



**INTERIM FINANCIAL
REPORT
AT MARCH 31, 2022**

PIRELLI & C. Società per Azioni (Joint Stock Company)

Milan Office

Viale Piero e Alberto Pirelli n. 25

Share Capital Euro 1,904,374,935.66

Milan Company Register No. 00860340157

REA (Economic Administrative Index) No. 1055

PIRELLI & C. S.p.A. - MILAN

TABLE OF CONTENTS

<i>MACROECONOMIC AND MARKET SCENARIO</i>	<i>6</i>
<i>SIGNIFICANT EVENTS OF THE QUARTER.....</i>	<i>10</i>
<i>GROUP PERFORMANCE AND RESULTS</i>	<i>12</i>
<i>OUTLOOK FOR 2022.....</i>	<i>23</i>
<i>SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER.....</i>	<i>25</i>
<i>ALTERNATIVE PERFORMANCE INDICATORS.....</i>	<i>26</i>
<i>OTHER INFORMATION</i>	<i>30</i>
<i>FINANCIAL STATEMENTS</i>	<i>36</i>
<i>DECLARATION OF THE MANAGER RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE AND ACCOUNTING DOCUMENTATION PURSUANT TO THE PROVISIONS OF ARTICLE 154-BIS, PARAGRAPH 2 OF THE LEGISLATIVE DECREE 58/1998.....</i>	<i>45</i>

The Board of Directors¹

Chairman	Ning Gaoning
Executive Vice Chairman and Chief Executive Officer	Marco Tronchetti Provera
Deputy-CEO	Giorgio Luca Bruno
Director	Yang Shihao
Director	Bai Xinping
Independent Director	Paola Boromei
Independent Director	Domenico De Sole
Independent Director	Roberto Diacetti
Independent Director	Fan Xiaohua
Independent Director	Giovanni Lo Storto
Independent Director	Marisa Pappalardo
Independent Director	Tao Haisu
Director	Giovanni Tronchetti Provera
Independent Director	Wei Yintao
Director	Zhang Haitao

Secretary of the Board

Alberto Bastanzio

Board of Statutory Auditors²

Chairman	Riccardo Foglia Taverna
Antonella Carù	Antonella Carù
	Francesca Meneghel
	Teresa Naddeo
	Alberto Villani

¹ Appointment: June 18, 2020. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2022. On May 10, 2022 Yang Shihao has been coopted by the Board of Directors to replace Yang Xingqiang, who resigned with effect from the same date. The coopted Director will expire with the first Shareholders' Meeting that will be convened by the Board of Directors.

² Appointment: June 15, 2021. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2023.

Alternate Auditors

Franca Brusco

Maria Sardelli

Marco Taglioretti

Audit, Risk, Sustainability and Corporate Governance Committee

Chairman – Independent Director

Fan Xiaohua

Independent Director

Roberto Diacetti

Independent Director

Giovanni Lo Storto

Independent Director

Marisa Pappalardo

Zhang Haitao

Committee for Related Party Transactions

Chairman – Independent Director

Marisa Pappalardo

Independent Director

Domenico De Sole

Independent Director

Giovanni Lo Storto

Nominations and Successions Committee

Chairman

Marco Tronchetti Provera

Ning Gaoning

Bai Xinping

Giovanni Tronchetti Provera

Remuneration Committee

Chairman – Independent Director

Tao Haisu

Bai Xinping

Independent Director

Paola Boromei

Independent Director

Fan Xiaohua

Independent Director

Marisa Pappalardo

Strategies Committee

Chairman

Marco Tronchetti Provera

Ning Gaoning

Giorgio Luca Bruno

Yang Shihao

Bai Xinping

Independent Director

Domenico De Sole

Independent Director

Giovanni Lo Storto

Independent Director

Wei Yintao

Independent Auditing Firm³

PricewaterhouseCoopers S.p.A.

**Manager Responsible for the Preparation
of the Corporate Financial Documents⁴**

Giorgio Luca Bruno⁵

The Supervisory Board (as provided for by the Organisational Model 231 adopted by the Company) is chaired by Prof. Carlo Secchi.

³ Appointment: August 1, 2017, effective as of the date of the commencement of trading of Pirelli shares on the stock exchange (October 4, 2017). Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2025.

⁴ Appointment: Board of Directors Meeting on November 11, 2021. Expiry: jointly with the current Board of Directors.

⁵ As indicated above, Giorgio Luca Bruno also holds the position of Deputy-CEO.

MACROECONOMIC AND MARKET SCENARIO

Economic Overview

Global economic recovery from the pandemic suffered a setback in the first quarter of 2022 in the wake of the Russia-Ukraine crisis, and heightened global geopolitical tensions. Sanctions against Russia introduced by Western countries, rising energy prices, discontinuity in international trade and volatility in the financial markets, led to a slowdown in global economic growth by an estimated +4.0% for the first quarter. Inflation rose everywhere driving global consumer price increases to more than +6% during the first quarter, fuelled by the aforementioned increase in energy prices, and by the further exacerbation of supply-side bottlenecks that had not yet normalised following the pandemic. Consumer confidence in Europe in March 2022 fell sharply back to spring 2020 levels.

In Europe, GDP growth for the first quarter of 2022 amounted to +5.3%, but benefited from a favourable comparison with the first quarter of 2021 when the service sector was still impacted by restrictive measures, due to the pandemic. Inflation rose sharply to 7.4% in March, driven by soaring energy prices.

Economic growth in the US slowed during the first quarter of 2022 (+3.6%) due to the slowdown in exports, and subdued domestic goods consumption, which weighed on price growth. Inflation for March stood at 8.5% due also to persistent disruptions along the supply chain that limited industrial production.

Economic Growth, Percentage Change in GDP

	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
EU	-0.9	14.0	4.2	4.9	5.2
US	0.5	12.2	4.9	5.5	3.6
China	18.3	7.9	4.9	4.0	4.8
Brazil	2.6	12.2	4.1	1.6	0.2
Russia	-0.9	10.0	3.9	6.3	5.5
World	3.6	11.7	4.7	4.6	4.0

Note: Percentage change compared to same period of previous year. Preliminary data for Q1 2022, estimates for Brazil, Russia and the World. Source: National statistics offices and S&P Global, April 2022.

In China, GDP growth of +4.8% for the first quarter of 2022 was characterised by a strong recovery in investment and consumption at the beginning of the year, which was subsequently impacted in March by restrictive measures to counter the new wave of COVID infections.

In Brazil, the figures for economic activity for the first months of the year were positive, especially for spending on services thanks to improved mobility. Steadily rising inflation and interest rates during 2021 and the first quarter of 2022, dampened consumption growth during the first quarter.

The invasion of the Ukraine triggered a rapid tightening of sanctions against Russia, sanctions that included restrictions on foreign trade, the blocking of central bank foreign exchange reserves and access to international markets by major banks. Trade disruptions due to sanctions and boycotts led

to significant supply shortages and price increases (an inflation rate of 16.7% for March), exacerbated by the depreciation of the rouble against the US dollar.

Exchange Rates

The conflict between Russia and the Ukraine created realignments within the currency markets. The first quarter was characterised by an appreciation of the currencies of the raw materials exporting countries, and a depreciation of currencies exposed to the Russian market, particularly the importers of energy goods, such as Europe.

The strengthening of the US dollar against the euro during the first quarter also reflected a widening of the growth differentials between economies and the expected interest rates. The euro/US dollar exchange rate averaged 1.12 for the first three months of 2022, with the US dollar appreciating by +7.4% compared to the same period of 2021.

The Chinese economy benefited from a large trade surplus for 2021, leading the renminbi to strengthen further during the first quarter of 2022: +2.1% compared to the first quarter of 2021 (+9.7% against the euro).

In Brazil, the central bank's interest rate hike to combat inflation, coupled with rising commodity prices provided support for the Brazilian real, which appreciated by +4.8% against the US dollar and +12.5% against the euro for the first quarter.

The sanctions imposed on Russia by Western countries had significant effects on the national currency, with the exchange rate exceeding 130 roubles per US dollar during the first half of March. The rouble averaged 87.37 against the US dollar for the first three months, a depreciation of -14.9% against the US dollar (and -8.6% against the euro).

Key Exchange Rates	1Q		
	2022	2021	2020
US\$ per euro	1.12	1.20	1.10
Chinese renminbi per US\$	6.35	6.48	6.98
Brazilian real per US\$	5.24	5.49	4.47
Russian rouble per US\$	87.37	74.32	66.39

Note: Average exchange rates for the period. Source: National central banks.

Raw Materials Prices

Raw material prices, especially energy prices, have been highly volatile since the second half-year of 2021. This trend was further accentuated by the Russian-Ukrainian crisis. The price of Brent crude rose from approximately US\$ 92 per barrel during the first half of February, to reach peaks of over US\$ 120 per barrel in the first ten days of March. The price settled at around US\$ 110 per barrel towards the end of the first quarter of 2022. The average price for Brent was consequently US\$ 97.4 per barrel for the first three months of the year, +22% compared to the last quarter of 2021 and +59% compared to the first quarter of 2021.

Even more volatile than the price of oil was the price of natural gas, which hit all-time highs in Europe during the first quarter of 2022 as a result of the conflict between Russia and the Ukraine. With approximately 40% of the gas consumed in 2021 coming from Russia, the European Union's economy was reliant on imports from Russia and exposed to the risk of possible supply disruptions.

Supply shortages and increased demand in the automotive industry bolstered the price of butadiene in Europe during the first quarter of 2022. The average price stood at euro 1,067 per tonne, down by -10% compared to the fourth quarter of 2021, but up by +49% compared to the average recorded for the first quarter of 2021.

The price of natural rubber rose sharply especially since the second half of 2021, as global economic activity picked up. For the first quarter of 2022, the average price for natural rubber was US\$ 1,772 per tonne, an increase of +2% compared to the fourth quarter of 2021, and of +6% compared to the first quarter of 2021 when natural rubber had not yet recovered to its pre-pandemic price levels.

Raw Materials Prices	1Q				
	2022	% chg.	2021	% chg.	2020
Brent (US\$ / barrel)	97.4	59%	61.1	20%	50.9
Butadiene (€ / tonne)	1,067	49%	715	-2%	727
Natural rubber TSR20 (US\$ / tonne)	1,772	6%	1,668	25%	1,337
Natural gas, Europe (MMBtu)	32.6	401%	6.5	111%	3.1

Note: Data are averages for the period. Source: S&P Global, Reuters, World Bank.

Trends in Car Tyre Markets

During the first quarter of 2022, the car tyre market grew by +0.7% globally. Volumes however still remained below pre-pandemic levels (by approximately -6% compared to the first quarter of 2019). Growth for the Replacement channel for the first quarter of 2022 (+2.8% compared to the same quarter of 2021) was supported by the recovery in mobility, and the market came close to pre-COVID levels (-2.1% compared to the first quarter of 2019). The Original Equipment market (-4.8% compared to the first three months of 2021, -15.4% compared to the first quarter of 2019) was impacted by the semi-conductor shortage for automobile production.

Trends in Car Tyre Markets

<i>% change year-on-year</i>	1Q 2021	2Q 2021	3Q 2021	4Q 2021	2021	1Q 2022	1Q 2022/ 1Q 2019
Total Car Tyre Market							
Total	11.9	41.3	-5.1	-4.1	8.1	0.7	-6.0
<i>Original Equipment</i>	14.3	47.9	-19.2	-13.3	2.2	-4.8	-15.4
<i>Replacement</i>	11.0	39.2	-0.1	-0.4	10.2	2.8	-2.1
Market ≥ 18"							
Total	20.4	56.5	-1.6	0.7	14.9	8.0	18.1
<i>Original Equipment</i>	18.6	66.3	-15.0	-10.6	7.6	0.3	2.5
<i>Replacement</i>	21.8	50.8	7.9	9.6	20.1	13.7	30.8
Market ≤ 17"							
Total	10.0	38.0	-5.9	-5.3	6.5	-1.2	-10.9
<i>Original Equipment</i>	12.6	41.2	-21.0	-14.3	0.0	-7.0	-21.7
<i>Replacement</i>	9.2	37.2	-1.4	-2.1	8.5	0.7	-7.1

Source: Pirelli estimates

There was a more marked recovery in demand for the Car ≥18" segment (+8.0% compared to the first quarter of 2021, +0.3% for the Original Equipment channel, +13.7% for the Replacement channel), which continued its growth to beyond pre-pandemic levels (+18.1% growth in overall demand, +2.5% for Original Equipment and +30.8% for the Replacement channel compared to the first quarter of 2019), which was also supported by an improved car parc mix.

Market demand for the Car ≤17" segment (-1.2% compared to the first quarter of 2021) still remained well below the levels of the same pre-pandemic period (-10.9% overall compared to the first quarter of 2019) in all regions.

SIGNIFICANT EVENTS OF THE QUARTER

On **January 28, 2022** Pirelli launched the start of celebrations, for the 150th anniversary of its foundation on January 28, 1872. Other initiatives will follow during the course of 2022.

On **February 1, 2022** Pirelli was awarded “*Gold Class*” recognition in the 2022 Sustainability Yearbook published by S&P Global, which examined the sustainability profile of more than 7,500 companies. Pirelli was awarded the “*S&P Global Gold Class*” in the ranking that is carried out annually on the basis of the 2021 results of the Corporate Sustainability Assessment for the Dow Jones Sustainability indexes of S&P Global, where Pirelli scored 77 points against the sector average of 31.

On **February 21, 2022**, Pirelli, in keeping with that which had been announced to the market on November 11, 2021, finalised the signing of a five-year euro 1.6 billion multi-currency bank credit facility with a pool of leading Italian and international banks.

The new credit facility, which is geared towards the Group's ESG objectives, enabled the Group to:

- repay debt maturing in June 2022 (approximately euro 950 million at December 31, 2021) by using euro 600 million from the new credit facility, and the remainder from the Company's liquidity;
- replace euro 700 million from an available and unused credit facility maturing in June 2022, with euro 1.0 billion from the new credit facility, thereby increasing financial flexibility by euro 300 million.

This operation, which was finalised with improved terms and conditions (consistent with the provisions of the Company's plans) than for the credit facilities which were replaced, has allowed for the optimisation of the debt profile by extending maturity dates.

On **February 23, 2022** Pirelli announced that it had been assigned an investment grade rating by S&P Global Ratings and Fitch Ratings. This follows the Company's request for a public rating, in keeping with the Group's objectives of optimising conditions of access to the credit market. Specifically, Fitch Ratings assigned Pirelli an Investment Grade rating of BBB- with a stable outlook, emphasising, amongst other things, the solidity of the Company's operating margins and its ability to generate cash flow, which make it possible to forecast a significant reduction in debt over the next two to three years. The agency highlighted Pirelli's leadership position in the Premium segment, its consolidated know-how for high-performance products, its exposure to aftermarket activities that are less volatile than that of the Standard segment and the reputation of its Brand. S&P Global Ratings assigned an Investment Grade rating of BBB- with a stable outlook, highlighting, amongst other things, the solid position Pirelli holds in the Premium and Prestige markets, its ability to efficiently utilise its manufacturing plants, which is reflected in an EBITDA margin that exceeds the sector average and the agency's expectation of continuous debt reduction, through the careful management of a solid free cash flow.

On **February 23, 2022** Pirelli's Board of Directors approved, as part of the strategy to refinance and optimise the Company's financial structure, a new EMTN (Euro Medium Term Note) programme for the issue of senior unsecured non-convertible bond loans for a maximum countervalue of euro 2

billion, to replace the previous euro 2 billion EMTN programme approved on December 21, 2017 (without prejudice to issuances under the previous EMTN programme if the latter were not reimbursed before maturity). As part of this programme, on the same date, the Board of Directors authorised the issuance, to be executed within 12 months of the completion of the documentation, of one or more bond loans, to be placed with institutional investors, for a total maximum amount of up to euro 1 billion. As with the previous programme, the newly issued bonds may be listed on one or more regulated markets, and are guaranteed by Pirelli Tyre.

On **March 4, 2022** Pirelli announced that it would donate euro 500,000 to help Ukrainian refugees affected by the war. The Company has also made a current account available to employees for the collection of their donations. Pirelli strongly condemns what is happening and stands by the people who are suffering.

On **March 17, 2022** Pirelli's Board of Directors approved and endorsed the consolidated results at December 31, 2021, which had already been disclosed to the market in a preliminary, unaudited form on **February 23**. The financial year ended with a consolidated net income of euro 321.6 million (euro 42.7 million for the 2020 financial year), and a net income for the Parent Company Pirelli & C. S.p.A. of euro 216.6 million (euro 44.0 million for the corresponding period of 2020). In accordance with the dividend policy of the 2021-2022|2025 Industrial Plan, the Board of Directors will propose the distribution of a dividend of euro 0.161 per share for a total of euro 161 million, to the Shareholders' Meeting. This dividend for the 2021 financial year will be payable from May 25, 2022 (an ex-dividend date of May 23, 2022 and a record date May 24, 2022).

On **March 17, 2022**, Pirelli, faced with the Russia-Ukraine crisis, announced that investments in Russia, except for those related to security, had been blocked and that factory activities in the country would be progressively limited to what was necessary to guarantee the financing of salaries and social services for employees.

Pirelli had already set up a specific Crisis Committee to monitor the situation, and had implemented mitigation actions and a contingency plan that, among other things, provides for the gradual reallocation of exports to other Group plants.

GROUP PERFORMANCE AND RESULTS

In this document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), Alternative Performance Indicators derived from the IFRS were used in order to allow for a better assessment of the of the Group's operating and financial performance. Reference should be made to the paragraph "*Alternative Performance Indicators*" for a more analytical description of these indicators.

* * *

In a highly volatile external environment (rising inflation, difficulties along the supply chain, lockdowns in China), which was further exacerbated by the Russian-Ukrainian conflict, Pirelli closed the first quarter of 2022 with results in growth, thanks to the implementation of the key programmes of the 2021-2022|2025 Industrial Plan.

On the **Commercial** front:

- continued growth for the High Value segment (74% of Group revenues, 73% for the first quarter of 2021), with particular focus on Car $\geq 19"$, Specialties and electric vehicles. The quarter saw strengthened positioning for the Car $\geq 18"$ Replacement channel (+16% for Pirelli volumes compared to +14% for the market), thanks to the further renewal of the product portfolio. A selective strategy for the Car $\geq 18"$ Original Equipment channel (-1% for Pirelli volumes against an unchanged market), meant an increasing focus on higher tyre rim diameters ($\geq 19"$ volumes were up by nearly +4 percentage points and which accounted for 75% of Original Equipment $\geq 18"$ volumes), and on electric vehicles (8% of Original Equipment $\geq 18"$ volumes, which had doubled compared to the first quarter of 2021);
- a reduction in exposure to the Standard segment (-6% for Pirelli Car $\leq 17"$ volumes compared to -1% for the market), with a mix increasingly oriented towards the Replacement channel and higher rim diameter products;
- record level improvement in the price/mix (+20.4% for the first quarter), which reflected the price increases and a favourable mix performance.

On the **Innovation** front:

- the homologation plan continued especially with the Premium and Prestige OEM partners, with ~90 technical homologations concentrated mainly in the $\geq 19"$ range and Specialties;
- the launch during the quarter of two new product lines dedicated to the SUV segment (the New Scorpion and Scorpion All-Season SF2), with a particular focus on electric or plug-in hybrid cars.

For the **Competitiveness Programme: Phase 2 of the Efficiency Plan** continued, with gross benefits of euro 28.6 million (which is approximately 20% of the annual target of euro 150 million), and relative to:

- product cost, with modularity and design-to-cost programmes;
- manufacturing, through the completion of the previously announced optimisation of the industrial footprint and the implementation of efficiency programmes;
- SG&A, by leveraging an optimised logistics and warehouse network, and the negotiation of purchases;
- organisation, through the recourse to digital transformation.

For the **Operations Programme**:

- the production of cycling tyres began at the Bollate plant;
- plant saturation level was increased to greater than 90%;
- investments in Russia were halted (except those concerning security), and reallocated to other regions.

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.

Pirelli's results for the first quarter of 2022 were characterised by:

- **net sales** equalled euro **1,521.1** million, up by +22.2% compared to the first quarter of 2021 (growth of +19.0% net of the exchange rate effect and hyperinflation in Argentina), supported by a strong improvement in the price/mix (+20.4%) and by a stronger High Value segment;
- **EBIT adjusted** equalled euro **228.5** million, up by +35% compared to euro 168.8 million for the first quarter of 2021, with profitability at 15.0%, an improvement compared to 13.6% for the same period of 2021, thanks to the contribution of internal levers (price/mix and efficiencies) which more than offset the strong impact of raw materials prices and inflation;
- **net income/(loss)** amounted to an income of euro **109.8** million (euro 42.2 million for the first quarter of 2021), and **net income/(loss) adjusted** amounted to an income of euro **135.6** million, net of one-off, non-recurring and restructuring expenses and the amortisation of the intangible assets included in the PPA;
- the **Net Financial Position** at March 31, 2022 showed a debt of euro **3,580.0** million (euro 2,907.1 at December 31, 2021 and euro 3,911.9 million at March 31, 2021), with a net cash absorption of euro 673 million (cash absorption of euro 654 million for the first quarter of 2021) which reflected the usual seasonality of the business;
- a **liquidity margin** which equalled euro **1,940.7** million.

The **Group's consolidated Financial Statements** can be summarised as follows:

<i>(in millions of euro)</i>	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
Earnings/(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). For the first quarter of 2021 these adjustments 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.

<i>(in millions of euro)</i>	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.

Total net sales amounted to euro 1,521.1 million, a growth of +22.2% compared to the first quarter of 2021, or +19.0% excluding the combined impact of the exchange rate effect and the adoption of hyperinflation accounting in Argentina (totalling +3.2%).

High Value sales accounted for 74% of total Group revenues (73% for the first quarter of 2021).

The following table shows the **market drivers for net sales performance** compared to the same period of the previous year:

	2022
	1Q
Volume	-1.4%
<i>of which:</i>	
- High Value	5.8%
- Standard	-9.7%
Price/mix	20.4%
Change on a like-for-like basis	19.0%
Exchange rate effect /Hyperinflation accounting in Argentina	3.2%
Total change	22.2%

Volume performance (-1.4%) was impacted by the different trends between the High Value (+5.8%) and Standard segments (-9.7%) for both the Car and Motorcycle businesses.

For the total Car business, Pirelli reported an increase in volumes of +1.6%, compared to +0.7% for the market:

- ≥ 18 " segment volumes grew by +8%, consistent with the market, with a stronger Replacement channel (+16% for Pirelli volumes compared to +14% for the market), particularly in Europe and North America, while the trend for the Original Equipment channel (-1% compared to a flat market), reflected the increased selectivity in favour of ≥ 19 " rim diameters and electric vehicles;
- reduced exposure to the ≤ 17 " segment (-6% for Pirelli volumes compared to -1% for the market), with increased focus on the product and channel mix. There was a positive trend for the Replacement channel (+3% compared to +1% for the market), mainly supported by increased sales in higher rim diameters (16" and 17"). Original Equipment channel sales fell instead (-28% compared to -7% of the market), due to both the increased selectivity within this channel, and the impact of the Russian crisis following the freeze on automobile production by the main OEMs.

The trend in Motorcycle volumes was negative for the first quarter (-8.5% for volumes). This trend was impacted by the sharp decline in sales in the Standard segment (-29%), following the reduction in exposure to this segment with the closure of the Brazilian motorcycle tyre plant in Gravatai, which was completed during the third quarter of 2021. By contrast, the trend in volumes for the High Value Motorcycle segment was positive (+12%), particularly in Europe and North America thanks to the renewed Road and Touring product range.

The **price/mix** saw record results for the first quarter of 2022 (+20.4%), supported by:

- price increases in all Regions to counter rising inflation in the costs of production factors;
- an improved channel mix (increased sales for the Replacement channel) and an improved product mix, the latter linked to the ongoing conversion from Standard to High Value, and to the improved micro-mix within both segments.

The positive impact of the **exchange rate effect** (+3.2%) reflected the appreciation of the main currencies against the euro (+7.4% for the US dollar, +9.7% for the Chinese renminbi and +12.5% for the Brazilian real, for the quarter).

The performance for **net sales according to geographical region** was as follows:

<i>(in millions of euro)</i>	1 Q 2022			1 Q 2021	
		%	YoY	Organic YoY*	%
Europe and Turkey	610.4	40.1%	20.8%	21.5%	40.7%
North America	346.9	22.8%	33.2%	25.8%	20.9%
APAC	258.0	17.0%	7.7%	0.4%	19.2%
South America	183.5	12.1%	35.0%	28.2%	10.9%
Russia, Nordics and MEAI	122.3	8.0%	18.2%	20.5%	8.3%
Total	1,521.1	100.0%	22.2%	19.0%	100.0%

* before exchange rate effect and hyperinflation in Argentina

EBITDA adjusted amounted to euro 333.1 million (euro 266.5 million for the first quarter of 2021), with a margin of 21.9% (21.4% for the first quarter of 2021), which reflected the dynamics described in the following paragraph in terms of EBIT adjusted.

EBIT adjusted for the first quarter of 2022 amounted to euro 228.5 million (euro 168.8 million for the corresponding period of 2021), with an EBIT margin adjusted of 15.0%, an improvement compared to +13.6% for the first quarter of 2021. The contribution of internal levers (price/mix and efficiencies), more than offset the negativity of the external environment (raw materials and inflation). More specifically the EBIT adjusted reflected:

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

<i>(in millions of euro)</i>	1 Q
2021 EBIT adjusted	168.8
- Internal levers:	
Volumes	(7.4)
Price/mix	206.2
Amortisation and depreciation	(4.8)
Efficiencies	28.6
Other	4.3
- External levers:	
Cost of production factors (commodities)	(119.9)
Cost of production factors (labour/energy/other)	(53.3)
Exchange rate effect	6.0
Total change	59.7
2022 EBIT adjusted	228.5

EBIT amounted to euro 192.6 million (euro 97.4 million for the first quarter of 2021), and included the amortisation of intangible assets identified in the PPA to the amount of euro 28.4 million, consistent with the first quarter of 2021, and one-off, non-recurring and restructuring expenses to the amount of euro 7.5 million mainly related to the continuation of structural rationalisation measures.

Net income/(loss) from equity investments amounted to an income of euro 0.8 million, compared to a loss of euro 0.1 million for the first quarter of 2021.

Net financial expenses for the first quarter of 2022 amounted to euro 43.6 million, compared to euro 40.0 million for the first quarter of 2021.

At March 31, 2022 the cost of year-on-year debt (calculated over the last twelve months) equalled 2.47% (2.38% at December 31, 2021), which reflected which the generalised increase in interest rates in the current macroeconomic climate, combined with a reduction in gross debt.

Tax expenses for the first quarter of 2022 amounted to euro -40.0 million against a net income before taxes of euro 149.8 million, with a tax rate of 26.7%. For the first quarter of 2021, taxes had amounted to euro -15.1 million against a net income before taxes of euro 57.3 million (a tax rate of 26.4%).

Net income/(loss) amounted to an income of euro 109.8 million, compared to an income of euro 42.2 million for the first quarter of 2021.

Net income/(loss) adjusted amounted to an income of euro 135.6 million, compared to an income of euro 93.9 million for the first quarter of 2021. The following table shows the calculations:

<i>(in millions of euro)</i>	1Q	
	2022	2021
Net income/(loss)	109.8	42.2
Amortisation of intangible assets included in PPA	28.4	28.4
One-off, non-recurring and restructuring expenses	7.5	40.7
Retention plan	-	2.3
Taxes	(10.1)	(19.7)
Net income/(loss) adjusted	135.6	93.9

Net income/(loss) attributable to the owners of the Parent Company amounted to an income of euro 107.5 million, compared to an income of euro 39.0 million for the first quarter of 2021.

Equity went from euro 5,042.6 million at December 31, 2021 to euro 5,294.0 million at March 31, 2022.

Equity attributable to the owners of the Parent Company at March 31, 2022 equalled euro 5,158.8 million, compared to euro 4,908.1 million at December 31, 2021.

The change is shown in the following table:

<i>(in millions of euro)</i>	Group	Non-controlling interests	Total
Equity at 12/31/2021	4,908.1	134.5	5,042.6
Translation differences	112.7	(1.7)	111.0
Net income/(loss)	107.5	2.3	109.8
Fair value adjustment of financial assets / derivative instruments	14.5	-	14.5
Actuarial gains/(losses) on employee benefits	0.2	-	0.2
Effect of hyperinflation in Argentina	15.3	-	15.3
Other	0.5	0.1	0.6
Total changes	250.7	0.7	251.4
Equity at 03/31/2022	5,158.8	135.2	5,294.0

The **net financial position** showed a debt of euro 3,580.0 million, compared to euro 2,907.1 million at December 31, 2021. It was composed as follows:

<i>(in millions of euro)</i>	03/31/2022	12/31/2021
Current borrowings from banks and other financial institutions	1,215.2	1,489.2
- of which lease liabilities	88.7	91.6
Current derivative financial instruments (liabilities)	103.6	10.3
Non-current borrowings from banks and other financial institutions	3,636.6	3,789.4
- of which lease liabilities	406.2	412.8
Non-current derivative financial instruments (liabilities)	1.2	3.5
Total gross debt	4,956.6	5,292.4
Cash and cash equivalents	(842.9)	(1,884.7)
Other financial assets at fair value through Income Statement	(97.8)	(113.9)
Current financial receivables **	(103.6)	(81.8)
Current derivative financial instruments (assets)	(55.6)	(38.8)
Net financial debt *	3,856.7	3,173.2
Non-current derivative financial instruments (assets)	(0.4)	(4.6)
Non-current financial receivables **	(276.3)	(261.5)
Total net financial (liquidity) / debt position	3,580.0	2,907.1

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

** The item "financial receivables" is reported net of the relative provisions for impairment which amounted to euro 11.2 million at March 31, 2022 (euro 9.3 million at December 31, 2021).

The **structure of gross debt** which amounted to euro 4,956.6 million, was as follows:

<i>(in millions of euro)</i>	03/31/2022	Maturity date					
		within 1 year	between 1 and 2	between 2 and 3	between 3 and 4	between 4 and 5	more than 5 years
ESG financing 2022	597.4	-	-	-	-	597.4	-
Convertible bond	463.3	-	-	-	463.3	-	-
EMTN programme bond	551.1	551.1	-	-	-	-	-
Schuldschein	242.5	-	222.6	-	19.9	-	-
Pirelli & C. bilateral borrowings from banks	1,221.6	99.9	722.9	398.8	-	-	-
Sustainable credit facility	796.3	-	-	-	796.3	-	-
Other loans	589.5	577.9	3.1	8.5	-	-	-
Lease liabilities	494.9	88.7	71.2	62.9	53.1	42.5	176.5
Total gross debt	4,956.6	1,317.6	1,019.8	470.2	1,332.6	639.9	176.5
		26.6%	20.6%	9.5%	26.9%	12.9%	3.5%

At March 31, 2022 the Group had a liquidity margin equal to euro 1,940.7 million, composed of euro 1 billion in the form of non-utilised committed credit facilities, euro 842.9 million in cash and cash equivalents and financial assets at fair value through the Income Statement to the amount of euro 97.8 million. The liquidity margin of euro 1,940.7 million guarantees coverage for maturities for borrowings from banks and other financial institutions, until February 2024.

Net cash flow before dividends amounted to euro -672.9 million, which was substantially consistent with cash flow for the first quarter of 2021 (euro -653.5 million). **Operating net cash flow** was also consistent with the first quarter of 2021, amounting to euro -565.2 million (euro -567.2 million for the first quarter of 2021).

Net cash flow for the year can be summarised as follows:

<i>(in millions of euro)</i>	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)

The change in **operating net cash flow** mainly reflected:

- the positive effect of the performance of operating income (euro 228.5 million for the first three months of 2022, compared to euro 168.8 million for the corresponding period of 2021);
- lower investments in property, plant and equipment and intangible assets (CapEx) by euro 41.2 million (euro 48.6 million for the first quarter of 2022, compared to euro 89.8 million for the first quarter of 2021). These investments were mainly aimed at High Value activities and at the constant improvement of the mix and quality in all factories. This decrease compared to the first quarter of 2021 (which was affected by the restart of investments that had been blocked in 2020), was also due to a different timing envisaged for the implementation of projects during 2022, which was also attributable to the geographical reallocation of investments as a result of the changed external environment;
- higher cash absorption linked to working capital and other for euro -124.4 million (euro -841.6 million for the first quarter of 2022, compared to euro -717.2 million for the first quarter of 2021). This higher absorption was mainly due to:
 - an increase in inventories, which accounted for 21.8% of net sales, an increase of +1.3% compared with this figure at December 31, 2021. This increase was mainly attributable to raw materials inventories (+0.9% compared to December 31, 2021), with the objective of mitigating potential supply chain risks within a macroeconomic climate that was already extremely volatile, and made even more unpredictable by the conflict between Russia and the Ukraine;
 - increased absorption of trade payables compared to the same period of the previous year, attributable both to the spot measures activated during the quarter to guarantee certain strategic supplies for the Group, as well as to the dynamics of debt related to investments, that had seen the first quarter of 2021 benefit from the low level of investments carried out during the final quarter of 2020.

Net cash flow was also impacted by financial expenses which had increased by euro -3.6 million (euro -43.6 million for first quarter 2022 compared to euro -40.0 million for first quarter 2021), by lower taxes paid for the quarter which had decreased by euro 4.2 million (euro -32.9 million for the first quarter of 2022 compared to euro -37.1 million for the first quarter of 2021), and by a negative exchange rate effect of euro -7.6 million (euro +15.9 million for the first quarter of 2021), mainly due to the revaluation of the Brazilian real.

* * *

OUTLOOK FOR 2022

<i>(in billion of euro)</i>	February 2022	May 2022
Revenues	~5.6 ÷ ~5.7	~5.9 ÷ ~6.0
Ebit margin adjusted	~16% ÷ ~16.5%	~15%
Investments (CapEx)	~0.39	~0.39
<i>% of net sales</i>	~7%	~6.5%
Net cash flow before dividends	~0.45 ÷ ~0.48	~0.45
Net financial position <i>NFP/Ebitda Adj.</i>	~-2.6 ≤2.0x	~-2.6 ≤2.0x
ROIC <i>post taxes</i>	≥19%	~19%

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.

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 Russo-Ukrainian 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: $\geq 19\%$) consistent with the expected operating performance.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On **April 13, 2022**, Pirelli called an Ordinary Shareholders' Meeting for Wednesday, May 18, 2022 to be held as a single session. In addition to deliberating on the approval of the Financial Statements for the 2021 financial year, and on the allocation of the results and distribution of the dividend, the Shareholders' Meeting will be called upon to approve the remuneration policy for 2022, to express an advisory vote on the compensation paid during the 2021 financial year, and to approve, for the part regarding Total Shareholder Return, the adoption of the long-term monetary incentive plan (LTI 22-24) for the 2022-2024 three-year period, which is aimed at all Group management and correlates the objectives of the 2021-2022|2025 Strategic Plan. The Shareholders' Meeting will also be called upon to approve the mechanisms for any adjustments to the quantification of the targets included in the monetary incentive plans for the 2020-2022 and 2021-2023 three-year periods, in accordance with that already provided for by the 2022 remuneration policy.

On **May 9, 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).

On **May 10, 2022**, the Pirelli Board of Directors co-opted Yang Shihao to replace Yang Xingqiang, who resigned on **April 28, 2022** effective as of May 10. The Board of Directors also appointed Yang Shihao - qualified by the Board as a non-executive Director - as a member of the Strategies Committee.

On the date of his appointment, Yang Shihao, whose curriculum vitae is available on the website www.pirelli.com, did not possess the requisites to qualify as independent, pursuant to the Italian Consolidated Law on Financial Intermediation (TUF) and the Corporate Governance Code, and did not hold any shares in the Company.

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*".

OTHER INFORMATION

ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the strategic guidance and supervision of the Company's overall business activities, with the power to direct the administration as a whole and the authority to take the most important decisions in financial/strategic terms, or in terms of their structural impact on management, or that are functional to the exercise of Pirelli's controlling and steering activities. The Chairman is endowed with the legal representation of the Company in legal proceedings, as well as with all other powers attributed to him under the Articles of Association.

The Executive Vice Chairman and Chief Executive Officer are exclusively delegated powers for the ordinary management of the Company and of the Group, as well as the power to make proposals to the Board of Directors regarding the Industrial Plan and budgets, as well as any deliberations regarding any strategic industrial partnerships or joint ventures to which Pirelli is a party.

The Deputy-CEO is attributed the powers for the operational management of Pirelli, to be exercised in a vicarious capacity.

The Board has internally instituted the following Committees with advisory and proposal-making duties:

- Audit, Risk, Sustainability and Corporate Governance Committee;
- Remuneration Committee;
- Committee for Related Party Transactions;
- Nominations and Successions Committee;
- Strategies Committee.

For more information on the role of the Board of Directors, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2021 Annual Report group of documents, as well as other additional information published in the Governance section of the Company's website (www.pirelli.com).

INFORMATION ON THE SHARE CAPITAL AND OWNERSHIP STRUCTURE

The subscribed and paid-up share capital at the date of approval of this Financial Report amounted to euro 1,904,374,935.66 and was represented by 1,000,000,000 ordinary registered shares without indication of their nominal value.

The Extraordinary Shareholders' Meeting held on March 24, 2021 resolved to increase the share capital in cash, by way of a divisible payment, with the exclusion of option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total counter-value, including any share premium, of euro 500,000,000.00, to service the conversion of the "*EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025*", to be paid in one or more tranches through the issue of ordinary shares of the Company, with regular dividend entitlements, for a maximum amount of euro 500,000,000.00 to exclusively service the "*EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025*" issued by the Company, in accordance with the criteria provided by the relevant Regulation, notwithstanding that the final deadline for the subscription of the newly issued shares has been set as December 31, 2025 and that, if on that date, the capital increase has not been fully subscribed, it shall be deemed to have been increased by an amount equal to the subscriptions received and from that date onwards, with the express authorisation of the Directors to issue the new shares, as and when they are subscribed. No fractions of shares will be issued or delivered and no cash payment or adjustment will be made in lieu of any such fractions.

The shareholder Marco Polo International Italy S.r.l. - pursuant to Article 93 of Legislative Decree No. 58/1998 - controls the Company with a share of approximately 37% of the capital, and does not exercise management and coordination activities over the Company.

Updated extracts are available on the Company's website, of the existing agreements between some of the shareholders, including indirect shareholders of the Company, which contain the provisions of the Shareholders' Agreements relative, amongst other things, to the governance of Pirelli.

For further details on the governance and ownership structure of the Company, reference should be made to the *Report on Corporate Governance and Ownership Structure* contained in the 2021 Annual Report group of documents, as well as other additional information published in the Governance and Investor Relations section of the Pirelli website (www.pirelli.com).

WAIVER OF THE PUBLICATION OF INFORMATION DOCUMENTS

The Board of Directors, taking into account the simplification of the regulatory requirements introduced by CONSOB in the Issuer's Regulation No. 11971/99, resolved to exercise the option to derogate, pursuant to the provisions of Article 70, paragraph 8, and Article 71, paragraph 1-bis of the aforesaid Regulation, from the obligation to publish the prescribed disclosure documents in the event of significant mergers, de-mergers, capital increases through the contribution of assets in kind, acquisitions and disposals.

RELATED-PARTY TRANSACTIONS

Related party transactions, are neither atypical nor unusual, but are part of the ordinary course of business for the companies of the Group, and are carried out in the interest of the individual companies. Such transactions are carried out under standard conditions, or conditions consistent with those of the market. They are also carried out in compliance with the Procedure for Related Party Transactions ("*RPT Procedure*").

The effects of the related party transactions contained in the Income Statement and the Statement of Financial Position, on the consolidated data of the Group, were as follows:

STATEMENT OF FINANCIAL POSITION	03/31/2022			12/31/2021		
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers
Other non-current receivables	6.8	-	-	6.7	-	-
<i>of which financial</i>	<i>6.8</i>	<i>-</i>	<i>-</i>	<i>6.7</i>	<i>-</i>	<i>-</i>
Trade receivables	14.9	3.7	-	14.7	4.8	-
Other current receivables	98.2	13.6	-	92.4	13.5	-
<i>of which financial</i>	<i>84.2</i>	<i>-</i>	<i>-</i>	<i>81.4</i>	<i>-</i>	<i>-</i>
Borrowings from banks and other financial institutions non-current	12.2	0.1	-	13.0	0.2	-
Other non-current payables	-	-	0.2	-	-	0.2
Provisions for liabilities and charges non-current	-	-	23.5	-	-	22.0
Provisions for employee benefit obligations non-current	-	-	11.4	-	-	7.2
Borrowings from banks and other financial institutions current	2.3	0.5	-	2.3	0.5	-
Trade payables	31.4	48.4	-	26.9	117.2	-
Other current payables	-	1.0	10.8	-	1.5	11.9
Provisions for employee benefit obligations current	-	-	-	-	-	-

INCOME STATEMENT	01/01 - 03/31/2022			01/01 - 03/31/2021		
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers
Revenues from sales and services	6.7	0.6	-	5.4	-	-
Other income	2.8	9.7	-	1.2	11.1	-
Raw materials and consumables used (net of change in inventories)	(0.3)	(2.2)	-	-	(0.6)	-
Personnel expenses	-	-	(3.5)	-	-	(8.8)
Other costs	(43.1)	(37.1)	(6.3)	(30.4)	(30.9)	(3.3)
Financial income	0.8	-	-	1.0	-	-
Financial expenses	(0.1)	-	-	(0.1)	(0.1)	-
Net income/ (loss) from equity investments	0.8	-	-	0.1	-	-

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

Transactions - Statement of Financial Position

The item **other non-current receivables** refers to a loan granted by Pirelli Tyre S.p.A. to the Indonesian Joint Venture PT Evoluzione Tyres.

The item **trade receivables** mainly includes receivables for services rendered by companies of the Group, mainly to the Chinese joint venture the Jining Shenzhou Tyre Co., Ltd.

The item **other current receivables** mainly refers to:

- a loan granted by Pirelli Tyre Co., Ltd to Jining Shenzhou Tyre Co., Ltd. for euro 84.2 million.
- receivables for service fees for the Pirelli Tyre Co., Ltd from Jining Shenzhou Tyre Co., Ltd. to the amount of euro 4.6 million;
- receivables for the sale of materials and moulds to the Joint Stock Company the “*Kirov Tyre Plant*” to the amount of euro 2.7 million;
- receivables for the royalties of Pirelli Tyre S.p.A. from PT Evoluzione Tyres and the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 1.5 million and euro 1.6 million respectively;

The item **borrowings from banks and other financial institutions non-current** refers to the payables of Pirelli Deutschland GmbH to Industriekraftwerk Breuberg GmbH for machinery hire, and the payables of Pirelli Tyre Co., Ltd. to the Jining Shenzhou Tyre Co., Ltd.

The item **borrowings from banks and other financial institutions current** refers to a portion of the aforementioned short-term debt.

The item **trade payables** mainly refers to payables for the purchase of energy from Industriekraftwerk Breuberg GmbH, and payables to the Jining Shenzhou Tyre Co., Ltd.

Transactions - Income statement

The item **revenues from sales and services** refers almost exclusively to the sales of materials and services to the Jining Shenzhou Tyre Co., Ltd.

The item **other income** refers to royalties in the amount of euro 1.3 million, and to the charge-back of expenses and labour costs to the amount of euro 1 million.

The item **other costs** mainly refers to costs for:

- the purchase of tyres from the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 21.2 million;
- the purchase of Motorcycle products from PT Evoluzione Tyres to the amount of euro 12.5 million;
- the purchase of energy and the hiring of machines from Industriekraftwerk Breuberg GmbH to the amount of euro 5.7 million.

The item **financial income** refers to interest on loans disbursed to the two joint ventures.

The item **financial expenses** refers to interest related to machine hire between the German company Pirelli Deutschland GmbH and Industriekraftwerk Breuberg GmbH.

OTHER RELATED-PARTY TRANSACTIONS

The transactions detailed below refer mainly to transactions with the Aeolus Tyre Co., Ltd. and to transactions with the Prometeon Group, both of which are subject to the control of the direct Parent company or indirect Parent companies of Pirelli & C. S.p.A.

Transactions - Statement of Financial Position

The item **trade receivables** refers to receivables from companies of the Prometeon Group.

The item **other current receivables** refers to receivables from companies of the Prometeon Group to the amount of euro 11.2 million, mainly for royalties, and from the Aeolus Tyre Co., Ltd. to the amount of euro 2.5 million.

The item **borrowings from banks and other financial institutions non-current** refers to payables of the company Pirelli Otomobil Lastikleri A.S. for machine hire from the Prometeon company Turkey Endüstriyel ve Ticari Lastikler A.S.

The item **current borrowings from banks and other financial institutions** refers to both the short-term portion of the above mentioned Pirelli Pneus Ltda debt to the amount of euro 0.2 million, as well as to euro 0.3 million payable to the company TP Industrial de Pneus Brasil Ltda.

The item **trade payables** almost exclusively refers to payables to companies of the Prometeon Group to the amount of euro 48.5 million.

Transactions - Income statement

The item **other income** includes royalties recognised from the Aeolus Tyre Co., Ltd. to the amount of euro 7 million per year, in respect of the license agreement stipulated in 2016, which was subjected to the renegotiation of some of the terms and conditions in February 2019. The item also includes income from companies of the Prometeon Group mainly relative to:

- royalties recorded in respect of the trademark license agreement to the amount of euro 3.3 million;
- the sale of raw materials, finished and semi-finished products for the total amount of euro 0.6 million, of which euro 0.3 million was carried out by Pirelli Tyres Romania S.r.l.;
- the licence agreement for know-how charged by Pirelli Tyre S.p.A. to the amount of euro 2.5 million;
- the Long-Term Service Agreement to the amount of euro 0.9 million, of which euro 0.5 million was for Pirelli Sistemi Informativi S.r.l. and euro 0.2 million for Pirelli Pneus Ltda;
- the provision of services for a total amount of euro 0.7 million, of which euro 0.3 million was rendered by Pirelli Sistemi Informativi S.r.l. and euro 0.2 million by Pirelli Neumaticos S.A. - Sociedad Unipersonal.

The item **other costs** mainly includes costs payable to companies of the Prometeon Group mainly for:

- the purchase of truck products for a total amount of euro 26.9 million, of which euro 25 million was carried out by the Brazilian company Comercial e Importadora de Pneus Ltda and subsequently resold to retail customers, and euro 1.2 million by the German company Driver Reifen und KFZ-Technik GmbH;
- the purchase of Car/Motorcycle and semi-finished products for a total amount of euro 7.8 million, almost exclusively carried out by the Turkish company Pirelli Otomobil Latikleri A.S. in respect of the Off-Take contract.

BENEFITS FOR DIRECTORS AND KEY MANAGERS

Statement of Financial Position and Income Statement transactions regarding Directors and Key Managers can be summarised as follows:

- the Statement of Financial Position items **provisions for liabilities and charges non-current** and **provisions for employee benefit obligations non-current**, include the long-term benefits relative to the monetary three-year 2020-2022 and 2021-2023 Long Term Incentive Plans to the amount of euro 22.7 million (euro 18.9 million at December 31, 2021), the benefits relative to the Short Term Incentive Plan to the amount of euro 4.2 million (euro 3.1 million at December 31, 2021), as well as employee's leaving indemnities (TFR) to the amount of euro 7.9 million (euro 7.2 million at December 31, 2021);
- the Statement of Financial Position item **other current payables** includes the short-term portion relative to the Short Term Incentive Plan;
- the items **personnel expenses** and **other costs** include euro 0.8 million relative to the employees' leaving indemnity (TFR) and retirement benefits (euro 0.5 million for the first quarter of 2021), as well as short-term benefits to the amount of euro 2.1 million (euro 1.6 million for the first quarter of 2021), and long-term benefits to the amount of euro 3.8 million (euro 0.9 million for the first quarter of 2021).

EXCEPTIONAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Notice No. 6064293 of July 28, 2006, it should be noted that during the first quarter of 2022, the Company did not carry out any atypical and/or unusual transactions, as defined in the aforementioned notice.

The Board of Directors
Milan, May 10, 2022

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(in thousands of euro)*

	03/31/2022	12/31/2021
Property, plant and equipment	3,315,092	3,288,914
Intangible assets	5,460,205	5,485,665
Investments in associates and joint ventures	83,152	80,886
Other financial assets at fair value through other Comprehensive Income	52,317	56,907
Deferred tax assets	150,781	137,643
Other receivables	397,015	362,944
Tax receivables	33,148	27,564
Other assets	160,223	153,205
Derivative financial instruments	468	4,612
Non-current assets	9,652,401	9,598,340
Inventories	1,221,758	1,092,162
Trade receivables	908,046	659,209
Other receivables	595,027	470,577
Other financial assets at fair value through Income Statement	97,793	113,901
Cash and cash equivalents	842,872	1,884,649
Tax receivables	15,655	17,773
Derivative financial instruments	63,337	46,562
Current assets	3,744,488	4,284,833
Total Assets	13,396,889	13,883,173
Equity attributable to the owners of the Parent Company:	5,158,849	4,908,112
Share capital	1,904,375	1,904,375
Reserves	3,146,955	2,700,941
Net income / (loss)	107,519	302,796
Equity attributable to non-controlling interests:	135,139	134,527
Reserves	132,816	115,730
Net income / (loss)	2,323	18,797
Total Equity	5,293,988	5,042,639
Borrowings from banks and other financial institutions	3,636,639	3,789,369
Other payables	79,090	76,485
Provisions for liabilities and charges	87,671	81,170
Deferred tax liabilities	1,034,522	1,033,892
Provisions for employee benefit obligations	229,753	220,598
Tax payables	399	11,512
Derivative financial instruments	1,230	3,519
Non-current liabilities	5,069,304	5,216,545
Borrowings from banks and other financial institutions	1,215,163	1,489,249
Trade payables	1,196,771	1,626,367
Other payables	321,670	314,203
Provisions for liabilities and charges	40,080	43,594
Provisions for employee benefit obligations	-	-
Tax payables	151,418	134,388
Derivative financial instruments	108,495	16,188
Current liabilities	3,033,597	3,623,989
Total Liabilities and Equity	13,396,889	13,883,173

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	01/01 - 03/31/2022	01/01 - 03/31/2021
Revenues from sales and services	1,521,091	1,244,717
Other income	77,399	70,555
Changes in inventories of unfinished, semi-finished and finished products	44,362	6,453
Raw materials and consumables used (net of change in inventories)	(544,482)	(413,050)
Personnel expenses	(280,797)	(280,870)
Amortisation, depreciation and impairment	(133,141)	(126,356)
Other costs	(488,855)	(403,653)
Net impairment loss on financial assets	(3,324)	(954)
Increases in fixed assets due to internal works	351	562
Operating income/(loss)	192,604	97,404
Net income/(loss) from equity investments	769	(92)
- <i>share of net income/(loss) of associates and joint ventures</i>	769	(88)
- <i>losses on equity investments</i>	-	(5)
- <i>dividends</i>	-	1
Financial income	80,839	22,896
Financial expenses	(124,420)	(62,898)
Net income / (loss) before taxes	149,792	57,310
Taxes	(39,950)	(15,135)
Net income / (loss)	109,842	42,175
Attributable to:		
Owners of the Parent Company	107,519	39,007
Non-controlling interests	2,323	3,168
Total earnings / (losses) per share (in euro per basic share)	0.108	0.039

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in thousands of euro)

	01/01 - 03/31/2022	01/01 - 03/31/2021
A Total Net income / (loss)	109,842	42,175
- Remeasurement of employee benefits	-	(801)
- Tax effect	247	(2,206)
- Fair value adjustment of other financial assets at fair value through Other Comprehensive Income	(4,589)	7,482
B Total items that may not be reclassified to Income Statement	(4,342)	4,475
Exchange differences from translation of foreign Financial Statements		
- Gains / (losses)	109,327	22,561
- (Gains) / losses reclassified to Income Statement	-	-
- Tax effect	-	-
Fair value adjustment of derivatives designated as cash flow hedges:		
- Gains / (losses)	28,096	47,799
- (Gains) / losses reclassified to Income Statement	(1,557)	(40,400)
- Tax effect	(5,994)	(1,560)
Cost of hedging		
- Gains / (losses)	(119)	(2,316)
- (Gains) / losses reclassified to Income Statement	(1,477)	(1,256)
- Tax effect	136	742
Share of other Comprehensive Income related to associates and joint ventures, net of taxes	1,646	2,209
C Total items reclassified / that may be reclassified to Income Statement	130,058	27,779
D Total other Comprehensive Income (B+C)	125,716	32,254
A+D Total Comprehensive Income / (loss)	235,558	74,429
Attributable to:		
- Owners of the Parent Company	234,937	67,724
- Non-controlling interests	621	6,705

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 03/31/2022

<i>(in thousands of euro)</i>	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Other O.C.I. reserves *	Other reserves/ retained earnings	Total attributable to the Parent Company		
Total at 12/31/2021	1,904,375	(565,143)	(1,408)	3,570,288	4,908,112	134,527	5,042,639
Other components of Comprehensive Income	-	112,675	14,743	-	127,418	(1,702)	125,716
Net income / (loss)	-	-	-	107,519	107,519	2,323	109,842
Total comprehensive income / (loss)	-	112,675	14,743	107,519	234,937	621	235,558
Effects of hyperinflation accounting in Argentina	-	-	-	15,298	15,298	-	15,298
Other	-	-	107	395	502	(9)	493
Total at 03/31/2022	1,904,375	(452,468)	13,442	3,693,500	5,158,849	135,139	5,293,988

(in thousands of euro)
BREAKDOWN OF OTHER O.C.I. RESERVES*

	Reserve for fair value adjustment of financial assets at fair value through other Comprehensive Income	Reserve for cost of hedging	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	Other O.C.I. reserves
Total at 12/31/2021	(2,597)	1,595	(3,085)	66,107	(63,428)	(1,408)
Other components of Comprehensive Income	(4,589)	(1,596)	26,539	-	(5,611)	14,743
Other changes	-	1	-	106	-	107
Total at 03/31/2022	(7,186)	-	23,454	66,213	(69,039)	13,442

(in thousands of euro)
Attributable to the Parent Company

<i>(in thousands of euro)</i>	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Other O.C.I. reserves *	Other reserves/ retained earnings	Total attributable to the Parent Company		
Total at 12/31/2020	1,904,375	(679,737)	(89,893)	3,312,673	4,447,418	104,432	4,551,850
Other components of Comprehensive Income	-	21,233	7,484	-	28,717	3,537	32,254
Net income / (loss)	-	-	-	39,007	39,007	3,168	42,175
Total comprehensive income / (loss)	-	21,233	7,484	39,007	67,724	6,705	74,429
Effects of hyperinflation accounting in Argentina	-	-	-	6,737	6,737	-	6,737
Other	-	-	(49)	(171)	(220)	1	(219)
Total at 03/31/2021	1,904,375	(658,504)	(82,458)	3,358,246	4,521,659	111,138	4,632,797

(in thousands of euro)
BREAKDOWN OF OTHER O.C.I. RESERVES*

	Reserve for fair value adjustment of financial assets at fair value through other Comprehensive Income	Reserve for cost of hedging	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	Other O.C.I. reserves
Total at 12/31/2020	(16,357)	7,290	(26,228)	(25,104)	(29,494)	(89,893)
Other components of Comprehensive Income	7,482	(3,572)	7,399	(801)	(3,024)	7,484
Other changes	-	-	-	(49)	-	(49)
Total at 03/31/2021	(8,875)	3,718	(18,829)	(25,954)	(32,518)	(82,458)

CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

	01/01 - 03/31/2022	01/01 - 03/31/2021
Net income / (loss) before taxes	149,792	57,310
Reversals of amortisation, depreciation, impairment losses and restatement of property, plant and equipment and intangible assets	133,141	126,356
Reversal of Financial (income) / expenses	43,581	40,002
Reversal of Dividends	-	(1)
Reversal of gains / (losses) on equity investments	-	5
Reversal of share of net income from associates and joint ventures	(769)	88
Reversal of accruals to provisions and other accruals	34,833	23,948
Net Taxes paid	(32,908)	(37,052)
Change in Inventories	(102,193)	(30,142)
Change in Trade receivables	(233,976)	(208,584)
Change in Trade payables	(422,295)	(416,533)
Change in Other receivables	(62,080)	(29,504)
Change in Other payables	(7,416)	(18,023)
Uses of Provisions for employee benefit obligations	(10,858)	(26,062)
Uses of Other provisions	(7,258)	(6,521)
A Net cash flow provided by / (used in) operating activities	(518,406)	(524,713)
Investments in owned tangible assets	(85,475)	(79,409)
Disposal of owned tangible assets	1,822	5,314
Investments in intangible assets	(5,896)	(6,958)
Disposal of intangible assets	-	5
(Investments) in other financial assets at fair value through Other Comprehensive Income	-	(450)
Loss of control in subsidiaries	-	4,356
Change in Financial receivables from associates and joint ventures	(903)	5,772
Dividends received	-	1
B Net cash flow provided by / (used in) investing activities	(90,452)	(71,369)
Change in Borrowings from banks and other financial institutions due to draw downs	806,724	390,649
Change in Borrowings from banks and other financial institutions due to repayments and other	(1,257,240)	(1,323,937)
Change in Financial receivables / Other current financial assets at fair value through Income Statement	(4,442)	18,272
Financial income / (expenses)	27,597	(24,037)
Repayment of principal and payment of interest for lease liabilities	(27,045)	(24,930)
C Net cash flow provided by / (used in) financing activities	(454,406)	(963,983)
D Total cash flow provided / (used) during the period (A+B+C)	(1,063,264)	(1,560,065)
E Cash and cash equivalents at the beginning of the financial year	1,883,544	2,269,683
F Exchange rate differences from translation of cash and cash equivalents	18,671	1,235
G Cash and cash equivalents at the end of the period (D+E+F) (°)	838,951	710,853
(°) of which:		
cash and cash equivalents	842,872	711,644
bank overdrafts	(3,921)	(791)

FORM AND CONTENT

The publication of this Interim Financial Report at March 31, 2022 has been carried out on a voluntary basis pursuant to Article 82-ter of the Issuers' Regulation. It has not been prepared on the basis of IAS 34 (Interim Financial Reporting). For the recognition and measurement of the accounting figures, reference should be made to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and the relative interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the European Commission and in force at the time of the approval of this Financial Report, and which are the same as those used for the preparation of the consolidated financial statements at December 31, 2021 to which reference should be made for further details, with the exception of:

- the following amendments to existing standards which were applicable as of January 1, 2022, but have had no impact on the Group:
 - Amendments to IAS 16 – Property, Plant and Equipment - Proceeds before Intended Use;
 - Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract;
 - Annual Improvements (2018-2020 cycle) issued in May 2020, which made limited changes to some standards (IFRS 1 - First Time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 – Agriculture and explanatory examples from IFRS 16 Leases);
- income taxes recognised on the basis of the best estimate of the weighted average rate expected for the entire financial year, in accordance with the guidelines provided for by IAS 34 for the preparation of interim financial statements;
- IAS 36, with specific reference to the impairment testing of intangible assets with an indefinite useful life, such as goodwill and the Pirelli Brand, which is not applied to Interim Financial Reports at March 31 and September 30. In the Half-Year Financial Report at June 30, 2022, which will be prepared in accordance with IAS 34, in the event of the presence of specific indicators, an impairment test will be performed which will take into account the impacts of the Russia-Ukraine crisis at that date.

EXCHANGE RATES

<i>(local currency vs euro)</i>	Period-end Exchanges Rates		Change in %	Average Exchange Rates 1Q		Change in %
	03/31/2022	12/31/2021		2022	2021	
Swedish Krona	10.3384	10.2269	1.09%	10.4834	10.1176	3.62%
Australian Dollar	1.4829	1.5615	(5.03%)	1.5491	1.5597	(0.68%)
Canadian Dollar	1.3896	1.4393	(3.45%)	1.4207	1.5258	(6.89%)
Singaporean Dollar	1.5028	1.5279	(1.64%)	1.5169	1.6054	(5.51%)
US Dollar	1.1101	1.1326	(1.99%)	1.1217	1.2049	(6.90%)
Taiwan Dollar	31.7788	31.3436	1.39%	31.4334	33.8576	(7.16%)
Swiss Franc	1.0267	1.0331	(0.62%)	1.0364	1.0913	(5.03%)
Egyptian Pound	20.3476	17.8708	13.86%	18.1162	18.9885	(4.59%)
Turkish Lira	16.3086	14.6823	11.08%	15.6208	8.8950	75.61%
Romanian Leu	4.9466	4.9481	(0.03%)	4.9463	4.8787	1.39%
Argentinian Peso	123.2322	116.3407	5.92%	123.2322	107.8700	14.24%
Mexican Peso	22.1956	23.3129	(4.79%)	23.0217	24.4787	(5.95%)
South African Rand	16.1727	18.0625	(10.46%)	17.0819	18.0302	(5.26%)
Brazilian Real	5.2561	6.3210	(16.85%)	5.8827	6.6064	(10.95%)
Chinese Yuan	7.0471	7.2211	(2.41%)	7.1231	7.8128	(8.83%)
Russian Rouble	93.6960	84.0695	11.45%	98.0041	89.5461	9.45%
British Pound Sterling	0.8460	0.8403	0.67%	0.8364	0.8739	(4.29%)
Japanese Yen	135.1700	130.3800	3.67%	130.4636	127.8057	2.08%

NET FINANCIAL POSITION

(in thousands of euro)

03/31/2022

12/31/2021

Current borrowings from banks and other financial institutions	1,215,163	1,489,249
Current derivative financial instruments (liabilities)	103,625	10,331
Non-current borrowings from banks and other financial institutions	3,636,639	3,789,369
Non-current derivative financial instruments (liabilities)	1,230	3,519
Total gross debt	4,956,657	5,292,468
Cash and cash equivalents	(842,872)	(1,884,649)
Other financial assets at fair value through Income Statement	(97,793)	(113,901)
Current financial receivables **	(103,635)	(81,819)
Current derivative financial instruments (assets)	(55,611)	(38,849)
Net financial debt *	3,856,746	3,173,250
Non-current derivative financial instruments (assets)	(468)	(4,612)
Non-current financial receivables **	(276,274)	(261,522)
Total net financial (liquidity) / debt position	3,580,004	2,907,116

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

** The item "*financial receivables*" is reported net of the relative provisions for impairment which amounted to euro 11,204 thousand at March 31, 2022 (euro 9,315 thousand at December 31, 2021).

DECLARATION OF THE MANAGER RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE AND ACCOUNTING DOCUMENTATION PURSUANT TO THE PROVISIONS OF ARTICLE 154-BIS, PARAGRAPH 2 OF THE LEGISLATIVE DECREE 58/1998

Giorgio Luca Bruno, as Manager responsible for the preparation of the corporate and accounting documentation, pursuant to the provisions of Article 154-bis, paragraph 2 of the Legislative Decree 58/1998, hereby certifies that the accounting information contained in the Interim Financial Report at March 31, 2022 corresponds to what contained in the accounting documentation, books and records.

Milan, May 10, 2022



Giorgio Luca Bruno