PIAGGIO GROUP

FINANCIAL STATEMENTS 2020

TABLE OF CONTENTS

REPORT ON OPERATIONS

REPORT ON OPERATIONS

HEALTH EMERGENCY - COVID-19

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

Following the health emergency declared by the World Health Organisation, the government authorities of various countries ordered production and commercial activities to stop, limiting people's freedom of movement in some cases, with a considerable impact on the general macro-economic framework in the first half of the year in the West, in India and China, affecting in particular the automotive markets where the Company and its subsidiaries operate.

During lockdown, business and consumer confidence rapidly declined in Italy and other European countries. The PMI Index reached a record low in Italy and the Euro zone and financial market instability reached the peak figures of 2008-2009, in even quicker times. Thanks to more stringent policies adopted by governments and supranational financial institutions, the outbreak of a new financial crisis on a wide scale has been avoided.

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

In India, based on the lockdown instruction issued on 24 March by the Indian government, production was stopped from 25 March 2020 to 18 May 2020, even though the Indian government decided on activities restarting from 4 May, with local, intermittent lockdowns put in place for new outbreaks in the last few months.

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

Distribution and sales in various countries where the Company and its subsidiaries operate were initially stopped, but resumed on 14 April and have continued based on schedules defined in each country where the Group is present.

Since late spring, Western markets and China have picked up considerably, enabling a partial recovery in GDP and demand for vehicles.

The pandemic curve accelerated again starting from the third quarter in India, and in the autumn in the West. Consequently, in many countries some commercial activities have been closed and the movement of people prohibited, generating a new decline in the general macroeconomic framework.

Against this difficult backdrop, the Piaggio Group has concretely demonstrated its ability to respond effectively to an unprecedented health emergency. In the first half year, the Group felt the effects of the pandemic (-26.5% decrease in net revenues compared to the first half of 2019), but in the second half of 2020 the Group's consolidated net revenues increased by 1.3% compared to the second half of 2019. Net financial debt amounted to approximately €423.6 million as of 31 December 2020, an improvement of approximately €125 million compared to €548.6 million recorded on 31 March 2020 at the beginning of the first lockdown. Investments were stable on the previous year at approximately €140.4 million (140.9 million euros as of 31 December 2019), due to the positive trend in sales in the second half and the careful management of working capital. Therefore, Net financial debt decreased by approximately €6.1 million compared to the figure posted 31 December 2019 (€429.7 million).

In the light of the trend registered in the last six months (apart from the Indian market, still affected by intermittent lockdowns), with results above expectations revised at 30 June 2020 and better than the same period of the previous year, considering the financial structure, compliance with covenants and irrevocable and revocable loans available, there are no doubts as to the business being a going concern.

Moreover, in 2021, thanks to the significant investments planned, the Group is ready to launch eleven new two-wheeler models and a light commercial vehicle that will increase the already wide range of products available. This decision confirms the strategies adopted by the Group and demonstrates its factual ability to react.

On the basis of the aforementioned results and the expectations set out in the plan, the Group carried out an impairment test on goodwill, as more fully described in the note "Goodwill" included in the notes to the financial statements, to which reference should be made, finding no impairment in any of the scenarios examined.

With reference to its own commercial network of distributors and dealers, the Group has managed and is managing the scenario very carefully, making the most of the opportunities that have arisen right from the second half of 2020, while always maintaining a careful management of its liquidity that has made it possible to avoid any discontinuity with respect to the past.

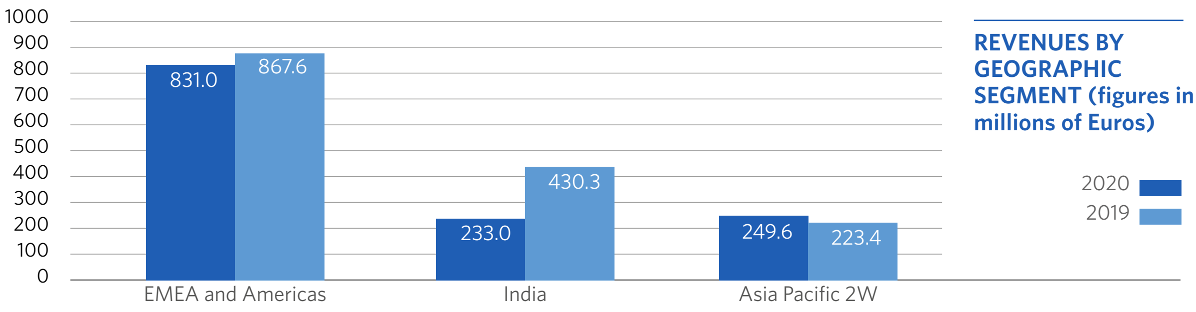
Finally, given the structure and subject-matter of the Group's leases, which give rise to the item Rights of Use, there were no significant impacts from the pandemic.

MAIN ECONOMIC, FINANCIAL AND MANAGEMENT DATA

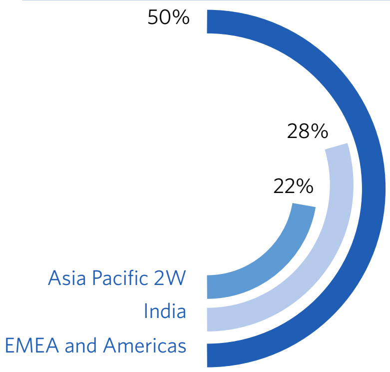
	2020	2019
IN MILLIONS OF EUROS		
Data on financial position		
Net revenues	1,313.7	1,521.3
Gross industrial margin	372.4	458.8
Operating income	70.9	104.5
Profit before tax	50.2	80.7
Net profit	31.3	46.7
.Non-controlling interests		
.Group	31.3	46.7
Data on financial performance		
Net capital employed (NCE)	795.6	813.6
Consolidated net debt	(423.6)	(429.7)
Shareholders' equity	372.0	383.8
Balance sheet figures and financial ratios		
Gross margin as a percentage of net revenues (%)	28.3%	30.2%
Net profit as a percentage of net revenues (%)	2.4%	3.1%
ROS (Operating income/net revenues)	5.4%	6.9%
ROE (Net profit/shareholders' equity)	8.4%	12.2%
ROI (Operating income/NCE)	8.9%	12.8%
EBITDA	186.1	227.8
EBITDA/net revenues (%)	14.2%	15.0%
Other information		
Sales volumes (unit/000)	482.7	611.3
Investments in property, plant and equipment and intangible assets	140.4	140.9
Employees at the end of the period (number)	5,856	6,222
Social indicators		
Carbon Disclosure Project Score Climate Change	A-	B
Carbon Disclosure Project Score Water Security	B	B
MSCI ESG Research	AA	AA

Results by operating segments

		EMEA and AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Sales volumes (units/000)	2020	239.6	135.8	107.4	**482.7**
	2019	243.6	269.5	98.2	**611.3**
	Change	(4.0)	(133.7)	9.2	**(128.6)**
	Change %	-1.7%	-49.6%	9.4%	**-21.0%**
Turnover (million Euros)	2020	831.0	233.0	249.6	**1,313.7**
	2019	867.6	430.3	223.4	**1,521.3**
	Change	(36.6)	(197.3)	26.3	**(207.6)**
	Change %	-4.2%	-45.8%	11.8%	**-13.6%**
Average number of staff (no.)	2020	3,575	1,671	988	**6,234**
	2019	3,604	1,871	949	**6,424**
	Change	(29)	(200)	39	**(190)**
	Change %	-0.8%	-10.7%	4.1%	**-3.0%**
Investment in property, plant and equipment and intangible assets (million Euros)	2020	109.5	23.4	7.4	**140.4**
	2019	101.8	29.0	10.1	**140.9**
	Change	7.8	(5.6)	(2.7)	**(0.5)**
	Change %	7.6%	-19.3%	-26.6%	**-0.4%**



REVENUES BY GEOGRAPHIC SEGMENT (figures in millions of Euros)



SALES VOLUMES BY GEOGRAPHIC SEGMENT - 2020

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 1,400cc;
- 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.

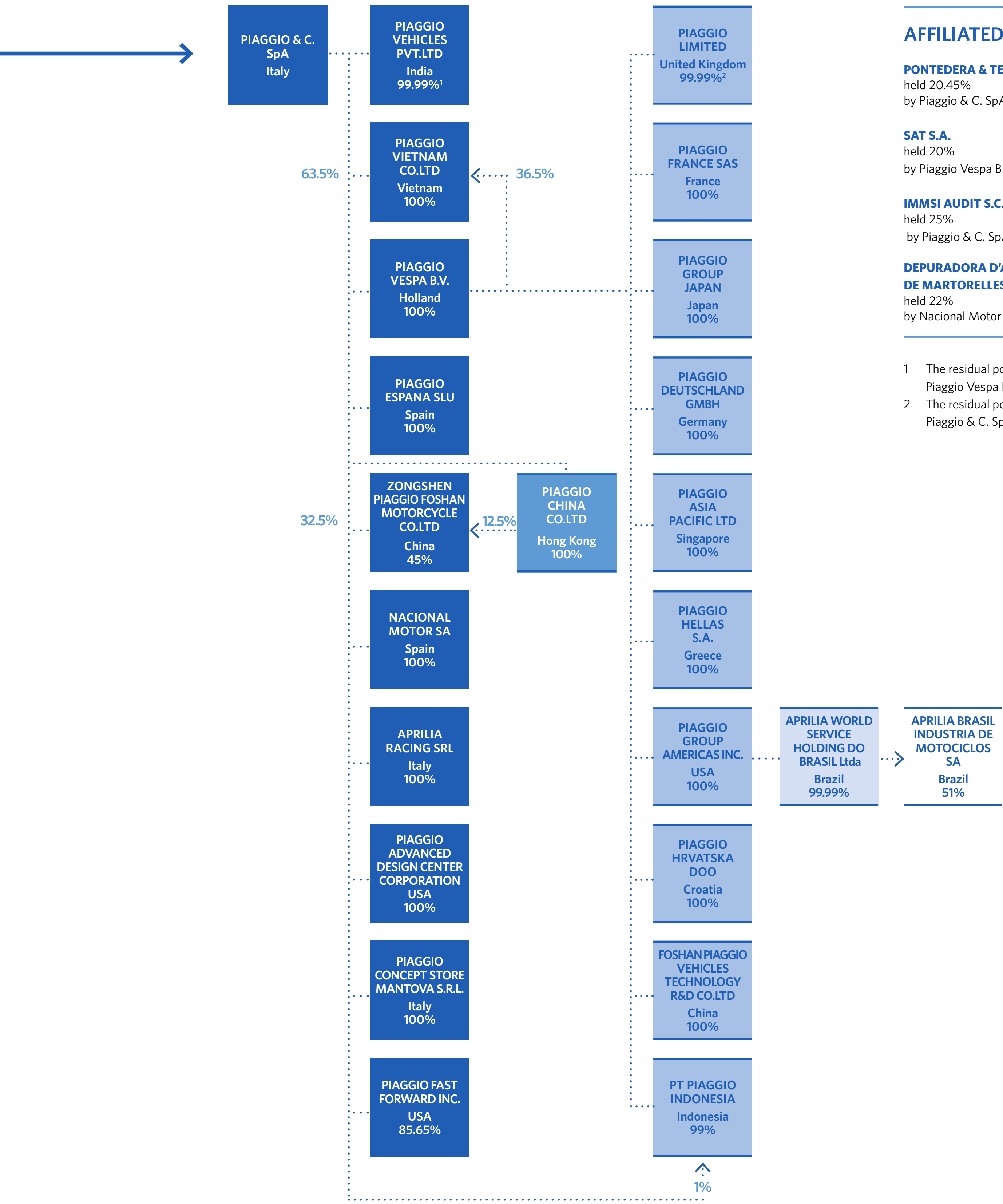
We are committed to broadening the horizons of our brands and products by constantly promoting technological innovation, uniqueness of design, attention to quality and safety, respecting communities and the environment.

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 DECEMBER 2020



AFFILIATED COMPANIES

PONTEDERA & TECNOLOGIA S.C.A.R.L.
held 20.45%
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.

1 The residual portion is held by Piaggio Vespa B.V.
2 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
	Giuseppe Tesauro (3), (4), (5), (6), (7)
	Graziano Gianmichele Visentin (4), (5), (6), (7)
	Maria Chiara Carrozza
	Federica Savasi
	Patrizia Albano
	Andrea Formica (5), (6), (7)
BOARD OF STATUTORY AUDITORS	
Chairman	Piera Vitali
Statutory Auditors	Giovanni Barbara
	Daniele Girelli
Alternate Auditors	Fabrizio Piercarlo Bonelli
	Gianmarco Losi
SUPERVISORY BODY	
	Antonino Parisi
	Giovanni Barbara
	Fabio Grimaldi
Chief Financial Officer	Alessandra Simonotto
Executive in charge of financial reporting	Alessandra Simonotto
Independent Auditors	PricewaterhouseCoopers S.p.A.
Board Committees	Appointment Proposal Committee
	Remuneration Committee
	Internal Control and Risk Management Committee
	Related-Party Transactions Committee

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

(2) Executive Director

(3) Lead Independent Director

(4) Member of the Appointment Proposal Committee

(5) Member of the Remuneration Committee

(6) Member of the Internal Control and Risk Management 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 2020 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.

- **Two-Wheeler Italy and EMEA Market,**

- **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.

- **Piaggio Group Americas:** this function is responsible for guaranteeing business profitability, turnover, market share and customer satisfaction, for its reference area, by managing sales of Group products.

- **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:
- consolidates its leadership position on the European two-wheeler market and on the Indian light commercial vehicles market;
- 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 levering 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 CO_2 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

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.

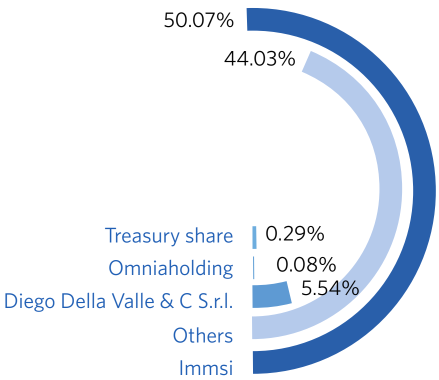
During 2020, despite difficulties arising from the spread of Covid-19, dialogue with the financial community was stepped up, combining traditional face-to-face meetings with online sessions, also including participation in roadshows and virtual conferences.
Initiatives also included conference calls, 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
Email: investorrelations@piaggio.com
Tel: +39 0587 272286
Fax: +39 0587 276093

SHAREHOLDING STRUCTURE

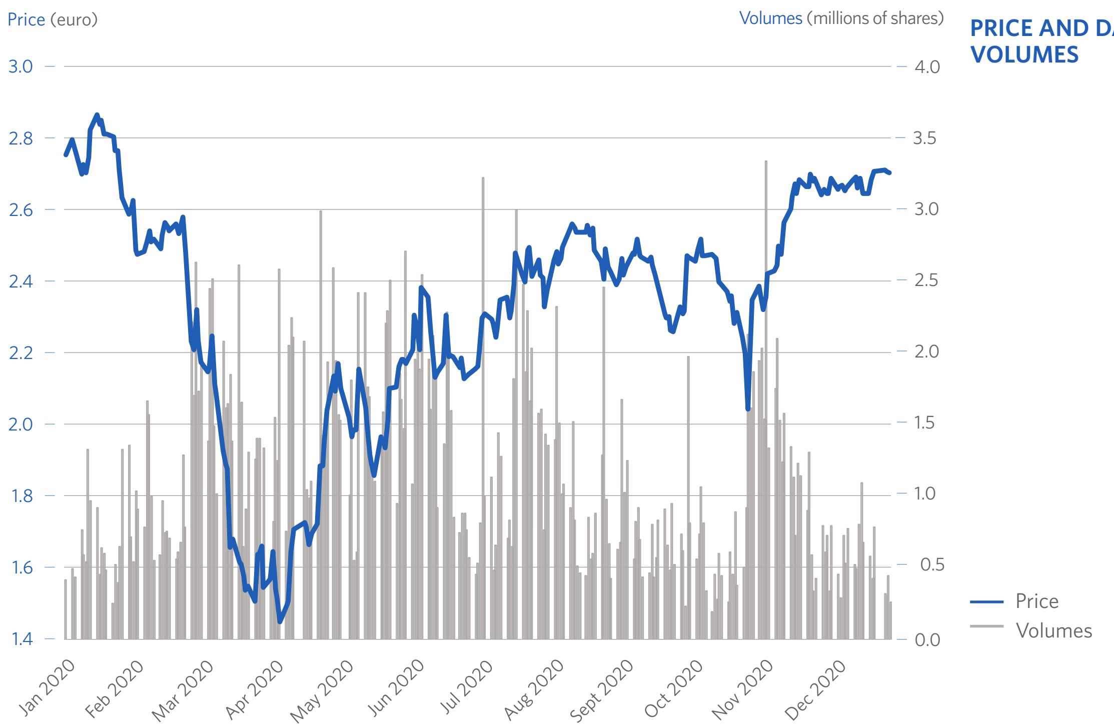
As of 31 December 2020, share capital comprised 358,153,644 ordinary shares. On the same date, the shareholding structure, according to the results of the shareholders' register supplemented by the communications received pursuant to Article 120 of Legislative Decree 58/1998 and other information available, was as follows:



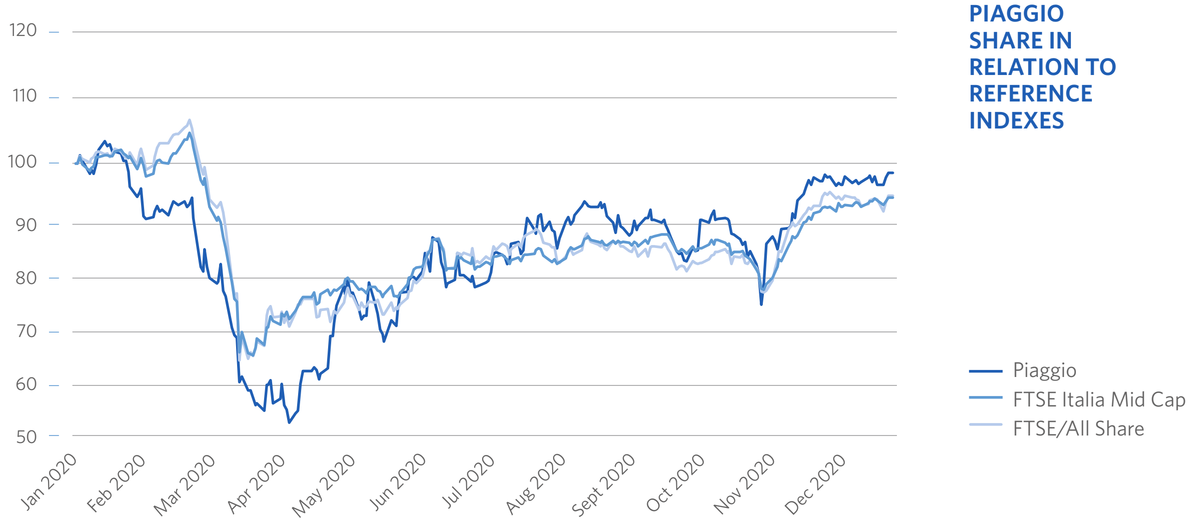
SHARE PERFORMANCE

Piaggio & C. SpA has been listed on the Milan Stock Exchange since 11 July 2006. Piaggio shares closed 2020 at 2.696 euro, slightly down on the beginning of the year (-1.9%), but still outperforming the main reference indices.

PRICE AND DAILY VOLUMES



TREND OF THE PIAGGIO SHARE IN RELATION TO REFERENCE INDEXES



MAIN SHARE INDICATORS

	2020	2019
Official share price on the last day of trading (euro)	2.696	2.748
Number of shares (no.)	358,153,644	358,153,644
Treasury shares (no.)	1,028,818	898,818
Earnings per share (euro)		
Basic earnings	0.088	0.131
Diluted earnings	0.088	0.131
Shareholders' equity by share (euro)	1.04	1.07
Market capitalisation (millions of Euros)[3]	965.6	984.2

GROUP RATINGS

	31/12/2020	31/12/2019
Standard & Poor's		
Corporate	B+	BB-
Outlook	Negative	Stable
Moody's		
Corporate	Ba3	Ba3
Outlook	Negative	Stable
MSCI ESG Research	AA	AA

DIVIDENDS

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

SUMMARY OF DIVIDENDS PAID BY PIAGGIO & C. SPA

	TOTAL DIVIDEND			DIVIDEND PER SHARE		
	2020	2019	2018	2020	2019	2018
	€/000	€/000	€/000	€	€	€
Of the previous year's result	19,642	32,155	19,698	0.055	0.090	0.055
Interim dividend for current year's result	13,214	19,650		0.037	0.055	

3 Source Borsa Italiana

SIGNIFICANT EVENTS DURING THE YEAR

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

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

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

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

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

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

4 May 2020 – After introducing numerous procedures and measures to guarantee the utmost health and safety of workers, the Piaggio Group reopened production sites and sales outlets in Italy.

11 May 2020 – The Piaggio Group resumed production activities also at the Indian site in Baramati. Therefore, all Piaggio Group production sites worldwide returned to production after the stoppages caused by Covid-19. The Vietnamese plant always continued production, despite being slowed down by suppliers. In India, the lockdown of dealers ended the week beforehand, with the re-opening of around 190 dealers of commercial vehicles and two-wheelers, and sales activities consequently restarting.

25 May 2020 – The invalidity division of the European Union Intellectual Property Office (EUIPO) declared the design registered by a Chinese scooter, used to justify the production of scooters similar to the Vespa and showcased at the Milan two-wheeler show, EICMA 2019, which were removed by the competent authorities of the Show, on the initiative of Piaggio, as invalid. The invalidity division of EUIPO cancelled the registration, stating that it represented an unlawful attempt to reproduce the design. This invalidity action is part of broader-reaching activities the Piaggio Group has been involved in for many years, to fight against counterfeiting.

2 July 2020 - The Piaggio Group signed a loan agreement with Banca Monte dei Paschi di Siena and Cassa Depositi e Prestiti (in equal shares), worth 60 million euro. The new credit line will support the Piaggio Group in its investment plan for the research and development of innovative technological and product solutions, also in the areas of active and passive safety and sustainability (including the reduction of fuel consumption and emissions from internal combustion engines), aimed at strengthening its scooter, motorbike and commercial vehicle product range. Piaggio is therefore continuing its consolidation and growth strategy as a leader in the mobility sector, and will further consolidate the Group's financial structure.

7 August 2020 - The Piaggio Group was awarded an EU-wide contract from Poste Italiane S.p.A. for the supply of 5,000 three-wheeler scooters for postal services. The total value of the contract is over €31 million. The vehicle to be supplied is the new Piaggio 3W- Delivery 125cc Euro 5 scooter, specifically designed and developed by the Piaggio Group for the transport and delivery needs of company fleets and standard delivery requirements. The fleet will be delivered before the end of the first half of 2021.

9 September 2020 - The International Jury of the XXVI Compasso d'Oro (Golden Compass) Award nominated the Electric Vespa for an Honourable Mention, a prestigious acknowledgement celebrating excellence in design worldwide.

30 September 2020 – Gita, the revolutionary robot, designed, developed and produced by Piaggio Fast Forward, was given an Honourable Mention in the Innovation by Design 2020 award of the Fast Company magazine, in the "mobility" category.

19 October 2020 - The European Investment Bank (EIB) and the Piaggio Group signed a 7-year, €30 million loan agreement, to support investment plan Research and Development projects that will be carried out at Piaggio Group sites before the end of 2021. The loan agreement signed with the EIB will support the development of innovative technological solutions for products and processes in the areas of active and passive safety and sustainability (including electric engines and reduced consumption in combustion engines), with the aim of consolidating the scooter, motorcycle and commercial vehicle ranges.

5 November 2020 - Piaggio Fast Forward, the Boston-based Piaggio Group company focused on robotics and mobility of the future, launched a number of pilot programmes to test, together with partners active in different business sectors, further applications of its revolutionary Gita carrier robot in various areas including tourism, residential, retail and the last mile delivery channel.

21 December 2020 - Aprilia signed a licence agreement with MT Distribution for the production and marketing of the eSR1 electric scooter. Lightweight, safe and fun, the eSR1 is for those who want to move independently and with maximum practicality even in busy and congested metropolitan environments. It is an alternative and environmentally friendly means of transport, ideal for travelling the so-called 'last mile', from the car park to the final destination, or in combined use with public transport.

26 December 2020 - The highly anticipated new Piaggio Beverly was unveiled on piaggio.com. More powerful but still nippy, the Beverly has become a true crossover capable of combining the dynamism of a high wheeler with the performance of a large GT. It features a new motorcycle-style chassis, plus new Piaggio HPE Euro 5 engines in 300 and 400 cc displacements and new technology: a keyless system, digital instrumentation, full LED lighting and advanced connectivity.

FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

CONSOLIDATED INCOME STATEMENT

Consolidated income statement (reclassified)

	2020		2019		CHANGE	
	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	ACCOUNTING FOR A %	IN MILLIONS OF EUROS	%
Net revenues	1,313.7	100.0%	1,521.3	100.0%	(207.6)	-13.6%
Cost to sell [4]	(941.3)	-71.7%	(1,062.5)	-69.8%	121.2	-11.4%
Gross industrial margin[4]	**372.4**	**28.3%**	**458.8**	**30.2%**	**(86.5)**	**-18.8%**
Operating expenses	(301.5)	-23.0%	(354.3)	-23.3%	52.8	-14.9%
EBITDA[4]	**186.1**	**14.2%**	**227.8**	**15.0%**	**(41.8)**	**-18.3%**
Amortisation/Depreciation	(115.2)	-8.8%	(123.3)	-8.1%	8.1	-6.6%
Operating income	**70.9**	**5.4%**	**104.5**	**6.9%**	**(33.7)**	**-32.2%**
Result of financial items	(20.7)	-1.6%	(23.9)	-1.6%	3.2	-13.3%
Profit before tax	**50.2**	**3.8%**	**80.7**	**5.3%**	**(30.5)**	**-37.8%**
Taxes	(18.8)	-1.4%	(33.9)	-2.2%	15.1	-44.5%
Net profit	**31.3**	**2.4%**	**46.7**	**3.1%**	**(15.4)**	**-33.0%**

Net revenues

	2020	2019	CHANGE
IN MILLIONS OF EUROS			
EMEA and Americas	831.0	867.6	(36.6)
India	233.0	430.3	(197.3)
Asia Pacific 2W	249.6	223.4	26.3
Total	**1,313.7**	**1,521.3**	**(207.6)**
Two-wheelers	1,040.9	1,055.1	(14.2)
Commercial Vehicles	272.8	466.2	(193.4)
Total	**1,313.7**	**1,521.3**	**(207.6)**

Revenues for the period were negatively affected by the COVID-19 health emergency, which led to the repeated closure of production and commercial activities in many countries.
For further analysis of the effects of the pandemic, see the section "Health Emergency - COVID-19".

In terms of consolidated turnover, the Group closed 2020 with lower net revenues compared to the same period of 2019 (-13.6%). The downturn concerned India in particular (-45.8%; -42.1% at constant exchange rates) and the EMEA and Americas markets (-4.2%).
Instead, the Asia Pacific area recorded a positive performance (+11.8%; +13.9% with constant exchange rates).
As regards product type, the decrease was greater for commercial vehicles (-41.5%) and more moderate for two-wheeler vehicles (-1.3%). As a result, the percentage of Commercial Vehicles accounting for overall turnover dropped from 30.6% in 2019 to the current figure of 20.8%; vice versa, the percentage of Two-wheelers rose from 69.4% in 2019 to the current figure of 79.2%.

The **gross industrial margin** of the Group decreased compared to the previous year (-€86.5 million), and was equal to 28.3% (30.2% in 2019).

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

Amortisation/depreciation included in the gross industrial margin was equal to €31.5 million (€31.4 million in 2019).

Operating expenses incurred during 2020 stood at €301.5 million (€354.3 million in 2019). The reduction was mainly due to activities being temporarily stopped in Italy and India because of the health emergency.

This performance resulted in a consolidated **EBITDA** which was lower than the previous year, and equal to €186.1 million (€227.8 million in 2019). In relation to turnover, EBITDA was equal to 14.2% (15.0% in 2019).

Operating income (**EBIT**) amounted to €70.9 million, down on the figure for 2019 (-€33.7 million); in relation to turnover, EBIT was equal to 5.4% (6.9% in 2019).

The result of **financing activities** improved compared to the previous year by €3.2 million, with Net Charges amounting to €20.7 million (€23.9 million in 2019). This improvement was thanks to the positive contribution of currency management and reduction in the cost of debt, which more than offset the effects of higher average debt.

Taxes for the period were equal to €18.8 million, while they amounted to €33.9 million in 2019. In 2020 the impact of taxes on profit before tax was estimated as equal to 37.6% (42.1% in 2019). The decrease is mainly due to the reduction in the tax burden on income produced in India and distributed over the course of the year.

Adjusted net profit stood at €31.3 million (2.4% of turnover), down on the figure for the previous year of €46.7 million (3.1% of turnover).

Operating data

VEHICLES SOLD

	2020	2019	CHANGE
IN THOUSANDS OF UNITS			
EMEA and Americas	239.6	243.6	(4.0)
India	135.8	269.5	(133.7)
Asia Pacific 2W	107.4	98.2	9.2
Total	**482.7**	**611.3**	**(128.6)**
Two-wheelers	384.7	399.6	(14.9)
Commercial Vehicles	98.0	211.7	(113.7)
Total	**482.7**	**611.3**	**(128.6)**

During 2020, the Piaggio Group sold 482,700 vehicles worldwide, with a decrease in volumes of approximately 21.0% over the previous year, when 611,300 units were sold. All markets, with the exception of Asia Pacific 2W (+9.4%) declined as a result of the Covid-19 health emergency. The decline was more limited in EMEA and Americas (-1.7%), while in India the number of vehicles sold fell by 49.6%. As regards product type, sales of Commercial Vehicles fell by 53.7% and of Two-Wheelers by 3.7%.
For a more detailed analysis of market trends and results, see relative sections.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION[5]

STATEMENT OF FINANCIAL POSITION	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
IN MILLIONS OF EUROS			
Net working capital	(146.6)	(115.9)	(30.7)
Property, plant and equipment	269.2	272.7	(3.5)
Intangible assets	695.6	676.2	19.5
Rights of use	33.2	36.5	(3.2)
Financial assets	9.6	9.7	(0.0)
Provisions	(65.5)	(65.6)	0.0
Net capital employed	**795.6**	**813.6**	**(17.9)**
Net financial debt	423.6	429.7	(6.1)
Shareholders' equity	372.0	383.8	(11.8)
Sources of financing	**795.6**	**813.6**	**(17.9)**
Non-controlling interests	(0.1)	(0.2)	0.1

Net working capital as of 31 December 2020 was negative (€146.6 million), generating a cash flow of approximately €30.7 million during 2020.

Property, plant and equipment which includes investment property, totalled €269.2 million as of 31 December 2020, decreasing by €3.5 million compared to figures for the previous year. This reduction is mainly due to the negative effect of the devaluation of the rupee (approximately €9.9 million), the impact of impairment of real estate investments (approximately €4.6 million) and disposals of €0.7 million, partially offset by investments which exceeded the depreciation for the period by approximately €11.7 million.

Intangible assets totalled €695.6 million, up by approximately €19.5 million compared to 31 December 2019. The imbalance between investments and amortisation/impairment for the period of approximately €21.9 million more than offset the negative effect of the devaluation of the Rupee (approximately €2.4 million).

Rights of use, equal to €33.2 million, decreased by approximately €3.2 million compared to figures as of 31 December 2019.

Financial assets which total €9.6 million, were essentially in line with the figures for the previous year.

Provisions totalled €65.5 million, in line with 31 December 2019.

As fully described in the next section on the "Consolidated Statement of Cash Flows", **net financial debt** as of 31 December 2020 was equal to €423.6 million, compared to €429.7 million as of 31 December 2019, down by approximately €6.1 million.

Shareholders' equity as of 31 December 2020 amounted to €372.0 million, down €11.8 million compared to 31 December 2019.

5 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 2020; the following is a comment relating to the summary statement shown.

CHANGE IN CONSOLIDATED NET DEBT	2020	2019	CHANGE
IN MILLIONS OF EUROS			
Opening Consolidated Net Debt	**(429.7)**	**(429.2)**	**(0.5)**
Cash Flow from Operating Activities	138.8	165.2	(26.4)
(Increase)/Reduction in Working Capital	30.7	48.8	(18.1)
Net Investments	(140.4)	(140.9)	0.5
Other changes	20.0	(18.7)	38.7
Change in Shareholders' Equity	(43.1)	(54.9)	11.8
Total Change	***6.1***	***(0.5)***	***6.6***
Closing Consolidated Net Debt	**(423.6)**	**(429.7)**	**6.1**

During 2020 the Piaggio Group generated **financial resources** amounting to €6.1 million.
Cash flow from operating activities, defined as net profit, minus non-monetary costs and income, was equal to €138.8 million.
Working capital generated a cash flow of approximately €30.7 million; in detail:
- the collection of trade receivables[6] generated cash flows for a total of €7.3 million;
- stock management generated cash flows for a total of €24.8 million;
- supplier payment trends generated cash flows of €13.5 million;
- the movement of other non-trade assets and liabilities had a negative impact on cash flows by approximately €14.9 million.

Investing activities used financial resources for a total of €140.4 million, of which €35.7 million in capitalised development costs and €104.7 million in property, plant and equipment and intangible assets.
Dividends paid in the year were equal to €32.9 million and included the interim dividend paid in November 2020.
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 €6.1 million, the net debt of the Piaggio Group amounted to -€423.6 million.

6 Net of customer advances.

ALTERNATIVE NON-GAAP PERFORMANCE MEASURES

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

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

In particular the following alternative performance measures have been used:

- **EBITDA:** defined as "Operating income" before the amortisation/depreciation and impairment costs of intangible assets, property, plant and equipment and rights of use, as resulting from the consolidated income statement;
- **Gross industrial margin:** defined as the difference between net revenues and the cost to sell;
- **Cost to sell:** this includes costs for materials (direct and consumables), accessory purchase costs (transport of incoming material, customs, warehousing), employee costs for direct and indirect manpower and related expenses, work carried out by third parties, energy costs, depreciation of property, plant, machinery and industrial equipment, maintenance and cleaning costs net of sundry cost recovery recharged to suppliers;
- **Consolidated net debt:** 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 relative deferrals. The notes to the Consolidated Financial Statements include a table indicating the statement of financial position items used to determine the measure.


aprilia

BACKGROUND

THE MACROECONOMIC FRAMEWORK

During 2020, the global economy was strongly affected by the COVID-19 pandemic, albeit in a much more geographically heterogeneous manner than during the initial phase of the epidemic. Economists estimated world GDP to fall by 4.1% (+4.3% in 2021 according to the OECD), up slightly from the IMF forecast at the beginning of September (-4.8%). The easing of restrictive measures introduced to counter the spread of the virus led to a partial recovery of economic activity in Europe and North America, which was hampered by the number of infections picking up in the autumn, while Asia, blocked by health measures at the beginning of the year, recorded a strong recovery at the end of 2020.

The **US economy** was impacted considerably by the effects of the outgoing president's management of political and health matters. GDP stood at -3.4%, with a forecast of +3.5% for 2021; the third wave of the pandemic badly affected a relatively favourable economic scenario up until October, characterised by increased manufacturing and services, a continued growth in consumption, extraordinarily expansionary economic policies and record levels of savings. On the currency market, the euro appreciated significantly against the dollar, a direct consequence of the collapse in yield differentials following the Fed's rate cuts.

In the East, the pandemic contributed to worsening the growth of the **Japanese economy**, following the negative trend already seen in the last quarter of 2019. The year ended with GDP at -5.5%, while in 2021 growth is expected at 3.4%, with the prospect of a moderate start due to the new wave of contagions, followed by a re-acceleration mainly due to the contribution of fiscal policy and the gradual deployment of vaccines.

China is the only major economic power with positive growth (+2.3%); thanks to an effective control of the epidemic and the support of fiscal and monetary policy, the economic recovery was faster than expected, driven by real estate and infrastructure investments, as well as by exports and positive industrial growth. Estimates for 2021 are on the upside, with GDP expected to grow by around 8.0%.

In **India**, the slowdown in the number of infections and the relaxation of measures to contain the pandemic have led to the pace of GDP contraction decelerating from -23.9% in the first half of the year to -8.0% at the end of 2020. The recovery was driven by agriculture, manufacturing and energy, water and gas production. In recent months, production has increased but services have shrunk, while exports have exceeded imports net of oil and precious metals; sales of cars and two-wheelers rose in double figures and the outlook for consumption remains positive, although moderate. The Indian government earmarked 1.4% of GDP for small businesses and poor households through a fiscal package. This support is expected to foster a re-acceleration of growth in 2021, forecast at 8.3%.

The **Eurozone**'s GDP declined by 7.3%, following a strong rebound in the third quarter, thanks to the contribution from private consumption and fixed investment. The increase in the proportion of the population immunised thanks to the vaccination campaign should avoid new restrictions, paving the way for a more stable recovery at the same time as the ECB has extended three of its stimulus programmes, including the PEPP (Pandemic Emergency Purchase Programme) from EUR 1,350 billion to EUR 1,850 billion, with the duration of net purchases extended until March 2022.

The above conditions led to a growth forecast of 4.5% in 2021.

At the end of 2020, the **UK** finalised its Brexit deal with the EU; it will leave the Single Market and the customs union as of 1 January; specifically, restrictions on the mobility of the population will increase, while the UK government will have full freedom to implement trade agreements with non-EU countries.

The **Italian economy** was severely affected by the extent of the restrictions, causing a significant contraction in GDP, albeit less marked than during the first wave of the contagion. Household consumption fell slightly more than output in 2020, affected by the contraction in employment and income (albeit mitigated by support measures), restrictions on mobility and the withdrawal of some types of expenditure due to fears of contagion. Monetary and financial conditions remain extremely favourable in this scenario, also thanks to the actions of the Eurosystem, governments and European institutions; the growth in international trade continued also at the end of the year, benefiting from the recovery of the industrial sector in all countries. Economists estimate that output, which was still weak at the beginning of the year, will return to significant growth from the spring onwards, coinciding with an assumed improvement in the health situation. After the 9.0% contraction in 2020, GDP would expand by 4.4% in 2021 and 2.7% in 2022.

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 decrease in 2020, closing with less than 14.3 million vehicles sold, down by 23.2% compared to 2019.

The People's Republic of China continued to decline (-9.9%), closing at just under 5.9 million units sold.

The Asian area, termed Asean 5, reported a downturn in 2020 (-30.1% compared to 2019) ending the period with nearly 9.6 million units sold. This decrease was due to:
- Indonesia, the area's main market, (-43.5% compared to 2019 and sales of less than 3.7 million units);
- Thailand (-12.3% compared to 2019 and 1.5 million units sold);
- Malaysia, (-8.9% compared to the previous year and over 498 thousand units sold);
- Vietnam (-16.7% compared to 2019 and 2.7 million units sold);
- the Philippines (-29.3% compared to 2019 and 1.2 million units sold).

Volumes of other Asian area countries (Singapore, Hong Kong, South Korea, Japan, Taiwan, New Zealand and Australia) increased slightly in overall terms, compared to the previous year, with around 1.58 million units sold (+21.5%). In particular, the Taiwanese market showed a strong turnaround compared to the previous year, increasing to around 939 thousand units sold (+33.2% compared to 2019). Japan, remaining broadly stable, reached almost 366 thousand units sold (+0.9% compared to 2019).

The North American market reported an increase (+11.3%) compared to 2019 (578,916 vehicles sold in 2020).

Brazil, the leading market in South America, reversed the positive trend and, with a decrease in sales (-16.3%), closed at almost 933 million vehicles sold in 2020.

Europe, the reference area for Piaggio Group activities, performed well in 2020, with an overall increase of 5.1% in sales compared to 2019 (+5.5% for the motorcycle segment and +4.6% for scooters), ending the period with approximately 1.454 million units sold.

The scooter market

Europe

The European scooter market in 2020 accounted for 721,000 registered vehicles, with sales up by 4.6% compared to 2019.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2020	2019		OVERALL	< 50 CC	> 50 CC
Italy	139,877	149,111	(9,234)	-6.2%	-4.6%	-6.4%
France	139,028	134,961	4,067	3.0%	8.2%	-2.8%
Spain	104,248	117,541	(13,293)	-11.3%	10.2%	-14.8%
Holland	84,889	60,160	24,729	41.1%	42.7%	-3.2%
Germany	72,902	57,038	15,864	27.8%	-5.7%	54.2%
Greece	31,385	34,849	(3,464)	-9.9%	-46.3%	-6.3%
United Kingdom	28,154	25,582	2,572	10.1%	10.5%	9.9%
Europe	**720,927**	**689,020**	**31,907**	**4.6%**	**15.4%**	**-1.5%**

North America

In 2020, the North American market showed a turnaround with an increase of 8.2% and 27,344 units sold:

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2020	2019		OVERALL	< 50 CC	> 50 CC
USA	23,653	21,371	2,282	10.7%	2.0%	18.9%
Canada	3,691	3,903	(212)	-5.4%	-6.0%	-2.3%
North America	**27,344**	**25,274**	**2,070**	**8.2%**	**0.1%**	**17.8%**

Asia

The main scooter market in the Asean 5 area is Indonesia, with over 2.9 million items sold, reporting a decrease of 52.8% compared to 2019. The automatic scooter segment reported a considerable decline in 2020 (-52.3% compared to 2019, with nearly 2.7 million units sold). The gearbox (cub) segment also fell sharply in 2020, closing with -59.3% and 187 thousand units sold.

India

The automatic scooter market, after last year's decrease, recorded an even sharper decline, -28.0% in 2020, closing at 4.28 million units.

The 125cc segment was the best performer, with over 4.13 million units sold in 2020, accounting for 98.3% of the total automatic scooter market. There was a sharp drop in the 150cc segment (-84.8%), no longer linked solely to sales of the Aprilia SR 150 scooter, which closed at 386 units in 2020, but also to the Vespa, which closed at 2,861 units (-53.3% compared to 2019). The 50cc scooter segment is not operative in India.

The motorcycle market

Europe

With approximately 734,000 units registered, the motorcycle market ended 2020 with a 5.5% increase. The 50cc segment also performed well (+20.8%) closing with 46,661 units sold. The increase in the over 50cc segment, on the other hand, was more moderate, with 687,136 units sold (+4.6%).

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2020	2019		OVERALL	< 50 CC	> 50 CC
France	147,300	150,358	(3,058)	-2.0%	13.8%	-4.1%
Germany	169,664	133,450	36,214	27.1%	52.6%	27.1%
Italy	98,022	103,030	(5,008)	-4.9%	-4.5%	-4.9%
United Kingdom	76,026	81,448	(5,422)	-6.7%	53.3%	-7.5%
Spain	74,000	78,761	(4,761)	-6.0%	34.6%	-7.1%
Europe	**733,797**	**695,437**	**38,360**	**5.5%**	**20.8%**	**4.6%**

North America

The motorcycle market in North America (USA and Canada) recorded an increase in 2020 (+11.5%), closing the period with 551,572 units compared to 494,702 the previous year.

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %		
	2020	2019		OVERALL	< 50 CC	> 50 CC
USA	488,538	438,526	50,012	11.4%	54.2%	9.9%
Canada	63,034	56,176	6,858	12.2%	47.1%	10.5%
North America	**551,572**	**494,702**	**56,870**	**11.5%**	**53.1%**	**10.0%**

Asia
The most important motorbike market in Asia is India, which in 2020, continuing the trend of the previous year, registered approximately 9.5 million units with a percentage decrease of 21.3%.
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; however, with 184 thousand units sold it reported a decrease of 50.8% compared to the previous year.

Commercial Vehicles

Europe
In 2020, 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, decreased by 18.0%% compared to 2019, with 1,732,084 units sold (source: ACEA data). In detail, the trends of main European reference markets are as follows: Spain (-26.5%), UK (-20.0%), France (-16.1%), Italy (-15.0%) and Germany (-12.2%).

India
The Indian three-wheeler and LCV cargo market (the latter with vehicles that have a mass below 2 tonnes), on which Piaggio Vehicles Privates Limited - the Piaggio & C. S.p.A. subsidiary - operates, reported the following trends:

MARKET	VEHICLE REGISTRATIONS		CHANGE	CHANGE %
	2020	2019		
Cargo	78,316	123,214	(44,898)	-36.4%
Passengers	182,096	563,734	(381,638)	-67.7%
Total 3W India	260,412	686,948	(426,536)	-62.1%
4W LCV <2 Tons	129,901	210,333	(80,432)	-38.2%

LEGAL CONTEXT

European Union

COVID-19 – European Recovery Plan
In response to the economic and social crisis caused by the Coronavirus pandemic, the European Commission proposed a massive plan of financial aid to boost recovery of the European economy. To deploy the investments necessary, the Commission has worked on a dual approach:
- **Next Generation EU**, with €750 billion to consolidate the EU budget with new financial market loans for the 2021-2024 period.
- **A consolidated EU mid-term budget** for the 2021-2027 period (€1,100 billion).

European Green Deal
In December 2019, the new European Commission presented an initial document outlining the "European Green Deal" programme, which is key in the political programme to tackle climate change by achieving the following objectives: a 50% reduction in CO_2 emissions by 2030 and climate neutrality (zero emissions) by 2050. To formalise this undertaking and turn it into law, the Commission proposed a European climate law in March 2020, an action plan for the circular economy and an energy transition fund.

Emissions
With the new Regulation (EU) 2019/631 approved in April 2019, European institutions approved new limits for CO_2 emissions for cars and light commercial vehicles (VTL) post-2020. An EU fleet-wide target of 147g CO_2/km for the average emissions of new light commercial vehicles (95g CO_2/km for cars), has been confirmed, and a gradual reduction in CO_2 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.
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 proposal for cars is expected for the end of 2021. Any developments for cars will have inevitable consequences on the two-wheeler segment, with a proposal for post-Euro 5 for the L Category expected from the Commission by 2024.

Sound emissions
During 2018, the European Commission started consultations on the presentation of proposed legislation for new Euro 5 noise limits. After the study published in November 2017, which had come out in favour of a drastic lowering of noise limits, the Commission requested a second study and at the same time a second cost-benefit analysis of a possible reduction in sound limits for L-category vehicles. The start of the second study requested by the European Commission on vehicle noise has been postponed and the legislative proposal by the Commission is therefore expected in 2022.
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, is working 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.

Brexit and type approvals in the United Kingdom
The United Kingdom left the EU on 31 January 2020. In December 2020, the European Commission and the UK signed the exit agreement with the introduction of new border controls that will take place in several stages. To enable manufacturers of motorcycles and mopeds holding a UK type approval to continue to register and sell these vehicles after Brexit, Regulation (EU) 2019/26, approved in January 2019, gives manufacturers the chance to request a switch from UK type approval to a new type approval granted by an approval authority of one of the EU27.

Electric vehicle batteries
With a growing focus on electric mobility and increasing use of new, zero-emission vehicles, the topic of batteries and their environmental sustainability has recently come to the attention of the public and consequently of institutions. In 2019 the European Commission launched a public consultation to obtain feedback from stakeholders in support of proposed legislation introducing new rules and standards to ensure the placing on the market of standardised, high performance batteries that are safe and sustainable. A legislative proposal is expected from the Commission that will cover crucial aspects of the e-mobility sector.

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 considering extending its scope to Category L. A possible legislative proposal could be motioned by the Commission during 2021. 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.

Euro 4 - Category L end-of-series
As required by Article 44 of European Regulation 168/2013, Category L, Euro 4 vehicles may continue to be registered for a period of 24 months, until 31 December 2022, up to a maximum number equal to 10% of vehicles registered in the two previous years.
In order to address the problems resulting from the closure of the commercial network during lockdown, in November the European Commission published EU Regulation 2020/1694, which amended EU Framework Regulation 168/2013 by introducing a so-called “derogated end-of-series”. According to the new Regulation, Euro 4 vehicles in stock on 15 March 2020 can be registered for one year, until 31 December 2021.

SCIP DATABASE
According to the Waste Framework Directive (Directive (EU) 2018/851), as from 5 January 2021, all manufacturers will be required 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 has been set up to store 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 still has 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 has extended the scope of some Regulations (including ECE 94 for frontal crash tests and ECE 95 for side crash tests) to category N1, previously exempt from these obligations; the Piaggio Group together with national and international industry associations have been actively involved in negotiations held at Geneva and at European level, with the aim of promoting implementing rules that would not be detrimental for the vehicles involved. 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.

Italy

Electric vehicle incentives - Category L
The 2020 Budget Law introduced a measure to renew incentives for the purchase of Category L electric vehicles (2/3 wheelers). A fund of EUR 150 million has been earmarked for the years 2021 to 2026. The conditions and requirements to use the incentives are the same as the previous campaign, with a ceiling of 30% and €3,000 of the list price if the previously owned vehicle is not scrapped, and 40% and €4,000 if the vehicle is scrapped.

Light Commercial Vehicle incentives - Category N
The 2020 Budget Law introduced an incentive for the purchase of light commercial vehicles (LCVs). Out of a total fund of €420 million, €50 million has been earmarked for LCVs, of which €10 million is for the purchase of 100% electric vehicles. The subsidy will be granted to anyone who buys brand new N1 commercial vehicles in Italy from 1 January 2021 until 30 June 2021. The contribution is differentiated on the basis of the vehicle's gross weight, the fuel used and the possible scrapping of a vehicle of the same category approved in a class up to Euro 4/IV.

Minimum environmental criteria
The Ministry for the Environment launched a consultation with automotive manufacturers and industry associations, to define the new Minimum Environmental Criteria for tenders for the supply of Category L, M and N vehicles. The new document, which is being prepared, must be adopted no later than 2 August 2021, which is the deadline set by the European Directive 2019/1161 for clean vehicles.

India

Bharat stage VI – emissions
In January 2016, the Indian Ministry of Transport decided to step up the transition from Bharat Stage IV (BS IV) on emissions, to Bharat Stage VI (BS VI) initially planned for 2024. The new BS VI will become mandatory in India for all vehicles manufactured from 1 April 2020 onwards (four-wheelers, light commercial vehicles and two-/three-wheelers). The regulation will include an update on: emission limits and standards; testing requirements and test cycles; requirements for on-board diagnostic systems (introduced for the first time for two-wheelers); durability levels for individual vehicle categories; new fuel standards.
The purpose of adopting BS VI is to update Indian regulations, making them more stringent and aligning them with European regulations (Euro 6 for cars).

"FAME" scheme - incentives
The Indian government recently announced its intention to have only electric three-wheelers by April 2023 and electric two-wheelers by April 2025. FAME (Faster Adoption of Electrical Mobility), the programme 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.

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 the technical regulations on vehicle gas emissions of European Community vehicles. 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 use exist. In an attempt to reduce environmental pollution, the Vietnamese government also intends applying gas emission limits to two-wheeler motorcycles. The local authorities of some large cities have worked with relevant legal entities and associations

to test gas emissions from vehicles in use, to propose to the government a policy to test and enforce standards for limiting gas emissions from vehicles in use.

Energy label

In order to reduce environmental pollution, the government has introduced energy labelling for motorbikes. Accordingly, the Ministry of Transport issued Circular 59/2018 / TT-BGTVT with guidance on energy labelling for manufactured, assembled and imported motorbikes and mopeds. The content of the Circular clearly states that vehicle manufacturers and importers must disclose information on fuel consumption according to the regulations before applying energy labels. Energy labelling must be maintained by the motorcycle manufacturer, importer and retailer on the vehicle until delivery to consumers. In addition, manufacturers and importers must provide fuel consumption information and energy labels again, when applicable standards and regulations change or if there are changes in the vehicle type for which the fuel consumption was indicated and the energy label does not meet the conditions for extended recognition of the required emission test results.

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.

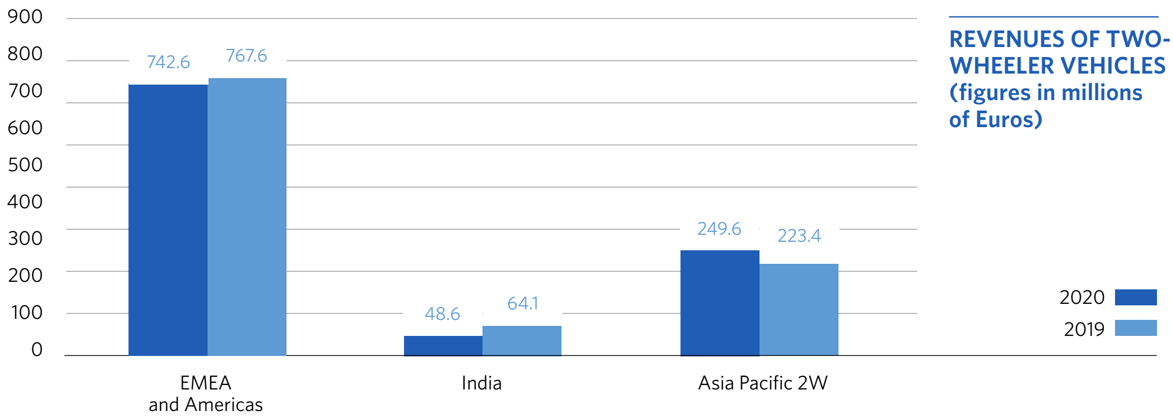
RESULTS BY TYPE OF PRODUCT

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

For details of 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

	2020		2019		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	225.8	742.6	224.5	767.6	0.6%	-3.3%	1.3	(25.0)
of which EMEA	213.2	688.1	213.5	710.4	-0.1%	-3.1%	(0.3)	(22.3)
(of which Italy)	*43.7*	*141.6*	*49.4*	*167.0*	*-11.5%*	*-15.2%*	*(5.7)*	*(25.3)*
of which America	12.5	54.5	10.9	57.2	14.4%	-4.7%	1.6	(2.7)
India	51.6	48.6	77.0	64.1	-33.0%	-24.2%	(25.4)	(15.5)
Asia Pacific 2W	107.4	249.6	98.2	223.4	9.4%	11.8%	9.2	26.3
Total	**384.7**	**1,040.9**	**399.6**	**1,055.1**	**-3.7%**	**-1.3%**	**(14.9)**	**(14.2)**
Scooters	349.1	748.8	363.0	737.9	-3.8%	1.5%	(13.8)	10.9
Motorcycles	35.6	170.4	36.6	183.7	-2.9%	-7.3%	(1.0)	(13.4)
Spare Parts and Accessories		119.4		132.1		-9.6%		(12.7)
Other		2.4		1.4		68.0%		1.0
Total	**384.7**	**1,040.9**	**399.6**	**1,055.1**	**-3.7%**	**-1.3%**	**(14.9)**	**(14.2)**



REVENUES OF TWO-WHEELER VEHICLES (figures in millions of Euros)

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

Revenues for the period were negatively affected by the COVID-19 health emergency, which led to the closure of production and commercial activities for several weeks in many countries.
During 2020, the Piaggio Group sold a total of 384,700 two-wheeler vehicles worldwide, accounting for a net turnover equal to approximately €1,040.9 million, including spare parts and accessories (€119.4 million, -9.6%).
The overall downturn recorded in volumes (-3.7%) as well as turnover (-1.3%) was mainly due to the decreases reported in India (-33.0%; -24.2% turnover; -18.7% with constant exchange rates). In EMEA and Americas, while volumes remained substantially stable, revenues decreased slightly (+0.6% volumes; -3.3% turnover). Only the Asia Pacific area managed to react positively (+9.4% volumes; +11.8% turnover; +13.9% with constant exchange rates).

Market positioning[7]

In 2020, the Piaggio Group further strengthened its leadership on the European market[8] reaching an overall share of 14.2% (14.1% in 2019). A significant increase in motorcycle sales and the excellent results obtained in the scooter segment, in which the Group has always been the undisputed leader, contributed to this result, with a share equal to 24.0% (24.1% in 2019).
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 23.7% in 2019 to 28.2% in 2020. Sell-out volumes in the motorbike segment remain largely unchanged (from 0.6% in 2019 to 0.5% in 2020)

7 Market shares are calculated based on "sell out" volumes, i.e. sales by the distribution network to end purchasers. Market shares for 2019 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.
8 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 importers.
In December 2020, the Group's sales network comprised 1,125 partners managing around 2,800 sales agency agreements for various brands. 46% of these dealers sell only Group brands (one or more), without handling competitors' products.
At present, the Piaggio Group is active in 81 countries in the area and in 2020 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 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 2020, the Group had 199 partners, of which 151 in the United States, 33 in Canada and a network of 15 importers in Central and South America.
In 2020, 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 88 sales outlets throughout the country by the end of 2020, of which 60% Motoplexes. In Indonesia, Japan and China, Piaggio has a network of 40 (72% Motoplex), 55 (24% Motoplex) and 48 (100% Motoplex) sales outlets.
In other areas of Asia Pacific, the number of sales outlets totalled 268 at the end of 2020, with major changes to the current network focussed on the Motoplex concept (57%), with 12 distributors operating in 11 nations - Thailand, Singapore, Taiwan, Australia, Malaysia, South Korea, New Zealand, Cambodia, Hong Kong, the Philippines and Macau. In 2020, 11 new outlets were opened on the following markets: 2 in Vietnam (Piaggio-Vespa), 1 in Indonesia (Piaggio-Vespa), 3 in China (Moto Guzzi-Vespa and Aprilia-Moto Guzzi), 1 in Taiwan (Vespa), 1 in Thailand (Piaggio-Vespa-Aprilia-Moto Guzzi), 1 in Malaysia (Piaggio-Vespa-Aprilia-Moto Guzzi) and 3 in South Korea (Piaggio-Vespa-Aprilia-Moto Guzzi).

India

In India, Piaggio Vehicles Private Limited had 245 dealers as of 31 December 2020. The decrease from 260 dealers at the end of 2019 is due to the cancellation of mandates that are no longer active. At present, the network covers main areas throughout the country.

Investments

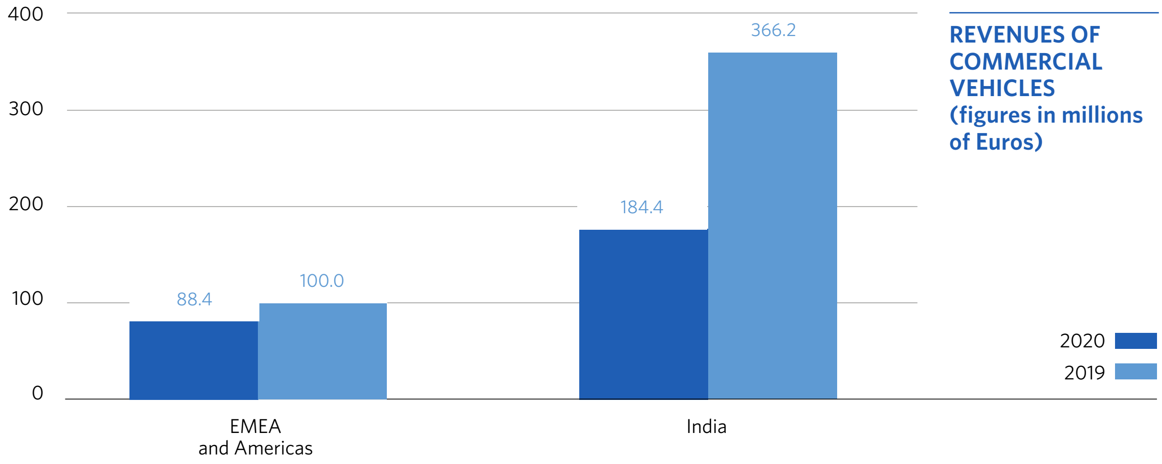
Investments mainly targeted the following areas:
- developing new products and face lifts for existing products;
- improving and modernising current production capacity.

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

	2020		2019		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	13.8	88.4	19.2	100.0	-27.9%	-11.6%	(5.3)	(11.7)
of which EMEA	11.8	84.1	14.8	91.9	-20.5%	-8.5%	(3.0)	(7.8)
(of which Italy)	*3.6*	*43.8*	*4.2*	*51.0*	*-14.9%*	*-14.2%*	*(0.6)*	*(7.2)*
of which America	2.0	4.3	4.3	8.2	-53.0%	-47.2%	(2.3)	(3.9)
India	84.2	184.4	192.5	366.2	-56.3%	-49.6%	(108.3)	(181.8)
TOTAL	**98.0**	**272.8**	**211.7**	**466.2**	**-53.7%**	**-41.5%**	**(113.7)**	**(193.4)**
Ape	93.7	180.8	206.7	358.5	-54.7%	-49.6%	(113.1)	(177.8)
Porter	4.3	53.4	4.4	54.5	-3.5%	-2.0%	(0.2)	(1.1)
Quargo	0.0	0.0	0.3	1.2	-95.3%	-97.0%	(0.3)	(1.2)
Mini Truk	0.1	0.2	0.2	0.6	-65.5%	-70.7%	(0.1)	(0.4)
Spare Parts and Accessories		38.4		51.4		-25.3%		(13.0)
TOTAL	**98.0**	**272.8**	**211.7**	**466.2**	**-53.7%**	**-41.5%**	**(113.7)**	**(193.4)**



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

Revenues for the period were negatively affected by the COVID-19 health emergency, which led to the closure of production and commercial activities for several weeks in many countries.
In 2020, the Commercial Vehicles business generated a turnover of approximately €272.8 million, including approximately €38.4 million relative to spare parts and accessories, registering a 41.5% decrease over 2019. During the period, 98,000 units were sold, down by 53.7% on 2019.
On the EMEA and Americas market, the Piaggio Group sold 13,800 units, generating a total net turnover of approximately €88.4 million (down by 11.6%), including spare parts and accessories for €13.5 million.
The Indian affiliate Piaggio Vehicles Private Limited (PVPL) sold 72,534 three-wheelers on the Indian market (164,515 in 2019).
The same affiliate also exported 11,620 three-wheeler vehicles (27,502 in 2019).
On the domestic 4-wheeler market, PVPL sales fell 89.2% compared to 2019 to 53 units.
In overall terms, the Indian affiliate PVPL registered a turnover of €184.4 million in 2020, compared to €366.2 million in the previous year (-49.6%; -46.2% with constant exchange rates).

Market positioning[9]

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 Vehicles Private Limited increased its market share in 2020, to 27.9% (23.9% in 2019). Detailed analysis of the market shows that Piaggio Vehicles Private Limited maintained its market leader position in the goods transport segment (cargo segment) with a share of 46.8% (41.8% in 2019). In the Passenger segment, its share instead was 19.7% (20.0% in 2019). On the four-wheeler market, Piaggio Vehicles Private Limited played a marginal role, with its share decreasing to 0.04% (0.2% in 2019).

9 Market shares are calculated based on "sell out" volumes, i.e. sales by the distribution network to end purchasers. Market shares for 2019 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

During the year, Piaggio's sales network continued its change process, based on the current project to develop a new four-wheeler vehicle that will expand the product range and make its mark in a competitive scenario which differs from the current situation.

The year 2020 saw the completion of the network reshaping process begun in 2018, which aims to define a substantially separate distribution set-up for three-wheeler vehicle sales and assistance, on the one hand, and for four-wheeler vehicles on the other. In Italy, where Piaggio Commercial has always had a widespread presence, this has been possible thanks to parallel work between its long-standing network, almost always shared with the Group's two-wheeler business lines, and the new network. On the one hand, this has meant the withdrawal of around 50% of the original mandates, the transformation from a full range mandate to an Ape mandate for a large part of the historic network, and the substantial improvement in quality of remaining dealers who were given continuity on the new project. On the other hand, the entry of new operators specialising in work, industrial and commercial vehicles has given a solid base to the Sales and Service Network, both at first and second level, in areas where it was lacking and has also strengthened its presence on markets with the most significant opportunities.
On other directly managed markets, recruiting was far more radical, especially in France and Spain, leading to an overall result of the sales and service channel being fully and entirely renewed and given a new professional profile. In principle, the same logic has also been adopted for markets managed through imports.
Finally, in 2021, the separation of the Network in a brand logic will be made visible to the end customer through a Retail Identity and a dedicated Ape website.
As for the figures, in 2020 the European dealer network accounted for 450 operators, with the closure of 35 old dealers and opening of 54 new Piaggio Commercial dealers, bringing the coverage of new business potential on the four main markets to around 94% overall.
As regards European importers, the network continued to expand, with new high-level operators added in markets such as Poland, Croatia and Slovenia, bringing the number of current importers to 21, 7 of which added only in 2020. In addition, the mandate was appropriately revised, in order to operate on the same market jointly, with the network dedicated only to the Ape brand and with new Piaggio Commercial importers specialising in the new four-wheeler vehicle.
In line with the company's general objectives and Network Development guidelines, the objective for 2021 is to complete territorial coverage where there are still areas to target on Direct Markets, or acquire new importers on markets yet to be opened.
Lastly, as regards the non-European area, Piaggio confirmed and consolidated its network in countries where it has a long-standing presence. In particular, work was done to launch CKD (Complete Knock Down) projects in Colombia and Ethiopia. By setting up these projects, the structure of the network is more integrated with the territory, ensuring consolidation in the management of the business.
On the American continent, the search for new opportunities continued, which will lead to new projects for 2021 in countries where the three-wheeler is not yet present.
In Africa and Asia & Pacific, actions taken so far were consolidated, while laying the foundations for further development in countries that have only recently entered the commercial vehicle business.

India

In India, Piaggio Vehicles Private Limited had 429 dealers as at 31 December 2020. The decrease from 464 dealers in 2019 is due to the cancellation of mandates that are no longer active.

Investments

Investments mainly targeted the following areas:
- development of a new range of four-wheeler light commercial vehicles for the EMEA market (the new Porter NP6) and construction of the related new assembly line.

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

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.

As regards Great Britain leaving the European Community, the Group considers the effects on global sales and profitability as negligible. In fact, the Group's turnover on the British market accounts for less than 2% of total turnover.

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

Over the last few years, the characteristics and dynamics of the competitive background of markets on which the Group operates have changed considerably, above all regarding prices, also due to a declining demand worldwide. In addition, 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 Asia.

Risk related 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 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 always 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 and climate change

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 linked to climate change 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 measures are adopted by various 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 the workforce, following 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 could require sales outlets to be closed, or the Group might not be able to supply the sales network.

Piaggio has tried and is trying to deal with this risk, which could negatively affect the Group's financial position and performance following a possible decrease in revenues, profitability and cash flows, thanks to a global sourcing policy, a production capacity distributed on different continents and a sales network present in over 100 nations.
At the Group's sites, measures have also been taken to ensure social distancing, the sanitation of workstations and communal areas and the adoption of specific PPE; smart working has also been introduced.
This activity was supervised by local anti-Covid committees monitored at Group level.

Risk connected with the use of new technologies

The Piaggio Group is exposed to risk from the difficulty of keeping abreast with new product and production process technologies. To tackle this risk, the R&D centres at Pontedera, Noale (thanks also to Aprilia Racing's experience in MotoGP racing in Italy) and PADc – the Piaggio Advanced Design Center in Pasadena are dedicated to research, development and trialling new technological solutions, while Piaggio Fast Forward in Boston is studying innovative solutions to anticipate and meet future mobility needs.

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 establishing specific technical/professional standards to adopt in contracts, and by adopting periodic controls.

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 and 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.
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 related 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 above all 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 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 sustainable development model that is based on environmental sustainability, in terms of safeguarding natural resources and the possibility that the ecosystem might absorb the direct and indirect impact of production activities. In 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 risks related to accidents/injuries sustained by personnel are mitigated by aligning processes, procedures and structures with applicable Occupational Safety laws, as well as best international standards.
These commitments, set out in the Code of Ethics[10] 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 for Italian sites and Vietnam and BS OHSAS 18001 for India) already awarded and maintained at production sites, is a mandatory benchmark for all company sites no matter where they are working.

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.

10 Code of Ethics - Article 8: "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".

Risks related to human resources

The main risks the Group is exposed to 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, the Group was not affected by major interruptions to production because of 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 related 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 related to reporting

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

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

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

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

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

OPERATING OUTLOOK

The year 2020 ended with results higher than expectations on both European and Asian markets, confirming overall the Group's effective response to the pandemic that has hit the world economy.

It remains difficult to make forecasts, because the Covid 19 epidemic will still have an impact in 2021. However, in the year in which Moto Guzzi celebrates its first 100 years and Vespa its first 75, Piaggio will continue its journey with the launch of 11 new two-wheeler models and a new light commercial vehicle, as well as building a new e-mobility department in Pontedera, starting up a new plant in Indonesia, and completely renovating the Moto Guzzi production site and museum areas.

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

TRANSACTIONS WITH RELATED PARTIES

Revenues, costs, payables and receivables as of 31 December 2020 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.
The Company has adopted the Corporate Governance Code approved by the Corporate Governance Committee in March 2006 and last updated on 31 January 2020, aligning it with the corporate governance principles in the Code.
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 Board of Directors of the Company in office at the date of this Report comprises nine members, appointed by the Ordinary General Meeting of Shareholders of 16 April 2018 based on the two lists of candidates submitted by the majority shareholder IMMSI S.p.A. and by the Legal Practice Trevisan & Associati. The Board of Directors will remain in office until the date of the Shareholders' Meeting called to approve the 2020 Financial Statements.

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 Internal Control and risk management 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, after consulting with the Internal Control and Risk Management Committee, to define guidelines for the internal control and risk management system which comprises all processes to identify, measure, manage and monitor main risks. This system helps ensure efficient and effective company operations, the reliability of financial information, compliance with laws and regulations as well as the company's articles of association and with internal procedures, and the safeguarding of company assets.
In this context, the Board of Directors is assisted by a Director appointed to oversee operation of the internal control and risk management system and an Internal Control and risk management Committee.
The Board of Directors, in response to a proposal by the Director in charge of the internal control and risk management system and having obtained the opinion of the Internal Control and risk management Committee and the Board of Statutory Auditors, appointed the Internal Auditing Supervisor to verify that the internal control and risk management system is operative and adequate, ensuring that he/she receives adequate means to carry out his/her functions, including - as regards the operating structure and internal organisational procedures - access to information needed for his/her position.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors in office at the date of this Report was appointed by the Ordinary General Meeting of Shareholders of 16 April 2018, based on the two lists of candidates submitted by the majority shareholder IMMSI S.p.A. and by the Legal Practice Trevisan & Associati, in compliance with Article 24.2 of the Articles of Association and will remain in office until the approval of the 2020 Financial Statements.

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)

As regards obligations in applicable legislation on data privacy, Piaggio & C. S.p.A., as Controller, has adopted various security measures listed in this legislation.
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.
In compliance with the GDPR, and considering that the Company's operations involve, inter alia, the regular and systematic monitoring of the personal data of natural persons, a Data Protection Officer (DPO) has also been appointed, 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, as the reference point within the Company for all matters concerning personal data processing and as the interface with the Italian Data Protection Authority.

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 2020, the regulatory requirements of Article 36 of the Regulation on Markets apply to 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

IN THOUSANDS OF EUROS	SHAREHOLDERS' EQUITY 31/12/2019	2020 RESULT	OTHER MOVEMENTS	SHAREHOLDERS' EQUITY 31/12/2020
Piaggio & C. SpA	**309,325**	**36,749**	**(46,753)**	**299,321**
Net profit and shareholders' equity of subsidiaries	218,451	39,285	(68,490)	189,246
Elimination of the carrying amount of investments	(136,841)	(49,840)	72,112	(114,569)
Elimination of the effects of intergroup transactions	(7,128)	5,128	14	(1,986)
Piaggio Group	**383,807**	**31,322**	**(43,117)**	**372,012**

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).

REPORTING PERIOD	2020 Financial year (from 1 January to 31 December 2020). Data relative to 2019 are presented for comparison. The analysis for some data over 3 financial years is given in the 2020 CSR Report, available at **www.piaggiogroup.com**.
BOUNDARY	The information and figures in the NFS refer to wholly owned subsidiaries[11] (Italian and foreign) and the Fondazione Piaggio and the activities they engaged in over the course of the year, unless otherwise indicated. For further details on the scope of consolidation for various topics addressed, see the table in the section "Contents of the NFS". Information on the Fondazione Piaggio, 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 of quantitative information of the NFS. The report duly indicates when aggregate data derive from estimates. 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.
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 2020 CSR Report available at **www.piaggiogroup.com**.
REPORTING STANDARD	The 2020 Non-Financial Statement has been drawn up in accordance with the "GRI Standards" (GRI-Referenced) guidelines, published by the GRI - Global Reporting Initiative in 2016, with the exception of those relating to Standards 303 (Water and Effluents) and 403 (Occupational Health and Safety), for which the 2018 version is used and for those relating to Standard 207 (Tax), for which the 2019 version is used instead.

The "Table of correspondence with Legislative Decree no. 254/2016 - material topics – GRI Standards – core 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.

11 See the attachment to the 2020 Consolidated Financial Statements "Piaggio Group Companies".

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 the Report 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 by the CSR Manager through the Group's Consolidated Financial Reporting Function. The process comprises 4 stages:

1. Identification of sustainability issues;
2. Identification and engagement of relevant stakeholders;
3. Assessment of the significance of topics;
4. approval by the Board of Directors.

The stage to identify sustainability topics that are relevant for the sector and Piaggio was based on a number of sources, including company policies and principles on conduct, the 2019 Sustainability Report and stakeholder engagement initiatives.

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

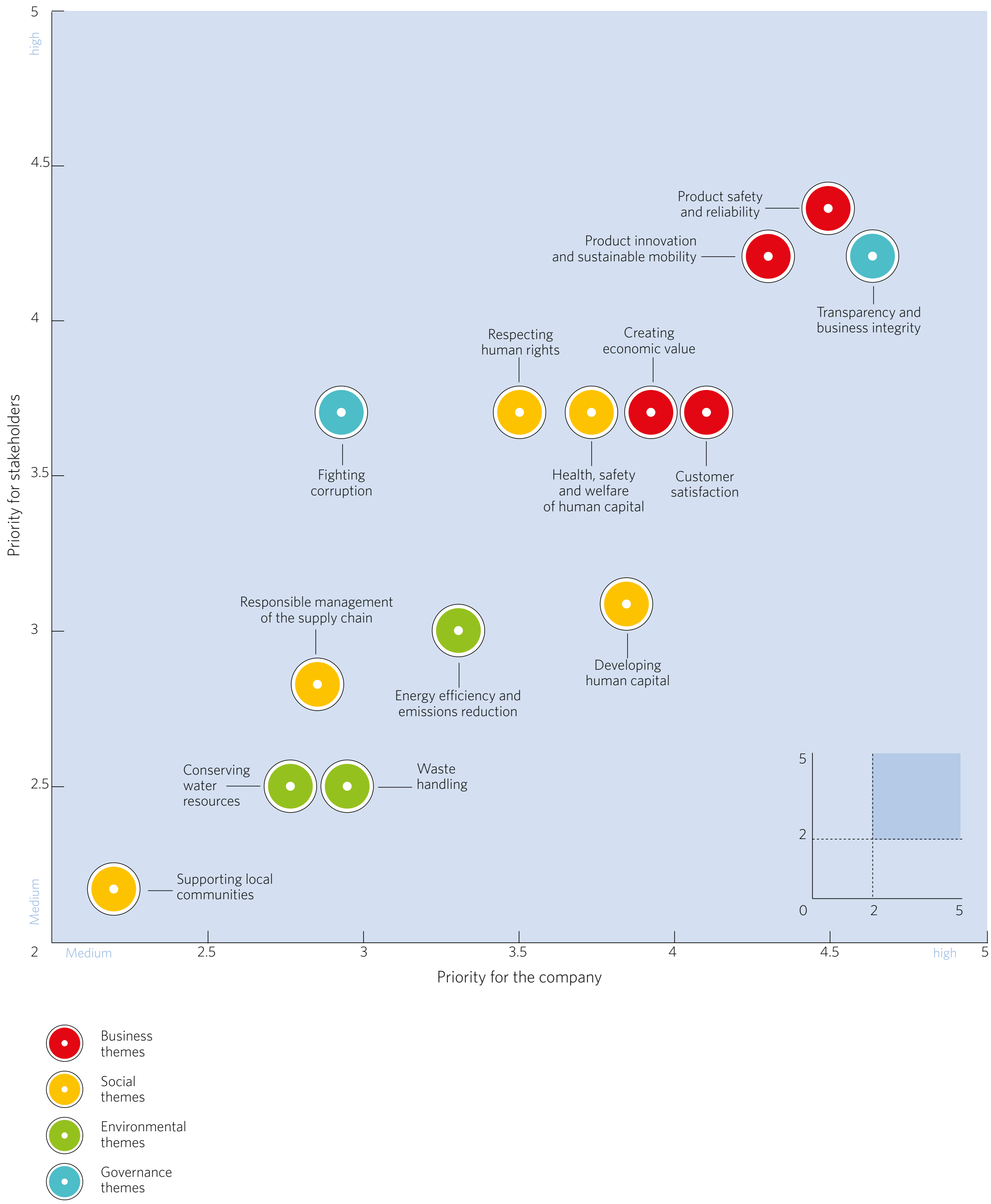
The Group's top managers and a small but representative sample of categories of external stakeholders, were requested to compile a materiality form, combined and used to construct the materiality matrix. The 15 topics previously selected were positioned along the two axes:

- 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 2020 matrix was examined and approved by the Board of Directors of Piaggio & C. S.p.A. in the meeting of 25 February 2021.

MATERIALITY DIAGRAM



Contents of the Non-Financial Statement

Based on the results of materiality analysis, the format of the 2020 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, Corporate Governance Report and CSR Report).
The following table shows:

- the material topics for the company, represented by dimension,
- the impact on stakeholders,
- the relative section in the Non-Financial Statement or reference to the most appropriate reporting document and
- the reporting boundary.

SIZE	TOPIC	INTERNAL IMPACT	EXTERNAL IMPACT	RELATIVE SECTION IN THE NFS / OTHER DOCUMENT	REPORTING PERIMETER[12]
SUSTAINABILITY GOVERNANCE	– Fighting corruption	All Group companies - Human resources	Public Administration - Suppliers – Customers - Lenders	NFS: Governance of sustainability and CSR Report	All Group companies
	– Compliance with laws and regulations	All Group companies - Human resources	Public Administration - Suppliers - Customers - Lenders - Local communities	NFS: Governance of sustainability and CSR Report	All Group companies
	– Respecting human rights	All Group companies - Human resources	Suppliers	NFS: Governance of sustainability and CSR Report	All Group companies
RISK MANAGEMENT	– Risk management	All Group companies - Human resources	Customers - Local communities and the external environment	NFS: Risk management	All Group companies
ECONOMIC	– Transparency, – Creating economic value	All Group companies - Human resources	Shareholders and Lenders - Suppliers	Consolidated Financial Statements and CSR Report	All Group companies
PRODUCT	– Product innovation and sustainable mobility, – Safety and reliability	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited – Piaggio Advanced Design Center (PADC) – Piaggio Fast Forward - Foshan Piaggio Vehicles Technologies (FPVT)	Customers	NFS: The business model and CSR Report	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited – PADC – Piaggio Fast Forward – FPVT
	– Meeting customer requirements	All Group companies	Customers and dealers	CSR Report	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
ENVIRONMENTAL	– Energy efficiency, – Waste management, – Conserving water resources	All Group companies	Local Communities - Suppliers	NFS: The environmental dimension and CSR Report	All Group companies
SOCIAL	– Developing human capital	All Group companies - Human resources	Suppliers	NFS: The social dimension and CSR Report	All Group companies
	– Health and safety	All Group companies - Human resources	Suppliers	NFS: The social dimension and CSR Report	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited
	– Responsible management of the supply chain	Piaggio & C - Piaggio Vietnam - Piaggio Vehicles Private Limited – PADC –Piaggio Fast Forward - FPVT	Suppliers	NFS: The social dimension and CSR Report	Piaggio & C - Piaggio Vietnam – Piaggio Vehicles Private Limited - PADC – Piaggio Fast Forward – FPVT
	– Supporting local communities	All Group companies	Local Communities	NFS: The social dimension and CSR Report	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 2020 CSR Report.

12 Any exceptions are duly reported in the note at the time of the discussion.

THE BUSINESS MODEL

The Piaggio Group today has three distinct core segments:
- 2-wheelers, scooters and motorbikes from 50cc to 1,400cc;
- 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.

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**, 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, Scarabeo and Derbi;
- **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- and four-wheeler commercial vehicles, Vespa and Aprilia brand scooters and engines;
- **Vinh Phuc (Vietnam)** where Vespa and Piaggio scooters and engines are produced.

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).

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**, **Gilera**, **Derbi** and **Scarabeo** 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: from **Gilera** (established in 1909), to **Moto Guzzi** (established in 1921), **Derbi** (1922) and **Aprilia** (1945), which has made a name for itself as one of the most successful manufacturers taking part 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 18 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 1,400cc, 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:** products that can cut the emissions of pollutant gases and CO_2 in urban and extra-urban areas; this is achieved by introducing electric engines and further developing traditional engine technologies (increasingly sophisticated internal combustion engines), as well as 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 ensures its suppliers sign its Code of Ethics; a procedure is currently being tested which will cover requirements to register with the Supplier List for Italy and a "Sustainability Statement", to ensure compliance with Piaggio's ethical values throughout the production cycle and sales of its products. Sustainability for Piaggio does not begin and end at the gates of its factories.

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 safeguard natural resources and the ability 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 2020, dividends for €32,855,483.89 were distributed.
The Piaggio share closed 2020 at €2.696, slightly down on the beginning of the year (-1.9%), but still outperforming the main reference indices.

EMPLOYEES

In 2020, the Piaggio Group employed 6,234 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, 62,381 hours of training were delivered.
During 2020, none of the Piaggio Group companies were affected by episodes concerning employee discrimination or the breach of employee rights.

R&D

In 2020, the Piaggio Group continued its policy of retaining technological leadership in the sector, allocating total resources of €51.9 million to research and development, of which €35.7 million capitalised under intangible assets as development costs.

			2020			2019
	CAPITALISED	EXPENSES	TOTAL	CAPITALISED	EXPENSES	TOTAL
IN MILLIONS OF EUROS						
Two-wheelers	24.9	14.0	38.9	23.5	15.2	**38.7**
Commercial Vehicles	10.7	2.3	13.0	16.1	2.8	**18.9**
Total	**35.7**	**16.2**	**51.9**	**39.6**	**18.0**	**57.6**
EMEA and Americas	26.1	13.8	39.8	28.0	15.0	**43.0**
India	7.0	1.0	8.0	8.5	1.4	**9.9**
Asia Pacific 2W	2.6	1.4	4.1	3.1	1.6	**4.8**
Total	**35.7**	**16.2**	**51.9**	**39.6**	**18.0**	**57.6**

*The figures shown do not include research, development and prototyping costs incurred by Piaggio Fast Forward for the new Gita motorised robot.

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 2020, the number of new patented solutions dropped to the global pandemic, confirming in any case the Group's strong focus on intellectual property. Piaggio is one of the leading Italian companies for its number of patented solutions.
The Group has been at the forefront of advanced ICE (Internal Combustion Engines) since 2009, with its MP3 Hybrid.
The wealth of knowledge developed through the Hybrid Project has enabled the company to develop the Liberty eMail, which went on sale in 2011.
Ongoing research has resulted in the electric powertrain fitted on the Vespa Primavera Elettrica and the Vespa Elettrica 70 km/h.
Plus the Start&Stop system - a micro-hybrid engine for scooters - has also been developed.

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.
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.
In 2020, Piaggio maintained or improved its positioning in the ESG indices of which it is aware.
Specifically:
- it maintained its AA rating from MSCI ESG Research, a rating agency that measures the performance of companies based on ESG factors;
- it achieved an A- rating for Climate Change and retained a B rating for water use from the international Carbon Disclosure Project.

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

AS OF 2020, PIAGGIO & C S.P.A RECEIVED AN MSCI ESG RATING OF AA

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 2020, the campaign to update the Group's risk profile, involving company managers across the Group, identified 160 risk scenarios, comprising 26 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 CO_2) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators. Structural actions on the Group's production plants, carried out over time, guarantee limited pollutant emissions.
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 14001 environmental certification and investments are made each year to reduce the environmental impact of production sites.
Despite a considerable risk level, in line with other industry operators, control measures adopted significantly reduce environmental risks.

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 safe 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 2020, the collaboration between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - continued, with more than USD 650 million allocated to the fight against AIDS and Covid-19.
Interest in research and progress in the health sector led the Piaggio Group to donating €250,000 to the IEO CCM Foundation (European Institute of Oncology) and €100,000 to the Mantova Hospital (to help deal with the emergency due to the Covid-19 pandemic). Piaggio also supported some charities by giving away vehicles to be used as prizes in auctions.
The Indian and Vietnamese subsidiaries have also always been active in social work, supporting and promoting charitable initiatives.

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, 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.
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.

TOPIC	RISK	CONTROLS
Energy efficiency and emissions reduction (climate change, energy consumption and logistics)	Air pollution attributable to: - 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 - Increase in vehicle emission levels	- 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: - No waste classification / characterisation - Uncontrolled spills and discharges into the sewage system	- ISO 14001 environmental certification - Water waste treatment
Protection of water resources (water consumption and discharges and soil pollution)	- Uncontrolled use of water resources	- 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)	- 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	- 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 and welfare of human capital (OSH management, corporate welfare activities, diversity management)	- Worker Injuries / onset of occupational diseases - COVID-19 infection risk	- BS OHSAS 18001 and ISO 45001 certification - Periodic occupational health and safety training - Personal protective equipment and operating instructions - Preparation of an anti-Covid protocol and establishment of a special committee to oversee the implementation of prevention measures
Product innovation (sustainable mobility, CO_2 emissions, alternative fuels)	- Reduced level of technological innovation in the product range - Regulatory measures aimed at limiting the transit of vehicles with internal combustion engines, in order to reduce emissions and offset climate change - Reduced recyclability / recoverability of vehicles at end of life - Use of materials / substances that are harmful for the environment	- 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: - Errors/omissions of suppliers - Errors/omissions during the product development stage - Errors/omissions during the production stage - Errors/omissions during the quality control stage	- Supplier audits - Product testing during various stages of the production process - ISO 9001 quality certification

TOPIC	RISK	CONTROLS
Customer Satisfaction	Service quality level not in line with customer requirements, for reasons attributable to: – 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	– 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 – Geo-marketing system for optimal coverage of the area through the network
Responsible management of the supply chain	– 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, industrial relations, health and safety at work, support for local communities, charity activities, etc.) – Violation of the Group's Code of Ethics by suppliers	– Inclusion in the register of suppliers complying with Regulation No 1907/2006 (REACH) – Obligation to sign the Group's Code of Ethics
Supporting local communities	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.)	– Organisation of events at the Piaggio Museum – Piaggio Foundation cultural project – Charity and sponsorship activities – Support to hospitals for the provision of equipment during the Covid-19 health emergency period
Respecting human rights	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	– 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	– Unlawful collusion / corruption by employees	– Obligation to sign the Group's Code of Ethics – Use of instruments, including organisational tools, to ensure respect for the principles in the Group Code of Ethics

GOVERNANCE OF SUSTAINABILITY

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 Sustainability Report and Non-Financial Statement pursuant to Legislative Decree 254/16 (NFS).
- The Ethics Committee, which is tasked, among others, with monitoring sustainability issues related to business operations, develops organisational regulations and rules of conduct in line with international best practices, in the context 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;
  - supervising the CSR Report and NFS.

  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 Internal Control and Risk Management Committee is required, among others, to review the contents of the Sustainability Report and NFS which are significant for the Internal Control and Risk Management System, as well as the main rules and company procedures related to this System and which are significant for stakeholders.
- The Executive in charge of financial reporting coordinates the preparation of the Non-Financial Statement and CSR Report, assisted by the CSR Manager. S/he presents both documents to the Ethics 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 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, and which was last updated and approved 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).
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 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 two communication channels: one via fax (0587.219027) and an IT channel via the dedicated Supervisory Body e-mail address (organismodivigilanza@piaggio.com).
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 e-mail to all Piaggio Group employees in Italy, as well as 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 2020, 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 2020, there were no sanctions in place concerning non-compliance with laws and regulations

on environmental matters, marketing, advertising, promotions, sponsorships and the supply and use of products. Finally, no cases regarding the breach of consumer privacy or loss of consumer data were reported in 2020.

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.

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.
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 CO_2 and other pollutants;
- conserving water resources;
- waste handling and recovery;

- absence of soil contamination;
- environmental spending and investments.

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 2020.

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. According to the latest Italian national statistics published by the GSE, 41.51% of the energy used in Italy comes from renewable sources. Among the companies operating abroad, only the one operating in the Netherlands uses energy supply solely from renewable sources.
Although the structure of the company's production sites has been designed to run on fossil fuels, Piaggio is engaged in optimising the management of existing sites to cut consumption. 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.

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.
In 2020, energy consumption decreased considerably, above all due to the production shutdowns caused by the pandemic.

PIAGGIO GROUP ENERGY CONSUMPTION[13]

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL SITES
Electricity (Thousand KWh)	2020	32,200	3,771	654	15,847	15,060	67,532
	2019	33,210	3,750	713	26,603	15,763	80,039
	Delta 2020-2019	-3.0%	0.6%	-8.3%	-40.4%	-4.5%	-15.6%
Methane/Natural Gas (Sm^3)	2020	5,085,839	328,737	143,121			5,557,697
	2019	5,281,812	329,017	147,399			5,758,228
	Delta 2020-2019	-3.7%	-0.1%	-2.9%			-3.5%
LPG (Ton.)	2020				926	27	953
	2019				1,740	26	1,766
	Delta 2020-2019				-46.8%	1.9%	-46.1%
Diesel fuel (Litres)	2020	2,743	62	10	14,122	740,295	757,232
	2019	2,470	120	20	6,745	730,902	740,257
	Delta 2020-2019	11.1%	-48.3%	-50.0%	109.4%	1.3%	2.3%

The Group also operates through commercial companies (distributors and selling agencies) and research centres located on various reference markets. The energy 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. For 2020, their consumption of electricity was estimated to be equal to 482 thousand KWh (883 thousand KWh in 2019). Of this amount, 31 thousand KWh is from certified renewable sources.

13 Some values are based on estimates.

USE OF FUELS FOR COMPANY CARS AND TESTING VEHICLES IN 2020[14]

	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL SITES
Petrol (litres)	136,168	108,541	31,598	97,010	98,985	472,302
Methane/Natural Gas (Sm^3)	4,571					4,571
LPG (Ton.)	3			6		9
Diesel fuel (Litres)	102,492	32,144	5,654	193,739		334,029
CGN (Ton.)				7		7

PIAGGIO GROUP ENERGY CONSUMPTION IN GJ[15]

		ELECTRICITY	METHANE / NATURAL GAS	LPG	DIESEL FUEL	TOTAL
Sites	2020	243,115	196,081	43,961	27,273	510,430
	2019	288,137	224,628	81,431	26,344	620,540
	Delta 2020-2019	-15.6%	-12.7%	-46.0%	3.5%	-17.7%

		PETROL	METHANE / NATURAL GAS	LPG	DIESEL FUEL	CNG	TOTAL
Testing and company cars	2020	15,167	161	415	12,031	304	28,077

Emissions of CO_2 and other pollutants

Greenhouse gases (mainly CO_2) and Volatile Organic Compounds (VOCs) released by solvents used in painting, are some of the most hazardous substances for air pollution generated by automotive operators.
Structural works (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. However, it should be noted that the reduction in emissions from the Baramati plant is due to production shutdowns caused by the pandemic.

DIRECT AND INDIRECT[16] CO_2 EMISSIONS OF PIAGGIO GROUP PRODUCTION SITES

TON.		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2020	direct [17]	10,262	652	284	1,022	2,054	14,275
	indirect	9,061	1,061	184	12,995	13,750	37,051
2019	direct [17]	10,598	650	291	1,861	2,191	15,591
	indirect	10,979	1,240	236	21,814	13,633	47,902
Delta 2020-2019	direct [17]	-3.2%	0.4%	-2.4%	-45.1%	-6.3%	-8.4%
	indirect	-17.5%	-14.4%	-22.0%	-40.4%	0.9%	-22.7%

For sites located in Italy, the conversion criteria of the "Emission Trading" Directive (Directive 2003/87/EC) were used to determine gases with a greenhouse effect resulting from the use of diesel, fuel oil and methane.
Data relating to the Indian plants were calculated applying to energy and fuel consumption the coefficients set by The Central Electricity Authority "CO_2 Baseline Database for the Indian power sector", while those relating to the

14 Some values are based on estimates.
15 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 2020. For electricity, the standard coefficient set by ENEA was used (1 kWh = 0.0036 GJ).
16 The "Location-based" method was used for the reporting of indirect emissions (Scope 2).
17 CO_2 emissions deriving from the combustion of methane, natural gas, diesel fuel and LPG used at plants.

plants in Vietnam were calculated using the coefficients set by the "Department of Meteorology, Hydrology and Climate change – Ministry of Natural resource and Environment Vietnam".
With reference to CO_2 emissions, the industrial plant at Pontedera comes under the sensitivity area classification 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 companies releasing the lowest amount of CO_2 indicated in the Directive.
CO_2 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-combuster.
The monitoring and reporting of CO_2 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.
CO_2 emissions at Piaggio's Pontedera site are certified by a certification body accredited by the National Competent Authority in March of each year.

The CO_2 emissions from the use of company cars and from testing and development activities are reported below.

TON.	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2020	610	341	89	808	48	1,896

Overall, direct emissions of the Group in 2020 were equal to 16,171 tons.

OTHER SIGNIFICANT EMISSIONS AT THE PRODUCTION SITES OF THE PIAGGIO GROUP[18]

		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
COV (Ton.)	2020	19.1			214.4	2.8	236.2
	2019	33.8			425.4	2.7	461.9
	Delta 2020-2019	-43.5%			-49.6%	2.0%	-48.9%

In 2020 there was a drastic reduction in VOCs emitted by the Pontedera plant, caused by the work stoppages, the suspension in the last quarter of Porter production, and better use of the plants. The significant decrease in VOCs emitted by the Baramati plant is attributable to the period when activities stopped due to the lockdown.

18 Reported data are also based on processing using estimates.

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, as is shown by analysing the water consumption of Pontedera plant, which in a decade has more than halved its m^3 consumption of well water. This reduction was mainly 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).

It should be noted that the parameters currently used to analyse water entering and leaving the group's plants for the classification of waters in fresh water and other types of water are different from those required by GRI 303-3 and 303-4. Therefore, the tables below show the breakdown by source only.

WATER WITHDRAWALS

MEGA-LITRES		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL SITES	WATER STRESS AREAS
2020	Groundwater (from wells)	159	5				164	159
	Third-party water resources (mains)	72	30	1	215	95	413	383
	Total withdrawals	**231**	**35**	**1**	**215**	**95**	**577**	**541**
2019	Groundwater (from wells)	177	5	10			192	177
	Third-party water resources (mains)	63	13	1	278	114	469	455
	Total withdrawals	**240**	**18**	**11**	**278**	**114**	**661**	**632**
Delta 2020-2019	**Total withdrawals**	**-3.8%**	**93.0%**	**-95.2%**	**-22.8%**	**-16.4%**	**-12.8%**	**-14.4%**

Water withdrawal fell considerably on a global scale, due to efficiency measures adopted and to production shutdowns caused by the pandemic.
Piaggio will continue though with targeted activities and controls to further reduce water use, in the belief that minimising this resource is essential.

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

WATER CONSUMPTION

MEGALITRES		BARAMATI	VINH PHUC	TOTAL SITES	WATER STRESS AREAS
2020	Groundwater (from wells)				
	Third-party water resources (mains)	215	19	234	234
	Total consumption	**215**	**19**	**234**	**234**
2019	Groundwater (from wells)				
	Third-party water resources (mains)	278	23	301	301
	Total consumption	**278**	**23**	**301**	**301**
Delta 2020-2019	**Total consumption**	**-22.8%**	**-16.4%**	**-22.3%**	**-22.3%**

WATER DISCHARGES

MEGA-LITRES		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL SITES	WATER STRESS AREAS
2020	Surface waters	0	5	0		0	5	0
	Water mains	231	30	1		76	337	307
	Total discharges	**231**	**35**	**1**		**76**	**343**	**307**
2019	Surface waters	0	5	10		0	15	0
	Water mains	240	13	1		91	345	331
	Total discharges	**240**	**18**	**11**		**91**	**360**	**331**
Delta 2020-2019	**Total discharges**	**-3.8%**	**93.0%**	**95.1**		**-16.4%**	**-4.8%**	**-7.3%**

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:** in the second half of 2020 a sewage system was completed and put into operation, which collects all the "industrial" discharges, conveying them directly to the chemical-physical purification plant outside the site. The "industrial" network is now completely separate from the civil waste water network. Both types of waste water undergo chemical-physical purification and are then sent for biological treatment, from which they are discharged into the 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;
- **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 the public sewer system.
- **Commercial companies:** water withdrawal, 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.

Only the Baramati and Vinh Phuc sites reuse some of the water collected. Approximately 104,991 m^3 of water were recycled and re-used by the Indian site in 2020, equal to just under 50% of the total amount drawn by the site. At the Vietnamese factory, waste water recovery amounted to 15,960 m^3, equal to approximately 16.7%.

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.

2020 was a year of transition for Italian plants, despite the difficult period, where the percentages of waste sent for recovery were consolidated and slightly improved, reaching nearly 90% of the waste produced, or even exceeding this figure at some sites.
As Asian plants instead, the Vietnamese site recorded stable figures, while in India there was a considerable decrease in production, due to the lockdown which led to a considerable reduction in the amount of 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.

WASTE PRODUCED AT PIAGGIO GROUP PRODUCTION SITES

TON.		PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	BARAMATI	VINH PHUC	TOTAL
2020	Total waste	7,166	598	287	1,905	1,335	11,290
	Hazardous	8.4%	3.0%	1.7%	17.6%	64.7%	16.1%
	For disposal	12.5%	5.9%	0.0%	37.6%	72.7%	23.2%
	For recycling	87.5%	94.1%	100.0%	62.4%	27.3%	76.8%
2019	Total waste	8,356	829	249	3,054	1,267	13,756
	Hazardous	9.7%	1.7%	1.5%	22.0%	65.2%	16.9%
	For disposal	21.4%	6.2%	1.5%	34.1%	74.4%	27.8%
	For recycling	78.6%	93.8%	98.5%	65.9%	25.6%	72.2%
Delta 2020-2019	Total	-14.2%	-27.9%	15.1%	-37.6%	5.3%	-17.9%

Based on an analysis per type, most of the waste produced was metal waste (iron, aluminium, turning material, etc.) and packaging material (cardboard, wood, etc.). For example at the Pontedera site, approximately 3,400 tons of packaging and 2,000 tons of metal are produced, with these two categories comprising approximately 75% of waste generated.

Avoiding soil contamination

In 2020, 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 of the sites. 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 2020, directed in the Pontedera Plant to the construction of new industrial drains and a new cataphoresis plant. Although this project, costing the Company around €4 million, is not directly aimed at protecting the environment, it will have positive and significant repercussions on the main environmental matrices.

ENVIRONMENTAL SPENDING AND INVESTMENTS IN ITALY

EUROS	2020	2019
Waste disposal, emissions management and and environmental clean-up costs	970,546	669,950
Costs for prevention and environmental management	1,120,228	980,718
Total	**2,090,774**	**1,650,668**

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 optimize 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 disciplines:
- 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 CO_2 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 reduced;
- printing of shipping documents to be sent to end customers has been minimised, and electronic documents are used whenever possible.

In 2020, the new three-year vehicle distribution contract for 2R vehicles became operational. At the same time, the planning of transit to directly managed markets has been re-insourced, to ensure a maximum focus on the optimization of distribution operations. The difficult situation caused by the COVID-19 pandemic has unfortunately not allowed maximum efficiency to be achieved. However, the optimization actions led to a reduction in distribution operations per vehicle in 2020 equal to 0.07% for two-wheeler vehicles and 0.57% for commercial vehicles compared to the previous year.

As part of activities to streamline the distribution warehouses at the Pontedera production hub, the crating process was reviewed, with vehicles only being crated during the dispatch stage. This made it possible to unify the unpacked and packed vehicle warehouses, optimizing the stock. This meant that for scooters overseas (excluding those from India) transit necessary for transport to Europe was optimized.
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 focussed on aligning its organisation with international best practices. During 2020, 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.
At 31 December 2020, Group employees totalled 5,856 units, with an overall decrease of 5.9% compared to 31 December 2019, and an average reduction of 3%.

COMPANY EMPLOYEES BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

EMPLOYEE/STAFF NUMBERS	2020	2019
EMEA and Americas	3,331	3,483
of which Italy	*3,057*	*3,199*
India	1,550	1,749
Asia Pacific 2W	975	990
Total	**5,856**	**6,222**

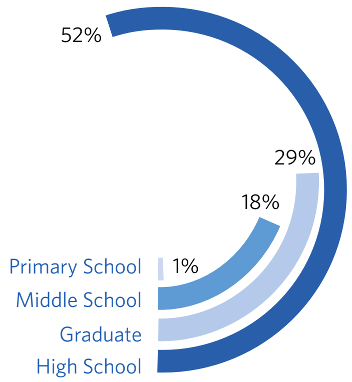
AVERAGE NUMBER OF COMPANY EMPLOYEES BY PROFESSIONAL CATEGORY

EMPLOYEE/STAFF NUMBERS	2020	2019
Senior management	106	105
Middle management	664	671
White collars	1,673	1,728
Blue collars	3,791	3,920
Total	**6,234**	**6,424**

COMPANY EMPLOYEES BY EDUCATIONAL QUALIFICATIONS AS OF 31 DECEMBER 2020

EMPLOYEE/STAFF NUMBERS	GRADUATE	HIGH SCHOOL	MIDDLE SCHOOL	PRIMARY SCHOOL	TOTAL
EMEA and Americas	802	1,650	843	36	3,331
of which Italy	*624*	*1,573*	*830*	*30*	*3,057*
India	512	1,038	0	0	1,550
Asia Pacific 2W	398	333	244	0	975
Total	**1,712**	**3,021**	**1,087**	**36**	**5,856**

COMPANY EMPLOYEES BY EDUCATIONAL QUALIFICATIONS AS OF 31 DECEMBER 2020



An entry turnover rate of 2.3% and leaving turnover rate of 7.0% were recorded in 2020 in the Group (excluding staff on a fixed-term contract), in line with the expected generational turnover.

GROUP EMPLOYEE TURNOVER AS OF 31 DECEMBER 2020

STAFF AS OF 31 DECEMBER 2020		MEN	WOMEN	TOTAL	< 31	31 - 40	41 - 50	> 50	TOTAL	% TURNOVER
					INCOMING					
EMEA & Americas	**3,316**	**53**	**21**	**74**	**29**	**25**	**9**	**11**	**74**	**2.2%**
Senior/Middle Man./White collars	1,415	44	20	64	25	22	7	10	64	4.5%
Blue collars	1,901	9	1	10	4	3	2	1	10	0.5%
India	**1,218**	**36**	**0**	**36**	**12**	**16**	**7**	**1**	**36**	**3.0%**
Senior/Middle Man./White collars	617	35	0	35	11	16	7	1	35	5.7%
Blue collars	601	1	0	1	1	0	0	0	1	0.2%
Asia Pacific	**587**	**4**	**3**	**7**	**4**	**2**	**1**	**0**	**7**	**1.2%**
Senior/Middle Man./White collars	256	4	3	7	4	2	1	0	7	2.7%
Blue collars	331	0	0	0	0	0	0	0	0	0.0%
TOTAL	**5,121**	**93**	**24**	**117**	**45**	**43**	**17**	**12**	**117**	**2.3%**
Senior/Middle Man./White collars	2,288	83	23	106	40	40	15	11	106	4.6%
Blue collars	2,833	10	1	11	5	3	2	1	11	0.4%
					LEAVERS					
EMEA & Americas	**3,316**	**161**	**63**	**225**	**22**	**23**	**15**	**165**	**225**	**6.8%**
Senior/Middle Man./White collars	1,415	82	36	119	22	22	13	62	119	8.4%
Blue collars	1,901	79	27	106	0	1	2	103	106	5.6%
India	**1,218**	**90**	**3**	**93**	**13**	**44**	**19**	**17**	**93**	**7.6%**
Senior/Middle Man./White collars	617	79	2	81	9	43	14	15	81	13.1%
Blue collars	601	11	1	12	4	1	5	2	12	2.0%
Asia Pacific	**587**	**30**	**8**	**38**	**16**	**20**	**2**	**0**	**38**	**6.5%**
Senior/Middle Man./White collars	256	6	7	13	5	6	2	0	13	5.1%
Blue collars	331	24	1	25	11	14	0	0	25	7.6%
TOTAL	**5,121**	**281**	**74**	**356**	**51**	**87**	**36**	**182**	**356**	**7.0%**
Senior/Middle Man./White collars	2,288	167	45	213	36	71	29	77	213	9.3%
Blue collars	2,833	114	29	143	15	16	7	105	143	5.0%

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 focussed 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 2020, resourcing mainly concerned high-level professional and specialist profiles. 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 2020, 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 focussed 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 2020, 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,

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 2020[19]

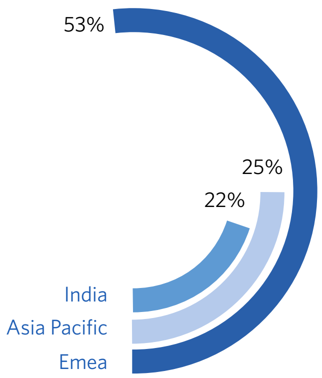
GEOGRAPHIC SEGMENT	EMEA&AMERICAS	*OF WHICH ITALY*	ASIA PACIFIC 2W	INDIA
Senior management	100%	*100%*	100%	100%
Middle management	100%	*100%*	100%	100%
White collars	100%	*100%*	100%	100%
Blue collars	-	-	100%	-

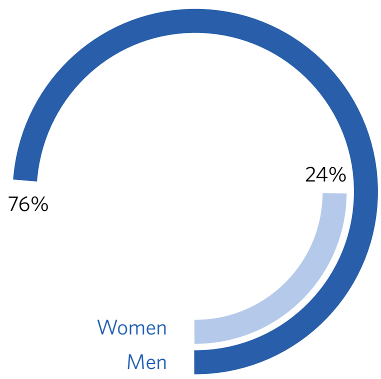
Talent Management: The talent development programme

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.
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 of all geographic areas of the Group. At present 49 employees are involved, in addition to a community of 48 students who have completed their development plan and who still remain active in the programme.
The geographic breakdown of active participants is as follows: 53% EMEA, 22% India, 25% Asia Pacific.
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 2020





19 The figures regard members of the company who have been employed for at least six months at the time of the review.

TRAINING

Training was influenced by the drastic reduction in classroom courses due to the epidemiological situation in all areas where the Group operates. Where possible, managerial and above all technical training activities were organised in E-Learning sessions during lockdown.

Worker health and safety issues represented the area of greatest investment in training, aimed at guaranteeing worker training and information on anti-Covid measures adopted and compliance with regulatory requirements.

HOURS OF TRAINING[20] BY TRAINING AREA

THEME AREA	2020				2019			
	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL	EMEA AMERICAS	INDIA	ASIA PACIFIC 2W	TOTAL
Managerial training	712	9,224	3,213	13,149	7,379	7,428	3,185	17,992
Technical - professional training	4,236	12,941	2,294	19,471	18,566	5,123	1,218	24,907
Language training	2,850	1,093	104	4,047	5,367	928	2,896	9,191
Health and safety training	11,287	9,849	4,578	25,714	22,902	10,262	4,688	37,852
TOTAL	**19,085**	**33,107**	**10,189**	**62,381**	**54,214**	**23,741**	**11,987**	**89,942**

TOTAL TRAINING HOURS BY PROFESSIONAL CATEGORY

PROFESSIONAL CATEGORY	2020	2019
Senior management	890	982
Middle management	12,227	12,007
White collars	22,680	29,464
Blue collars	19,691	37,712
Other workers [21]	6,893	9,777
Total	**62,381**	**89,942**
Total per capita [22]	**9.5**	**12.9**

TRAINING HOURS BY GENDER

THEMATIC AREA	2020			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managerial training	11,673	1,476	13,149	14,578	3,414	17,992
Technical - professional training	18,239	1,232	19,471	20,240	4,667	24,907
Language training	2,864	1,183	4,047	6,807	2,384	9,191
Health and safety training	22,342	3,372	25,714	30,719	7,133	37,852
Total	**55,118**	**7,263**	**62,381**	**72,344**	**17,598**	**89,942**

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

21 This category includes agency workers and interns.

22 The calculation of the average per-capita hours is performed using the hours provided by the Group as the numerator (excluding those for non-salaried workers) and the total number of employees as at 31/12 as the denominator.

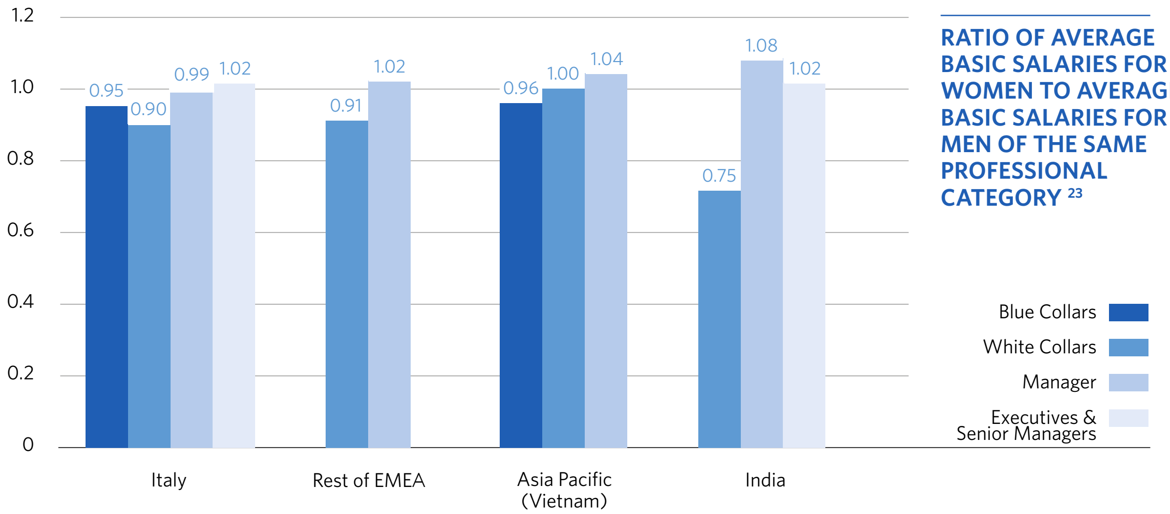
REWARDS

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.

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;
- specific identification of fixed and variable salary components, in accordance with guidelines, with meritocracy logics and retention needs relative to strategic resources for the business.

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. This basic uniformity in salaries for male and female staff is also confirmed by an analysis of the minimum salary of new recruits and of guaranteed compliance with the limits established by local legislation.



RATIO OF AVERAGE BASIC SALARIES FOR WOMEN TO AVERAGE BASIC SALARIES FOR MEN OF THE SAME PROFESSIONAL CATEGORY [23]

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.

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

Benefits

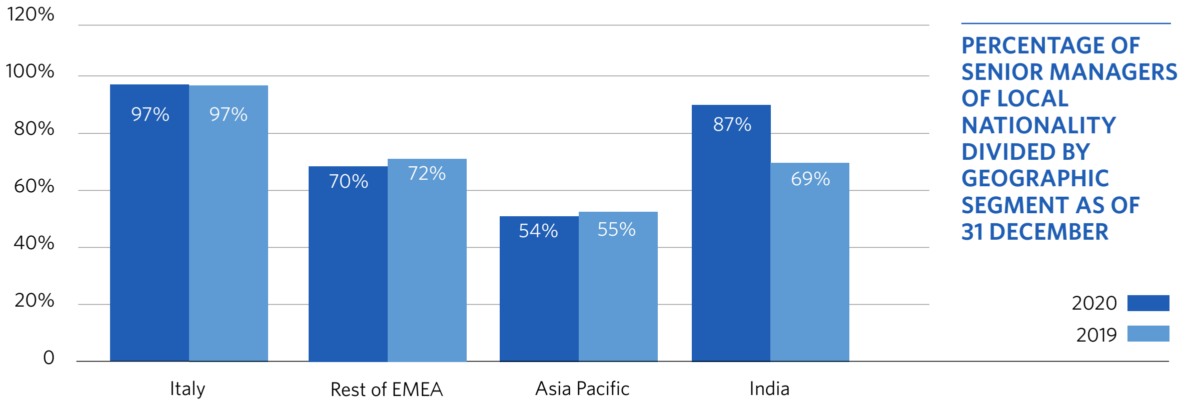
Piaggio offers a benefits package in line with best local market practices, which is structured on an organisational basis. Benefits include, by way of example:

- company car;
- private health insurance;
- company medical centre at various 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 below[24], 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.



PERCENTAGE OF SENIOR MANAGERS OF LOCAL NATIONALITY DIVIDED BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

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.

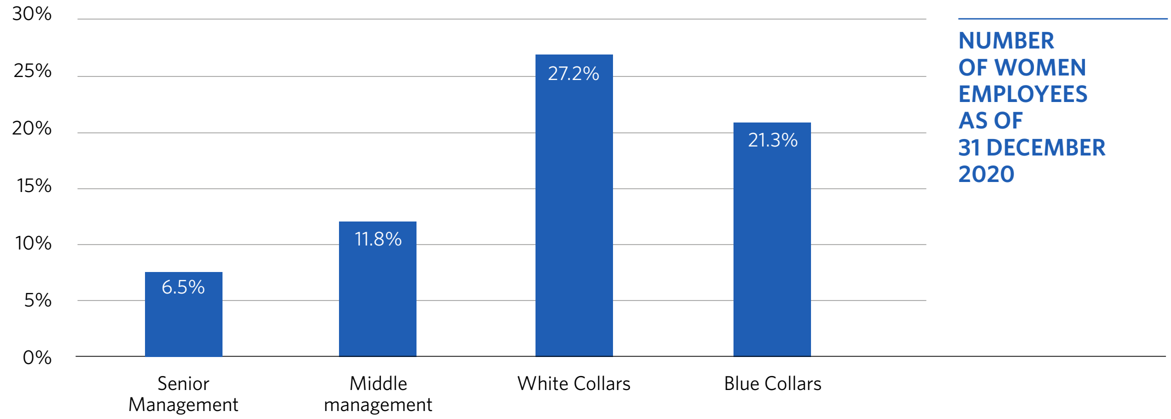
24 Figures include senior managers, first- and second-level executives reporting to top management at Piaggio & C SpA, and the first- and second-level executives of subsidiaries. The term local refers to the national level and local senior managers means senior managers with nationality the same as the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

Female employment

Female employees at Piaggio play a fundamental role at all levels of the organisational structure. Women account for 22% of employees, slightly up on the previous year in all professional categories.

COMPANY EMPLOYEES BY GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER

	2020		2019	
	MEN	WOMEN	MEN	WOMEN
EMEA and Americas	2,287	1,044	2,397	1,086
of which Italy	*2,073*	*984*	*2,179*	*1,020*
India	1,517	33	1,717	32
Asia Pacific	788	187	810	180
Total	**4,592**	**1,264**	**4,924**	**1,298**



NUMBER OF WOMEN EMPLOYEES AS OF 31 DECEMBER 2020

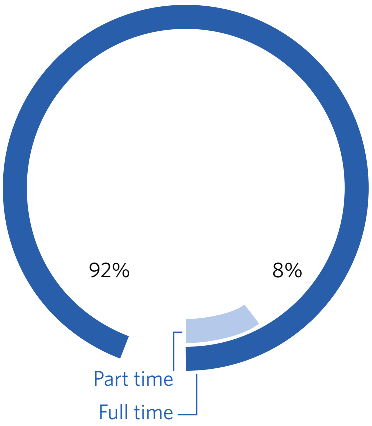
COMPANY EMPLOYEES BY CONTRACT TYPE, GENDER AND GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2020

EMPLOYEE/STAFF NUMBERS	FIXED-TERM CONTRACT			OPEN-ENDED CONTRACT		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	13	2	15	2,274	1,042	3,316
of which Italy	*12*	*2*	*14*	*2,061*	*982*	*3,043*
India	322	10	332	1,195	23	1,218
Asia Pacific	307	81	388	481	106	587
Total	**642**	**93**	**735**	**3,950**	**1,171**	**5,121**

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 2020

EMPLOYEE/STAFF NUMBERS	FULL TIME			PART TIME		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EMEA and Americas	2,245	852	3,097	42	192	234
of which Italy	*2,031*	*795*	*2,826*	*42*	*189*	*231*
India	1,517	33	1,550	0	0	0
Asia Pacific	788	187	975	0	0	0
Total	**4,550**	**1,072**	**5,622**	**42**	**192**	**234**



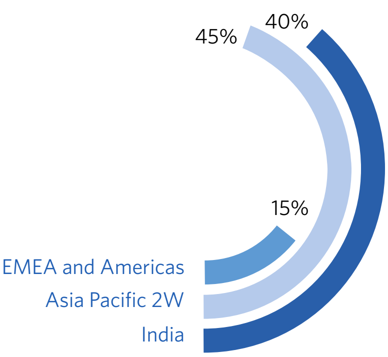
PART-TIME EMPLOYMENT IN ITALY AS OF 31 DECEMBER 2020

Young employees

Within the Group, the company's largest population is in the 41-50 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		UP TO 30	31-40	41-50	> 50	TOTAL
2020	Senior managers	0	8	35	64	107
	Middle managers	2	199	271	189	661
	White collars	256	555	464	350	1,625
	Blue collars	716	695	1,168	884	3,463
	Total	**974**	**1,457**	**1,938**	**1,487**	**5,856**
2019	Senior managers	0	9	35	62	106
	Middle managers	4	197	280	186	667
	White collars	287	584	471	366	1,708
	Blue collars	910	733	1,252	846	3,741
	Total	**1,201**	**1,523**	**2,038**	**1,460**	**6,222**



COMPANY EMPLOYEES UP TO 30 YEARS OF AGE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2020

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 181 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 significant[25].

	EMEA & AMERICAS (INCLUDING ITALY)			ASIA PACIFIC		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Employees on maternity leave during 2020	20	20	40	110	24	134
Employees returning in 2020 after maternity leave	19	12	31	110	17	127
Employees returning in 2019 after maternity leave	25	18	43	87	32	119
Employees returning to work and on the payroll 12 months after returning from maternity leave	23	18	41	81	16	97
Retention rate (%)	92.00%	100.00%	95.35%	93.10%	50.00%	81.51%

In Italy, all employees who are parents of a child[26] 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. online coupons, 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). Through specific Intranet stations ("Piaggio InfoPoint"), located in the Italian factories of the Piaggio Group, also blue collars have access to the news (company news, new products) and to many services using their corporate badge.
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, for example:
- A quarterly meeting at Piaggio Vietnam with management to share quarterly results and targets for the next quarter;
- INDIA E-Care: this is an online platform where external consultants deal with various personal problems of employees and their families, guaranteeing confidentiality, and consultants are also on hand, through digital channels, to provide assistance with physical and mental health issues;
- Piaggio Vietnam Annual Safety training/Monthly Safety coordinator meeting/Safety Driving contest: these are activities that increase safety awareness.

Industrial relations

The Piaggio Group acknowledges the role of trade union organisations and workers' representatives and is committed to establishing relations with them focussed 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

25 The figures refer only to parental leave requested up to the child's first birthday.
26 Natural, adopted or in foster care.

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. The minimum notice to give in the case of major organisational changes depends on the country where the employee works and on local applicable legislation.

Italy

During 2020, dialogue and discussion continued with trade unions and workers' representatives, with the aim of seeking shared solutions, in order to respond to market situations, adopt measures to limit the effects of the pandemic caused by COIVD-19 and to manage the impacts on employees. Continual engagement and collective negotiations have made it possible to identify shared management tools, that can tackle various scenarios safeguarding Company competencies.
In fact, corporate control committees have been set up at individual sites, 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).

During 2020, following the health emergency caused by the coronavirus, the COVID Ordinary Redundancy Fund was used, and at the Pontedera, Noale, Scorzè and Mandello del Lario sites, individual company trade union agreements were signed to encourage the termination of employment only for workers signing the agreement.

The National Collective Bargaining Agreement (CCNL) is valid throughout Italy. In the case of major organisational changes, provisions of law and of the relative collective bargaining agreement are complied with. In December 2019 negotiations for the renewal of the CCNL were started; talks were stopped at the beginning of March 2020 due to the Covid-19 emergency and resumed in September.

As regards 2nd level bargaining, the negotiations which began in late 2017, ended with a collective agreement signed on 23 January 2020 with national and provincial branches of trade unions and trade union representatives of Pontedera, Noale, Scorzè and Mandello del Lario, for production units in Italy, valid up until 31 December 2022. This agreement was approved in February 2020 by workers in a referendum.

As regards the Pontedera site, which is now fully established as a centre of excellence in innovation, research and design and in the production of vehicles and engines, a new trade union agreement was signed in October 2019 for the use of the Solidarity Contract from October 2019 to January 2020.
In the first part of 2020, workers with fixed-term contracts were hired in the plants to cope with the production peak.

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 at the Scorzè site from 9 January 2020 to 8 January 2021.
At the same time, a procedure was started for a collective decease in staff, approved by workers, and concerning 100 people overall, in order to promote an easier management of structural excesses.
The use of the Ordinary Redundancy Fund has resulted in a temporary suspension of the intervention of the Extraordinary Redundancy Fund.

At the Mandello del Lario production unit, the increase in work related to the summer production peak was managed in 2020 by using contractual multi-week hours, as well as agency workers.

Membership of trade union organisations at Italian sites (2019 – 2020) is shown in the table below:

	2020			2019		
	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO	PONTEDERA	NOALE AND SCORZÈ	MANDELLO DEL LARIO
FIOM	85	110	37	211	119	35
UILM	251	1	2	239	1	2
FIM	262	148	28	283	142	23
UGL	106			97		
USB	51			45		
CGIL/CISL/UIL	1			1		
Total number of employees who are members of a trade union	**756**	**259**	**67**	**876**	**262**	**60**
	31.9%	**51.0%**	**69.8%**	**35.05%**	**50.48%**	**64.51%**

Corporate conflict events are down on the previous year (-43%); in particular, the number of hours lost due to causes related to general/sector strikes has drastically decreased, while corporate micro-conflict events, albeit with negligible values and in line with previous years, increased compared to 2019, mainly due to initiatives of a single trade union organisation.
All corporate micro-conflict events referred to the Pontedera site.

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

		2020	2019
No. of hours lost due to strikes	general/category	1,596	22,303
	company	15,816	8,292
	Total	**17,412**	**30,595**
% hours lost compared to hours worked	general/category	0.08%	1.18%
	company	0.75%	0.44%
	Total	**0.83%**	**1.61%**
No. of days lost due to strikes	general/category	200	2,788
	company	1,977	1,036
	Total	**2,177**	**3,824**

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 particular, two childcare agreements are in place for employees at the Pontedera site.

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;
- at Noale/Scorzè and Mandello del Lario, all employees are entitled to paid time off for specialist consultations outside the company and for clinical analyses.

All sites also offer employees 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 2020, 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 2020.

In 2020, 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;
- 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 checks-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 2014 and comprising 15 members who will remain in office for 6 years, made an excellent contribution in 2020, having sponsored and assisted the company in a number of initiatives to bolster employee motivation.

In 2020, 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).

In the second half of 2020, on the other hand, specific initiatives and events were organised, in line with previous years, to increase the spirit of cooperation also through sport (company-level football tournament).
No strikes took place in 2020.

Occupational health and safety

Safeguarding and improving the health and safety of workers has always been integral to the Group's operations and is a strategic commitment which is positioned among the Group's more general objectives. This principle is valid and adopted in all countries where the Group operates. In particular, the Group has taken concrete actions in order to enable:

- Continual developments designed to create a safer working environment, based on assessing all aspects of safety at work and the associated systems, to be launched when planning new activities or when reviewing existing ones;
- safer conduct through education, information and awareness of all workers, to enable them to perform their duties safely and to become accountable with respect to Health and Safety at Work.

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.

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 through an adequately structured organisation which specifically aims to foster a "culture" of safety within the company. Therefore, the belief that prevention must focus on behaviours and daily activities is today disseminated at all levels. This approach has led the Piaggio Group to adopt very similar safety management standards in all the countries in which it operates, regardless of the presence of less stringent regulatory constraints with respect to the Group's standards. From this perspective, the sites in Italy, Vietnam and India have an Occupational Health and Safety management system certified by an accredited body. Audits are conducted annually and were successfully completed in 2020.

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.

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 sanitization of workstations and communal areas, taking people's temperature at the site entrance, the adoption of specific PPE (eg distribution of masks and sanitizing gels), as well as the introduction of smart working.

This activity was supervised by local anti-Covid committees monitored at Group level.

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.).

The implementation of the SAP EHSM IT tool dedicated to the management of health and safety aspects was also completed during the year.

FREQUENCY INDEX[27] - ITALY

			2020			2019
	M	W	TOT	M	W	TOT
Pontedera	1.2	1.3	**1.2**	1.2	1.7	**1.4**
Noale and Scorzè	0.4	0.8	**0.5**	0.8	0.0	**0.7**
Mandello Del Lario	1.1	0.0	**1.1**	0.5	0.0	**0.5**

Injuries that occurred at Italian sites in 2020 are mainly attributable to behavioural causes such as distractions, inappropriate behaviour, failure to comply with procedures.
No injury lasted longer than 6 months.
As regards external companies operating at the Italian production sites of Piaggio, in 2020, 1 injury was recorded for the Pontedera site only (6 in 2019).

SEVERITY INDEX[28] – ITALY

			2020			2019
	M	W	TOT	M	W	TOT
Pontedera	27.1	20.5	**25.1**	19.6	36.1	**24.5**
Noale and Scorzè	10.8	0.0	**8.6**	18.6	0.0	**15.1**
Mandello Del Lario	12.2	0.0	**11.6**	15.1	0.0	**14.3**

Accidents occurring in 2020 refer to employees of the Group with the exception of one accident involving a temporary worker.
There were no fatal injuries in Italy in 2020, as was the case in 2019.

OCCUPATIONAL DISEASES IN ITALY

		2020		2019
	REPORTED	ACKNOWLEDGED	REPORTED	ACKNOWLEDGED
Pontedera	61	(*)	75	(*)
Noale and Scorzè	0	0	0	0
Mandello Del Lario	0	0	0	0

(*) To date, the outcome from INAIL concerning occupational diseases reported in the year considered is not known.

Occupational disease claims received in 2020 mainly refer to presumed pathologies from bio-mechanical overload of the upper limbs and from the manual handling of loads.

India

In 2020, health and safety were one of the main priorities for the company, especially with a view to the pandemic.
In order to guarantee the highest 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 work place, 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

27 The Frequency Index is: If = (No. of accidents * 100,000) / Hours worked.
The number of accidents is calculated considering only accidents in the workplace involving employees and temporary staff (or equivalent), excluding accidents reported pursuant to Article 53 of Presidential Decree 1124/65. As per Article 53, both commuting accidents and accidents not considered credible, or without satisfactory evidence (due to the lack of a violent cause or lack of a causal link or lack of work activity) are reported.
28 The severity index is calculated as Ig = (working days lost / hours worked) x 100,000.
The index is obtained by considering only accidents at work of employees and temporary workers (or similar).

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).
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 specialized in compliance with privacy regulations.

To raise a greater awareness among workers of safety in the workplace, initiatives have also been organised involving family members, such as: the “Safety Week”, and the “Environment Celebration Day”.
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.

FREQUENCY INDEX - INDIA

	2020			2019		
	M	W	TOT	M	W	TOT
Engine & Commercial Vehicles	0.1	0.0	**0.1**	0.0	0.0	**0.0**
2W	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Spare Parts	0.0	0.0	**0.0**	0.0	0.0	**0.0**

SEVERITY INDEX IN INDIA

	2020			2019		
	M	W	TOT	M	W	TOT
Engine & Commercial Vehicles	1.23	0.0	**1.19**	0.0	0.0	**0.0**
2W	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Spare Parts	0.0	0.0	**0.0**	0.0	0.0	**0.0**

Accidents that occurred in 2020 refer to non-employees (temporary workers).
The number of occupational diseases reported at Indian sites was equal to zero and reflects the Piaggio Group’s commitment to achieving the objective of guaranteeing healthy workplaces.
In line with previous years, there were no fatal injuries in India in 2020.

Vietnam

The main priority of the Company this year was 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 minimize 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.

FREQUENCY INDEX - VIETNAM

			2020			2019
	M	W	TOT	M	W	TOT
Vietnam	0.0	0.0	**0.0**	0.1	0.0	**0.1**

SEVERITY INDEX IN VIETNAM

			2020			2019
	M	W	TOT	M	W	TOT
Vietnam	0.0	0.0	**0.0**	0.1	0.0	**0.1**

In line with previous years, there were no injuries in Vietnam in 2020.
Compared to the considerable national trend, the number of occupational diseases reported at the Vietnamese site was equal to zero and reflects the Piaggio Group's commitment to achieving the objective of guaranteeing healthy workplaces.

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 (about 14,264 units in 2020, equivalent to 2.95% of vehicles sold).
Piaggio is a leader in engine technology and produces engines at its plans 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.

Italian plants

In 2020, Italian plants purchased merchandise and spare parts for an overall value of €384 million (excluding complete vehicles) from 680 suppliers.
The first ten suppliers made up 19% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF ITALIAN PLANTS[29]

GEOGRAPHIC SEGMENT	2020	2019
EMEA	65.5%	67.5%
China+Taiwan	20.3%	19.4%
Vietnam	7.5%	6.0%
India	5.7%	6.2%
Japan	0.5%	0.4%
Others	0.5%	0.5%

In 2020 payments were made to suppliers for about €618 million.

Indian plants
In 2020, plants in India purchased raw materials, merchandise and spare parts for an overall value of €197 million from around 568 suppliers.
The first ten suppliers made up 36% of the total purchases.

GEOGRAPHIC LOCATION OF THE SUPPLIERS TO INDIAN PLANTS

GEOGRAPHIC SEGMENT	2020	2019
India	94.9%	96.0%
Other	5.1%	4.0%

In 2020 payments were made to suppliers for about €303 million.

Vietnamese plants
In 2020, plants in Vietnam purchased merchandise and spare parts for an overall value of €199 million from around 271 suppliers.
The first ten suppliers made up 38% of the total purchases.

GEOGRAPHIC LOCALISATION OF THE SUPPLIERS OF VIETNAMESE PLANTS

GEOGRAPHIC SEGMENT	2020	2019
Vietnam	59.1%	59.0%
China+Taiwan	18.0%	18.4%
EMEA	18.2%	18.2%
India	1.2%	1.8%
Others	3.5%	2.6%

In 2020 payments were made to suppliers for about €195 million.

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 tested 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.

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

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 Corporate Finance Area.
In 2020, Group 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.
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 2020, 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

The purpose of the Vendor Assessment department within the Piaggio Group is to forge a long-lasting, mutually satisfying relationship with a network of highly qualified partners. In addition to managing the Supplier Qualification Process, the function has the task evaluating 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.

Suppliers are periodically monitored through six-monthly assessment sessions, called "Vendor Rating Campaigns", during which supplies for the period in question are reviewed based on the quality of the business relationship, the technical-scientific cooperation, compliance with delivery schedules and the quality of the product supplied. 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.

At present, Criticality Ratings have been assigned to most Group suppliers of European production sites only. In terms of "spending", the indicator for 2020 covered 99% of purchases of direct materials and 50% of services and works provided. The evaluation process was also carried out in Vietnam and India.

Suppliers 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 invoicing anomalies, in particular for e-invoicing, which has been in force in Italy since 1 January 2019;
- 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 art. 1, para. 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 art. 110, para. 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 art. 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.

All this has helped to centralise tax affairs and enabled it to deal more effectively with all the main corporate bodies, improving the probability of identifying the greatest tax risks, and making it possible to assess the consequences

and adopt the necessary solutions or corrective actions. 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 recognizes the social role of tax issues and the importance they play in promoting sustainable development. In order to guarantee absolute transparency, the Group has adhered to the new GRI 207-Tax standard, in force since this year. For the information required by the aforementioned standard, the breakdown by tax jurisdiction of consolidated data is presented below.
As required by the GRI 207-4 Disclosure, since all the necessary information referring to the most recent consolidated financial statements is not available for the purposes of this report, the information reported in this section refers to the financial year ended 31 December 2019, as it is the reporting period immediately preceding with respect to the most recent consolidated financial statements.

The following should be noted:
- the data presented refer to the 2019 financial year;
- the workforce is that indicated at 31 December 2019;
- revenues from third parties also include other revenues;
- revenues from the Group exclude those between companies operating in the same tax jurisdiction;
- Profit (Loss) before taxes and property, plant and equipment are represented on an aggregate basis, without considering the eliminations from consolidation;
- Profit (Loss) before taxes includes the amounts of dividends received from other entities of the Group;
- property, plant and equipment do not include investment property as the latter is not involved in the process to generate corporate value;
- with regard to any differences between the income tax accrued on profits and the tax payable (GRI 207-4-b-x), please refer to Note 14 of the Consolidated Financial Statements at 31 December 2020 of the Piaggio Group. It should also be noted that both the income taxes accrued and those paid on the basis of the cash criterion in various countries are affected by the significant presence of dividends received by Group entities, included in the item of Profit (Loss) before tax. In accordance with what happens in most countries, these jurisdictions also provide for tax exemption regimes for dividends, as they are the expression of a profit already subject to taxation by the investee company.

			2019						
COUNTRY	DESIGNATION	ACTIVITIES	NO. OF EMPLOYEES	REVENUES FROM THIRD PARTIES	REVENUES FROM THE GROUP	PROFIT (LOSS) BEFORE TAX	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		**3,199**	**887**	**127**	**42**	**163**	**5**	**(1)**
Croatia	**Piaggio Hrvatska Doo**	Commercial distributor	**8**	**4**					
France	**Piaggio France SAS**	Selling agency	**42**		**7**	**1**		**1**	**1**
Germany	**Piaggio Deutschland GMBH**	Selling agency	**35**		**5**	**1**			
Greece	**Piaggio Hellas S.A.**	Commercial distributor	**19**	**28**		**1**	**1**		
Holland	**Piaggio Vespa B.V.**	Holding company and selling agency	**19**		**3**	**16**			
Spain	Piaggio Espana S.L.	Selling agency							
	Nacional Motor S.A.	Inactive							
	Total Spain		**32**		**4**	**(1)**			
UK	**Piaggio Limited**	Selling agency	**20**		**3**	**1**			
USA	Piaggio Group Americas Inc.	Commercial distributor							
	Piaggio Advanced Design Center Corp.	Research and development							
	Piaggio Fast Forward Inc.	Research and development							
	Total USA		**109**	**60**	**1**	**(17)**	**2**		
India	**Piaggio Vehicles Pvt Ltd**	Production and sale of vehicles	**1,749**	**440**	**35**	**62**	**74**	**22**	**25**
Vietnam	**Piaggio Vietnam Co. Ltd.**	Production and sale of vehicles	**878**	**154**	**108**	**33**	**28**	**6**	**5**
Indonesia	**Pt. Piaggio Indonesia**	Selling agency	**29**	**38**		**1**		**1**	**1**
Singapore	**Piaggio Asia Pacific Ltd**	Selling agency	**16**		**3**	**1**			
Japan	**Piaggio Group Japan**	Selling agency	**10**	**7**					
China	Piaggio China Co Ltd.	Holding							
	Foshan Piaggio Vehicles Tech.Dev. Co.Ltd.	Research and development							
	Total China		**57**	**27**	**3**	**2**		**1**	**1**
Brazil	AWS do Brasil	Inactive							
	Aprilia Brasil	Inactive							
	Total Brazil								
	Grand total					**143**	**268**		
	Consolidation entries					(62)	(5)		
	Total consolidated		**6,222**	**1,645**	**299**	**81**	**263**	**36**	**32**

Supporting local communities

PIAGGIO FOUNDATION [30]

The year 2020 started under the best auspices for the Piaggio Foundation. The excellent increase in the number of visitors to the Piaggio Museum recorded in 2019 was also confirmed after the Christmas holidays; the launch of an annual programme with a whole host of scientific, cultural and educational events and some great celebrations planned for the twentieth anniversary of the Piaggio Museum were a nod to a positive year from all points of view. Unfortunately, following the health emergency due to the Covid-19 pandemic, the Piaggio Museum was closed to the public from 24 February to the end of the year, and all the events of the Piaggio Foundation involving contact with the public were suspended.
For the record, in the two-month period from January to February, there were over 9,000 visitors to the museum, a high number given the low season and substantially in line with that of the corresponding period of 2019.

Over the years, the Piaggio Foundation and its Museum have become a place of cultural, scientific, educational and social gathering, where young and old, scholars and enthusiasts of the Vespa and two wheelers in general can meet, not only to admire the collections but also to listen to music, see an exhibition, attend a conference, take part in lessons, etc.
The Piaggio Foundation is aware that it is from the synergy between all these activities that the positive values of creativity, culture and social awareness, typical of the Piaggio Group, are conveyed.

PIAGGIO MUSEUM

During the long closure of the Museum, we tried to maintain contact with the public via the Internet, and worked on the preparation of new exhibits to discover when the display areas can be visited again and all activities can be resumed. 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. Main activities included:

- the creation of a new website of the Piaggio Museum and Piaggio Foundation, with information and images, functional and optimized for browsing on any type of device;
- the creation of a very realistic Virtual Tour of the Museum, with a wealth of informative multimedia contents: texts, videos, images, curiosities;
- an update of the Museum App which has become technologically improved and now features new contents;
- improvements to the museum rooms, in particular the Vespa room where, taking inspiration from the creation of new platforms for all vehicles, a new exhibition layout was designed based on thematic areas and new graphics were installed;
- the reorganisation of the corner of the Vespa Room dedicated to Corradino d'Ascanio, with the creation of a hologram of the inventor of the Vespa that addresses visitors with the voice and likeness of the actor Roberto Ciufoli who recently played the part of the genius in the Rai 1 TV series Enrico Piaggio - An Italian dream;
- additions to the exhibition collections with the acquisition of various historic Vespas and the display of important vehicles from private Italian and foreign collections;
- the establishment of the Digital Portal of the Piaggio Historical Archive and the start of the cataloguing and digitization project of the Moto Guzzi historical archive, which is discussed in more detail below;
- the adoption of a particularly extensive and incisive social communication plan, especially in the summer, designed to be and stay close to fans and "friends of the Museum". The publication on our social networks of numerous videos of "guided mini tours" produced by the staff of the Museum was particularly important.

Piaggio Historical Archive

During 2020, despite being forced to close to external visitors due to the Covid-19 epidemic, the Piaggio Historical Archive continued its activities, focusing not only on consultancy and research support for Piaggio internal offices,

30 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 of quantitative information of the NFS.

but also seeking to provide its services to students, scholars and journalists where possible. An ongoing commitment to support company licensing was represented by the iconographic research and consultancy service relating to the drafting of texts for the series Ciao. The unforgettable Italian moped, 50 instalments, edited by Centauria. The Archive also provided images and support both for the realization of the Vespizzatevi campaign (spring 2020) and for the preparation of communication material relating to Vespa's 75 years, which will take place in 2021. Iconographic material was also provided for new company sites and support for checks on historical information, also involving the company's foreign offices, for example for the launch of the Vespa Sei Giorni in Thailand or for Vespa communication campaigns in Vietnam. Efforts focused on the creation of the digital Historical Archive: this portal will be gradually expanded, through the digitization and cataloguing of the most interesting documentary and iconographic contents of the Historical Archive, which are currently hard copies. These are mostly brochures, photographs, advertising posters and postcards and corporate publications. More than 2,000 catalogued digital images were entered by the end of 2020, and this number is expected to reach over 15,000 by 2021. The portal will initially be for internal used, but is also designed to be consulted by the public in protected mode, with optimized routes and searchable by tags. The Archive also contributed to the creation of new graphic material for the exhibition rooms of the Museum, and to the creation of the virtual tour and the new website of the Foundation.
Lastly, near the end of the year, the Archive was commissioned to oversee research for, digitalisation and provision of the Moto Guzzi Historical Archive of Mandello, an activity that will first support iconographic research for the production of the monograph celebrating the 100th anniversary of the brand (2021) and, secondly, the creation of a Moto Guzzi digital archive. Documentary material, taken from the Mandello del Lario site, is currently being studied and digitalised at the Pontedera site.

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

In 2020, the collaboration continued between the Piaggio Group and (RED) - an association founded in 2006 by Bono and Bobby Shriver - which, thanks to the help of partners and supporters, has allocated more than USD 650 million to the fight against AIDS and Covid-19. (RED) aid to the Global Fund has impacted more than 180 million lives through prevention, treatment, counselling, HIV testing and support services.
In addition to the Vespa 946 (RED), the partnership was expanded thanks to the new Vespa Primavera (RED), which has been marketed all over the world (EMEA, USA, Canada, Africa, Middle East, Africa, Latin America, Vietnam, Indonesia, Japan, China) since September 2020.
In America and Canada Vespa (RED) products were the protagonists of the charity marathon Shopathon held in the second half of November in which (RED) branded products were sold by Amazon. The sale of these products directly contributes to supporting the Global Fund.
Piaggio Fast Forward, a robotics company of the Piaggio Group, also entered into a partnership with RED by presenting the (gita)RED, the robot that follows and carries objects. Its versatile use helps fight pandemics by supporting healthcare workers and providing life-saving services to the world's most vulnerable communities. The (gita)RED limited edition went on sale exclusively during the sixth annual (RED) Shopathon and for each (gita)RED sold, $50 was donated to the Global Fund.
The collaboration with (RED) also continued during the last round of the Moto GP world championship, held in Portimao (Portugal) on 22 November, which saw the riders and the whole Aprilia Racing team become promoters to raise awareness among the large audience of MotoGP enthusiasts towards issues such as AIDS and the very current issue of fighting the spread of Covid-19.
Interest in research and progress in the health sector led the Piaggio Group to donating €250,000 to the IEO CCM Foundation (European Institute of Oncology) and €100,000 to the Mantova Hospital (to help deal with the emergency due to the Covid-19 pandemic).
Two Wi Bikes were also donated to the Mantova Oncological Institute, a Wi Bike to Dynamo Camp through a lottery

organised by Integer and an Electric Vespa in support of the San Patrignano Community through an auction organised by Charity Stars.
The Group took part in some events of great cultural importance such as the Mantova Literature Festival, which was held in September.
Lastly, for some years now, for the end of the year holidays, together with the entire Immsi Group, Piaggio 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 always been active in social work, supporting and promoting charitable initiatives.

TABLE OF CORRESPONDENCE LEGISLATIVE DECREE NO. 254/2016 - MATERIAL TOPICS - GRI STANDARD (GRI CONTENT INDEX)

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS/ NOTES
ENVIRONMENT	Product innovation and sustainable mobility	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 monitor technological leadership in the sector	GRI 103-1-2-3 (2016): Management approach	Generation of sustainable value CSR Report 2020 - The Product Dimension - Research Guidelines	The entire Group	
	Customer satisfaction	Service quality level not in line with customer requirements	Quality audit, market analysis, focus groups, concept and product testing, investments in research and development	GRI 103-1-2-3 (2016): Management approach	CSR Report 2020 - The Product Dimension - Meeting customer requirements	The entire Group	
	Energy efficiency and emissions reductions	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental policy - The Environmental Dimension	GRI 103-1-2-3 (2016): Management approach	The Environmental Dimension	The entire Group	
				GRI 302-1 (2016): Energy consumption within the organization	The Environmental Dimension - Energy consumption		Data on the consumption by the Rome and Milan offices are not considered relevant
				GRI 305-1 (2016): Energy Direct (Scope 1) GHG emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants	Production sites	
				GRI 305-2 (2016): Energy indirect (Scope 2) GHG emissions	The Environmental Dimension - Emissions of CO_2 and other pollutants	Production sites	Emissions of commercial offices are not indicated. Data on the emissions of the Rome and Milan offices are not considered relevant
				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	The indicator only considers VOC (volatile organic compounds) released by solvents used in painting
	Waste handling	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental policy - The Environmental Dimension	GRI 103-1-2-3 (2016): Management approach	The Environmental Dimension	Production sites	
				GRI 306-2 (2016): Waste by type and disposal method	The Environmental Dimension - Waste handling and recovering	Production sites	Waste production of commercial offices, research centres and the Rome and Milan offices is considered as not relevant, as it is equivalent to municipal waste. Disposal method percentages are calculated on total waste
				GRI 306-3 (2016): Significant spills	The Environmental Dimension - Avoiding soil contamination	Production sites	The indicator is treated only from a qualitative point of view

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/PARAGRAPH	REPORTING PERIMETER	OMISSIONS/NOTES
ENVIRONMENT	Conserving water resources	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental policy - The Environmental Dimension	GRI 103-1-2-3 (2016): Management approach	The Environmental Dimension	The entire Group	
				GRI 303-1 (2018): Interactions with water as a shared resource	The Environmental Dimension - Conserving water resources	The entire Group	Data on the commercial companies, the research centres and the Rome and Milan offices are not considered relevant. The parameters currently used to analyse water entering and leaving the group's plants for the classification of waters in fresh water and other types of water are different from those required by GRI 303-3 and 303-4
				GRI 303-2 (2018): Management of water discharge-related impacts		Production sites	
				GRI 303-3 (2018): Water withdrawal			
				GRI 303-4 (2018): Water discharge			
				GRI 303-5 (2018): Water consumption			
	Broad-ranging	Risk of environmental damage attributable to the Group's responsibility, with a potential impact on the surrounding community	Environmental policy - 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	

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS/ NOTES
SOCIAL	Product safety and reliability	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	Generation of sustainable value	The entire Group	
				GRI 416-1 (2016): Assessment of the health and safety impacts of product and service categories	CSR Report 2020 - The Product Dimension - Research Guidelines	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	The Social Dimension - Responsible management of the supply chain	Production sites	The Group provides data on the purchases of its production sites relative to the purchase of goods and spare parts. Purchases of commercial companies and research centres are not considered, as they are residual and not relevant
				GRI 204-1 (2016): Proportion of spending on local suppliers			
				GRI 203-1 (2016): Infrastructure Investments and service supported			
	Supporting local communities	Reduced number of initiatives aimed at developing the area where the Group operates and promoting social inclusion values	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	The Social Dimension - Supporting local communities	The entire Group	
				GRI 413-1 (2016): Operations with local community engagement, impact assessment, and development programs	The Social Dimension - Supporting local communities	The entire Group	The Group provides information about charity activities promoted in the year, and initiatives taken by the Fondazione Piaggio and Museo Piaggio
	Transparency and business integrity	Risk from possible inadequacies in its procedures that are intended to ensure compliance with relevant regulations	Policy aimed at transparency and business integrity	GRI 103-1-2-3 (2016): Management approach	Governance of sustainability - The system for responsible business management	The entire Group	
				GRI 415-1 (2016): Political contributions			
				GRI 206-1 (2016): Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS/ NOTES
SOCIAL	Creating economic value	Risk from possible inadequacies in its strategies	Integrating economic choise with those of a social nature	GRI 103-1-2-3 (2016): Management approach	CSR Report 2020 – The Economic Dimension – Calculation and distribution of added value	The entire Group	
		Risk from possible inadequacies in its procedures	Policies adopted to manage personnel - Rewards	GRI 202-1 (2016): Ratios of standard entry level wage by gender compared to local minimum wage	The Social Dimension - Personnel management policies - Rewards	The entire Group	The indicator is treated only from a qualitative point of view
		Risk from possible inadequacies in its procedures	Policies adopted to manage personnel – 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	
		Risk from possible inadequacies in its procedures that are intended to ensure compliance with relevant regulations	Policy aimed at fiscal transparency	GRI 207-1 (2019): Approach to tax	The Social Dimension - Taxes	The entire Group	
				GRI 207-2 (2019): Tax governance, control and risk management			
				GRI 207-3 (2019): Stakeholder engagement and management concerns related to tax			
				GRI 207-4 (2019): Country-by-country reporting			
	Broad-ranging	Risk of non-compliance with laws and regulations	Code of Ethics	GRI 419-1 (2016): Non-compliance with laws and regulations in the social and economic area	Governance of sustainability - The system for responsible business management	The entire Group	Tax sanctions are not included

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS/ NOTES
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)	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	The Group reports the turnover rate by professional category and geographic segment
				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 - Rewards	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	The average hours of training is calculated only out of the group total
				GRI 404-2 (2016): Programs for upgrading employee skills and transition assistance programs	The Social Dimension - Personnel management policies - Career development	The entire Group	
				GRI 404-3 (2016): Percentage of employees receiving regular performance and career development reviews	The Social Dimension - Personnel management policies – Evaluation	The companies PFF, PADC e PCSM are not included	

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS/ NOTES
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)	GRI 402-1 (2016): Minimum notice periods regarding operational changes	The Social Dimension - Industrial relations	The entire Group	The indicator is treated only from a qualitative point of view
	Health, safety and welfare of human capital	Risk of injuries/ accidents sustained by personnel of the Group's offices /sites	Occupational health and safety (ISO 45001-OHSAS 18001)	GRI 103-1-2-3 (2016): Management approach	The Social Dimension - Occupational health and safety	Production sites	
				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			
				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			The Group reports on the attendance rate
				GRI 403-10 (2018): Work-related ill health			

TOPIC AS OF LEGISLATIVE DECREE NO. 254/2016	TOPIC	RISKS IDENTIFIED	POLICIES ADOPTED	TOPIC SPECIFIC STANDARD/DISCLOSURE	REFERENCE CHAPTER/ PARAGRAPH	REPORTING PERIMETER	OMISSIONS/ NOTES
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			The indicator is treated only from a qualitative point of view
			Policies adopted to manage personnel, diversity and equal opportunities	GRI 405-1 (2016): Diversity of governance bodies and employees	The Social Dimension - Personnel management policies -Diversity and equal opportunities	The entire Group	The Group reports employee data
			Policies adopted to manage personnel, diversity and equal opportunities	GRI 405-2 (2016): Ratio of basic salary and remuneration of women to men	The Social Dimension - Personnel management policies -Diversity and equal opportunities	Italy, EMEA, Vietnam, India	
FIGHTING CORRUPTION	Fighting corruption	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/ NOTES
GRI 101 FOUNDATION			
GRI 102 GENERAL DISCLOSURES			
1. STRATEGY AND ANALYSIS			
102-14 (2016)	Statement from senior decision-maker	CSR Report 2020 - Letter from the Chairman	
2. ORGANIZATIONAL PROFILE			
102-1 (2016)	Name of the organization	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	Report on Corporate Governance 2020	
102-6 (2016)	Markets served	Generation of sustainable value	
102-7 (2016)	Scale of the organization	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 organization and its supply chain	Generation of sustainable value	
102-11 (2016)	Precautionary Principle or approach	The Social Dimension The Environmental Dimension	
102-12 (2016)	External initiatives	CSR Report 2020: The Product Dimension - European funded projects	
102-13 (2016)	Membership of associations	CSR Report 2020: The Product Dimension - European funded 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	Methodology	
102-47 (2016)	List of material topics	Materiality analysis	
102-48 (2016)	Restatements of information	Methodology	
102-49 (2016)	Changes in reporting	Methodology	
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 2020: The Commitment of the Piaggio Group – Stakeholder Engagement	
102-44 (2016)	Key topics and concerns raised	CSR Report 2020: The Commitment of the Piaggio Group – Stakeholder Engagement	
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 2020	
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	Governance of sustainability	
7. ETHICS AND INTEGRITY			
102-16 (2016)	Values, principles, standards, and norms of behavior	Governance of sustainability – The system for responsible business management – Ethic Code Governance of sustainability – Social and environmental-oriented policies and guidelines	

REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED NON-FINANCIAL STATEMENT - LEGISLATIVE DECREE NO. 254 OF 30 DECEMBER 2016

pwc

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Piaggio & C. SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Piaggio & C. SpA and its subsidiaries (hereafter the "Group" or "Piaggio Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree, presented in a specific section of the Annual report, and approved by the Board of Directors on 2 March 2021 (hereafter the "NFS").

Responsibility of Management and those charged with Governance for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 (hereafter the "GRI Standards"), identified by them as the reporting standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organizational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

pwc

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in *the Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with "*International Standard on Assurance Engagements ISAE 3000* (Revised) – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("*reasonable assurance engagement*") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standards adopted;

2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;

3. comparison of the financial information reported in the NFS with those reported in Piaggio Group's Consolidated Financial Statements;

4. understanding of the following matters:

   - business and organizational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
   - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

   With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Piaggio & C. SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

   Moreover, for material information, considering the activities and characteristics of the Group:

- at parent company level,

  a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.

- for the plants of Pontedera and Mandello del Lario (Piaggio & C. SpA), which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we discussed with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Piaggio Group as of 31 December 2020 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Florence, 22 March 2021

PricewaterhouseCoopers SpA

Signed by	*Signed by*
Francesco Forzoni (Partner)	Paolo Bersani (Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers.

3 of 3

PIAGGIO GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

CONSOLIDATED INCOME STATEMENT

NOTES	IN THOUSANDS OF EUROS	2020 TOTAL	2020 of which related parties	2019 TOTAL	2019 of which related parties
4	Net revenues	1,313,690	24	1,521,325	112
5	Cost for materials	(815,684)	(14,221)	(927,511)	(14,377)
6	Cost for services and leases and rentals	(199,141)	(1,869)	(239,086)	(2,227)
7	Employee costs	(212,772)		(228,323)	
8	Depreciation and impairment costs of property, plant and equipment	(40,263)		(42,735)	
8	Amortisation and impairment costs of intangible assets	(66,433)		(72,695)	
8	Depreciation of rights of use	(8,498)		(7,854)	
9	Other operating income	124,097	1,406	124,118	436
10	Net reversals (impairment) of trade and other receivables	(2,906)		(2,629)	
11	Other operating costs	(21,234)	(28)	(20,064)	(20)
	Operating income	**70,856**		**104,546**	
12	Income/(loss) from investments	529	504	1,030	919
13	Financial income	1,493		3,495	21
13	Borrowing costs	(27,437)	(198)	(28,193)	(207)
13	Net exchange gains/(losses)	4,725		(194)	
	Profit before tax	**50,166**		**80,684**	
14	Taxes for the period	(18,844)	2,437	(33,935)	6,121
	Profit from continuing operations	**31,322**		**46,749**	
	Assets held for sale:				
15	Profits or losses arising from assets held for sale				
	Net Profit (loss) for the period	**31,322**		**46,749**	
	Attributable to:				
	Owners of the Parent	**31,322**		**46,749**	
	Non-controlling interests	**0**		**0**	
16	**Earnings per share (figures in €)**	**0.088**		**0.131**	
16	**Diluted earnings per share (figures in €)**	**0.088**		**0.131**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOTES	IN THOUSANDS OF EUROS	2020	2019
	Net Profit (loss) for the period (A)	**31,322**	**46,749**
	Items that will not be reclassified to income statement		
46	Remeasurements of defined benefit plans	148	(2,453)
	Total	**148**	**(2,453)**
	Items that may be reclassified in to income statement		
46	Profit (loss) deriving from the translation of financial statements of foreign companies denominated in foreign currency	(10,228)	(347)
46	Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	(274)	61
46	Total profits (losses) on cash flow hedges	310	85
	Total	**(10,192)**	**(201)**
	Other comprehensive income (B)[31]	**(10,044)**	**(2,654)**
	Total comprehensive income (expense) for the period (A + B)	**21,278**	**44,095**
	Attributable to:		
	Owners of the Parent	**21,217**	**44,092**
	Non-controlling interests	**61**	**3**

31 Other comprehensive income (expense) takes account of related tax effects.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS OF 31 DECEMBER 2020		AS OF 31 DECEMBER 2019	
		TOTAL	of which related parties	TOTAL	of which related parties
NOTES	IN THOUSANDS OF EUROS				
	ASSETS				
	Non-current assets				
17	Intangible assets	695,646		676,183	
18	Property, plant and equipment	264,616		263,496	
19	Rights of use	33,241		36,486	
20	Investment Property	4,600		9,203	
39	Investments	9,134		8,910	
40	Other financial assets	37		3,512	
25	Tax receivables	12,399		14,114	
21	Deferred tax assets	64,686		63,190	
23	Trade receivables				
24	Other receivables	26,260	81	13,638	81
	Total non-current assets	**1,110,619**		**1,088,732**	
29	**Assets held for sale**				
	Current assets				
23	Trade receivables	68,692	423	78,195	992
24	Other receivables	44,241	16,274	31,706	14,601
25	Tax receivables	12,851		18,538	
22	Inventories	189,864		214,682	
40	Other financial assets	2,617		3,789	
41	Cash and cash equivalents	230,093		190,746	
	Total current assets	**548,358**		**537,656**	
	Total assets	**1,658,977**		**1,626,388**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS OF 31 DECEMBER 2020		AS OF 31 DECEMBER 2019	
		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	372,159		384,015	
45	Share capital and reserves attributable to non-controlling interests	(147)		(208)	
	Total shareholders' equity	**372,012**		**383,807**	
	Non-current liabilities				
42	Financial liabilities	465,776		463,587	
42	Financial liabilities for rights of use	17,994	3,512	19,996	4,579
30	Trade payables				
31	Other long-term provisions	12,543		12,116	
32	Deferred tax liabilities	5,227		7,762	
33	Retirement funds and employee benefits	34,998		38,997	
34	Tax payables				
35	Other payables	11,094		6,437	
	Total non-current liabilities	**547,632**		**548,895**	
	Current liabilities				
42	Financial liabilities	163,510		135,033	
42	Financial liabilities for rights of use	8,582	1,952	8,408	1,553
30	Trade payables	489,964	5,770	478,688	5,701
34	Tax payables	12,987		14,934	
35	Other payables	46,316	4,058	42,171	23
31	Current portion of other long-term provisions	17,974		14,452	
	Total current liabilities	**739,333**		**693,686**	
	Total Shareholders' Equity and Liabilities	**1,658,977**		**1,626,388**	

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.

		2020		2019	
		TOTAL	of which related parties	TOTAL	of which related parties
NOTES	IN THOUSANDS OF EUROS				
	Operating activities				
	Net Profit (loss) for the period	31,322		46,749	
14	Taxes for the period	18,844		33,935	
8	Depreciation of property, plant and equipment	40,263		40,441	
8	Amortisation of intangible assets	65,297		70,356	
8	Depreciation of rights of use	8,498		7,854	
	Provisions for risks and retirement funds and employee benefits	20,830		21,278	
	Write-downs/(Reinstatements)	8,624		8,210	
	Losses / (Gains) on the disposal of property, plant and equipment	(578)		(3)	
13	Financial income	(1,493)		(3,495)	
12	Dividend income	(25)		(111)	
13	Borrowing costs	27,437		28,193	
	Income from public grants	(3,962)		(5,194)	
	Portion of earnings of associates	(504)		(919)	
	Change in working capital				
23	(Increase)/Decrease in trade receivables	7,155	569	5,997	272
24	(Increase)/Decrease in other receivables	(25,694)	(1,673)	(2,902)	674
22	(Increase)/Decrease in inventories	24,818		9,426	
30	Increase/(Decrease) in trade payables	11,276	69	45,966	(2,701)
35	Increase/(Decrease) in other payables	8,802	4,035	(5,551)	(6,702)
31	Increase/(Decrease) in provisions for risks	(8,090)		(8,743)	
33	Increase/(Decrease) in retirement funds and employee benefits	(12,331)		(13,508)	
	Other changes	11,113		(4,440)	
	Cash generated from operating activities	**231,602**		**273,539**	
	Interest paid	(21,745)		(24,743)	
	Taxes paid	(16,647)		(33,126)	
	Cash flow from operating activities (A)	**193,210**		**215,670**	
	Investment activities				
18	Investment in property, plant and equipment	(51,973)		(50,992)	
	Sale price, or repayment value, of property, plant and equipment	1,203		179	
17	Investment in intangible assets	(88,378)		(89,880)	
	Sale price, or repayment value, of intangible assets	101		66	
	Public grants collected	2,612		2,697	
	Dividends cashed	25		111	
	Collected interest	1,079		3,285	
	Cash flow from investment activities (B)	**(135,331)**		**(134,534)**	
	Financing activities				
45	Purchase of treasury shares	(217)		(212)	
45	Outflow for dividends paid	(32,856)		(51,805)	
42	Loans received	205,965		63,081	
42	Outflow for repayment of loans	(172,802)		(82,217)	
42	Lease payments for rights of use	(7,471)		(8,557)	
	Cash flow from financing activities (C)	**(7,381)**		**(79,710)**	
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	**50,498**		**1,426**	
	Opening balance	**190,728**		**188,386**	
	Exchange differences	(12,320)		916	
	Closing balance	**228,906**		**190,728**	

In order to provide readers with more comparable information, a reclassification of €/000 10,360 has been made between the items Interest paid and Other changes in the previous year. The reclassification of the 2019 data is not considered significant.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Movements from 1 January 2020 / 31 December 2020

NOTES	IN THOUSANDS OF EUROS	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	IAS TRANSITION RESERVE	GROUP TRANSLATION RESERVE	TREASURY SHARES	EARNINGS RESERVE	CONSOLIDATED GROUP SHAREHOLDERS' EQUITY	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' EQUITY
	As of 1 January 2020	**207,614**	**7,171**	**21,904**	**(29)**	**(15,525)**	**(27,896)**	**(1,749)**	**192,525**	**384,015**	**(208)**	**383,807**
	Profit for the period									31,322		31,322
46	Other comprehensive income				310		(10,563)		148	(10,105)	61	(10,044)
	Total comprehensive income (expense) for the period	**0**	**0**	**0**	**310**	**0**	**(10,563)**	**0**	**148**	**21,217**	**61**	**21,278**
	Transactions with shareholders:											
45	Allocation of profits			2,311					(2,311)	0		0
45	Distribution of dividends								(19,642)	(19,642)		(19,642)
45	Purchase of treasury shares							(217)		(217)		(217)
45	2020 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)**	**157,506**	**372,159**	**(147)**	**372,012**

Movements from 1 January 2019 / 31 December 2019

NOTES	IN THOUSANDS OF EUROS	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	IAS TRANSITION RESERVE	GROUP TRANSLATION RESERVE	TREASURY SHARES	EARNINGS RESERVE	CONSOLIDATED GROUP SHAREHOLDERS' EQUITY	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' EQUITY
	As of 1 January 2019	**207,614**	**7,171**	**20,125**	**(114)**	**(15,525)**	**(27,607)**	**(1,537)**	**202,036**	**392,163**	**(211)**	**391,952**
	Profit for the period								46,749	46,749		46,749
46	Other comprehensive income				85		(289)		(2,453)	(2,657)	3	(2,654)
	Total comprehensive income (expense) for the period	**0**	**0**	**0**	**85**	**0**	**(289)**	**0**	**44,296**	**44,092**	**3**	**44,095**
	Transactions with shareholders:											
45	Allocation of profits			1,779					(1,779)	0		0
45	Distribution of dividends								(32,155)	(32,155)		(32,155)
45	Purchase of treasury shares							(212)		(212)		(212)
45	2019 interim dividend								(19,650)	(19,650)		(19,650)
45	Other movements								(223)	(223)		(223)
	Al 31 dicembre 2019	**207,614**	**7,171**	**21,904**	**(29)**	**(15,525)**	**(27,896)**	**(1,749)**	**192,525**	**384,015**	**(208)**	**383,807**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A) GENERAL ASPECTS

Piaggio & C. S.p.A. (the Company) is a joint-stock company established in Italy at the Register of Companies of Pisa. The address of the registered office is Viale Rinaldo Piaggio 25 - Pontedera (Pisa). The main activities of the company and its subsidiaries are set out in the Report on Operations.
These Financial Statements are expressed in euros (€) since this is the currency in which most of the Group's transactions take place. 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 2020, 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 at 31 December 2019.

Compliance with international accounting standards

The Consolidated Financial Statements of the Piaggio Group as of 31 December 2020 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. The Group did not identify any significant uncertainties (as of paragraph 25 of IAS 1) about its operations as a going concern, also in view of actions already established to meet changed levels of demand, and the Group's industrial and financial flexibility.
These Consolidated Financial Statements were audited by PricewaterhouseCoopers 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 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. Income and costs related to interest, dividends received and income taxes are included in the cash flow generated from operations.

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 2020 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. Profits 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 interests 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 2020	AVERAGE EXCHANGE RATE 2020	SPOT EXCHANGE RATE 31 DECEMBER 2019	AVERAGE EXCHANGE RATE 2019
US Dollar	1.2271	1.14220	1.1234	1.11947
Pounds Sterling	0.89903	0.889704	0.85080	0.877771
Indian Rupee	89.6605	84.63916	80.1870	78.83614
Singapore Dollars	1.6218	1.57424	1.5111	1.52728
Chinese Yuan	8.0225	7.87470	7.8205	7.73549
Croatian Kuna	7.5519	7.53838	7.4395	7.41796
Japanese Yen	126.49	121.84576	121.94	122.00576
Vietnamese Dong	27,654.41	25,901.44233	25,746.15	25,793.13707
Canadian Dollars	N.A.	N.A.	1.4598	1.48548
Indonesian Rupiah	17,029.69	16,657.37626	15,573.69	15,840.81508
Brazilian Real	6.3735	5.89426	4.5157	4.41343

2.2 Accounting policies

The most significant accounting policies adopted to prepare the Consolidated Financial Statements as of 31 December 2020 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 fair value at the date of acquisition. The positive difference between the acquisition cost and the share of the Group at the fair value of said assets and liabilities is classified as goodwill and recognised in the financial statements as an intangible asset. Any negative difference ("negative goodwill") is recognised instead in profit or loss at the date of acquisition.
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 lessee

Lease agreements for property, plant and machinery entered into as lessee 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 lessee. 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.
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, intangible and right of use assets 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 customers, 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 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. As permitted by IFRS 9, the Group has opted to continue to adopt the provisions on hedge accounting in IAS 39, rather than in IFRS 9.
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 IAS 39, 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 specifics 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 gains 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

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.
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 point in 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 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 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. For investment property, the Group appoints an independent expert at the end of each reporting period (six-monthly or annually) to measure the "Fair value less cost of disposal" based on a market approach. 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 2020

Amendments to IAS 1 and IAS 8
In October 2018, the IASB published some amendments to IAS 1 and IAS 8 that provide clarifications on the definition of "materiality".

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

Amendments to IFRS 3
In October 2018, the IASB published some amendments to IFRS 3 that amend the definition of "business".

Amendments to IFRS 16
In May 2020, the IASB published an amendment to IFRS 16, which provides a practical expedient for the evaluation of lease agreements, if lease payments are renegotiated following 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 have applied since 1 January 2020. The effects are not considered to be significant.

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 will replace IFRS 4 and will be effective from 1 January 2023.
- In January 2020, the IASB published some amendments to IAS 1 that clarify the definition of "current" or "non-current" liabilities based on rights existing at the reporting date. These amendments will apply from 1 January 2022.
- In May 2020, the IASB published narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16. The amendments will be applicable with effect from 1 January 2022.
- In August 2020, the IASB published some amendments to IFRS 7, IFRS 4 and IFRS 16. The amendments will be effective from 1 January 2021.

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, relative 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 the relative geographic segment. Specifically:

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

Central structures and development activities currently dealt with by EMEA and 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)	2020	239.6	135.8	107.4	482.7
	2019	243.6	269.5	98.2	611.3
	Change	(4.0)	(133.7)	9.2	(128.6)
	Change %	-1.7%	-49.6%	9.4%	-21.0%
Turnover (millions of Euros)	2020	831.0	233.0	249.6	1,313.7
	2019	867.6	430.3	223.4	1,521.3
	Change	(36.6)	(197.3)	26.3	(207.6)
	Change %	-4.2%	-45.8%	11.8%	-13.6%
Gross margin (millions of Euros)	2020	231.1	45.2	96.1	372.4
	2019	252.9	119.0	86.9	458.8
	Change	(21.8)	(73.8)	9.1	(86.5)
	Change %	-8.6%	-62.0%	10.5%	-18.8%
EBITDA (millions of Euros)	2020				186.1
	2019				227.8
	Change				(41.8)
	Change %				-18.3%
EBIT (millions of Euros)	2020				70.9
	2019				104.5
	Change				(33.7)
	Change %				-32.2%
Net profit (millions of Euros)	2020				31.3
	2019				46.7
	Change				(15.4)
	Change %				-33.0%
Capital employed (millions of Euros)	2020	496.8	151.0	147.8	795.6
	2019	535.8	134.2	143.6	813.6
	Change	(39.0)	16.8	4.2	(18.0)
	Change %	-7.3%	12.5%	2.9%	-2.2%
Of which receivable (millions of Euros)	2020	927.1	276.3	219.6	1,423.0
	2019	946.7	273.3	203.2	1,423.2
	Change	(19.6)	3.0	16.4	(0.2)
	Change %	-2.1%	1.1%	8.1%	0.0%
Of which payable (millions of Euros)	2020	430.3	125.3	71.8	627.4
	2019	410.9	139.0	59.6	609.6
	Change	19.4	(13.7)	12.2	17.8
	Change %	4.7%	-9.9%	20.4%	2.9%

C) INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

As further stated in the Report on Operations, the trends of the income statement items commented on below were affected to a greater or lesser extent by the COVID-19 health emergency, which entailed the repeated closure of production and commercial activities in numerous countries.

4. Net revenues €/000 1,313,690

Revenues are shown net of premiums recognised to customers (dealers).
This item does not include transport costs, which are recharged to customers (€/000 28,669) and invoiced advertising cost recoveries (€/000 3,511), 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	2020		2019		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	831,026	63.3	867,647	57.0	(36,621)	-4.2
India	233,031	17.7	430,304	28.3	(197,273)	-45.8
Asia Pacific 2W	249,633	19.0	223,374	14.7	26,259	11.8
Total	**1,313,690**	**100.0**	**1,521,325**	**100.0**	**(207,635)**	**-13.6**

In 2020, net sales revenues decreased by 13.6% compared to the previous year. For a more detailed analysis of trends in individual geographic segments, see comments in the Report on Operations.

5. Costs for materials €/000 (815,684)

Costs for materials decreased by 12.1% compared to the previous year. This decline is essentially due to the Covid emergency, which resulted in a 21.0% reduction in vehicles sold. The item includes €/000 14,221 (€/000 14,377 in 2019) 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	2020	2019	CHANGE
Raw, ancillary materials, consumables and goods	(793,612)	(915,779)	122,167
Change in inventories of raw, ancillary materials, consumables and goods	(9,294)	5,455	(14,749)
Change in work in progress of semifinished and finished products	(12,778)	(17,187)	4,409
Total	**(815,684)**	**(927,511)**	**111,827**

6. Costs for services and leases and rental costs €/000 (199,141)

Below is a breakdown of this item:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Employee costs	(8,113)	(16,884)	8,771
External maintenance and cleaning costs	(9,159)	(8,921)	(238)
Energy and telephone costs	(12,691)	(15,732)	3,041
Postal expenses	(722)	(838)	116
Commissions payable	(406)	(456)	50
Advertising and promotion	(39,595)	(49,002)	9,407
Technical, legal and tax consultancy and services	(15,940)	(20,429)	4,489
Company boards operating costs	(2,734)	(2,747)	13
Insurance	(4,219)	(4,568)	349
Insurance from related parties	(33)	(33)	0
Outsourced manufacturing	(15,262)	(19,565)	4,303
Outsourced services	(14,710)	(15,506)	796
Transport costs (vehicles and spare parts)	(36,559)	(38,282)	1,723
Sundry commercial expenses	(4,627)	(9,703)	5,076
Expenses for public relations	(1,751)	(3,110)	1,359
Product warranty costs	(527)	(1,990)	1,463
Quality-related events	(7,114)	(1,871)	(5,243)
Bank costs and factoring charges	(4,764)	(5,418)	654
Other services	(8,857)	(11,197)	2,340
Services and costs for use by related parties	(1,836)	(2,194)	358
Lease and rental costs	(9,522)	(10,640)	1,118
Total costs for services, leases and rental costs	**(199,141)**	**(239,086)**	**39,945**

Costs for services and leases and rentals decreased by €/000 39,945 compared to 2019. The decrease refers to the activities, transfers and promotional and advertising costs affected to a greater extent by the lengthy lockdown.
The item includes costs for temporary work of €/000 1,908.

7. Employee costs €/000 (212,772)

Employee costs include €/000 3,853 relating to costs for redundancy plans mainly for the Pontedera and Noale production sites.

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Salaries and wages	(160,695)	(171,860)	11,165
Social security contributions	(39,453)	(43,344)	3,891
Termination benefits	(7,951)	(8,074)	123
Other costs	(4,673)	(5,045)	372
Total	**(212,772)**	**(228,323)**	**15,551**

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

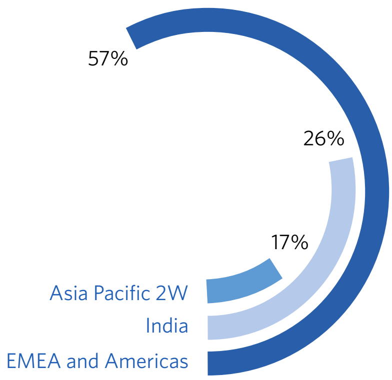
	AVERAGE NUMBER		
LEVEL	2020	2019	CHANGE
Senior management	106	105	1
Middle management	664	671	(7)
White collars	1,673	1,728	(55)
Blue collars	3,791	3,920	(129)
Total	**6,234**	**6,424**	**(190)**

	NUMBER AS OF		
LEVEL	31 DECEMBER 2020	31 DECEMBER 2019	CHANGE
Senior management	107	106	1
Middle management	661	667	(6)
White collars	1,625	1,708	(83)
Blue collars	3,463	3,741	(278)
Total	**5,856**	**6,222**	**(366)**

In 2020, the average headcount was down slightly in all geographic areas, also considering the COVID emergency, with the exception of Vietnam, where production never stopped. During lockdown, the Group naturally availed of less temporary labour and benefited from the support policies provided, mainly in Italy, such as the COVID furlough scheme.

As of 31 December 2020, Group employees totalled 5,856[32], down by 366 compared to 31 December 2019.
Changes in employee numbers in the two periods are compared below:

LEVEL	AS OF 31.12.19	INCOMING	LEAVERS	RELOCATIONS	AS OF 31.12.20
Senior management	106	7	(11)	5	107
Middle management	667	30	(49)	13	661
White collars	1,708	110	(176)	(17)	1,625
Blue collars	3,741	1,437	(1,714)	(1)	3,463
Total	**6,222**	**1,584**	**(1,950)**	**0**	**5,856**



DISTRIBUTION OF THE WORKFORCE BY GEOGRAPHIC SEGMENT AS OF 31 DECEMBER 2020

32 Of which 735 on fixed-term contracts.

8. Amortisation/depreciation and impairment costs €/000 (115,194)

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

IN THOUSANDS OF EUROS	2020	2019	CHANGE
PROPERTY, PLANT AND EQUIPMENT:			
Buildings	(4,840)	(4,916)	76
Plant and machinery	(20,331)	(20,670)	339
Industrial and commercial equipment	(9,214)	(9,186)	(28)
Other assets	(5,878)	(5,669)	(209)
Total depreciation of property, plant and equipment	**(40,263)**	**(40,441)**	**178**
Impairment costs of property, plant and equipment		(2,294)	2,294
Total depreciation of property, plant and equipment and impairment costs	**(40,263)**	**(42,735)**	**2,472**

IN THOUSANDS OF EUROS	2020	2019	CHANGE
INTANGIBLE ASSETS:			
Development costs	(26,527)	(30,240)	3,713
Industrial Patent and Intellectual Property Rights	(33,664)	(35,072)	1,408
Concessions, licences, trademarks and similar rights	(4,823)	(4,823)	0
Other	(283)	(221)	(62)
Total amortisation of intangible assets	**(65,297)**	**(70,356)**	**5,059**
Impairment costs of intangible assets	(1,136)	(2,339)	1,203
Total amortisation of intangible assets and impairment costs	**(66,433)**	**(72,695)**	**6,262**

IN THOUSANDS OF EUROS	2020	2019	CHANGE
RIGHTS OF USE:			
Land	(185)	(169)	(16)
Buildings	(5,520)	(5,031)	(489)
Plant and equipment	(856)	(856)	0
Industrial and commercial equipment		(108)	108
Other assets	(1,937)	(1,690)	(247)
Total depreciation of rights of use	**(8,498)**	**(7,854)**	**(644)**

Overall, amortisation/depreciation and impairment costs decreased by €/000 8,090 compared to the previous year. This change is related to the planned concentration of launches on the market of new vehicles and new Euro 5 engines in the last part of the year and to the concurrent end of the amortisation/depreciation plans of some projects.
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 assets refer to development projects for which production plans were reviewed in the context of the Group's Business Plan.

9. Other operating income €/000 124,097

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Operating grants	3,962	5,194	(1,232)
Increases in fixed assets from internal work	50,133	51,471	(1,338)
Rent receipts	3,801	5,723	(1,922)
Capital gains on the disposal of assets	650	124	526
Sale of miscellaneous materials	764	1,132	(368)
Recovery of transport costs	28,669	27,204	1,465
Recovery of advertising costs	3,511	3,757	(246)
Recovery of sundry costs	2,476	3,644	(1,168)
Compensation	810	756	54
Compensation for quality-related events	1,089	1,422	(333)
Licence rights and know-how	2,640	2,887	(247)
Sponsorship	2,352	3,475	(1,123)
Other income	21,834	16,893	4,941
Other Group income	1,406	436	970
Total	**124,097**	**124,118**	**(21)**

Contributions include:
- €/000 2,104 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 1,128 for export grants received by the Indian subsidiary;
- €/000 500 for participation in MotoGP races paid by the organizer;
- €/000 104 for funding for professional training provided by trade associations;
- €/000 61 for operating grants from a client;
- €/000 65 for state grants received by Piaggio Concept Store and Piaggio & C for expenses related to Covid 19.

Revenues include €/000 6,370 related to the first part of subsidies from the Indian government given to the affiliate Piaggio Vehicles Private Limited for investments made in past years and recognized in the income statement in proportion to the depreciation of the assets on which the grant was granted. The registration of these amounts is supported by adequate documentation received from the Indian Government in the last months of 2020, which certifies the recognition of the right and therefore the reasonable certainty of collection.

10. Net reversals (impairment) of trade and other receivables €/000 (2,906)

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Reversals	18	12	6
Losses on receivables	(39)	(130)	91
Write-downs of receivables in working capital	(2,885)	(2,511)	(374)
Total	**(2,906)**	**(2,629)**	**(277)**

11. Other operating costs €/000 (21,234)

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Provision for future risks	(830)	(1,175)	345
Provisions for product warranties	(8,071)	(10,051)	1,980
Duties and taxes not on income	(4,752)	(4,426)	(326)
Various subscriptions	(1,139)	(1,145)	6
Capital losses from disposal of assets	(72)	(121)	49
Losses from changes in the fair value of investment property	(4,603)	(1,066)	(3,537)
Miscellaneous expenses	(1,767)	(2,080)	313
Total sundry operating costs	*(12,333)*	*(8,838)*	*(3,495)*
Total	**(21,234)**	**(20,064)**	**(1,170)**

The item Losses from changes in the fair value of investment property refers to the lower value recognised for the Spanish site of Martorelles. For more details on how fair value is determined, reference is made to note 42.

12. Income/(loss) from investments €/000 529

Net income from investments comprise the following:
- €/000 486 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 related to the portion of income attributable to the Group from the minority investment in Pontedera & Tecnologia S.c.a.r.l.;
- €/000 25 dividends received from the minority interest in Ecofor Service Pontedera.

13. Net financial income (borrowing costs) €/000 (21,219)

Below is the breakdown of borrowing costs and income:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Income:			
- Interest receivable from Parent Companies		21	(21)
- Interest receivable from clients	32	57	(25)
- Bank and post office interest payable	820	884	(64)
- Interest payable on financial receivables	387	2,391	(2,004)
- Income from fair value measurements	206	-	206
- Other	48	142	(94)
Total financial income	**1,493**	**3,495**	**(2,002)**
Expenses:			
- Interest payable on bank accounts	(3,288)	(3,951)	663
- Interest payable on debenture loans	(12,351)	(12,646)	295
- Interest payable on bank loans	(6,501)	(5,681)	(820)
- Interest payable to other lenders	(2,408)	(2,798)	390
- Interest to suppliers	(542)	(563)	21
- Cash discounts to clients	(630)	(796)	166
- Bank charges on loans	(1,353)	(974)	(379)
- Income from fair value measurements	(658)	(347)	(311)
- Borrowing costs from discounting back termination and termination benefits	(167)	(221)	54
- Interest on rights of use (finance leases)	(119)	(143)	24
- Interest on rights of use (operating leases)	(906)	(860)	(46)
- Interest on rights of use (parent companies)	(198)	(207)	9
- Other	(78)	(19)	(59)
Total borrowing costs	**(29,199)**	**(29,206)**	**7**
Costs capitalised on property, plant and equipment	410	182	228
Costs capitalised on intangible assets	1,352	831	521
Total Capitalised Costs	**1,762**	**1,013**	**749**
Total net borrowing costs	**(27,437)**	**(28,193)**	**756**
Exchange gains	26,619	11,785	14,834
Exchange losses	(21,894)	(11,979)	(9,915)
Total net exchange gains/(losses)	**4,725**	**(194)**	**4,919**
Net financial income (borrowing costs)	**(21,219)**	**(24,892)**	**3,673**

The balance of financial income (borrowing costs) in 2020 was negative by €/000 21,219, an improvement on the figure of the same period of the previous year (€/000 24,892), thanks to a reduction in the cost of debt and positive contribution from currency operations, which more than offset the increase in average debt.
During 2020, borrowing costs for €/000 1,762 were capitalised (in the previous year, borrowing costs for €/000 1,013 had been capitalised).
The average rate used during 2020 for the capitalisation of borrowing costs (because of general loans), was equal to 3.37% and also refers to loans obtained by the Vietnamese company in local currency (3.9% in 2019).
Interest payable to other lenders mainly refers to interest payable to factoring companies and banks for the sale of trade receivables.

14. Taxes €/000 (18,844)

The item "Income taxes" is detailed below:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Current taxes	(23,539)	(32,121)	8,582
Deferred tax assets/liabilities	4,695	(1,814)	6,509
Total	**(18,844)**	**(33,935)**	**15,091**

In 2020 the impact of taxes on profit before tax was estimated as equal to 37.6% (42.1% in 2019).
The decrease is mainly due to the reduction in the tax burden on income produced in India, starting from 1 April 2020, consistent with the Group's cash management policy.

The item current taxes includes net income from the Consolidated Tax Convention of €/000 2,437.

Reconciliation in relation to the theoretical rate is shown below:

IN THOUSANDS OF EUROS	2020	2019
Profit before tax	50,166	80,684
Theoretical rate	24.00%	24.00%
Theoretical income taxes	(12,040)	(19,364)
Effect arising from tax differences and the difference between foreign tax rates and the theoretical rate	1,564	(199)
Tax effect arising from losses for the year not offset	(5,208)	(5,857)
Tax effect arising from deferred taxes	4,695	(1,814)
Taxes on income generated abroad	(6,992)	(4,910)
Expenses/income from the Consolidated Tax Convention	2,437	6,121
Indian tax on the distribution of dividends		(6,737)
Regional production tax and other local taxes	(1,750)	(676)
Other differences	(1,550)	(499)
Income taxes recognised in the financial statements	**(18,844)**	**(33,935)**

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:

		2020	2019
Net profit	€/000	31,322	46,749
Earnings attributable to ordinary shares	€/000	31,322	46,749
Average number of ordinary shares in circulation		357,151,009	357,273,610
Earnings per ordinary share	€	0.088	0.131
Adjusted average number of ordinary shares		357,151,009	357,273,610
Diluted earnings per ordinary share	€	0.088	0.131

D) INFORMATION ON OPERATING ASSETS AND LIABILITIES

17. Intangible assets €/000 695,646

Intangible assets increased overall by €/000 19,463 mainly due to investments for the year which was only partially balanced by amortisation for the year.
Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.
During 2020, borrowing costs for €/000 1,352 were capitalised.

The table below shows the breakdown of intangible assets as of 31 December 2019 and 31 December 2020, as well as movements during the period.

	DEVELOPMENT COSTS			PATENT RIGHTS AND KNOW-HOW			CONCESSIONS, LICENCES 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	257,677	26,935	284,612	381,477	27,034	408,511	128,021	557,322	7,517		7,517	1,332,014	53,969	1,385,983
Provisions for write-down	(1,572)	(1,484)	(3,056)	(360)		(360)					0	(1,932)	(1,484)	(3,416)
Accumulated amortisation	(200,332)		(200,332)	(316,695)		(316,695)	(88,836)	(110,382)	(7,434)		(7,434)	(723,679)	0	(723,679)
Assets as of 01 01 2019	**55,773**	**25,451**	**81,224**	**64,422**	**27,034**	**91,456**	**39,185**	**446,940**	**83**	**0**	**83**	**606,403**	**52,485**	**658,888**
Investments	9,706	29,916	39,622	17,870	31,873	49,743			484	31	515	28,060	61,820	89,880
Transitions in the year	18,485	(18,485)	0	14,948	(14,948)	0			31	(31)	0	33,464	(33,464)	0
Amortisation	(30,240)		(30,240)	(35,072)		(35,072)	(4,823)		(221)		(221)	(70,356)	0	(70,356)
Disposals	(9)		(9)	(18)		(18)			(39)		(39)	(66)	0	(66)
Write-downs	(2,043)	(284)	(2,327)	(12)		(12)					0	(2,055)	(284)	(2,339)
Exchange differences	88	(81)	7	(1)	(2)	(3)			1		1	88	(83)	5
Other movements			0			0			171		171	171	0	171
Movements in 2019	**(4,013)**	**11,066**	**7,053**	**(2,285)**	**16,923**	**14,638**	**(4,823)**	**0**	**427**	**0**	**427**	**(10,694)**	**27,989**	**17,295**
Historical cost	291,228	38,272	329,500	413,157	43,957	457,114	190,737	557,322	8,447		8,447	1,460,891	82,229	1,543,120
Provisions for write-down	(2,043)	(1,755)	(3,798)	(12)		(12)					0	(2,055)	(1,755)	(3,810)
Accumulated amortisation	(237,425)		(237,425)	(351,008)		(351,008)	(156,375)	(110,382)	(7,937)		(7,937)	(863,127)	0	(863,127)
Assets as of 31 12 2019	**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 year	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					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		7,992	1,502,603	115,162	1,617,765
Provisions for write-down	(1,136)	(1,569)	(2,705)			0					0	(1,136)	(1,569)	(2,705)
Accumulated amortisation	(256,428)		(256,428)	(383,707)		(383,707)	(161,198)	(110,382)	(7,699)		(7,699)	(919,414)	0	(919,414)
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**

Development costs €/000 91,623

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 41,715 that represent costs for which the conditions for capitalisation exist, but in relation to products that will go into production in future years.
Development expenditure for new projects capitalised in 2020 refers to the study of new Euro 5 vehicles and engines (including a new commercial vehicle in partnership with the Foton Motor Group), that will feature as the top products in the 2020-2022 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 2020, development expenditure amounting to €/000 16,227 was directly recognised in profit or loss. Write-downs concern development projects for which production plans were revised as part of the update to the Business Plan.

Industrial patent rights and know-how €/000 127,251

This item includes assets under development for €/000 71,878.
Increases for the period mainly refer to new calculation, design and production techniques and methodologies developed by the Group, referring to main new products in the 2020-2022 range.
Costs for industrial patent and intellectual property rights are amortised on a straight-line basis over a period of 3 to 5 years, in consideration of their remaining useful life.

Trademarks, concessions and licences €/000 29,539

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Guzzi trademark	9,750	11,375	(1,625)
Aprilia trademark	19,158	22,351	(3,193)
Minor trademarks	20	25	(5)
Foton licence	611	611	0
Total	**29,539**	**34,362**	**(4,823)**

The Aprilia and Guzzi trademarks are amortised over a period of 15 years, expiring in 2026.
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 will be amortised over 10 years, from production start-up, expected in February 2021.

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 2020	305,311	109,695	31,934	446,940
31 12 2019	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 the relative 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. a hypothesis of estimated cash flows over a four-year period, inferred from budget data for 2021, approved by the Board of Directors of the Company on 28 January 2021, supplemented by forecast data for the period 2022-2024, approved by the Board of Directors of the Company on 25 February 2021, along with an impairment test;
b. the WACC discount rate;
c. 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
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%
2019			
WACC	5.2%	7.6%	9.8%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	5.0%	5.2%	5.7%

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: Analyst Reports 2020);
- the long-term real GDP growth trend expected for main countries where the Group operates (source: Economist Intelligence Unit – EIU);
- forecasts for the reference sector (source: Freedonia, «Global Motorcycle», May 2020).

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 reference sector as the benchmark (source: Freedonia, «Global Motorcycle», May 2020).

Analyses did not identify any impairment losses. Therefore no impairment was reflected in consolidated data as of 31 December 2020.
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 the second half of 2020, 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. The assumed scenario envisages an average contraction for the period for all CGUs of approximately 19.6% compared to the base scenario, differentiated for each CGU to reflect the current situation and the expected reaction times of each market, using the EBITDA delta between the final figure for 2020 and that of 2019 as a driver. In particular, a reduction in margins of 16% was applied for Western markets and 15% for Asia Pacific markets; as regards India, the reduction applied is variable, starting from 50% in 2021 up to 20% in 2024 (last year of the Plan).
Notwithstanding this additional serious penalisation, due to the above considerations the Group's value in use is higher than the net book value for each CGU.

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 €/000 293

The item shows a slight decrease compared to the previous year.

18. Property, plant and equipment €/000 264,616

Property, plant and equipment mainly refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).
During the period, the item showed an increase of €/000 1,120 thanks to investments in the period, which more than offset the effects of the devaluation of the rupee and depreciation.
The increases mainly relate to the construction of moulds for new vehicles launched during the period.
Borrowing costs attributable to the construction of assets which require a considerable period of time to be ready for use are capitalised as a part of the cost of the actual assets. During 2020, borrowing costs for €/000 410 were capitalised.

The table below shows the breakdown of property, plant and equipment as of 31 December 2019 and 31 December 2020, as well as movements during the period.

	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 SERVICE	ASSETS UNDER CONSTRUCTION AND ADVANCES	TOTAL
IN THOUSANDS OF EUROS																
Historical cost	27,640	169,761	1,425	171,186	486,249	8,688	494,937	513,415	7,272	520,687	54,308	758	55,066	1,251,373	18,143	1,269,516
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(483)		(483)	(2,408)		(2,408)	(64)		(64)	(3,577)	0	(3,577)
Accumulated depreciation		(78,788)		(78,788)	(380,606)		(380,606)	(493,277)		(493,277)	(47,070)		(47,070)	(999,741)	0	(999,741)
Assets as of 01 01 2019	**27,640**	**90,351**	**1,425**	**91,776**	**105,160**	**8,688**	**113,848**	**17,730**	**7,272**	**25,002**	**7,174**	**758**	**7,932**	**248,055**	**18,143**	**266,198**
Investments		393	2,457	2,850	2,267	27,562	29,829	7,411	3,891	11,302	5,293	1,718	7,011	15,364	35,628	50,992
Transitions in the year		993	(993)	0	16,132	(16,132)	0	5,982	(5,982)	0	534	(534)	0	23,641	(23,641)	0
Depreciation		(4,916)		(4,916)	(20,670)		(20,670)	(9,186)		(9,186)	(5,669)		(5,669)	(40,441)	0	(40,441)
Disposals				0	(74)		(74)	(1)		(1)	(101)		(101)	(176)	0	(176)
Write-downs				0	(618)		(618)	(1,676)		(1,676)			0	(2,294)	0	(2,294)
Exchange differences		70	(10)	60	52	(76)	(24)			0	55		55	177	(86)	91
Other movements				0	(10,699)		(10,699)	(4)		(4)	132	(303)	(171)	(10,571)	(303)	(10,874)
Movements in 2019	**0**	**(3,460)**	**1,454**	**(2,006)**	**(13,610)**	**11,354**	**(2,256)**	**2,526**	**(2,091)**	**435**	**244**	**881**	**1,125**	**(14,300)**	**11,598**	**(2,702)**
Historical cost	27,640	171,245	2,879	174,124	474,683	20,042	494,725	517,148	5,181	522,329	55,514	1,639	57,153	1,246,230	29,741	1,275,971
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,983)		(3,983)	(64)		(64)	(5,770)	0	(5,770)
Accumulated depreciation		(83,732)		(83,732)	(382,032)		(382,032)	(492,909)		(492,909)	(48,032)		(48,032)	(1,006,705)	0	(1,006,705)
Assets as of 31 12 2019	**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 year		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)	0	(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
Exchange differences		(2,057)	(38)	(2,095)	(6,515)	(966)	(7,481)			0	(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
Reversals				0			0			0			0	0	0	0
Provisions for write-down		(622)		(622)	(1,101)		(1,101)	(3,976)		(3,976)	(64)		(64)	(5,763)	0	(5,763)
Accumulated depreciation		(87,372)		(87,372)	(385,777)		(385,777)	(499,173)		(499,173)	(52,005)		(52,005)	(1,024,327)	0	(1,024,327)
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**

Land — €/000 27,640

Land is not depreciated.
Land mainly refers to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice) and Mandello del Lario (Lecco). The item also includes land in Pisa, with a warehouse.

Buildings — €/000 84,614

The item Buildings, net of accumulated depreciation, comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Industrial buildings	81,822	85,997	(4,175)
Ancillary buildings	251	444	(193)
Light constructions	573	450	123
Assets under construction	1,968	2,879	(911)
Total	**84,614**	**89,770**	**(5,156)**

Industrial buildings refer to Group production facilities in Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam). 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 — €/000 108,991

The item Plant and machinery, net of accumulated depreciation, consists of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
General plants	69,374	73,870	(4,496)
Automatic machinery	5,172	5,555	(383)
Furnaces and sundry equipment	267	270	(3)
Other	11,623	11,855	(232)
Assets under construction	22,555	20,042	2,513
Total	**108,991**	**111,592**	**(2,601)**

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 34,270

The item Equipment mainly refers to production equipment at Pontedera (Pisa), Noale and Scorzè (Venice), Mandello del Lario (Lecco), Baramati (India) and Vinh Phuc (Vietnam).
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.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Industrial equipment	18,212	20,247	(2,035)
Commercial equipment	8	9	(1)
Assets under construction	16,050	5,181	10,869
Total	**34,270**	**25,437**	**8,833**

Other plant, property and equipment €/000 9,101

The item Other assets comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
EDP systems	1,897	2,689	(792)
Office furniture and equipment	2,165	2,379	(214)
Vehicles	1,002	831	171
Others	2,546	1,519	1,027
Assets under construction	1,491	1,639	(148)
Total	**9,101**	**9,057**	**44**

Warranties

As of 31 December 2020, 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 33,241

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 2020				AS OF 31 DECEMBER 2019				
	OPERATING LEASES	FINANCE LEASES	RENTAL/ HIRE PAYMENTS MADE IN ADVANCE	TOTAL	OPERATING LEASES	FINANCE LEASES	RENTAL/ HIRE PAYMENTS MADE IN ADVANCE	TOTAL	CHANGE
Land			6,794	6,794	294		7,282	7,576	(782)
Buildings	14,055		82	14,137	14,878		144	15,022	(885)
Plant and machinery		8,988		8,988		9,844		9,844	(856)
Equipment				0	108			108	(108)
Other assets	3,249	73		3,322	3,841	95		3,936	(614)
Total	**17,304**	**9,061**	**6,876**	**33,241**	**19,121**	**9,939**	**7,426**	**36,486**	**(3,245)**

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER ASSETS	TOTAL
As of 31 12 2019	**7,576**	**15,022**	**9,844**	**108**	**3,936**	**36,486**
Increases		5,974			1,330	7,304
Depreciation	(185)	(5,520)	(856)		(1,937)	(8,498)
Decreases		(715)			(76)	(791)
Exchange differences	(597)	(624)			(39)	(1,260)
Other changes				(108)	108	0
Movements in 2020	**(782)**	**(885)**	**(856)**	**(108)**	**(614)**	**(3,245)**
As of 31 12 2020	**6,794**	**14,137**	**8,988**	**0**	**3,322**	**33,241**

Financial liabilities for rights of use €/000 26,576

The composition of and changes in financial liabilities for rights of use are illustrated in Note 42 "Financial liabilities and financial 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	2020	2019	CHANGE
Depreciation of rights of use	8	(8,498)	(7,854)	(644)
Financial charges for rights of use	13	(1,223)	(1,210)	(13)
Rental payments (not IFRS 16)	6	(9,359)	(10,731)	1,372

In 2020, lease agreements subject to IFRS 16 resulted in a cash outflow of €/000 7,471.

20. Investment Property €/000 4,600

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

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2020	**9,203**
Fair value adjustment	(4,603)
Closing balance as of 31 December 2020	**4,600**

The Parent Company, no longer considering this site strategic, took the decision to sell within the Board of Directors on 28 January 2021. The property was sold on 17 February 2021. The book value at 31 December 2020 is aligned with the price defined in the sales contract, as no misalignment events occurred that altered the value between 31 December 2020 and 17 February 2021.
The Group uses the "fair value model" as provided for in IAS 40, thus the measurement updated during 2020 resulted in an expense from the fair value adjustment, equal to €/000 4,603 being recognised under other costs in the income statement for the period (having adjusted the book value to the lower between the fair market value and the sale price).
If the cost criterion had still been used instead of fair value, the valuation would have been the same.
During 2020, costs incurred for management of the site amounted to €/000 238.

21. Deferred tax assets €/000 64,686

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 2020	AS OF 31 DECEMBER 2019	CHANGE
Deferred tax assets	76,781	78,475	(1,694)
Deferred tax liabilities	(12,095)	(15,285)	3,190
Total	**64,686**	**63,190**	**1,496**

The main effects recognised in the year are attributable to changes in temporary differences.

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/long term for each single company and the economic and tax impact. In this framework, the plans from the reprocessing of the Piaggio Group plan approved by the Board of Directors on 25 February 2021 were used as the reference. 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			
	5,252	24%/27.9%	1,460
	4,282	27.90%	1,195
Provisions for risks	9,534		2,655
	12,298	27.90%	3,431
	1,000	24.59%	246
	446	24.00%	107
	297	33.58%	100
	187	25.00%	47
	71	22.00%	16
Provision for product warranties	14,299		3,947
	17,961	24.00%	4,311
	1,546	24.00%	371
	150	24.00%	36
	108	24.59%	27
	16	33.58%	5
Provisions for bad debts	19,781		4,750
	19,223	27.90%	5,363
	2,439	20.00%	488
	614	24.59%	151
	135	33.58%	45
	198	22.00%	44
	169	25.00%	42
	36	24.00%	9
	47	18.00%	8
Provisions for obsolete stock	22,861		6,150
	41,452	24%/27.9%	11,234
	16,447	20.00%	3,289
	12,940	24%/27.9%	3,111
	7,030	24.59%	1,729
	3,985	25.00%	996
	999	25.17%	251
	494	24.71%	122
	567	17.00%	96
	350	25.00%	88
	285	24%/27.9%	78
	290	24.00%	70
	204	33.58%	69
	203	22.00%	45
	94	31.16%	29
	85	29.00%	25
	78	25.00%	20
	93	18.00%	17
	18	32.32%	6
	15	25.00%	4
	12	30.00%	4
	9	25.00%	2
Offsetting of Deferred Tax Liabilities	(43,875)	24%/27.9%	(12,095)
Other changes	41,775		9,190
Total for provisions and other changes	**108,250**		**26,692**
Deferred tax assets already recognised			**25,565**
Deferred tax assets not booked			**1,127**
Piaggio & C. S.p.A.	138,302	24.00%	33,192
Piaggio Fast Forward Inc.	47,246	24.71%	11,674
Nacional Motor S.A.	34,759	25.00%	8,690
Piaggio Group Americas Inc.	18,167	24.59%	4,468
Piaggio Group Japan	3,510	33.58%	1,179
Piaggio Concept Store Mantova S.r.l.	3,073	24.00%	738
Aprilia Racing S.r.l.	2,365	24.00%	568
Piaggio Vespa B.V.	418	25.00%	104
Total out of tax losses	**247,840**		**60,613**
Deferred tax assets already recognised			**39,121**
Deferred tax assets not booked			**21,492**

22. Inventories — €/000 189,864

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Raw materials and consumables	109,216	110,954	(1,738)
Provision for write-down	(10,835)	(10,429)	(406)
Net value	*98,381*	*100,525*	*(2,144)*
Work in progress and semi-finished products	15,631	19,167	(3,536)
Provision for write-down	(852)	(852)	0
Net value	*14,779*	*18,315*	*(3,536)*
Finished products and goods	93,478	113,825	(20,347)
Provision for write-down	(17,858)	(19,778)	1,920
Net value	*75,620*	*94,047*	*(18,427)*
Advances	1,084	1,795	(711)
Total	**189,864**	**214,682**	**(24,818)**

As of 31 December 2020, inventories had decreased by €/000 24,818.

23. Trade receivables (current and non-current) — €/000 68,692

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 2020	AS OF 31 DECEMBER 2019	CHANGE
Trade receivables due from customers	68,269	77,203	(8,934)
Trade receivables due from JV	389	969	(580)
Trade receivables due from parent companies	34	23	11
Total	**68,692**	**78,195**	**(9,503)**

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 28,123.
Movements of write-down provision were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2020	**26,169**
Increases for allocations	2,348
Decreases for use	(83)
Other changes	(311)
Closing balance as of 31 December 2020	**28,123**

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 2020, trade receivables still due, sold without recourse, totalled €/000 93,590. Of these amounts, Piaggio received payment prior to natural expiry of €/000 92,707.
As of 31 December 2020, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €/000 9,133 with a counter entry recorded in current liabilities.

24. Other receivables (current and non-current) €/000 70,501

They consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Receivables due from parent companies	15,794		15,794	13,260		13,260	2,534	0	2,534
Receivables due from joint ventures	452		452	1,313		1,313	(861)	0	(861)
Receivables due from affiliated companies	28	81	109	28	81	109	0	0	0
Accrued income	2,033		2,033	2,616		2,616	(583)	0	(583)
Deferred charges	3,380	17,164	20,544	4,219	10,751	14,970	(839)	6,413	5,574
Advance payments to suppliers	2,088	1	2,089	2,446		2,446	(358)	1	(357)
Advances to employees	1,183	28	1,211	1,245	31	1,276	(62)	(3)	(65)
Fair value of hedging derivatives	1,437		1,437	123		123	1,314	0	1,314
Security deposits	244	1,477	1,721	299	1,362	1,661	(55)	115	60
Receivables due from others	17,602	7,509	25,111	6,157	1,413	7,570	11,445	6,096	17,541
Total	**44,241**	**26,260**	**70,501**	**31,706**	**13,638**	**45,344**	**12,535**	**12,622**	**25,157**

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 and the fair value of derivative instruments hedging commodities risk (€/000 205 current portion).
The increase in Receivables due from others refers to €/000 10,230 related to the recognition by the Indian affiliate of a receivable for the subsidy received from the Indian Government on investments made in previous years. For more details, see Note 9 Other operating income.
Other receivables are shown net of a bad debt provision of €/000 6,396.

Movements of write-down provision were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2020	**5,884**
Increases for allocations	537
Decreases for use	(25)
Other changes	
Closing balance as of 31 December 2020	**6,396**

25. Tax receivables (current and non-current) €/000 25,250

Receivables due from tax authorities consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
VAT	8,563	859	9,422	13,385	4,209	17,594	(4,822)	(3,350)	(8,172)
Income tax	2,544	10,790	13,334	2,141	9,886	12,027	403	904	1,307
Others	1,744	750	2,494	3,012	19	3,031	(1,268)	731	(537)
Total	**12,851**	**12,399**	**25,250**	**18,538**	**14,114**	**32,652**	**(5,687)**	**(1,715)**	**(7,402)**

The change is mainly related to lower VAT receivables of the Parent Company.

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 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**
AS OF 31 DECEMBER 2019					
Non-current					
Tax receivables				14,114	14,114
Other receivables				13,638	13,638
Total non-current operating receivables			**-**	**27,752**	**27,752**
Current					
Trade receivables				78,195	78,195
Tax receivables				18,538	18,538
Other receivables			123	31,583	31,706
Total current operating receivables			**123**	**128,316**	**128,439**
Total operating receivables			**123**	**156,068**	**156,191**

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) €/000 489,964

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Amounts due to suppliers	484,194	472,987	11,207
Trade payables to JV	5,449	5,318	131
Amounts due to affiliates	32	26	6
Amounts due to parent companies	289	357	(68)
Total	**489,964**	**478,688**	**11,276**
of which reverse factoring	*206,362*	*197,640*	*8,722*

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 2020, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 206,362 (€/000 197,640 as of 31 December 2019).

31. Provisions (current and non-current portion) €/000 30,517

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

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2019	ALLOCATIONS	USES	RECLASSIFICATIONS	EXCHANGE DIFFERENCES	BALANCE AS OF 31 DECEMBER 2020
Provision for product warranties	19,335	8,071	(7,692)	15	(623)	19,106
Provision for contractual risks	3,816	655	(19)		(74)	4,378
Risk provision for legal disputes	2,358	241	(110)	58	(63)	2,484
Provisions for risk on guarantee	58			(58)		0
Provision for tax risks	0	3,615				3,615
Other provisions for risks	1,001	206	(269)		(4)	934
Total	**26,568**	**12,788**	**(8,090)**	**15**	**(764)**	**30,517**

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Provision for product warranties	11,836	7,270	19,106	12,498	6,837	19,335	(662)	433	(229)
Provisions for contractual risks	1,378	3,000	4,378	816	3,000	3,816	562	0	562
Risk provision for legal disputes	764	1,720	2,484	695	1,663	2,358	69	57	126
Provisions for risk on guarantee	-	-	-	-	58	58	0	(58)	(58)
Provision for tax risks	3,615	-	3,615	-	-	-	3,615	0	3,615
Other provisions for risks and charges	381	553	934	443	558	1,001	(62)	(5)	(67)
Total	**17,974**	**12,543**	**30,517**	**14,452**	**12,116**	**26,568**	**3,522**	**427**	**3,949**

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 8,071 and €/000 7,692 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 relates to a dispute between the French subsidiary and the French tax authorities that arose following a general audit concerning the years 2006 and 2007.

32. Deferred tax liabilities €/000 5,227

The decrease compared to the balance as of 31 December 2019 (€/000 7,762) is mainly due to the release of deferred tax liabilities on distributable reserves of the Indian subsidiary.

33. Retirement funds and employee benefits €/000 34,998

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Retirement funds	959	868	91
Termination benefits provision	34,039	38,129	(4,090)
Total	**34,998**	**38,997**	**(3,999)**

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 2020	**38,129**
Cost for the period	7,951
Actuarial losses recognised in Equity	125
Interest cost	167
Uses and transfers of retirement funds	(12,331)
Other movements	(2)
Closing balance as of 31 December 2020	**34,039**

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	-0.02%
Annual inflation rate	0.80%
Annual rate of increase in termination benefit	2.10%

As regards the discount rate, the Group uses the iBoxx Corporates AA index with a duration of 7-10 as a reference for the valuation of this parameter. If, on the other hand, the iBoxx Corporates A index with a duration of 7-10 had been used, the value of the actuarial losses and that of the fund as at 31 December 2020 would have been lower by €/000 754.

The table below shows the effects, in absolute terms, as of 31 December 2020, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	33,379
Turnover rate -2%	34,836
Inflation rate +0.25%	34,534
Inflation rate - 0.25%	33,547
Discount rate +0.50%	32,495
Discount rate -0.50%	35,695

The average financial duration of the bond ranges from 10 to 23 years.
Estimated future amounts are equal to:

	IN THOUSANDS OF EUROS
YEAR	FUTURE AMOUNTS
1	4,514
2	1,584
3	1,929
4	933
5	1,176

The affiliates operating in Germany and Indonesia have provisions for employees identified as defined benefit plans. As of 31 December 2020, these provisions amounted to €/000 126 and €/000 219 respectively. The amount of profits/(losses) recognized in the statement of comprehensive income related to foreign companies amounted to €/000 243.

34. Tax payables (current and non-current) €/000 12,987

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Due for income tax	6,464	8,291	(1,827)
Due for non-income tax	129	134	(5)
Tax payables for:			
. VAT	199	1,089	(890)
. Tax withheld at source	5,610	5,144	466
. Other	585	276	309
Total	6,394	6,509	(115)
Total	**12,987**	**14,934**	**(1,947)**

As of 31 December 2019 and as of 31 December 2020, no tax payables were recorded under non-current liabilities.
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 57,410

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
To employees	14,178	345	14,523	17,712	471	18,183	(3,534)	(126)	(3,660)
Guarantee deposits		3,244	3,244		3,247	3,247	-	(3)	(3)
Accrued expenses	5,683		5,683	4,122		4,122	1,561	-	1,561
Deferred income	1,767	7,167	8,934	1,303	2,649	3,952	464	4,518	4,982
Amounts due to social security institutions	8,721		8,721	8,765		8,765	(44)	-	(44)
Fair value of derivatives	544	268	812	46		46	498	268	766
To JV	3		3	3		3	-	-	-
To associates	1		1	9		9	(8)	-	(8)
To parent companies	4,054		4,054	11		11	4,043	-	4,043
Other	11,365	70	11,435	10,200	70	10,270	1,165	-	1,165
Total	**46,316**	**11,094**	**57,410**	**42,171**	**6,437**	**48,608**	**4,145**	**4,657**	**8,802**

Amounts due to employees include the amount for holidays accrued but not taken of €/000 8,486 and other payments to be made for €/000 6,037.
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 (€/000 466 current portion), to the fair value of derivatives to hedge commodity risks (€/000 44 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 (€/000 268 non-current portion and €/000 34 current portion).
The item Accrued liabilities includes €/000 165 for interest on hedging derivatives and relative hedged items measured at fair value.
The increase in Deferred income is due to €/000 4,216 recognised 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 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**
AS OF 31 DECEMBER 2019				
Non-current				
Tax payables				
Other payables			6,437	6,437
Total non-current operating payables		**-**	**6,437**	**6,437**
Current				
Trade payables			478,688	478,688
Tax payables			14,934	14,934
Other payables		46	42,125	42,171
Total current operating payables		**46**	**535,747**	**535,793**
Total operating payables		**46**	**542,184**	**542,230**

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 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
Securities					-
Total current financial assets	**-**	**-**	**2,617**	**230,061**	**232,678**
Total financial assets	**37**	**-**	**2,617**	**230,061**	**232,715**
FINANCIAL ASSETS AS OF 31 DECEMBER 2019					
Non-current					
Other financial assets	37		3,475		3,512
Total non-current financial assets	**37**	**-**	**3,475**	**-**	**3,512**
Current					
Other financial assets			3,789		3,789
Cash and cash equivalents				128,565	128,565
Securities				62,116	62,116
Total current financial assets	**-**	**-**	**3,789**	**190,681**	**194,470**
Total financial assets	**37**	**-**	**7,264**	**190,681**	**197,982**

IN THOUSANDS OF EUROS	LIABILITIES MEASURED AT FVPL	FAIR VALUE ADJUSTMENT	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
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**
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2019					
Non-current					
Bank loans				178,092	178,092
Bonds		3,269		282,099	285,368
Other loans				127	127
Liabilities for rights of use				19,996	19,996
Total non-current liabilities		**3,269**		**480,314**	**483,583**
Current liabilities					
Bank loans				110,756	110,756
Bonds		3,265		11,022	14,287
Other loans				9,990	9,990
Liabilities for rights of use				8,408	8,408
Total current liabilities		**3,265**		**140,176**	**143,441**
Total		**6,534**		**620,490**	**627,024**

39. Investments €/000 9,134

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Interests in joint ventures	8,965	8,753	212
Investments in associates	169	157	12
Total	**9,134**	**8,910**	**224**

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 2020		ACCOUNTS AS OF 31 DECEMBER 2019	
ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE CO. LTD				
		45% *		45% *
Working capital	10,686	4,808	9,327	4,198
Net financial debt	4,333	1,950	4,052	1,823
Total assets	9,278	4,175	10,034	4,515
Net capital employed	**24,297**	**10,933**	**23,413**	**10,536**
Provisions	377	169	248	112
Net financial debt	0	0	0	0
Shareholders' equity	23,920	10,764	23,165	10,424
Total sources of financing	**24,297**	**10,933**	**23,413**	**10,536**
* Group ownership				
Shareholders' equity attributable to the Group		10,764		10,424
Elimination of margins on internal transactions		(1,799)		(1,671)
Value of the investment		**8,965**		**8,753**

IN THOUSANDS OF EUROS	
RECONCILIATION OF SHAREHOLDERS' EQUITY	
Opening balance as of 1 January 2020	**8,753**
Profit (Loss) for the period	614
Statement of Comprehensive Income	(274)
Elimination of margins on internal transactions	(128)
Closing balance as of 31 December 2020	**8,965**

Investments in associates €/000 169

This item comprises:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31 DECEMBER 2019	ADJUSTMENT	CARRYING AMOUNT AS OF 31 DECEMBER 2020
ASSOCIATES			
Immsi Audit S.c.a.r.l.	10		10
S.A.T. S.A. - Tunisia	0		0
Depuradora D'Aigues de Martorelles	23	(6)	17
Pontedera & Tecnologia S.c.a.r.l.	124	18	142
Total associates	**157**	**12**	**169**

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 2,654

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Fair Value of hedging derivatives	2,617		2,617	3,789	3,475	7,264	(1,172)	(3,475)	(4,647)
Investments in other companies		37	37		37	37	0	0	0
Total	**2,617**	**37**	**2,654**	**3,789**	**3,512**	**7,301**	**(1,172)**	**(3,475)**	**(4,647)**

The item Fair Value derivatives mainly comprises the fair value measurement of the Cross Currency Swap on the private debenture loan. For more details see section 44 "Financial risks".

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	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.	21	21	0
IVM	9	9	0
Total other companies	**37**	**37**	**0**

41. Cash and cash equivalents €/000 230,093

This item mainly includes short-term or on demand bank deposits.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Bank and postal deposits	230,061	128,565	101,496
Cheques		18	(18)
Cash on hand	32	47	(15)
Securities		62,116	(62,116)
Total	**230,093**	**190,746**	**39,347**

The item Securities as of 31 December 2019 referred to deposit agreements entered into by the Indian subsidiary to effectively use temporary liquidity.

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

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

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Liquidity	230,093	190,746	39,347
Current account overdrafts	(1,187)	(18)	(1,169)
Closing balance	**228,906**	**190,728**	**38,178**

42. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 655,862

During the first half of 2020, the Group's total debt increased by €/000 28,838. 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 2020 total financial debt of the Group had increased by €/000 35,048.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial liabilities	163,510	465,776	629,286	135,033	463,587	598,620	28,477	2,189	30,666
Gross financial debt	*161,358*	*465,776*	*627,134*	*131,768*	*460,318*	*592,086*	*29,590*	*5,458*	*35,048*
Fair value adjustment	*2,152*	*0*	*2,152*	*3,265*	*3,269*	*6,534*	*(1,113)*	*(3,269)*	*(4,382)*
Financial liabilities for rights of use	8,582	17,994	26,576	8,408	19,996	28,404	174	(2,002)	(1,828)
Total	**172,092**	**483,770**	**655,862**	**143,441**	**483,583**	**627,024**	**28,651**	**187**	**28,838**

Net financial debt of the Group amounted to €/000 423,617 as of 31 December 2020 compared to €/000 429,744 as of 31 December 2019.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Liquidity	**230,093**	**190,746**	**39,347**
Payables due to banks	(30,378)	(81,032)	50,654
Current portion of bank loans	(110,738)	(29,724)	(81,014)
Debenture loan	(11,038)	(11,022)	(16)
Amounts due to factoring companies	(9,133)	(9,946)	813
Financial liabilities for rights of use	(8,582)	(8,408)	(174)
of which amounts due under finance leases	*(1,182)*	*(1,161)*	*(21)*
of which amounts due under operating leases	*(7,400)*	*(7,247)*	*(153)*
Current portion of payables due to other lenders	(71)	(44)	(27)
Current financial debt	**(169,940)**	**(140,176)**	**(29,764)**
Net current financial debt	**60,153**	**50,570**	**9,583**
Payables due to banks and lenders	(192,879)	(178,092)	(14,787)
Debenture loan	(272,579)	(282,099)	9,520
Financial liabilities for rights of use	(17,994)	(19,996)	2,002
of which amounts due under finance leases	*(5,681)*	*(6,862)*	*1,181*
of which amounts due under operating leases	*(12,313)*	*(13,134)*	*821*
Amounts due to other lenders	(318)	(127)	(191)
Non-current financial debt	**(483,770)**	**(480,314)**	**(3,456)**
Net financial debt[33]	**(423,617)**	**(429,744)**	**6,127**
Effect of IFRS 16	**(19,713)**	**(20,381)**	**668**

The table below analyses the movements of the net financial position year on year.

33 Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives for hedging and otherwise, the fair value adjustment of related hedged items equal to €/000 2,152 and related accruals.

IN THOUSANDS OF EUROS		CASH FLOWS							CASH FLOWS						
	BALANCE AS OF 31.12.2018	MOVEMENTS	REPAYMENTS	NEW ISSUES	RECLASSIFICATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2019	MOVEMENTS	REPAYMENTS	NEW ISSUES	RECLASSIFICATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2020
Liquidity	**188,740**	**1,090**				**916**		**190,746**	**51,667**				**(12,320)**		**230,093**
Current account overdrafts	(354)		354	(18)				(18)		18	(1,187)				(1,187)
Current account payables	(46,679)		19,397	(53,135)		(597)		(81,014)		67,591	(16,605)		837		(29,191)
Current portion of medium-/long-term bank loans	(42,708)		42,835		(29,769)	(75)	(7)	(29,724)		84,206		(165,286)	111	(45)	(110,738)
Total current bank loans	*(89,741)*	*0*	*62,586*	*(53,153)*	*(29,769)*	*(672)*	*(7)*	*(110,756)*	*0*	*151,815*	*(17,792)*	*(165,286)*	*948*	*(45)*	*(141,116)*
Debenture loan	(10,325)		10,360		(11,050)		(7)	(11,022)		11,050		(11,038)		(28)	(11,038)
Amounts due to factoring companies	(9,291)		9,291	(9,946)				(9,946)		9,946	(9,133)				(9,133)
Amounts due under finance leases	(1,237)				1,237			0							
Liabilities for rights of use	0		8,557		(16,964)		(1)	(8,408)		7,471		(7,646)	0	1	(8,582)
of which amounts due under finance leases	*0*		*1,257*		*(2,417)*		*(1)*	*(1,161)*		*1,158*		*(1,180)*		*1*	*(1,182)*
of which amounts due under operating leases	*0*		*7,300*		*(14,547)*			*(7,247)*		*6,313*		*(6,466)*			*(7,400)*
Current portion of payables due to other lenders	(345)		334		(33)			(44)		9		(36)			(71)
Current financial debt	**(110,939)**	**0**	**91,128**	**(63,099)**	**(56,579)**	**(672)**	**(15)**	**(140,176)**	**0**	**180,291**	**(26,925)**	**(184,006)**	**948**	**(72)**	**(169,940)**
Net current financial debt	**77,801**	**1,090**	**91,128**	**(63,099)**	**(56,579)**	**244**	**(15)**	**50,570**	**51,667**	**180,291**	**(26,925)**	**(184,006)**	**(11,372)**	**(72)**	**60,153**
Medium-/long-term bank loans	(207,239)				29,769	(110)	(512)	(178,092)			(180,000)	165,286	137	(210)	(192,879)
Debenture loan	(291,694)				11,050		(1,455)	(282,099)				11,038		(1,518)	(272,579)
Amounts due under finance leases	(7,930)				7,930										
Liabilities for rights of use	0		0		7,797	(230)	(27,563)	(19,996)				7,646	717	(6,361)	(17,994)
of which amounts due under finance leases	*0*				*(6,750)*		*(112)*	*(6,862)*				*1,180*		*1*	*(5,681)*
of which amounts due under operating leases	*0*				*14,547*	*(230)*	*(27,451)*	*(13,134)*				*6,466*	*717*	*(6,362)*	*(12,313)*
Amounts due to other lenders	(160)				33			(127)			(227)	36			(318)
Non-current financial debt	**(507,023)**	**0**	**0**	**0**	**56,579**	**(340)**	**(29,530)**	**(480,314)**	**0**	**0**	**(180,227)**	**184,006**	**854**	**(8,089)**	**(483,770)**
NET FINANCIAL DEBT	**(429,222)**	**1,090**	**91,128**	**(63,099)**	**0**	**(96)**	**(29,545)**	**(429,744)**	**51,667**	**180,291**	**(207,152)**	**0**	**(10,518)**	**(8,161)**	**(423,617)**
of which the effect of IFRS 16			**7,300**			**(230)**	**(27,451)**	**(20,381)**		**6,313**	**0**	**0**	**717**	**(6,362)**	**(19,713)**

Financial liabilities €/000 627,134

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2020	ACCOUNTING BALANCE AS OF 31.12.2019	NOMINAL VALUE AS OF 31.12.2020	NOMINAL VALUE AS OF 31.12.2019
Bank loans	333,995	288,848	335,058	290,165
Bonds	283,617	293,121	291,050	302,101
Other loans	9,522	10,117	9,522	10,117
Total	**627,134**	**592,086**	**635,630**	**602,383**

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2020	ACCOUNTING BALANCE AS OF 31.12.2019	CHANGE
Current financial debt	161,358	131,768	29,590
Non-current financial debt	465,776	460,318	5,458
Financial debt	**627,134**	**592,086**	**35,048**
Gross debt, fixed rate	462,763	329,313	133,450
Gross debt, variable rate	164,371	262,773	(98,402)
Financial debt	**627,134**	**592,086**	**35,048**

The table below shows the repayment schedule as of 31 December 2020:

IN THOUSANDS OF EUROS				AMOUNTS FALLING DUE IN				
	NOMINAL VALUE AS OF 31.12.2020	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2022	2023	2024	2025	AFTER
Bank loans	335,058	141,338	193,720	75,863	57,856	18,334	18,334	23,333
- of which opening of credit lines and bank overdrafts	*30,378*	*30,378*	*0*	*0*	*0*	*0*	*0*	*0*
- of which medium/long-term bank loans	*304,680*	*110,960*	*193,720*	*75,863*	*57,856*	*18,334*	*18,334*	*23,333*
Bonds	291,050	11,050	280,000	30,000	0	0	250,000	0
Other loans	9,522	9,204	318	71	71	71	71	34
Total	**635,630**	**161,592**	**474,038**	**105,934**	**57,927**	**18,405**	**268,405**	**23,367**

The following table analyses financial debt by currency.

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2019	ACCOUNTING BALANCE	NOMINAL VALUE
		AS OF 31.12.2020	
Euros	555,601	596,092	604,458
Indian Rupee	9	-	-
Indonesian Rupiah	193	470	470
US Dollar	17,091	-	-
Vietnamese Dong	16,404	27,884	27,884
Japanese Yen	2,788	2,688	2,818
Total currencies other than euro	36,485	31,042	31,172
Total	**592,086**	**627,134**	**635,630**

Medium and long-term bank debt amounts to €/000 303,617 (of which €/000 192,879 non-current and €/000 110,738 current) and consists of the following loans:

- a €/000 29,955 medium-term loan (nominal value of €/000 30,000) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 69,913 (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 66,795 loan (nominal value of €/000 67,500), a syndicate loan for a total of €/000 250,000 signed in June 2018 and comprising a €/000 187,500 four-year tranche (with a year's extension at the discretion of the borrower) as a revolving credit line (of which a nominal value of €/000 5,000 used as of 31 December 2020) and a tranche as a five-year loan with amortisation of €/000 62,500. Contract terms require covenants (described below);
- a €/000 19,949 medium-term loan (nominal value of €/000 20,000) granted by Banca Nazionale del Lavoro. The loan will fall due on 12 June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €/000 2,716 medium-term loan (nominal value of €/000 2,720) granted by UBI Banca. The loan will fall due on 30 June 2021 with a repayment schedule of quarterly instalments;
- a €/000 13,971 medium-term loan (nominal value of €/000 14,000) granted by Banca Popolare Emilia Romagna. The loan will fall due on 1 December 2023 and has a repayment schedule of six-monthly instalments;
- a €/000 29,890 loan (nominal value of €/000 30,000) granted by Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- a €/000 59,990 medium-term loan (nominal value of €/000 60,000) from Cassa Depositi e Prestiti and Monte dei Paschi di Siena. The loan will mature on 25 December 2021, with a single repayment on maturity;
- a €/000 3,482 medium-term loan (nominal value of €/000 3,500) granted by Interbanca-Banca IFIS. The loan will fall due on 30 September 2022 and has a quarterly repayment schedule. Contract terms require covenants (described below);
- a €/000 5,059 medium-term loan (nominal value of €/000 5,062) granted by Banca del Mezzogiorno, maturing on 2 January 2023 and with six-monthly repayment schedule. The loan includes an additional €/000 20,000 tranche granted as a revolving credit line, unused as of 31 December 2020. Contract terms require covenants (described below);
- a €/000 1,850 medium-term loan for VND/000 51,157,822 granted by VietinBank to the affiliate Piaggio Vietnam (for a total amount of VND/000 414,000,000) to fund the Research & Development investment plan. The loan will mature in June 2021;
- a €/000 47 loan from Intesa Sanpaolo granted pursuant to Italian Law no. 346/88 on subsidised applied research.

The Parent Company has a revolving credit line for €/000 20,000 (unused as of 31 December 2020) from Banca Intesa San Paolo maturing on 5 January 2022.
All the above financial liabilities are unsecured.

The item Bonds for €/000 283,617 (nominal value of €/000 291,050) refers to:
- a €/000 11,038 private debenture loan (nominal value of €/000 11,050), (US Private Placement) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon. As of 31 December 2020, the fair value measurement of the debenture loan was equal to €/000 13,203 (the fair value is determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- €/000 29,948 (nominal value of €/000 30,000) for a five-year private debenture loan issued on 28 June 2017 and wholly subscribed by Fondo Sviluppo Export, the fund set up by SACE and managed by Amundi SGR. The issue has no specific rating or listing on a regulated market;
- €/000 242,631 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a B+ rating with a negative outlook and a Ba3 rating with a negative outlook respectively for the issue.

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

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 9,133.

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

Covenants

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

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

4. merge with or establish some companies;
5. sell or transfer own assets.

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

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit or 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 related 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 2020:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE [34]
High yield debenture loan	250,000	242,631	256,205
Private debenture loan 2021	11,050	11,038	13,203
Private debenture loan 2022	30,000	29,948	30,248
EIB (R&D loan 2016-2018)	30,000	29,955	30,096
EIB RDI	70,000	69,913	67,914
Loan from B. Pop. Emilia Romagna	14,000	13,971	13,992
Revolving syndicated loan	5,000	4,497	5,170
Syndicated loan maturing in 2023	62,500	62,289	63,046
Loan from MCC	5,062	5,059	5,081
Loan from Banca IFIS financing	3,500	3,482	3,583
Loan from BNL	20,000	19,949	19,951
Loan from Banco BPM	30,000	29,890	30,069

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

34 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 2020, by hierarchical level of fair value measurement.

IN THOUSANDS OF EUROS	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS MEASURED AT FAIR VALUE			
Investment Property			4,600
Financial derivatives:			
- of which financial assets		2,169	
- of which other receivables		1,437	
Investments in other companies			37
Total assets		**3,606**	**4,637**
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives			
- of which financial liabilities			
- of which other payables		(812)	
Financial liabilities at fair value recognised through profit or loss		(13,203)	
Total liabilities		**(14,015)**	
General total		**(10,409)**	**4,637**

The valuation of the real estate investment relating to the Martorelles site was classified at hierarchical level 3. The carrying amount at 31 December 2020 was 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.

The following tables show Level 2 and Level 3 changes during 2020:

IN THOUSANDS OF EUROS	LEVEL 2
Balance as of 31 December 2019	**(21,612)**
Gain (loss) recognised in profit or loss	(234)
Gain (loss) recognised in the statement of comprehensive income	387
(Increases)/Decreases	11,050
Balance as of 31 December 2020	**(10,409)**
	LEVEL 3
Balance as of 31 December 2019	**9,240**
Gain (loss) recognised in profit or loss	(4,603)
Increases/(Decreases)	
Balance as of 31 December 2020	**4,637**

Financial liabilities for rights of use €/000 26,576

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 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Operating leases	7,400	12,313	19,713	7,247	13,134	20,381	153	(821)	(668)
Finance leases	1,182	5,681	6,863	1,161	6,862	8,023	21	(1,181)	(1,160)
Total	**8,582**	**17,994**	**26,576**	**8,408**	**19,996**	**28,404**	**174**	**(2,002)**	**(1,828)**

Payables for finance leases amounted to €/000 6,863 (nominal value of €/000 6,871) and break down as follows:
- a Sale&Lease back agreement for €/000 6,782 (nominal value of €/000 6,790) granted by Albaleasing on a production plant of the Parent Company. The loan will mature in August 2026, with quarterly repayments (non-current portion equal to €/000 5,612);
- a finance lease for €/000 81 granted by VFS Servizi Finanziari to the company Aprilia Racing for the use of vehicles (non-current portion equal to €/000 69).

Payables for rights of use include payables to the parent companies Immsi and Omniaholding for €/000 5,464 (€/000 3,512 non-current portion).

The table below shows the repayment schedule as of 31 December 2020:

IN THOUSANDS OF EUROS				AMOUNTS FALLING DUE IN				
	CARRYING AMOUNT AS OF 31.12.2020	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	2022	2023	2024	2025	AFTER
Rights of use								
- of which operating leases	19,713	7,400	12,313	5,215	3,347	1,650	1,156	945
- of which finance leases	6,863	1,182	5,681	1,199	1,218	1,266	1,242	756
Total	**26,576**	**8,582**	**17,994**	**6,414**	**4,565**	**2,916**	**2,398**	**1,701**

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 2020	AS OF 31 DECEMBER 2019
Liquid assets	230,061	128,565
Securities		62,116
Financial receivables	2,654	7,301
Other receivables	70,501	45,344
Tax receivables	25,250	32,652
Trade receivables	68,692	78,195
Total	**397,158**	**354,173**

The Group monitors or 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, credit risk and to a lesser extent the 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 2020 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 debenture loan of $/000 16,000 maturing in July 2021;
- a debenture loan of €/000 30,000 maturing in June 2022;
- 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 62,500 maturing in July 2023;
- Revolving credit facilities for a total of €/000 40,000, with final settlement in July 2022;
- loans for a total of €/000 265,282, with final settlement in 2027.

Other Group companies also have irrevocable loans totalling €/000 14,074 with final settlement in September 2022.

As of 31 December 2020, the Group had a liquidity of €/000 230,093, €/000 261,072 of undrawn credit lines irrevocable to maturity and €/000 200,419 of revocable credit lines, as detailed below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019
Variable rate with maturity within one year - irrevocable until maturity		
Variable rate with maturity after one year - irrevocable until maturity	261,072	215,813
Variable rate with maturity within one year - cash revocable	194,419	128,263
Variable rate with maturity within one year - with revocation for self-liquidating typologies	6,000	19,000
Total undrawn credit lines	**461,491**	**363,076**

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 2020
Trade payables	231,051	146,551	61,287	51,075	489,964

Management considers that currently available funds, as well as funds that will be generated from operations and loans, will enable the Group to meets 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 relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

Cash flow hedging

As of 31 December 2020, 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	62,000	7,823	07/02/2021
Piaggio & C.	Purchase	JPY	50,000	398	08/04/2021
Piaggio & C.	Purchase	USD	15,450	12,886	03/02/2021
Piaggio & C.	Sale	CAD	800	515	19/03/2021
Piaggio & C.	Sale	JPY	285,000	2,295	29/01/2021
Piaggio & C.	Sale	USD	78,000	64,310	04/03/2021
Piaggio Vietnam	Sale	USD	45,000	1,044,878,000	22/02/2021
Piaggio Vespa BV	Sale	SGD	750	465	08/06/2021
Piaggio Vespa BV	Sale	VND	279,960,908	9,917	28/04/2021
Piaggio Indonesia	Purchase	USD	1,661	23,716,651	03/02/2021
Piaggio Vehicles Private Limited	Sale	USD	6,275	465,688	10/02/2021

As of 31 December 2020, the Group 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	936,000	113,352	23/10/2021
Piaggio & C.	Purchase	USD	50,000	40,796	27/05/2021
Piaggio & C.	Sale	GBP	8,000	8,911	04/07/2021

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

As of 31 December 2020, the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 765. During 2020, profit was recognised under Other Comprehensive Income amounting to €/000 765 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 687.

The net balance of cash flows during 2020 is shown below, divided by main currency:

IN MILLIONS OF EUROS	CASH FLOW 2020
Canadian Dollar	7.7
Pound Sterling	17.4
Croatian Kuna	2.4
Swedish Krone	4.2
Japanese Yen	(1.7)
US Dollar	60.4
Indian Rupee	(52.8)
Chinese Yuan[35]	(32.3)
Vietnamese Dong	(70.6)
Singapore Dollar	(2.7)
Indonesian Rupiah	28.6
Total cash flow in foreign currency	**(39.4)**

In view of the above, an assumed appreciation/deprecation of 3% of the euro would have generated potential profits for €/000 1,150 and potential losses for €/000 1,221 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 2020, 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 2020, the fair value of the instrument was negative by €/000 302; 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 €/000 455 and €/000 -473 respectively.

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

- a Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to Euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 31 December 2020, the fair value of the instrument was equal to €/000 2,169. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to €/000 -395; sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the related tax effect, of €/000 1 and €/000 8 respectively, assuming constant exchange rates; whereas assuming a 1% revaluation and devaluation of exchange rates, sensitivity analysis identified a potential impact on the Income Statement, net of the related tax effect, of €/000 -2 and €/000 -166.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	(302)
Cross Currency Swap	2,169

35 Cash flow partially in euro

G) INFORMATION ON SHAREHOLDERS' EQUITY

45. Share capital and reserves — €/000 372,012

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 2020

	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 Extra-ordinary Sharehol-ders' 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 (1,966)

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

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2020	2019
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	898,818	793,818
Shares in circulation	357,254,826	357,359,826
Movements for the period		
Purchase of treasury shares	130,000	105,000
Situation as of 31 December		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	898,818
Shares in circulation	357,124,826	357,254,826

Share premium reserve — €/000 7,171

The share premium reserve as of 31 December 2020 was unchanged compared to 31 December 2019.

Legal reserve — €/000 24,215

The legal reserve as of 31 December 2020 had increased by €/000 2,311 as a result of the allocation of earnings for the previous year.

Financial instruments' fair value reserve €/000 281

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

Dividends €/000 32,856

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 22 April 2020 resolved to distribute a final dividend of 5.5 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 5.5 eurocents paid on 25 September 2019, coupon detachment date 23 September 2019), for a total dividend of 11 eurocents for 2019, equal to an overall amount of €39,299,405.86.
In the meeting of 30 October 2020, the Board of Directors also resolved to distribute an interim dividend for the 2020 financial year equal to 3.7 euro cents, gross of taxes, for each ordinary share entitled (against an advance on the ordinary dividend for 2019 of 5.5 eurocents), for a total of €13,213,618.56 (coupon date 23 November 2020, record date dividend 24 November 2020 and payment date 25 November 2020).

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

Earnings reserve €/000 157,506

Capital and reserves of non-controlling interest €/000 (147)

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

46. Other comprehensive income €/000 (10,044)

The figure is broken down as follows:

IN THOUSANDS OF EUROS	RESERVE FOR MEASUREMENT OF FINANCIAL INSTRUMENTS	GROUP TRANSLATION RESERVE	EARNINGS RESERVE	GROUP TOTAL	SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	TOTAL OTHER COMPREHENSIVE INCOME
As of 31 December 2020						
Items that will not be reclassified to income statement						
Remeasurements of defined benefit plans			148	148		148
Total	0	0	148	148	0	148
Items that may be reclassified to 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)**
As of 31 December 2019						
Items that will not be reclassified to income statement						
Remeasurements of defined benefit plans			(2,453)	(2,453)		(2,453)
Total	0	0	(2,453)	(2,453)	0	(2,453)
Items that may be reclassified to income statement						
Total translation gains (losses)		(350)		(350)	3	(347)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method		61		61		61
Total profits (losses) on cash flow hedges	85			85		85
Total	85	(289)	0	(204)	3	(201)
Other comprehensive income	**85**	**(289)**	**(2,453)**	**(2,657)**	**3**	**(2,654)**

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

	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	120	28	148	(3,135)	682	(2,453)
Total translation gains (losses)	(10,228)		(10,228)	(347)		(347)
Share of Other Comprehensive Income of subsidiaries/associates valued with the equity method	(274)		(274)	61		61
Total profits (losses) on cash flow hedges	407	(97)	310	112	(27)	85
Other comprehensive income	**(9,975)**	**(69)**	**(10,044)**	**(3,309)**	**655**	**(2,654)**

H) OTHER INFORMATION

47. Share-based incentive plans

As of 31 December 2020, 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	2020
Directors	2,335
Statutory auditors	155
Total fees	**2,490**

49. Information on related parties

Revenues, costs, payables and receivables as of 31 December 2020 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 2020	% OF OWNERSHIP AS OF 31 DECEMBER 2019
IMMSI S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	0.0773	0.0215

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

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

- IMMSI has defined procedures and times for preparing the budget and in general the business plan of Group companies, as well as final management analysis to support management control activities.

- IMMSI has also provided services for the development and management of assets, with a view to optimising resources within the Group, and provided property consultancy services and other administrative services.

- IMMSI has provided consultancy services and assistance concerning extraordinary financing operations, organisation, strategy and coordination, as well as services intended to optimise the financial structure of the Group.

In 2019, for a further three years, the Parent Company[36] signed up to the National Consolidated Tax Mechanism pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (T.U.I.R.) of which IMMSI S.p.A. is the consolidating company, and to whom other IMMSI Group companies report to. The consolidating company determines a single global income equal to the algebraic sum of taxable amounts (income or loss) realised by individual companies that opt for this type of group taxation.
The consolidating company recognises a receivable from the consolidated company which is equal to the corporate tax to be paid on the taxable income transferred by the latter. Whereas, in the case of companies reporting tax losses, the consolidating company recognises a payable related to corporate tax on the portion of loss actually used to determine global overall income, or calculated as a decrease of overall income for subsequent tax periods, according to the procedures in Article 84, based on the criterion established by the consolidation agreement.
Under the National Consolidated Tax Mechanism, companies may, pursuant to article 96 of Presidential Decree no. 917/86, allocate the excess of interest payable which is not deductible to one of the companies so that, up to the excess of Gross Operating Income produced in the same tax period by other subjects party to the consolidation, the amount may be used to reduce the total income of the Group.

Piaggio & C. S.p.A. has two office lease agreements with IMMSI, one for property in Via Broletto 13 in Milan, and the

36 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.

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

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

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

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

– provides support services for staff functions to other Group companies;
– issues guarantees for the Group's subsidiaries, for medium-term loans.

Piaggio Vietnam sells vehicles, spare parts and accessories, which it has manufactured in some cases, for sale on respective markets, to:
- Piaggio Indonesia
- Piaggio Group Japan
- Piaggio & C. S.p.A.
- Foshan Piaggio Vehicles Technology R&D

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

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

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

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

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

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

Foshan Piaggio Vehicles Technology R&D provides to:
- Piaggio & C. S.p.A.:
  - component and vehicle design/development service;
  - scouting of local suppliers 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.

Aprilia Racing provides to Piaggio & C.:
- a racing team management service;
- vehicle design service.

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

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

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

Foshan Piaggio Vehicles Technology R&D
- provides advisory services to Zongshen Piaggio Foshan Motorcycle Co. Ltd.

Zongshen Piaggio Foshan Motorcycle Co. Ltd

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

The table below summarises relations described above and financial relations with parent companies, subsidiaries and affiliated companies as of 31 December 2020 and relations during the year, as well as their overall impact on financial statement items.

AS OF 31 DECEMBER 2020	FONDAZIONE PIAGGIO	IMMSI	IMMSI AUDIT	OMNIAHOLDING	PONTEDERA & TECNOLOGIA	ZONGSHEN PIAGGIO FOSHAN	TOTAL	% OF ACCOUNTING ITEM
IN THOUSANDS OF EUROS								
Income statement								
Net revenues						24	24	0.00%
Cost for materials						(14,221)	(14,221)	1.74%
Cost for services, leases and rentals	(7)	(1,105)	(710)	(47)			(1,869)	0.94%
Other operating income		52	25			1,329	1,406	1.13%
Other operating costs		(15)	(6)	(1)		(6)	(28)	0.13%
Income/(loss) from investments					18	486	504	95.27%
Borrowing costs		(170)		(28)			(198)	0.72%
Taxes		2,437					2,437	N.A.
Statement of financial position								
Other non-current receivables	81						81	0.31%
Current trade receivables		34				389	423	0.62%
Other current receivables		15,794	28			452	16,274	36.78%
Non-current financial liabilities for rights of use		2,774		738			3,512	19.52%
Current financial liabilities for rights of use		1,726		226			1,952	22.75%
Current trade payables	22	269	10	20		5,449	5,770	1.18%
Other current payables	1	4,054				3	4,058	8.76%

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	2,171	1,786	4	3,961
Other commitments	15,810	6,294	1,465	23,569
Total	**17,981**	**8,080**	**1,469**	**27,530**

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 Poste Italiane – Rome to guarantee contract obligations for the supply of vehicles	1,321
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 Interior of Algeria, to guarantee contract obligations for the supply of vehicles	140
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. (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 proceedings have been suspended at present, as attempts at settlement are still pending, due to no action being taken by the other party. Piaggio is assessing the possibility of filing a petition for an "order to dismiss" the proceedings, due to inactivity. Piaggio will proceed to file an application for an "order of dismissal" of the lawsuit for inactivity, waiving the counterclaims.

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), 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 Company appealed against this award before the Appeal Court of Milan, which established the first hearing for 4 June 2013. The hearing for closing arguments set for 12 January 2016 was adjourned to 26 January 2016. With the ruling of 8 June 2016, the Court of Appeal of Milan rejected Piaggio's appeal. The Company filed an appeal with the Court of Cassation. No hearing has yet been scheduled.

Da Lio S.p.A., by means of a complaint received on 15 April 2009, summoned the Parent 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 a joinder with the opposition concerning the injunction obtained by Piaggio to return 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, testimonial evidence was presented. After reaching a decision at the end of testimonial evidence, the Judge admitted a technical/accounting court-appointed expert requested by Da Lio to quantify the amount of interest claimed by Da Lio and value of stock. The technical appraisal was completed at the end of 2014. The case was adjourned to 23 September 2016 for specification of the pleadings and a decision was reached. Subsequently, the Court of Pisa had to reassign the case, and after the interruption, the newly appointed Judge decided to re-examine the proceedings and has set the 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) partially accepted the petition to suspend the enforceability of the ruling of 8 August 2019 made by Piaggio, suspending the enforceability of the contested ruling 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 first hearing before the Florence Court of Appeal has been set for 9 June 2021. The risk is assessed as possible and not as likely.

In June 2011 Elma Srl, a Piaggio dealer since 1995, started two separate proceedings against the Parent 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 will have to pay 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. The first hearing has been set for 2 March 2021. 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. The Judge set the hearing for 11 April 2017 to reach a settlement between the parties, which was not successful. The Judge therefore admitted an accounting expert requested by Elma, although with a far more limited scope than the petition filed by the counterparty, 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 before the Appeal Court of Rome, summoning Piaggio to the hearing of 15 April 2020. The hearing of 15 April 2020 was adjourned to 31 March 2021.

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 and adjourned to 5 February 2015, the Judge lifted reservations, arranging for a technical appraisal to establish the validity of the Vespa 3D trademark and the infringement or otherwise of Znen scooter models, setting the hearing for the court-appointed expert to be sworn in on 18 March 2015, which was adjourned to 29 May 2015. At that hearing, the Judge set the deadline for filing the final expert's appraisal for 10 January 2016, and the discussion hearing for 3 February 2016. 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 terms for filing an appeal with the Court of Cassation are pending. Piaggio appeared before the Court of Cassation in a counter-appeal filed on 5 September 2019.

In summons dated 27 October 2014, Piaggio summoned PEUGEOT MOTOCYCLES ITALIA S.p.A., MOTORKIT s.a.s. di Turcato Bruno and C., GI.PI. MOTOR di Bastianello Attilio and GMR MOTOR s.r.l. before the 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.
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 hearing for swearing in the expert took place on 6 October 2015. On 23 December 2016, the expert submitted his provisional report to the parties and the final report was filed on 2 May 2017. The Judge adjourned the case to the hearing of 28 February 2018 for closing arguments. At the hearing of 28 February 2018, the Judge ordered an addition to the expert's appraisal, filed on 20 June 2018 and set the deadlines for closing arguments and the exchange of final statements. On 27 May 2020, the Court of Milan rejected the claims of infringement of Piaggio's patents no. 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 court-appointed expert's report (equal to €22,800) and to pay the defendant €21,387 for the costs of the proceedings ("Ruling").
In the same ruling, the Judge also ordered the separation of the infringement of patent no. EP1561612B1 and the joinder of this case with the erga omnes invalidity action, the subject of Case 2, brought by Peugeot Motocycles S.a.s.
On 16 December 2020, a hearing took place for the clarification of the conclusions of the aforementioned erga omnes invalidity action.
Piaggio lodged an appeal with the Milan Court of Appeal on 28 September 2020 against the above-mentioned ruling. The next hearing is scheduled for 17 February 2021.

PEUGEOT MOTOCYCLES SAS summoned Piaggio to appear before the Court of Milan, claiming that the patent based on which Piaggio filed a claim 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 (15 April) by which Peugeot must request additions to the appraisal. On 16 December, a hearing was held at the Court of Milan during which Peugeot formulated an additional question for the court-appointed expert. The Judge's decision is pending.

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, to 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. In the first few months of 2021, the parties will proceed with the filing of their respective pleadings, and the next hearing is scheduled for 11 March 2021.

In November 2017, the Company filed two appeals with the Court of Beijing (PRC), concerning the assessment of the breach and counterfeiting of some trademarks ("Case 1") and ornamental designs ("Case 2"), relative to the "Scarabeo" vehicle by Chinese companies which are part of the Jincheng Group Co., Ltd. Following these actions, the counterparty filed a claim for invalidation (an administrative procedure with the Chinese Patent Re-examination Board) of the registration of one of the ornamental designs relative to an old model of the Scarabeo (no longer in production). The latter proceeding ended with the invalidation of the registration of the old Scarabeo design. Piaggio appealed against this decision, submitting a petition to suspend Case 2 pending the outcome of the petition against the invalidation, which was rejected on 9 December 2019.
For Case 1, the ruling in the first instance was issued in favour of Piaggio. The Court of Beijing ascertained the unlawful use of Aprilia trademarks by Jincheng, ordering it to pay compensation amounting to RMB 1,500,000, besides legal fees of RMB 211,958. Jincheng has filed an appeal. Proceedings are pending acceptance by the Appeal Court of Beijing. On 28 August 2020, the Beijing Court of Appeal dismissed Jincheng's appeal and upheld the first instance decision, ordering Jincheng to pay costs.

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

With reference to tax disputes involving the parent company Piaggio & C. S.p.A.:

- the proceedings relating to the two disputes brought against two appeals challenging two notices of assessment notified to the Company and relating to the 2002 and 2003 tax years, respectively, are currently suspended pending final settlement.
  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, for both disputes, 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. The above rulings are therefore suspended at present, pending their final settlement. Since no request to hear the cases had been made by the Government Legal Department by 31 December 2020, the cases will be dismissed shortly by decree of the President of the Chamber of the Court of Cassation in charge of disputes;
- in a ruling filed on 15 January 2020, the Company's appeals of 11 June 2018 and 25 July 2018 concerning the tax assessments for regional business tax (IRAP) and corporate income tax (IRES) notified on 22 December 2017 regarding the 2012 tax period and transfer pricing, were upheld in the first instance before the Provincial Tax Commission of Florence.
  In a certified email dated 12 October 2020, the Company was informed that the Tax Revenue Agency had

appealed the first instance decision before the Regional Tax Commission. Piaggio & C. therefore entered an appearance on 2 December 2020 and is waiting for the date of the hearing to be set;

- the Company was also successful before the Income Tax Appellate Tribunal with reference to appeals filed against assessment orders received on completion of the assessment of income generated by Piaggio & C. S.p.A. in India during the 2009-2010, 2010-2011, 2011-2012 and 2012-2013 Indian tax periods, involving sums for approximately €1.3 million, €1.1 million, €1 million and €0.9 million respectively, including interest.
  As regards disputes relative to the 2009-2010 and 2010-2011 periods, the Indian tax authorities filed an appeal against the first instance decision before the High Court.
  The dispute relative to the 2009-2010 tax 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.
  As regards the dispute relative to the 2010- 2011 tax period, the date for the hearing still has to be set.
  As regards the disputes relative to the 2011-2012 and 2012-2013 tax periods, the Company is waiting to see if the local tax authorities decide to appeal against the High Court's decisions, or to abandon the case.
  In compliance with local laws, the Parent Company had already paid part of the amounts related to the appeals to the Indian tax authorities, for a total of €0.7 million; these amounts were reimbursed to the Company following favourable first instance rulings.
  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.
- 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 tax period. The amount of the dispute including interest is approximately €0.7 million for the 2010-2011 tax period and €0.6 million for the 2011-2012 tax period, 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 appealed against the order, in July 2020.

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 2016 are ongoing related to direct and indirect tax assessments and for a part of which, considering positive opinions expressed by consultants appointed as counsel, provisions have not been made in the financial statements. The Indian company has already partly paid the amounts contested, as required by local laws, that will be paid back when proceedings are successfully concluded in its favour.

With reference to PT Piaggio Indonesia, the company has certain disputes outstanding relating to the 2015 and 2017 tax periods.
In particular, in relation to the 2015 period, the company appealed against the notices concerning transfer pricing and withholding taxes respectively. With respect to the transfer pricing dispute, on 27 January 2020 the Tax Court ruled against the company only as regards one of the findings of the local tax authorities. Against this ruling, the company filed an appeal before the Supreme Court on 8 June 2020; a date for the hearing still has to be set. With regard to the dispute concerning withholding taxes, the company filed an appeal with the Tax Court on 10 October 2019 and following the last hearing held on 24 November 2020 is awaiting the decision of the court of first instance.
With respect to the 2017 period, the Company filed an appeal with the Tax Court on 8 September 2020 against the transfer pricing and withholding tax notice, and is waiting for the date of the hearing to be set.
The total amount in question amounts to €0.8 thousand and where due (i.e. where not offset by the company's past losses) has already been paid in full to the Indonesian tax authorities in accordance with the regulations in force there.

As regards the French company, a favourable ruling was issued in December 2012 by the Commission Nationale des Impots 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 Company appealed against these 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. Piaggio France therefore decided to appeal against the ruling before the Conseil d'Etat on 7 December 2020 and is waiting for the date of the hearing to be set.
A provision of approximately €3.6 million was set aside by the Company for the latest unfavourable ruling received.

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 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 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 transactions

No significant, non-recurring transactions, as defined by Consob Communication DEM/6064293 of 28 July 2006 took place during 2020 or 2019.

53. Transactions arising from atypical and/or unusual transactions

During 2020 and 2019, 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

On 17 February 2021, the real estate investment consisting of the former Spanish factory in Martorelles was sold to third parties. The disposal price was equal to its book value. For further details, please refer to Note 20 "Investment property".
After 31 December 2020 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 23 March 2021 authorised by the Chairman and Chief Executive Officer.

Mantova, 2 March 2021

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 2020

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING			% TOTAL INTEREST
					DIRECT	INDIRECT	MEANS	
Parent company:								
Piaggio & C. S.p.A.	Pontedera (Pisa)	Italy	207,613,944.37	Euros				
Subsidiaries:								
Aprilia Brasil Industria de Motociclos S.A.	Manaus	Brazil	2,020,000.00	R$		51%	Aprilia World Service Holding do Brasil Ltda	51%
Aprilia Racing S.r.l.	Pontedera (Pisa)	Italy	250,000.00	Euros	100%			100%
Aprilia World Service Holding do Brasil Ltda.	São Paulo	Brazil	2,028,780.00	R$		99.999950709%	Piaggio Group Americas Inc	99.999950709%
Foshan Piaggio Vehicles Technology Research and Development Co Ltd.	Foshan City	China	10,500,000.00	CNY		100%	Piaggio Vespa B.V.	100%
Nacional Motor S.A.	Barcelona	Spain	60,000.00	Euros	100%			100%
Piaggio Advanced Design Center Corp.	Pasadena	USA	100,000.00	USD	100%			100%
Piaggio Asia Pacific PTE Ltd.	Singapore	Singapore	100,000.00	SGD		100%	Piaggio Vespa B.V.	100%
Piaggio China Co. Ltd.	Hong Kong	China	12,500,000 auth. capital (12,151,000 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	14,827.07	USD	85.65%			85.65%
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%	99.9996%	Piaggio Vespa B.V.	100%
Piaggio Vehicles Private Limited	Maharashtra	India	340,000,000.00	INR	99.9999971%	0.0000029%	Piaggio Vespa B.V.	100%
Piaggio Vespa B.V.	Breda	Holland	91,000.00	Euros	100%			100%
Piaggio Vietnam Co Ltd.	Hanoi	Vietnam	64,751,000,000.00	VND	63.5%	36.5%	Piaggio Vespa B.V.	100%
PT Piaggio Indonesia	Jakarta	Indonesia	4,458,500,000.00	IDR	1%	99%	Piaggio Vespa B.V.	100%

List of companies included in the scope of consolidation with the equity method as of 31 December 2020

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

List of investments in affiliated companies as of 31 December 2020

COMPANY NAME	REGISTERED OFFICE	COUNTRY	SHARE CAPITAL	CURRENCY	% OF THE HOLDING			% TOTAL INTEREST
					DIRECT	INDIRECT	MEANS	
Depuradora D'Aigues de Martorelles Soc. Coop. Catalana Limitada	Barcelona	Spain	60,101.21	Euros		22%	Nacional Motor S.A.	22%
Immsi Audit S.c.a.r.l.	Mantova	Italy	40,000.00	Euros	25%			25%
Pontedera & Tecnologia S.c.a.r.l.	Pontedera (Pisa)	Italy	469,069.00	Euros	20.45%			20.45%
S.A.T. Societé d'Automobiles et Triporteurs S.A.	Tunis	Tunisia	210,000.00	TND		20%	Piaggio Vespa B.V.	20%

Information pursuant to Article 149-duodiecies of the Consob Regulation on Issuers

Pursuant to Article 149-duodecies of the Consob Regulation on Issuers, the following table indicates the fees for 2020 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 2020
IN EUROS			
Auditing services	PWC	Parent Company Piaggio & C	369,314
	PWC	Subsidiaries	147,681
	PWC network	Subsidiaries	406,277
Auditing services for the NFS and CSR Report	PWC	Parent Company Piaggio & C	54,000
Certification services	PWC	Parent Company Piaggio & C	80,000
	PWC	Subsidiaries	11,000
	PWC network	Subsidiaries	44,270
Other services	PWC	Parent Company Piaggio & C	203,000
Total			**1,315,542**

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 2020.

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 2020.

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 2021

Chairman and Chief Executive Officer **Executive in charge**

REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Piaggio & C. SpA

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 of 31 December 2020, the consolidated income statement, consolidated statement of comprehensive income, changes in consolidated shareholders' equity, 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 consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of 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 this report. We are independent of Piaggio & C. SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

pwc

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Verification of the capitalisation criteria related to investments in development costs, industrial patent and intellectual property rights *Note D17) to the consolidated financial statements "Intangible assets"* During the financial year 2020, the Group made investments amounting to Euro 88.3 million, mainly in relation to the study of new vehicles and new engines which will feature as the future products in the 2020-2022 range. The net book value at 31 December 2020 of development costs and industrial patent rights amounted to Euro 218.9 million, equal to approximately 13 per cent of total assets. Given the size of the annual investments and the high degree of professional judgement required to verify the compliance with the requirements of international accounting standard "IAS 38 – intangible assets" adopted by the European Union, we considered it necessary to focus on this specific financial statement area. Management's main estimates relate to the technical feasibility and the availability of adequate resources, including financial resources, to complete the product being developed, the intention to complete the product for sale, as well as the verification of the existence of future cash flows from the sale of the product that are adequate to support the future recoverability of the costs capitalised and recorded in the financial statements.	We obtained an understanding and evaluated the procedure adopted by the Piaggio Group for capitalising development costs, industrial patent and intellectual property rights. We then obtained details of the costs capitalised by project, and analysed, on a sample basis, the increases and decreases during the year with particular attention to compliance with the requirements of international accounting standard "IAS 38 – Intangible Assets" adopted by the European Union for the capitalisation of internally generated intangible assets. Our procedures included discussions with management aimed at understanding the characteristics of the various projects. We also verified, on a sample basis, the estimated future cash flows and management's subsequent monitoring of the estimated future cash flows, which occurs at least once a year.
Assessment of the recoverability of goodwill *Note D17) to the consolidated financial statements "Intangible assets"* Goodwill, which amounted to Euro 447 million as of 31 December 2020, is considered a significant item, equal to approximately 27 per cent of total assets. Given the complex valuation processes in respect	We obtained an understanding of and evaluated the allocation process of goodwill to the cash generating units on the basis of the current organisational structure, which did not change compared with the previous

pwc

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
of a number of variables and the high degree of professional judgement required for this financial statement area, we paid special attention to management's estimates relating to the recoverability of the goodwill recognised in the financial statements in accordance with international accounting standard "IAS 36 – Impairment of Assets" adopted by the European Union. Management calculated the present value of expected future cash flows to determine the recoverable amount of each cash generating unit identified to which goodwill was allocated, to be compared with the carrying amount of assets and liabilities attributed to the respective cash generating unit. In this respect, the main activities carried out by management were related to the confirmation of the allocation of goodwill to the cash generating units considering the current organisational structure, the estimate of the expected future cash flows, the methods used to calculate the discount rate and the steady growth rate of the financial cash flows beyond the reference time period.	years. We also obtained an understanding of and evaluated the estimates made by management with regard to the expected cash flows over a four-year period, inferred from budget data for 2021 and supplemented by forecast data for 2022-2024 (the "Plan"). As part of this process we examined sector studies and reviews. Furthermore, with the support of PwC network experts, we retraced the methods used to calculate the discount rate and of the steady growth rate of financial cash flows beyond the time period of the Plan approved by management. The analysis was specifically focused on the cash generating units identified by management, verifying also the correct determination of the carrying amount of assets and liabilities attributed to each single cash generating unit. With the support of PwC network experts, we conducted sensitivity analyses in relation to the significant assumptions adopted by management in order to determine whether there was any impairment of goodwill. Finally, we verified the information included in the explanatory notes to the consolidated financial statements as of 31 December 2020.
Assessment of the recoverability of deferred tax assets *Note D21) to the consolidated financial statements "Deferred tax assets"* Deferred tax assets in the consolidated financial statements of the Piaggio Group as of 31 December 2020 amounted to Euro 64.7 million and primarily related to temporary differences mainly due to provisions, as well as prior years tax losses. The parent company Piaggio & C. SpA joined the National Consolidated Tax Convention of the IMMSI Group, whose consolidating entity is IMMSI SpA. In addition to the future results expected by the Piaggio Group, the recoverability of deferred tax assets also depends on the results of all companies that are part of the National	Our audit procedures consisted of assessing the reasonableness of the estimates made by management in forecasting the future taxable profit of the Piaggio Group companies, included in the plan approved by the Board of Directors on 25 February 2021. These activities were carried out with the involvement of PwC network experts. We also obtained the findings of the work performed by the Group auditor on the parent company IMMSI SpA in respect of the recoverability of deferred tax assets of all companies included in the National Consolidated Tax Convention of the IMMSI

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Consolidated Tax Convention of the IMMSI Group. Assessing the recoverability of deferred tax assets is a key audit matter given the significance of the amounts and the complexity of the valuation process which requires significant accounting estimates to be made by the management of the Piaggio Group and of the IMMSI Group, with the objective of forecasting the future taxable results of all companies that are part of the National Consolidated Tax Convention of the IMMSI Group.	Group.

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, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Piaggio & C. SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed 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 the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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;
- We evaluated 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.
- We obtained 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 on the consolidated financial statements.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated 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 determined 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 described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 13 April 2012, the shareholders of Piaggio & C. SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2012 to 31 December 2020.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.
We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Piaggio & C. SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Piaggio Group as of 31 December 2020, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Piaggio Group as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Piaggio Group as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Piaggio & C. SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

pwc

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Florence, 22 March 2021

PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

PIAGGIO & C. S.P.A.
SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2020

SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY AS OF 31 DECEMBER 2020

INCOME STATEMENT

		AS OF 31 DECEMBER 2020		AS OF 31 DECEMBER 2019	
		TOTAL	of which related parties	TOTAL	of which related parties
NOTES	IN THOUSANDS OF EUROS				
3	**Net revenues**	**832,841**	**88,190**	**863,811**	**86,139**
4	Cost for materials	(522,109)	(102,333)	(533,455)	(102,680)
5	Cost for services and leases and rentals	(154,885)	(41,736)	(171,244)	(44,769)
6	Employee costs	(146,908)	(26)	(157,381)	
7	Depreciation and impairment costs of property, plant and equipment	(20,263)		(22,671)	
7	Amortisation and impairment costs of intangible assets	(58,541)		(66,103)	
7	Depreciation of rights of use	(3,389)		(3,435)	
8	Other operating income	118,785	42,043	123,787	49,104
9	Net reversals (impairment) of trade and other receivables	(1,391)	(1)	(1,473)	
10	Other operating costs	(14,265)	(1,786)	(14,454)	(542)
	Operating income	**29,875**		**17,382**	
11	Income/(loss) from investments	34,121	34,096	47,926	47,816
12	Financial income	1,921	1,666	1,653	1,420
12	Borrowing costs	(21,691)	(176)	(21,712)	(201)
48	*of which non-recurring*				
12	Net exchange gains/(losses)	2,133		(1,301)	
	Profit before tax	**46,359**		**43,948**	
13	Taxes for the period	(9,610)	1,631	2,263	5,589
48	*of which non-recurring*				
	Profit from continuing operations	**36,749**		**46,211**	
	Assets held for sale:				
14	Profits or losses arising from assets held for sale				
	Net Profit (loss) for the period	**36,749**		**46,211**	

STATEMENT OF COMPREHENSIVE INCOME

NOTES	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019
	Net Profit (loss) for the period (A)	**36,749**	**46,211**
	Items that will not be reclassified to income statement		
41	Remeasurements of defined benefit plans	(85)	(2,055)
41	Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	239	(403)
	Total	**154**	**(2,458)**
	Items that may be reclassified to income statement		
41	Total profits (losses) on cash flow hedges	310	85
41	Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method	(14,145)	27
	Total	**(13,835)**	**112**
	Other comprehensive income (B)[37]	**(13,681)**	**(2,346)**
	Total comprehensive income (expense) for the period (A + B)	**23,068**	**43,865**

37 Other comprehensive income (expense) takes account of related tax effects.

STATEMENT OF FINANCIAL POSITION

NOTES	IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020 TOTAL	of which related parties	AS OF 31 DECEMBER 2019 TOTAL	of which related parties
	ASSETS				
	Non-current assets				
15	Intangible assets	589,530		570,106	
16	Property, plant and equipment	170,456		159,487	
17	Rights of use	15,000		18,228	
18	Investment Property				
34	Investments	139,256		156,129	
35	Other financial assets	191	154	3,801	289
23	Tax receivables	7,756		8,024	
19	Deferred tax assets	45,777		44,752	
22	Other receivables	22,938	81	9,923	81
	Total non-current assets	**990,904**		**970,450**	
26	**Assets held for sale**				
	Current assets				
21	Trade receivables	40,209	23,551	43,599	20,616
22	Other receivables	82,762	74,443	88,617	80,741
23	Tax receivables	5,635		11,399	
20	Inventories	130,819		154,901	
35	Other financial assets	21,243	19,074	15,878	12,407
36	Cash and cash equivalents	79,690		18,843	
	Total current assets	**360,358**		**333,237**	
	TOTAL ASSETS	**1,351,262**		**1,303,687**	
	SHAREHOLDERS' EQUITY AND LIABILITIES				
	Shareholders' equity				
40	Capital	207,614		207,614	
40	Share premium reserve	7,171		7,171	
40	Legal reserve	24,215		21,904	
40	Other reserves	(41,054)		(27,219)	
40	Retained earnings (losses)	64,626		53,644	
40	Net Profit (loss) for the period	36,749		46,211	
	Total shareholders' equity	**299,321**		**309,325**	
	Non-current liabilities				
37	Financial liabilities	465,776		461,600	
37	Financial liabilities for rights of use	9,722	2,878	13,178	4,579
28	Other long-term provisions	8,946		8,766	
29	Retirement funds and employee benefits	33,134		37,198	
30	Tax payables				
31	Other payables	2,104		1,987	
	Total non-current liabilities	**519,682**		**522,729**	
	Current liabilities				
37	Financial liabilities	132,468		100,536	
37	Financial liabilities for rights of use	4,664	1,804	4,414	1,484
27	Trade payables	327,792	24,484	307,804	21,450
30	Tax payables	8,389		5,694	
31	Other payables	49,520	16,579	44,548	14,665
28	Current portion of other long-term provisions	9,426		8,637	
	Total current liabilities	**532,259**		**471,633**	
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,351,262**		**1,303,687**	

STATEMENT OF CASH FLOWS

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

NOTES	IN THOUSANDS OF EUROS	2020	Of which related parties	2019	Of which related parties
	OPERATING ACTIVITIES				
	Net Profit (loss) for the period	36,749		46,211	
13	Taxes for the period	9,610		(2,263)	
7	Depreciation of property, plant and equipment	20,263		20,377	
7	Amortisation of intangible assets	57,405		64,048	
7	Depreciation of rights of use	3,389		3,435	
	Provisions for risks and retirement funds and employee benefits	14,788		16,204	
	Write-downs/(Reinstatements)	(31,512)		(42,075)	
	Losses / (Gains) on the disposal of property, plant and equipment	(442)		20	
12	Financial income	(1,921)		(1,653)	
	Dividend income	(25)		(110)	
12	Borrowing costs	21,691		21,712	
	Income from public grants	(1,012)		(937)	
	Change in working capital				
21	(Increase)/Decrease in trade receivables	2,572	(2,935)	3,139	2,362
22	(Increase)/Decrease in other receivables	(7,697)	6,298	(27,705)	(25,564)
20	(Increase)/Decrease in inventories	24,082		11,562	
27	Increase/(Decrease) in trade payables	19,988	3,034	34,505	(368)
31	Increase/(Decrease) in other payables	5,089	1,914	809	2,469
28	Increase/(Decrease) in provisions for risks	(6,184)		(5,678)	
29	Increase/(Decrease) in retirement funds and employee benefits	(11,970)		(13,124)	
	Other changes	4,855	(7,913)	25,570	5,360
	Cash generated from operating activities	**159,718**		**154,047**	
	Interest paid	(16,895)		(18,262)	
	Taxes paid	(6,342)		(4,726)	
	CASH FLOW FROM OPERATING ACTIVITIES (A)	**136,481**		**131,059**	
	INVESTMENT ACTIVITIES				
16	Investment in property, plant and equipment	(31,706)		(23,653)	
	Sale price, or repayment value, of property, plant and equipment	916		138	
15	Investment in intangible assets	(78,058)		(77,390)	
	Sale price, or repayment value, of intangible assets	93		26	
	Investment in non-current financial assets	(9,013)		(2,526)	
	Loans provided	(19,596)		(21,924)	
	Repayment of loans provided	79		52	
	Sale price of financial assets	0		0	
	Grants collected	527		633	
	Collected interest	1,728		1,260	
	Dividends from investments	57,665		42,044	
	CASH FLOW FROM INVESTMENT ACTIVITIES (B)	**(77,365)**		**(81,340)**	
	FINANCING ACTIVITIES				
40	Purchase of treasury shares	(217)		(212)	
40	Outflow for dividends paid	(32,855)		(51,805)	
37	Loans received	189,360		60,446	
37	Outflow for repayment of loans	(151,839)		(58,829)	
37	Repayment of liabilities for rights of use	(3,572)		(3,129)	
	CASH FLOW FROM FINANCING ACTIVITIES (C)	**877**		**(53,529)**	
	Increase / (Decrease) in cash and cash equivalents (A+B+C)	59,993		(3,810)	
	Opening balance	**18,825**		**22,592**	
	Exchange differences	(314)		43	
	Closing balance	**78,504**		**18,825**	

In order to provide readers with more comparable information, a reclassification of €/000 10,360 has been made between the items "Interest paid" and "Other changes in the previous year". The reclassification of the 2019 data is not considered significant.

CHANGES IN SHAREHOLDERS' EQUITY

Movements from 1 January 2020/31 December 2020

NOTES	IN THOUSANDS OF EUROS	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
	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 comprehensive income (expense) 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**

MOVEMENTS FROM 1 JANUARY 2019/31 DECEMBER 2019

NOTES	IN THOUSANDS OF EUROS	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
	As of 1 January 2019	**207,614**	**7,171**	**20,125**	**152**	**(114)**	**1,769**	**(29,230)**	**(1,537)**	**111,435**	**317,385**
	Profit for the period									46,211	46,211
41	Other comprehensive income					85		27		(2,458)	(2,346)
	Total comprehensive income (expense) for the period	**0**	**0**	**0**	**0**	**85**	**0**	**27**	**0**	**43,753**	**43,865**
	Distribution of profit for 2018 as resolved by the ordinary meeting of shareholders										
	- To shareholders									(32,155)	(32,155)
	- To shareholders' equity			1,779						(1,779)	0
	Adoption of IFRS 16						92				92
40	Purchase of treasury shares								(212)		(212)
40	2019 interim dividend									(19,650)	(19,650)
	As of 31 December 2019	**207,614**	**7,171**	**21,904**	**152**	**(29)**	**1,861**	**(29,203)**	**(1,749)**	**101,604**	**309,325**

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 2020 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. In fact, despite the difficult economic and financial context, the Company has evaluated that there are no significant doubts about its continuing as a going concern (as defined in section 25 of IAS 1), also in relation to actions already identified to adapt to changing levels in demand, as well as the industrial and financial flexibility of the Company.

These Financial Statements are audited by PricewaterhouseCoopers 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 Statement of Cash Flows include the 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. Income and costs related to interest, dividends received and income taxes are included in the cash flow generated from operations.

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 2020 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 fair 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 lessee 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 lessee. 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.
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 euros are shown in the table below.

CURRENCY	SPOT EXCHANGE RATE 31 DECEMBER 2020	AVERAGE EXCHANGE RATE 2020	SPOT EXCHANGE RATE 31 DECEMBER 2019	AVERAGE EXCHANGE RATE 2019
US Dollar	1.2271	1.14220	1.1234	1.11947
Pounds Sterling	0.89903	0.889704	0.85080	0.877771
Indian Rupee	89.6605	84.63916	80.1870	78.83614
Singapore Dollars	1.6218	1.57424	1.5111	1.52728
Chinese Yuan	8.0225	7.87470	7.8205	7.73549
Croatian Kuna	7.5519	7.53838	7.4395	7.41796
Japanese Yen	126.49	121.84576	121.94	122.00576
Vietnamese Dong	27,654.41	25,901.44233	25,746.15	25,793.13707
Canadian Dollars	N.A.	N.A.	1.4598	1.48548
Indonesian Rupiah	17,029.69	16,657.37626	15,573.69	15,840.81508
Brazilian Real	6.3735	5.89426	4.5157	4.41343

Impairment
At the end of the reporting period, the Company reviews the book value of its plant, property and equipment, intangible assets, right 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 customers, the receivable is discounted.

Factoring

The Company sells a significant part of its trade receivables through factoring and in particular, sells trade receivables without recourse. Following these sales with the total and unconditional transfer to the transferee of the risks and benefits transferred, the receivables are eliminated from the financial statements.
In the case of 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 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. As permitted by IFRS 9, the Company has opted to continue to adopt the provisions on hedge accounting in IAS 39, rather than in IFRS 9. 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 IAS 39, 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 specifics 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 gains 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

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.
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 point in 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 2020

Amendments to IAS 1 and IAS 8

In October 2018, the IASB published some amendments to IAS 1 and IAS 8 that provide clarifications on the definition of "materiality".

Amendments to IFRS 9, IAS 39 and IFRS 7

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

Amendments to IFRS 3

In October 2018, the IASB published some amendments to IFRS 3 that amend the definition of "business".

Amendments to IFRS 16

In May 2020, the IASB published an amendment to IFRS 16, which provides a practical expedient for the evaluation of lease agreements, if lease payments are renegotiated following 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 have applied since 1 January 2020. The effects are not considered to be significant.

Accounting standards, amendments and interpretations not yet applicable

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

- In May 2017, the IASB issued the new standard IFRS 17 "Insurance Contracts". The new standard will replace IFRS 4 and will be effective from 1 January 2023.
- In January 2020, the IASB published some amendments to IAS 1 that clarify the definition of "current" or "non-current" liabilities based on rights existing at the reporting date. These amendments will apply from 1 January 2022.
- In May 2020, the IASB published narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and annual revisions to IFRS 1, IFRS 9, IAS 41 and IFRS 16. The amendments will be applicable with effect from 1 January 2022.
- In August 2020, the IASB published some amendments to IFRS 7, IFRS 4 and IFRS 16. The amendments will be effective from 1 January 2021.

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

3. Net revenues €/000 832,841

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 88,190.

Revenues by geographic segment

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

IN THOUSANDS OF EUROS	2020		2019		CHANGES	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
EMEA and Americas	807,032	96.90	841,328	97.40	(34,296)	(4.08)
India	24,516	2.94	21,148	2.45	3,368	15.93
Asia Pacific	1,293	0.16	1,335	0.15	(42)	(3.14)
Total	**832,841**	**100.00**	**863,811**	**100.00**	**(30,970)**	**(3.59)**

Revenues by type of product

The breakdown of revenues by type of product is shown in the following table:

IN THOUSANDS OF EUROS	2020		2019		VARIAZIONI	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Two-wheelers	744,172	89.35	763,941	88.44	(19,769)	(2.59)
Commercial Vehicles	88,669	10.65	99,870	11.56	(11,201)	(11.22)
Total	**832,841**	**100.00**	**863,811**	**100.00**	**(30,970)**	**(3.59)**

In 2020, net sales revenues decreased by €/000 30,970.

4. Costs for materials €/000 (522,109)

Costs for materials decreased by €/000 11,346 compared to the previous year. The decrease of 2% is due to the drop in vehicles sold, caused mainly by the COVID emergency. The item includes €/000 102,333 (€/000 102,680 in 2019) for purchases from Group companies.
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	2020	2019	CHANGE
Raw, ancillary materials, consumables and goods	(498,007)	(521,566)	23,559
Change in inventories of raw, ancillary materials, consumables and goods	(4,563)	2,268	(6,831)
Change in work in progress of semifinished and finished products	(19,539)	(14,157)	(5,382)
Total costs for purchases	**(522,109)**	**(533,455)**	**11,346**

5. Costs for services and leases and rental costs €/000 (154,885)

This item includes costs from Group companies and other related parties of €/000 41,736 (€/000 44,769 in 2019).

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Employee costs	(3,313)	(6,917)	3,604
External maintenance and cleaning costs	(6,853)	(6,161)	(692)
Energy and telephone costs	(8,322)	(9,356)	1,034
Postal expenses	(494)	(565)	71
Commissions payable	(19,180)	(20,849)	1,669
Advertising and promotion	(10,831)	(15,768)	4,937
Technical, legal and tax consultancy and services	(7,214)	(8,008)	794
Company boards operating costs	(2,632)	(2,634)	2
Insurance	(2,532)	(2,554)	22
Outsourced manufacturing	(14,054)	(18,022)	3,968
Outsourced services	(8,569)	(8,318)	(251)
Transport costs (vehicles and spare parts)	(25,723)	(25,568)	(155)
Internal shuttle services	(286)	(251)	(35)
Sundry commercial expenses	(3,222)	(5,145)	1,923
Public relations	(878)	(1,640)	762
Product warranty costs	(569)	(1,641)	1,072
Costs for quality-related events	(7,105)	(1,837)	(5,268)
Bank costs and factoring charges	(4,078)	(4,195)	117
Misc services provided in the business year	(2,785)	(3,557)	772
Other services	(18,779)	(20,385)	1,606
Use of provisions to cover costs of services	2	0	2
Lease and rental costs	(7,468)	(7,873)	405
Total costs for services, leases and rental costs	**(154,885)**	**(171,244)**	**16,359**

Costs for services and leases and rentals decreased by €/000 16,359 compared to 2019. The decrease refers to the activities, transfers and promotional and advertising costs affected to a greater extent by the lengthy lockdown.
Costs for quality-related events were partially offset by compensation received, recognised under "Other operating income" and amounting to €/000 1,089.
Third party work of €/000 14,054 refers to the processing of production components by outsourced suppliers.
Expenses for company boards are shown in the table below:

IN THOUSANDS OF EUROS	2020	2019
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	3
Total fees	**2,632**	**2,634**

Business services include services for the disposal of waste and water treatment amounting to €/000 1,680.
Other services include €/000 15,026 for technical, sports and promotional services for Group brands supplied by the subsidiary Aprilia Racing, €/000 1,066 for technical services supplied by the subsidiaries Foshan Piaggio Vehicles Technology Research and Development Co LTD and Piaggio Advanced Design Center Corp. and €/000 1,000 for management services supplied by the parent company IMMSI S.p.A.
Insurance costs include €/000 33 paid with related parties.

6. Employee costs €/000 (146,908)

Employee costs are broken down as follows:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Salaries and wages	(101,811)	(108,817)	7,006
Social security contributions	(33,055)	(36,485)	3,430
Termination benefits	(7,627)	(7,777)	150
Other costs	(4,415)	(4,302)	(113)
Total	**(146,908)**	**(157,381)**	**10,473**

The workforce as of 31 December 2020 totalled 3,001, of which 14 members of staff on a fixed-term contract.

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

	AVERAGE NUMBER		
LEVEL	2020	2019	CHANGE
Senior management	79	76	3
Middle management	230	241	(11)
White collars	840	863	(23)
Blue collars	2,094	2,098	(4)
Total	**3,243**	**3,278**	**(35)**

	NUMBER AS OF		
LEVEL	31 DECEMBER 2020	31 DECEMBER 2019	CHANGE
Senior management	79	79	0
Middle management	230	230	0
White collars	806	851	(45)
Blue collars	1,886	1,989	(103)
Total	**3,001**	**3,149**	**(148)**

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

LEVEL	AS OF 31.12.19	INCOMING	LEAVERS	RELOCATIONS	AS OF 31.12.20
Senior management	79	4	(9)	5	79
Middle management	230	5	(12)	7	230
White collars	851	23	(57)	(11)	806
Blue collars	1,989	296	(398)	(1)	1,886
Total (*)	**3,149**	**328**	**(476)**	**0**	**3,001**
(*) of which fixed-term contracts	22	289	(297)	0	14

7. Amortisation/depreciation and impairment costs €/000 (82,193)

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

IN THOUSANDS OF EUROS	2020	2019	CHANGE
PROPERTY, PLANT AND EQUIPMENT:			
Buildings	(4,197)	(4,165)	(32)
Plant and machinery	(6,103)	(6,512)	409
Industrial and commercial equipment	(9,085)	(9,062)	(23)
Other assets	(878)	(638)	(240)
Total depreciation of property, plant and equipment	**(20,263)**	**(20,377)**	**114**
Impairment costs of property, plant and equipment	-	(2,294)	2,294
Total depreciation of property, plant and equipment and impairment costs	**(20,263)**	**(22,671)**	**2,408**

IN THOUSANDS OF EUROS	2020	2019	CHANGE
INTANGIBLE ASSETS:			
Development costs	(19,580)	(24,900)	5,320
Industrial Patent and Intellectual Property Rights	(33,280)	(34,603)	1,323
Concessions, licences, trademarks and similar rights	(4,545)	(4,545)	0
Total amortisation of intangible assets	**(57,405)**	**(64,048)**	**6,643**
Write-down of intangible assets	(1,136)	(2,055)	919
Total amortisation of intangible assets and impairment costs	**(58,541)**	**(66,103)**	**7,562**

IN THOUSANDS OF EUROS	2020	2019	CHANGE
RIGHTS OF USE:			
Buildings	(1,461)	(1,532)	71
Plant and machinery	(856)	(856)	-
Other assets	(1,072)	(1,047)	(25)
Total depreciation of rights of use	**(3,389)**	**(3,435)**	**46**

Overall, amortisation/depreciation and impairment costs decreased by €/000 10,016 compared to the previous year. This change is related to the planned concentration of launches on the market of new vehicles and new Euro 5 engines in the last part of the year and to the concurrent end of the amortisation/depreciation plans of some projects.
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 2021-2024 Business Plan.
Amortisation of the item "Concessions, licences, trademarks and similar rights" refers to amortisation of the Aprilia brand for €/000 2,915, of the Guzzi brand for €/000 1,625 and of other brands from the merged company Aprilia for €/000 5.
The item "Industrial Patent and Intellectual Property Rights" includes amortisation relative to software equal to €/000 6,816.

8. Other operating income €/000 118,785

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Operating grants	1,151	1,371	(220)
Increases in fixed assets from internal work	37,784	37,676	108
Expenses recovered in invoices	24,670	22,994	1,676
Rent receipts	396	486	(90)
Contingent assets from measurement	17	0	17
Capital gains on the disposal of assets	511	53	458
Recovery of transport costs	235	147	88
Recovery of business costs	2,839	2,941	(102)
Recovery of registration costs	14	17	(3)
Recovery of advertising costs	-	1	(1)
Recovery of stamp duty	722	829	(107)
Recovery of labour costs	5,398	5,065	333
Recovery of supplier costs	309	595	(286)
Recovery of warranty costs	37	47	(10)
Recovery of taxes from customers	668	500	168
Recovery of sundry costs	1,315	1,496	(181)
Provision of services to group companies	8,779	11,168	(2,389)
Licence rights and know-how	26,496	31,596	(5,100)
Commission receivable	1,926	1,962	(36)
Compensation from damage to third parties	696	707	(11)
Compensation from third parties for quality-related events	1,089	1,432	(343)
Sponsorship	-	164	(164)
Clearance of payables	465	22	443
Other income	3,268	2,518	750
Total other operating income	**118,785**	**123,787**	**(5,002)**

The decrease amounted to €/000 (5,002).
This item includes income from Group companies for a total of €/000 42,043.
Operating grants refer to:
- €/000 988 refers to other public and European grants concerning research projects;
- €/000 93 for funding for professional training provided by trade associations;
- €/000 46 for the portion relative to the year, of sums received from a customer for product development.
- €/000 15 for government grants related to Industry 4.0 investments.
- €/000 9 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 36,123 were capitalised, in addition to internal costs for the development of software for €/000 593 and internal costs for the construction of property, plant and equipment, amounting to €/000 1,068.
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 €/000 601 and to third parties for €/000 714 for the recovery of sundry costs.
Licence rights were obtained from the subsidiaries Piaggio Vehicles (€/000 9,939) and Piaggio Vietnam (€/000 13,505), as well as from the associate Zongshen Piaggio Foshan Motorcycle Co. Ltd. (€/000 454).
Income (€/000 840) was also generated from the associate Zongshen Piaggio Foshan Motorcycle Co. Ltd. for technical assistance concerning the sale of know-how.
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 2020 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 (1,391)

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Losses on receivables	(36)	(1)	(35)
Write-downs of receivables in working capital	(1,355)	(1,472)	117
Total	**(1,391)**	**(1,473)**	**82**

10. Other operating costs — €/000 (14,265)

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Allocation for litigation	-	(450)	450
Provision for future risks	(531)	(689)	158
Total provisions for risks	*(531)*	*(1,139)*	*608*
Provisions for product warranties	(6,446)	(6,835)	389
Provision for quality-related events			
Provision for financial services expenses			
Total other provisions	*(6,446)*	*(6,835)*	*389*
Stamp duty	(825)	(955)	130
Duties and taxes not on income	(1,408)	(1,458)	50
Local tax, formerly council tax	(1,445)	(1,372)	(73)
Various subscriptions	(932)	(941)	9
Social charges	(699)	(627)	(72)
Capital losses from disposal of assets	(69)	(72)	3
Miscellaneous expenses	(1,910)	(1,055)	(855)
Total sundry operating costs	(7,288)	(6,480)	(808)
Total other operating costs	**(14,265)**	**(14,454)**	**189**

In total, other operating costs, which include costs from Group companies of €/000 1,786, decreased by €/000 189.

Stamp duty of €/000 825 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 34,121

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Positive differences from the equity method valuation in subsidiaries	50,062	68,277	(18,215)
Positive differences from the equity method valuation in associates	375	712	(337)
Negative differences from the equity method valuation in subsidiaries	(16,341)	(21,173)	4,832
Dividends from the investments of non-controlling interests	25	110	(85)
Total	**34,121**	**47,926**	**(13,805)**

Dividends from investments of non-controlling interests were distributed by the company Ecofor Service Pontedera (€/000 25).

The tables below show the positive and negative differences for investments in subsidiaries and associates, valued using the Equity Method.

IN THOUSANDS OF EUROS	2020	2019	CHANGE
POSITIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SUBSIDIARIES			
Piaggio Vespa B.V.	14,902	15,622	(720)
Piaggio China	130	267	(137)
Piaggio Vehicles Pvt.	13,098	34,530	(21,432)
Piaggio Vietnam	21,022	17,259	3,763
Aprilia Racing	464	-	464
Piaggio España	412	566	(154)
Piaggio Indonesia	10	8	2
Piaggio Advanced Design Center Corporation	24	25	(1)
Total	**50,062**	**68,277**	**(18,215)**

IN THOUSANDS OF EUROS	2020	2019	CHANGE
POSITIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN ASSOCIATES			
Pontedera & Tecnologia	18	14	4
Zongshen Piaggio Foshan Motorcycle	357	698	(341)
Total	**375**	**712**	**(337)**

IN THOUSANDS OF EUROS	2020	2019	CHANGE
NEGATIVE DIFFERENCES FROM THE EQUITY METHOD VALUATION IN SUBSIDIARIES			
Nacional Motor	(2,828)	(1,510)	(1,318)
Aprilia Racing	-	(1,154)	1,154
Piaggio Fast Forward	(13,066)	(17,871)	4,805
Piaggio Concept Store	(447)	(638)	191
Total	**(16,341)**	**(21,173)**	**4,832**

12. Net financial income (borrowing costs) €/000 (17,637)

This item consists of:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Total financial income	1,921	1,653	268
Total borrowing costs	(21,691)	(21,712)	21
Total net exchange gains/(losses)	2,133	(1,301)	3,434
Net financial income (borrowing costs)	**(17,637)**	**(21,360)**	**3,723**

The balance of financial income (borrowing costs) in 2020 was negative by €/000 17,637, an improvement on the figure of the previous year (€/000 21,360), thanks to a reduction in the cost of debt and positive contribution from currency operations, which more than offset the increase in average debt.
Below is the breakdown of borrowing costs and income:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Financial income:			
- From subsidiaries	1,653	1,385	268
- From subsidiaries for operating leases	13	14	(1)
- From the Parent company	-	21	(21)
Financial income from third parties:			
- Interest receivable from clients	15	45	(30)
- Bank and post office interest payable	3	3	0
- Interest income on tax receivables	28	169	(141)
- Other	209	16	193
Total financial income from third parties	255	233	22
Total financial income	**1,921**	**1,653**	**268**

The amount of €/000 1,653 recognised as financial income from subsidiaries refers to interest from financing activities relative to the subsidiaries Nacional Motor (€/000 4), Piaggio Fast Forward (€/000 1,523) and Aprilia Racing (€/000 126).

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Borrowing costs with Parent Companies:			
- Interest expense on operating leases with Parent Companies	(176)	(201)	25
Borrowing costs with Parent Companies:			
- Interest payable on a debenture loan	(12,351)	(12,646)	295
- Interest payable on bank accounts	(271)	(285)	14
- Interest payable on bank loans	(5,798)	(4,781)	(1,017)
- Interest to suppliers	(542)	(563)	21
- Interest payable to other lenders	(609)	(843)	234
- Interest payable on sub-discount factor operations	(585)	(702)	117
- Cash discounts to clients	(630)	(796)	166
- Income from fair value measurements	(395)	(347)	(48)
- Expense from commodities measurement	(263)	-	(263)
- Bank charges on loans	(1,353)	(974)	(379)
- Interest on finance lease agreements	(116)	(140)	24
- Interest payable on operating lease agreements	(100)	(116)	16
- Borrowing costs from discounting back termination and termination benefits	(163)	(215)	52
- Other	(29)	(2)	(27)
Total borrowing costs with third parties	(23,205)	(22,410)	(795)
Total borrowing costs	**(23,381)**	**(22,611)**	**(770)**
Costs capitalised on Property, Plant and Equipment	395	153	242
Costs capitalised on Intangible Assets	1,295	746	549
Total Capitalised Costs	**1,690**	**899**	**791**
Total borrowing costs	**(21,691)**	**(21,712)**	**21**

During 2020, borrowing costs for €/000 1,690 were capitalised (€/000 899 in 2019). The average rate used for the capitalisation of borrowing costs (because of general loans), was equal to 3.3% (3.60% in 2019).
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	2020	2019	CHANGE
EXCHANGE DIFFERENCES FROM SALE			
- Exchange gains	15,129	6,056	9,073
- Exchange losses	(13,210)	(7,638)	(5,572)
Total exchange gains (losses)	*1,919*	*(1,582)*	*3,501*
EXCHANGE DIFFERENCES FROM MEASUREMENT			
- Exchange gains	1,118	781	337
- Exchange losses	(904)	(500)	(404)
Total valuation exchange gains (losses)	*214*	*281*	*(67)*
Net exchange gains/(losses)	**2,133**	**(1,301)**	**3,434**

13. Taxes €/000 (9,610)

The item "Income taxes" is detailed below:

IN THOUSANDS OF EUROS	2020	2019	CHANGE
Current taxes	(11,042)	100	(11,142)
Deferred tax assets/liabilities	1,097	2,275	(1,178)
taxes of previous years	335	(112)	447
Total taxes	**(9,610)**	**2,263**	**(11,873)**

During 2020, taxes generated a total expense of €/000 (9,610).
Current taxes generated an expense of €/000 (11,042) and comprise:
€/000 (6,913) from taxes on income produced abroad;
€/000 (1,732) from regional production tax on income for the year;
€/000 (4,028) from corporate income tax for the year;
€/000 1,632 from income related to transfers within the framework of the Consolidated Tax Convention.
€/000 (1) 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 (693), and provisions from previous years were released for €/000 1,548.
With regard to deferred tax assets, on the other hand, new provisions amounted to €/000 (3,546), while the release of amounts allocated in previous years came to €/000 3,304.
The balance of prior-year taxes was positive at €/000 335.

Reconciliation in relation to the theoretical rate is shown below:

IN THOUSANDS OF EUROS	2020	2019
REVENUE TAXES ON INCOME		
Profit before tax	46,359	43,948
Theoretical rate	24.00%	24.00%
Theoretical tax	(11,126)	(10,548)
Effect due to changes in Profit Before Taxes due to the adoption of tax laws	7,098	11,586
Reversal of deferred corporate tax liabilities allocated in previous years for temporary changes	1,422	1,027
Reversal of deferred corporate tax assets allocated in previous years for temporary changes	(1,358)	(803)
Reversal of deferred tax assets allocated in previous years for tax losses	(1,832)	5,589
Taxes on income generated abroad	(6,913)	(4,837)
Taxes relative to previous years	(34)	(384)
Expenses (income) from the Consolidated Tax Convention	1,631	(5,589)
Tax affect arising from deferred corporate tax liabilities for temporary changes	(693)	(636)
Tax affect arising from deferred corporate tax assets for temporary changes	1,831	1,974
Tax effect arising from the adjustment of deferred corporate income tax assets allocated for the tax loss of previous years	1,488	4,937
REGIONAL PRODUCTION TAX (IRAP)		
Regional production tax on net revenues for the year	(1,732)	(652)
Regional production tax referred to previous years	370	272
Reversal of deferred regional production tax liabilities allocated in previous years for temporary changes	125	126
Reversal of deferred regional production tax assets allocated in previous years for temporary changes	(114)	(48)
Tax affect arising from deferred regional production tax assets for temporary changes	227	248
Income taxes recognised in the financial statements	**(9,610)**	**2,263**

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 €/000 589,530

Intangible assets increased overall by €/000 19,424 following investments net of disposals and amortisation for the year.
Increases mainly refer to the capitalisation of development costs for new products and new engines, as well as the purchase of software.
During 2020 borrowing costs for €/000 1,295 were capitalised, applying an average interest rate of 3.3%.

The table below shows the breakdown of intangible assets as of 31 December 2019 and 31 December 2020, as well as movements during the two years.

	DEVELOPMENT COSTS			PATENT RIGHTS AND KNOW-HOW			CONCESSIONS, LICENCES 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	182,564	21,294	203,858	368,132	26,931	395,063	209,716	463,926			0	1,224,338	48,225	1,272,563
Provisions for write-down	(1,572)		(1,572)	(360)		(360)					0	(1,932)	0	(1,932)
Accumulated amortisation	(139,124)		(139,124)	(304,537)		(304,537)	(172,750)	(95,375)			0	(711,786)	0	(711,786)
Assets as of 01 01 2019	**41,868**	**21,294**	**63,162**	**63,235**	**26,931**	**90,166**	**36,966**	**368,551**	**0**	**0**	**0**	**510,620**	**48,225**	**558,845**
Investments	9,649	18,228	27,877	17,866	31,647	49,513					0	27,515	49,875	77,390
Transitions in the year	11,781	(11,781)	0	14,815	(14,815)	0					0	26,596	(26,596)	0
Amortisation	(24,900)		(24,900)	(34,603)		(34,603)	(4,545)				0	(64,048)	0	(64,048)
Write-downs	(2,044)		(2,044)	(11)		(11)					0	(2,055)	0	(2,055)
Disposals	(8)		(8)	(18)		(18)					0	(26)	0	(26)
Other movements			0			0					0	0	0	0
Total movements for the period	**(5,522)**	**6,447**	**925**	**(1,951)**	**16,832**	**14,881**	**(4,545)**	**0**	**0**	**0**	**0**	**(12,018)**	**23,279**	**11,261**
Historical cost	202,399	27,741	230,140	399,650	43,763	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 31 12 2019	**36,346**	**27,741**	**64,087**	**61,284**	**43,763**	**105,047**	**32,421**	**368,551**	**0**	**0**	**0**	**498,602**	**71,504**	**570,106**
Investments	7,209	18,515	25,724	14,057	38,277	52,334					0	21,266	56,792	78,058
Transitions in the year	8,950	(8,950)	0	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)			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**	**2,607**	**(6,704)**	**28,067**	**21,363**	**(4,546)**	**0**	**0**	**0**	**0**	**(15,851)**	**35,275**	**19,424**
Historical cost	216,289	34,949	251,238	426,108	71,830	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	(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**	**34,949**	**66,694**	**54,580**	**71,830**	**126,410**	**27,875**	**368,551**	**0**	**0**	**0**	**482,751**	**106,779**	**589,530**

Development costs €/000 66,694

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 2020 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 2020-2022 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 2020, development expenditure amounting to €/000 16,227 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 66,694 is unavailable in shareholders' equity.

Industrial Patent and Intellectual Property Rights €/000 126,410

This item comprises patents for €/000 4,084, know-how for €/000 92,382 and software for €/000 29,944.
As regards software, the increase for the year amounted to €/000 12,036 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 37,903 and mainly refer to new calculation, design and production techniques and methodologies developed by the Company, principally for new products in the 2020-2022 range.
As regards patent rights, costs for €/000 2,395 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 27,875

The item Trademarks, concessions and licences is broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Guzzi trademark	9,750	11,375	(1,625)
Aprilia trademark	17,494	20,410	(2,916)
Minor trademarks	20	25	(5)
Foton licence	611	611	0
Total trademarks	**27,875**	**32,421**	**(4,546)**

The Guzzi and Aprilia trademarks are amortised over a period of 15 years, expiring in 2026.
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 that will be launched on the market starting from 2021.
The licence will be amortised over 10 years, from production start-up, expected in February 2021.

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. a hypothesis of estimated cash flows over a four-year period, inferred from budget data for 2021 supplemented by forecast data for 2022-2024, approved by the Board of Directors of the Company, along with an impairment test performed on 25 February 2021;
b. the WACC discount rate;
c. 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
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%
2019			
WACC	5.2%	7.6%	9.8%
G	1.0%	2.0%	2.0%
Growth rate during the Plan period	5.0%	5.2%	5.7%

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 2020);
- the long-term real GDP growth trend expected for main countries where the Group operates (source: Economist Intelligence Unit – EIU);
- forecasts for the reference sector (source: Freedonia, "World Motorcycle", May 2020).

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 (source: Freedonia, "World Motorcycle", May 2020).
Analyses did not identify any impairment losses. Therefore no impairment was reflected in the data of the separate financial statements as of 31 December 2020.
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 the second half of 2020. The world's population is looking for independent mobility solutions to replace public transport. The assumed scenario envisages a contraction compared to the base scenario to reflect the current situation and the expected reaction times of each market, using the EBITDA delta between the final figure for 2020 and that of 2019 as a driver. In particular, a reduction in margins of 16% was applied for Western markets and 15% for Asia Pacific markets; as regards India, the reduction applied is variable, starting from 50% in 2021 up to 20% in 2024 (last year of the Plan).

Notwithstanding this additional serious penalisation, due to the above considerations the Company's value in use is higher than the net book value.
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 €/000 170,456

Property, plant and equipment increased overall by €/000 10,969. Investments for the period amount to €/000 31,707 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 2020 borrowing costs for €/000 395 were capitalised, applying an average interest rate of 3.3%.

The table below shows the breakdown of property, plant and equipment as of 31 December 2019 and 31 December 2020, as well as movements during the two years.

IN THOUSANDS OF EUROS	LAND	BUILDINGS			PLANT AND MACHINERY			EQUIPMENT			OTHER ASSETS			TOTAL		
		IN SERVICE	ASSETS UNDER CON-STRUCTION AND ADVAN-CES	TOTAL	IN SERVICE	ASSETS UNDER CON-STRUCTION AND ADVAN-CES	TOTAL	IN SERVICE	ASSETS UNDER CON-STRUCTION AND ADVAN-CES	TOTAL	IN SERVICE	ASSETS UNDER CON-STRUCTION AND ADVAN-CES	TOTAL	IN SERVICE	ASSETS UNDER CON-STRUCTION AND ADVAN-CES	TOTAL
Historical cost	27,640	138,734	1,279	140,013	305,429	2,940	308,369	483,600	7,272	490,872	22,226	302	22,528	977,629	11,793	989,422
Reversals		4,816		4,816	2,368		2,368	6,253		6,253	199		199	13,636	0	13,636
Provisions for write-down		(622)		(622)			0	(2,318)		(2,318)			0	(2,940)	0	(2,940)
Accumulated depreciation		(71,359)		(71,359)	(268,636)		(268,636)	(469,977)		(469,977)	(20,784)		(20,784)	(830,756)	0	(830,756)
Assets as of 01 01 2019	**27,640**	**71,569**	**1,279**	**72,848**	**39,161**	**2,940**	**42,101**	**17,558**	**7,272**	**24,830**	**1,641**	**302**	**1,943**	**157,569**	**11,793**	**169,362**
Investments		371	1,062	1,433	2,238	8,010	10,248	7,164	3,891	11,055	523	394	917	10,296	13,357	23,653
Transitions in the year		169	(169)	0	2,228	(2,228)	0	5,982	(5,982)	0	245	(245)	0	8,624	(8,624)	0
Depreciation		(4,165)		(4,165)	(6,513)		(6,513)	(9,062)		(9,062)	(637)		(637)	(20,377)	0	(20,377)
Write-downs				0	(618)		(618)	(1,676)		(1,676)			0	(2,294)	0	(2,294)
Disposals				0	(69)		(69)	(2)		(2)	(87)		(87)	(158)	0	(158)
Adoption of IFRS 16				0	(10,699)		(10,699)			0			0	(10,699)	0	(10,699)
Total movements for the year	**0**	**(3,625)**	**893**	**(2,732)**	**(13,433)**	**5,782**	**(7,651)**	**2,406**	**(2,091)**	**315**	**44**	**149**	**193**	**(14,608)**	**4,733**	**(9,875)**
Historical cost	27,640	139,273	2,172	141,445	280099	8722	288,821	487,115	5181	492,296	22,889	451	23,340	957,016	16,526	973,542
Reversals		4,816	0	4,816	2368	0	2,368	6,253	0	6,253	199	0	199	13,636	0	13,636
Provisions for write-down		(622)		(622)	(618)		(618)	-3893		(3,893)			0	(5,133)	0	(5,133)
Accumulated depreciation		(75,523)		(75,523)	(256,121)		(256,121)	(469,511)		(469,511)	(21,403)		(21,403)	(822,558)	0	(822,558)
Assets as of 31 12 2019	**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 year		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)	0	(20,263)
Write-downs				0			0			0			0	0	0	0
Disposals		(17)		(17)	(85)		(85)	(372)		(372)			0	(474)	0	(474)
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	27,8218	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	0	13,636
Provisions for write-down		(622)		(622)	(618)		(618)	(3,885)		(3,885)			0	(5,125)	0	(5,125)
Accumulated depreciation		(79,715)		(79,715)	(256,117)		(256,117)	(475,647)		(475,647)	(22,276)		(22,276)	(833,755)	0	(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**

On 1 January 2019, the net value of assets held through finance lease agreements, equal €/000 10,699 and consisting of the Pontedera painting plant for the Vespa, was reclassified under rights of use, as required by the adoption of the new accounting standard IFRS 16.

Land €/000 27,640

The value of land has not changed compared to the previous year.

Buildings €/000 67,005

Buildings decreased overall by €/000 3,111. The negative imbalance is due to new investments made during the year amounting to €/000 1,103 and to the decrease from depreciation for the period of €/000 4,197 as well as decreases of €/000 17.
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 1,323 was recognised, of which €/000 548 relative to investments made in previous years.

Plant and machinery €/000 38,656

The item increased overall by €/000 4,206. The positive imbalance is due to new investments made during the year amounting to €/000 10,394, the decrease generated by depreciation for the period of €/000 6,103, and the disposal of residual costs for €/000 85.

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 4,311 was recognised, of which €/000 478 relative to investments made in previous years.

Equipment €/000 34,456

The item increased overall by €/000 9,311. The increase is due to depreciation for the period amounting to €/000 9,085 the disposal of residual costs for €/000 372, and new investments for €/000 18,768.

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 7,526 was recognised, of which €/000 1,455 relative to investments made in previous years.

Other plant, property and equipment €/000 2,699

As of 31 December 2020, the item Other assets, including assets under construction, comprised the following:

The item increased overall by €/000 563. The positive imbalance is due to new investments made during the year amounting to €/000 1,441, partially offset by depreciation for the period of €/000 878.
During the period, capitalisation amounting to €/000 867 was recognised, of which €/000 116 relative to investments made in previous years.

Warranties

As of 31 December 2020 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 15,000

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 2020, as well as movements during the year.

IN THOUSANDS OF EUROS	LAND	BUILDINGS	PLANT AND MACHINERY	EQUIPMENT	OTHER AS-SETS	TOTAL
Assets as of 31 12 2019	**0**	**5,713**	**9,843**	**0**	**2,672**	**18,228**
Increases		255			541	796
Depreciation		(1,461)	(856)		(1,072)	(3,389)
Decreases		(598)			(37)	(635)
Movements in 2020	**0**	**(1,804)**	**(856)**	**0**	**(568)**	**(3,228)**
Assets as of 31 12 2020	**0**	**3,909**	**8,987**	**0**	**2,104**	**15,000**

Financial liabilities for rights of use €/000 14,386

The composition of and changes in financial liabilities for rights of use are illustrated in Note 37 "Financial liabilities and financial 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	NOTES	2020	2019	CHANGE
Depreciation of rights of use	7	(3,389)	(3,435)	46
Financial charges for rights of use	12	(100)	(116)	16
Rental payments (not IFRS 16)	5	(7,468)	(7,873)	405

In 2020, leasing agreements subject to IFRS 16 resulted in a cash outflow of €/000 3,572.

18. Investment Property €/000 0

At the end of the reporting period, there was no investment property.

19. Deferred tax assets €/000 45,777

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 2020	AS OF 31 DECEMBER 2019	CHANGE
Deferred tax assets	57,872	57,537	335
Deferred tax liabilities	(12,095)	(12,785)	690
Total	**45,777**	**44,752**	**1,025**

Deferred tax assets total €/000 57,872, compared to €/000 57,537 as of 31 December 2019, with an increase of €/000 335.
The balance of deferred tax assets as of 31 December 2020 refers to:
- €/000 24,680 for allocations made for temporary differences;
- €/000 33,192 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 €/000 335 is attributable to:
- €/000 (1,473) from the recognition in profit of loss of deferred tax assets recognised in previous years;
- €/000 (5) from the recognition in profit of loss of deferred tax assets recognised in previous years;
- €/000 2,058 from the recognition in profit of loss of new deferred tax assets;
- €/000 99 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 25 February 2021. 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	12,532	3,008	489
Discounting termination benefit	4,847	1,163	
Derbi trademark	7,225	1,734	282
Provisions for risks	9,365	2,248	363
Provision for product warranties	12,298	2,951	480
Provisions for bad debts	17,960	4,310	
Provisions for obsolete stock	19,222	4,613	750
A.C. IFRS 9	0	0	
Other changes	8,221	1,973	221
Total for provisions and other changes	**91,670**	**22,000**	**2,585**
2007 tax loss including Moto Guzzi transferred to IMMSI	6,500	1,560	
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	1056	
Total out of tax losses	**138,300**	**33,192**	**0**
Losses from the fair value measurement of financial instruments		**95**	
Deferred tax assets already recognised		**57,872**	
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 2019	PORTION TO THE INCOME STATEMENT	PORTION TO THE STATEMENT OF COMPREHENSIVE INCOME	PORTION TO THE INCOME STATEMENT	PORTION TO THE STATEMENT OF COMPREHENSIVE INCOME	VALUES AS OF 31 DECEMBER 2020
DEFERRED TAX ASSETS FOR:						
Temporary changes	24,001	(1,473)	(5)	2,058	99	24,680
Previous tax losses	0					0
Losses generated within the framework of tax consolidation	33,536	(1,832)		1,488		33,192
Total	**57,537**	**(3,305)**	**(5)**	**3,546**	**99**	**57,872**

As of 31 December 2020, deferred tax liabilities totalled €/000 12,095 compared to €/000 12,785 as of 31 December 2019, a decrease of €/000 690.
They refer to:
- €/000 3,044 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.
- €/000 706 for temporary changes in taxable income that will be annulled next year;
- €/000 2,957 for depreciation charges minus tax-recognised goodwill values;
- €/000 647 for tax-deducted costs, off the accounts, in relation to the application of IAS/IFRS;
- €/000 2,025 for allocation of the merger loss to the Aprilia brand, arising from its merger in 2005;
- €/000 2,716 for allocation of the merger loss to the Guzzi brand, arising from its merger in 2008.

Deferred tax liabilities were reduced in the period by €/000 1,566, of which 19 to the statement of comprehensive income, following issue of the relative portion, and increased overall by €/000 876 due to new provisions, of which €/000 184 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 €/000 130,819

This item comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Raw materials and consumables	69,216	71,787	(2,571)
Provision for write-down	(4,076)	(4,382)	306
Net value	**65,140**	**67,405**	**(2,265)**
Work in progress and semi-finished products	14,227	17,881	(3,654)
Provision for write-down	(852)	(852)	-
Net value	**13,375**	**17,029**	**(3,654)**
Finished products and goods	66,215	85,508	(19,293)
Provision for write-down	(14,294)	(15,404)	1,110
Net value	**51,921**	**70,104**	**(18,183)**
Advances	383	363	20
TOTAL	**130,819**	**154,901**	**(24,082)**

As of 31 December 2020, inventories had decreased by €/000 24,082.

Changes in the obsolescence fund are summarised in the table below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2019	USE	ALLOCATION	AS OF 31 DECEMBER 2020
Raw materials	4,382	(1,308)	1,002	4,076
Work in progress and semi-finished products	852			852
Finished products and goods	15,404	(4,765)	3,655	14,294
Total	**20,638**	**(6,073)**	**4,657**	**19,222**

21. Current trade receivables €/000 40,209

Current trade receivables decreased by €/000 3,390.
No non-current trade receivables were recorded for either period.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Trade receivables	16,658	22,983	(6,325)
Trade receivables due from subsidiaries	23,149	19,627	3,522
Trade receivables due from affiliated companies	368	966	(598)
Trade receivables due from parent companies	34	23	11
Total	**40,209**	**43,599**	**(3,390)**

Trade receivables are recorded net of a provision for bad debts equal to €/000 22,854.
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 2020, taking account of exchange risk hedging, of €/000 9,748.

The item "Trade receivables" includes invoices to issue amounting to €/000 519 relative to normal business transactions and credit notes to issue amounting to €/000 12,905 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 2020, trade receivables still due, sold without recourse, totalled €/000 61,815. Of these amounts, Piaggio received payment prior to natural expiry of €/000 60,932.
As of 31 December 2020, advance payments received from factoring companies and banks for trade receivables sold with recourse totalled €/000 9,133 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 2020	**22,096**
Decreases for use recognised in profit or loss	(59)
Increases for allocations	817
Closing balance as of 31 December 2020	**22,854**

During the period, the provision for bad trade debts was used to cover losses amounting to €/000 59.
Allocations to the provision were made against risks arising from the valuation of relative receivables as of 31 December 2020.
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) €/000 105,700

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Due to subsidiaries	59,840		59,840	66,991		66,991	(7,151)	0	(7,151)
Due to affiliated companies	480	81	561	1,340	81	1,421	(860)	0	(860)
Due to parent companies	14,123		14,123	12,410		12,410	1,713	0	1,713
Receivables due from employees	1,194		1,194	1,230		1,230	(36)	0	(36)
Due from social security institutions	344		344	315	43	358	29	(43)	(14)
Amounts due to suppliers	502		502	110		110	392	0	392
Supplier advances	115		115	162		162	(47)	0	(47)
Invoices and credit to issue	1,799		1,799	1,940		1,940	(141)	0	(141)
Sundry receivables from third parties	532	6,331	6,863	1,017		1,017	(485)	6,331	5,846
Fair value of derivatives	1,437		1,437	123		123	1,314	0	1,314
Other receivables	2,396	16,526	18,922	2,979	9,799	12,778	(583)	6,727	6,144
Total	**82,762**	**22,938**	**105,700**	**88,617**	**9,923**	**98,540**	**(5,855)**	**13,015**	**7,160**

Receivables due from social security institutions refer mainly to sums receivable from the Italian National Social Security Institute (INPS) for tax relief on solidarity contracts.
The item "Other" includes guarantee deposits amounting to €/000 1,027 and prepaid expenses amounting to €/000 15,494.
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 6,396.

Movements of the provision for bad debts relative to sundry receivables were as follows:

IN THOUSANDS OF EUROS	
Opening balance as of 1 January 2020	**5,884**
Decreases for use	(25)
Increases for allocations	537
Closing balance as of 31 December 2020	**6,396**

During the measurement of relative receivables as of 31 December 2020, a further allocation to the provision of €/000 537 was necessary.

23. Tax receivables (current and non-current) €/000 13,391

Tax receivables are broken down as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Tax receivables:									
- VAT	4,738	87	4,825	10,628	61	10,689	(5,890)	26	(5,864)
- income tax	35	7,493	7,528	482	7,944	8,426	(447)	(451)	(898)
- other	862	176	1,038	289	19	308	573	157	730
Total	**5,635**	**7,756**	**13,391**	**11,399**	**8,024**	**19,423**	**(5,764)**	**(268)**	**(6,032)**

The positive net change amounted to €/000 6,032.

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 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**
OPERATING ASSETS AS OF 31 DECEMBER 2019					
Non-current assets					
Tax receivables				8,024	8,024
Other receivables				9,923	9,923
Total non-current operating receivables	**0**	**0**	**0**	**17,947**	**17,947**
Current assets					
Trade receivables				43,599	43,599
Other receivables			123	88,494	88,617
Tax receivables				11,399	11,399
Total current operating receivables	**0**	**0**	**123**	**143,492**	**143,615**
Total	**0**	**0**	**123**	**161,439**	**161,562**

25. Receivables due after 5 years €/000 0

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

26. Assets held for sale €/000 0

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

27. Trade payables (current) €/000 327,792

All trade payables are included in current liabilities.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
CURRENT LIABILITIES:			
Amounts due to suppliers	303,308	286,352	16,956
Trade payables due to subsidiaries	18,961	15,809	3,152
Trade payables due to associates	5,240	5,304	(64)
Trade payables due to parent companies	283	338	(55)
Trade payables due to other related parties	-	1	(1)
Total	**327,792**	**307,804**	**19,988**

The item comprises trade payables of €/000 301,020 for the purchase of goods, materials and services for business operations and €/000 26,772 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 2020, taking account of hedging on exchange risk, of €/000 56,385.
To facilitate credit conditions for its suppliers, the Company has used 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 2020, the value of trade payables covered by reverse factoring or supply chain financing agreements was equal to €/000 158,203 (€/000 148,679 as of 31 December 2019).

28. Provisions (current and non-current portion) €/000 18,372

IN THOUSANDS OF EUROS	BALANCE AS OF 31 DECEMBER 2019	ALLOCATIONS	USES	RECLASSIFICATION	BALANCE AS OF 31 DECEMBER 2020
Provisions for risks					
Provisions for risk on investments	93		(93)		0
Provision for contractual risks	3,000	531			3,531
Risk provision for legal disputes	1,662			58	1,720
Provision for guarantee risks	58			(58)	0
Total provisions for risks	*4,813*	*531*	*(93)*	*0*	*5,251*
Provisions for expenses					
Provision for product warranties	11,697	6,446	(5,845)		12,298
Other reserves	356	176	(246)		286
Provision for environmental clean-ups	537				537
Total provisions for expenses	*12,590*	*6,622*	*(6,091)*	*0*	*13,121*
Total provisions for risks and charges	**17,403**	**7,153**	**(6,184)**	**0**	**18,372**

They consist of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Provisions for risk on investments				93		93	(93)	0	(93)
Provision for product warranties	8,609	3,689	12,298	8,188	3,509	11,697	421	180	601
Promotional expense fund	52		52	40		40	12	0	12
Provision for competition	234		234	316		316	(82)	0	(82)
Provision for contractual risks	531	3,000	3,531		3,000	3,000	531	0	531
Risk provision for legal disputes		1,720	1,720		1,662	1,662	0	58	58
Provision for guarantee risks					58	58	0	(58)	(58)
Provision for environmental clean-ups		537	537		537	537	0	0	0
Total	**9,426**	**8,946**	**18,372**	**8,637**	**8,766**	**17,403**	**789**	**180**	**969**

The decrease in the provision for risks on investments refers €/000 90 to the subsidiary Aprilia Racing and €/000 3 to the subsidiary Piaggio Indonesia, deriving from the measurement of their investments at equity.
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 risks on guarantees given was reclassified to other risks since its original purpose no longer applies.
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 6,446 for new allocations and was used for €/000 5,845 for expenses sustained referring to sales in previous years.

29. Retirement funds and employee benefits €/000 33,134

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Provision for retirement	147	139	8
Termination benefits provision	32,987	37,059	(4,072)
Total	**33,134**	**37,198**	**(4,064)**

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 8 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 2020	**37,059**
Cost for the period	7,627
Actuarial losses recognised as Shareholders' equity	111
Interest cost	163
Uses and transfers of retirement funds	(11,943)
Other movements	(30)
Closing balance as of 31 December 2020	**32,987**

Economic/technical assumptions

The economic/technical assumptions used to discount the value are described in the table below:

Technical annual discount rate	-0.02%
Annual inflation rate	0.80%
Annual rate of increase in termination benefit	2.10%

As regards the discount rate, the Company has used the iBoxx Corporates AA index with a duration of 7-10 as a reference for the valuation of this parameter. If, on the other hand, the iBoxx Corporates A index with a duration of 7-10 had been used, the value of the actuarial losses and that of the fund as at 31 December 2020 would have been lower by €/000 729.

The table below shows the effects, in absolute terms, as of 31 December 2020, which would have occurred following changes in reasonably possible actuarial assumptions:

IN THOUSANDS OF EUROS	TERMINATION BENEFITS PROVISION
Turnover rate +2%	32,351
Turnover rate -2%	33,753
Inflation rate +0.25%	33,464
Inflation rate - 0.25%	32,513
Discount rate +0.50%	31,494
Discount rate -0.50%	34,587

The average financial duration of the bond is 10 years.

Estimated future amounts are equal to:

	IN THOUSANDS OF EUROS
YEAR	FUTURE AMOUNTS
1	4,407
2	1,545
3	1,891
4	896
5	1,080

30. Current tax payables €/000 8,389

All tax payables are included in current liabilities.
Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Due for income taxes	3,317	1,735	1,582
Other tax payables for:			
- VAT	6	-	6
- Tax withheld at source	5,028	3,854	1,174
- Duty and tax records to pay	38	105	(67)
Total other tax payables	*5,072*	*3,959*	*1,113*
Total	**8,389**	**5,694**	**2,695**

Current tax payables refer to €/000 3,028 to taxes to pay abroad for income generated abroad during 2020, mainly for royalties, technical consultancy services and other services for the subsidiary Piaggio Vietnam, and €/000 289 to regional production tax.
Payables for regional production tax are entered offset against relative receivables. Regional production tax due for the year amounted to €/000 1,732.
Payables for withheld taxes paid refer to the income of employee and outsourced work and commission.

31. Other payables (current and non-current) €/000 51,624

Their breakdown was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Amounts due to subsidiaries	12,550		12,550	14,655		14,655	(2,105)		(2,105)
Amounts due to affiliated companies	1		1	9		9	(8)		(8)
Amounts due to parent companies	4,028		4,028			-	4,028		4,028
Payables to employees	9,416		9,416	10,581		10,581	(1,165)		(1,165)
Amounts due to social security institutions	7,710		7,710	7,626		7,626	84		84
Amounts due to company boards	672		672	605		605	67		67
Amounts due for temporary funding	367		367	512		512	(145)		(145)
Amounts due for financial statement assessments	294		294	244		244	50		50
Amounts due to customers	4,931		4,931	1,906		1,906	3,025		3,025
Payables from the fair value measurement of financial instruments	544	268	812	46		46	498	268	766
Accrued expenses	4,663		4,663	3,073		3,073	1,590		1,590
Deferred income	1,451	1,766	3,217	987	1,917	2,904	464	(151)	313
Other payables	2,893	70	2,963	4,304	70	4,374	(1,411)		(1,411)
Total	**49,520**	**2,104**	**51,624**	**44,548**	**1,987**	**46,535**	**4,972**	**117**	**5,089**

As regards the non-current portion:
- deferred income comprises €/000 790 from contributions to recognise in the income statement in relation to amortisation, €/000 78 from royalties for years after 2021, €/000 843 from income related to extended warranties on vehicles for years after 2021, and €/000 55 from income related to scheduled maintenance packages, also for years after 2021;
- payables from the measurement of financial instruments at fair value of €/000 268 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 7,456 and other payments to be made for €/000 1,960;
- grants of €/000 367 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;
- deferred income refers €/000 366 from contributions for research activities to recognise in the income statement under amortisation, €/000 400 from commissions due in subsequent years, €/000 145 from royalties, €/000 533 from income related to extended warranties on vehicles and €/000 7 from income from scheduled maintenance packages;
- accrued expenses refer to €/000 2,162 related to interest expense, €/000 2,476 related to interest on bonds and €/000 25 related to interest on lease agreements.

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 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**
OPERATING LIABILITIES AS OF 31 DECEMBER 2019				
Non-current liabilities				
Tax payables				-
Other payables			1,987	1,987
Total non-current liabilities	**-**	**-**	**1,987**	**1,987**
Current liabilities				
Trade payables			307,804	307,804
Tax payables			5,694	5,694
Other payables		46	44,502	44,548
Total current liabilities	**-**	**46**	**358,000**	**358,046**
Total	**-**	**46**	**359,987**	**360,033**

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 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
Securities					0
Total current assets	**0**	**0**	**2,169**	**98,764**	**100,933**
Total	**37**	**0**	**2,169**	**98,918**	**101,124**
FINANCIAL ASSETS AS OF 31 DECEMBER 2019					
Non-current assets					
Other financial assets	37		3,475	289	3,801
Total non-current assets	**37**	**0**	**3,475**	**289**	**3,801**
Current assets					
Other financial assets			3,471	12,407	15,878
Cash and cash equivalents				18,843	18,843
Securities					0
Total current assets	**0**	**0**	**3,471**	**31,250**	**34,721**
Total	**37**	**0**	**6,946**	**31,539**	**38,522**

IN THOUSANDS OF EUROS	DERIVATIVES AT FVPL	FAIR VALUE ADJUSTMENT	FINANCIAL DERIVATIVES	LIABILITIES AT AMORTISED COST	TOTAL
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
Total non-current liabilities	**-**	**-**	**-**	**465,776**	**465,776**
Current liabilities					
Bank loans				110,074	110,074
Bonds		2,152		11,038	13,190
Other loans				9,204	9,204
Total current liabilities	**-**	**2,152**	**-**	**130,316**	**132,468**
Total	**-**	**2,152**	**-**	**596,092**	**598,244**
FINANCIAL LIABILITIES AS OF 31 DECEMBER 2019					
Non-current liabilities					
Bank loans				176,105	176,105
Bonds		3,269		282,099	285,368
Other loans				127	127
Total non-current liabilities	**-**	**3,269**	**-**	**458,331**	**461,600**
Current liabilities					
Bank loans				76,268	76,268
Bonds		3,265		11,022	14,287
Other loans				9,981	9,981
Total current liabilities	**-**	**3,265**	**-**	**97,271**	**100,536**
Total	**-**	**6,534**	**-**	**555,602**	**562,136**

34. Investments €/000 139,256

The investments heading comprises:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Investments in subsidiaries	132,630	149,681	(17,051)
Investments in associates	6,626	6,448	178
Total	**139,256**	**156,129**	**(16,873)**

Movements for the period are shown below:

IN THOUSANDS OF EUROS				COMPANY TRANSACTIONS			
	CARRYING AMOUNT AS OF 31/12/2019	2020 PROFIT	TRANSLATION RESERVE	IAS 19 DISCOUNTING RESERVE	DECREASES FOR THE DISTRIBUTION OF DIVIDENDS	CAPITALISATION	CARRYING AMOUNT AS OF 31/12/2020
SUBSIDIARIES							
Piaggio Vespa B.V.	20,591	14,902	(1,612)		(14,500)	9,000	28,381
Piaggio Vehicles Pvt Ltd	103,098	13,098	(10,805)	250	(24,778)		80,863
Nacional Motor	6,894	(2,827)					4,067
Piaggio Vietnam Co Ltd	12,970	21,021	(1,423)		(19,501)		13,067
Piaggio China Ltd	2,431	130	(76)			13	2,498
Aprilia Racing S.r.l.	0	374		(13)			361
Piaggio España SL	2,734	412			(270)		2,876
Piaggio Indonesia	0	7					7
Piaggio Advanced Design Center	339	24	(31)				332
Piaggio Fast Forward Inc.	0						0
Piaggio Concept Store Mantova S.r.l.	624	(448)		2			178
Total subsidiaries	**149,681**	**46,693**	**(13,947)**	**239**	**(59,049)**	**9,013**	**132,630**
ASSOCIATES							
Zongshen Piaggio Foshan	6,314	358	(198)				6,474
Pontedera & Tecnologia S.c.a.r.l.	124	18					142
Immsi Audit S.c.a.r.l.	10						10
Fondazione Piaggio onlus	0						0
Total associates	**6,448**	**376**	**(198)**	**0**	**0**	**0**	**6,626**
Total investments	**156,129**	**47,069**	**(14,145)**	**239**	**(59,049)**	**9,013**	**139,256**

Investments in subsidiaries €/000 132,630

The following company transactions concerned investments in subsidiaries during the year:
- Piaggio Vespa B.V., the recognition of dividends for €/000 14,500;
- Piaggio Vespa B.V., capitalisation of €/000 9,000;
- Piaggio Vehicles, the recognition of dividends for €/000 24,778;
- Piaggio Vietnam, the recognition of dividends for €/000 19,501;
- Piaggio China, capitalisation of €/000 13;
- Piaggio España, the recognition of dividends for €/000 270;
- Piaggio Fast Forward, impairment of financial receivables for €/000 13,066 in relation to the loss recorded in the year;

Investments in associates €/000 6,626

Investments in affiliated companies did not change in relation to company transactions.

35. Other financial assets (current and non-current) €/000 21,434

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial receivables due from subsidiaries	18,925		18,925	12,261		12,261	6,664	0	6,664
Financial receivables due from subsidiaries for rights of use	149	154	303	146	289	435	3	(135)	(132)
Fair value of hedging derivatives	2,169		2,169	3,471	3,475	6,946	(1,302)	(3,475)	(4,777)
Investments in other companies		37	37		37	37	0	0	0
Total	**21,243**	**191**	**21,434**	**15,878**	**3,801**	**19,679**	**5,365**	**(3,610)**	**1,755**

The item Financial receivables due from subsidiaries refers to loans to Nacional Motor for €/000 451, to Piaggio Fast Forward for €/000 4,436 and to Aprilia Racing for €/000 14,038.
The item "Fair value of hedging derivatives" refers to the fair value of the Cross Currency Swap on the private debenture loan, of which details are given in section 39.
The table below shows the composition of investments in other companies:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	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.	21	21	0
IVM	9	9	0
Total other companies	**37**	**37**	**0**

36. Cash and cash equivalents €/000 79,690

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 2020	AS OF 31 DECEMBER 2019	CHANGE
Bank and postal deposits	79,678	18,818	60,860
Cash on hand	12	25	(13)
Total	**79,690**	**18,843**	**60,847**

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 2020	AS OF 31 DECEMBER 2019	CHANGE
Cash and cash equivalents	79,690	18,843	60,847
Current account overdrafts	(1,186)	(18)	(1,168)
Closing balance	**78,504**	**18,825**	**59,679**

37. Financial liabilities and financial liabilities for rights of use (current and non-current) €/000 612,630

During 2020, the Group's total debt increased by €/000 32,902. 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 2020 total financial debt had increased by €/000 40,489.

IN THOUSANDS OF EUROS	FINANCIAL LIABILITIES AS OF 31 DECEMBER 2020			FINANCIAL LIABILITIES AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Financial liabilities	132,468	465,776	598,244	100,536	461,600	562,136	31,932	4,176	36,108
Gross financial liabilities	*130,316*	*465,776*	*596,092*	*97,271*	*458,331*	*555,602*	*33,045*	*7,445*	*40,490*
Fair value adjustment	*2,152*	*0*	*2,152*	*3,265*	*3,269*	*6,534*	*(1,113)*	*(3,269)*	*(4,382)*
Financial liabilities for rights of use	4,664	9,722	14,386	4,414	13,178	17,592	250	(3,456)	(3,206)
Total	**137,132**	**475,498**	**612,630**	**104,950**	**474,778**	**579,728**	**32,182**	**720**	**32,902**

Net financial debt of the Group amounted to €/000 511,714 as of 31 December 2020 compared to €/000 541,943 as of 31 December 2019.

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Liquidity	**79,690**	**18,843**	**60,847**
Short-term financial receivables due from subsidiaries	18,925	12,261	6,664
Short-term financial receivables due from subsidiaries for rights of use	149	146	3
Current financial receivables	**19,074**	**12,407**	**6,667**
Current account overdrafts	(1,186)	(18)	(1,168)
Current account payables	0	(50,500)	50,500
Current portion of bank loans	(108,888)	(25,750)	(83,138)
Bonds	(11,038)	(11,022)	(16)
Amounts due to factoring companies	(9,133)	(9,946)	813
Liabilities for rights of use	(4,664)	(4,414)	(250)
of which amounts due under finance leases	*(1,169)*	*(1,149)*	*(20)*
of which amounts due under operating leases	*(3,495)*	*(3,265)*	*(230)*
Current portion of payables due to other lenders	(71)	(35)	(36)
Current financial debt	**(134,980)**	**(101,685)**	**(33,295)**
Consolidated debt/net current debt	**(36,216)**	**(70,435)**	**34,219**
Payables due to banks and lenders	(192,879)	(176,105)	(16,774)
Debenture loan	(272,579)	(282,099)	9,520
Liabilities for rights of use	(9,722)	(13,177)	3,455
of which amounts due under finance leases	*(5,612)*	*(6,781)*	*1,169*
of which amounts due under operating leases	*(4,110)*	*(6,396)*	*2,286*
Amounts due to other lenders	(318)	(127)	(191)
Non-current financial debt	**(475,498)**	**(471,508)**	**(3,990)**
NET FINANCIAL DEBT [38]	**(511,714)**	**(541,943)**	**30,229**

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.

38 Pursuant to Consob Communication of 28 July 2006 and in compliance with the recommendation of the CESR of 10 February 2005 "Recommendation for the consistent implementation of the European Commission's Regulation on Prospectuses". The indicator does not include financial assets and liabilities arising from the fair value measurement of financial derivatives for hedging and otherwise, the fair value adjustment of related hedged items equal to €/000 2,152 and related accruals.

		CASH FLOWS							CASH FLOWS						
IN THOUSANDS OF EUROS	BALANCE AS OF 31.12.2018	MOVE-MENTS	REPAY-MENTS	NEW ISSUES	RECLASSIFI-CATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2019	MOVE-MENTS	REPAY-MENTS	NEW ISSUES	RECLASSIFI-CATIONS	EXCHANGE DELTA	OTHER CHANGES	BALANCE AS OF 31.12.2020
Liquidity	**22,944**		**(4,144)**			**43**		**18,843**	**61,161**				**(314)**		**79,690**
Short-term financial receivables due from subsidiaries	11,993			21,924		54	(21,710)	12,261			19,596		134	(13,066)	18,925
Financial receivables Operating leases from Subsidiaries			(52)		93		105	146		(79)				82	149
Current financial receivables	**11,993**	**0**	**(52)**	**21,924**	**93**	**54**	**(21,605)**	**12,407**	**0**	**(79)**	**19,596**	**0**	**134**	**(12,984)**	**19,074**
Current account overdrafts	(352)		352	(18)				(18)		18	(1,186)				(1,186)
Current account payables	0			(50,500)				(50,500)		50,500					0
Current portion of medium-/long-term bank loans	(38,808)		38,859		(25,795)		(6)	(25,750)		80,343		(163,436)		(45)	(108,888)
Total current bank loans	*(39,160)*	*0*	*39,211*	*(50,518)*	*(25,795)*	*0*	*(6)*	*(76,268)*	*0*	*130,861*	*(1,186)*	*(163,436)*	*0*	*(45)*	*(110,074)*
Debenture loan	(10,325)		10,360		(11,050)		(7)	(11,022)		11,050		(11,038)		(28)	(11,038)
Amounts due to factoring companies	(9,291)		9,291	(9,946)				(9,946)		9,946	(9,133)				(9,133)
Amounts due under finance leases	(1,127)				1,127			0							0
Financial liabilities for rights of use:	0	0	3,128	0	(7,542)	0	0	(4,414)	0	3,572	0	(3,545)	0	(277)	(4,664)
- of which amounts due under finance leases			*1,128*		*(2,277)*			*(1,149)*		*1,149*		*(1,168)*		*(1)*	*(1,169)*
- of which amounts due under operating leases			*757*		*(2,538)*		*0*	*(1,781)*		*1,528*		*(1,338)*		*(100)*	*(1,691)*
- of which amounts due under operating leases Parent Companies			*1243*		*(2,727)*		*0*	*(1,484)*		*895*		*(1,039)*		*(176)*	*(1,804)*
Current portion of payables due to other lenders	(331)		319		(23)			(35)				(36)			(71)
Current financial debt	**(60,234)**	**0**	**65,437**	**(60,464)**	**(50,825)**	**0**	**(13)**	**(101,685)**	**0**	**155,429**	**(10,319)**	**(178,055)**	**0**	**(350)**	**(134,980)**
Net current financial debt	**(25,297)**	**0**	**61,241**	**(38,540)**	**(50,732)**	**97**	**(21,618)**	**(70,435)**	**61,161**	**155,350**	**9,277**	**(178,055)**	**(180)**	**(13,334)**	**(36,216)**
Payables due to banks and lenders	(201,388)				25,795		(512)	(176,105)			(180,000)	163,436		(210)	(192,879)
Debenture loan	(291,694)				11,050		(1,455)	(282,099)				11,038		(1,518)	(272,579)
Amounts due under finance leases	(7,930)				7,930			0							0
Financial liabilities for rights of use:	0	0	0	0	(1,515)	0	(11,662)	(13,177)	0	0	0	3,545	0	(90)	(9,722)
- of which amounts due under finance leases					*(6,780)*		*(1)*	*(6,781)*				*1,168*		*1*	*(5,612)*
- of which amounts due under operating leases					*2,538*		*(4,355)*	*(1,817)*				*1,338*		*(753)*	*(1,232)*
- of which amounts due under operating leases Parent Companies					*2,727*		*(7,306)*	*(4,579)*				*1,039*		*662*	*(2,878)*
Amounts due to other lenders	(150)				23			(127)			(227)	36			(318)
Non-current financial debt	**(501,162)**	**0**	**0**	**0**	**43,283**	**0**	**(13,629)**	**(471,508)**	**0**	**0**	**(180,227)**	**178,055**	**0**	**(1,818)**	**(475,498)**
NET FINANCIAL DEBT	**(526,459)**	**0**	**61,241**	**(38,540)**	**(7,449)**	**97**	**(35,247)**	**(541,943)**	**61,161**	**155,350**	**(170,950)**	**0**	**(180)**	**(15,152)**	**(511,714)**

Financial liabilities €/000 596,092

Financial liabilities are broken down as follows:

IN THOUSANDS OF EUROS	ACCOUNTING BALANCE AS OF 31.12.2020	ACCOUNTING BALANCE AS OF 31.12.2019	NOMINAL VALUE AS OF 31.12.2020	NOMINAL VALUE AS OF 31.12.2019
Bank loans	302,953	252,373	302,829	253,690
Bonds	283,617	293,121	291,050	302,101
Other loans	9,522	10,108	9,522	10,108
Total	**596,092**	**555,602**	**603,401**	**565,899**

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2020	CARRYING AMOUNT AS OF 31.12.2019	CHANGE
Current financial debt	(130,316)	(97,271)	(33,045)
Non-current financial debt	(465,776)	(458,331)	(7,445)
Net Financial debt	**(596,092)**	**(555,602)**	**(40,490)**
Gross debt, fixed rate	(462,763)	(329,304)	(133,459)
Gross debt, variable rate	(133,329)	(226,298)	92,969
Net Financial debt	**(596,092)**	**(555,602)**	**(40,490)**

The table below shows the repayment schedule as of 31 December 2020:

IN THOUSANDS OF EUROS	NOMINAL VALUE AS OF 31.12.2020	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN				
				2022	2023	2024	2025	AFTER
Bank loans	302,829	109,110	193,719	75,863	57,856	18,334	18,334	23,332
Bonds	291,050	11,050	280,000	30,000			250,000	
Other medium-/long-term loans	9,522	9,204	318	71	71	71	71	34
Total	**603,401**	**129,364**	**474,037**	**105,934**	**57,927**	**18,405**	**268,405**	**23,366**

Medium and long-term bank debt amounts to €/000 301,767 (of which €/000 192,879 non-current and €/000 108,888 current) and consists of the following loans:

- a €/000 29,955 medium-term loan (nominal value of €/000 30,000) from the European Investment Bank to finance Research & Development investments planned for the 2016-2018 period. The loan will mature in December 2023 and has a repayment schedule of 7 fixed-rate annual instalments. Contract terms require covenants (described below);
- a €/000 69,913 (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 66,795 loan (nominal value of €/000 67,500), a syndicate loan for a total of €/000 250,000 signed in June 2018 and comprising a €/000 187,500 four-year tranche (with a year's extension at the discretion of the borrower) as a revolving credit line (of which a nominal value of €/000 5,000 used as of 31 December 2020) and a tranche as a five-year loan with amortisation of €/000 62,500. Contract terms require covenants (described below);
- a €/000 19,949 medium-term loan (nominal value of €/000 20,000) granted by Banca Nazionale del Lavoro. The loan will fall due on 12 June 2022 with a repayment schedule of quarterly instalments and 12-month prepayment;
- a €/000 2,716 medium-term loan (nominal value of €/000 2,720) granted by UBI Banca. The loan will fall due on 30 June 2021 with a repayment schedule of quarterly instalments;
- a €/000 13,971 medium-term loan (nominal value of €/000 14,000) granted by Banca Popolare Emilia Romagna.

The loan will fall due on 1 December 2023 and has a repayment schedule of six-monthly instalments;
- a €/000 29,890 loan (nominal value of €/000 30,000) granted by Banco BPM with a repayment schedule of six-monthly instalments and last payment in July 2025. An Interest Rate Swap has been taken out on this loan to hedge the interest rate risk. Contract terms require covenants (described below);
- a €/000 59,990 medium-term loan (nominal value of €/000 60,000) from Cassa Depositi e Prestiti and Monte dei Paschi di Siena. The loan will mature on 25 December 2021, with a single repayment on maturity;
- a €/000 3,482 medium-term loan (nominal value of €/000 3,500) granted by Interbanca-Banca IFIS. The loan will fall due on 30 September 2022 and has a quarterly repayment schedule. Contract terms require covenants (described below);
- a €/000 5,059 medium-term loan (nominal value of €/000 5,062) granted by Banca del Mezzogiorno, maturing on 2 January 2023 and with six-monthly repayment schedule. The loan includes an additional €/000 20,000 tranche granted as a revolving credit line, unused as of 31 December 2020. Contract terms require covenants (described below);
- a €/000 47 loan from Intesa Sanpaolo granted pursuant to Italian Law no. 346/88 on subsidised applied research.

The Company has a revolving credit line for €/000 20,000 (unused as of 31 December 2020) from Banca Intesa San Paolo maturing on 5 January 2022.
All the above financial liabilities are unsecured.

The item Bonds for €/000 283,617 (nominal value of €/000 291,050) refers to:
- a €/000 11,038 private debenture loan (nominal value of €/000 11,050), (US Private Placement) issued on 25 July 2011 for $/000 75,000 wholly subscribed by an American institutional investor, payable in 5 annual portions from July 2017, with a semi-annual coupon. As of 31 December 2020, the fair value measurement of the debenture loan was equal to €/000 13,203 (the fair value is determined based on IFRS relative to fair value hedging). A Cross Currency Swap has been taken out on this debenture loan to hedge the exchange risk and interest rate risk;
- €/000 29,948 (nominal value of €/000 30,000) for a five-year private debenture loan issued on 28 June 2017 and wholly subscribed by Fondo Sviluppo Export, the fund set up by SACE and managed by Amundi SGR. The issue has no specific rating or listing on a regulated market;
- €/000 242,631 (nominal value of €/000 250,000) related to a high-yield debenture loan issued on 30 April 2018 for a nominal amount of €/000 250,000, maturing on 30 April 2025 and with a semi-annual coupon with fixed annual nominal rate of 3.625%. Standard & Poor's and Moody's assigned a B+ rating with a negative outlook and a Ba3 rating with a negative outlook respectively for the issue.

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

Financial advances received from factoring companies and banks, on the sale of trade receivables with recourse, totalled €/000 9,133.

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

Covenants

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

The measurement of financial covenants and other contract commitments is monitored by the 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 applied to the above mentioned loan and debenture loan, if not remedied in agreed times, may give rise to an obligation for the early repayment of the outstanding amount of the loan.

Amortised Cost and Fair Value Measurement

All financial liabilities are measured in accordance with accounting standards and based on the amortised cost method (except for liabilities with hedging derivatives measured at Fair Value Through Profit or 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 related 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 2020:

IN THOUSANDS OF EUROS	NOMINAL VALUE	CARRYING AMOUNT	FAIR VALUE[39]
High yield debenture loan	250,000	242,631	256,205
Private debenture loan 2021	11,050	11,038	13,203
Private debenture loan 2022	30,000	29,948	30,248
EIB (R&D loan 2016-2018)	30,000	29,955	30,096
EIB RDI	70,000	69,913	67,914
Loan from B. Pop. Emilia Romagna	14,000	13,971	13,992
Revolving syndicated loan	5,000	4,497	5,170
Syndicated loan maturing in 2023	62,500	62,289	63,046
Loan from MCC	5,062	5,059	5,081
Loan from Banca Ifis	3,500	3,482	3,583
Loan from BNL	20,000	19,949	19,951
Loan from Banco BPM	30,000	29,890	30,069

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 2020, 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		2,169	
- of which other receivables		1,437	
Investments in other companies			37
Total assets		**3,606**	**37**
LIABILITIES MEASURED AT FAIR VALUE			
Financial derivatives			
- of which other payables		(812)	
Financial liabilities at fair value recognised through profit or loss		(13,203)	
Total liabilities		**(14,015)**	
General total		**(10,409)**	**37**

The following tables show Level 2 and Level 3 changes during 2020:

IN THOUSANDS OF EUROS	LEVEL 2
Balance as of 31 December 2019	**(21,612)**
Gain (loss) recognised in profit or loss	(234)
Gain (loss) recognised in the statement of comprehensive income	387
Increases/(Decreases)	11,050
Balance as of 31 December 2020	**(10,409)**
	LEVEL 3
Balance as of 31 December 2019	**37**
Gain (loss) recognised in profit or loss	
Increases/(Decreases)	
Other changes	
Reclassification from Level 2	
Balance as of 31 December 2020	**37**

39 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 14,386

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 2020			AS OF 31 DECEMBER 2019			CHANGE		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Operating leases	3,495	4,110	7,605	3,265	6,396	9,661	230	(2,286)	(2,056)
Finance leases	1,169	5,612	6,781	1,149	6,781	7,930	20	(1,169)	(1,149)
Total	**4,664**	**9,722**	**14,386**	**4,414**	**13,177**	**17,591**	**250**	**(3,455)**	**(3,205)**

Finance lease payables refer to a Sale&Lease back agreement for €/000 6,781 (nominal value of €/000 6,790) granted by Albaleasing on a production plant of the Parent Company. The loan will mature in August 2026, with quarterly repayments (non-current portion equal to €/000 5,612);
Payables for rights of use include payables with the parent companies Immsi and Omniaholding for €/000 4,682 (€/000 2,878 non-current portion).

The table below shows the repayment schedule as of 31 December 2020:

IN THOUSANDS OF EUROS	CARRYING AMOUNT AS OF 31.12.2020	AMOUNTS FALLING DUE WITHIN 12 MONTHS	AMOUNTS FALLING DUE AFTER 12 MONTHS	AMOUNTS FALLING DUE IN				
				2022	2023	2024	2025	AFTER
Rights of use								
- of which operating leases	7,605	3,495	4,110	2,021	1,408	373	307	
- of which finance leases	6,781	1,169	5,612	1,188	1,205	1,224	1,242	753
Total	**14,386**	**4,664**	**9,722**	**3,209**	**2,613**	**1,597**	**1,549**	**753**

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 2020	AS OF 31 DECEMBER 2019
Liquid assets	79,690	18,843
Financial receivables	21,243	15,878
Trade receivables	40,209	43,599
Tax receivables	13,391	19,423
Other receivables	105,700	98,540
Total	**260,233**	**196,283**

The Company monitors or 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 2020, 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 debenture loan of $/000 16,000 maturing in July 2021;
- a debenture loan of €/000 30,000 maturing in June 2022;
- 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 62,500 maturing in July 2023;
- Revolving credit facilities for a total of €/000 40,000, with final settlement in July 2022;
- loans for a total of €/000 265,282, with final settlement in 2027.

As of 31 December 2020, the Company had a liquidity of €/000 79,690, €/000 252,500 of undrawn credit lines irrevocable to maturity and €/000 107,424 of revocable credit lines, as detailed below:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019
Variable rate with maturity within one year - irrevocable until maturity		
Variable rate with maturity after one year - irrevocable until maturity	252,500	202,500
Variable rate with maturity within one year - cash revocable	94,424	66,010
Variable rate with maturity within one year - with revocation for self-liquidating typologies	6,000	19,000
Total	**352,924**	**287,510**

The table below shows the timing of future payments in relation to trade payables:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	WITHIN 30 DAYS	BETWEEN 31 AND 60 DAYS	BETWEEN 61 AND 90 DAYS	OVER 90 DAYS
Amounts due to suppliers	303,308	113,084	92,720	50,064	47,440
Amounts due to subsidiaries	18,961	11,452	7,497	12	
Amounts due to affiliates	5,240	2,464	1,828	856	92
Amounts due to parent companies	283	263	20		
Trade payables due to other related parties					
Total trade payables	**327,792**	**127,263**	**102,065**	**50,932**	**47,532**

Management considers that currently available funds, as well as funds that will be generated from operations and loans, will enable the Company to meets 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 relative hedging is positioned exactly on the average weighted date of the economic event, recalculated based on historical criteria. The economic occurrence of future receivables and payables will occur during the budget year.

At the end of the reporting period, the Company's exposure to exchange risk was as follows:

AS OF 31 DECEMBER 2020	USD	GBP	CHF	CNY	YEN	SGD	CAD	SEK	HKD	INR	JPY	RMB	PLZ	VND	TOTAL
IN THOUSANDS OF EUROS															
Non-current assets															
Financial receivables															0
Trade receivables															0
Long-term tax receivables										62					62
Fair value of derivatives															0
Total non-current assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**62**	**0**	**0**	**0**	**0**	**62**
Current assets															
Trade and other receivables	8,045	(146)	0	478	0	116	514	(456)	0	15,824	3,176	0	0	21,118	48,669
Fair value of derivatives															0
Other financial assets	4,436														4,436
Bank and postal deposits	3,097	96		3,261				639			176				7,269
Securities															0
Total current assets	**15,578**	**(50)**	**0**	**3,739**	**0**	**116**	**514**	**183**	**0**	**15,824**	**3,352**	**0**	**0**	**21,118**	**60,374**
Total assets	**15,578**	**(50)**	**0**	**3,739**	**0**	**116**	**514**	**183**	**0**	**15,886**	**3,352**	**0**	**0**	**21,118**	**60,436**
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**	**0**	**0**
Current liabilities															
Bank loans															0
Trade and other payables	37,559	359	27	14,841	0	199	0	370	4	1,868	2,428	20	1	0	57,676
Other loans															0
Leases															0
Fair value of derivatives															0
Total current liabilities	**37,559**	**359**	**27**	**14,841**	**0**	**199**	**0**	**370**	**4**	**1,868**	**2,428**	**20**	**1**	**0**	**57,676**
Total liabilities	**37,559**	**359**	**27**	**14,841**	**0**	**199**	**0**	**370**	**4**	**1,868**	**2,428**	**20**	**1**	**0**	**57,676**

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 2020, 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	62,000	7,823	07/02/2021
Piaggio & C.	Purchase	JPY	50,000	398	08/04/2021
Piaggio & C.	Purchase	USD	15,450	12,886	03/02/2021
Piaggio & C.	Sale	CAD	800	515	19/03/2021
Piaggio & C.	Sale	JPY	285,000	2,295	29/01/2021
Piaggio & C.	Sale	USD	78,000	64,310	04/03/2021

As of 31 December 2020, 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	936,000	113,352	23/10/2021
Piaggio & C.	Purchase	USD	50,000	40,796	27/05/2021
Piaggio & C.	Sale	GBP	8,000	8,911	04/07/2021

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

As of 31 December 2020, the total fair value of hedging instruments for the economic exchange risk recognised on a hedge accounting basis was positive by €/000 765. During 2020, profit was recognised under Other Comprehensive Income amounting to €/000 765 and losses from Other Comprehensive Income were reclassified under profit/loss for the period amounting to €/000 687.

The net balance of cash flows during 2020 is shown below, divided by main currency:

IN MILLIONS OF EUROS	CASH FLOW 2020
Pound Sterling	16.9
Canadian Dollar	4.0
Swedish Krone	4.2
Japanese Yen	(6.5)
US Dollar	(54.7)
Singapore Dollar	0.5
Chinese Yuan[40]	(68.3)
Total cash flow in foreign currency	**(103.9)**

In view of the above, an assumed appreciation/deprecation of 3% of the euro would have generated potential profits for €/000 3,026 and potential losses for €/000 3,213 respectively.

40 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 2020, 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 2020, the fair value of the instrument was negative by €/000 302; 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 €/000 455 and €/000 -473 respectively.

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

A Cross Currency Swap to hedge the private debenture loan issued by the Parent Company for a nominal amount of $/000 75,000. The purpose of the instrument is to hedge both the exchange risk and interest rate risk, turning the loan from US dollars to Euro, and from a fixed rate to a variable rate; the instrument is accounted for on a fair value hedge basis, with effects arising from the measurement recognised in profit or loss. As of 31 December 2020, the fair value of the instrument was equal to €/000 2,169. The net economic effect arising from the measurement of the instrument and underlying private debenture loan was equal to €/000 -395; sensitivity analysis of the instrument and its underlying, assuming a 1% increase and decrease in the shift of the variable rates curve, showed a potential impact on the Income Statement, net of the related tax effect, of €/000 1 and €/000 8 respectively, assuming constant exchange rates; whereas assuming a 1% revaluation and devaluation of exchange rates, sensitivity analysis identified a potential impact on the Income Statement, net of the related tax effect, of €/000 -2 and €/000 -166.

IN THOUSANDS OF EUROS	FAIR VALUE
PIAGGIO & C. S.P.A.	
Interest Rate Swap	(302)
Cross Currency Swap	2,169

F) INFORMATION ON SHAREHOLDERS' EQUITY

40. Share capital and reserves — €/000 299,321

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 2020

	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 (1,966)

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

SHARES IN CIRCULATION AND TREASURY SHARES

NO. OF SHARES	2020	2019
Situation as of 1 January		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	898,818	793,818
Shares in circulation	357,254,826	357,359,826
Movements for the period		
Purchase of treasury shares	130,000	105,000
Situation as of 31 December		
Shares issued	358,153,644	358,153,644
Treasury portfolio shares	1,028,818	898,818
Shares in circulation	357,124,826	357,254,826

Share premium reserve — €/000 7,171

The share premium reserve as of 31 December 2020 was unchanged compared to 31 December 2019.

Legal reserve €/000 24,215

The legal reserve as of 31 December 2020 had increased by €/000 2,311 as a result of the allocation of earnings for the previous year.

Other reserves €/000 (41,054)

This item consists of:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019	CHANGE
Net capital gain from contribution	152	152	0
IFRS transition reserve	1,861	1,861	0
Financial instruments' fair value reserve	281	(29)	310
Translation reserve from the valuation of investments using the equity method	(43,348)	(29,204)	(14,144)
Total other reserves	**(41,054)**	**(27,220)**	**(13,834)**

The financial instruments fair value provision is negative and 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 €/000 32,855

The Ordinary Shareholders' Meeting of Piaggio & C. S.p.A. held on 22 April 2020 resolved to distribute a final dividend of 5.5 eurocents, including taxes, for each eligible ordinary share (in addition to the interim dividend of 5.5 eurocents paid on 25 September 2019, coupon detachment date 23 September 2019), for a total dividend of 11 eurocents for 2019, equal to an overall amount of €39,299,405.86.
In the meeting of 30 October 2020, the Board of Directors also resolved to distribute an interim dividend for the 2020 financial year equal to 3.7 euro cents, gross of taxes, for each ordinary share entitled (against an advance on the ordinary dividend for 2019 of 5.5 eurocents), for a total of €13,213,618.56 (coupon date 23 November 2020, record date dividend 24 November 2020 and payment date 25 November 2020).

	TOTAL DIVIDEND		DIVIDEND PER SHARE	
	2020	2019	2020	2019
	€/000	€/000	€	€
Of the previous year's result	19,642	32,155	0.055	0.090
Interim dividend for current year's result	13,213	19,650	0.037	0.055

Earnings reserve €/000 103,341

The composition of reserves as of 31 December 2020 was as follows:

IN THOUSANDS OF EUROS	AS OF 31 DECEMBER 2020	AS OF 31 DECEMBER 2019
Earnings reserve	103,341	101,604
Of which:		
Earnings reserve from the valuation of investments with the equity method	47,467	69,082
Retained earnings (losses)	19,125	(13,689)
Profit (loss) for the period	36,749	46,211

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	24,215	B	---	
Net capital gain from contribution	152	A,B	152	
IAS transition reserve	1,861	A,B	1,861	
Financial instruments' fair value reserve	281			
Translation reserve from the valuation of investments with the equity method	(43,348)			
Total Reserves	(9,668)		9,184	
Earnings reserve from the valuation of Investments with the equity method:				
- Discounting the DBO	(1,150)			
- Financial gains	48,617	A,B	48,617	
Treasury shares	(1,966)			
Reserve for actuarial gains (losses) related to termination benefit	(10,013)			
Stock option reserve	11,195	A,B,C	11,195	
Retained earnings (losses)	31,156	A,B,C	31,156	1,649
Interim dividend	(13,213)			
Total retained earnings (losses)	64,626			
Profits (losses) for the period	36,749			
Total shareholders' equity	**299,321**		**100,152**	

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 2020 this adjustment would be equal to €/000 17,308.

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 2020, equal to €/000 66,694, is unavailable in shareholders' equity.

41. Other comprehensive income €/000 (13,681)

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 2020			
Items that will not be reclassified to 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 to 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)**
As of 31 December 2019			
Items that will not be reclassified to income statement			
Remeasurements of defined benefit plans		(2,055)	(2,055)
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		(403)	(403)
Total	0	(2,458)	(2,458)
Items that may be reclassified to income statement			
Total income (losses) for the fair value adjustment of financial assets available for sale			0
Total profits (losses) on cash flow hedges	85		85
Portion of components of the Statement of Comprehensive Income of subsidiaries/associates measured with the equity method		27	27
Total	85	27	112
Other comprehensive income	**85**	**(2,431)**	**(2,346)**

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

	AS OF 31 DECEMBER 2020			AS OF 31 DECEMBER 2019		
	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE	GROSS VALUE	TAX (EXPENSE) / BENEFIT	NET VALUE
IN THOUSANDS OF EUROS						
Remeasurements of defined benefit plans	(112)	27	(85)	(2,704)	649	(2,055)
Total profits (losses) on cash flow hedges	408	(98)	310	112	(27)	85
Portion of components of the Statement of Compre-hensive Income of subsid-iaries/associates measured with the equity method	(13,906)		(13,906)	(376)		(376)
Other comprehensive income	**(13,610)**	**(71)**	**(13,681)**	**(2,968)**	**622**	**(2,346)**

G) OTHER INFORMATION

42. Share-based incentive plans

As of 31 December 2020, 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	2020
Directors	2,335
Statutory auditors	155
Total fees	**2,490**

44. Information on related parties

Revenues, costs, payables and receivables as of 31 December 2020 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 2020	% OF OWNERSHIP AS OF 31 DECEMBER 2019
IMMSI S.p.A.	Mantova - Italy	Direct parent company	50.0703	50.0703
Omniaholding S.p.A.	Mantova - Italy	Final parent company	0.0773	0.0215

During 2020, 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

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

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

- provides support services for staff functions to other Group companies;
- issues guarantees for the Group's subsidiaries, for medium-term loans.
- 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;

- provides a vehicle and component research/design/development service;
  - 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 2020 and relations during the year, as well as their overall impact on financial statement items.

	APRILIA RACING SRL	FONDAZIONE PIAGGIO	FOSHAN PIAGGIO VEHICLES TECHNOLOGY	IMMSI AUDIT	IMMSI S.P.A.
IN THOUSANDS OF EUROS					
Income statement:					
Net revenues	651				
Cost for materials	(94)				
Cost for services and leases and rentals	(15,026)	(7)	(3,310)	(710)	(1,105)
Employee costs					
Other operating income	1,378		546	25	52
Net reversals (impairment) of trade and other receivables					
Other operating costs	(1,079)			(6)	(15)
Income/(loss) from investments	464				
Financial income	126				
Borrowing costs					(170)
Taxes					1,631
Statement of financial position:					
Other financial assets > 12 months					
Other receivables > 12 months		81			
Trade receivables	93		29		34
Other receivables < 12 months	591		555	28	14,123
Other financial assets < 12 months	14,038				
Financial liabilities for rights of use > 12 months					2,774
Other payables > 12 months					
Financial liabilities for rights of use < 12 months					1,726
Trade payables	49	22	800	10	269
Other payables < 12 months		1			4,028

IN THOUSANDS OF EUROS	NACIONAL MOTOR S.A.	OMNIAHOLDING	PIAGGIO ADVANCED DESIGN CENTER	PIAGGIO ASIA PACIFIC LTD
Income statement:				
Net revenues				
Cost for materials				
Cost for services and leases and rentals		(8)	(621)	
Employee costs				
Other operating income				417
Net reversals (impairment) of trade and other receivables				
Other operating costs				
Income/(loss) from investments	(2,828)		24	
Financial income	4			
Borrowing costs		(6)		
Taxes				
Statement of financial position:				
Other financial assets > 12 months				
Other receivables > 12 months				
Trade receivables				
Other receivables < 12 months				117
Other financial assets < 12 months	451			
Financial liabilities for rights of use > 12 months		104		
Other payables > 12 months				
Financial liabilities for rights of use < 12 months		78		
Trade payables		14	81	
Other payables < 12 months				249

IN THOUSANDS OF EUROS	PIAGGIO CONCEPT STORE MANTOVA	PIAGGIO DEUTSCHLAND	PIAGGIO ESPAÑA	PIAGGIO FAST FORWARD	PIAGGIO FRANCE
Income statement:					
Net revenues	1,398				
Cost for materials					
Cost for services and leases and rentals	(24)	(4,478)	(3,757)	(143)	(6,161)
Employee costs			(26)		
Other operating income	85	131	78	8	145
Net reversals (impairment) of trade and other receivables					
Other operating costs					
Income/(loss) from investments	(448)		412	(13,066)	
Financial income	13			1,523	
Borrowing costs					
Taxes					
Statement of financial position:					
Other financial assets > 12 months	154				
Other receivables > 12 months					
Trade receivables	1,992		3		
Other receivables < 12 months	157	60	302	51	47
Other financial assets < 12 months	149			4,436	
Financial liabilities for rights of use > 12 months					
Other payables > 12 months					
Financial liabilities for rights of use < 12 months					
Trade payables	88	350	1,125	92	313
Other payables < 12 months		846	260		3,356

	PIAGGIO GROUP AMERICAS INC.	PIAGGIO GROUP JAPAN	PIAGGIO HELLAS	PIAGGIO HRVATSKA	PIAGGIO LIMITED
IN THOUSANDS OF EUROS					
Income statement:					
Net revenues	35,632		22,329	2,101	
Cost for materials	(118)				
Cost for services and leases and rentals	(1,041)		(93)	(4)	(2,159)
Employee costs					
Other operating income	1,154	42	1,370	93	98
Net reversals (impairment) of trade and other receivables					
Other operating costs	(7)				
Income/(loss) from investments					
Financial income					
Borrowing costs					
Taxes					
Statement of financial position:					
Other financial assets > 12 months					
Other receivables > 12 months					
Trade receivables	4,077		2,774	1,765	
Other receivables < 12 months	358	29	64	32	214
Other financial assets < 12 months					
Financial liabilities for rights of use > 12 months					
Other payables > 12 months					
Financial liabilities for rights of use < 12 months					
Trade payables	194		32	5	72
Other payables < 12 months	36				

	PIAGGIO VEHICLES PVT. LTD	PIAGGIO VESPA	PIAGGIO VIETNAM	PONTEDERA & TECNOLOGIA	PT PIAGGIO INDONESIA
IN THOUSANDS OF EUROS					
Income statement:					
Net revenues	1,293		24,516		
Cost for materials	(26,660)		(61,581)		
Cost for services and leases and rentals	(84)	(2,864)	(141)		
Employee costs					
Other operating income	13,447	51	20,881		747
Net reversals (impairment) of trade and other receivables					
Other operating costs	(1)	(668)	(6)		
Income/(loss) from investments	13,098	14,902	21,022	18	10
Financial income					
Borrowing costs					
Taxes					
Statement of financial position:					
Other financial assets > 12 months					
Other receivables > 12 months					
Trade receivables	453	5	11,958		
Other receivables < 12 months	18,598	14,544	23,876		245
Other financial assets < 12 months					
Financial liabilities for rights of use > 12 months					
Other payables > 12 months					
Financial liabilities for rights of use < 12 months					
Trade payables	6,486	388	8,886		
Other payables < 12 months		7,503	217		83

IN THOUSANDS OF EUROS	ZONGSHEN PIAGGIO FOSHAN MOTORCYCLE	PIAGGIO CHINA	TOTAL	% OF ACCOUNTING ITEM
Income statement:				
Net revenues	270		88,190	10.6%
Cost for materials	(13,880)		(102,333)	19.6%
Cost for services and leases and rentals			(41,736)	26.9%
Employee costs			(26)	0.0%
Other operating income	1,295		42,043	35.4%
Net reversals (impairment) of trade and other receivables	(1)		(1)	0.1%
Other operating costs	(4)		(1,786)	12.5%
Income/(loss) from investments	358	130	34,096	99.9%
Financial income			1,666	86.7%
Borrowing costs			(176)	0.8%
Taxes			1,631	N.A.
Statement of financial position:				
Other financial assets > 12 months			154	80.6%
Other receivables > 12 months			81	0.4%
Trade receivables	368		23,551	58.6%
Other receivables < 12 months	452		74,443	89.9%
Other financial assets < 12 months			19,074	89.8%
Financial liabilities for rights of use > 12 months			2,878	29.6%
Other payables > 12 months			0	0.0%
Financial liabilities for rights of use < 12 months			1,804	38.7%
Trade payables	5,208		24,484	7.5%
Other payables < 12 months			16,579	33.5%

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	1,782	1,653	4	3,439
Other commitments	6,526	2,993		9,519
Total	**8,308**	**4,646**	**4**	**12,958**

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	0
- of which undrawn	8,317
A guarantee of Piaggio & C. for USD 17,250,000 relative to the working capital loan of USD 15,000,000 granted by BNP Paribas to the subsidiary Piaggio Vietnam	
- of which drawn	3,652
- of which undrawn	8,824
A guarantee of Piaggio & C. for the credit line of the loan granted by VietinBank to the subsidiary Piaggio Vietnam	
- of which drawn	1,850
- of which undrawn	0
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	0
- of which undrawn	4,075
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	470
- of which undrawn	3,605
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	0
- of which undrawn	4,075
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	2,688
- of which undraw	979

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 Poste Italiane – Rome to guarantee contract obligations for the supply of vehicles	1,321
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 Interior of Algeria, to guarantee contract obligations for the supply of vehicles	140
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 2020, and revenues from sales to public administrations:

PROJECTS	FUNDING ENTITY	GRANTS 2020
FIGURES IN EURO		
MADE IN ITALY (DE.TECH)	MINISTRY OF ECONOMIC DEVELOPMENT	241,725
C-MOBILE	EUROPEAN COMMISSION	18,272
I_HeERO	INEA	57,589
SAFE	INEA	10,936
eCAIMAN	EUROPEAN COMMISSION	51
FUTURE-RADAR	EUROPEAN COMMISSION	8,841
PIONEERS	EUROPEAN COMMISSION	30,604
ADAMO	TUSCANY REGION	149,404
Total		**517,422**

CUSTOMER	2020 REVENUES FROM SALES
FIGURES IN EURO	
Carabinieri	151,200
Italian local authorities	398,299
Interforce Special Forces Operations Command	49,056
General Secretariat of the Italian Presidency	27,021
Total	**625,576**

During the year, a grant for Covid 19 sanitisation of €/000 9 was received, as well as a grant of €/000 196 for investments in tangible assets financed by the National Plan for Industry 4.0.

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 2020 or 2019.

49. Transactions arising from atypical and/or unusual transactions

During 2020 and 2019, 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 2020 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 2020 record a profit for the period equal to €36,749,369.71.
The Board of Directors of Piaggio & C S.p.A. proposes allocating profit as follows:
- €1,837,468.49 to the legal reserve;
- €18,130,481.98 to the reserve from the measurement of investments with the equity method;
- €16,781,419.24 to the shareholders by way of dividend, of which 13,213,618.56 euros by way of interim dividend already paid.

Moreover, considering that the financial statements also show available reserves of €6,274,086.57 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 €0.063 gross of taxes, for each eligible ordinary share, for a maximum of €22,498,864.04, drawn €16,781,419.24 from the residual profit for the year 2020 after allocations to the legal reserve and the reserve from the valuation of investments with the equity method and €5,717,444.80 from the "Retained earnings" reserve.

Considering also that on 24 November 2020 the Company paid an interim dividend of €13,213,618.56 with an ex-dividend date of 23 November 2020 and payment on 25 November 2020, the Board of Directors proposes to pay, as the balance of the interim dividend already paid, a dividend of €0.026 per eligible ordinary share, for a maximum total of €9,285,245.48, of which €3,567,800.68 will be taken from the available profit for the year and €5,717,444.80 from the "Retained earnings" reserve, with an ex-dividend date of coupon 16 on 19 April 2021, record date coinciding with 20 April 2021 and payment date of 21 April 2021.

52. Authorisation for publication

This document was published on 23 March 2021 on the authorisation of the Chairman and Chief Executive Officer.

Mantova, 2 March 2021

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-duodiecies of the Consob Regulation on Issuers

Pursuant to Article 149-duodecies of the Consob Regulation on Issuers, the following table indicates the fees for 2020 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 2020
FIGURES IN EURO		
Auditing services	PWC	369,314
Auditing services for the NFS and CSR Report	PWC	54,000
Certification services	PWC	80,000
Other services	PWC	203,000
Total		**706,314**

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 2019, are summarised below. The above essential data were taken from the Financial Statements for the year ended 31 December 2019. To fully understand the financial position of IMMSI S.p.A as of 31 December 2019, 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		2019	2018
Financial income		38,126	27,126
	Of which related parties and intergroup	*37,875*	*27,030*
Borrowing costs		(18,791)	(19,768)
	Of which related parties and intergroup	*(7,956)*	*(9,540)*
Income/(loss) from investments			
Operating income		4,564	4,516
	Of which related parties and intergroup	*2,350*	*2,358*
Costs for materials		(20)	(29)
Costs for services, leases and rentals		(3,234)	(3,521)
	Of which related parties and intergroup	*(208)*	*(384)*
Employee costs		(1,134)	(1,137)
Depreciation of plant, property and equipment		(403)	(50)
Amortisation of goodwill			
Amortisation of intangible assets with a definite life			
Other operating income		124	217
	Of which related parties and intergroup	*80*	*85*
Other operating costs		(14,357)	(752)
Profit before tax		**4,873**	**6,602**
Taxes		4,120	143
Profit after taxes from continuing operations		**8,994**	**6,746**
Profit or loss arising from assets held for disposal or sale			
Net profit for the period		**8,994**	**6,746**

STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUROS	2019	2018
Net profit for the period	**8,994**	**6,746**
Items that may be reclassified to profit or loss:		
Effective portion of profit (losses) from instruments to hedge cash flows	10	130
Items that will not be reclassified in the income statement:		
Gains (losses) from the fair value measurement of financial assets	874	(1,591)
Actuarial gains (losses) relative to defined benefit plans	(23)	9
Total profit (loss) for the period	**9,855**	**5,294**

STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUROS		AS OF 31 DECEMBER 2019	AS OF 31 DECEMBER 2018
NON-CURRENT ASSETS			
Intangible assets		1	-
Plant, property and equipment		1,392	238
Investment Property			74,650
Investments in subsidiaries and associates		302,431	307,331
Other financial assets		291,502	260,580
	Of which related parties and intergroup	*291,502*	*260,580*
Tax receivables			-
Deferred tax assets			-
Trade receivables and other receivables		13,254	12,726
	Of which related parties and intergroup	*12,823*	*12,720*
Total non-current assets		**608,580**	**655,525**
ASSETS HELD FOR SALE			
CURRENT ASSETS			
Trade receivables and other receivables		6,318	8,647
	Of which related parties and intergroup	*4,654*	*8,386*
Tax receivables		211	268
Inventories			-
Works in progress to order			-
Other financial assets		4,886	2,767
	Of which related parties and intergroup	*1,245*	-
Cash and cash equivalents		14,444	2,865
Total current assets		**25,859**	**14,547**
Total assets		**634,438**	**670,072**
SHAREHOLDERS' EQUITY			
Share capital		178,464	178,464
Reserves and retained earnings		183,680	176,073
Net profit for the period		8,994	6,746
Total shareholders' equity		**371,138**	**361,283**
NON-CURRENT LIABILITIES			
Financial liabilities		43,184	-
	Of which related parties and intergroup	*202*	
Trade payables and other payables		13	162
Retirement fund and similar obligations		380	333
Other long-term provisions		-	-
Deferred tax assets/liabilities		10,395	19,447
Total non-current liabilities		**53,973**	**19,942**
LIABILITIES RELATED TO ASSETS HELD FOR DISPOSAL			
CURRENT LIABILITIES			
Financial liabilities		201,131	282,689
	Of which related parties and intergroup	*158*	
Trade payables		3,427	2,118
	Of which related parties and intergroup	*813*	*605*
Current taxes		2,983	576
Other payables		1,787	3,463
	Of which related parties and intergroup	*176*	*2,002*
Current portion of other long-term provisions		-	-
Total current liabilities		**209,328**	**288,847**
Total Shareholders' Equity and Liabilities		**634,438**	**670,072**

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 2020.

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 2021

Chairman and Chief Executive Officer **Executive in charge**


agv
DAINESE
RSV4
aprilia

REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Piaggio & C. SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Piaggio & C. SpA (the Company), which comprise the statement of financial position as of 31 December 2020, the income statement, statement of comprehensive income, statement of changes in shareholders' equity, 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 financial statements give a true and fair view of the financial position of the Company as of 31 December 2020, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of 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 this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

www.pwc.com/it

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Verification of the capitalisation criteria related to investments in development costs, industrial patent and intellectual property rights *Note C15) to the financial statements "Intangible assets"* During the financial year 2020, the Company made investments amounting to Euro 78 million, mainly in relation to the study of new vehicles and new engines which will feature as the future products in the 2020-2022 range. The net book value at 31 December 2020 of development costs and industrial patent rights amounted to Euro 193.1 million, equal to approximately 14 per cent of total assets. Given the size of the annual investments and the high degree of professional judgement required to verify the compliance with the requirements of the international accounting standard "IAS 38 – Intangible Assets" adopted by the European Union, we considered it necessary to focus on this specific financial statement area. Management's main estimates relate to the technical feasibility and the availability of adequate resources, including financial resources, to complete the product being developed, the intention to complete the product for sale, as well as the verification of the existence of future cash flows from the sale of the product that are adequate to support the future recoverability of the costs capitalised and recorded in the financial statements.	We obtained an understanding of and evaluated the procedure adopted by Piaggio for capitalising development costs, industrial patent and intellectual property rights. We then obtained details of the costs capitalised by project, and analysed, on a sample basis, the increases and decreases during the year with particular attention to the compliance with the requirements of international accounting standard "IAS 38 – Intangible Assets" adopted by the European Union for the capitalisation of internally generated intangible assets. Our procedures also included discussions with management aimed at understanding the characteristics of the various projects. We also verified, on a sample basis, the estimated future cash flows and management's subsequent monitoring of the estimated future cash flows, which occurs at least once a year.
Assessment of the recoverability of goodwill *Note C15) to the financial statements "Intangible assets"* Goodwill which amounted to Euro 369 million as of 31 December 2020, is considered a significant item, equal to approximately 27 per cent of total assets.	We obtained an understanding of and evaluated the estimates made by management with regard to the expected cash flows over a four-year period, inferred from budget data for 2021 and supplemented by forecast data

pwc

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Given the complex valuation processes in respect of a number of variables and the high degree of professional judgement required for this financial statement area, we paid special attention to management's estimates relating to the recoverability of the goodwill recognised in the financial statements in accordance with international accounting standard "IAS 36 – Impairment of Assets" adopted by the European Union. Management calculated the present value of expected future cash flows to determine the recoverable amount of each cash generating unit identified, to which goodwill was allocated, to be compared with the carrying amount of assets and liabilities attributed to respective cash generating unit. In this respect, the main activities carried out by management were related to the estimate of the expected future cash flows, the methods used to calculate the discount rate and the steady growth rate of the financial cash flows beyond the reference time period.	for 2022-2024 (the "Plan"). As part of this process we examined sector studies and reviews. Furthermore, with the support of PwC network experts, we retraced the methods used to calculate the discount rate and the steady growth rate of financial cash flows beyond the time period of the Plan approved by management. The analysis was specifically focused on the cash generating units identified by management, verifying also the correct determination of the carrying amount of assets and liabilities attributed to the each single cash generating unit. With the support of PwC network experts, we conducted sensitivity analyses in relation to the significant assumptions adopted by the Company's management in order to determine whether there was any impairment of goodwill. Finally, we verified the information included in the explanatory notes to the separate financial statements as of 31 December 2020.
Assessment of the recoverability of deferred tax assets *Note C19) to the financial statements "Deferred tax assets"* Deferred tax assets in the separate financial statements of Piaggio & C. SpA as of 31 December 2020 amounted to Euro 45.8 million and primarily related to the temporary differences mainly due to provisions, as well as prior years tax losses. Piaggio & C. SpA joined the National Consolidated Tax Convention of the IMMSI Group, whose consolidating entity is IMMSI SpA. In addition to the future results expected by Piaggio & C. SpA, the recoverability of deferred tax assets also depends on the results of all companies that are part of the National Consolidated Tax Convention of the IMMSI Group. Assessing the recoverability of deferred tax assets is a key audit matter given the significance of the amounts and the complexity of the valuation	 Our audit procedures consisted of assessing the reasonableness of the estimates made by management in forecasting the future taxable profit of Piaggio & C. SpA, included in the plan approved by the Board of Directors on 25 February 2021. These activities were carried out with the involvement of PwC network experts. We also obtained the findings of the work performed by the Group auditor on the parent company IMMSI SpA in respect of the recoverability of deferred tax assets of all companies included in the National Consolidated Tax Convention of the IMMSI Group.

pwc

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
process which requires significant accounting estimates to be made by the management of Piaggio & C. SpA and of the IMMSI Group, with the objective of forecasting the future taxable results of all companies that are part of the National Consolidated Tax Convention of the IMMSI Group.	

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, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed 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 the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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;
- We evaluated 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 communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated 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 determined 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 described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 13 April 2012, the shareholders of Piaggio & C. SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2012 to 31 December 2020.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory 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 capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Piaggio & C. SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Piaggio & C. SpA as of 31 December 2020, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Piaggio & C. SpA as of 31 December 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Piaggio & C. SpA as of 31 December 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Florence, 22 March 2021

PricewaterhouseCoopers SpA

Signed by

Francesco Forzoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

6 of 6

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

REPORT by THE BOARD OF STATUTORY AUDITORS
on the FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

To the Shareholders,

In this report – drawn up in accordance with article 153 of Legislative Decree no. 58/1998 and article 2429 (second paragraph) of the Italian Civil Code – the Board of Statutory Auditors of Piaggio & C. SpA describes the work and checks that it carried out in the financial year ended 31 December 2020, in compliance with the relevant legislation, and the rules of conduct recommended by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (National Council of Professional Accountants).

In 2020 your company operated in a macro-economic context that was strongly influenced by the health crisis caused by the spread, from the end of February, of the Covid-19 virus and by the particularly severe second wave, which arrived at the end of the year, after a lull and consequent partial economic recovery over the summer.

The Board of Statutory Auditors has noted the company's great diligence in tackling and responding to the health emergency caused by the Covid-19 pandemic, by creating a safe environment for the personnel and allowing both industrial and commercial activities to be carried on, also through remote working where possible.

1. The work of the Board of Statutory Auditors

The work carried out by the statutory auditors during the financial year was also influenced by the Covid-19 pandemic, which made it necessary, for most of the year, to use online conferencing systems to organise and hold meetings. The duties and functions assigned by the relevant legislation to the Board of Statutory Auditors were always performed in compliance with the rules of law issued to manage the Covid-19 emergency.

In 2020 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* (National Council of Professional Accountants).

Over the course of the year, the Board of Statutory Auditors held 10 meetings, six of which with the Control and Risk Committee.
The Board also attended all the six meetings of the Board of Directors.
The Chair of the Board of Statutory Auditors, or another member of the Board, attended the meetings of the Control and Risk Committee.

The head of Internal Audit also attended the meetings of the Board of Statutory Auditors, as a permanent guest, to ensure continuous interfacing with the third-level control function.

2. Significant transactions during the year

In the course of its supervisory work, the Board of Statutory Auditors periodically obtained from the company's directors, also by attending 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 2020 there were no such transactions.

3. Checks

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, in accordance with the relevant regulations, the Chair and/or other statutory auditors attended meetings of the Control and Risk Committee to discuss transactions with related parties; the Board received periodic information about the trends in this area.

The Board of Statutory Auditors judged that the Board of Directors, in its report 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 2020, there were no atypical or unusual transactions. The most significant ordinary transactions were prudent, did not conflict with the resolutions adopted by the shareholders' meeting, and were not such as to harm the company's equity value.

The Board of Statutory Auditors, noting that Piaggio & C. SpA had adopted the Code of Practice for the Self-Regulation of the Corporate Governance Committee of Listed Companies, checked that its members satisfied the independence criteria, and that the criteria and procedures adopted by the Committee to evaluate the independence of directors had been correctly applied. The Board of Statutory Auditors also notes that, as indicated in the Report on Corporate Governance, as of financial year 2021 the Company has adopted the Code of

Corporate Governance approved by the Corporate Governance Committee and issued by Borsa Italiana S.p.A. in January 2020.

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 *Dirigente Preposto* (the manager in charge of preparing the company's financial reports) – 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 audit firm's work;
- participating in the work of the Control and Risk Committee and, when the issues required this, discussing them 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 *Dirigente Preposto* 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 *Dirigente Preposto* did not report any shortcomings in the operating and control processes that could alter the view that the administrative and accounting procedures are adequate and actually applied.
The Board of Statutory Auditors examined the *Dirigente Preposto*'s report on the financial statements for 2020, which sets out the results of the tests on the controls, the main issues detected in light of the relevant rules of law and methodologies, and the appropriate remedies.

The Board of Statutory Auditors also noted the statements issued on 2 March 2021 by the Managing Director and the *Dirigente Preposto*, 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 *Dirigente Preposto* with regard to the consolidated subsidiaries; no critical issues emerged from these.

The audit firm, PricewaterhouseCoopers S.p.A, in the course of periodic meetings and in light of its Supplementary Report – required by article 11 of Regulation (EU) No 537/2014 and issued on 22 March 2021 – did not inform the Board of Statutory Auditors of any critical issues that could affect the internal control system in relation to administrative and accounting procedures; nor did it ever mention any reprehensible facts or irregularities to be reported in compliance with article 155(2) of the TUF.

The Board of Directors drew up, in compliance with the law, Piaggio Group's consolidated financial statements for the year ended 31 December 2020. These were audited by the audit firm PricewaterhouseCoopers S.p.A. As required by the rules of conduct issued by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (National Council of Professional Accountants), the Board of Statutory Auditors verified that the procedures governing the preparation and layout of the financial statements and directors' reports were followed.

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 a Non-Financial Statement ("NFS"): an obligation introduced by Legislative Decree no. 254/2016 for financial years starting on or after 1 January 2017. These rules were supplemented by the "Regulation Implementing Legislative Decree no. 254 of 30 December 2016", published on 18 January 2018 by CONSOB in the form of Resolution no. 20267.

The company has prepared the NFS, as a section in the directors' report, on a consolidated basis and the Board of Statutory Auditors, in compliance with article 3(7) of Legislative Decree no. 254/2016 and Consob Notice no. 1/21 of 16 February 2021, has checked that the NFS is complete and is compliant with the rules of law and NFS drafting criteria. The Board did not discover anything that needs to be mentioned in this report.
The Board of Statutory Auditors also acknowledged the report issued by PricewaterhouseCoopers S.p.A. on 22 March 2021 after its limited review of the NFS. The audit firm reports that it did not see anything that would lead it to believe that the NFS, for financial year 2020, had not been prepared, in all material respects, in compliance with the relevant rules of law.

3.4 – Checking in accordance with Legislative Decree no. 39/2010

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, checked the work of the audit firm, in compliance with article 19 of Legislative Decree no. 39/2010, as recast.

Following the so-called "Barnier Reform" and the ensuing new domestic legal framework introduced by Regulation (EU) No 537 of 16 April 2014 and Legislative Decree no. 135 of 17 July 2016, which recast Legislative Decree no. 39/2010, the Board of Statutory Auditors has undergone appropriate training in this respect.
Moreover, at the invitation of the Board of Statutory Auditors, the company has drawn up adequate procedures for checking the payments made to the audit firm in accordance with the Barnier Reform.

As already mentioned, during the year the Board of Statutory Auditors met the audit firm PricewaterhouseCoopers S.p.A. several times, pursuant to article 150 of the TUF, in order to exchange information about the work performed in the course of their respective duties.

The audit firm:

- issued on 22 March 2021 – in accordance with article 14 of Legislative Decree no. 39/2010 and article 10 of Regulation (EU) No 537 of 16 April 2014 – its audit reports, from which it emerges that the individual and consolidated financial statements, for the year ended 31 December 2020, 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. Moreover, in the opinion of the Audit Firm, the directors' report on the individual and consolidated financial statements for the year ended 31 December 2020 and the information given in the "Report on governance and ownership structures" are consistent with the individual and consolidated financial statements for the year ended 31 December 2020. The audit firm did not discover any material errors in the information.

The audit firm submitted to the Board of Statutory Auditors, again on 22 March 2021, 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 Audit Firm 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 audit firm and published on its website in accordance with article 18 of Legislative Decree no. 39/2010.

Finally, as already mentioned, the Board of Statutory Auditors examined the content of PricewaterhouseCoopers S.p.A.'s report on the Non-Financial Statement issued in accordance with article 3(10) of Legislative Decree no. 254/2016 on 22 March 2021.

The Board of Statutory Auditors reports that in 2020, in addition to the auditing of the individual and consolidated financial statements and the financial statements of the company's subsidiaries, PricewaterhouseCoopers and its network were entrusted with the following work, with the approval of the Board of Statutory Auditors.

(in euros)	**Service provider**	**Client**	**Fee for 2020**
Auditing	PWC	Parent company Piaggio & C	369,314
	PWC & network	Subsidiaries	553,957
NFS and CSR auditing	PWC	Parent company Piaggio & C	54,000
Certification services	PWC	Parent company Piaggio & C	80,000

5

	PWC network	Subsidiaries	55,270
Other services	PWC	Parent company Piaggio & C	203,000
Total			**1,315,541**

The audit firm also confirmed that, over the course of the year, as there were no grounds for doing so, it did not issue any other opinions required by law.

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 2020 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 also gathered information from the Supervisory Board about the adequacy, working and actual implementation of the Organisational Model adopted by the company.
The Supervisory Board reported on the work it carried out in the course of the year ended 31 December 2020, 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.

During the year the Board received no complaints from the shareholders under article 2408 of the Italian Civil Code.

In the course of its work, and on the basis of the information gathered, the Board of Statutory Auditors has not discovered any omissions, reprehensible facts, irregularities or significant circumstances that need to be reported to the regulatory authorities or mentioned in this report.

In conclusion, the Board of Statutory Auditors – taking into account the specific duties of the audit firm when auditing the accounts and when verifying the reliability of the individual financial statements, the fact that the audit firm has issued an unqualified opinion, and the statements issued pursuant to article 154-*bis* of Legislative Decree no. 58/1998 by the *Dirigente Preposto* – has no comments that it wishes to make to the shareholders' meeting, pursuant to article 153 of the TUF, about the approval of the financial statements for the year ended 31 December 2020, as accompanied by the directors' report and as presented by the Board of Directors. Therefore it has no objection to the approval of the financial statements, the proposed allocation of the year's profit, and the distribution of dividends.

Milan, 22 March 2021

For the Board of Statutory
Auditors
The Chair

Piera Vitali

[*Signed*]

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 2020 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
IMMSI S.p.A.
Share capital €207,613,944.37, fully paid up
Registered office: Viale R. Piaggio 25, Pontedera (Pisa)
Pisa Register of Companies and Tax Code 04773200011
Pisa Economic and Administrative Index no. 134077