contracts

Lease agreements for property, plant and machinery entered into as lessor require the recognition of an asset representing the right of use of the leased asset, and a financial liability for the obligation to undertake contract payments. In particular, the lease liability is initially recognised as being equal to the present value of future payments to make, adopting a discount rate equal to the implicit interest rate of the lease, or if this cannot easily be determined, by

using the incremental financing rate of the lessor. After initial recognition, the lease liability is recognised at amortised cost using the effective interest rate and is redetermined following contract renegotiation, changes in rates, or changes in the recognition of any contract options.

If the contract provides for a renewal option in favour of the lessee, the Company also includes the rentals for the renewal period if it is considered highly probable in the calculation of the right of use.

The right of use is initially recorded at cost and then adjusted to take into account recognised depreciation charges, any impairment losses and effects related to any redetermination of lease liabilities.

The Company has opted for some simplifications, allowed by the Standard, excluding agreements of less than 12 months (short term, calculated on the residual duration, on first-time adoption), and of a value below 5 thousand euros (low value).

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recognised in the financial statements according to the equity method, as allowed by IAS 27 and as provided for by IAS 28 (Investments in Associates and Joint Ventures).

Subsidiaries, associates and joint venture are included in the financial statements from when control, significant influence or joint control commences until it ceases.

The financial statements of subsidiaries, associates and joint ventures, are appropriately modified and reclassified, where necessary, to bring them in line with the international accounting standards and uniform classification criteria used by the Group.

In adopting the equity method, the investment in a subsidiary, associate or joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the portion attributable to the investor of profit or loss of the investee realised after the date of acquisition. The portion of profit (loss) for the period of the investee attributable to the investor is recognised separately in profit or loss. Dividends received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment are also due to changes in items of other comprehensive income of the investee (e.g. changes arising from translation differences of items in foreign currency). The portion of these changes, attributable to the investor, is recognised under other components of comprehensive income. If the portion of losses of an entity in a subsidiary, associate or joint venture is equal to or exceeds its interest in the subsidiary, associate or joint venture, the entity discontinues recognising its share of further losses. After the interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate, subsidiary or joint venture. If the subsidiary, associate or joint venture subsequently reports profits, the entity resumes recognising its portion of those profits only after its portion of the profits equals the share of losses not recognised. Profit and losses arising from "upwards" or "downwards" transactions between an entity and a subsidiary, associate or joint venture are recognised in the entity's financial statements only as regards the portion attributable to minority interest in the subsidiary, associate or joint venture. The portion of profit or loss of the subsidiary, associate or joint venture arising from these transactions, attributable to the investor, is eliminated in the income statement under "earnings from investments", with a counter entry of the asset's value, in "upwards" transactions, and of the value of the investment, in "downwards transactions".

If there is objective evidence of an impairment loss, the investment is tested for impairment, as described in the relative section, to which reference is made.

Separate financial statements are prepared in the currency of the primary economic sector in which the subsidiary, associate or joint venture operates (functional currency). For the purposes of adopting the equity method, the financial statements of each foreign entity are in euro, which is the functional currency of Piaggio & C. SpA and the presentation currency of the separate Financial Statements.

All assets and liabilities of foreign companies in a currency other than the euro are translated, using exchange rates in effect at the reporting date (currency exchange rates method). Income and costs are translated at the average exchange rate of the period. Translation differences arising from the application of this method, as well as translation differences arising from a comparison of initial shareholders' equity translated at current exchange rates and the same equity translated at historical rates, are recognised in the statement of comprehensive income and allocated to a specific reserve in shareholders' equity until disposal of the investment.

The exchange rates used to translate the financial statements of subsidiaries, associates and joint ventures into euro are shown in the table below.

CURRENCY	SPOT EXCHANGE RATE 31 DECEMBER 2021	AVERAGE EXCHANGE RATE 2021	SPOT EXCHANGE RATE 31 DECEMBER 2020	AVERAGE EXCHANGE RATE 2020
US Dollar	1.1326	1.18274	1.2271	1.14220
Pounds Sterling	0.84028	0.859604	0.89903	0.889704
Indian Rupee	84.2292	87.43916	89.6605	84.63916
Singapore Dollars	1.5279	1.58910	1.6218	1.57424
Chinese Yuan	7.1947	7.62823	8.0225	7.87470
Croatian Kuna	7.5156	7.52841	7.5519	7.53838
Japanese Yen	130.38	129.87671	126.49	121.84576
Vietnamese Dong	25,137.39	26,372.96376	27,654.41	25,901.44233
Indonesian Rupiah	16,166.73	16,914.56136	17,029.69	16,657.37626
Brazilian Real	6.3101	6.37789	6.3735	5.89426

Impairment

At the end of the reporting period, the Company reviews the carrying amount of its plant, property and equipment, intangible assets, rights of use and investments, to determine whether there is any indication that these assets may be impaired (impairment test). If there is an indication that an asset may be impaired, the asset's recoverable amount is estimated to determine the amount of the write-down. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the asset's cash generating unit.

The recoverable amount is the greater of the net sale price and value in use. In measuring the value in use, estimated future cash flows are discounted at their fair value, using a rate gross of taxes, which reflects current market changes in the fair value of money and specific risks of the asset.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the relative carrying amount, the carrying amount of the asset is reduced to the lower recoverable value. An impairment loss is immediately recognised in profit or loss, unless the asset concerns land or property other than investment property recognised at revalued values. In said case, the loss is recorded in the relative revaluation reserve.

When the conditions that gave rise to an impairment loss no longer exist, the carrying amount of the asset (or of a cash generating unit), except for goodwill, is increased to the new value arising from an estimate of its recoverable amount, up to the net carrying amount applicable to the asset if no impairment loss had been recognised. The reversal of the impairment loss is immediately recognised in profit or loss.

An intangible asset with an indefinite useful life is tested annually for impairment, or more frequently if there is an indication that an asset may be impaired.

Investment Property

The Company has no investment property. As permitted by IAS 40, non instrumental property and buildings held for rental and/or asset appreciation purposes are measured at fair value. Investment properties are eliminated from the financial statements when they are disposed of or when they may not be used over time and future economic benefits from their sales are not expected.

Transactions with affiliates and related parties

Relations with subsidiaries and related parties are indicated in the specific section of the Notes, to which reference is made.

Non-current assets held for sale

Non-current assets (or disposal groups) that are classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale when it is expected that their carrying amount will be recovered through a sale rather than through their use in company operations. This condition is only met when the sale is highly probable, the asset (or disposal group) is available for immediate sale and management is committed to a plan to sell, which should take place within 12 months from the date in which this item was classified as held for sale.

Financial assets

IFRS 9 adopts a single approach to analysing and classifying all financial assets, including those containing embedded derivatives. Classification and measurement consider the business model of the financial asset and the contractual characteristics of cash flows that may be obtained from the asset. Depending on the characteristics of the instrument and business model adopted, the following three categories are determined:

(i) financial assets measured at amortised cost; (ii) financial assets measured at fair value, with the effects recognised in other comprehensive income (OCI); (iii) financial assets measured at fair value, with the effects recognised in profit or loss.

The financial asset is measured at amortised cost if both the following conditions are met:

- the business model holds the financial asset only to collect the relative cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that only represent the return on the financial asset.

According to the amortised cost method, the value of initial recognition is subsequently adjusted to take into account repayments of principal, any impairment and amortisation of the difference between the repayment value and value of initial recognition.

Amortisation is based on the internal effective interest rate that represents the rate which, at the time of initial recognition, makes the present value of expected cash flows equal to the value of initial recognition.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the relative provision for write-downs.

Financial assets representing debt instruments whose business model covers the possibility of collecting contractual cash flows and realising capital gains from sale (the hold to collect and sell business model), are measured at fair value, recognising the effects in OCI.

In this case, changes in fair value of the instrument are recognised as shareholders' equity in OCI. The total of changes in fair value, recognised in a shareholders' equity reserve that includes OCI, is reversed to profit or loss when the instrument is deleted from the accounts. Interest expense is recognised in profit or loss using the effective interest rate, exchange differences and write-downs.

A financial asset representing a debt instrument that has not been measured at amortised cost or at fair value through other comprehensive income is measured at fair value with the effects recognised in profit or loss.

Inventories

Inventories are recognised as the lower of the purchase or production cost, determined by assigning to products the costs directly incurred in addition to the portion of indirect costs reasonably attributable to the performance of production activities in normal production capacity conditions and the market value at the end of the reporting period. The purchase or production cost is determined based on the weighted average cost method.

As regards raw materials and work in progress, the market value is represented by the estimated net realisable value of corresponding finished products minus completion costs. As regards finished products, the market value is represented by the estimated net realisable value (price lists minus the costs to sell and distribution costs).

The lower measurement based on market trends is eliminated in subsequent years, if the trends no longer exist.

Obsolete, slow moving and/or excess inventories are impaired in relation to their possible use or future realisation, in a provision for the write-down of inventories.

Receivables

IFRS 9 establishes a new model for the impairment/write-down of these assets, with the aim of providing useful information for financial statement users on relative expected losses. According to this model, the Company measures receivables on an expected loss basis, replacing the provisions in IAS 39 which typically measure receivables on an incurred loss basis. For trade receivables, the Company adopts a simplified approach which does not require the recognition of periodic changes in credit risk, but instead the recognition of an expected credit loss (ECL) calculated over the ECL lifetime. In particular, the policy adopted by the Company involves the stratification of trade receivables in categories based on past due days, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment.

Trade receivables are wholly written down in the absence of a reasonable expectation of their recovery, or in the case of inactive counterparties.

The carrying amount of the asset is reduced through the use of a provision for write-downs and the amount of the loss is recognised in the income statement. When payment of amounts due exceeds standard terms of payment granted to clients, the receivable is discounted.

Factoring

The Company sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.

In the case of transfers in which the risks and benefits are not transferred, the relative receivables remain in the statement of financial position until the transferred sum has been paid. In this case any advance payments collected by the factor are recognised under payables as amounts due to other lenders.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, current bank accounts, deposits payable on demand and other high liquidity short term financial investments, which are readily convertible into cash and not affected by any major risk of a change in value. This item does not include bank overdrafts payable on demand.

Treasury shares

Treasury shares are recognised as a reduction of shareholders' equity. The original cost of treasury shares and revenues arising from subsequent sales are recognised as movements of shareholders' equity.

Financial liabilities

Financial liabilities include financial payables, including amounts payable for advances on the sale of receivables, as well as other financial liabilities, including financial derivatives and liabilities for assets recognised regarding finance lease agreements. Pursuant to IFRS 9, they include trade and other payables.

Financial liabilities are recognised at fair value net of additional transaction costs. After initial recognition, loans are measured at amortised cost and calculated using the effective interest rate. With the introduction of IFRS 9, in the event of the renegotiation of a financial liability that does not qualify as "extinction of the original debt", the difference between i) the carrying amount value of the pre-change liability and ii) the present value of the cash flows of the revised debt, discounted at the original rate (IRR), is accounted for in the income statement.

Financial liabilities hedged by derivatives are recognised at present value, according to procedures established for hedge accounting: gains and losses arising from subsequent measurements at present value are recognised in profit or loss and are offset by the effective portion of the loss and again arising from subsequent measurements at present value of the hedging instrument. On initial recognition, a liability may be designated at fair value recognised in profit or loss when this eliminates or considerably reduces a lack of uniformity in the measurement or recognition (sometimes defined as "asymmetric accounting") that would otherwise arise from the measurement of an asset or liability or recognition of relative profit and loss on different bases. This fair value designation is exclusively applied to some financial liabilities in currency subject to exchange risk hedging.

Derivatives and measurement of hedging transactions

Company assets are primarily exposed to financial risks from changes in exchange and interest rates. The Company uses derivatives to hedge risks arising from changes in foreign currency and interest rates in particular irrevocable commitments and planned future transactions. The use of these instruments is regulated by written procedures on the use of derivatives, in line with risk management policies. Until 31 December 2020, the Company had chosen to apply the hedge accounting provisions of IAS 39, as permitted by IFRS 9. As of 1 January 2021, IFRS 9 has been applied. This change has not had a significant impact on the values or disclosures in the financial statements.

Derivatives are initially recognised at fair value, represented by the initial amount and aligned with the fair value at subsequent ends of reporting periods. Financial derivatives are used solely for hedging purposes, in order to reduce exchange risk, interest rate risk and the risk of changes in the market price. In line with IFRS 9, financial derivatives may qualify for hedge accounting, only when the hedging instrument is formally designated and documented, is expected to be highly effective and this effectiveness can be reliably measured and is highly effective throughout the reporting periods for which it is designated. When financial instruments may be measured by hedge accounting, the following accounting treatment is adopted:

- **Fair value hedge:** if a financial derivative is designated as a hedge of the exposure to changes in present value of a recognised asset or liability, attributable to a particular risk and could affect profit or loss, the gain or loss from the subsequent change in present value of the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, changes the carrying amount of the hedged item and is recognised in profit or loss;
- **Cash flow hedge:** if an instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or of a highly probable forecast transaction which could affect profit or loss, the effective portion of the gain or loss on the financial instrument is recognised in the Statement of Comprehensive Income. Accumulated gain or loss is reversed from the Statement of Comprehensive Income and recognised in profit or loss in the same period as the hedging transaction. The gain or loss associated with hedging or the part of hedging which is ineffective, is immediately recognised in profit or loss. If the hedging instrument or hedging ceases, but the transaction covered by hedging is not yet realised, profits and losses, recognised in equity, are instead recognised in profit or loss when the transaction takes place. If the transaction to be hedged is deemed no longer probable, gains or losses deferred in the Statement of Comprehensive Income are recognised immediately in profit or loss.

If hedge accounting cannot be applied, gains or losses from measurement at present value of the financial derivative are immediately recognised in profit or loss.

Long-term provisions

The Company recognises provisions for risks and charges when it has a legal or implicit obligation to third parties and it is likely that Company resources will have to be used to meet the obligation and when the amount of the obligation itself can be reliably estimated.

Changes in estimates are recognised in profit or loss when the change takes place.

If the effect is considerable, provisions are calculated discounting future cash flows estimated at a discount rate gross of taxes, to reflect current market changes in the fair value of money and specific risks of the liability.

Retirement funds and employee benefits

Liabilities relative to employee benefits paid on or after termination of employment for defined benefit plans are determined separately for each plan, based on actuarial hypotheses estimating the amount of future benefits that employees will accrue at the reporting date (the "projected unit credit method"). Liabilities, recognised in the financial statements net of any assets serving the plan, are entered for the period when the right accrues. Liabilities are measured by independent actuaries.

The cost components of defined benefits are recognised as follows:

- the costs relative to services are recognised in the Income Statement under employee costs;
- net borrowing costs of liabilities or assets with defined benefits are recognised in the Income Statement as financial income/(borrowing costs), and are determined by multiplying the value of the net liability/(asset) by the rate used to discount the obligations, taking account of the payment of contributions and benefits during the period;
- the remeasurement components of net liabilities, which include actual gain and losses, the return on assets (excluding interest income recognised in the Income Statement) and any change in the limit of the assets, are immediately recognised as "Other comprehensive income (expense)". These components must not be reclassified to the Income Statement in a subsequent period.

Termination benefits

Termination benefits are recognised at the closest of the following dates: i) when the Company can no longer withdraw the offer of such benefits and ii) when the Company recognises the costs of restructuring.

Tax assets and liabilities

Deferred taxes are determined based on the temporary taxable differences between the value of the asset and liability and their tax value. Deferred tax assets are measured only to the extent to which it is likely that adequate future taxable sums exist against which the deferred taxes can be used. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent to which it is no longer likely that sufficient taxable income exists allowing for all or a portion of said assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the rates in effect or which are known to come into effect. Deferred taxes are directly recognised in profit or loss, except for items directly recognised in the statement of comprehensive income, in which case relative deferred taxes are also recognised in the statement of comprehensive income.

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

Payables

Payables are recognised at fair value and then measured based on the amortised cost method.

Reverse factoring (indirect factoring)

To guarantee suppliers easier credit conditions, the Company has established factoring agreements, and typically supply chain financing or reverse factoring agreements. Based on the agreements, suppliers may, at their discretion, transfer receivables due from the Company to a lender and collect amounts before the due date.

In some cases, payment terms are extended further in agreements between the supplier and the company; these extensions may be interest or non-interest bearing.

The Company has established a specific policy to assess the nature of reverse factoring operations. Based on the content of agreements, which differs by area of origin, the Finance function, at a central level, analyses the clauses of agreements in qualitative terms, as well as legal aspects in order to assess regulatory references and the type of transaction assignment (as provided for by IFRS 9 B3 3.1). In some cases, as payment terms have been extended, quantitative analysis is carried out to verify the materiality of changes in contract terms, based on quantitative tests as required by IFRS 9 B3.3.6.

Pursuant to IAS 1 paragraph 54, trade payables and other payables must be shown separately from payables of a financial nature.

In this context, relations, for which a primary obligation with the supplier is maintained and any deferment, if granted, does not significantly change payment terms, are still classified as trade liabilities.

Recognition of revenues

Based on the five-step model introduced by IFRS 15, the Company measures revenues after identifying the contracts with its customers and relative performance to provide (transfer of goods and/or services), after determining the transaction price it considers due in exchange for performance, and evaluating the procedure for satisfying the performance (performance at a given time versus performance over time).

In particular, the Company measures revenues only if the following requirements have been met (requirements to identify the "contract" with the customer):

- a. the contract has been approved by the parties to the contract (in writing, verbally or in compliance with other standard business practices) and the parties undertake to meet their respective obligations; an agreement therefore exists between the parties that establishes the rights and obligations to be met, regardless of the form by which the agreement is made;
- b. the Company can identify each party's rights in relation to the goods or services to be transferred;
- c. the Company can identify the payment terms for the goods or services to be transferred;
- d. the contract has commercial substance; and
- e. it is probable that the Company will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

If the above requirements are not met, the relative revenues are recognised when: (i) the Company has already

transferred control of the goods and/or provided the service to the customer and all or nearly all of the consideration from the customer has been received and cannot be reimbursed; or (ii) the contract has ended and the consideration received by the Company from the customer cannot be reimbursed.

If the above requirements are instead met, the Company adopts the following rules for recognition.

Revenues for the sale of vehicles and spare parts are recognised when control of the good is transferred to the purchaser, or when the customer can use in full the good or substantially benefit from it. Revenues are represented net of discounts, including, among others, sales incentive programmes and bonuses to customers, as well as taxes directly connected with the sale of the goods.

Revenues from the provision of services are recognised when the services are provided based on their progress.

Revenues also include lease payments recognised on a straight line basis for the duration of the contract.

Grants

Set-up grants are recognised in the financial statements when their payment is certain and are recognised in profit or loss based on the useful life of the asset for which the grants have been provided.

Operating grants are recognised in the financial statements, when their payment is certain and are recognised in profit or loss in relation to costs for which the grants have been provided.

Financial income

Financial income is recognised on time accrual basis. includes interest payable on invested funds, exchange differences receivable and income from financial instruments, when not offset in hedging transactions. Interest receivable is recognised in profit or loss when it matures, considering the actual return.

Borrowing costs

Borrowing costs are recognised on an accrual basis. and include interest payable on financial payables calculated using the effective interest rate method, exchange differences payable and losses on derivative financial instruments. The rate of interest payable of finance lease payments is recognised in profit or loss, using the effective interest rate method.

Dividends

Dividends are recognised on an accrual basis, and therefore at the time when, following the resolution to distribute dividends by the subsidiary, the relative right to payment arises. In compliance with IAS 27 Revised "Separate Financial Statements", dividends distributed by subsidiaries, associates and joint ventures are recognised minus their investment value.

Income tax

Taxes represent the sum of current and deferred tax assets and liabilities.

Taxes allocated on the basis of estimated taxable income determined in compliance with national laws in force at the year end are recorded, taking account of applicable exemptions and tax credits due. Income tax is recognised in profit or loss, with the exception of items directly charged or credited to shareholders' equity, in which case the tax effect is directly recognised in shareholders' equity.

Taxes are recorded under "Tax payables" net of advances and withheld taxes.

As from the 2007 reporting period, the Company has been party to the National Consolidated Tax Convention 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. Participation in the agreement was renewed starting from 2019 and will last for three years, up until the tax period ending at 31.12.2021.

Based on the procedure, the consolidating company determines one taxable base for the group of companies that are party to the National Consolidated Tax Convention, and may therefore offset taxable income against tax losses in one tax return. Each company which is party to the National Consolidated Tax Convention transfers taxable income (taxable income or loss) to the consolidating company. The latter recognises a receivable from the consolidated company which is equal to the corporate tax to be paid. 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 offset at a Group level.

Use of estimates

The preparation of the financial statements and notes in compliance with IFRS requires management to make estimates and assumptions which have an impact on the values of assets and liabilities and on disclosure regarding contingent assets and liabilities at the end of the reporting period. Actual results could differ from estimates. Estimates are used to measure intangible assets tested for impairment (see § Impairment losses) and to identify provisions for bad debts, for obsolete inventories, amortisation and depreciation, impairment of assets, employee benefits, taxes, restructuring provisions and other allocations and funds. Estimates and assumptions are periodically revised and the effects of any change are immediately recognised in profit or loss.

In the current world economic and financial crisis, assumptions made as to future trends are marked by a considerable degree of uncertainty. Therefore the possibility in the next reporting period of results that differ from estimates cannot be ruled out and these could require even significant adjustments which at present cannot be predicted or estimated. The critical measurement processes and key assumptions used by the Company in adopting IFRS and that may have a significant impact on figures in the Financial Statements or for which a risk exists that significant differences in value may arise in relation to the carrying amount of assets and liabilities in the future are summarised below.

Recoverable value of non-current assets

Non-current assets include Property, Plant and Equipment, Goodwill, Other Intangible Assets, Investment Property, Investments and Other Financial Assets. The Company periodically revises the carrying amount of non-current assets held and used and of assets held for sale, when facts and circumstances make this necessary. This analysis is carried out at least annually for Goodwill, and whenever facts and circumstances make it necessary. Analysis of the recoverability of the carrying amount of Goodwill is generally based on estimates of expected cash flows from the use or sale of the asset and adequate discount rates to calculate the fair value. When the carrying amount of a non-current asset is impaired, the Company recognises a write-down equal to the excess between the carrying amount of the asset and its recoverable value through use or sale, determined with reference to cash flows of the most recent company plans.

Recoverability of deferred tax assets

The Company has deferred tax assets from deductible temporary differences and theoretical tax benefits from losses to be carried forward. In estimating recoverable value, the Company considered the results of the company plan in line with the results used for impairment testing. Net deferred tax assets allocated on this basis refer to temporary differences and tax losses which, to a significant extent, may be recovered over an indefinite period, and are therefore compatible with a context in which an end to current difficulties and uncertainties and an upswing in the economy could take longer than the time frame of the above-mentioned estimates. As the Company is party to the IMMSI Group National Consolidated Tax Convention, the recovery of deferred tax assets is related to results forecast for the company, and also to the taxable amounts of companies which are part of the IMMSI Group National Consolidated Tax Convention.

Pension schemes and other termination benefits

Provisions for employee benefits and net borrowing costs are measured using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation. The actuarial method considers financial parameters such as the discount rate and growth rates of salaries and considers the likelihood of potential future events occurring on the basis of demographic parameters such as relative mortality rates and employee resignations or retirements.

The assumptions used for the measurement are explained in section 29 "Retirement funds and employee benefits".

Provisions for bad debts

The provision for bad debts reflects management's estimate of expected losses related to receivables. The Company adopts the simplified approach of IFRS 9 and recognises expected losses for all trade receivables based on the residual duration, defining the allocation based on the historical experience of credit losses, adjusted to take into account specific forecasts referred to creditors and the economic environment (Expected Credit Loss – ECL concept).

Provision for obsolete inventories

The provision for obsolete inventories reflects management's estimate of impairment losses expected by the Company, determined based on past experience. Anomalous market price trends could have an effect on future inventory write-downs.

Provision for product warranties

At the time of a product's sale, the Company makes provisions relative to estimated costs for the product warranty. This provision is estimated based on historical information about the nature, frequency and average cost of warranty jobs.

Potential liabilities

The Company recognises a liability for ongoing legal disputes when it considers a financial outflow likely and when the amount of the losses arising therefrom may be reasonably estimated. If a financial outflow is possible, but the amount cannot be determined, it is recorded in the notes to the Financial Statements. The Company is subject to legal and tax proceedings concerning complex and difficult legal issues, of varying degrees of uncertainty, including facts and circumstances relative to each case, jurisdiction and different applicable laws. Given the uncertainties concerning these issues, it is hard to predict with certainty the outflow arising from these disputes and it is therefore possible that the value of provisions for legal proceedings and disputes of the Company may vary as a result of future developments in proceedings underway.

The Company monitors the status of ongoing proceedings and consults its legal and tax advisers.

Amortisation/Depreciation

The cost of assets is amortised/depreciated on a straight line basis over their estimated useful life. The economic useful life of Company assets is determined by Directors at the time of purchase; the calculation is based on historical experience gained in years of operations and on knowledge of technological innovations that may make the asset obsolete and no longer economical.

The Company periodically evaluates technological and segment changes, in order to update the remaining useful life. This periodic updating could change the amortisation/depreciation period and therefore amortisation/depreciation charges of future years.

Income tax

The Company is subject to Italian income tax laws. Tax liabilities are determined based on management valuations referred to transactions of which the tax effect is not certain at the end of the reporting period. The Company recognises the liabilities that could arise from future inspections of tax authorities based on an estimate of taxes that will be due. If the outcome of inspections differs from management's estimates, significant effects on current and deferred taxes could arise.

Rounding off

All amounts in the tables and in these notes have been rounded off to thousands of Euros.

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

Derivatives and measurement of hedging transactions

Until 31 December 2020, the Company had chosen to apply the hedge accounting provisions of IAS 39, as permitted by IFRS 9. As of 1 January 2021, IFRS 9 has been applied. This change has not had a significant impact on the values or disclosures in the financial statements.

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

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

Amendments to IFRS 7, IFRS 4 and IFRS 16 - Reform of the interest rate benchmark Phase 2

In August 2020, the IASB published amendments to IFRS 7, IFRS 4 and IFRS 16. The Phase 2 amendments provide additional temporary relief from the application of the specific hedge accounting requirements in IAS 39 and IFRS 9 to hedging relationships directly affected by the IBOR reform.

Amendments to IFRS 4

In June 2020, the IASB published amendments to IFRS 4 that postpone the exemption from the application of IFRS 9 to 1 January 2023.

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

Accounting standards, amendments and interpretations not yet applicable

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

- in May 2017, the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard, which will replace IFRS 4 and will be effective from 1 January 2023, was amended in June 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 2023.
- In May 2020, the IASB published narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16. The amendments will be applicable with effect from 1 January 2022.
- In February 2021, the IASB published narrow-scope amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve disclosure of accounting standards and to help users of the financial statements distinguish between changes in accounting estimates and changes in accounting standards. These amendments will apply from 1 January 2023. In any case, the IASB plans to publish a draft in the fourth quarter of 2021, in which it will propose deferring the effective date of application to 1 January 2024 at the earliest.
- In March 2021, the IASB published amendments to IFRS 16 that move the final date from 30 June 2021 to 30 June 2022, for a practical expedient for measuring leases where renegotiated lease payments have been made as a result of COVID-19. The lessee may opt to recognise the concession in the accounts as a variable lease payment in the period when a lower payment is recognised. These amendments will apply from 1 April 2021.
- In May 2021, the IASB issued amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments require companies to recognise deferred taxes when an asset or liability is initially recognised in a transaction that results in equal amounts of temporary deductible and taxable differences. These amendments will apply from 1 January 2023.

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

OTHER INFORMATION

Departures pursuant to Article 2423, section 4 of the Italian Civil Code

No exceptional circumstances occurred requiring departures from legal provisions concerning Financial Statements pursuant to Article 2423, section 4 of the Italian Civil Code.

Article 2428 of the Civil Code

The information required by Article 2428, paragraphs 1, 2, 3 and 6, is included in the Report on Operations. Information on financial instruments, objectives and financial risk management policies is given in Section E of these notes. The registered office of the Company is in Viale R. Piaggio 25 56025 Pontedera (Pisa). Other offices of the Company are in Via G. Galilei 1 Noale (Venice) and in via E.V. Parodi 57 Mandello del Lario (Lecco).

B) INFORMATION ON THE INCOME STATEMENT

Values for the 2020 were heavily influenced by the COVID-19 health emergency, which led to the closure of production and commercial activities for several weeks in many countries.

3. Net revenues

€/000 1,122,951

Revenues for disposals of company core business assets essentially refer to the marketing of vehicles and spare parts on European and non-European markets. They are recognised net of premiums paid to customers and include sales to Group companies amounting to €/000 147,690.

Revenues by geographic segment

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

IN THOUSANDS OF EUROS	2021		2020		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	1,073,928	95.63	807,032	96.90	266,896	33.07
India	48,049	4.28	24,516	2.94	23,534	95.99
Asia Pacific	975	0.09	1,293	0.16	(319)	(24.65)
TOTAL	1,122,951	100.00	832,841	100.00	290,111	34.83

Revenues by type of product

The breakdown of revenues by type of product is shown in the following table:

IN THOUSANDS OF EUROS	2021		2020		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Two-wheelers	988,504	88.03	744,172	89.35	244,332	32.83
Commercial Vehicles	134,448	11.97	88,669	10.65	45,779	51.63
TOTAL	1,122,951	100.00	832,841	100.00	290,111	34.83

In 2021, net sales revenues increased by €/000 290,111.

4. Costs for materials

€/000 721,834

The increase in material costs compared to 2020 (+38%) is due to the growth in production volumes and the cost of raw materials.

The item includes €/000 132,753 (€/000 102,333 in 2020) for purchases from subsidiaries and associates.

Costs for materials include costs for transport and outsourcing services relative to purchased assets.

The following table details the content of this item:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Raw, ancillary materials, consumables and goods	784,678	498,007	286,671
Change in inventories of raw, ancillary materials, consumables and goods	(53,310)	4,563	(57,873)
Change in work in progress of semifinished and finished products	(9,534)	19,539	(29,073)
Total costs for purchases	721,834	522,109	199,725

5. Costs for services and leases and rental costs

€/000 198,569

This item includes costs from Group companies and other related parties of €/000 47,726 (€/000 41,736 in 2020).

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Employee costs	4,493	3,313	1,180
External maintenance and cleaning costs	8,526	6,853	1,673
Energy and telephone costs	7,894	8,322	(428)
Postal expenses	863	494	369
Commissions payable	20,464	19,180	1,284
Advertising and promotion	16,365	10,831	5,534
Technical, legal and tax consultancy and services	10,714	7,214	3,500
Company boards operating costs	2,631	2,632	(1)
Insurance	2,919	2,532	387
Outsourced manufacturing	24,946	14,054	10,892
Outsourced services	9,301	8,569	732
Transport costs (vehicles and spare parts)	31,763	25,723	6,040
Internal shuttle services	315	286	29
Sundry commercial expenses	4,950	3,222	1,728
Public relations	1,781	878	903
Product warranty costs	1,160	569	591
Costs for quality-related events	7,014	7,105	(91)
Bank costs and factoring charges	4,886	4,078	808
Misc services provided in the business year	3,684	2,785	899
Other services	25,252	18,779	6,473
Use of provisions to cover costs of services	(1)	(2)	1
Lease and rental costs	8,649	7,468	1,181
Total costs for services, leases and rental costs	198,569	154,885	43,684

Costs for services, lease and rental went up by 28% compared to the previous year.

2020 figures were affected by lockdown periods resulting from the difficult health situation.

Costs for quality-related events were offset in full by compensation recognised under "Other operating income" and amounting to €/000 8,726.

Third party work of €/000 24,946 refers to the processing of production components by outsourced suppliers.

Expenses for company boards are shown in the table below:

IN THOUSANDS OF EUROS	2021	2020
Directors	2,337	2,337
Statutory auditors	161	161
Supervisory Body	62	62
Internal Control Committee	41	41
Remuneration Committee	30	30
Reimbursement of expenses	-	1
Total fees	2,631	2,632

Business services include services for the disposal of waste and water treatment amounting to €/000 2,084.

Other services include €/000 20,600 for technical, sports and promotional services for Group brands supplied by the subsidiary Aprilia Racing, €/000 2,364 for technical services supplied by the subsidiaries Foshan Piaggio Vehicles Technology Research and Development Co LTD and Piaggio Advanced Design Center Corp. and €/000 250 for management services supplied by the parent company IMMSI S.p.A..

Insurance costs include €/000 61 paid with related parties.

6. Employee costs

€/000 168,977

Employee costs are broken down as follows:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Salaries and wages	119,921	101,811	18,110
Social security contributions	38,954	33,055	5,899
Termination benefits	7,767	7,627	140
Other costs	2,335	4,415	(2,080)
Total	168,977	146,908	22,069

The workforce as of 31 December 2021 totalled 2,936, of which 15 members of staff on a fixed-term contract.

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

LEVEL	AVERAGE NUMBER		CHANGE
	2021	2020	
Senior management	79	79	0
Middle management	235	230	5
White collars	810	840	(30)
Intermediates and blue collars	2,192	2,094	98
Total	3,316	3,243	73

LEVEL	NUMBER AS OF		CHANGE
	31 DECEMBER 2021	31 DECEMBER 2020	
Senior management	79	79	0
Middle management	229	230	(1)
White collars	801	806	(5)
Intermediates and blue collars	1,855	1,886	(31)
Total	2,964	3,001	(37)

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

LEVEL	AS OF 31.12.20	INCOMING	LEAVERS	RELOCATIONS	AS OF 31.12.21
Senior management	79	2	(3)	1	79
Middle management	230	17	(24)	6	229
White collars	806	48	(46)	(7)	801
Blue collars	1,886	649	(680)	0	1,855
Total (*)	3,001	716	(753)	0	2,964
(*) of which fixed-term contracts	14	626	(625)		15

7. Amortisation/depreciation and impairment costs

€/000 93,801

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

IN THOUSANDS OF EUROS	2021	2020	CHANGE
PROPERTY, PLANT AND EQUIPMENT:			
Buildings	4,252	4,197	55
Plant and machinery	6,532	6,103	429
Industrial and commercial equipment	11,407	9,085	2,322
Other assets	1,146	878	268
Total depreciation of property, plant and equipment	23,337	20,263	3,074
Impairment costs of property, plant and equipment	175	-	175
Total depreciation of property, plant and equipment and impairment costs	23,512	20,263	3,249

IN THOUSANDS OF EUROS	2021	2020	CHANGE
INTANGIBLE ASSETS:			
Development costs	24,128	19,580	4,548
Industrial Patent and Intellectual Property Rights	41,263	33,280	7,983
Concessions, licences, trademarks and similar rights	61	4,545	(4,484)
Total amortisation of intangible assets	65,452	57,405	8,047
Write-down of intangible assets	1,274	1,136	138
Total depreciation of intangible assets and impairment costs	66,726	58,541	8,185

IN THOUSANDS OF EUROS	2021	2020	CHANGE
RIGHTS OF USE:			
Buildings	1,420	1,461	(41)
Plant and machinery	856	856	-
Other assets	1,287	1,072	215
Total depreciation of rights of use	3,563	3,389	174

The overall increase was moderated by the change from finite to indefinite useful life of the Aprilia and Moto Guzzi trademarks (reference should be made to the comment on the specific asset item).

Impairment costs of intangible assets refer to the disposal of assets under construction no longer necessary for Company activities.

As indicated in more detail in the section on intangible assets, goodwill was tested for impairment, confirming the full recoverability of values indicated in the financial statements.

Impairment costs of intangible assets refer to development projects for which production plans were reviewed in the context of the Company's 2022-2025 Business Plan.

The item "Industrial Patent and Intellectual Property Rights" includes amortisation relative to software equal to €/000 9,625.



8. Other operating income

€/000 140,345

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Operating grants	1,515	1,151	364
Increases in fixed assets from internal work	40,127	37,784	2,343
Expenses recovered in invoices	29,150	24,670	4,480
Rent receipts	410	396	14
Contingent assets from measurement	14	17	(3)
Capital gains on the disposal of assets	62	511	(449)
Recovery of transport costs	302	235	67
Recovery of business costs	4,054	2,839	1,215
Recovery of registration costs	31	14	17
Recovery of stamp duty	855	722	133
Recovery of labour costs	5,469	5,398	71
Recovery of supplier costs	520	309	211
Recovery of warranty costs	30	37	(7)
Recovery of taxes from customers	678	668	10
Recovery of sundry costs	1,773	1,315	458
Provision of services to group companies	11,360	8,779	2,581
Licence rights and know-how	29,180	26,496	2,684
Commission receivable	2,132	1,926	206
Compensation from damage to third parties	1,040	696	344
Compensation from third parties for quality-related events	8,726	1,089	7,637
Clearance of payables	159	465	(306)
Other income	2,758	3,268	(510)
Total other operating income	140,345	118,785	21,560

This item includes income from Group companies for a total of €/000 47,638.

Operating grants refer to:

- €/000 608 refers to other public and European grants concerning research projects;
- €/000 169 for funding for professional training provided by trade associations;
- €/000 415 for state contributions related to Research and Development, Technological Innovation and Design and Aesthetic Creation;
- €/000 23 for the portion relative to the year, of sums received from a customer for product development;
- €/000 54 to contributions accrued on investments in ordinary tangible assets;
- €/000 79 for government grants related to Industry 4.0 investments;
- €/000 88 for state contributions commensurate with the value of advertising investments made during 2020;
- €/000 79 for contributions for the sanitisation of workplaces and for the purchase of personal protective equipment (PPE) during the Covid-19 emergency.

During the period, internal costs for development projects and know how of €/000 38,286 were capitalised, in addition to internal costs for the development of software for €/000 1,042 and internal costs for the construction of property, plant and equipment, amounting to €/000 899.

Expenses recovered in invoices refer to costs for preparation, advertising, insurance, transport and packaging charged to clients directly in product sales invoices.

This item also includes charges made to other Group companies amounting to €/000 639 and to third parties for €/000 1,134 for the recovery of sundry costs.

Licence rights were obtained from the subsidiaries Piaggio Vehicles (€/000 9,090) and Piaggio Vietnam (€/000 17,847), as well as from the associate Zongshen Piaggio Foshan Motorcycle Co. Ltd. (€/000 384).

Income from the recovery of labour costs mainly refers to amounts charged to Group companies for the use of personnel. The recovery of costs from suppliers refers to amounts charged for the reprocessing of materials and final inspections, and for failure to supply assembly lines with material.

The recovery of tax duties mainly refers to dealers being charged stamp duty on vehicle conformity certificates.

In compliance with paragraph 125 of Law 124/2017 of 4 August 2017, the breakdown by project of the grants received during 2021 is shown in Note 47 "Grants, contributions, paid appointments and economic benefits from the public administration".

9. Net reversals (impairment) of trade and other receivables

€/000 315

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Losses on receivables	-	36	(36)
Write-downs of receivables in working capital	315	1,355	(1,040)
Total	315	1,391	(1,076)

10. Other operating costs

€/000 19,685

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Allocation for litigation	160	-	160
Provision for future risks	4,123	531	3,592
<i>Total provisions for risks</i>	<i>4,283</i>	<i>531</i>	<i>3,752</i>
Provisions for product warranties	8,228	6,446	1,782
Stamp duty	1,043	825	218
Duties and taxes not on income	1,787	1,408	379
Local tax, formerly council tax	1,445	1,445	0
Various subscriptions	966	932	34
Social charges	719	699	20
Capital losses from disposal of assets	21	69	(48)
Miscellaneous expenses	1,193	1,910	(717)
Total sundry operating costs	7,174	7,288	(114)
Total other operating costs	19,685	14,265	5,420

In total, other operating costs, which include costs from Group companies of €/000 693, increased by €/000 5,420.

Stamp duty of €/000 1,043 mainly refers to the tax due on vehicle conformity certificates. This cost is charged to Dealers and the recovered amount is entered under "Other operating income".

11. Income/(loss) from investments

€/000 34,134

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Positive differences from the equity method valuation in subsidiaries	60,487	50,062	10,425
Positive differences from the equity method valuation in associates	398	375	23
Negative differences from the equity method valuation in subsidiaries	(26,749)	(16,341)	(10,408)
Write-down of non-controlling interests	(21)	-	(21)
Dividends from the investments of non-controlling interests	19	25	(6)
Total	34,134	34,121	13

Dividends from investments of non-controlling interests were distributed by the company Ecofor Service Pontedera (€/000 19).

The tables below show the positive and negative differences for investments in subsidiaries and associates, valued using the Equity Method.

IN THOUSANDS OF EUROS	2021	2020	CHANGE
POSITIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SUBSIDIARIES			
Piaggio Vespa B.V.	29,156	14,902	14,254
Piaggio China	139	130	9
Piaggio Vehicles Pvt.	-	13,098	(13,098)
Piaggio Vietnam	30,054	21,022	9,032
Aprilia Racing	176	464	(288)
Piaggio España	588	412	176
Piaggio Indonesia	352	10	342
Piaggio Advanced Design Center Corporation	22	24	(2)
Total	60,487	50,062	10,425

IN THOUSANDS OF EUROS	2021	2020	CHANGE
POSITIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN ASSOCIATES			
Pontedera & Tecnologia	18	18	-
Zongshen Piaggio Foshan Motorcycle	380	357	23
Total	398	375	23

IN THOUSANDS OF EUROS	2021	2020	CHANGE
NEGATIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SUBSIDIARIES			
Piaggio Vehicles Pvt.	4,091	0	4,091
Nacional Motor	147	2,828	(2,681)
Piaggio Fast Forward	22,155	13,066	9,089
Piaggio Concept Store	356	447	(91)
Total	26,749	16,341	10,408

12. Net financial income (borrowing costs)

€/000 (19,814)

This item consists of:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Total financial income	2,074	1,921	153
Total borrowing costs	(20,391)	(21,691)	1,300
Total net exchange gains/(losses)	(1,497)	2,133	(3,630)
Net financial income (borrowing costs)	(19,814)	(17,637)	(2,177)

The balance of financial income (expenses) for 2021 was negative for €/000 19,814, up from €/000 17,637 in the previous year, due to the negative net balance of exchange differences.

Below is the breakdown of borrowing costs and income:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Financial income:			
- From subsidiaries	2,057	1,653	404
- From subsidiaries for operating leases	5	13	(8)
Financial income from third parties:			
- Interest receivable from clients	5	15	(10)
- Bank and post office interest payable	2	3	(1)
- Interest income on tax receivables	1	28	(27)
- Other	4	209	(205)
Total financial income from third parties	12	255	(243)
Total financial income	2,074	1,921	153

The amount of €/000 2,057 recognised as financial income from subsidiaries refers to interest from financing activities relative to the subsidiaries Nacional Motor (€/000 1), Piaggio Fast Forward (€/000 1,887) and Aprilia Racing (€/000 169).

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Borrowing costs with Parent Companies:			
- Interest expense on loans received from Subsidiaries	15	-	15
Borrowing costs with Parent Companies:			
- Interest expense on operating leases with Parent Companies	88	176	(88)
Borrowing costs with third parties:			
- Interest payable on a debenture loan	11,437	12,351	(914)
- Interest payable on bank accounts	73	271	(198)
- Interest payable on bank loans	5,451	5,798	(347)
- Interest to suppliers	569	542	27
- Interest payable to other lenders	742	609	133
- Interest payable on sub-discount factor operations	690	585	105
- Cash discounts to clients	801	630	171
- Income from fair value measurements	17	395	(378)
- Expense from commodities measurement	-	263	(263)
- Bank charges on loans	1,408	1,353	55
- Interest on finance lease agreements	90	116	(26)
- Interest payable on operating lease agreements	96	100	(4)
- Borrowing costs from discounting back termination and termination benefits	52	163	(111)
- Other	8	29	(21)
Total borrowing costs with third parties	21,434	23,205	(1,771)
Total borrowing costs	21,537	23,381	(1,844)
Costs capitalised on Property, Plant and Equipment	(186)	(395)	209
Costs capitalised on Intangible Assets	(960)	(1,295)	335
Total Capitalised Costs	(1,146)	(1,690)	544
Total borrowing costs	20,391	21,691	(1,300)

During 2021, borrowing costs for €/000 1,146 were capitalised (€/000 1,690 in 2020). The average rate used for the capitalisation of borrowing costs (because of general loans), was equal to 3.1% (3.3% in 2020). Interest payable to other lenders mainly refers to interest payable to factoring companies and banks for the sale of trade receivables.

IN THOUSANDS OF EUROS	2021	2020	CHANGE
EXCHANGE DIFFERENCES FROM SALE			
- Exchange gains	14,539	15,129	(590)
- Exchange losses	(15,050)	(13,210)	(1,840)
<i>Total exchange gains (losses)</i>	<i>(511)</i>	<i>1,919</i>	<i>(2,430)</i>
EXCHANGE DIFFERENCES FROM MEASUREMENT			
- Exchange gains	764	1,118	(354)
- Exchange losses	(1,750)	(904)	(846)
<i>Total valuation exchange gains (losses)</i>	<i>(986)</i>	<i>214</i>	<i>(1,200)</i>
Net exchange gains/(losses)	(1,497)	2,133	(3,630)

13. Taxes

€/000 16,403

The item "Income taxes" is detailed below:

IN THOUSANDS OF EUROS	2021	2020	CHANGE
Current taxes	20,111	11,042	9,069
Deferred tax assets/liabilities	(6,532)	(1,097)	(5,435)
taxes of previous years	2,824	(335)	3,159
Total taxes	16,403	9,610	6,793

During 2021, taxes generated a total expense of €/000 16,403.

Current taxes generated an expense of €/000 20,111 and comprise:

- €/000 5,882 from taxes on income produced abroad;
- €/000 2,783 from regional production tax on income for the year;
- €/000 4,162 for substitute tax for the realignment of civil values to tax values;
- €/000 10,989 from corporate income tax for the year;
- €/000 (4,782) from income related to transfers within the framework of the Consolidated Tax Convention;
- €/000 1,077 from expenses related to transfers within the framework of the Consolidated Tax Convention.

Deferred tax represents the effects on income generated by the deferred tax assets and liabilities.

As regards deferred tax liabilities, during the year new provisions were made for €/000 2,630 to profit and loss, and provisions from previous years were released for €/000 8,475.

With regard to deferred tax assets, on the other hand, new provisions amounted to €/000 3,969, while the release of amounts allocated in previous years came to €/000 2,881.

The balance of prior-year taxes was positive at €/000 2,824.

Reconciliation in relation to the theoretical rate is shown below:

IN THOUSANDS OF EUROS	2021	2020
REVENUE TAXES ON INCOME		
Profit before tax	74,436	46,359
Theoretical rate	24.00%	24.00%
Theoretical tax	(17,865)	(11,126)
Effect due to changes in Profit Before Taxes due to the adoption of tax laws	6,876	7,098
Reversal of deferred corporate tax liabilities allocated in previous years for temporary changes	4,298	1,422
Reversal of deferred corporate tax assets allocated in previous years for temporary changes	(1,616)	(1,358)
Reversal of deferred tax assets allocated in previous years for tax losses	(1,560)	(1,832)
Taxes on income generated abroad	(5,882)	(6,913)
Taxes relative to previous years	(2,821)	(34)
Expenses (income) from the Consolidated Tax Convention	3,705	1,631
Tax affect arising from deferred corporate tax liabilities for temporary changes	(2,549)	(693)
Tax affect arising from deferred corporate tax assets for temporary changes	3,451	1,831
Tax effect arising from the adjustment of deferred corporate income tax assets allocated for the tax loss of previous years	0	1,488
REGIONAL PRODUCTION TAX (IRAP)		
Regional production tax on net revenues for the year	(2,783)	(1,732)
Regional production tax referred to previous years	(4)	370
Reversal of deferred regional production tax liabilities allocated in previous years for temporary changes	15	125
Reversal of deferred regional production tax assets allocated in previous years for temporary changes	(107)	(114)
Tax affect arising from deferred regional production tax liabilities for temporary changes	(80)	
Tax affect arising from deferred regional production tax assets for temporary changes	519	227
Income taxes recognised in the financial statements	(16,403)	(9,610)

Theoretical tax rates were determined applying the corporate tax rate in effect in Italy (24%) to profit before tax. The impact arising from the regional production tax rate was determined separately, as this tax is not calculated on the basis of profit before tax.

14. Gain/(loss) on 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.

C) INFORMATION ON OPERATING ASSETS AND LIABILITIES

15. Intangible assets

€/000 608,242

Intangible assets increased overall by €/000 18,712 following investments net of disposals and 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.

During 2021 borrowing costs for €/000 960 were capitalised, applying an average interest rate of 3.1%.

The table below shows the breakdown of intangible assets as of 31 December 2020 and 31 December 2021, as well as movements during the two years.



	DEVELOPMENT COSTS		PATENT RIGHTS AND KNOW-HOW		CONCES- SIONS, LICEN- CES AND TRADEMARKS	GOODWILL	OTHER		TOTAL	
	IN SERVICE ASSETS UNDER DEVELOPMENT AND ADVANCES	TOTAL	IN SERVICE ASSETS UNDER DEVELOPMENT AND ADVANCES	TOTAL			IN SERVICE ASSETS UNDER DEVELOPMENT AND ADVANCES	TOTAL	IN SERVICE ASSETS UNDER DEVELOPMENT AND ADVANCES	TOTAL
IN THOUSANDS OF EUROS										
Historical cost	202,399	230,140	399,650	443,413	209,716	463,926	0	1,275,691	71,504	1,347,195
Provisions for write-down	(2,044)	(2,044)	(11)	(11)			0	(2,055)	0	(2,055)
Accumulated amortisation	(164,009)	(164,009)	(338,355)	(338,355)	(177,295)	(95,375)	0	(775,034)	0	(775,034)
Assets as of 01 01 2020	36,346	64,087	61,284	105,047	32,421	368,551	0	498,602	71,504	570,106
Investments	7,209	25,724	14,057	38,277			0	21,266	56,792	78,058
Transitions in the period	8,950	(8,950)	12,567	(12,567)	0		0	21,517	(21,517)	0
Amortisation	(19,580)	(19,580)	(33,279)	(33,279)	(4,546)		0	(57,405)	0	(57,405)
Write-downs	(1,136)	(1,136)	(49)	0			0	(1,136)	0	(1,136)
Disposals	(44)	(44)	(49)	(49)			0	(93)	0	(93)
Other movements	(2,357)	(2,357)	2,357	2,357			0	0	0	0
Total movements for the period	(4,601)	7,208	(6,704)	21,363	(4,546)	0	0	(15,851)	35,275	19,424
Historical cost	216,289	251,238	426,108	497,938	209,716	463,926	0	1,316,039	106,779	1,422,818
Provisions for write-down	(1,136)	(1,136)	0	0			0	(1,136)	0	(1,136)
Accumulated amortisation	(183,408)	(183,408)	(371,528)	(371,528)	(181,841)	(95,375)	0	(832,152)	0	(832,152)
Assets as of 31 12 2020	31,745	66,694	54,580	126,410	27,875	368,551	0	482,751	106,779	589,530
Investments	18,406	12,111	24,581	30,365			0	42,987	42,476	85,463
Transitions in the period	32,320	(32,320)	65,348	(65,348)	0		0	97,668	(97,668)	0
Amortisation	(24,128)	(24,128)	(41,263)	(41,263)	(61)		0	(65,452)	0	(65,452)
Write-downs	(717)	(717)	(557)	(557)			0	(1,274)	0	(1,274)
Disposals	0	0	(25)	(25)			0	(25)	0	(25)
Other movements	0	0	0	0			0	0	0	0
Total movements for the period	25,881	(20,209)	48,084	(34,983)	(61)	0	0	73,904	(55,192)	18,712
Historical cost	265,879	14,741	516,003	36,847	209,716	463,926	0	1,455,524	51,588	1,507,112
Provisions for write-down	(717)	(717)	(557)	(557)			0	(208,093)	0	(208,093)
Accumulated amortisation	(207,536)	(207,536)	(412,784)	(412,784)	(181,902)	(95,374)	0	(690,777)	0	(690,777)
Amount as of 31 12 2021	57,626	14,741	102,662	36,847	27,814	368,552	0	556,654	51,588	608,242

Development costs

€/000 72,367

Development costs include costs for products and engines in projects for which there is an expectation, for the period of the useful life of the asset, to see net sales at such a level in order to allow the recovery of the costs incurred.

Development expenditure for new projects capitalised in 2021 refers to the study of new vehicles and new engines (including a new commercial vehicle in partnership with the Foton Motor Group), that will feature as the top products in the 2021-2023 range.

Borrowing costs attributable to the development of products which require a considerable period of time to be realised are capitalised as a part of the cost of the actual assets. Development costs included under this item are amortised on a straight line basis over a period of 3 to 5 years (lead products), in consideration of their remaining useful life.

During 2021, development expenditure amounting to €/000 21,631 was directly recognised in profit or loss.

Pursuant to article 2426, section 5 of the Italian Civil Code, the value of research and development costs still to be amortised equal to €/000 72,367 is unavailable in shareholders' equity.

Industrial Patent and Intellectual Property Rights

€/000 139,509

This item comprises patents for €/000 4,579, know-how for €/000 103,121 and software for €/000 31,809.

As regards software, the increase for the year amounted to €/000 11,500 and mainly refers to the purchase of various licences, as well as the implementation of commercial, production, personnel and administration projects.

Investments in know how amount to €/000 40,966 and mainly refer to new calculation, design and production techniques and methodologies developed by the Company, principally for new products in the 2021-2023 range.

As regards patent rights, costs for €/000 2,480 were capitalised.

Costs for industrial patent and intellectual property rights are amortised on a straight line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

Trademarks, concessions and licences

€/000 27,814

The item Trademarks, concessions and licences is broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Guzzi trademark	9,750	9,750	0
Aprilia trademark	17,494	17,494	0
Minor trademarks	15	20	(5)
Foton licence	555	611	(56)
Total trademarks	27,814	27,875	(61)

It should be noted that, in light of the strategic initiatives announced by the Parent Company, and of the results achieved thanks to the significant investment plan envisaged, which will contribute to a development strategy already started during the last three years, the Group, supported by the fairness opinion of a leading consulting firm, revised the residual useful lives of the Aprilia and Moto Guzzi brands, changing them from definite to indefinite.

The accounting effects of the amendment are as follows:

		APRILIA TRADEMARK	BRAND MOTO GUZZI	TOTAL
Expected useful life				
	Former measurement	2026	2026	
	New measurement	indefinite	indefinite	
Annual amortisation				
€/000	Former measurement	2,916	1,625	4,541
	New measurement	-	-	-
	Difference	2,916	1,625	4,541
Annual share of deferred taxes				
€/000	Former measurement	(380)	(509)	(889)
	New measurement	-	-	-
	Difference	(380)	(509)	(889)
Net annual impact on the income statement				
€/000	Former measurement	2,536	1,116	3,652
	New measurement	-	-	-
	Difference	2,536	1,116	3,652

The value of other brands acquired with the Aprilia merger decreased during the year by €/000 5 following amortisation calculated on the basis of the estimated useful life.

The Foton licence was acquired following agreements signed in 2018 between Piaggio and the Foton Motor Group for the development and manufacture of a new range of light commercial four-wheelers. The licence is amortised over 10 years, from production start-up, maturing in February 2031.

Goodwill

€/000 368,551

As specified in the section on accounting standards, from 1 January 2005 goodwill is no longer amortised, but is tested annually or more frequently for impairment if specific events or changed circumstances indicate the possibility of it having been impaired, in accordance with the provisions of IAS 36 Impairment of Assets (impairment test).

In compliance with IAS 36 the methodology adopted is based on the unlevered version of discounted cash flows.

The main assumptions used by the Company to determine future cash flows, relative to a four-year period, and the consequent recoverable value (value in use) refer to:

- a hypothesis of estimated cash flows over a four-year period, inferred from budget data for 2022 supplemented by forecast data for 2023-2025, approved by the Board of Directors of the Company, along with an impairment test performed on 21 February 2022;
- the WACC discount rate;
- in addition to the period, a growth rate (g rate) has been estimated.

In particular, for discount cash flows, the Company has adopted a discount rate (WACC) which differs based on different cash generating units. This reflects market valuations of the fair value of money and takes account of specific risks of activities and the geographic segment in which the cash generating unit operates.

In the future cash flows discounting model, a terminal value is entered at the end of the cash flow projection period, to reflect the residual value each cash-generating unit should produce. The terminal value represents the current value, at the last year of the projection, of all subsequent cash flows calculated as perpetual income, and was determined using a growth rate (g rate) which differed by CGU, to reflect the different growth potentials of each CGU.

	EMEA AND AMERICAS	ASIA PACIFIC 2W	INDIA
2021			
WACC	5.2%	7.4%	10.1%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	4.4%	6.5%	22.9%
2020			
WACC	6.1%	8.2%	10.4%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	8.0%	6.5%	21.8%

The terminal value growth rate (g rate) is specific for CGUs, considering the area's growth potential.

The medium-/long-term growth rate (g rate) for determining the Terminal Value of each CGU was considered as reasonable and prudent, in the light of:

- analysts' expectations for the Company (source: Analyst Reports);
- the long-term real GDP growth trend expected for main countries where the Group operates (source: Economist Intelligence Unit - EIU).

This rate was determined based on the previous year.

The growth rate during the period of the Plan was determined using the trend expected for the reference sector as the benchmark.

Analyses did not identify any impairment losses. Therefore no impairment was reflected in the data of the separate financial statements as of 31 December 2021.

In addition, and on the basis of information in the document produced jointly by the Bank of Italy, Consob and Isvap no. 2 of 6 February 2009, the Company conducted sensitivity analysis of test results in relation to changes in basic assumptions (use of the growth rate in producing the terminal value and discount rate) which affect the value in use of cash generating units. In the case of a positive or negative change of 0.5% of the WACC and G used, analyses would not identify impairment losses.

In all cases, the value in use of the Company was higher than the net carrying amount tested.

In addition, on the basis of the requirements of Consob warning no. 1/21 of 16 February 2021 and the recommendations provided by ESMA in the Public Statement "European common enforcement priorities for 2020 annual financial reports", in addition to the base scenario just commented on and supported as described above (i.e. external studies, analysts' reports, etc.), a scenario was developed that continues to be further penalised by the continuation of the pandemic, notwithstanding the excellent performance achieved by the Company in 2021. The world's population is looking for independent mobility solutions to replace public transport. The assumed scenario envisages a volumes contraction compared to the base scenario by 15% throughout the Plan period.

Notwithstanding this additional serious penalisation, due to the above considerations the value in use is higher than the net carrying amount.

In addition, as explained further in the Annual Report and the Non-Financial Statement, the Company has carried out an analysis, and assessed the risks and short- and medium/long-term opportunities related to climate change and the reduction of polluting emissions.

Impacts on investments, costs and cash flows were considered in the process to prepare accounting estimates.

Therefore, in preparing the budget data for 2022 and 2023-2025 plan, management took the following aspects into account:

- Research into new technologies with a view to future mobility in the context of a new urbanisation;
- A significant increase in investments in electric vehicles (2-3-4 wheelers);
- Investments in the active and passive safety of all vehicles;
- Inclusion of energy transition costs.

Given that the recoverable value was estimated, the Company cannot guarantee the absence of goodwill impairment in future financial periods.

Given the current market weakness, the various factors used in processing estimates could require revision; the Company will constantly monitor these factors as well as the existence of impairment losses.

16. Property, plant and equipment

€/000 176,858

Property, plant and equipment increased overall by €/000 6,403. Investments for the period amount to €/000 29,278 and mainly refer to moulds for new vehicles and engines that will be launched in the subsequent year, to drive shaft processing lines, engine test benches and the experimental workshop at Pontedera.

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.

During 2021 borrowing costs for €/000 186 were capitalised, applying an average interest rate of 3.1%.

The table below shows the breakdown of property, plant and equipment as of 31 December 2020 and 31 December 2021, as well as movements during the two years.



	LAND		BUILDINGS		PLANT AND MACHINERY		EQUIPMENT		OTHER ASSETS		TOTAL					
	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL	IN SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL				
IN THOUSANDS OF EUROS																
Historical cost	27,640	139,273	2,172	141,445	280,099	8,722	288,821	487,115.00	5,181	492,296	22,889	451	23,340	957,016	16,526	973,542
Reversals		4,816	0	4,816	2,368	0	2,368	6,253	0	6,253	199	0	199	13,636	0	13,636
Provisions for write-down		(622)		(622)	(618)		(618)	(3,893)		(3,893)				(5,133)		(5,133)
Accumulated depreciation		(75,523)		(75,523)	(256,121)		(256,121)	(469,511)		(469,511)	(21,403)		(21,403)	(822,558)		(822,558)
Assets as of 01/01/2020	27,640	67,944	2,172	70,116	25,728	8,722	34,450	19,964	5,181	25,145	1,685	451	2,136	142,961	16,526	159,487
Investments		775	328	1,103	3,833	6,561	10,394	6,071	12,697	18,768	751	690	1,441	11,430	20,276	31,706
Transitions in the period		548	(548)	0	478	(478)	0	1,455	(1,455)	0	116	(116)	0	2,597	(2,597)	0
Depreciation		(4,197)		(4,197)	(6,103)		(6,103)	(9,085)		(9,085)	(878)		(878)	(20,263)		(20,263)
Write-downs				0			0			0			0	0	0	0
Disposals		(17)		(17)	(85)		(85)	(372)		(372)				(474)		(474)
Exchange differences				0			0			0				0		0
Adoption of IFRS 16				0			0			0				0		0
Other movements				0			0			0				0		0
Total movements for the year	0	(2,891)	(220)	(3,111)	(1,877)	6,083	4,206	(1,931)	11,242	9,311	(11)	574	563	(6,710)	17,679	10,969
Historical cost	27,640	140,574	1,952	142,526	278,218	14,805	293,023	491,312	16,423	507,735	23,751	1,025	24,776	961,495	34,205	995,700
Reversals		4,816		4,816	2,368		2,368	6,253		6,253	199		199	13,636		13,636
Provisions for write-down		(622)		(622)	(618)		(618)	(3,885)		(3,885)				(5,125)		(5,125)
Accumulated depreciation		(79,715)		(79,715)	(256,117)		(256,117)	(475,647)		(475,647)	(22,276)		(22,276)	(833,755)		(833,755)
Assets as of 31/12/2020	27,640	65,053	1,952	67,005	23,851	14,805	38,656	18,033	16,423	34,456	1,674	1,025	2,699	136,251	34,205	170,456
Investments		565	1,368	1,933	6,042	1,769	7,811	11,741	6,212	17,953	1,355	226	1,581	19,703	9,575	29,278
Transitions in the period		967	(967)	0	14,486	(14,486)	0	15,324	(15,324)	0	1,025	(1,025)	0	31,802	(31,802)	0
Depreciation		(4,252)		(4,252)	(6,532)		(6,532)	(11,407)		(11,407)	(1,146)		(1,146)	(23,337)		(23,337)
Write-downs				0			0	(175)		(175)				(175)		(175)
Disposals				0	(47)		(47)	(69)		(69)	(21)		(21)	(137)		(137)
Exchange differences				0			0			0				0		0
Other movements		3		3			0	771		771				774		774
Total movements for the year	0	(2,717)	401	(2,316)	13,949	(12,717)	1,232	16,185	(9,112)	7,073	1,213	(799)	414	28,630	(22,227)	6,403
Historical cost	27,640	142,109	2,354	144,463	295,947	2,088	298,035	514,622	7,311	521,933	24,930	226	25,156	1,005,248	11,979	1,017,227
Reversals		4,816		4,816	2,368		2,368	6,253		6,253	199		199	13,636		13,636
Provisions for write-down		(622)		(622)	(618)		(618)	(4,037)		(4,037)				(5,277)		(5,277)
Accumulated depreciation		(83,967)		(83,967)	(259,897)		(259,897)	(482,621)		(482,621)	(22,243)		(22,243)	(848,728)		(848,728)
Amount as of 31/12/2021	27,640	62,336	2,354	64,690	37,800	2,088	39,888	34,217	7,311	41,528	2,886	226	3,112	164,879	11,979	176,858

Land €/000 27,640

The value of land has not changed compared to the previous year.

Buildings €/000 64,690

Buildings decreased overall by €/000 2,316. The negative imbalance is due to new investments made during the year amounting to €/000 1,933 and to the decrease from depreciation for the period of €/000 4,252 as well as decreases of €/000 3.

Investments refer to office buildings and mainly to renovation works at sites at Pontedera, Mandello del Lario, Noale and Scorzè.

During the period, capitalisation amounting to €/000 1,532 was recognised, of which €/000 967 relative to investments made in previous years.

Plant and machinery €/000 39,888

The item increased overall by €/000 1,232. The positive imbalance is due to new investments made during the year amounting to €/000 7,811, the decrease generated by amortisation for the period of €/000 6,532, and the disposal of residual costs for €/000 47.

Capitalisation mainly concerned investments for production lines of new vehicles and the purchase of new machinery for mechanical processing.

During the period, capitalisation amounting to €/000 20,528 was recognised, of which €/000 14,486 relative to investments made in previous years.

Equipment €/000 41,528

The item increased overall by €/000 7,073. The increase is due to depreciation for the period amounting to €/000 11,407, the disposal of residual costs for €/000 69, write-downs for €/000 175 and new investments for €/000 18,724.

Capitalisation concerned moulds for new vehicles launched during the year or scheduled to be launched in the first half of next year, moulds for new engines and specific equipment for assembly lines.

During the period, capitalisation amounting to €/000 27,836 was recognised, of which €/000 15,324 relative to investments made in previous years.

Other plant, property and equipment €/000 3,112

The item increased overall by €/000 414. The positive imbalance is due to new investments made during the year amounting to €/000 1,581, partially offset by amortisation for the period of €/000 1,146 and eliminations for €/000 21. During the period, capitalisation amounting to €/000 2,380 was recognised, of which €/000 1,025 relative to investments made in previous years.

Warranties

As of 31 December 2021 the Company did not own land and buildings encumbered by mortgage liens or privileges in favour of banks to secure loans obtained in previous years.

17. Rights of use

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

Assets for rights of use

€/000 12,330

The item "Rights of use" includes operating lease agreements and finance lease agreements for the use of property. The Company has stipulated rental/hire contracts for offices, plants, warehouses, company accommodation, cars and forklift trucks. The rental/lease agreements are typically for a fixed duration, but extension options are possible. These agreements may also include service components.

the Company opted to include only the rent component in the recognition of rights of use.

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

The following tables show the breakdown of rights of use as of 31 December 2021, as well as movements during the year.

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER ASSETS	TOTAL
Assets as of 31 12 2020	0	3,909	8,987	0	2,104	15,000
Increases		486			1,138	1,624
Amortisation/Depreciation		(1,421)	(856)		(1,287)	(3,564)
Decreases		(15)			(715)	(730)
Exchange differences						0
Other changes						0
Movements in 2021	0	(950)	(856)	0	(864)	(2,670)
Amount as of 31 12 2021	0	2,959	8,131	0	1,240	12,330

Financial liabilities for rights of use

€/000 10,207

The composition of and changes in financial liabilities for rights of use are illustrated in Note 37 "Financial liabilities and liabilities for rights of use", to which reference should be made.

Amounts recognised in the income statement

The Income Statement includes the following amounts relating to lease agreements:

IN THOUSANDS OF EUROS	NOTE	2021	2020	CHANGE
Depreciation of rights of use	7	3,563	3,389	174
Financial charges for rights of use	12	184	276	(92)
Rental payments (not IFRS 16)	5	8,649	7,468	1,181

In 2021, leasing agreements subject to IFRS 16 resulted in a cash outflow of €/000 5,242.

18. Investment Property

€/000 0

At the end of the reporting period, there was no investment property.

19. Deferred tax assets

€/000 50,888

In compliance with IAS 12, the item indicates the net balance of deferred tax assets and liabilities. This net balance is broken down in the table below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Deferred tax assets	58,947	57,872	1,075
Deferred tax liabilities	(8,059)	(12,095)	4,036
Total	50,888	45,777	5,111

Deferred tax assets total €/000 58,947, compared to €/000 57,872 as of 31 December 2020, with an increase of €/000 1,075.

The balance of deferred tax assets as of 31 December 2021 refers to:

- €/000 27,315 for allocations made for temporary differences;
- €/000 31,632 for allocations made for tax losses generated under the National Consolidated Tax Convention of which IMMSI S.p.A. is the consolidating company.

The positive change of €/000 1,075 is attributable to:

- €/000 (2,881) from the recognition in profit of loss of deferred tax assets recognised in previous years;
- €/000 (67) from the recognition in profit of loss of deferred tax assets recognised in previous years;
- €/000 3,970 from the recognition in profit of loss of new deferred tax assets;
- €/000 53 from the recognition in profit and loss of new deferred tax assets.

Deferred tax assets were recognised in light of forecast results of Piaggio & C. S.p.A., and the foreseeable use of relative tax benefits in future years based on the plan approved by the Board of Directors on 21 February 2022. As Piaggio & C. S.p.A. is part of the National Consolidated Tax Convention of the IMMSI Group, the recovery of deferred tax assets is related to and confirmed by taxable amounts of companies that are part of the above convention, as indicated in the long-term plans approved by their respective Boards.

Details of items affected by the allocation of deferred tax assets as well as the amount of deferred tax assets already recognised and not recognised are shown in the table below.

IN THOUSANDS OF EUROS	AMOUNT	TAX EFFECT 24%	TAX EFFECT 3.9%
Nacional Motor goodwill	11,240	2,698	438
Discounting termination benefit	4,884	1,172	
Derbi trademark	6,225	1,494	243
Provisions for risks	13,591	3,262	528
Provision for product warranties	14,000	3,360	546
Provisions for bad debts	16,465	3,952	
Provisions for obsolete stock	20,049	4,812	782
Other changes	14,578	3,499	458
Total for provisions and other changes	101,032	24,248	2,995
2011 tax loss transferred to IMMSI	1,024	246	
2012 tax loss transferred to IMMSI	26,625	6,390	
2013 tax loss transferred to IMMSI	30,553	7,333	
2014 tax loss transferred to IMMSI	18,668	4,480	
2015 tax loss transferred to IMMSI	23,167	5,560	
2016 tax loss transferred to IMMSI	7,621	1,829	
2017 tax loss transferred to IMMSI	17,850	4,284	
2018 tax loss transferred to IMMSI	1,892	454	
2019 tax loss transferred to IMMSI	4,400	1,056	
Total out of tax losses	131,800	31,632	0
Losses from the fair value measurement of financial instruments		72	
Deferred tax assets already recognised		58,947	
Deferred tax assets not recognised for provisions and other changes		0	

Overall, the movement of deferred tax assets can be summarised as follows:

IN THOUSANDS OF EUROS	VALUES AS OF 31 DECEMBER 2020	PORTION TO THE INCOME STATEMENT	PORTION TO THE STATEMENT OF COM- PREHENSIVE INCOME	PORTION TO THE INCOME STATEMENT	PORTION TO THE STATE- MENT OF COMPREHEN- SIVE INCOME	VALUES AS OF 31 DECEMBER 2021
DEFERRED TAX ASSETS FOR:						
Temporary changes	24,680	(1,321)	(67)	3,970	53	27,315
Losses generated within the frame- work of tax consolidation	33,192	(1,560)				31,632
Total	57,872	(2,881)	(67)	3,970	53	58,947

As of 31 December 2021, deferred tax liabilities totalled €/000 8,059 compared to €/000 12,095 as of 31 December 2020, a decrease of €/000 4,036.

They refer to:

- €/000 2,936 for the surplus value recognised by the merged company Aprilia in 2005 for buildings already held through leases, and purchased back by Aprilia Leasing S.p.A.;
- €/000 796 for temporary changes in taxable income that will be annulled next year;
- for €/000 1,296 to future dividend distributions subject to foreign taxes;
- €/000 574 for depreciation charges minus tax-recognised goodwill and brand values;
- €/000 2,457 for tax-deducted costs, off the accounts, in relation to the application of IAS/IFRS;

Deferred tax liabilities were reduced in the period by €/000 8,475 following issue of the relative portion, and increased overall by €/000 4,439 due to new provisions, of which €/000 1,809 to the statement of comprehensive income.

Deferred tax assets and liabilities were determined applying the tax rate in effect in the year when temporary differences occur.

20. Inventories

€/000 193,351

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Raw materials and consumables	116,176	69,216	46,960
Provision for write-down	(5,076)	(4,076)	(1,000)
Net value	111,100	65,140	45,960
Work in progress and semi-finished products	21,177	14,227	6,950
Provision for write-down	(852)	(852)	-
Net value	20,325	13,375	6,950
Finished products and goods	75,976	66,215	9,761
Provision for write-down	(14,121)	(14,294)	173
Net value	61,855	51,921	9,934
Advances	71	383	(312)
TOTAL	193,351	130,819	62,532

As of 31 December 2021, inventories had decreased by €/000 62,532.

The provision is calculated to align the inventories value with the presumed realizable value, recognizing its obsolescence and slow rotation where necessary.

The changes in the obsolescence fund are summarised in the table below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	USE	ALLOCATION	AS OF 31 DECEMBER 2021
Raw materials	4,076	-	1,000	5,076
Work in progress and semi-finished products	852	-	-	852
Finished products and goods	14,294	(3,172)	2,999	14,121
TOTAL	19,222	(3,172)	3,999	20,049

21. Current trade receivables

€/000 53,404

Current trade receivables decreased by €/000 13,195.

No non-current trade receivables were recorded for either period.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Trade receivables	19,053	16,658	2,395
Trade receivables due from subsidiaries	33,764	23,149	10,615
Trade receivables due from affiliated companies	567	368	199
Trade receivables due from parent companies	20	34	(14)
Total	53,404	40,209	13,195

Trade receivables are recorded net of a provision for bad debts equal to €/000 22,626.

Trade receivables comprise receivables referred to normal sales operations and include receivables in foreign currency for a total value, at the exchange rate in effect as of 31 December 2021, taking account of exchange risk hedging, of €/000 19,874.

The item "Trade receivables" includes invoices to issue amounting to €/000 518 relative to normal business transactions and credit notes to issue amounting to €/000 15,775 mainly referring to premiums to pay to the sales network in Italy and abroad for having reached targets.

Trade receivables are usually sold to factoring companies and mainly on a without recourse and advance payment collection basis.

The Company sells 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, monitor and manage its trade receivables, besides offering its customers an instrument for funding their own inventories and, as regards factoring without recourse, the substantial transfer of risks and benefits. As of 31 December 2021, trade receivables still due, sold without recourse, totalled €/000 81,399. Of these amounts, Piaggio received payment prior to natural expiry of €/000 78,313.

As of 31 December 2021, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €/000 9,813 with a counter entry recorded in current liabilities.

Movements of the provisions for write-down relative to trade receivables were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	22,854
Decreases for use recognised in profit or loss	(330)
Increases for allocations	102
Closing balance as of 31 December 2021	22,626

During the period, the provision for bad trade debts was used to cover losses amounting to €/000 330.

Allocations to the provision were made against risks arising from the valuation of relative receivables as of 31 December 2021.

Trade receivables due from subsidiaries and associates refer to the supply of products undertaken in normal market conditions.

22. Other receivables (current and non-current)

€/000 140,006

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Due to subsidiaries	78,402		78,402	59,840		59,840	18,562	0	18,562
Due to affiliated companies	920	67	987	480	81	561	440	(14)	426
Due to parent companies	17,315		17,315	14,123		14,123	3,192	0	3,192
Receivables due from employees	597		597	1,194		1,194	(597)	0	(597)
Due from social security institutions	704		704	344		344	360	0	360
Amounts due to suppliers	116		116	502		502	(386)	0	(386)
Supplier advances	-		-	115		115	(115)	0	(115)
Invoices/credit to issue	5,365		5,365	1,799		1,799	3,566	0	3,566
Sundry receivables from third parties	675	6,391	7,066	532	6,331	6,863	143	60	203
Fair value of derivatives	8,326		8,326	1,437		1,437	6,889	0	6,889
Other receivables	6,841	14,287	21,128	2,396	16,526	18,922	4,445	(2,239)	2,206
Total	119,261	20,745	140,006	82,762	22,938	105,700	36,499	(2,193)	34,306

Receivables due from social security institutions refer mainly to sums receivable from the Italian National Social Security Institute (INPS).

The item "Other" includes guarantee deposits amounting to €/000 585 and prepaid expenses amounting to €/000 13,698.

Receivables due from employees refer to advances paid for secondments, sick leave, contract advances, cash provisions, etc.

Sundry receivables mainly refer to receivables due from Italian and foreign parties, originating from transactions not related to typical activities.

Other current receivables are recognised net of a write-down provision of €/000 6,609.

Movements of the provision for bad debts relative to sundry receivables were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	6,396
Increases for allocations	213
Closing balance as of 31 December 2021	6,609

During the measurement of relative receivables as of 31 December 2021, a further allocation to the provision of €/000 213 was necessary.

23. Tax receivables (current and non-current)

€/000 10,025

Tax receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Tax receivables:									
- VAT	3,222	125	3,347	4,738	87	4,825	(1,516)	38	(1,478)
- income tax	35	4,226	4,261	35	7,493	7,528	-	(3,267)	(3,267)
- other	1,526	891	2,417	862	176	1,038	664	715	1,379
Total	4,783	5,242	10,025	5,635	7,756	13,391	(852)	(2,514)	(3,366)

The positive net change amounted to €/000 3,366.

24. Breakdown of operating receivables by measurement method

The table below shows the breakdown of operating receivables by measurement method:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
OPERATING ASSETS AS OF 31 DECEMBER 2021					
Non-current assets					
Tax receivables				5,242	5,242
Other receivables				20,745	20,745
Total non-current operating receivables	0	0	0	25,987	25,987
Current assets					
Trade receivables				53,404	53,404
Other receivables	-		8,326	110,935	119,261
Tax receivables				4,783	4,783
Total current operating receivables	0	0	8,326	166,485	174,811
Total	0	0	8,326	192,472	200,798
OPERATING ASSETS AS OF 31 DECEMBER 2020					
Non-current assets					
Tax receivables				7,756	7,756
Other receivables				22,938	22,938
Total non-current operating receivables	0	0	0	30,694	30,694
Current assets					
Trade receivables				40,209	40,209
Other receivables	205		1,232	81,325	82,762
Tax receivables				5,635	5,635
Total current operating receivables	205	0	1,232	127,169	128,606
Total	205	0	1,232	157,863	159,300

25. Receivables due after 5 years €/000 0

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

26. Assets held for sale €/000 0

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

27. Trade payables (current) €/000 439,297

All trade payables are included in current liabilities.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
CURRENT LIABILITIES:			
Amounts due to suppliers	404,011	303,308	100,703
Trade payables due to subsidiaries	19,013	18,961	52
Trade payables due to associates	16,102	5,240	10,862
Trade payables due to parent companies	85	283	(198)
Trade payables due to other related parties	86	-	86
Total	439,297	327,792	111,505

The item comprises trade payables of €/000 414,654 for the purchase of goods, materials and services for business operations and €/000 24,643 for the purchase of assets.

The item includes payables in foreign currency for a total value, at the exchange rate in effect at 31 December 2021, taking account of hedging on exchange risk, of €/000 107,947.

To facilitate credit conditions for its suppliers, the Company has used indirect factoring agreements since 2012, mainly supply chain financing and reverse factoring agreements, as described in more detail in "accounting policies adopted by the Company", to which reference is made. These operations did not change the primary obligation, nor substantially changed payment terms, so their nature is the same and they are still classified as trade liabilities.

As of 31 December 2021, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 200,804 (€/000 158,203 as of 31 December 2020).

28. Provisions (current and non-current portion) €/000 24,090

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2020	ALLOCATIONS	USES	BALANCE AS OF 31 DECEMBER 2021
Provisions for risks				
Provision for contractual risks	3,531	4,123	(531)	7,123
Risk provision for legal disputes	1,720	160	(160)	1,720
<i>Total provisions for risks</i>	<i>5,251</i>	<i>4,283</i>	<i>(691)</i>	<i>8,843</i>
Provisions for expenses				
Provision for product warranties	12,298	8,228	(6,526)	14,000
Other reserves	286	677	(253)	710
Provision for environmental clean-ups	537	-	-	537
<i>Total provisions for expenses</i>	<i>13,121</i>	<i>8,905</i>	<i>(6,779)</i>	<i>15,247</i>
Total provisions for risks and charges	18,372	13,188	(7,470)	24,090

They consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Provision for product warranties	9,800	4,200	14,000	8,609	3,689	12,298	1,191	511	1,702
Promotional expense fund	76	0	76	52	0	52	24	0	24
Provision for competition	634	0	634	234	0	234	400	0	400
Provision for contractual risks	-	7,123	7,123	531	3,000	3,531	(531)	4,123	3,592
Risk provision for legal disputes	-	1,720	1,720	-	1,720	1,720	0	0	0
Provision for environmental clean-ups	-	537	537	-	537	537	0	0	0
TOTAL	10,510	13,580	24,090	9,426	8,946	18,372	1,084	4,634	5,718

The provision for contract risks refers mainly to charges which could arise from supply contracts.

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

The provision for product warranties refers to potential liabilities related to the sale of products. The provision refers 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 to the sales market and to the customer acceptance of a scheduled maintenance plan.

The provision increased during the year by €/000 8,228 for new allocations and was used for €/000 6,526 for expenses sustained referring to sales in previous years.

29. Retirement funds and employee benefits

€/000 31,338

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Provision for retirement	156	147	9
Termination benefits provision	31,182	32,987	(1,805)
Total	31,338	33,134	(1,796)

The provision for retirement mainly consists of provision for supplementary customer allowances, representing the amounts payable to agents if agency agreements are terminated for reasons not attributable to them. During the year, the provision was increased by €/000 9 for benefits accrued during the period.

Movements for post-employment benefits provision are as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2021	32,987
Cost for the period	7,767
Actuarial losses recognised as Shareholders' equity	1,713
Interest cost	52
Uses and transfers of retirement funds	(11,336)
Other movements	(1)
Closing balance as of 31 December 2021	31,182

Economic/technical assumptions

The economic/technical assumptions used to discount the value are described in the table below:

Technical annual discount rate	0.44%
Annual inflation rate	1.75%
Annual rate of increase in termination benefit	2.81%

As regards the discount rate, the Company uses the iBoxx Corporates AA rating with a 7-10 duration as the valuation benchmark. 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 December 2021 would have been lower by €/000 826.

The table below shows the effects, in absolute terms, as of 31 December 2021, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	30,570
Turnover rate -2%	31,914
Inflation rate +0.25%	31,631
Inflation rate - 0.25%	30,738
Discount rate +0.50%	29,776
Discount rate -0.50%	32,686

The average financial duration of the bond is 10 years.

Estimated future amounts are equal to:

YEAR	IN THOUSANDS OF EUROS FUTURE AMOUNTS
1	3,098
2	1,764
3	1,123
4	1,122
5	1,391

30. Tax payables (current and non-current)

€/000 10,981

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Due for income tax	4,106	1,387	5,493	3,317		3,317	789	1,387	2,176
Other tax payables for:									
- VAT	880		880	6		6			
- Tax withheld at source	4,367		4,367	5,028		5,028	(661)	0	(661)
- Duty and tax records to pay	48		48	38		38	10	0	10
- Stamp duty paid online	193		193			-	193	0	193
Total other tax payables	5,488	-	5,488	5,072		5,072	416	0	416
TOTAL	9,594	1,387	10,981	8,389	0	8,389	1,205	1,387	2,592

Income tax payables refer to €/000 1,672 for taxes to be paid abroad on income generated in 2021, mainly for royalties, technical consultancy and other services provided to the subsidiary Piaggio Vietnam, €/000 1,047 for payable regional production tax and €/000 2,774 for substitute tax on income due for the realignment of tax values of certain fixed assets to civil law values.

Payables for regional production tax are entered offset against relative receivables. Regional production tax due for the year amounted to €/000 2,783.

Payables for withheld taxes paid refer to the income of employee and outsourced work and commission.

31. Other payables (current and non-current)

€/000 69,280

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS	CURRENT	NON-CURRENT	TOTALS
Amounts due to subsidiaries	17,648		17,648	12,550		12,550	5,098	0	5,098
Amounts due to affiliated companies	118		118	1		1	117		117
Amounts due to parent companies	14,624		14,624	4,028		4,028	10,596	0	10,596
Payables to employees	11,508		11,508	9,416		9,416	2,092	0	2,092
Amounts due to social security institutions	7,640		7,640	7,710		7,710	(70)	0	(70)
Amounts due to company boards	688		688	672		672	16	0	16
Amounts due for temporary funding	212		212	367		367	(155)	0	(155)
Amounts due for financial statement assessments	448		448	294		294	154	0	154
Amounts due to customers	2,860		2,860	4,931		4,931	(2,071)	0	(2,071)
Payables from the fair value measurement of financial instruments	217	33	250	544	268	812	(327)	(235)	(562)
Accrued expenses	3,731		3,731	4,663		4,663	(932)	0	(932)
Deferred income	2,101	3,127	5,228	1,451	1,766	3,217	650	1,361	2,011
Other payables	4,255	70	4,325	2,893	70	2,963	1,362	0	1,362
Total	66,050	3,230	69,280	49,520	2,104	51,624	16,530	1,126	17,656

As regards the non-current portion:

- deferred income comprises €/000 1,856 from contributions to recognise in the income statement in relation to amortisation, €/000 76 from royalties for years after 2021, €/000 1,155 from income related to extended warranties on vehicles for years after 2021, and €/000 39 from income related to scheduled maintenance packages, also for years after 2021;
- payables from the measurement of financial instruments at fair value of €/000 33 refer to the fair value of derivative financial instruments designated to hedge the risk of interest rate changes;
- Other payables refer to €/000 70 for a guarantee deposit.

As regards the current portion:

- amounts due to employees refer to the amount for holidays accrued but not taken of €/000 9,499 and other payments to be made for €/000 1,891;
- grants of €/000 212 refer to funding received for research projects in progress that have not yet been definitively acquired;
- amounts due to clients mainly refer to premiums paid for achieving sales targets that will be paid at the end of the reporting period and to credit notes for returns;
- payables from the measurement of financial instruments refers to the fair value of derivative instruments designated to hedge the exchange risk on forecast transactions accounted for according to the cash flow hedge principle (€/000 22), to the fair value of derivatives to hedge commodity risks (€/000 184), and to the fair value of an Interest Rate Swap designated as a hedge and accounted for according to the cash flow hedge principle (€/000 11);
- deferred income refers €/000 714 from contributions for research activities to recognise in the income statement under amortisation, €/000 284 from commissions due in subsequent years, €/000 285 from royalties, €/000 598 from income related to extended warranties on vehicles and €/000 220 from income from scheduled maintenance packages;

- accrued expenses refer to €/000 1,946 relative to interest expense, €/000 1,764 relative to interest on bonds and €/000 20 relative to interest on lease agreements;
- other payables are composed of €/000 2,547 of advances received.

32. Breakdown of operating payables by measurement method

The table below shows the breakdown of operating payables by measurement method:

IN THOUSANDS OF EUROS	DERIVATIVES AT FVPL	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
OPERATING LIABILITIES AS OF 31 DECEMBER 2021				
Non-current liabilities				
Tax payables				-
Other payables		33	3,197	3,230
Total non-current liabilities	-	33	3,197	3,230
Current liabilities				
Trade payables			439,297	439,297
Tax payables			9,594	9,594
Other payables	-	217	65,833	66,050
Total current liabilities	-	217	514,724	514,941
Total	-	250	517,921	518,171
OPERATING LIABILITIES AS OF 31 DECEMBER 2020				
Non-current liabilities				
Tax payables				-
Other payables		268	1,836	2,104
Total non-current liabilities	-	268	1,836	2,104
Current liabilities				
Trade payables			327,792	327,792
Tax payables			8,389	8,389
Other payables	44	500	48,976	49,520
Total current liabilities	44	500	385,157	385,701
Total	44	768	386,993	387,805

33. Payables due after 5 years

The Company has loans due after 5 years, which are referred to in detail in Note 37 "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.

D) INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

This section provides information on the carrying amount of financial assets and liabilities held, and in particular:

- specifically describes the type of financial assets and liabilities;
- the accounting standards adopted;
- describes how fair value is determined, how measurements and estimates are made, and the uncertainties involved.

The Company holds the following financial assets and liabilities:

IN THOUSANDS OF EUROS	ASSETS MEASURED AT FVPL	ASSETS MEASURED AT FVOCI	FINANCIAL DERIVATIVES	ASSETS AT AMORTISED COST	TOTAL
FINANCIAL ASSETS AS OF 31 DECEMBER 2021					
Non-current assets					
Other financial assets	16			74	90
Total non-current assets	16	0	0	74	90
Current assets					
Other financial assets			0	18,660	18,660
Cash and cash equivalents				122,154	122,154
Total current assets	0	0	0	140,814	140,814
Total	16	0	0	140,888	140,904
FINANCIAL ASSETS AS OF 31 DECEMBER 2020					
Non-current assets					
Other financial assets	37			154	191
Total non-current assets	37	0	0	154	191
Current assets					
Other financial assets			2,169	19,074	21,243
Cash and cash equivalents				79,690	79,690
Total current assets	0	0	2,169	98,764	100,933
Total	37	0	2,169	98,918	101,124

IN THOUSANDS OF EUROS	DERIVATIVES AT FVPL	FAIR VALUE ADJUSTMENT	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021					
Non-current liabilities					
Bank loans				287,817	287,817
Bonds				244,150	244,150
Other loans				247	247
Liabilities for rights of use				6,676	6,676
Total non-current liabilities	-	-	-	538,890	538,890
Current liabilities					
Bank loans				61,592	61,592
Bonds		-		-	-
Other loans				13,788	13,788
Liabilities for rights of use				3,531	3,531
Total current liabilities	-	-	-	78,911	78,911
Total	-	-	-	617,801	617,801
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020					
Non-current liabilities					
Bank loans				192,879	192,879
Bonds				272,579	272,579
Other loans				318	318
Liabilities for rights of use				9,722	9,722
Total non-current liabilities	-	-	-	475,498	475,498
Current liabilities					
Bank loans				110,074	110,074
Bonds		2,152		11,038	13,190
Other loans				9,204	9,204
Liabilities for rights of use				4,664	4,664
Total current liabilities	-	2,152	-	134,980	137,132
Total	-	2,152	-	610,478	612,630

34. Investments

€/000 140,306

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Investments in subsidiaries	132,373	132,630	(256)
Investments in associates	7,933	6,626	1,306
Total	140,306	139,256	1,050

Movements for the period are shown below:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31/12/2020	RESULT 2021	TRAN- SLATION RESERVE	COMPANY TRANSACTIONS			CARRYING AMOUNT AS OF 31/12/2021
				IAS 19 DISCOUN- TING RESERVE	DECREASES FOR THE DISTRIBU- TION OF DIVIDENDS	CAPITALISA- TION	
SUBSIDIARIES							
Piaggio Vespa B.V.	28,381	29,156	3,059		(27,400)	4,091	37,287
Piaggio Vehicles Pvt Ltd	80,863	(4,091)	4,750	(177)	(13,825)		67,520
Nacional Motor	4,067	(148)					3,919
Piaggio Vietnam Co Ltd	13,067	30,054	2,650		(31,377)		14,394
Piaggio China Ltd	2,498	139	350				2,987
Aprilia Racing S.r.l.	361	176		(42)			495
Piaggio España SL	2,876	588			(383)		3,081
Piaggio Indonesia	7	352	107	(198)	(137)	1,981	2,112
Piaggio Advanced Design Center	332	22	29				383
Piaggio Fast Forward Inc.	0						0
Piaggio Concept Store Mantova S.r.l.	178	(356)		(69)		442	195
Total subsidiaries	132,630	55,892	10,945	(486)	(73,122)	6,514	132,373
ASSOCIATES							
Zongshen Piaggio Foshan	6,474	380	909				7,763
Pontedera & Tecnologia S.c.a r.l.	142	18					160
Immsi Audit S.c.a.r.l.	10						10
Fondazione Piaggio onlus	0						0
Total associates	6,626	398	909	0	0	0	7,933
Total investments	139,256	56,290	11,854	(486)	(73,122)	6,514	140,306

Investments in subsidiaries

€/000 132,373

The following company transactions concerned investments in subsidiaries during the year:

- Piaggio Vespa B.V., the recognition of dividends for €/000 27,400;
- Piaggio Vespa B.V., capitalisation of €/000 4,091;
- Piaggio Vehicles, the recognition of dividends for €/000 13,825;
- Piaggio Vietnam, the recognition of dividends for €/000 31,377;
- Piaggio España, the recognition of dividends for €/000 383;
- Piaggio Indonesia, the recognition of dividends for €/000 137;
- Piaggio Indonesia, capitalisation of €/000 1,981;
- Piaggio Fast Forward, impairment of financial receivables for €/000 22,155 in relation to the loss recorded in the year;
- Piaggio Concept Store Mantova, capitalisation of €/000 442.

Investments in associates

€/000 7,933

The value of investments in associates was adjusted during the year to the corresponding value of shareholders' equity.

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

€/000 18,750

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Financial receivables due from subsidiaries	18,573		18,573	18,925		18,925	(352)	0	(352)
Financial receivables due from subsidiaries for rights of use	87	74	161	149	154	303	(62)	(80)	(142)
Fair value of hedging derivatives			0	2,169		2,169	(2,169)	0	(2,169)
Investments in other companies		16	16		37	37	0	(21)	(21)
Total	18,660	90	18,750	21,243	191	21,434	(2,583)	(101)	(2,684)

The item Other current financial assets includes financial receivables due from the subsidiaries Piaggio Fast Forward for €/000 5,573 and Aprilia Racing for €/000 13,000.

The table below shows the composition of investments in other companies:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
OTHER COMPANIES:			
A.N.C.M.A. - Rome	2	2	0
ECOFOR SERVICE S.p.A. - Pontedera	2	2	0
Consorzio Fiat Media Center - Turin	3	3	0
S.C.P.S.T.V.	0	21	(21)
IVM	9	9	0
Total other companies	16	37	(21)

The investment in Vega, Società Consortile Parco Scientifico e Tecnologico Venezia (S.C.P.S.T.V.), was completely written off during the period.

36. Cash and cash equivalents

€/000 122,154

This item mainly includes short-term or on demand bank deposits.

Cash and cash equivalents are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Bank and postal deposits	122,135	79,678	42,457
Cash on hand	19	12	7
Total	122,154	79,690	42,464

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

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Cash and cash equivalents	122,154	79,690	42,464
Current account overdrafts	(12)	(1,186)	1,174
Closing balance	122,142	78,504	43,638

37. Financial liabilities and financial liabilities for rights of use (current and non-current)

€/000 617,801

During 2021, the Group's total debt increased by €/000 5,171. Net of the change in financial liabilities for rights of use 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 December 2021 total financial debt had increased by €/000 11,502.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 31 DECEMBER 2021			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON- CURRENT	TOTAL	CURRENT	NON- CURRENT	TOTAL	CURRENT	NON- CURRENT	TOTAL
Financial liabilities	75,380	532,214	607,594	132,468	465,776	598,244	(57,088)	66,438	9,350
Gross financial liabilities	75,380	532,214	607,594	130,316	465,776	596,092	(54,936)	66,438	11,502
Fair value adjustment	0	0	0	2,152	0	2,152	(2,152)	0	(2,152)
Financial liabilities for rights of use	3,531	6,676	10,207	4,664	9,722	14,386	(1,133)	(3,046)	(4,179)
Total	78,911	538,890	617,801	137,132	475,498	612,630	(58,221)	63,392	5,171

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



NET FINANCIAL DEBT (OR NET FINANCIAL POSITION)⁵²

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
A Cash	122,154	79,690	42,464
B Cash equivalents			0
C Other current financial assets	18,660	19,074	(414)
Short-term financial receivables due from subsidiaries	18,573	18,925	(352)
Short-term financial receivables due from subsidiaries for rights of use	87	149	(62)
D Liquidity (A + B + C)	140,814	98,764	42,050
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(22,331)	(26,092)	3,761
Current account overdrafts	(12)	(1,186)	1,174
Payables due to banks	(5,000)	0	(5,000)
<i>Debenture loan</i>	0	(11,038)	11,038
<i>Amounts due to factoring companies</i>	(9,813)	(9,133)	(680)
Financial liabilities for rights of use	(3,531)	(4,664)	1,133
- of which <i>finance leases</i>	(1,188)	(1,169)	(19)
- of which <i>operating leases</i>	(2,343)	(3,495)	1,152
Current portion of payables due to other lenders	(71)	(71)	0
Borrowings from subsidiaries	(3,904)	0	(3,904)
F Current portion of non-current financial debt	(56,580)	(108,888)	52,308
G Current financial indebtedness (E + F)	(78,911)	(134,980)	56,069
H Net current financial indebtedness (G - D)	61,903	(36,216)	98,119
I Non-current financial debt (excluding current portion and debt instruments)	(294,740)	(202,919)	(91,821)
Payables due to bank	(287,817)	(192,879)	(94,938)
Financial liabilities for rights of use	(6,676)	(9,722)	3,046
- of which <i>finance leases</i>	(4,424)	(5,612)	1,188
- of which <i>operating leases</i>	(2,252)	(4,110)	1,858
Amounts due to other lenders	(247)	(318)	71
J Debt instruments	(244,150)	(272,579)	28,429
K Non current trade and other payables			0
L Non-current financial indebtedness (I + J + K)	(538,890)	(475,498)	(63,392)
M Total financial indebtedness (H + L)	(476,987)	(511,714)	34,727

The tables above and below show payables for finance leases, and payables for operating leases, on separate rows, for an easier understanding and greater comparability between data for the two years.

The tables below analyse the movements of the net financial position year on year.

⁵² The indicator does not include financial assets and liabilities arising from the fair value measurement, financial derivatives for hedging and otherwise, the fair value adjustment of relative hedged items equal in any case to €/000 0 at 31 December 2021, and relative accruals.

IN THOUSANDS OF EUROS		CASH FLOWS							BALANCE AS OF 31.12.2020
		BALANCE AS OF 31.12.2019	MOVE- MENTS	REPAY- MENTS	NEW ISSUES	RECLASSI- FICATIONS	EXCHAN- GE DELTA	OTHER CHANGES	
A	Cash	18,843	61,161					(314)	79,690
B	Cash equivalents								
C	Other current financial assets	12,407	0	(79)	19,596	0	134	(12,984)	19,074
	Short-term financial receivables due from subsidiaries	12,261			19,596		134	(13,066)	18,925
	Short-term financial receivables due from subsidiaries for rights of use	146		(79)				82	149
D	Liquidity (A + B + C)	31,250	61,161	(79)	19,596	0	(180)	(12,984)	98,764
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(75,935)	0	75,086	(10,319)	(14,619)	0	(305)	(26,092)
	Current account overdrafts	(18)		18	(1,186)				(1,186)
	Payables due to banks	(50,500)		50,500					0
	Debenture loan	(11,022)		11,050		(11,038)		(28)	(11,038)
	Amounts due to factoring companies	(9,946)		9,946	(9,133)				(9,133)
	Financial liabilities for rights of use:	(4,414)	0	3,572	0	(3,545)	0	(277)	(4,664)
	- of which amounts due under finance leases	(1,149)		1,149		(1,168)		(1)	(1,169)
	- of which amounts due under operating leases	(1,781)		1,528		(1,338)		(100)	(1,691)
	- of which operating leases payable to Parent Companies	(1,484)		895		(1,039)		(176)	(1,804)
	Amounts due to other lenders	(35)				(36)			(71)
	Borrowing costs with subsidiaries	0							0
F	Current portion of non-current financial debt	(25,750)		80,343		(163,436)		(45)	(108,888)
G	Current financial indebtedness (E + F)	(101,685)	0	155,429	(10,319)	(178,055)	0	(350)	(134,980)
H	Net current financial indebtedness (G - D)	(70,435)	61,161	155,350	9,277	(178,055)	(180)	(13,334)	(36,216)
I	Non-current financial debt (excluding current portion and debt instruments)	(189,409)	0	0	(180,227)	167,017	0	(300)	(202,919)
	Medium/long-term bank loans	(176,105)			(180,000)	163,436		(210)	(192,879)
	Financial liabilities for rights of use:	(13,177)	0	0	0	3,545	0	(90)	(9,722)
	- of which amounts due under finance leases	(6,781)				1,168		1	(5,612)
	- of which amounts due under operating leases	(1,817)				1,338		(752)	(1,232)
	- of which operating leases payable to Parent Companies	(4,579)				1,039		662	(2,878)
	Amounts due to other lenders	(127)			(227)	36			(318)
J	Debt instruments	(282,099)				11,038		(1,518)	(272,579)
K	Non current trade and other payables								
L	Non-current financial indebtedness (I + J + K)	(471,508)	0	0	(180,227)	178,055	0	(1,818)	(475,498)
M	Total financial indebtedness (H + L)	(541,943)	61,161	155,350	(170,950)	0	(180)	(15,152)	(511,714)

IN THOUSANDS OF EUROS		CASH FLOWS							BALANCE AS OF 31.12.2021
		BALANCE AS OF 31.12.2020	MOVE- MENTS	REPAY- MENTS	NEW ISSUES	RECLASSI- FICATIONS	EXCHANGE DELTA	OTHER CHANGES	
A	Cash	79,690	42,288					176	122,154
B	Cash equivalents								
C	Other current financial assets	19,074	0	(1,636)	23,263	80	29	(22,150)	18,660
	Short-term financial receivables due from subsidiaries	18,925		(1,489)	23,263		29	(22,155)	18,573
	Short-term financial receivables due from subsidiaries for rights of use	149		(147)		80		5	87
D	Liquidity (A + B + C)	98,764	42,288	(1,636)	23,263	80	205	(22,150)	140,814
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(26,092)	0	57,782	(19,825)	(33,993)	0	(203)	(22,331)
	Current account overdrafts	(1,186)		1,186	(12)				(12)
	Payables due to banks	0		0	(5,000)				(5,000)
	Debenture loan	(11,038)		41,050		(30,000)		(12)	(0)
	Amounts due to factoring companies	(9,133)		9,133	(9,813)				(9,813)
	Financial liabilities for rights of use:	(4,664)	0	5,242	0	(3,922)	0	(187)	(3,531)
	- of which amounts due under finance leases	(1,169)		1,172		(1,188)		(3)	(1,188)
	- of which amounts due under operating leases	(1,691)		2,192		(1,580)		(96)	(1,175)
	- of which operating leases payable to Parent Companies	(1,804)		1,878		(1,154)		(88)	(1,168)
	Amounts due to other lenders	(71)		71		(71)			(71)
	Borrowing costs with subsidiaries	0		1,100	(5,000)			(4)	(3,904)
F	Current portion of non-current financial debt	(108,888)		138,163		(85,703)		(152)	(56,580)
G	Current financial indebtedness (E + F)	(134,980)	0	195,945	(19,825)	(119,696)	0	(355)	(78,911)
H	Net current financial indebtedness (G - D)	(36,216)	42,288	194,309	3,438	(119,616)	205	(22,505)	61,903
I	Non-current financial debt (excluding current portion and debt instruments)	(202,919)	0	0	(182,623)	89,696	0	1,106	(294,740)
	Medium/long-term bank loans	(192,879)			(181,000)	85,703		359	(287,817)
	Financial liabilities for rights of use:	(9,722)	0	0	(1,623)	3,922	0	747	(6,676)
	- of which amounts due under finance leases	(5,612)				1,188			(4,424)
	- of which amounts due under operating leases	(1,232)			(1,623)	1,580		747	(528)
	- of which operating leases payable to Parent Companies	(2,878)			0	1,154			(1,724)
	Amounts due to other lenders	(318)				71		0	(247)
J	Debt instruments	(272,579)				30,000		(1,571)	(244,150)
K	Non current trade and other payables								
L	Non-current financial indebtedness (I + J + K)	(475,498)	0	0	(182,623)	119,696	0	(465)	(538,890)
M	Total financial indebtedness (H + L)	(511,714)	42,288	194,309	(179,185)	80	205	(22,970)	(476,987)

Financial liabilities

€/000 607,594

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2021	ACCOUNTING BALANCE AS OF 31.12.2020	NOMINAL VALUE AS OF 31.12.2021	NOMINAL VALUE AS OF 31.12.2020
Bank loans	349,409	302,953	345,667	302,829
Bonds	244,150	283,617	250,000	291,050
Other loans	14,035	9,522	10,131	9,522
Total	607,594	596,092	605,798	603,401

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2021	CARRYING AMOUNT AS OF 31.12.2020	CHANGE
Current financial debt	75,380	130,316	(54,936)
Non-current financial debt	532,214	465,776	66,438
Net Financial debt	607,594	596,092	11,502
Gross debt, fixed rate	425,224	462,763	(37,539)
Gross debt, variable rate	182,370	133,329	49,041
Net Financial debt	607,594	596,092	11,502

The table below shows the repayment schedule as of 31 December 2021:

IN THOUSANDS OF EUROS	NOMINAL VALUE AS OF 31.12.2021	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN				
				2023	2024	2025	2026	AFTER
Bank loans	345,667	56,837	288,830	72,685	62,200	34,215	83,063	36,667
Bonds	250,000	0	250,000			250,000		
Other medium-/long-term loans	10,131	9,884	247	71	71	71	34	
Total	605,798	66,721	539,077	72,756	62,271	284,286	83,097	36,667

Medium and long-term bank debt amounts to €/000 344,397 (of which €/000 287,817 non-current and €/000 56,580 current) and consists of the following loans:

- a €/000 19,970 medium-term loan (nominal value of €/000 20,000) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan is divided into two disbursements with a final maturity in February and December 2023 and a repayment schedule of 7 annual fixed-rate instalments. Contract terms require covenants (described below);
- a €/000 69,926 (nominal value €/000 70,000) medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in February 2027 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 30,000 medium-term loan granted by the European Investment Bank to support Research and Development projects of investment plans, scheduled for the Piaggio Group's Italian sites in the 2019-2021 period. The loan will mature in March 2028 and has a repayment schedule of 6 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 99,228 (nominal value of €/000 100,000) "Schuldschein" loan issued between October and November 2021 and subscribed by leading market participants. It consists of 6 tranches with maturities of 3, 5 and 7 years at fixed and variable rates;
- a €/000 24,263 syndicate loan (nominal value of €/000 24,500) 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 2,000 used as of 31 December 2021) and a tranche

as a five-year loan with amortisation of an initial amount of €/000 62,500, of which a nominal amount of €/000 22,500 as of 31 December 2021. Contract terms require covenants (described below);

- a €/000 14,984 medium-term loan (nominal value of €/000 15,000) granted by Banca Nazionale del Lavoro. The loan will fall due on 12 June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €/000 9,981 medium-term loan (nominal value of €/000 10,000) 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 26,581 loan (nominal value of €/000 26,667) granted by Banco BPM with a repayment schedule of six-monthly instalments and final settlement in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- €/000 30,000 medium-term loan granted by Cassa Depositi e Prestiti to support international growth in India and Indonesia. The loan has a duration of 5 years expiring on 30 August 2026. It entails a repayment plan with six-monthly instalments and a 12-month grace period. Contract terms require covenants (described below);
- a €/000 4,482 medium-term loan (nominal value of €/000 4,500) granted by Banca Popolare di Sondrio, maturing on 1 June 2026 and with a quarterly repayment schedule;
- a €/000 8,988 medium-term loan (nominal value of €/000 9,000) granted by Cassa di Risparmio di Bolzano, maturing on 30 June 2026 and with a quarterly repayment schedule;
- a €/000 5,994 medium-term loan (nominal value of €/000 6,000) granted by Banca Carige, maturing on 31 December 2026 and with a quarterly repayment schedule.

The Company has a revolving credit line for €/000 20,000 (undrawn at 31 December 2021) granted by Banca Intesa San Paolo maturing on 31 January 2024 and a revolving credit line for €/000 10,000 (undrawn at 31 December 2021) granted by Banca del Mezzogiorno maturing on 1 July 2022.

All the above financial liabilities are unsecured.

The item "Bonds" amounted to €/000 244,150 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a BB- rating with a stable outlook and a Ba3 rating with a stable outlook respectively for the issue.

It should be noted that the Company may repay in advance all or part of the High Yield bond issued on 30 April 2018 on the terms specified in the indenture. The value of prepayment options was not deducted from the original contract, as these are considered as being closely related to the host instrument, as provided for by IFRS 9 b4.3.5.

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 9,813.

Medium-/long-term payables to other lenders equal to €/000 318 of which €/000 247 maturing after the year and €/000 71 as the current portion refer to a loan from the Region of Tuscany, pursuant to regulations on incentives for investments in research and development.

Covenants

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

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

The measurement of financial covenants and other contract commitments is monitored by the Company 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.

As of 31 December 2021 all covenants had been met in full.

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit & Loss, for which the same measurement criteria used for the derivative are applied). According to this criterion, the nominal amount of the liability is decreased by the amount of relative costs of issue and/or stipulation, in addition to any costs relating to refinancing of previous liabilities. The amortisation of these costs is determined on an effective interest rate basis, and namely the rate which discounts the future flows of interest payable and reimbursements of principle at the net carrying amount of the financial liability.

IFRS 13 - Fair Value Measurement defines fair value on the basis of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of an active market or market that does not operate regularly, fair value is measured by valuation techniques. The standard defines a fair value hierarchy:

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

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

The table below shows the fair value of payables measured using the amortised cost method as of 31 December 2021:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE ⁵³
High yield debenture loan	250,000	244,150	254,925
EIB (R&D loan 2016-2018)	20,000	19,970	20,112
EIB RDI	70,000	69,926	68,209
BEI RDI step-up	30,000	30,000	28,830
Loan from B. Pop. Emilia Romagna	10,000	9,981	10,042
Syndicated loan maturing in 2023	22,500	22,433	22,609
Loan from CDP	30,000	30,000	29,574
Loan from Banco BPM	26,667	26,581	26,623
Loan from Banca CARIGE	6,000	5,994	5,871
Loan from BPop Sondrio	4,500	4,482	4,362
Loan from CariBolzano	9,000	8,988	8,773
SSD loans	100,000	99,228	95,724

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

Fair value hierarchy

The table below shows the assets and liabilities measured and recognised at fair value as of 31 December 2021, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Financial derivatives			
- of which financial assets			
- of which other receivables		8,326	
Investments in other companies			16
Total assets		8,326	16
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives			
- of which other payables		(251)	
Financial liabilities at fair value recognised through profit or loss			
Total liabilities		(251)	
General total	0	8,075	16

The following tables show Level 2 and Level 3 changes during 2021:

IN THOUSANDS OF EUROS	LEVEL 2
Balance as of 31 December 2020	(10,409)
Gain (loss) recognised in profit or loss	(178)
Gain (loss) recognised in the statement of comprehensive income	7,612
Increases/(Decreases)	11,050
Balance as of 31 December 2021	8,075
IN THOUSANDS OF EUROS	LEVEL 3
Balance as of 31 December 2020	37
Gain (loss) recognised in profit or loss	(21)
Increases/(Decreases)	
Other changes	
Reclassification from Level 2	
Balance as of 31 December 2021	16

⁵³ The value deducts DVA related to the issuer, i.e. it includes the risk of insolvency of Piaggio.

Financial liabilities for rights of use

€/000 10,207

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Operating leases	2,343	2,252	4,595	3,495	4,110	7,605	(1,152)	(1,858)	(3,010)
Finance leases	1,188	4,424	5,612	1,169	5,612	6,781	19	(1,188)	(1,169)
Total	3,531	6,676	10,207	4,664	9,722	14,386	(1,133)	(3,046)	(4,179)

Finance lease payables refer to a Sale&Lease back agreement for €/000 5,612 (nominal value of €/000 5,619) granted by Albaleasing on a production plant of the Parent Company. The loan will mature in August 2026, with quarterly repayments (non-current portion equal to €/000 4,424);

Payables for rights of use include payables with the parent companies Immsi and Omniaholding for €/000 2,892 (€/000 1,724 non-current portion).

The table below shows the repayment schedule as of 31 December 2021:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2021	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN				
				2023	2024	2025	2026	AFTER
Rights of use								
- of which operating leases	4,595	2,343	2,252	1,509	413	330		
- of which finance leases	5,612	1,188	4,424	1,206	1,223	1,241	754	
Total	10,207	3,531	6,676	2,715	1,636	1,571	754	-



E) MANAGEMENT OF FINANCIAL RISK

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

38. Credit risk

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Liquid assets	122,154	79,690
Financial receivables	18,660	21,243
Trade receivables	53,404	40,209
Tax receivables	10,025	13,391
Other receivables	140,006	105,700
Total	344,249	260,233

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

39. Financial risks

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

Liquidity risk and capitals management

The liquidity risk arises from the possibility that available financial resources are not sufficient to cover, in due times and procedures, future payments arising from financial and/or commercial obligations. To deal with this risk, cash flows and the Company's credit line needs are monitored or managed centrally under the control of the Treasury in order to guarantee an effective and efficient management of financial resources as well as optimise the debt's maturity standpoint.

In addition, the Company finances the temporary cash requirements of subsidiaries by providing direct short-term loans regulated in market conditions or guarantees. A cash pooling zero balance system is used between the Company and European companies to reset the receivable and payable balances of subsidiaries on a daily basis, for a more effective and efficient management of liquidity in the Eurozone.

As of 31 December 2021, the most important sources of financing irrevocable until maturity granted to the Company were as follows:

- a debenture loan of €/000 250,000 maturing in April 2025;
- a Schuldschein loan of €/000 100,000, with final settlement in November 2028;
- a credit line of €/000 250,000 comprising a Revolving Credit Facility of €/000 187,500 maturing in July 2022 and a loan of €/000 22,500 maturing in July 2023;
- Revolving credit facilities for a total of €/000 30,000, with final settlement in January 2024;
- loans for a total of €/000 221,166, with final settlement in March 2028.

As of 31 December 2021, the Company had a liquidity of €/000 122,154, €/000 215,500 of undrawn credit lines irrevocable to maturity and €/000 111,485 of revocable credit lines, as detailed below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Variable rate with maturity within one year - irrevocable until maturity	195,500	
Variable rate with maturity after one year - irrevocable until maturity	20,000	252,500
Variable rate with maturity within one year - cash revocable	100,485	94,424
Variable rate with maturity within one year - with revocation for self- liquidating typologies	11,000	6,000
Total	326,985	352,924

The table below shows the timing of future payments in relation to trade payables:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	WITHIN 30 DAYS	BETWEEN 31 AND 60 DAYS	BETWEEN 61 AND 90 DAYS	OVER 90 DAYS
Amounts due to suppliers	404,011	155,739	121,795	79,236	47,241
Amounts due to subsidiaries	19,013	15,397	3,595	21	-
Amounts due to affiliates	16,102	5,815	6,567	3,192	528
Amounts due to parent companies	85	65	20	-	-
Trade payables due to other related parties	86	86	-	-	-
Total trade payables	439,297	177,102	131,977	82,449	47,769

Management considers that currently available funds, as well as funds that will be generated from operations and loans, will enable the Company to meet its requirements relative to investments, the management of working capital and repayment of loans on expiry and will ensure an adequate level of operating and strategic flexibility.

Exchange Risk

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

This policy analyses:

- **the transaction exchange risk:** the policy wholly covers this risk which arises from differences between the recognition exchange rate of receivables or payables in foreign currency in the financial statements and the recognition exchange rate of actual collection or payment. To cover this type of exchange risk, the exposure is naturally offset in the first place (netting between sales and purchases in the same currency) and if necessary, by signing currency future derivatives, as well as advances of receivables denominated in currency;
- **the economic exchange risk:** arises from changes in company profitability in relation to annual figures planned in the economic budget on the basis of a reference change (the "budget change") and is covered by derivatives. The items of these hedging operations are therefore represented by foreign costs and revenues forecast by the sales and purchases budget. The total of forecast costs and revenues is processed monthly and associated hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

At the end of the reporting period, the Company's exposure to exchange risk was as follows:

AS OF 31 DECEMBER 2021	USD	GBP	CHF	CNY	SGD	CAD	SEK	HKD	INR	JPY	RMB	VND	TOTAL
IN THOUSANDS OF EUROS													
Non-current assets													
Financial receivables													0
Trade and other receivables				167									167
Long-term tax receivables									183				183
Fair value of derivatives													0
Total non-current assets	0	0	0	167	0	0	0	0	183	0	0	0	350
Current assets													
Trade and other receivables	18,128	(196)		1,059	382	720	4		5,055	1,713		33,702	60,568
Fair value of derivatives													0
Other financial assets	70,192												70,192
Bank and postal deposits	613	16		1,267	7	4	4		131				2,042
Securities													0
Total current assets	88,933	(180)	0	2,326	389	724	8	0	5,055	1,844	0	33,702	132,802
Total assets	88,933	(180)	0	2,493	389	724	8	0	5,238	1,844	0	33,702	133,152
Non-current liabilities													
Bank loans													0
Bonds													0
Other loans													0
Leases													0
Fair value of derivatives													0
Total non-current liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Current liabilities													
Bank loans													0
Trade and other payables	59,177	582	20	41,949			561	53	81	4,674		7	107,104
Tax payables		880		31							21		932
Other loans													0
Leases													0
Fair value of derivatives													0
Total current liabilities	59,177	1,462	20	41,980	0	0	561	53	81	4,674	21	7	108,036
Total liabilities	59,177	1,462	20	41,980	0	0	561	53	81	4,674	21	7	108,036

At the end of the reporting period, the company had no financial liabilities in currency subject to exchange risk.

Cash flow hedging

As of 31 December 2021, the Group had undertaken the following futures transactions (recognised based on the regulation date) relative to payables and receivables already recognised to hedge the transaction exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN MIGLIAIA	IN MIGLIAIA	
Piaggio & C.	Purchase	CNY	218,000	29,885	02/03/2022
Piaggio & C.	Purchase	CAD	100	69	09/02/2022
Piaggio & C.	Purchase	SEK	7,000	688	28/01/2022
Piaggio & C.	Purchase	JPY	565,000	4,362	22/03/2022
Piaggio & C.	Purchase	USD	41,600	36,337	24/02/2022
Piaggio & C.	Sale	CAD	1,100	761	13/02/2022
Piaggio & C.	Sale	SEK	2,000	195	07/01/2022
Piaggio & C.	Sale	USD	113,300	99,285	24/02/2022

As of 31 December 2021, the Company had undertaken the following transactions to hedge the business exchange risk:

COMPANY	OPERATION	CURRENCY	AMOUNT IN CURRENCY	VALUE IN LOCAL CURRENCY (FORWARD EXCHANGE RATE)	AVERAGE MATURITY
			IN THOUSANDS	IN THOUSANDS	
Piaggio & C.	Purchase	CNY	594,000	72,797	26/06/2022
Piaggio & C.	Sale	GBP	12,000	14,168	22/06/2022

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 December 2021, the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 8,305. During 2021, profit was recognised under Other Comprehensive Income amounting to €/000 7,206 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 333.

The net balance of cash flows during 2021 is shown below, divided by main currency:

IN MILLIONS OF EUROS	CASH FLOW 2021
Pound Sterling	26.8
Canadian Dollar	9.5
Swedish Krone	(1.9)
Japanese Yen	(7.3)
US Dollar	(49.9)
Singapore Dollar	(0.1)
Chinese Yuan ⁵⁴	(123.1)
Total cash flow in foreign currency	(146.0)

In view of the above, an assumed appreciation/depreciation of 3% of the euro would have generated potential profits for €/000 4,251 and potential losses for €/000 4,514 respectively.

⁵⁴ Cash flow partially in euro.

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 Company 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 December 2021, the following hedging derivatives were in use:

Cash flow hedging

An Interest Rate Swap to hedge the variable-rate loan for a nominal amount of €/000 30,000 from Banco BPM. The purpose of this instrument is to manage and mitigate exposure to interest rate risk; in accounting terms, the instrument is recognised on a cash flow hedge basis, with profits/losses arising from the fair value measurement allocated to a specific reserve in Shareholders' equity; as of 31 December 2021, the fair value of the instrument was negative by €/000 45; sensitivity analysis of the instrument, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on equity, net of the related tax effect, of €/000 350 and €/000 -291 respectively.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	(45)

Commodity Price Risk

This risk arises from the possibility of changes in company profitability expected based on the budget price of commodities prices (specifically platinum and palladium). The Group's objective is therefore to neutralise such possible adverse changes deriving from highly probable future transactions by compensating them with opposite variations related to the hedging instrument.

Cash flow hedging is adopted with this type of hedging, with the effective portion of profits and losses recognised in a specific shareholders' equity reserve. Fair value is determined based on market quotations provided by main traders.

As of 31 December 2021, the total fair value of hedging instruments for commodity price risk recognised on a hedge accounting basis was negative by €/000 184. During 2021, losses were recognised under Other Comprehensive Income amounting to €/000 184 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 17.

F) INFORMATION ON SHAREHOLDERS' EQUITY

40. Share capital and reserves

€/000 333,527

Share capital

€/000 207,614

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

The structure of Piaggio & C's share capital, equal to €207,613,944.37, fully subscribed and paid up, is indicated in the next table:

STRUCTURE OF SHARE CAPITAL AS OF 31 DECEMBER 2021

	N° OF SHARES	% COMPARED TO THE SHARE CAPITAL	MARKET LISTING	RIGHTS AND OBLIGATIONS
Ordinary shares	358,153,644	100%	MTA	Right to vote in the Ordinary and Extraordinary Shareholders' Meetings of the Company

The Share of the Company are without par value, are indivisible, registered and issued on a dematerialisation basis, in the centralised management system of Monte Titoli S.p.A..

At the date of these financial statements, no other financial instruments with the right to subscribe to new issue shares had been issued, nor were there share-based incentive plans in place involving increases, also without a consideration, in share capital.

Treasury shares

€/000 (2,019)

During the period, 17,000 treasury shares were acquired. Therefore, as of 31 December 2021, Piaggio & C. held 1,045,818 treasury shares, equal to 0.292% of the shares issued.

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2021	2020
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	898,818
Shares in circulation	357,124,826	357,254,826
Movements for the period		
Purchase of treasury shares	17,000	130,000
Situation as of 31 December		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,045,818	1,028,818
Shares in circulation	357,107,826	357,124,826

Share premium reserve

€/000 7,171

The share premium reserve as of 31 December 2021 had not changed.

Legal reserve

€/000 26,052

The legal reserve as of 31 December 2021 had increased by €/000 1,837 as a result of the allocation of earnings for the previous year.

Other reserves

€/000 (23,399)

This item consists of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020	CHANGE
Net capital gain from contribution	152	152	0
IFRS transition reserve	1,861	1,861	0
Financial instruments' fair value reserve	6,083	281	5,802
Translation reserve from the valuation of investments using the equity method	(31,495)	(43,348)	11,853
Total other reserves	(23,399)	(41,054)	17,655

The financial instruments fair value provision refers to the effects of cash flow hedge accounting in foreign currencies and interest. These transactions are described in full in the note on financial instruments.

Dividends approved

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 14 April 2021 resolved to distribute a final dividend of 2.6 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 3.7 eurocents paid on 25 November 2020, coupon detachment date 23 November 2020), for a total dividend of 6.3 eurocents for 2020, equal to €22,498,864.04 overall. Coupon no. 16 will be detached on 19 April 2021, with record date on 20 April 2021 and payment date on 21 April 2021.

In the meeting of 30 July 2021, the Board of Directors also resolved to distribute an interim dividend for the 2021 financial year equal to 8.5 euro cents, gross of taxes, for each ordinary share entitled (against an advance on the ordinary dividend for 2020 of 3.7 eurocents), for a total of €30,354,165.21 (coupon date 20 September 2021, record date dividend 21 September 2021 and payment date 22 September 2021).

	TOTAL DIVIDEND		DIVIDEND PER SHARE	
	2021	2020	2021	2020
	€/000	€/000	€	€
Of the previous year's result	22,499	19,642	0.063	0.055
Interim dividend for current year's result	30,354	13,213	0.085	0.037

Earnings reserve

€/000 118,108

The composition of reserves as of 31 December 2021 was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Earnings reserve from the valuation of investments with the equity method	41,674	47,467
Retained earnings (losses)	48,876	31,156
Stock option reserve	11,195	11,195
Reserve for actuarial gains (losses) relative to termination benefit	(11,315)	(10,013)
Interim dividend	(30,354)	(13,213)
Total retained earnings (losses)	60,076	66,592
Profit (loss) for the period	58,032	36,749
Total earnings reserves	118,108	103,341
Total earnings reserves	118,108	103,341

Individual items of Shareholders' equity are analytically presented in the table below, based on origin, availability and use in previous years.

TYPE/DESCRIPTION	AMOUNT	POSSIBLE USE	PORTION AVAILABLE	2014 USES TO COVER LOSSES
IN THOUSANDS OF EUROS				
Share capital	207,614			
Capital reserves:				
Share premium	7,171	A,B,C(*)	7,171	
Profit reserves:				
Legal reserve	26,052	B		
Net capital gain from contribution	152	A,B	152	
IAS transition reserve	1,861	A,B	1,861	
Financial instruments' fair value reserve	6,083			
Translation reserve from the valuation of investments with the equity method: Translation Difference	(31,495)			
Total Reserves	9,824		9,184	
Earnings reserve from the valuation of investments with the equity method:				
- Discounting the DBO	(1,637)			
- Financial gains	43,311	A,B	43,311	
Treasury shares	(2,019)			
Reserve for actuarial gains (losses) relative to termination benefit	(11,315)			
Stock option reserve	11,195	A,B,C	11,195	
Retained earnings (losses)	48,876	A,B,C	48,876	1,649
Interim dividend	(30,354)			
Total retained earnings (losses)	58,057			
Profits (losses) for the period	58,032			
Total shareholders' equity	333,527		112,566	

Key:

A: to increase capital

B: to cover losses

C: to allocate to shareholders

(*) wholly available to increase capital and cover losses. For other uses prior adjustment (also by transfer from the share premium reserve) of the legal reserve to 20% of the Share Capital is necessary. As of 31 December 2021 this adjustment would be equal to €/000 15,471.

Pursuant to article 2426, section 5 of the Italian Civil Code, the value of research and development costs still to be amortised as of 31 December 2021 equal to €/000 72,366, is unavailable in shareholders' equity.

41. Other comprehensive income

€/000 15,866

The value of other components of the Statement of Comprehensive Income is broken down as follows:

	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	EARNINGS RESERVE	TOTAL OTHER COMPREHENSIVE INCOME
IN THOUSANDS OF EUROS			
As of 31 December 2021			
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans		(1,302)	(1,302)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		(487)	(487)
Total	0	(1,789)	(1,789)
Items that may be reclassified in the income statement			
Total income (losses) for the fair value adjustment of financial assets available for sale			0
Total profits (losses) on cash flow hedges	5,802		5,802
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		11,853	11,853
Total	5,802	11,853	17,655
Other comprehensive income	5,802	10,064	15,866
As of 31 December 2020			
Items that will not be reclassified in the income statement			
Remeasurements of defined benefit plans		(85)	(85)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		239	239
Total	0	154	154
Items that may be reclassified in the income statement			
Total income (losses) for the fair value adjustment of financial assets available for sale			0
Total profits (losses) on cash flow hedges	310		310
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		(14,145)	(14,145)
Total	310	(14,145)	(13,835)
Other comprehensive income	310	(13,991)	(13,681)

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

	AS OF 31 DECEMBER 2021			AS OF 31 DECEMBER 2020		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	(1,713)	411	(1,302)	(112)	27	(85)
Total profits (losses) on cash flow hedges	7,634	(1,832)	5,802	408	(98)	310
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	11,366		11,366	(13,906)		(13,906)
Other comprehensive income	17,287	(1,421)	15,866	(13,610)	(71)	(13,681)

G) OTHER INFORMATION

42. Share-based incentive plans

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

43. Fees for Directors, Statutory Auditors and Key Managers

For a complete description and analysis of fees of Directors and Statutory Auditors, reference is made to the remuneration report available from the registered office, and on the Company's website in the section "Governance". At present, the Company has not identified any Key Senior Managers.

IN THOUSANDS OF EUROS	2021
Directors	2,335
Statutory auditors	155
Total fees	2,490

44. Information on related parties

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

Information on transactions with related parties, including information required by Consob in its communication of 28 July 2006 no. DEM/6064293, is reported below.

The procedure for transactions with related parties, pursuant to Article 4 of Consob Regulation no. 17221 of 12 March 2010 as amended, approved by the Board on 30 September 2010, is published on the institutional site of the Issuer www.piaggiogroup.com, under Governance.

Relations with Parent Companies

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

DESIGNATION	REGISTERED OFFICE	TYPE	% OF OWNERSHIP	
			AS OF 31 DECEMBER 2021	AS OF 31 DECEMBER 2020
Immsi S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	-	0.0773

During 2021, transactions on the shares of parent companies were not carried out directly or indirectly.

Piaggio & C. S.p.A. is subject to the management and coordination of IMMSI S.p.A. pursuant to Article 2497 and following of the Italian Civil Code. During the period, this management and coordination concerned 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 Company 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 for the Company and subsidiaries 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 Company signed up to the National Consolidated Tax Convention pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.

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

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

Piaggio & C. S.p.A. has 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 & 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.

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

Transactions with Piaggio Group companies

The main intercompany relations with subsidiaries 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

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

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

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

- has loan agreements with:
 - Piaggio Fast Forward
 - Aprilia Racing
 - Nacional Motor

- provides support services for staff functions to other Group companies;
- issues guarantees for the Group's subsidiaries, for medium-term loans.

- purchases vehicles, spare parts and accessories from:
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam

- receives a vehicle, spare parts and accessories distribution service on respective markets from:
 - Piaggio Hrvatska
 - Piaggio Hellas
 - Piaggio Group Americas
 - Piaggio Vehicles Private Limited
 - Piaggio Vietnam

- receives a sales promotion service and after-sales services on respective markets from:
 - Piaggio France
 - Piaggio Deutschland
 - Piaggio Limited
 - Piaggio España
 - Piaggio Vespa

- receives a components and vehicles design/development service and a local supplier scouting service from Foshan Piaggio Vehicles Technologies R&D;

- receives a vehicle and component research/design/development service from;
 - Piaggio Advanced Design Center
 - Piaggio Fast Forward

- receives a racing team management service and vehicle design service from Aprilia Racing.

Relations between Piaggio & C. S.p.A. and JV Zongshen Piaggio Foshan Motorcycle Co. Ltd

Main intercompany relations between Piaggio & C S.p.A. 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..

Zongshen Piaggio Foshan Motorcycle Co. Ltd

- sells vehicles, spare parts and accessories, which it has manufactured in some cases, to Piaggio & C. S.p.A. for subsequent sale.



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

	APRILIA RACING SRL	FONDAZIONE PIAGGIO	FPVT	IMMSI AUDIT	IMMSI S.P.A.
IN THOUSANDS OF EUROS					
Income statement:					
Net Revenues	1,088	2			
Cost for materials	147				
Cost for services, leases and rentals	20,664	7	2,013	770	660
Employee costs					
Other operating income	1,465		544	32	50
Net reversals (impairment) of trade and other receivables					
Other operating costs					8
Result from Equity valuation	176				
Financial income	169				
Borrowing costs					84
Taxes					(3,705)
Financial statements:					
Financial receivables > 12 months					
Other receivables > 12 months		67			
Trade receivables	181		47		20
Other receivables due < 12 months	537		533	20	17,315
Financial receivables < 12 months	13,000				
Financial liabilities for rights of use > 12 months					1,674
Other payables > 12 months					
Financial payables < 12 months					
Financial liabilities for rights of use < 12 months					1,100
Trade payables	98	1	1,107	30	79
Other payables < 12 months		118			14,624

	IS MOLAS S.P.A.	NACIONAL MOTOR S.A.	OMNIAHOLDING	PADC	PIAGGIO ASIA PACIFIC LTD
IN THOUSANDS OF EUROS					
Income statement:					
Net Revenues					
Cost for materials					
Cost for services, leases and rentals	86		7	351	
Employee costs					
Other operating income					417
Net reversals (impairment) of trade and other receivables					
Other operating costs					
Result from Equity valuation		(147)		22	
Financial income		1			
Borrowing costs		15	5		
Taxes					
Financial statements:					
Financial receivables > 12 months					
Other receivables > 12 months					
Trade receivables					
Other receivables due < 12 months					382
Financial receivables < 12 months					
Financial liabilities for rights of use > 12 months			50		
Other payables > 12 months					
Financial payables < 12 months		3,904			
Financial liabilities for rights of use < 12 months			68		
Trade payables	86		6	91	
Other payables < 12 months					53

	PIAGGIO CONCEPT STORE MANTOVA	PIAGGIO DEUTSCHLAND	PIAGGIO ESPAÑA	PIAGGIO FAST FORWARD	PIAGGIO FRANCE
IN THOUSANDS OF EUROS					
Income statement:					
Net Revenues	2,559	3	8		16
Cost for materials				35	
Cost for services, leases and rentals	50	4,438	4,429		6,748
Employee costs			21		
Other operating income	160	115	85	8	186
Net reversals (impairment) of trade and other receivables					
Other operating costs					
Result from Equity valuation	(356)		588	(22,155)	
Financial income	5			1,887	
Borrowing costs					
Taxes					
Financial statements:					
Financial receivables > 12 months	74				
Other receivables > 12 months					
Trade receivables	2,896	3	11		9
Other receivables due < 12 months	103	184	525	75	66
Financial receivables < 12 months	87			5,573	
Financial liabilities for rights of use > 12 months					
Other payables > 12 months					
Financial payables < 12 months					
Financial liabilities for rights of use < 12 months					
Trade payables	47	354	1,290	21	642
Other payables < 12 months	20	426	567		1,025

	PIAGGIO GROUP AMERICAS INC.	PIAGGIO GROUP JAPAN	PIAGGIO HELLAS	PIAGGIO HRVATSKA	PIAGGIO LIMITED
IN THOUSANDS OF EUROS					
Income statement:					
Net Revenues	63,800		27,697	2,728	15
Cost for materials					
Cost for services, leases and rentals	1,907		103	14	2,262
Employee costs					
Other operating income	1,054	43	1,508	97	106
Net reversals (impairment) of trade and other receivables					
Other operating costs	6				
Result from Equity valuation					
Financial income					
Borrowing costs					
Taxes					
Financial statements:					
Financial receivables > 12 months					
Other receivables > 12 months					
Trade receivables	6,916		1,330	1,470	
Other receivables due < 12 months	329	28	61	33	44
Financial receivables < 12 months					
Financial liabilities for rights of use > 12 months					
Other payables > 12 months					
Financial payables < 12 months					
Financial liabilities for rights of use < 12 months					
Trade payables	148		67	3	244
Other payables < 12 months					

	PIAGGIO VEHICLES PVT. LTD	PIAGGIO VESPA	PIAGGIO VIETNAM	PONTERERA & TECNOLOGIA	PT PIAGGIO INDONESIA
IN THOUSANDS OF EUROS					
Income statement:					
Net Revenues	975	3	48,043		6
Cost for materials	26,270		75,113		
Cost for services, leases and rentals	128	2,838	251		
Employee costs					
Other operating income	13,408	58	27,145		773
Net reversals (impairment) of trade and other receivables					
Other operating costs	1	678			
Result from Equity valuation	(4,091)	29,156	30,054	18	352
Financial income					
Borrowing costs					
Taxes					
Financial statements:					
Financial receivables > 12 months					
Other receivables > 12 months					
Trade receivables	657	5	20,239		
Other receivables due < 12 months	7,811	27,444	39,882		365
Financial receivables < 12 months					
Financial liabilities for rights of use > 12 months					
Other payables > 12 months					
Financial payables < 12 months					
Financial liabilities for rights of use < 12 months					
Trade payables	5,607	475	8,819		
Other payables < 12 months		15,000	484		73

	ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE	PIAGGIO CHINA	TOTAL	% OF ACCOUNTING ITEM
IN THOUSANDS OF EUROS				
Income statement:				
Net Revenues	747		147,690	13.2%
Cost for materials	31,188		132,753	18.4%
Cost for services, leases and rentals			47,726	24.0%
Employee costs			21	0.0%
Other operating income	384		47,638	33.9%
Net reversals (impairment) of trade and other receivables			0	0.0%
Other operating costs			693	3.5%
Result from Equity valuation	380	139	34,136	100.0%
Financial income			2,062	99.4%
Borrowing costs			104	0.5%
Taxes			(3,705)	N.A.
Financial statements:				
Financial receivables > 12 months			74	82.2%
Other receivables > 12 months			67	0.3%
Trade receivables	567		34,351	64.3%
Other receivables due < 12 months	900		96,637	81.0%
Financial receivables < 12 months			18,660	100.0%
Financial liabilities for rights of use > 12 months			1,724	25.8%
Other payables > 12 months			0	0.0%
Financial payables < 12 months			3,904	5.2%
Financial liabilities for rights of use < 12 months			1,168	33.1%
Trade payables	16,071		35,286	8.0%
Other payables < 12 months			32,390	49.0%

45. Contract commitments and guarantees

Contract commitments of the Company are summarised based on their expiry.

IN THOUSANDS OF EUROS	IN 1 YEAR	BETWEEN 2 AND 5 YEARS	AFTER 5 YEARS	TOTAL
No IFRS 16 operating leases	1,320	606	0	1,926
Other commitments	6,658	2,707	0	9,365
Total	7,978	3,313	0	11,291

The main guarantees issued by banks on behalf of Piaggio & C. S.p.A in favour of third parties are listed below:

TYPE	AMOUNT €/000
A guarantee of Piaggio & C. for USD 11,000,000 relative to the working capital loan of USD 10,000,000 granted by Hongkong and Shanghai Banking Corporation to the subsidiary Piaggio Vietnam of which drawn of which undrawn	0 8,829
A guarantee of Piaggio & C. for USD 5,500,000 relative to the working capital loan of USD 5,000,000 granted by Hongkong and Shanghai Banking Corporation to the subsidiary Piaggio Indonesia of which drawn of which undrawn	0 4,415
A guarantee of Piaggio & C. for USD 6,000,000 relative to the working capital loan of USD 5,000,000 granted by ANZ to the subsidiary Piaggio Indonesia of which drawn of which undrawn	0 2,207
A warrant to grant credit of Piaggio & C. to guarantee the credit line from Intesa SanPaolo to the subsidiary Piaggio Group Americas for USD 5,000,000 of which drawn of which undrawn	0 4,415
A warrant to grant credit of Piaggio & C. to guarantee the credit line from Intesa SanPaolo to the subsidiary Piaggio Group Japan for USD 4,500,000 of which drawn - of which undraw	1,844 2,129

The main guarantees issued by banks on behalf of Piaggio & C. S.p.A in favour of third parties are listed below:

TYPE	AMOUNT €/000
A guarantee of BCC-Fornacette issued to Pisa Customs Authorities for handling Piaggio goods at the Pisana docks and at Livorno Port	200
Guarantee of BCC-Fornacette issued in favour of Motoride Spa to reimburse VAT following the deductible tax surplus	298
Guarantee of Banco di Brescia issued to the local authorities of Scorzè, to guarantee payment of urbanisation and construction charges relative to the Scorzè site	166
Guarantee of Banca Intesa SanPaolo issued to the Ministry of the Defence of Algeria, to guarantee contract obligations for the supply of vehicles	158
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane - Rome to guarantee contract obligations for the supply of vehicles (5,000 tricycles)	475
Guarantee of Banca Nazionale del Lavoro issued in favour of Poste Italiane - Rome to guarantee contract obligations for the supply of vehicles	469

46. Disputes

For details of litigation, see the same section in the Notes to the Consolidated Financial Statements.

47. Grants, contributions, paid appointments and economic benefits from the public administration

In compliance with paragraph 125 of Law no. 124/2017 of 4 August 2017, details per research project are given below of funds received during 2021, and revenues from sales to public administrations:

PROJECTS	FUNDING ENTITY	GRANTS 2021
FIGURES IN EURO		
SAFE STRIP	EUROPEAN COMMISSION	15,636.59
L_HeERO	INEA	5,958.80
SAFE	INEA	28,521.38
FUTURE-RADAR	EUROPEAN COMMISSION	5,416.30
DRIVE2THEFUTURE	EUROPEAN COMMISSION	14,000.00
Total		69,533.07

CUSTOMER	2021 REVENUES FROM SALES
FIGURES IN EURO	
Carabinieri	208,689.69
Italian local authorities	196,100.00
Office of the President of the Republic	30,568.18
Total	435,357.87

During the year, a contribution for COVID-19 sanitisation of €/000 79 was also collected and contributions were acquired for investments in property, plant and equipment financed by the National Industry 4.0 Plan of €/000 37, for investments in advertising of €/000 88, for investments in capital goods for €/000 24 and €/000 506 for investments in Research, Development, Innovation and Design.

48. Significant non-recurring events and operations

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

49. Transactions arising from atypical and/or unusual transactions

During 2021 and 2020, the Company 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.

50. Events occurring after the end of the period

After 31 December 2021 and up to the date of approval of these financial statements, no event occurred that could have a material impact on the reported results of operations, as determined by IAS 10 paragraph 9.

51. Proposal to allocate profit

The Financial Statements as of 31 December 2021 record a profit for the period equal to €58,032,353.33.

The Board of Directors of Piaggio & C S.p.A. proposes allocating profit as follows:

- €2,901,617.67 to the legal reserve;
- €6,567,098.91 to the reserve from the measurement of investments with the equity method;
- € 48,563,636.75 to shareholders as a dividend, of which €30,354,165.21 as an interim dividend already paid.

Moreover, considering that the financial statements also show available reserves of €13,252,688.45 net of development costs – pursuant to article 2426(5) of the Italian Civil Code – and share buybacks by the Company, and also taking into account the Group's prospects, the Board of Directors proposes distributing a dividend of €0.150 gross of taxes, for each eligible ordinary share, for a maximum of €53,566,173.90 for €48,563,636.75 on residual profit for 2021, after allocations to the legal reserve and the reserve from the valuation of investments with the equity method and €5.002.537,15 from the "Retained earnings" reserve.

Considering also that on 22 September 2021 the Company paid an interim dividend of €30,354,165.21 with a coupon detachment date of 20 September 2021 and payment on 22 September 2021, the Board of Directors proposes to pay, as the balance of the interim dividend already paid, a dividend of €0.65 per eligible ordinary share, for a maximum total of € 23,212,008,69 with the sum of €18,209,471.54 to be taken from available profit and €5.002.537,15 from the "Retained earnings" reserve, with a detachment date for coupon no. 18 of 19 April 2022, record date coinciding with 20 April 2022 and payment date of 21 April 2022.

52. Authorisation for publication

This document was published on 18 March 2022 authorised by the Chairman and Chief Executive Officer.

Mantova, 2 March 2022

for the Board of Directors

Chairman and Chief Executive Officer
Roberto Colaninno

ATTACHMENTS

Piaggio Group companies

Reference is made to attachments to the Consolidated Financial Statements.

Information pursuant to Article 149-duodecies of the Consob Regulation on Issuers

Pursuant to Article 149-duodecies of the Consob Regulation on Issuers, the following table indicates the fees for 2021 paid for auditing services and services other than auditing services provided by the independent auditors and entities of its network.

TYPE OF SERVICE	SUBJECT PROVIDING THE SERVICE	FEES FOR 2021
FIGURES IN EURO		
Auditing services	Deloitte	347,240
Auditing services for the NFS and CSR	Deloitte	50,000
Certification services	Deloitte	17,000
Other services	Deloitte	15,000
Total		429,240

Information on company management and coordination activities

The Company is subject to the management and coordination of IMMSI S.p.A..

Pursuant to Article 2497-bis, section 4 of the Italian Civil Code, main data of the last financial statements of the parent company IMMSI S.p.A, with registered office in Mantova (MN), Piazza Vilfredo Pareto 3 – tax code 07918540019, for the year ended 31 December 2020, are summarised below. The above essential data were taken from the Financial Statements for the year ended 31 December 2020. To fully understand the financial position of IMMSI S.p.A as of 31 December 2020, as well as the financial performance of the company in the year ending at this date, reference is made to the financial statements, and the report of the independent auditors, available in the forms and according to procedures established by law.

INCOME STATEMENT

IN THOUSANDS OF EUROS	2020	2019
Financial income	29,192	38,126
<i>Of which related parties and intergroup</i>	29,189	37,875
Borrowing costs	(23,647)	(18,791)
<i>Of which related parties and intergroup</i>	(15,020)	(7,956)
Income/(loss) from investments		
Operating income	2,015	4,564
<i>Of which related parties and intergroup</i>	2,015	2,350
Costs for materials	(18)	(20)
Costs for services, leases and rentals	(3,155)	(3,234)
<i>Of which related parties and intergroup</i>	(422)	(208)
Employee costs	(1,271)	(1,134)
Depreciation of plant, property and equipment	(401)	(403)
Amortisation of intangible assets with a definite life		
Other operating income	187	124
<i>Of which related parties and intergroup</i>	80	80
Other operating costs	(277)	(14,357)
Profit before tax	2,625	4,873
Taxes	2,266	4,120
Profit after taxes from continuing operations	4,891	8,994
Profit or loss arising from assets held for disposal or sale		
Net profit for the period	4,891	8,994

STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUROS	2020	2019
Net profit for the period	4,891	8,994
Items that may be reclassified to profit or loss:		
Effective portion of profit (losses) from instruments to hedge cash flows	8	10
Items that will not be reclassified in the income statement:		
Gains (losses) from the fair value measurement of financial assets	(1,502)	874
Actuarial gains (losses) relative to defined benefit plans	(13)	(23)
Total profit (loss) for the period	3,384	9,855

STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019
NON-CURRENT ASSETS		
Intangible assets		1
Plant, property and equipment	1,225	1,392
Investment Property		
Investments in subsidiaries and associates	309,780	302,431
Other financial assets	288,062	291,502
	<i>Of which related parties and intergroup</i>	288,062
Tax receivables		
Deferred tax assets	1,624	
Trade receivables and other receivables	13,017	13,254
	<i>Of which related parties and intergroup</i>	12,889
Total non-current assets	613,708	608,580
ASSETS HELD FOR SALE		
CURRENT ASSETS		
Trade receivables and other receivables	5,069	6,318
	<i>Of which related parties and intergroup</i>	4,045
Tax receivables	413	211
Other financial assets	3,593	4,886
	<i>Of which related parties and intergroup</i>	1,455
Cash and cash equivalents	8,460	14,444
Total current assets	17,535	25,859
Total assets	631,243	634,438
SHAREHOLDERS' EQUITY		
Share capital	178,464	178,464
Reserves and retained earnings	191,167	183,680
Net profit for the period	4,891	8,994
Total shareholders' equity	374,522	371,138
NON-CURRENT LIABILITIES		
Financial liabilities	71,226	43,184
	<i>Of which related parties and intergroup</i>	345
Trade payables and other payables	4	13
Retirement fund and similar obligations	373	380
Other long-term provisions	-	-
Deferred tax assets/liabilities	8,033	10,395
Total non-current liabilities	79,636	53,972
LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL		
CURRENT LIABILITIES		
Financial liabilities	172,312	201,131
	<i>Of which related parties and intergroup</i>	161
Trade payables	1,915	3,427
	<i>Of which related parties and intergroup</i>	782
Current taxes	876	2,983
Other payables	1,982	1,787
	<i>Of which related parties and intergroup</i>	139
Total current liabilities	177,085	209,328
Total Shareholders' Equity and Liabilities	631,243	634,438

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98

1. The undersigned Roberto Colaninno (Chairman and Chief Executive Officer) and Alessandra Simonotto (Appointed Executive) of Piaggio & C. S.p.A. hereby certify, also in consideration of article 154-bis, sections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
 - the appropriateness with regard to the company's characteristics and
 - the actual application of administrative and accounting procedures for the formation of the Separate Financial Statements as of 31 December 2021.
2. With regard to the above, no relevant aspects are to be reported.
3. Moreover
 - 3.1 the financial statements:
 - a. have been prepared in compliance with the international accounting standards endorsed by the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - b. correspond to accounting records;
 - c. give a true and fair view of the statement of financial position and results of operations of the Issuer;
 - 3.2 The Report on Operations includes reliable analysis of the trend of operations and operating results, as well as the situation of the Issuer and a description of main risks and uncertainties to which they are exposed.

Date: 2 March 2022

Chairman and Chief Executive Officer

Executive in charge



REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Piaggio & C. S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021, the income statement, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not issue a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT03049560166

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Verification of capitalization criteria related to investments in development costs, industrial patent and intellectual property rights

Description of the key audit matter The Company has accounted as of December 31, 2021 activities relating to development costs, industrial patent and intellectual property rights for Euro 211,9 million; the related investments made during 2021 amounted to Euro 85,5 million and are mainly related to the study of new vehicles and new engines which constitute the leading products of the 2021-2023 range. In order to assess the compliance with the capitalization requirements of the International Accounting Standard "IAS 38 – Intangible assets", Management has established a procedure to verify the technical feasibility of projects, the availability of adequate financial resources to complete the products being developed and the intention and ability to complete the products to be sold. The Company's procedure also includes the estimation of expected future cash flows from the sale of the products in order to verify the recoverability of the amounts capitalized and the subsequent monitoring of these cash flows at least once per year.

Given the magnitude of the value of the related assets, considering the complexity of the related procedure and the elements of judgment required for verifying the compliance with the conditions for capitalization of the relevant amounts, we have considered the verification of the capitalization criteria relating to the items above a key audit matter.

Note C15) "intangible assets" provides information on this caption.

Audit procedures performed In the context of our audit, we have carried out, among others, the following procedures:

- understanding of the company's procedure for capitalizing development costs, industrial patent and intellectual property rights adopted by the Company;
- understanding of the relevant controls implemented by the Company;
- discussions with Management and obtaining of supporting documentation to understand the characteristics of the projects;
- obtaining details of the costs capitalized by project, and analysis, on a sample basis, of the increases and decreases that occurred in the year;
- verification, for a sample of projects, of compliance with the requirements outlined in "IAS 38 – Intangible assets" for capitalization of internally generated intangible assets;
- analysis, for a sample of projects, of estimated future cash flows and subsequent updates by Management at least once per year.

Assessment of the recoverability of Goodwill

Description of the key audit matter The Company's separate financial statements include a Goodwill amounting to Euro 369 million, unchanged from the previous year.

The recoverability of Goodwill is verified by the Directors at least once annually and whenever indicators of potential impairment appear, by



comparing the carrying amount with the estimated recoverable amount through an impairment test.

The Directors performed impairment test on Goodwill by estimating the value in use in accordance with the methodology of the present value of expected cash flows to determine the recoverable amount of each cash-generating unit (CGU) identified, to which the goodwill was allocated. In this context, the Directors estimated the expected future cash flows included in a four-year period, on the basis of the budget data for the financial year 2022, supplemented by forecast data for the period 2023-2025 (the "Plan"), the discount rate (WACC) and the growth rate beyond the explicit forecast period (g-rate).

Based on the result of impairment test, the Directors did not identify any impairment losses.

Considering the materiality of the caption, the subjectivity and the nature of the estimates relating to the determination of the cash flow, the key variables of impairment test, the recoverability of goodwill has been considered a key audit matter of the separate Financial Statement.

Note C 15) "Intangible assets" provides information on goodwill.

Audit procedures performed

In the context of our audits, we carried out, among others, the following procedures, also with the involvement of experts from Deloitte network:

- an understanding of the method used by Directors for the determination of the value in use of cash-generating unit (CGU), analyzing the methods and assumptions used by Management for the development of the impairment test;
- analysis of the reasonableness of the assumptions made in estimating the cash flows and the parameters used by the directors for the impairment test. In this context we have examined industry studies and sector analyzes and retraced the methods used by the Directors to estimate WACC and g-rate;
- verification of the correct determination of the carrying amount of the assets and liabilities attributed to CGU;
- verification of the sensitivity analysis carried out by directors with reference to the main assumptions used for carrying out the impairment test on goodwill;
- examination of the adequacy and compliance, in relation with the accounting standard, of the information provided by directors in the separate financial statements as of December 31, 2021.

Assessment of the recoverability of Deferred Tax Assets

Description of the key audit matter Deferred tax assets recognized in the separate financial statements as at December 31, 2021 of Piaggio & C. S.p.A. amounted to Euro 50,9 million and



are related to the temporary differences connected to prior year tax losses, as well as temporary differences, mainly due to provisions on taxed funds.

Piaggio & C. S.p.A. has adhered to the National Consolidation Tax Convention of the IMMSI Group, whose consolidating entity is the parent company IMMSI S.p.A..

The recoverability of deferred tax assets depends, on the future results expected by Piaggio & C. S.p.A. as well as those of all the companies that participate in the National Consolidation Tax Convention of the IMMSI Group. Consequently, the recognition and the recoverability of deferred assets requires the Directors to carry out an estimation process with the objective of forecasting the future taxable tax results of Piaggio & C. S.p.A. which must also be confirmed by the estimates of the future taxable incomes of the companies participating in the IMMSI Group's National Consolidation Tax Convention.

Given the materiality of the amounts and the complexity of the valuation process which requires significant accounting estimates, the assessment of the recoverability of deferred tax assets has been considered a key audit matter.

Note C 19) "Deferred tax assets" provides information on this caption.

**Audit procedures
performed**

In the context of our audit, we have carried out, among others, the following procedures, also with the involvement of expert from Deloitte network:

- evaluation of the reasonableness of the assumptions formulated by Directors and by Management in forecasting the future taxable incomes of Piaggio & C. S.p.A., included in the plan approved by the Board of Directors on February 21, 2022;
- examination of the National Consolidation Tax Convention contract with IMMSI S.p.A.;
- examination of the methods used by the Management to verify the recoverability of deferred tax assets, including information flows with the parent company IMMSI S.p.A. regarding the capacity of future taxable incomes expected at consolidated level;
- to the extent deemed necessary for the audit procedures on Piaggio & C S.p.A. deferred-tax asset, we have also examined the work carried out by the auditor of the parent company IMMSI S.p.A. concerning the analysis of the future taxable incomes of the companies participating in the National Consolidation Tax Convention contract with IMMSI;
- examination of the adequacy of the disclosure and its compliance with the accounting standard IAS 12.



Other matter - Corresponding data

Piaggio & C.'s financial statements S.p.A. for the financial year ended 31 December 2020, were audited by other auditors who expressed their unqualified opinion thereon on March 22, 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union [and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05][and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15] and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piaggio & C. S.p.A. has appointed us on April 22, 2020 as auditors of the Company for the years from December 31, 2021 to December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piaggio & C. S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format)

Deloitte.

7

(hereinafter referred to as the “Delegated Regulation”) to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piaggio & C. S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piaggio & C. S.p.A. as at December 31, 2021, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations [and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Piaggio & C. S.p.A. as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Piaggio & C. S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Gianni Massini
Partner

Florence, Italy
March 17, 2022

This independent auditor’s report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021

BOARD OF STATUTORY AUDITORS' REPORT to the FINANCIAL STATEMENTS as of 31 December 2021

Dear Shareholders,

In this report, the Board of Statutory Auditors of Piaggio & C. SpA (hereinafter also the Company) reports to you on the supervisory and control activities it performed in compliance with the relevant legislation during the financial year ended 31 December 2021, also taking into account the Code of Conduct recommended by the Italian National Council of Professional Accountants. The report is prepared in accordance with art. 153 of Legislative Decree no. 58/1998 and art. 2429, paragraph 2, of the Italian Civil Code.

Once again in 2021, your company operated against the background of a serious health situation due to the spread of Covid-19. The situation gradually improved over the course of the year, although there was a resurgence of infections in December due to the spread of the Omicron variant. In order to cope with the spread of the new variant, many countries (including Italy) decided to adopt new restrictive measures that came into force in December and are currently being eased.

Again in 2021, the Board of Statutory Auditors noted the Company's firm commitment to tackling the health emergency promptly, ensuring the safety of the personnel affected while still enabling industrial and commercial activities to continue, including through the use of remote work whenever possible.

1. Activities of the Board of Statutory Auditors

The statutory auditors' activities during the year were likewise affected by the spread of the Covid-19 pandemic, which meant that meetings had to be organised remotely for most of the year. The supervisory body has always performed the tasks and functions assigned to it by the relevant legislation in accordance with the legal requirements issued to manage the Covid-19 emergency.

In 2021 the Board of Statutory Auditors carried out its statutory duties in compliance with the rules of the Italian Civil Code, Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016, Legislative Decree no. 58/1998 (the Consolidated Law on Finance or "TUF"), the company's articles of association, and the rules issued by public regulatory authorities, also taking into account the rules of conduct recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian National Council of Professional Accountants).

During the year, the Board of Statutory Auditors carried out its activities by holding 7 meetings, most of which were held jointly with the Audit, Risk and Sustainability Committee.

The Board also participated in all nine (9) meetings of the Board of Directors.

The Board of Statutory Auditors or some of its members attended the meetings of the Audit, Risk and Sustainability Committee, the Remuneration Committee, the Related Parties Committee and the Appointment Proposal Committee held in 2021 and early 2022.

The Board also met the boards of statutory auditors of the subsidiary and the parent company in order to exchange information.

The head of the Internal Audit function also attended the meetings of the Board of Statutory Auditors as a permanent guest to ensure continuous interaction with the company's third-level control function.

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2. Significant transactions during the year

In the course of its supervisory work, the Board of Statutory Auditors periodically obtained from the company's directors, also by attending their board meetings, information on the activities and most important business, economic and financial transactions approved and implemented by the company and its subsidiaries, also pursuant to article 150(1) of the TUF.

The Board of Statutory Auditors also checked whether there were any significant non-recurring transactions, as defined in CONSOB Communication no. DEM/6064293 of 28 July 2006, noting that in 2021 there were no such transactions.

3. Supervisory activities

3.1 – Checking of compliance with the law, the articles of association, and the Code of Practice for the Self-Regulation of the Corporate Governance Committee of Listed Companies

Based on the information gathered in the course of its work, the Board of Statutory Auditors did not discover any transactions that were (i) not compliant with the principles of sound governance, not approved and implemented in compliance with the law and the company's articles of association, not in the company's interests, or not in line with the resolutions adopted by the shareholders' meeting, or (ii) manifestly imprudent, risky or such as to compromise the integrity of the company's equity value.

The Board of Statutory Auditors was not aware of any transactions involving a potential conflict of interest.

The Board of Statutory Auditors checked that the procedure governing business with related parties was compliant with the rules of law and was properly followed.

In particular, as required by the relevant regulation, the Chairman and/or the other Statutory Auditors attended the meetings of the Audit, Risk and Sustainability Committee in order to discuss transactions with related parties; the Board of Statutory Auditors also received regular progress updates.

The Board of Statutory Auditors judged that the Board of Directors, in its report on operations and in the notes on the financial statements, had provided adequate information about transactions with related parties, taking account of the rules in force. So far as the Board of Statutory Auditors is aware, no intercompany transactions in 2020 were in conflict with the company's interests.

In 2021, there were no atypical or unusual transactions. The most significant ordinary transactions were prudent, did not conflict with the resolutions adopted by the shareholders' meeting, and were not such as to harm the company's equity value.

Having acknowledged the adoption of the Code of Corporate Governance for Listed Companies by Piaggio & C. SpA as of 1 January 2021, the Board of Statutory Auditors has verified the independence requirements of its members, as well as the correct application of the criteria and procedures adopted by the BoD to assess directors' independence.

3.2 – Checking of the adequacy of the internal control system and the systems for managing risk and the organisational framework

The Board of Statutory Auditors checked the adequacy of the internal control system and risk management system by:

- holding meetings with the company’s management;
- holding periodic meetings with the control functions – Internal Audit, Risk Management and the Executive in Charge of Financial Reporting – in order to evaluate their planning methods, based on identification and evaluation of the main risks involved in the processes and associated with the organisational units;
- examining the periodic reports by the control functions and periodic information on the outcome of monitoring;
- gathering information from those in charge of the functions;
- discussing the results of the independent auditor’s work;
- participating in the work of the Audit, Risks and Sustainability Committee and, where required, joint discussion of the same with the Committee.
- meeting the subsidiary’s supervisory bodies.

3.3 – Checking of the administrative and accounting system and the process of reporting financial and other information

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, also following the changes made to the Italian system by Legislative Decree no. 135/2016, monitored the process and checked the efficacy of the internal control and risk management systems in respect of financial reporting.

The Board of Statutory Auditors periodically met the Executive in Charge of Financial Reporting to exchange information on the administrative and accounting system, and on its reliability to give a true picture of transactions.

In the course of these meetings, the Executive in Charge of Financial Reporting did not report any shortcomings in the operating and control processes that could alter the view that the administrative and accounting procedures are adequate and actually applied.

The Board reviewed the Report that the Executive in Charge of Financial Reporting prepared on the 2022 financial statements with support from their department and from Internal Audit. This report contains the outcome of the audit tests carried out, as well as the main problems detected in the application of the relevant regulations and the methodologies used, and identifies the appropriate remedies.

The Board of Statutory Auditors also noted the statements issued on 2 March 2022 by the CEO and the Executive in Charge of Financial Reporting, pursuant to article 154-*bis* of the TUF and article 81-*ter* of CONSOB Regulation no. 11971/1999. According to these statements, there are no shortcomings that could alter the view that the administrative and accounting procedures are adequate.

The Board of Statutory Auditors also took note of the checks carried out by the Executive in Charge of Financial Reporting with regard to the consolidated subsidiaries; no critical issues emerged from these.

During the periodic meetings held and also in the light of the Additional Report (required by art. 11 of Regulation (EU) No. 537/2014 and issued on 17 March 2022), the Independent Auditors Deloitte & Touche S.p.A, (“Deloitte”) did not report to the Board of Statutory Auditors any critical situations such as to affect the internal control system as it pertains to administrative and accounting procedures, nor did it highlight any censurable

facts or irregularities that require reporting in accordance with art. 155, paragraph 2, of the Consolidated Law on Finance.

Pursuant to law, the Board of Directors has prepared the Consolidated Financial Statements as of 31 December 2021 of the Piaggio Group. These financial statements have been audited by the independent auditors Deloitte, in respect of which (as required by the rules of conduct recommended by the Italian National Council of Accountants) the Board of Statutory Auditors checked the observance of the procedural rules concerning the preparation and layout of the report and of the Report on Operations.

In light of the above, there is nothing that leads the Board of Statutory Auditors to believe that the business was not run in compliance with the principles of sound governance or that the organisational framework, system of internal controls and accounting and administrative apparatus were not, as a whole, suited to the needs and size of the company.

The Company has prepared the Non-Financial Statement (hereinafter also NFS) as a section of the Report on Operations, on a consolidated basis. In accordance with the provisions of article 3, paragraph 7, of Legislative Decree 254/2016 and taking into account Consob notice no. 1/21 of 16-2-21, the Board of Statutory Auditors has verified the NFS's completeness and compliance with the provisions of the regulations and the drafting criteria illustrated in the Methodological Note of the NFS; nothing was found that requires mention in this report.

The Board has also taken note of the Report issued by the independent auditors Deloitte on 17 March 2022 upon conclusion of the limited review of the NFS, which states that no elements have come to its attention that would lead it to believe that the NFS for the year 2021 has not been drawn up, in all significant aspects, in compliance with the reference legislation.

3.4 – Checking in accordance with Legislative Decree no. 39/2010

The Board of Statutory Auditors, in its capacity as "Internal Control Committee", has monitored (to the extent of its remit) the operations of the Independent Auditors Deloitte & Touche SpA, appointed by the Shareholders' Meeting on 22 April 2020 for the financial years from 31-12-2021 to 31-12-2029.

As already mentioned, during the year the Board of Statutory Auditors met several times with the Independent Auditors Deloitte in accordance with art. 150 of the Consolidated Law on Finance, in order to exchange data and information on the activities carried out in the exercise of their tasks.

The Independent Auditors on 17 March 2022 – in accordance with article 14 of Legislative Decree no. 39/2010 and article 10 of Regulation (EU) No 537 of 16 April 2014 – issue its audit reports, from which it emerges that the individual and consolidated financial statements, for the year ended 31 December 2021, were drawn up clearly and give a true and fair view of the assets and liabilities, financial position, profitability and cash flow of Piaggio & C. S.p.A. and its group in accordance with International Financial Reporting Standard and the requirements of national regulations issued pursuant to art. 9 of Legislative Decree n. 38/05.

Moreover, in the opinion of the Independent Auditors:

- the financial statements and the consolidated financial statements have been prepared in XHTML format in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format).

- the report on operations and information contained in the report corporate governance and ownership structure are consistent with the separate and consolidated financial statements of Piaggio & C. S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

The Independent Auditors submitted to the Board of Statutory Auditors, again on 17 March 2022, the Supplementary Report required in accordance with article 11 of Regulation (EU) No 537/2014. The Board of Statutory Auditors will bring the Supplementary Report to the attention of the next Board of Directors' meeting.

In relation to the financial reporting process, the Supplementary Report does not indicate any significant shortcomings in the internal control system that deserve to be brought to the attention of those responsible for governance.

In its Supplementary Report to the Board of Statutory Auditors, the Independent Auditors made the statement on its independence required by article 6 of Regulation (EU) No 537/2014; there was nothing in this statement to indicate any situations that could compromise its independence.

Moreover, the Board of Statutory Auditors took note of the Report on Transparency drawn up by the independent auditors and published on its website in accordance with article 18 of Legislative Decree no. 39/2010.

Finally, the Board examined, as mentioned above, the content of Deloitte's report on the Statement of Non-Financial Information issued pursuant to article 3, paragraph 10, of Legislative Decree 254/2016 on 17 March 2022.

The Board of Statutory Auditors points out that during 2021, in addition to the tasks of auditing the individual financial statements, the consolidated financial statements and the financial statements of the subsidiaries, other activities were entrusted to Deloitte and its network, with the approval of this Board, as indicated below:

(in euros)	Service provider	Client	Fee for 2020
Auditing	Deloitte	Parent company Piaggio & C	347,240
	Deloitte and others	Subsidiaries	465,312
NFS and CSR auditing	Deloitte	Parent company Piaggio & C	50,000
Certification services	Deloitte	Parent company Piaggio & C	17,000
	Deloitte	Subsidiaries	39,575
Other services	Deloitte	Parent company Piaggio & C	15,000
Total			934,127

The independent auditors also confirmed to the Board of Statutory Auditors that it did not issue any other opinions required by law over the course of the year, as there were no grounds for doing so.

3.5 – Dealings with the Supervisory Board

As recommended by the rules of conduct issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Council of Professional Accountants), in 2021 the Board of Statutory Auditors obtained all useful information from the Supervisory Board in order to verify that it had the necessary level of autonomy, independence and expertise to carry out its duties effectively.

The Board of Statutory Auditors has therefore acquired information from the Supervisory Board concerning the adequacy of the organisational model adopted by the Company, its actual functioning and its effective implementation.

The Supervisory Board reported on the work it carried out in the course of the year ended 31 December 2021, without flagging up any particular issues, and describing a situation basically in line with that required by the Organisational and Management Model referred to in Legislative Decree no. 231/2001.

Apart from the facts that it has already described above, the Board of Statutory Auditors is not aware of anything to be reported to the shareholders' meeting.

In 2021 the Board of Statutory Auditors did not receive any reports from shareholders under art. 2408 of the Italian Civil Code.

In the course of its work, and on the basis of the information gathered, the Board of Statutory Auditors has not discovered any omissions, reprehensible facts, irregularities or significant circumstances that need to be reported to the regulatory authorities or mentioned in this report.

In conclusion, the Board of Statutory Auditors – having taken into account the specific tasks assigned to the Independent Auditors with regard to auditing the accounting records and verifying the reliability of the financial statements, which issued its opinion without reservations, in the light of the certifications issued pursuant to art. 154-bis of Legislative Decree no. 58/1998 by the Executive in Charge of Financial Reporting and by the Chief Executive Officer and considering the favourable opinion of the Audit, Risk and Sustainability regarding the adequacy of the Company's Internal Control and Risk Management System – has no observations to make to the Shareholders' Meeting, pursuant to art. 153 of the Consolidated Law on Finance, with regard to the approval of the financial statements as of 31 December 2020, accompanied by the Report on Operations, as presented by the Board of Directors and therefore has no objections to the approval of the financial statements, the proposal for the allocation of the profit for the year and the distribution of dividends.

Milan, 17 March 2022

For the Board of Statutory
Auditors
The Chair

Piera Vitali



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

We would like to thank all colleagues for their valuable help
in preparing this document.

Disclaimer

This Financial Report as of 31 December 2021 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.



Management and Coordination
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