PRESS RELEASE

THE BOARD OF PIRELLI & C. SPA APPROVED CONSOLIDATED RESULTS TO 30 JUNE 2021

PIRELLI: RESULTS SUPPORTED BY GENERAL RECOVERY IN DEMAND AND KEY PROGRAMS OF THE 2021-2022|2025 INDUSTRIAL PLAN

MARKED GROWTH IN SECOND QUARTER: REVENUES +72.6%, ADJUSTED EBIT MARGIN 15.8%
FIRST HALF REVENUES +41.2%, ADJUSTED EBIT MARGIN 14.7%

STRENGTHENED IN HIGH VALUE, WITH CAR ≥18" GROWTH SIGNIFICANTLY STRONGER THAN MARKET (PIRELLI +51%, MARKET +35% IN FIRST HALF)

NET PROFIT IN FIRST HALF AT 131.6 MILLION EURO (-101.7 MILLION IN FIRST HALF 2020)

STRONG CASH GENERATION: +172.5 MILLION EURO NET CASH FLOW BEFORE DIVIDENDS IN SECOND QUARTER

Second quarter 2021

- Revenues: +72.6% to 1,320.1 million euro compared with second quarter 2020 (organic variation +73.9% excluding effect of forex/ Argentina hyperinflation equal to -1.3%)
- Group volumes: + 69.9% compared with second quarter 2020, High Value volumes +68.8%, Car ≥18'' +74%
- Price/Mix: +4.0% reflecting price increases following rise in raw material costs
- Adjusted Ebit: 208.6 million euro (-74.4 million in 2Q 2020), with Adjusted Ebit margin at 15.8% (-9.7% in 2Q 2020)
- Net result: +89.4 million euro (-140.2 million in 2Q 2020)
- Net Cash flow before dividends positive 172.5 million euro (-4.0 million in 2Q 2020 and +72,4 million in 2Q 2019)

First half 2021

- Revenues: 2,564.8 million euro, an increase of 41.2% compared with first half 2020 (organic variation +45.3%). High Value revenues reach 71.9% of Group revenues (70.8% in first half 2020)
- Group volumes grew by 42.3%: High Value volumes +46.3%, Car ≥18" volumes +51% (market +35%) with strengthening of market share in all Regions. Stronger trend in Car ≥19'' which grew by +58% (market +43%)
- Price/Mix: +3.0% in first half 2021 thanks to price increases and improvement of product mix
- Adjusted Ebit: 377.4 million euro (66.7 million in first half 2020), with a margin at 14.7% (3.7% in first half 2020)
- Net profit: 131.6 million euro (-101.7 million euro in first half 2020)

- **Net cash flow before dividends: -481.0 million euro, an improvement compared with -757.5 million in first half 2020 and -640.5 million euro in first half 2019 thanks to the operating performance and management of working capital**

- **Net financial position: -3,818.7 million euro (-3,258.4 million euro on 31 December 2020 and -4,264.7 million euro on 30 June 2020)**

***

2021 TARGETS

- **2021 targets revised up**

- **Revenues expected between ~5.0 and ~5.1 billion euro, (previous target between ~4.7 and ~4.8 billion euro), with volumes between +14% and +15% (previous target +11% ÷ +13%) driven by High Value (expected +18% ÷ +19%, previous target +15% ÷ +17%)**

- **Price/mix improving to between +4.5% and +5% (previous target +2.5% ÷ +3%) thanks to price increases and more favorable channel and product mix**

- **Adjusted Ebit Margin between ~15% and ~15.5% (previous target between >14% and ~15%)**

- **Net cash flow generation before dividends improving to ~360÷~390 million euro (previous target ~300 ÷ ~340 million)**

- **Investments confirmed at ~330 million euro**

- **Net financial position at <3 billion euro, an improvement compared with the previous target of ~3 billion euro**

***

Milan, 5 August 2021 – The Board of Directors of Pirelli & C. Spa, met today and approved the consolidated results to 30 June 2021, which reflect the current context of general recovery and the implementation of the "key programs" of 2021-2022|2025 Industrial Plan. In detail:

- **Commercial program**
  Strengthened positioning in High Value in all Regions and both channels (Original Equipment and Replacement). **Exposure to electric grew**, with volumes in Original Equipment at about 9 times those of the first half of 2020. In addition, the company **consolidated its leadership in China** in the high end both in Original Equipment (thanks to its significant exposure to Premium Car makers and also partnerships with local Premium producers of electric vehicles) and in Replacement (thanks to the distribution network and strong development of online commerce, equal to about 27% of volumes).
- **Innovation program**
  Over the course of the first half the homologation plan with OE partners proceeded with about 170 technical homologations (equal to about 50% of the annual target) concentrated for about 85% in rim sizes of ≥19" and about 50% in Specialties. In the Replacement channel, four new dedicated lines were launched (two lines in Europe and two in North America, which enhance the All Season offer and of tyres for the CUV-SUV segment). Pirelli also launched the production of the first tyre in the world certified by the Forest Stewardship Council (FSC), an international NGO that promotes the responsible management of forests in the world. This certification confirms the sourcing of materials (natural rubber and rayon) from plantations that preserve biological diversity and support local communities and workers. To support business transformation, it also launched new initiatives in high-level training, developed in the context of R&D with the cooperation of the Politecnico di Milano.

- **Competitiveness program**
  Phase 2 of the competitiveness program enabled the attainment of gross benefits of 83 million euro (50 million euro net of inflation) relative to product costs (modularity and design-to-cost), manufacturing (completion of optimization of the industrial footprint and efficiency actions), SG&A (optimization of warehouse logistics network and negotiation actions in purchasing) and Organization (digital transformation).
- **Operations program**
  The course towards a return to optimal saturation levels at plants – above 90% - continues with a simultaneous optimization of inventory levels (substantially stable compared with end 2020 - 19% of revenues in the last 12 months – notwithstanding the higher level of demand).
- **Digitalization program**
  Actions continue aimed at transforming the company's key processes by 2023, connecting them in real time and integrating internal functions with external partners / clients through digital platforms and Artificial Intelligence models.

In the first half of 2021, Pirelli recorded growth in the principal economic indicators. In particular:

Revenues totaled 2,564.8 million euro, with growth of 41.2% compared with the first half of 2020 thanks to the already mentioned performance of demand. The organic growth of revenues was +45.3% (-4.1% impact of forex and Argentine hyperinflation). High Value reached 71.9% of group sales (+1.1 percentage points compared with 70.8% in the first half of 2020).
In the **second quarter of 2021** revenues were 1,320.1 million euro, growing 72.6% compared with the second quarter of 2020. The organic growth of revenues was +73.9% (-1.3% the effect of forex and Argentine hyperinflation).

Revenue drivers	Q1 21	Q2 21	H1 21
Volumes	+22.2%	+69.9%	+42.3%
High Value	*+29.3%*	*+68.8%*	+46.3%
Standard	*+15.4%*	*+72.9%*	+38.3%
Price/Mix	+2.3%	+4.0%	+3.0%
Variation on homogeneous basis	**+24.5%**	**+73.9%**	**+45.3%**
Forex/Argentine hyperinflation	-6.1%	-1.3%	-4.1%
Total variations	**+18.4%**	**+72.6%**	**+41.2%**

Volumes' performance in the first half (+42.3%) reflects the recovery in demand, from the lows touched in the second quarter of 2020, and the gaining of market share both in High Value and Standard segments (respective volumes' growth +46.3% and +38.3%).

In particular in **Car ≥18"**, Pirelli registered growth of 51%, markedly higher than the market's performance (+35%).

- In the Original Equipment, growth (+60% compared with the market's +37%) was supported by the exposure to Premium and Prestige car makers, the consolidation of the client portfolio in North America and Apac and the growing demand for specific products for electric vehicles;
- In the Replacement channel, Pirelli's outperformance (+44%) of the market (+34%) reflects the growth of High Value pull-through volumes and the launch of new dedicated lines.

There was marked growth in **Car ≥19**" volumes which registered an increase of +58% in a market that grew +43%.
Also in **Car ≤17"** the growth of **volumes** in the first half (+35%) was more marked compared with that of the market (+23%) thanks to the strong recovery in demand in Latam, climbing back from the minimums touched in the second quarter of 2020.

In the **second quarter,** Group volumes grew 69.9%, with High Value volumes up 68.8% and Standard up 72.9%. In the second quarter Pirelli **Car ≥18"** volumes grew 74% compared with the market volumes' +55%. Also in **Car ≤17"** the growth of **volumes** in the second quarter (+69%) was more marked than that of the market (+37%).

Price/mix made a sustained contribution (+3.0% in the first six months of 2021, +4.0% in the second quarter) which reflects the improved product mix (particularly in the High Value segment, with greater volumes in Car ≥19'' and Specialties, and the implementation of price increases beginning from the end of the first quarter.

Negative impact of **exchange rates**, also taking Argentine hyperinflation into account: -4.1% in the first half, -1.3% in the second quarter, influenced by the appreciation of the euro against the dollar and the main currencies in emerging markets (in particular South America and Russia).

Profitability

Profitability *(euro millions)*		Q1 2021	Q2 2021	H1 2021
Ebitda Adjusted		**266.5**	**307.4**	**573.9**
	% of sales	*21.4%*	*23.3%*	*22.4%*
Ebitda		**223.5**	**278.5**	**502.0**
	% of sales	18.0%	21.1%	19.6%
Ebit Adjusted		**168.8**	**208.6**	**377.4**
	% of sales	13.6%	15.8%	14.7%
Ebit		**97.4**	**151.2**	**248.6**
	% of sales	7.8%	11.5%	9.7%

Adjusted Ebit in the first half of 2021 was 377.4 million euro (66.7 million in the same period of 2020), with an adjusted Ebit margin of 14.7% improving from 3.7% in the first half of 2020 thanks to the contribution of internal levers (volumes, price/mix, efficiencies) which more than offset the negativity of the external context (raw materials, inflation, forex impact).

In particular, in the first half, the adjusted Ebit reflects:

- the **positive effect of volumes** (+315.0 million euro);
- the **positive price/mix effect** (+47.0 million euro) which substantially offset the increase in raw material costs (-38.7 million euro mainly due to the depreciation of the principal currencies in the group's main production countries in South America, Romania, Russia), and **the negative impact of exchange rates** (-12.7 million euro)
- the **positive effect of Phase 2 of the Competitiveness Plan** which generated structural efficiencies of 82.5 million euro, more than compensating for the effects of **inflation** (-32.0 million euro), of the **reversal impact of the Covid Plan** of -10.4 million euro (equal to the balance between 54.4 million euro of discretionary costs related to activities suspended in 2020 because of the pandemic and the benefits stemming from the greater use of plants of 44.0 million euro), and of **amortizations** (-6.0 million euro)
- **the increase of Other costs** (-34.0 million euro in the first half, mainly concentrated in the first quarter) which is the balance between higher **R&D and High Value marketing costs** (-32.0 million euro), **greater provisions** (-23.2 million euro) for the long and short term management incentive plans (the latter cancelled in 2020) and the benefit (+21.2 million euro) stemming from both the normalization of the seasonality of costs compared with 2020 and the positive impact of the reconstitution of inventories.

Of particular importance was the improvement in profitability in the **second quarter of 2021** with an **adjusted Ebit margin** at 15.8% (-9.7% in the second quarter of 2020) and close to 2019 levels (16.5% in the second quarter of 2019). The improved profitability reflects the great contribution of commercial variables (volumes and price/mix) and of net efficiencies (around 44% of the annual target), as well as the positive dynamic of "Other Costs" (+24.1 million euro).

Ebit was 248.6 million euro (-56.8 million euro in the first half of 2020) and includes:

- amortizations of intangible assets identified in the context of PPA of 56.9 million euro (substantially in line with the first half of 2020);
- one-off, non-recurring and restructuring charges and other of 63.2 million euro (39.8 million euro in the first half of 2020) mainly relative to actions to rationalize structures, as well as the retention plan (approved by the Board on 26 February 2018) of 4.7 million euro (4.1 million euro in the first half of 2020);
- direct costs linked to the Covid-19 emergency of 8.7 million euro (26.4 million in the first half of 2020), mainly stemming from personal protection materials.

The **result from equity investments** was +2.0 million euro compared with -4.6 million euro in the first half of 2020.

Net financial charges in the first half of 2021 were 71.8 million euro compared with 73.1 million euro in the same period of 2020.

The cost of debt on annual basis (calculated for the last 12 months) was 2.27% (1.94% on 31 December 2020) and mainly reflects the temporary worsening of financial leverage because of the effect of Covid, only partially offset by efficiencies at the local debt level.

Tax charges in the first half of 2021 were 47.2 million euro compared with a pretax profit of 178.8 million euro, with a tax rate which stood at 26.4%, in line with the tax rate expected for 2021.

Net profit in the first half of 2021 was +131.6 million euro (compared with a loss of 101.7 million euro in the first half of 2020).
In **the second quarter** of 2021 net profit was 89.4 million (negative -140.2 million in the second quarter of 2020).

Net cash flow before dividends was -481.0 million euro, an improvement of 276.5 million compared with -757.5 million in the first half of 2020 and 159.5 million euro compared with 640.5 million euro in the first half of 2019. The trend was underpinned mainly by better net cash flow from operations' management: -272.7 million for the period (-589.8 million in the first half of 2020, -374.7 million in the first half of 2019) which reflects an improved operating result, lower cash absorption linked to working capital and other, as a result of the careful management of inventories (equal to 18.9% of sales over the last 12 months, compared with 21.4% in the first half of 2020) and the performance of debts (which benefitted also from the low amount of investments made in the fourth quarter.

Net cash flow improved by 197.2 million euro compared with the first half of 2020 and stood at -560.3 million euro (-757.5 million euro in the first half of 2020).

In the **second quarter of 2021** the **net cash flow before dividends** was positive 172.5 million euro, compared with -4 million euro in the same period of 2020 and an improvement of 100 million euro compared with +72.4 million euro in the second quarter of 2019.

The Net Financial Position on 30 June 2021 stood at -3,818.7 million euro (-3,258.4 million euro on 31 December 2020, -3,911.9 million euro on 31 March 2021 and - 4,264.7 million euro on 30 June 2020).

The liquidity margin, on 30 June 2021 equal to 1,533.0 million euro, guarantees the coverage of debt maturities towards banks and other financiers up to the first half of 2023 thanks also to the company's right to extend bank debt maturing in June 2022 for an additional two years.

***

2021 Targets

(billion euro)	March 2021	August 2021
Revenues	~4.7÷~4.8	~5.0÷~5.1
Adjusted Ebit Margin	>14%÷~15%	~15%÷~15.5%
Investments *% on sales*	~0.33 *~7%*	~0.33 ~7%
Net cash flow before dividends	~0.30÷~0.34	~0.36÷~0.39
Net financial position *NFP / Adj. Ebitda*	~3.0 *~2.7x*	<3.0 *≤ 2.6x*
ROIC *post taxes*	~16%	≥16%

Market outlook for 2021

For the Car tyre market as a whole, forecast growth of 10% in 2021 is confirmed, but with a different trend compared with prior expectations for the different segments and channels. In particular, the Car ≥18" market is expected to grow by 15% (+2 basis points compared with previous targets), driven by the **Replacement** channel (+18% compared with the initially forecast +12%), while in the **Original Equipment** the shortage of semi-conductors leads to great caution in forecasts of demand (+10% expected growth, -5 basis points compared with initial forecasts).

In light of the market scenario and the results posted in the first half, Pirelli **has revised its 2021 targets upwards** as follows:

- **Revenues between ~5.0 and ~5.1 billion euro** (previous target between ~4.7 and ~4.8 billion euro), with:
  - **Volumes growing** by between +14% and +15% (previous indication between +11% and +13%) driven by High Value where volumes are expected to grow by between +18% and +19% (previous target between +15% and +17%);
  - **price/mix improving** to between +4.5% and +5% (previous target +2.5% and +3%) thanks to price increases and more favorable channel and product mix;
  - **impact of exchange rates improving** to -2.5% ÷ -2% (previous indication -3.5%)

- **Adjusted Ebit Margin between ~15% and ~15.5%** (previous target between >14% and ~15%) thanks to the greater contribution of volumes and price/mix. The latter, in particular, will offset the increase in the cost of raw materials (mainly linked to oil and derivative products) and the impact of exchange rates;

- **Net cash generation before dividends improving to between ~360 and ~390 million euro** (previous target between ~300 and ~340 million), supported by the operating performance and efficient management of working capital;

- **Investments** confirmed at ~330 million euro

- **Net financial position** at <3 billion euro, an improvement compared with the previous target of ~3 billion euro.

***

Pirelli announces that the Company's Board of Directors took stock of the communication from the Board of Statutory Auditors in relation to the completed verification by said body – at the first suitable meeting following its relative renewal which took place on 15 June 2021 – of the existence for all its members of the requisites to be qualified as independent in accordance with TUF and the Code of Corporate Governance, to which the Company adheres.

***

Conference call

The results to 30 June 2021 will be illustrated today, 5 August 2021, 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 able to follow the presentation call by telephone, by dialling **+39 02 805 88 27**. The presentation will be webcast – in real time – at www.pirelli.com in the Investors section, where the slides can also be consulted.

***

The first half financial report through 30 June 2021 will be available to the public today at the Company's legal headquarters, as well as published at the Company's website (www.pirelli.com) and at eMarket Storage (www.emarketstorage.com).

***

The manager with responsibility for the preparation of the company accounting documents of Pirelli & C. S.p.A., Mr. Francesco Tanzi, declares that in accordance with paragraph 2 of srticle 154 bis of the Testo Unico della Finanza that the accounting information contained in this release correspond to the results of documents, books and accounting scripts.

***

Pirelli Press Office – Tel. +39 02 64424270 – pressoffice@pirelli.com
Pirelli Investor Relations – Tel. +39 02 64422949 – ir@pirelli.com
www.pirelli.com

Pirelli – economic data to 30.06.2021

(in millions of euro)		1 HY 2021	1 HY 2020
Net sales		**2.564,8**	**1.816,4**
EBITDA adjusted (°)		**573,9**	**267,9**
% of net sales		22,4%	14,7%
EBITDA (°°)		**502,0**	**201,7**
% of net sales		19,6%	11,1%
EBIT adjusted		**377,4**	**66,7**
% of net sales		14,7%	3,7%
Adjustments:	- amortisation of intangible assets included in PPA	(56,9)	(57,3)
	- non-recurring, restructuring expenses and other	(63,2)	(39,8)
	- COVID-19 direct costs	(8,7)	(26,4)
EBIT		**248,6**	**(56,8)**
% of net sales		9,7%	(3,1%)
Net income/(loss) from equity investments		2,0	(4,6)
Financial income/(expenses) (°°)		(71,8)	(73,1)
Net income/(loss) before taxes		**178,8**	**(134,5)**
Tax income/(expenses)		(47,2)	32,8
Tax rate %		26,4%	24,4%
Net income/(loss)		**131,6**	**(101,7)**
Eanings/(loss) per share (in euro per share)		0,12	(0,10)
Net income/(loss) adjusted		224,3	(13,4)
Net income/(loss) attributable to owners of the Parent Company		123,1	(103,3)

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 58.5 million (euro 35.7 million for the first half-year of 2020), to expenses relative to the retention plan approved by the Board of Directors on February 26, 2018 to the amount of euro 4.7 million (euro 4.1 million for the first half-year of 2020), and COVID-19 direct costs to the amount of euro 8.7 million (euro 26.4 million for the first half-year of 2020).

(°°) This item includes the impacts deriving from the application of the accounting standard IFRS 16 – Leases, on EBITDA to the amount of euro +49.8 million (euro +52.8 million for the first half-year of 2020), and on financial expenses to the amount of euro -10.5 million (euro -11.1 million for the first half-year of 2020).

Pirelli – Balance sheet data to 30.06.2021

(in millions of euro)		06/30/2021	12/31/2020	06/30/2020
Fixed assets		**8.887,5**	**8.857,1**	**9.067,7**
	Inventories	956,5	836,4	961,5
	Trade receivables	802,5	597,7	627,9
	Trade payables	(966,9)	(1.268,0)	(858,4)
Operating net working capital		**792,1**	**166,1**	**731,0**
% of net sales (*)		15,7%	3,9%	16,3%
	Other receivables/other payables	(31,5)	(25,6)	145,0
Net working capital		**760,6**	**140,5**	**876,0**
% of net sales (*)		15,1%	3,3%	19,5%
Net invested capital		**9.648,1**	**8.997,6**	**9.943,7**
Equity		**4.798,7**	**4.551,9**	**4.404,1**
Provisions		1.030,7	1.187,3	1.274,9
Net financial (liquidity)/debt position		**3.818,7**	**3.258,4**	**4.264,7**
Equity attributable to owners of the Parent Company		4.680,9	4.447,4	4.305,5
Investments in intangible and owned tangible assets (CapEx)		152,8	140,0	81,4
Increases in right of use		49,9	68,5	47,0
Research and development expenses		117,2	194,6	95,0
% of net sales		4,6%	4,5%	5,2%
Research and development expenses - High Value		110,0	182,5	89,6
% of High Value sales		6,0%	6,0%	7,0%
Employees (headcount at end of period)		30.787	30.510	30.521
Industrial sites (number)		19	19	19

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

Financial statement to 30.06.2021

(in millions of euro)	1 Q		2 Q		1 HY	
	2021	2020	2021	2020	2021	2020
EBIT adjusted	168,8	141,1	208,6	(74,4)	377,4	66,7
Amortisation and depreciation (excluding PPA amortisation)	97,7	103,1	98,8	98,1	196,5	201,2
Investments in intangible and owned tangible assets (CapEx)	(89,8)	(56,6)	(63,0)	(24,8)	(152,8)	(81,4)
Increases in right of use	(26,7)	(22,9)	(23,2)	(24,1)	(49,9)	(47,0)
Change in working capital / other	(717,2)	(861,2)	73,3	131,9	(643,9)	(729,3)
Operating net cash flow	**(567,2)**	**(696,5)**	**294,5**	**106,7**	**(272,7)**	**(589,8)**
Financial income / (expenses)	(40,0)	(32,5)	(31,8)	(40,6)	(71,8)	(73,1)
Taxes paid	(37,1)	(31,4)	(34,9)	(22,4)	(72,0)	(53,8)
Cash Out for non-recurring, restructuring expenses / other	(28,9)	(20,7)	(40,4)	(28,2)	(69,3)	(48,9)
Differences from foreign currency translation / other	15,9	27,6	(14,9)	(19,5)	1,0	8,1
Net cash flow before dividends, extraordinary transactions and investments	**(657,3)**	**(753,5)**	**172,5**	**(4,0)**	**(484,8)**	**(757,5)**
(Acquisition) / Disposals of investments	3,8	-	-	-	3,8	-
Net cash flow before dividends paid by the Parent Company	**(653,5)**	**(753,5)**	**172,5**	**(4,0)**	**(481,0)**	**(757,5)**
Dividends paid by the Parent Company	-	-	(79,3)	-	(79,3)	-
Net cash flow	**(653,5)**	**(753,5)**	**93,2**	**(4,0)**	**(560,3)**	**(757,5)**

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 line with) in line with the ESMA guidelines on Alternative Performance Indicators (Guidelines 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.

In particular, the Non-GAAP Measures used were as follows:

- **EBITDA:** is equal to EBIT, but excludes the depreciation and amortisation of property, plant and equipment and intangible assets. EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted:** is an alternative measure to EBITDA which excludes non-recurring, restructuring and one-off expenses, 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 EBITDA by revenues from sales and services (net sales). This measure is used to evaluate operating efficiency, excluding impacts deriving from investments;
- **EBITDA margin adjusted:** is calculated by dividing EBITDA adjusted by revenues from sales and services (net sales). 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, 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, financial expenses, and 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 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, 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 EBIT by revenues from sales and services (net sales). This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** is calculated by dividing EBIT adjusted by revenues from sales and services (net sales). 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, 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):
    - 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, COVID-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
    - non-recurring expenses/income recognised under financial income and expenses;
    - non-recurring expenses/income recognised under taxes, as well as the tax impact of 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 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)", "deferred tax liabilities"* and *"deferred tax assets".* The item provisions represents the total amount of net liabilities due to obligations of a probable but uncertain nature
- **Net financial debt:** is calculated pursuant to the CONSOB Notice dated July 28, 2006, and in compliance with the ESMA guidelines on 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, other current financial assets at fair value through the Income Statement, current financial receivables (included in the Financial Statements under *"Other receivables"*) and 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"*), the current derivative financial instruments included in the net financial position (included in the Financial Statements under current assets as *"Derivative financial instruments"*), 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"*). Total net financial position is an alternative measure to net financial debt which includes non-current financial assets;
- **Operating net cash flow:** is calculated as the change in the net financial position relative to operations;
- **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 investments, to net cash flow before dividends, extraordinary transactions and investments;

- **Net cash flow:** is calculated by adding the change in the net financial position due to the payment of dividends by the Parent company, to the net cash flow before dividends paid by the Parent company;
- **Investments in intangible and owned tangible assets (CapEx):** this 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**: this is calculated as the ratio between EBIT adjusted net of tax effects, and the average net invested capital net of provisions, and does not include, investments in associated companies 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”, intangible assets relative to assets recognised as a consequence of Business Combinations, deferred tax liabilities relative to the latter, and "Provisions for employee benefit obligations (current and non-current)".