PRESS RELEASE

THE BOARD OF PIRELLI & C. SPA APPROVED CONSOLIDATED RESULTS TO 31 MARCH 2022

PIRELLI: MARKED GROWTH OF REVENUES (+22.2%) AND ADJUSTED EBIT (+35.4%)

PRICE/MIX AT RECORD +20.4% BECAUSE OF PRICE INCREASES AND MIX IMPROVEMENT

NET PROFIT RISES TO 109.8 MILLION EURO (FROM 42.2 MILLION EURO)

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- Revenues: +22.2% to 1,521.1 million euro compared with the first quarter 2021 (+19.0% organic variation excluding the forex effect of +3.2%). High Value revenues at 74% of total (73% in first quarter 2021)

- Price/Mix: 20.4%, a record level thanks to price increases and mix improvement

- Adjusted Ebit: +35.4% at 228.5 million euro (168.8 million euro in first quarter 2021). The improvement of the price/mix and efficiencies more than compensated for the impact of the external context (raw materials and inflation)

- Adjusted Ebit margin at 15.0% (13.6% in first quarter 2021)

- Net profit: +160.2% at 109.8 million euro (+42.2 million euro in first quarter 2021)

- Net cash flow before dividends: -672.9 million euro (-653.5 million in first quarter 2021) because of the business's usual seasonality

- Net financial position: -3,580.0 million euro (-3,911.9 million on 31 March 2021 and -2,907.1 million euro on 31 December 2021)

- Liquidity margin: 1,940.7 million euro, maturities with banks and other financiers guaranteed until February 2024

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- The Board co-opts Yang Shihao as new member replacing Yang Xingqiang

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2022 OUTLOOK AND TARGETS

- 2022 macro-economic outlook held back by geopolitical tensions, inflation and drop in demand due to lockdown in China

- Further measures planned, in addition to efficiencies and price/mix, to compensate for the external scenario

- Estimated revenue between ~5.9 and ~6.0 billion euros (previous estimate ~5.6 and ~5.7 billion euros), with expected volumes between ~+0.5% and ~+1.5% (previous indication ~+1.5% and ~+2.5%) driven by High Value ~+5.5% / ~+6% (previous indication ~+6% / ~+7%)

- Price/mix growing between ~+10% and ~+11% (previous indication ~+5.5% / ~+6.5%)

- **Adjusted Ebit Margin expected to be ~15% (previous estimate between ~16% and ~16.5%) due to Russia-Ukraine crisis and drop in demand in China due to lockdown**

- **Net cash generation before dividends expected to be ~450 million (confirmed to be at the lower end of the previous indication between ~450 and ~480 million euros)**

- **Confirmed investments of ~390 million euros (~6.5% of revenues)**

- **Confirmed net financial position of ~-2.6 billion euros**

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Milan, 10 May 2022 – The Board of Directors of Pirelli & C. Spa. met today and approved the results to 31 March 2022 that, thanks to the implementation of the "key programs" of the Industrial Plan 2021-2022|2025, show marked growth in the main economic indicators notwithstanding the volatility of the external context (growing inflation, difficulties along the supply chain and lockdown in China), exacerbated by the Russia-Ukraine conflict.

- Commercial Program
  The first quarter of 2022 saw further consolidation of **High Value** with a particular focus on Car ≥19'', Specialties and electric. In the quarter there was a further reinforcement in the **Car Replacement channel ≥18"** (+16% Pirelli volumes compared with the market's +14%) also thanks to the renewal of the product portfolio. In **Car Original Equipment ≥18"** (-1% Pirelli volumes, market flat) the **growing focus on larger rim sizes** continued (the weight of ≥19" volumes - that accounts for 75% of Original Equipment ≥18''- increased by almost 4 percentage points) and on **electric** (8% the weight of ≥18" Original Equipment volumes, two times that of the first quarter 2021). On the other hand, there was a further reduction of the **exposure to the Standard segment** (Pirelli Car ≤17" volumes -6% compared with the market's -1%) with a mix that is always more oriented to the Replacement channel and products with larger rim sizes. There was a marked **improvement of the price/mix,** whose record 20.4% growth reflects price increases and favorable mix performance.

- Innovation program
  In the course of the first quarter of 2022 the company obtained about 90 technical homologations with the main producers of Prestige and Premium cars, focused mainly on **rim sizes ≥19"** and **Specialties.** The renewal of the product range also continued with the introduction of two new lines dedicated to the SUV segment, with particular attention to electric and hybrid plug-in vehicles.

- Competitiveness Program
  Phase 2 of the efficiencies plan delivered gross benefits of 28.6 million euro (about 20% of the original annual target of 150 million euro). The Competitiveness Program addressed product cost (*modularity* and *design-to-cost*), manufacturing (completion of optimization of the industrial footprint and efficiency actions), SG&A costs (optimization of warehouse logistics network and negotiation actions in purchasing) and organizational ones.

- Operations Progam
  The first quarter saw a further increase in plant saturation to over 90%. In addition, cycling production began at the Bollate plant, while in Russia investments were halted – except where linked to safety – and re-allocated to other regions.

In the first quarter of 2022, **revenues** totaled 1,521.1 million euro, with an increase of 22.2% compared with the same period in 2021. Organic growth was +19% (+3.2% effect stemming from forex). High Value revenues accounted for 74% of total revenues (73% in the first quarter of 2021).

Revenue variants		31/03/2022
Volumes		-1.4%
	O/w High Value +5.8% *O/w Standard -9.7%*	
Price/Mix		+20.4%
Forex/Argentina hyperinflation		+3.2%
Total variation (1Q2022 vs 1Q2021)		+22.2%

In the first quarter of 2022, **total volumes** eased -1.4% as a result of the differing trends between the High Value segment (+5.8%) and Standard (-9.7%) both in Car and Moto.

In the **Car segment** volumes' growth was +1.6% (market +0.7%).
In Car ≥18", in particular, volumes' growth was +8%, in line with the market, and in detail:

- +16% in the **Replacement channel** (market +14%), with a strengthening in Europe and North America;
- -1% in **Original Equipment** (market unchanged) as a result of greater selectivity favoring **Car ≥19"** and electric.

Car ≤17" saw the continued reduction of the group's exposure to the Standard segment (-6% Pirelli volumes compared with market -1%) with a greater focus on product and channel mix. There was a positive trend in the **Replacement** channel (+3% Pirelli volumes, +1% market) because of sales of high rim sizes. In **Original Equipment** volumes declined by 28% (-7% market) because of both greater selectivity in this channel and the impact of the Russia crisis following the halting of car production by the maior makers.

The trend in **Moto volumes** was negative in the first quarter (-8.5% volumes) because of the sharp fall in Standard sales (-29%) following the reduction of exposure to this segment with the closure – in the third quarter of 2021 – of the Brazilian Moto factory in Gravataì. On the other hand, the trend in High Value Moto was positive (+12%), particularly in Europe and North America thanks to the renewed range of Road and Touring products.

Price/mix registered a significant increase of +20.4%, because of:

- Price increases in all Regions to counter the growing inflation of production factors;
- Improvement of the channel mix, with greater sales in Replacement, and the product mix, linked to the progressive migration from Standard to High Value and the improved micro-mix in both segments.

The impact of forex was positive 3.2% thanks to the appreciation of the main currencies against the euro.

Profitability

Profitability *(euro millions)*	31/03/2022	% of revenues	31/03/2021	% of revenues	Variation y/y
Adjusted Ebitda	**333.1**	**21.9%**	**266.5**	**21.4%**	**+25.0%**
Ebitda	325.6	21.4%	223.5	18.0%	+45.7%
Adjusted Ebit	**228.5**	**15.0%**	**168.8**	**13.6%**	**+35.4%**
Ebit	192.6	12.7%	97.4	7.8%	+97.7%

Adjusted Ebitda in the first quarter of 2022 was 333.1 million euro, with a growth of 25% compared with 266.5 million euro in the same period of 2021.

Adjusted Ebit in the first quarter of 2022 was 228.5 million euro (168.8 million euro in the same period of 2021), with an Adjusted Ebit margin of 15.0%, an improvement from 13.6% in the first quarter of 2021. The contribution from internal levers (price/mix and efficiencies) more than compensated for the negativity of the external context (raw materials and inflation). In particular, Adjusted Ebit reflects:

- **positive effect of the price/mix** (+206.2 million euro), that more than offset the increase in the cost of **raw materials** (-119.9 million euro, including the relative impact of forex), the **negative impact of inflation of production costs** (-53.3 million euro) and the **negative impact of volumes** (-7.4 million euro);
- **positive effect of Phase 2 of the Competitiveness Plan** which generated structural efficiencies of 28.6 million euro;
- **positive effect of forex** of 6.0 million euro;
- **reduction of other costs** (4.3 million euro) which offset the **increase of amortizations** (-4.8 million euro).

Ebit amounted to 192.6 million euro, almost twice (+97.7%) the 97.4 million euro recorded in the first quarter of 2021. It includes amortizations of intangible assets identified in the context of PPA of 28.4 million euro (in line with the first quarter of 2021) and non-recurring charges, for restructuring and other, of 7.5 million euro mainly related to the continuation of actions to rationalize structures.

The **result from equity holdings** was positive 0.8 million euro (-0.1 million in the first quarter of 2021).

Net financial charges in the first quarter of 2022 increased by 3.6 million euro to 43.6 million (40.0 million in the first quarter of 2021).

Cost of debt on an annual basis (calculated over the last twelve months) stood, on 31 March 2022, at 2.47% (2.38% on 31 December 2021), a value which reflects the generalized increase in interest rates in the present economic context.

Taxation in the first quarter of 2022 came to -40.0 million euro against a pretax profit of 149.8 million euro, with a tax rate of 26.7%.

Net profit in the first quarter of 2022 was 109.8 million euro, an increase of 160.2% compared with 42.2 million euro in the first quarter of 2021.

The **net cash flow before dividends** in the first quarter of 2022 was -672.9 million euro, substantially in line with the -653.5 million euro in the same period of 2021 because of the business's usual seasonality. The **net cash flow from operations' management** in the first quarter was -565.2 million euro, steady compared with -567.2 million in the first quarter of 2021. This variation reflects, beyond the improvement in adjusted Ebit, lower tangible and intangible investments of 41.2 million euro and a greater absorption of cash linked to working capital of 124.4 million euro due to:

- growth of inventory (21.8% of revenues, +1.3% compared with 31 December 2021) mainly of raw material with the goal of mitigating the risks to the supply chain;
- an increase in commercial debt linked to actions aimed at guaranteeing certain strategic supplies, as well as the dynamic of investments.

The **net financial position on 31 March 2022** stood at -3,580.0 million euro (-3,911.9 million on 31 March 2021 and -2,907.1 million euro on 31 December 2021), with a net cash absorption of 672.9 million euro (653.5 million in the first quarter of 2021) due to the business's usual seasonality.

The liquidity margin on 31 March 2022 was 1,940.7 million euro that guarantees the coverage of maturities towards banks and other financiers until February 2024.

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The Board of Directors of Pirelli co-opted Yang Shihao to replace Yang Xingqiang, who resigned on 28 April with effect from today. The Board also proceeded to nominate Yang Shihao– qualified by the Board as a non-executive director – as a member of the Strategies Committee.

From today Yang Shihao, whose curriculum vitae is available at the website www.pirelli.com, does not possess the requisites to be qualified as independent in accordance of the TUF and the Code di Corporate Governance and does not result to be the owner of any shares in the Company.

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MARKET OUTLOOK

Geopolitical tensions and falling demand in China due to lockdown measures are holding back the prospects for global economic growth. **Global GDP growth** of 3.2% (the forecast in February was 4.4%) and inflation of 6.6% (4.1% in February) are expected for 2022. These estimates take into account the forecasts of monetary tightening in the US and Europe, as well as the impact of inflation on consumer and producer prices.

The new scenario translates into more cautious estimates for the **automotive sector** as well, with global production expected to be stable compared to 2021 (previous estimate: +6%). **Global demand for car tyres** is expected to grow by about 0.5% (previous indication around 3%), reflecting both the aforementioned levels of car production and the decline in car tyre demand in China. In particular, the new forecasts in China are for a decline of ~-6% in total Car tyre (previous estimates: ~+1%) and ~-3% in ≥18” Car (previous estimates: ~+3%) due to lockdown measures. Globally, the High Value segment is confirmed as being more resilient, with volume growth of ~7% (previous estimate: ~+8%), more than 7 times higher than the performance in the Standard segment.

In **High Value** in particular, market expectations are:

- In ≥18” **Original Equipment** volumes up by approximately 7% (previous indication: approximately +9%), supported by a gradual normalisation in the shortage of semiconductors in the second half of the year;
- In ≥18’’ **Replacements** volumes are up by ~6% (previous indication: ~+7%) where the decline in demand in China is partially offset by a better performance in North America.

For **Standard**, volumes are expected to fall by around 1% (previous indication: +2%) with **Original Equipment** more affected by the semiconductor crisis and the Russia-Ukraine crisis and the **Replacements** channel hit both by the crisis in Russia and the slowdown in demand in China.

2022 TARGET

(billions of euros)	February 2022	May 2022
Revenues	~5.6 ÷~5.7	~5.9 ÷~6.0
Adjusted EBIT Margin	~16% ÷~16.5%	~15%
Investments *% of revenues*	~0.39 *~7%*	~0.39 *~6.5%*
Net cash flow before dividends	~0.45÷~0.48	~0.45
Net financial position *NFP / Adj. EBITDA*	~-2.6 *≤ 2x*	~-2.6 *≤ 2x*
ROIC *post taxes*	≥19%	~19%

In view of the outlook for 2022, Pirelli expects:

- **Revenues ranging between ~5.9 and ~6.0 billion euros (previous estimate: ~5.6 and ~5.7 billion)**, with:
  - **total volumes growing** between ~+0.5% and ~+1.5% (previous indication: ~+1.5% and ~+2.5%). **High Value** volumes are expected to increase between ~+5.5% / ~+6% (previous indication: ~+6% / ~+7%) while **Standard** volumes are expected to decrease between ~-5% / ~-4% (previous indication: ~-3%/~-4%);
  - **price/mix growing** between ~+10% and ~+11% (previous indication: ~+5.5% / ~+6.5%) thanks to further price increases and a more favourable mix;
  - **exchange rate impact improving** and now expected to be unchanged compared to a previous indication of a negative impact of between ~-1.5% / ~-2%.

- **Adjusted Ebit Margin is expected to be ~15%** (previous indication: between ~16% and ~16.5%), with increasing inflation and raw material costs more than offset by the price/mix and efficiencies. Further actions are being planned to improve this profitability target which prudently reflects:
  - the impact of the Russia-Ukraine crisis, with the confirmation of an Adjusted Ebit of 890 million euros, as already indicated in the sensitivity in February, although this did not take into account the blocking of import/export flows;
  - the drop in demand in China, due to the new lockdown measures, being partly offset by the better performance expected in North and South America.

- **Net cash generation before dividends is expected to be ~450 million** (previous indication: between ~450 and ~480 million euros), at the lower end of the range indicated in February.

- Confirmed **investments** of ~390 million euros (~6.5% of revenues).

- Confirmed **net financial position** of ~-2.6 billion euros with a NFP/Adjusted EBITDA ratio of ≤ 2 times.

- Expected **ROIC** of ~19% (previous target: ≥19%) consistent with the expected operating performance.

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Update on activities in Russia

As previously announced, Pirelli has suspended investments in its factories in Russia, with the exception of those intended for safety, and is gradually limiting its activities. In 2021, Russia accounted for 3% of turnover (unchanged incidence also in the first quarter of 2022) and approximately 11% of the group's car capacity, mainly standard and about half dedicated to exports.

Pirelli has taken a series of initiatives to mitigate the effects of the conflict as part of the contingency plan announced in February. In compliance with the **international sanctions** imposed by the EU, which provide for a ban on the import of Russian finished products into the EU and a ban on the export of certain raw materials to Russia starting from the second half of the year, Pirelli has:

- directed **production** at the domestic market;
- identified **alternative sources** for **import/export** flows, with the gradual activation of supplies of finished products from Turkey and Romania to replace Russian exports to European markets and use of mainly local raw material suppliers to replace European suppliers;
- diversified **logistics** services suppliers in order to ensure the continuity of supplies of finished products and raw materials;
- guaranteed financial support through local banks.

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Events after 31 March 2022

On 9 May 2022, Pirelli has announced that Science Based Targets initiative (SBTi) has validated the upgrade of Pirelli's targets for the reductions of Greenhouse Gas (GHG). By the end of 2021 the company had reached, 4 years ahead of schedule, the previous targets validated by for Scopes 1 and 2.
The new targets, submitted by Pirelli and approved by the SBTi, call for actions consistent with the maintenance of climate warming "within 1.5°C", compared with the previous scenario which called for remaining "well below 2°C".
In particular, SBTi – which sets and promotes best practices, based on scientific factors, for the reductions of emissions – validated Pirelli's targets to reduce by 42% absolute GHG emissions (Scope 1 and 2) by 2025 compared with 2015 and the reduction by 9% of those from raw materials purchased by 2025 compared with 2018 (Scope 3).

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Conference call

The results for the quarter ended 31 March 2022 will be illustrated today, 10 May 2022, at 18.30 at a conference call with the participation of the Executive Vice Chairman and CEO of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be allowed to follow the presentation by telephone, without the option of asking questions, at **+39 02 802 09 27.** The presentation will also be webcast – in real time – at the website www.pirelli.com in the Investors section, where the slides can be consulted.

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The interim financial report at 31 March 2022 will be available to public today at the Company's legal headquarters, as well as being published on the Company website (www.pirelli.com) and on the eMarket Storage mechanism (www.emarketstorage.com).

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The manager indicated for the preparation of Company's accounting documents of Pirelli & C. S.p.A., Mr. Giorgio Luca Bruno, declares in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza that the accounting information contained in this press release corresponds to the results in documents, books and accounting scripts.

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Pirelli – Economic data to 31.03.2022

(in millions of euro)	**1 Q 2022**	**1 Q 2021**
Net sales	**1.521,1**	**1.244,7**
EBITDA adjusted (°)	**333,1**	**266,5**
% of net sales	21,9%	21,4%
EBITDA	**325,6**	**223,5**
% of net sales	21,4%	18,0%
EBIT adjusted	**228,5**	**168,8**
% of net sales	15,0%	13,6%
Adjustments: - amortisation of intangible assets included in PPA	(28,4)	(28,4)
- non-recurring, restructuring expenses and other	(7,5)	(43,0)
EBIT	**192,6**	**97,4**
% of net sales	12,7%	7,8%
Net income/(loss) from equity investments	0,8	(0,1)
Financial income/(expenses)	(43,6)	(40,0)
Net income/(loss) before taxes	**149,8**	**57,3**
Taxes	(40,0)	(15,1)
Tax rate %	26,7%	26,4%
Net income/(loss)	**109,8**	**42,2**
Eanings/(loss) per share (in euro per share)	0,11	0,04
Net income/(loss) adjusted	135,6	93,9
Net income/(loss) attributable to owners of the Parent Company	107,5	39,0

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 7.5 million (euro 37.1 million for the first quarter of 2021). The first quarter 2021 it also included expenses relative to the retention plan approved by the Board of Directors on February 26, 2018 to the amount of euro 2.3 million and COVID-19 direct costs to the amount of euro 3.6 million.

Pirelli – Balance sheet data to 31.03.2022

(in millions of euro)		**03/31/2022**	**12/31/2021**	**03/31/2021**
Fixed assets		**8.910,8**	**8.912,4**	**8.870,6**
	Inventories	1.221,8	1.092,2	874,5
	Trade receivables	908,0	659,2	814,1
	Trade payables	(1.196,8)	(1.626,4)	(914,1)
Operating net working capital		**933,0**	**125,0**	**774,5**
% of net sales (*)		16,6%	2,3%	17,2%
	Other receivables/other payables	111,2	0,8	54,1
Net working capital		**1.044,2**	**125,8**	**828,6**
% of net sales (*)		18,6%	2,4%	18,4%
Net invested capital		**9.955,0**	**9.038,2**	**9.699,2**
Equity		**5.294,0**	**5.042,6**	**4.632,8**
Provisions		1.081,0	1.088,5	1.154,5
Net financial (liquidity)/debt position		**3.580,0**	**2.907,1**	**3.911,9**
Equity attributable to owners of the Parent Company		5.158,8	4.908,1	4.521,7
Investments in intangible and owned tangible assets (CapEx)		48,6	345,6	89,8
Increases in right of use		8,1	122,4	26,7
Research and development expenses		63,0	240,4	58,6
% of net sales		4,1%	4,5%	4,7%
Research and development expenses - High Value		57,3	225,1	54,9
% of High Value sales		5,1%	6,0%	6,1%
Employees (headcount at end of period)		30.991	30.690	30.776
Industrial sites (number)		18	18	19

(°) during interim periods net sales refer to the last twelve months.

Cash flow statement

(in millions of euro)	1 Q	
	2022	**2021**
EBIT adjusted	228,5	168,8
Amortisation and depreciation (excluding PPA amortisation)	104,6	97,7
Investments in intangible and owned tangible assets (CapEx)	(48,6)	(89,8)
Increases in right of use	(8,1)	(26,7)
Change in working capital and other	(841,6)	(717,2)
Operating net cash flow	**(565,2)**	**(567,2)**
Financial income / (expenses)	(43,6)	(40,0)
Taxes paid	(32,9)	(37,1)
Cash-out for non-recurring, restructuring expenses and other	(23,6)	(28,9)
Differences from foreign currency translation and other	(7,6)	15,9
Net cash flow before dividends, extraordinary transactions and investments	**(672,9)**	**(657,3)**
(Acquisition) / Disposals of investments	-	3,8
Net cash flow before dividends paid by the Parent Company	**(672,9)**	**(653,5)**
Dividends paid by the Parent Company	-	-
Net cash flow	**(672,9)**	**(653,5)**

ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter, even though not provided for by the IFRS (Non-GAAP Measures), in compliance with the ESMA Guidelines on Alternative Performance Indicators (ESMA/2015/1415) published on October 5, 2015. These measures are presented in order to allow for a better assessment of the results of the Group's operations and should not be considered as alternatives to those required by the IFRS.

Specifically, the Non-GAAP Measures used are as follows:

- **EBITDA**: is equal to the EBIT but which excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted**: is an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses. For the comparative period, this measure also included COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBITDA margin**: is calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding impacts deriving from investments;
- **EBITDA margin adjusted**: is calculated by dividing the EBITDA adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments, operating costs attributable to non-recurring, restructuring and one-off expenses. For the comparative period, this measure also included COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT**: is an intermediate measure which is derived from the net income/(loss) but which excludes taxes, financial income/(expenses) and the net income/(loss) from equity investments. EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;
- **EBIT adjusted**: is an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses. For the comparative period, this measure also included COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT margin**: is calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted**: is calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses. For the comparative period, this measure also included COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **Net income/(loss) adjusted**: is calculated by excluding the following items from the net income/(loss):
    - o the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring, restructuring and one-off expenses. For the comparative period, this measure also included COVID-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
    - o non-recurring expenses/income recognised under financial income and expenses;
    - o non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;

- **Fixed assets**: this measure is constituted of the sum of the Financial Statement items, *"Property, plant and equipment", "Intangible assets", "Investments in associates and joint ventures", "Other financial assets at fair value through other Comprehensive Income*" and *"Other non-current financial assets at fair value through the Income Statement".* Fixed assets represent the non-current assets included in the net invested capital;
- **Net operating working capital**: this measure is constituted by the sum of *"Inventory", "Trade receivables"* and *"Trade payables"*;
- **Net working capital:** this measure is constituted by the net operating working capital and by other receivables and payables and derivative financial instruments not included in the net financial position. This measure represents the short-term assets and liabilities included in the net invested capital and is used to measure short-term financial stability;
- **Net invested capital**: this measure is constituted by the sum of (i) fixed assets, and (ii) net working capital. Net invested capital is used to represent the investment of financial resources;
- **Provisions**: this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Provisions for employee benefit obligations (current and non-current)",* "*Other non-current assets", "Deferred tax liabilities"* and *"Deferred tax assets";*
- **Net financial debt**: is calculated pursuant to the CONSOB Notice dated July 28, 2006 and in compliance with the Guidelines on ESMA regarding disclosure requirements pursuant to the Prospectus Regulation applicable as of May 5, 2021. Net financial debt represents borrowings from banks and other financial institutions net of cash and cash equivalents, of other current financial assets at fair value through the Income Statement, of current financial receivables (included in the Financial Statements under "*Other receivables*") and of derivative financial instruments included in the net financial position (included in the Financial Statements under current assets, current liabilities and non-current liabilities, as "*Derivative financial instruments"*);
- **Net financial position:** this measure represents the net financial debt less the non-current financial receivables (included in the Financial Statements under "Other receivables") and the non-current derivative financial instruments included in the net financial position (included in the Financial Statements under non-current assets as "Derivative financial instruments"). Net financial position is an alternative measure to net financial debt, but which includes non-current financial assets;
- **Liquidity margin**: this measure is constituted by the sum of the Financial Statement items, "*Cash and cash equivalents*", "*Other financial assets at fair value through the Income Statement*" and the committed credit facilities which have not been non-utilised;
- **Operating net cash flow:** is calculated as the change in the net financial position relative to operations management;
- **Net cash flow before dividends, extraordinary transactions and investments**: is calculated by adding the change in the net financial position due to financial and tax management, to the operating net cash flow;
- **Net cash flow before dividends paid by the Parent company**: is calculated by adding the change in the net financial position due to extraordinary transactions and the management of investments, to the net cash flow before dividends and extraordinary transactions and investments;
- **Net cash flow**: is calculated by subtracting the dividends paid by the Parent company, from the net cash flow before dividends paid by the Parent company;
- **Investments in intangible and owned tangible assets (CapEx)**: is calculated as the sum of investments (increases) in intangible assets and investments (increases) in property, plant and equipment excluding any increases relative to the right of use;
- **Increases in the right of use**: is calculated as the increases in the right of use relative to lease contracts;
- **ROIC**: is calculated as the ratio between the EBIT adjusted net of tax effects and the average net invested capital net of provisions, which does not include "*Investments in associates and joint ventures*", *"Other financial assets at fair value through other Comprehensive Income", "Other non-current financial assets at fair value through the Income Statement", "Other non-current assets",* the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter and the *"Provisions for employee benefit obligations current and non-current"*.