INTERIM FINANCIAL REPORT AT SEPTEMBER 30, 2021

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

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The Board of Directors[1]

Chairman	Ning Gaoning
Executive Vice Chairman and Chief Executive Officer	Marco Tronchetti Provera
Deputy-CEO	Giorgio Luca Bruno
Director	Yang Xingqiang
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 Auditors[2]

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

[1] Appointment: June 18, 2020. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2022. The current composition of the Board of Directors reflects the resolutions more recently adopted by the Shareholders' Meeting on June 15, 2021.

[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 Xingqiang
	Bai Xinping
Independent Director	Domenico De Sole
Independent Director	Giovanni Lo Storto
Independent Director	Wei Yintao

Independent Auditing Firm[3]	PricewaterhouseCoopers S.p.A.
Manager responsible for the preparation of the corporate financial documents[4]	Francesco Tanzi

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 held on June 22, 2020. Following the resignation of Mr. Francesco Tanzi disclosed to the market on September 7, 2021, the Board of Directors resolved to appoint, as his replacement, Mr. Giorgio Luca Bruno as Manager responsible for the preparation of the corporate financial documents with effect from the end of the meeting held on November 11, 2021 and for the duration of the mandate of the current Board of Directors.

MACROECONOMIC AND MARKET SCENARIO

Economic Overview

For the first nine months of 2021 the global economy recorded GDP growth of +6.4%, recovering during the second quarter to its pre-pandemic level. The spread of the Delta variant in the United States and Asian countries, as well as the adoption of temporary lockdown measures in APAC, led to a slowdown in global GDP for the third quarter (+4.6%). In addition, temporary supply constraints linked to the pace of recovery and to the aforementioned lockdowns, labour shortages and the reduced availability of raw materials, led to significant increases in the costs of production factors and costs of finished products.

In Europe, the success of the vaccination campaign, particularly during the second and third quarters of 2021, allowed for a gradual reopening of economic activity that contributed to GDP growth of +3.9% for the third quarter of 2021, compared to the same period for 2020, following the double-digit growth recorded for the second quarter of 2021, thanks to the favourable comparison with the second quarter of 2020, which had been the most impacted by the pandemic.

The US economy maintained a good pace of growth for the third quarter, up by +4.9% compared to the same quarter for 2020. Compared to the second quarter of 2021, however, the reduced contribution of the fiscal stimulus, the spread of the Delta variant in some US states, and persistent supply chain disruptions, led to a decline in the consumption of durable goods and a slowdown in the consumption of services.

Economic growth, trend changes in GDP

	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021
EU	-2.4	-13.6	-3.7	-4.1	-1.2	13.7	3.9
US	0.6	-9.1	-2.9	-2.3	0.5	12.2	4.9
China	-6.2	3.6	5.0	6.6	18.3	7.5	4.9
Brazil	-1.5	-10.8	-3.9	-1.2	2.3	12.4	4.8
Russia	1.5	-7.6	-3.5	-2.0	-0.6	10.6	5.0
World	-1.4	-8.2	-1.8	-0.3	3.4	11.6	4.6

Note: Year-on-year percentage changes. Final data, forecasts for Brazil, Russia and the World.
Source: National statistics offices and IHS Markit, October 2021

In China, the normalisation of economic activity continued into the third quarter, with GDP growth of +4.9% following a rebound of +18.3% for the first quarter, and of +7.5% for the second quarter. Economic activity in the third quarter was penalised by the downturn in the real estate sector, as well as by a slowdown in consumption and production, due to the introduction of lockdowns to control the spread of the Delta variant.

In Brazil following the increase in external demand, which lent support to exports and economic activity during the first part of the year, for the third quarter economic recovery slowed due to uncertainty regarding the evolution of the pandemic, as well as due to the impacts of the hydroelectric power production crisis, of industrial production, and of rising inflation and interest rates.

In Russia also, despite a rise in the price of crude oil, third quarter figures pointed to a slowdown in economic growth due to the third wave of COVID-19 and the resulting restrictions on mobility.

Exchange Rates

The euro averaged US$ 1.20 for the first nine months, up by +6.3% compared to the same period of 2020. For the third quarter of 2021, expectations of a more restrictive monetary policy in the US than in Europe weighed on the euro, which depreciated by -2% compared to the previous quarter when it had averaged US$ 1.18.

For the first nine months of the year, the Chinese currency appreciated by +8% against the US dollar compared to the same period of 2020, but remained more stable against the euro (+2% compared to the first nine months of 2020). For the third quarter, however, the renminbi appreciated by +7% against the US dollar and by +6% against the euro, compared to the same quarter of the previous year.

In comparing the first nine months of 2021 with the same period in 2020, the Brazilian real depreciated by -5% against the US dollar, and by -10% against the euro. For the third quarter however, the real appreciated by +2.9% against the US dollar compared to the third quarter of 2020, (and +2% against the euro), thanks to a hike in the Brazilian central bank's benchmark interest rates, which together with higher prices for the raw materials produced and exported by the country, provided support for the currency.

The Russian rouble also fell during the first nine months of 2021: a -4% depreciation against the US dollar compared to the same period of 2020, and -10% against the euro. However the rouble appreciated during the second and third quarters of 2021 thanks to the recovery in oil prices, leaving the rouble stable against the US dollar and the euro for the third quarter of 2021, compared to the same period of 2020.

Key Exchange Rates	1Q		2Q		3Q		First nine months	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
US$ per euro	1.20	1.10	1.21	1.10	1.18	1.17	1.20	1.13
Chinese yuan per US$	6.48	6.98	6.46	7.08	6.47	6.92	6.47	6.99
Brazilian real per US$	5.49	4.47	5.30	5.39	5.23	5.38	5.33	5.08
Russian rouble per US$	74.32	66.39	74.20	72.41	73.49	73.57	73.99	70.84

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

Raw Materials Prices

Raw material prices rose steadily during the first nine months of 2021. The average price for Brent crude stood at US$ 68 per barrel, up +59% from average prices for the same period in 2020. During the third quarter of 2021, in particular, crude oil prices rose as demand picked up due to a more gradual recovery in supply from oil producing countries.

Butadiene prices averaged euro 944 per tonne for the first nine months of 2021, up by +89% compared to the same period of 2020. For the third quarter of 2021, prices returned to the levels of the first nine months of 2017, reaching an average of euro 1,265 per tonne, up by +231% compared to the third quarter of 2020, when prices had stabilised after having plummeted during the second quarter of 2020.

The price of natural rubber averaged US$ 1,660 per tonne for the first nine months of 2021, up by +34% compared to the same period of 2020. Following the price recovery towards the end of 2020 and during the first three months of 2021, natural rubber prices remained relatively stable for the second and third quarters.

Raw Materials Prices	1Q			2Q			3Q			First nine months		
	2021	2020	% chg.	2021	2020	% chg.	2021	2020	% chg.	2021	2020	% chg.
Brent (US$ / barrel)	61.1	50.9	20%	69.0	33.3	107%	73.2	43.4	69%	67.8	42.5	59%
Butadiene (€ / tonne)	715	727	-2%	853	392	118%	1,265	382	231%	944	500	89%
Natural rubber TSR20 (US$ / tonne)	1,668	1,337	25%	1,653	1,107	49%	1,659	1,281	30%	1,660	1,241	34%

Note: Data are averages for the period. Source: IHS Markit, Reuters

Trends in Car Tyre Markets

During the first nine months of 2021, the total automotive tyre market grew by +13.5% globally. Volumes however still remained below the pre-pandemic levels of 2019 (-8% compared to the first nine months of 2019). There was strong growth (+9% year-on-year) for the Original Equipment channel, even if far from pre-pandemic levels (-16% compared to the first nine months of 2019), impacted by the shortage in semi-conductors particularly during the third quarter of 2021. There was sustained growth for the Replacement channel (+15%), supported by the upturn in mobility following the easing of restrictions which had been put in place to combat contagions. This trend came close to pre-COVID levels (-4% compared to the first nine months of 2019).

There was a more notable recovery in demand for the Car ≥18" segment (+21% compared to the first nine months of 2020, +15% for Original Equipment, +24% for the Replacement channel), which continued its growth to beyond pre-pandemic levels (+5% growth in overall demand, -5% for Original Equipment, and +13% for the Replacement channel).

There was a positive trend in the Car ≤17" market (+12% compared to the first nine months of 2020), even if still below 2019 levels (-10% compared to the first nine months of 2019), in all regions.

Trends in Car Tyre Markets

% year-on-year	1Q 2021	2Q 2021	1H2021	3Q 2021	9M 2021	9M 2021 / 9M 2019
Total Car Tyre Market						
Total	**12.1**	**42.0**	**25.5**	**-4.6**	**13.5**	**-7.6**
Original Equipment	12.8	48.4	27.8	-19.5	8.9	-15.9
Replacement	11.8	39.9	24.6	0.7	15.1	-4.4
Market ≥ 18"						
Total	**20.0**	**55.8**	**35.6**	**-1.7**	**20.5**	**5.3**
Original Equipment	18.2	65.2	37.0	-15.0	15.5	-4.6
Replacement	21.3	50.3	34.6	7.9	24.0	12.7
Market ≤ 17"						
Total	**10.3**	**39.0**	**23.2**	**-5.2**	**11.9**	**-10.2**
Original Equipment	10.7	42.4	24.3	-21.4	6.4	-20.0
Replacement	10.2	38.1	22.9	-0.5	13.6	-7.1

Source: Pirelli estimates

SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS

During **January and February 2021** Pirelli repaid, some of its debt maturities scheduled for 2021 and 2022 in advance, a total amount of euro 838 million. In particular, a tranche of the *"Schuldschein"* loan amounting to euro 82 million was repaid, with original maturity on July 31, 2021, plus a portion to the amount of euro 756 million of the unsecured (*"Facilities"*) loan, with original maturity in 2022. These repayments, for which part of the liquidity raised in 2020 was used, made it possible to reduce financial expenses, thereby optimising the financial structure of the debt.

On **February 25, 2021** Pirelli communicated the terms of the termination, effective February 28, 2021, of the employment relationship with the General Manager and co-CEO Angelos Papadimitriou, which had been announced to the market on **January 20, 2021.**
In accordance with the Pirelli Remuneration Policy, the Board of Directors granted to Mr. Papadimitriou, in addition to the amounts due by way of remuneration and other legal benefits accrued up to the date of his termination: (i) 10 months' gross annual salary as a redundancy incentive, equal to the value of what would have been the compensation in lieu of notice, based on conventional seniority recognised at the time of recruitment as an executive; (ii) euro 100,000 gross by way of a general novative settlement, to be paid once the termination is defined in accordance with the existing labour law procedures, as well as the maintenance until December 31, 2021 of certain non-monetary benefits granted at the time of recruitment as an executive. Mr. Papadimitriou will remain bound, for the two years following his termination of office as Director, to a non-compete agreement, valid for the main countries in which Pirelli operates, in exchange for a consideration, for each applicable year, equal to 100% of his gross annual salary, to be paid in 8 deferred quarterly instalments starting from July 1, 2021. The non-compete agreement includes a non-solicit clause as well as penalties in the event of any breach of the obligations pursuant to the non-compete agreement. The termination of Angelos Papadimitrou's appointment as Director occurred on March 31, 2021.

On **March 24, 2021** the Shareholders' Meeting approved, during an extraordinary session, the convertibility of the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* issued on December 22, 2020, as well as approved a divisible capital increase, with the exclusion of option rights, to service the conversion for a total counter-value, including any share premium, of euro 500 million. On the basis of the initial conversion ratio of the bond loan of euro 6.235, this increase will correspond to the issue of a maximum of 80,192,461 Pirelli & C. S.p.A. ordinary shares (notwithstanding that the maximum number of Pirelli & C. S.p.A. ordinary shares could increase, depending the effective conversion ratio applicable from time to time). Bondholders have the option as of May 6, 2021, based on the Physical Settlement Notice issued by the Company on **April 15, 2021**, to exercise the right to convert the bonds into Pirelli ordinary shares as provided for in the terms and conditions of the bond.

On **March 31, 2021**, the Board of Directors approved the 2021-2022|2025 Industrial Plan, which had been presented to the financial community on the same date, and also approved the Financial Statements at December 31, 2020 which had closed with a consolidated net income of euro 42.7 million, and a net income for the Parent Company of euro 44 million. The Board of Directors resolved to propose to the Shareholders' Meeting convened for June 15, 2021, the distribution of a dividend, also by way of withdrawing part of the earnings accrued during previous financial years, of euro 0.08 per share for a total of euro 80 million.

On **April 1, 2021**, Pirelli announced that on March 31, 2021 it had received notification from ChemChina informing it that the latter had received notification regarding the restructuring of ChemChina and the Sinochem Group Co., Ltd. by the Assets Supervision and Administration Commission of the State Council (*"SASAC"*), which foresaw for the establishment of a new holding company by SASAC, which will perform the duties of the transferor on behalf of the State Council, and the consolidation of Sinochem and ChemChina into a new holding company. Following the completion of the joint restructuring in September, ChemChina is now directly controlled by Sinochem Holdings Corporation Ltd.

On **May 19, 2021**, Pirelli announced that it was the first company in the world to produce a line of Forest Stewardship Council (FSC) certified tyres, designed for the new BMW X5 xDrive45e Plug-In Hybrid. The FSC Forest Stewardship Certification ensures that natural rubber plantations are managed in a way that preserves biological diversity, and benefits the lives of local communities and workers, while at the same time ensuring economic sustainability. The attainment of FSC Certification for natural rubber produced from certified plantations, is just the latest milestone in Pirelli's long-standing commitment to the sustainable management of the natural rubber supply chain.

On **June 15, 2021**, the Company's Shareholders' Meeting approved the Financial Statements for the 2020 financial year, and resolved to distribute a dividend of euro 0.08 per share, equal to a total dividend pay-out of euro 80 million before withholding taxes. The dividend was placed in payment on June 23, 2021 (with an ex-dividend date of June 21, 2021 and a record date of June 22, 2021). The Shareholders' Meeting also confirmed the number of members of the Board of Directors as 15 and - upon the proposal of the Board of Directors - appointed Giorgio Luca Bruno as a new Director, whose mandate will expire together with the other members of the Board of Directors, at the time of the approval of the Financial Statements at December 31, 2022. The Shareholders' Meeting then appointed the Board of Statutory Auditors for the 2021-2022-2023 financial years, which is made up of Riccardo Foglia Taverna (Chairman), Alberto Villani, Teresa Cristiana Naddeo, Antonella Carù (who retains her position as a member of the Supervisory Board), and Francesca Meneghel as Statutory Auditors, and Franca Brusco, Marco Taglioretti and Maria Sardelli as Alternate Auditors. The Shareholders' Meeting also approved the remuneration policy for 2021, expressed its approval of the Financial Report regarding remunerations paid during the 2020 financial year, and approved the adoption of the three-year 2021-2023 monetary incentive plan for the management sector of the Group. Lastly, with reference to the three-year 2020-2022 monetary incentive plan approved by the Shareholders' Meeting of June 18, 2020, the Shareholders' Meeting approved the proposal to adjust the Group's cumulative Net Cash Flow target (before dividends), and the possibility of normalising the potential effects on the TSR (Total Shareholder Return) target of Goodyear's acquisition of Cooper (which took place at the beginning of 2021), included in the reference panel of the target.

Also on **June 15, 2021**, the Pirelli Board of Directors, in keeping with that which had been announced to the market, appointed Giorgio Luca Bruno as Deputy-CEO, who was granted powers for the operational management of Pirelli, to be exercised in a vicarious capacity. The Board also appointed Giorgio Luca Bruno as a member of the Strategies Committee, confirming the number of its members as 8. Consistent with that which was disclosed to the market, Pirelli's macro-organisational structure envisages that Deputy-CEO Giorgio Luca Bruno, will report directly to Executive Vice Chairman and CEO Marco Tronchetti Provera, thus superseding the office of General Manager and co-CEO, whose responsibilities had been entrusted ad interim to the Executive Vice Chairman and CEO as of the termination date of the working relationship with Mr. Papadimitriou. The Executive Vice Chairman and CEO is in charge of strategic and industrial policy, and therefore the following offices will continue to report to him: Strategic Planning & Controlling, Investor Relations, Competitive, Business Insight and Micromobility Solutions, Communication and Brand Image, Institutional Affairs and Culture, Corporate Affairs, Compliance, Audit, and the Company Secretary. The Deputy-CEO is attributed all the necessary executive levers, in addition to the staff areas that do not report directly to the Executive Vice Chairman and CEO. Reporting to the Deputy-CEO is the General Manager of Operations, Andrea Casaluci, to whom all business divisions and regions will continue to report.
The Board of Directors - following the unanimous opinion of the Committee for Related Party Transactions, which deliberated with the presence of all its members - also unanimously approved the new Related Party Transactions Procedure, which has been adapted to the new provisions on related party transactions recently adopted by CONSOB.

On **September 20, 2021** Pirelli was the only global company from the Automobiles & Parts sector, confirmed by the United Nations as a Global Compact LEAD. This year comprising 37 companies, the Global Compact LEAD brings together the world’s companies most committed to implementing the Ten Principles of the United Nations Global Compact.

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.

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Pirelli's results for the first nine months of 2021 reflect the recovery in demand, and the implementation of the key programmes of the 2021-2022|2025 Industrial Plan.

On the **Commercial** front:

- strengthening of the High Value segment, with an outperformance by Car ≥18" (+31% for Pirelli volumes compared to +21% for the market), despite the slowdown in demand for Original Equipment due to the shortage in semi-conductors, with even more sustained growth for Car ≥19" (+38% for Pirelli volumes compared to +27% for the market). Pirelli fully seized the opportunities offered by the market recovery, by leveraging a portfolio of products with a high technological content, and a production and logistics structure capable of handling the high volatility of demand;
- increased exposure to the electric vehicle market, with Original Equipment volumes at ~10x those of the first nine months of 2020;
- consolidation of leadership in China in the high-end products range:
    - both on the Original Equipment channel, thanks to the strong exposure to Premium Car makers, and also to partnerships with the leading local Premium manufacturers of electric vehicles;
    - and on the Replacement channel, where the recovery in demand was intercepted through the distribution chain and the strong development of online sales;
- a recovery in sales for the Standard segment (+17% for Pirelli Car ≤17" volumes compared to +12% for the market for the first nine months), with the mix increasingly oriented towards higher rim diameter products;
- progressive price/mix improvement (+6.3% for the first nine months of 2021, +10.9% for the third quarter of 2021), which reflected the favourable trends for the mix and for the price increases implemented, mainly, since the end of the first quarter.

On the **Innovation** front:

- the homologation plan continued with the OEM partners, with ~240 technical homologations in first nine months of 2021 (~71% of the annual target), concentrated in the ≥19" range (~85%), and in Specialties (~45%);
- the launch of 5 new product lines dedicated to the Replacement channel to meet the different needs of consumers.

For the **Competitiveness Programme**: **Phase 2 of the efficiency plan** continued, with gross benefits amounting to euro 110 million (euro 59 million net of inflation), 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, the optimisation of the logistics network and warehouses, and the negotiation of purchases;
- organisation, through the recourse to digital transformation.

For the **Operations Programme**:

- the process of returning to optimal levels of plant saturation continued: greater than 90% during the first nine months of 2021;
- the programme to rationalise production in Brazil was instead completed, with the announced closure of the Gravatai plant and the consequent transfer of motorcycle production to Campinas, which enables a more efficient supply to both the Latin American market and the export channel. The reorganisation of the Burton-on-Trent plant in the U.K. was also completed, and which now focuses on semi-finished products.

For the **Digitalisation Programme**, efforts continued to transform the Company's key processes by 2023. This programme will enable the real-time integration of the exchange of information between the various corporate functions, and its partners/external customers through digital platforms, using artificial intelligence models.

On the **Sustainability** front, Pirelli confirmed its commitment to supporting people and the environment:

- in collaboration with local authorities, initiatives to encourage the vaccination of employees and their families continued, by making Pirelli premises available as vaccination hubs (e.g., the *Pirelli HangarBicocca* in Milan). Furthermore, the adoption, since the start of the pandemic of COVID-19 prevention guidelines at Group level, also allowed for normal production to continue during the first nine months of 2021 without any critical issues;
- initiatives intensified for the development of new skills to support business transformation. In the R&D area, a master's degree specialisation program to focus on tyre technologies was launched with the Milan Polytechnic, to develop a new generation of researchers and technicians;

- the production of tyres certified by the Forest Stewardship Council (FSC), an international NGO that promotes responsible management of the world's forests, began in the second quarter. This certification ensures that the materials (natural rubber and rayon) come from plantations that preserve biological diversity, and support local communities and workers. These tyres were among the stars of the Munich Motor Show (IAA Mobility 2021), and were homologated for the new BMW iX5 Hydrogen and the new BMW X5 xDrive45e Plug-In Hybrid;
- the Group's decarbonisation plan continued: 100% of the electrical energy purchased in Europe is renewable.

Pirelli's commitment to ESG has been recognised worldwide with the confirmation, as the only company in the Automobile & Parts sector, to be included in the United Nations Global Compact LEAD. Also confirmed was Pirelli’s inclusion as a global leader in the Dow Jones Sustainability Index, as well as in the Climate A List drawn up by CDP.

Pirelli's results for the first nine months of 2021 were characterised by:

- **revenues** of euro **3,979.3** million, which were up by +28.6% compared to the same period in 2020, an organic growth of +31.0% excluding the negative exchange rate effect and the effects of hyperinflation in Argentina. In particular:
    - a significant growth in volumes (+24.7% at Group level), for both for the High Value (+27.8%) and Standard segments (+21.8%), which was supported by the recovery in demand in the main geographical regions, and the strengthening of market share in the main segments;
    - an improved price/mix (+6.3%), which reflected the above mentioned dynamics;
    - a negative impact, however, from the exchange rate effect and hyperinflation in Argentina (-2.4% for the first nine months of 2020), affected by the depreciation of the US dollar (-6%) compared to 2020, and of the main currencies of emerging countries against the euro (Brazilian real and Russian rouble at -10%), particularly concentrated in the first half-year;
- **EBIT adjusted** which equalled euro **598.8** million (euro 280.4 million for the first nine months of 2020), with profitability equal to 15.0% (9.1% for the first nine months of 2020), thanks to the improvement in internal levers (volumes, price/mix, efficiencies), which more than offset the negativity of the external scenario (raw materials, inflation, exchange rate effect);
- a **net income/(loss)** which amounted to an income of euro **236.2** million, (euro -17.8 million for the first nine months of 2020) and a **net income/(loss) adjusted** which amounted to an income of euro **360.1** million, net of one-off, non-recurring and restructuring expenses, COVID-19 direct costs, and the amortisation of the intangible assets included in the PPA;
- **Net Financial Position** which at September 30, 2021 was negative at euro **3,714.9** million (euro 3,258.4 million at December 31, 2020, euro 4,252.5 million at September 30, 2020), with cash absorption before dividends equal to euro -376.7 million, which had improved by euro 368.6 million compared to euro -745.3 million for the first nine months of 2020, and by euro 252.2 million compared to euro -628.9 million for the first nine months of 2019. This trend was supported by a sharply improved operating performance and by the careful management of working capital, attributable in particular to the management of inventories (an 18.8% share of net sales, consistent with the first nine months of 2020 but an improvement compared to 20.8% for the first nine months of 2019), as well by the trend in payables, which benefited from organic growth due to the recovery of business, as well as the low level of investments made during the last quarter of 2020;
- a **liquidity margin** equal to euro **1,540** million, capable of meeting all financial debt maturities until the end of the first half-year of 2023, thanks also to the Company's right to extend bank debt maturing in June 2022 (euro 926.6 million), for a further two years.

Year-over-year growth for third quarter results, with:

- **revenues** of euro 1,414.5 million, a growth of +10.7% year-on-year, supported by the price/mix (+10.9%) - thanks to price increases and an improved product and channel mix - while volume performance (-0.4%) reflected the aforementioned drop in market demand for Original Equipment, and in general, for the Standard segment. For the quarter, Pirelli volumes for the

High Value segment recorded growth of +1.8% (with +4% growth for Car ≥18" compared to -2% for the market), while the Standard segment was down by -2.6% (with Car ≤17" down by -6%, substantially consistent with the market);

- **EBIT adjusted** which equalled euro 221.4 million, up by +4% compared to the same period of 2020, thanks to the contribution of internal levers - price/mix, which more than offset the impact of raw materials and the exchange rate effect - and structural efficiencies;
- **EBIT margin adjusted** which equalled 15.7%, 16.7% for the third quarter of 2020, where the latter benefited from short-term cost-cutting measures in response to the pandemic (the net contribution from COVID-19 Measures net of slowdown amounted to euro +20 million for the third quarter of 2020), measures which ceased during the course of 2021;
- a **net income/(loss)** which amounted to an income of euro 104.6 million, up by +25% compared to the same period of 2020 thanks to lower non-recurring expenses, and lower financial expenses;
- a positive **net cash flow before dividends paid by the Parent company** (euro 104.3 million), which was a net improvement compared to both the cash flow generated for the third quarter of 2020 (equal to euro 12.2 million), and the cash flow generated for the third quarter of 2019 (equal to euro 11.6 million), supported by the operating performance and by the careful management of working capital.

The **Group's Consolidated Financial Statements** are summarised as follows:

(in millions of euro)		**01/01 - 09/30/2021**	**01/01 - 09/30/2020**
Net sales		**3,979.3**	**3,093.8**
EBITDA adjusted (°)		**894.0**	**577.3**
% of net sales		22.5%	18.7%
EBITDA (°°)		**806.8**	**478.5**
% of net sales		20.3%	15.5%
EBIT adjusted		**598.8**	**280.4**
% of net sales		15.0%	9.1%
Adjustments:	- amortisation of intangible assets included in PPA	(85.3)	(86.0)
	- non-recurring, restructuring expenses and other	(73.9)	(66.2)
	- COVID-19 direct costs	(13.3)	(32.6)
EBIT		**426.3**	**95.6**
% of net sales		10.7%	3.1%
Net income/(loss) from equity investments		1.6	(6.1)
Financial income/(expenses) (°°)		(106.9)	(113.3)
Net income/(loss) before taxes		**321.0**	**(23.8)**
Taxes		(84.8)	6.0
Tax rate %		26.4%	25.0%
Net income/(loss)		**236.2**	**(17.8)**
Eanings/(loss) per share (in euro per share)		0.22	(0.02)
Net income/(loss) adjusted		360.1	115.2
Net income/(loss) attributable to owners of the Parent Company		224.0	(23.5)

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 69.3 million (euro 60.2 million for the first nine months of 2020), to expenses relative to the retention plan approved by the Board of Directors on February 26, 2018 to the amount of euro 4.6 million (euro 6.0 million for the first nine months of 2020), and COVID-19 direct costs to the amount of euro 13.3 million (euro 32.6 million for the first nine months 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 +76.2 million (euro +77.6 million for the first nine months of 2020), and on financial expenses to the amount of euro -15.8 million (euro -16.6 million for the first nine months of 2020).

(in millions of euro)		09/30/2021	12/31/2020	09/30/2020
Fixed assets		**8,822.5**	**8,857.1**	**8,908.8**
	Inventories	973.7	836.4	824.7
	Trade receivables	939.4	597.7	949.1
	Trade payables	(1,043.9)	(1,268.0)	(808.4)
Operating net working capital		**869.2**	**166.1**	**965.4**
% of net sales (*)		16.8%	3.9%	22.0%
	Other receivables/other payables	(29.5)	(25.6)	50.8
Net working capital		**839.7**	**140.5**	**1,016.2**
% of net sales (*)		16.2%	3.3%	23.2%
Net invested capital		**9,662.2**	**8,997.6**	**9,925.0**
Equity		**4,910.9**	**4,551.9**	**4,403.9**
Provisions		1,036.4	1,187.3	1,268.6
Net financial (liquidity)/debt position		**3,714.9**	**3,258.4**	**4,252.5**
Equity attributable to owners of the Parent Company		4,786.9	4,447.4	4,306.3
Investments in intangible and owned tangible assets (CapEx)		213.3	140.0	106.1
Increases in right of use		59.6	68.5	62.2
Research and development expenses		177.3	194.6	143.5
% of net sales		4.5%	4.5%	4.6%
Research and development expenses - High Value		166.3	182.5	135.2
% of High Value sales		5.9%	6.0%	6.1%
Employees (headcount at end of period)		30,523	30,510	30,154
Industrial sites (number)		18	19	19

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

For a better understanding of the Group’s performance, the following **quarterly performance figures** are provided below:

(in millions of euro)		1 Q		2 Q		3 Q		Cumulative at 09/30	
		2021	2020	2021	2020	2021	2020	2021	2020
Net sales		**1,244.7**	1,051.6	**1,320.1**	764.8	**1,414.5**	1,277.4	**3,979.3**	3,093.8
	yoy	18.4%		72.6%		10.7%		28.6%	
	*organic yoy **	24.5%		73.9%		10.5%		31.0%	
EBITDA adjusted		**266.5**	244.2	**307.4**	23.7	**320.1**	309.4	**894.0**	577.3
	% of net sales	21.4%	23.2%	23.3%	3.1%	22.6%	24.2%	22.5%	18.7%
EBITDA		**223.5**	220.2	**278.5**	(18.5)	**304.8**	276.8	**806.8**	478.5
	% of net sales	18.0%	20.9%	21.1%	(2.4)%	21.5%	21.7%	20.3%	15.5%
EBIT adjusted		**168.8**	141.1	**208.6**	(74.4)	**221.4**	213.7	**598.8**	280.4
	% of net sales	13.6%	13.4%	15.8%	(9.7)%	15.7%	16.7%	15.0%	9.1%
Adjustments: - amortisation of intangible assets included in PPA		(28.4)	(28.7)	(28.5)	(28.6)	(28.4)	(28.7)	(85.3)	(86.0)
- non-recurring, restructuring expenses and other		(39.4)	(18.6)	(23.8)	(21.2)	(10.7)	(26.4)	(73.9)	(66.2)
- COVID-19 direct costs		(3.6)	(5.4)	(5.1)	(21.0)	(4.6)	(6.2)	(13.3)	(32.6)
EBIT		**97.4**	88.4	**151.2**	(145.2)	**177.7**	152.4	**426.3**	95.6
	% of net sales	7.8%	8.4%	11.5%	(19.0%)	12.6%	11.9%	10.7%	3.1%
Net income/(loss) from equity investments		(0.1)	(5.3)	2.1	0.7	(0.4)	(1.5)	1.6	(6.1)
Financial income/(expenses)		(40.0)	(32.5)	(31.8)	(40.6)	(35.1)	(40.2)	(106.9)	(113.3)
Net income/(loss) before taxes		**57.3**	50.6	**121.5**	(185.1)	**142.2**	110.7	**321.0**	(23.8)
Taxes		(15.1)	(12.1)	(32.1)	44.9	(37.6)	(26.8)	(84.8)	6.0
Tax rate %		26.4%	24.0%	26.4%	24.3%	26.4%	24.2%	26.4%	25.0%
Net income/(loss)		**42.2**	38.5	**89.4**	(140.2)	**104.6**	83.9	**236.2**	(17.8)

*before exchange rate effect and hyperinflation in Argentina

Net sales totalled euro 3,979.3 million, a growth of +28.6% compared to the first nine months of 2020, or +31.0% excluding the combined impact of the exchange rate effect, and the adoption of hyperinflation accounting in Argentina (totalling -2.4%).

High Value sales accounted for 71.4% of total group revenues (71.2% for the first nine months of 2020), consistent with the target for the year.

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

	2021			
	1Q	**2Q**	**3Q**	**Cumulative at 09/30**
Volume	22.2%	69.9%	(0.4%)	24.7%
of which:				
- High Value	*29.3%*	*68.8%*	*1.8%*	*27.8%*
- Standard	*15.4%*	*72.9%*	*(2.6%)*	*21.8%*
Price/mix	2.3%	4.0%	10.9%	6.3%
Change on a like-for-like basis	**24.5%**	**73.9%**	**10.5%**	**31.0%**
Exchange rate effect /Hyperinflation accounting in Argentina	(6.1%)	(1.3%)	0.2%	(2.4%)
Total change	**18.4%**	**72.6%**	**10.7%**	**28.6%**

For the first nine months of 2021 **Pirelli volumes** recorded an increase of +24.7%, with a steady gain in market share particularly for the High Value segment, where Pirelli reported a growth in volumes of +27.8%, with +21.8% for the Standard segment.

Pirelli Car ≥18" volumes grew by +31%, compared with +21% for the market. In particular:

- for the **Original Equipment** channel (Pirelli volumes at +34%, the market at +15%), growth was supported by exposure to the Premium and Prestige segments, by the consolidation of the client base in North America and APAC, and by the growing demand for specific products for electric vehicles;
- for the **Replacement** channel (Pirelli volumes at +30%, the market at +24%), the Company further strengthened its market share in the main geographical regions, benefiting from the growth in High Value pull-through volumes (Replacement demand for vehicles with Pirelli tyres as Original Equipment), and the launch of new dedicated lines.

Pirelli Car ≥19" volumes rose sharply, recording an growth of +38% against a market growth of +27%.

Pirelli Car ≤17" volumes recorded a more marked growth for the first nine months (+17%) compared to the relevant market (+12%), thanks to the strong recovery in demand in South America where the Company is a market leader.

Volume trends for the **third quarter** reflected the fall in global demand for Car tyres (-5%), mainly in the Original Equipment channel (-20%), due to the shortage in semi-conductors. Demand in the Replacement channel was up slightly (+1%), but which was also impacted by the new lockdown measures in APAC. Against this backdrop, Pirelli volumes recorded +1.8% for the High Value segment, and -2.6% for the Standard segment.

Pirelli Car ≥18" in particular, continued to outperform the market (+4% for Pirelli volumes compared to -2% for market volumes):

- thereby limiting the impact on the Original Equipment channel (Pirelli volumes at -3% compared to market at -15%), thanks to greater exposure to Prestige and Premium OEMs and new contracts in North America and APAC;
- strengthening of the Replacement channel (Pirelli volumes at +10% compared to +8% for the market), thanks to the performance in North America and Europe.

For **Car ≤17"** the decline in volumes for the third quarter (-6%) was instead substantially consistent with that of the market (-5%). The difference between the trend for Car ≤17" volumes and Standard volumes (-3%) was attributable to:

- a more pronounced reduction in Specialties ≤17", with the gradual shift towards ≥18" rim diameters which are not included in the Standard segment;
- the year-on-year recovery of volumes sold through Pirelli's distribution subsidiary which are included in the Standard segment.

The sustained contribution of the **price/mix** (+6.3% for the first nine months of 2021), reflected the aforementioned price increases and the improved product mix for both the High Value and Standard segments. Third quarter price/mix was up sharply (+10.9%), supported by price increases, as well as by product mix and channel mix improvement.

The negative **exchange rate effect**, which included hyperinflation in Argentina: -2.4% for the first nine months of 2021, +0.2% for the third quarter, was impacted by the appreciation of the euro against the US dollar and the main emerging market currencies (particularly South America and Russia).

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

	01/01 - 09/30/2021				01/01 - 09/30/2020
(in millions of euro)		%	*yoy*	*Organic Yoy**	%
Europe and Turkey	1,581.3	39.7%	*21.3%*	*21.8%*	42.1%
North America	844.4	21.2%	*35.9%*	*40.8%*	20.1%
APAC	747.2	18.8%	*22.2%*	*22.1%*	19.8%
South America	478.1	12.0%	*54.8%*	*63.7%*	10.0%
Russia, Nordics and MEAI	328.3	8.3%	*31.8%*	*35.0%*	8.0%
Total	**3,979.3**	**100.0%**	***28.6%***	***31.0%***	**100.0%**

* before exchange rate effect and hyperinflation in Argentina

EBITDA adjusted equalled euro 894.0 million (euro 577.3 million for the first nine months of 2020), with a margin of 22.5% (18.7% for the first nine months of 2020), and reflected the dynamics described in the following paragraph in terms of EBIT adjusted.

EBIT adjusted for the first nine months of 2021 equalled euro 598.8 million, compared to euro 280.4 million for the corresponding period of 2020; with an EBIT margin adjusted of 15.0% for the first nine months of 2021, up by +9.1% compared to the same period of 2020, thanks to the contribution of internal levers (volumes, price/mix, efficiencies), which more than offset the negativity of the external scenario (raw materials, inflation, exchange rate effect). More specifically, for the first nine months, EBIT adjusted reflected:

- the strong contribution of **volumes** (euro +309.5 million);
- the **positive price/mix effect** (euro +150.0 million) which more than compensated the **increase in the cost of raw materials** (euro -113.7 million including the relative exchange rate effect), and the **negative impact of the exchange rate effect** (euro -17.8 million);
- the **positive effect of Phase 2 of the Competitiveness Plan** which generated structural efficiencies which amounted to euro 109.7 million, which more than compensated:
    - **inflation** (euro -50.6 million);
    - the **reversal impact of COVID-19 Measures** (euro -22.7 million equal to the balance between euro -70.7 million in higher discretionary costs relative to activities suspended during 2020 due to the pandemic, and the benefits derived from the increased utilisation of production plants which amounted to euro +48.0 million);
    - **amortisation and depreciation** (euro -8.0 million).
- **the increase in Other costs** (euro -38.0 million for the first nine months, mainly concentrated in the first quarter), being the balance between higher **R&D and marketing costs for the High Value segment** (euro -33.0 million), **increased provisions** (euro -36.5 million) for the long and short-term management incentive plans (the latter cancelled in 2020), and the benefit (euro +31.5 million) derived from both the normalisation of the seasonality of costs relative to 2020 and the positive impact of rebuilding inventories.

For the **third quarter of 2021**, EBIT adjusted grew by +4% to euro 221.4 million, thanks to the contribution of the price/mix, which offset the impact of raw materials and exchange rate effect by 1.3 times. EBIT adjusted margin equalled 15.7% (compared to 16.7% for the third quarter of 2020) and reflected the euro -12.3 million reversal impact of COVID-19 Measures.

(in millions of euro)	**1 Q**	**2 Q**	**3 Q**	**Cumulative at 09/30**
2020 EBIT Adjusted	**141.1**	**(74.4)**	**213.7**	**280.4**
- Internal levers:				
Volumes	95.9	219.1	(5.5)	309.5
Price/mix	16.0	31.0	103.0	150.0
Amortisation and depreciation	(4.0)	(2.0)	(2.0)	(8.0)
COVID-19 cost cutting (reversal impact)	(25.0)	(29.4)	(16.3)	(70.7)
Slowdown (reversal impact)	10.0	34.0	4.0	48.0
Efficiencies	25.8	56.7	27.2	109.7
Other costs	(58.1)	24.1	(4.0)	(38.0)
- External levers:				
Cost of production factors (commodities)	(11.1)	(27.6)	(75.0)	(113.7)
Cost of production factors (labour/energy/others)	(10.8)	(21.2)	(18.6)	(50.6)
Exchange rate effect	(11.0)	(1.7)	(5.1)	(17.8)
Total change	**27.7**	**283.0**	**7.7**	**318.4**
2021 EBIT Adjusted	**168.8**	**208.6**	**221.4**	**598.8**

EBIT, which equalled euro 426.3 million (positive to the amount of euro 95.6 million for the first nine months of 2020), included:

- the amortisation of the intangible assets identified during the PPA to the amount of euro 85.3 million (substantially consistent with the first nine months of 2020);
- non-recurring, restructuring expenses and other to the amount of euro 73.9 million (euro 66.2 million for the first nine months of 2020), mainly relative to structural rationalisation measures, in addition to the retention plan (approved by the Board of Directors on February 26, 2018) to the amount of euro 4.6 million (euro 6 million for the first nine months of 2020);
- emergency COVID-19 direct costs to the amount of euro 13.3 million (euro 32.6 million for the first nine months of 2020), mainly relative to costs incurred for the purchase of protective personnel equipment.

Net income/(loss) from equity investments amounted to an income of euro 1.6 million, compared to the loss of euro -6.1 million for the first nine months of 2020. Net income/(loss) from equity investments included dividends received in the first nine months amounting to euro 1 million, and the pro-rata result for the period for the Chinese joint venture Xushen Tyre (Shanghai) Co., Ltd. and the Indonesian joint venture PT Evoluzione Tyres for a total of euro 0.4 million, which was an improvement compared to the pro-rata loss for the two joint ventures for the first nine months of 2020, which had amounted to euro -5.5 million.

Net financial expenses for the first nine months of 2021 amounted to euro 106.9 million, compared to euro 113.3 million for the same period of 2020.
This decrease of euro 6.4 million compared to the previous year, was mainly the result of higher expenses for central debt (euro +8.0 million) which was impacted by, amongst other factors, the effects of COVID-19 which caused a temporary increase in the margin on the Group's main banking facility. These higher expenses were more than compensated by the benefits arising from financial management at local level (euro -12.0 million not related to debt).
At September 30, 2021, the cost of debt year-on-year (calculated over the last twelve months) equalled 2.41% (1.94% at December 31, 2020), which reflected the Company's expectations for 2021, as a result of the previously described dynamics regarding central debt.

Taxes for the first nine months of 2021 amounted to euro -84.8 million against a net income before taxes of euro 321 million, with a tax rate of 26.4%, consistent with the expected tax rate for the 2021 financial year.

Net income/(loss) amounted to an income of euro 236.2 million, compared to the loss of euro 17.8 million for the first nine months of 2020. For the third quarter of 2021, net income/(loss) amounted to an income of euro 104.6 million, compared to an income of euro 83.9 million for the third quarter of 2020.

Net income/(loss) adjusted amounted to an income of euro 360.1 million, compared to an income of euro 115.2 million for the first nine months of 2020. The following table shows the calculations:

(in millions of euro)	**01/01 - 09/30**	
	2021	**2020**
Net income/(loss)	**236.2**	**(17.8)**
Amortisation of intangible assets included in PPA	85.3	86.0
One-off, non-recurring and restructuring expenses	69.3	60.2
COVID-19 direct costs	13.3	32.6
Retention plan	4.6	6.0
Taxes	(48.6)	(51.8)
Net income/(loss) adjusted	**360.1**	**115.2**

Net income/(loss) attributable to the owners of the Parent Company amounted to an income of euro 224 million, compared to the loss of euro 23.5 million for the first nine months of 2020.

Equity went from euro 4,551.9 million at December 31, 2020 to euro 4,910.9 million at September 30, 2021.

Equity attributable to the owners of the Parent Company at September 30, 2021 equalled euro 4,786.9 million, compared to euro 4,447.4 million at December 31, 2020.

The change is shown in the following table:

(in millions of euro)	**Group**	**Non-controlling interests**	**Total**
Equity at 12/31/2020	**4,447.4**	**104.5**	**4,551.9**
Translation differences	73.8	7.4	81.2
Net income/(loss)	224.0	12.2	236.2
Fair value adjustment of financial assets / derivative instruments	17.4	-	17.4
Actuarial gains/(losses) on employee benefits	79.1	-	79.1
Dividends approved	(80.0)	-	(80.0)
Effect of hyperinflation in Argentina	25.7	-	25.7
Other	(0.5)	(0.1)	(0.6)
Total changes	**339.5**	**19.5**	**359.0**
Equity at 09/30/2021	**4,786.9**	**124.0**	**4,910.9**

Net financial position was negative at euro 3,714.9 million, compared to a negative euro 3,258.4 million at December 31, 2020. It was composed as follows:

(in millions of euro)	**09/30/2021**	**12/31/2020**
Current borrowings from banks and other financial institutions	1,533.9	883.6
- of which lease liabilities	*77.7*	*75.4*
Current derivative financial instruments (liabilities)	44.3	53.9
Non-current borrowings from banks and other financial institutions	3,353.3	4,971.0
- of which lease liabilities	*381.6*	*390.4*
Non-current derivative financial instruments (liabilities)	4.4	87.6
Total gross debt	**4,935.9**	**5,996.1**
Cash and cash equivalents	(770.5)	(2,275.5)
Other financial assets at fair value through Income Statement	(69.4)	(58.9)
Current financial receivables and other assets**	(80.5)	(102.6)
Current derivative financial instruments (assets)	(42.9)	(34.8)
Net financial debt *	**3,972.6**	**3,524.3**
Non-current derivative financial instruments (assets)	(0.6)	-
Non-current financial receivables and other assets**	(257.1)	(265.9)
Total net financial (liquidity) / debt position	**3,714.9**	**3,258.4**

* 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 05, 2021.

** The item "*financial receivables and other assets*" is reported net of the relative provisions for impairment which amounted to euro 8.5 million at September 30, 2021 (euro 8.5 million at December 31, 2020).

The **structure of gross debt** which amounted to euro 4,935.9 million, was as follows:

(in millions of euro)	**09/30/2021**	**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**
Use of unsecured financing ("Facilities")	926.6	926.6	-	-	-	-	-
Convertible bond	458.6	-	-	-	-	458.6	-
EMTN programme bond	550.4	-	550.4	-	-	-	-
Schuldschein	441.8	-	421.9	-	19.9	-	-
Pirelli & C. bank bilateral borrowings	922.4	200.0	124.8	597.6	-	-	-
Sustainable credit facility	795.7	-	-	-	795.7	-	-
Other loans	381.1	373.9	7.2	-	-	-	-
Lease liabilities	459.3	77.7	66.1	54.8	48.1	40.9	171.7
Total gross debt	**4,935.9**	**1,578.2**	**1,170.4**	**652.4**	**863.7**	**499.5**	**171.7**
		32.0%	*23.7%*	*13.2%*	*17.5%*	*10.1%*	*3.5%*

At September 30, 2021 the Group had a liquidity margin equal to euro 1,540 million, composed of euro 700 million in the form of non-utilised committed credit facilities, and euro 840 million in cash and cash equivalents, including financial assets at fair value through the Income Statement to the amount of euro 69 million. The liquidity margin of euro 1,540 million guarantees coverage for maturities for borrowings from banks and other financial institutions, until December 2022. Considering also the Company's right to extend the maturity of the unsecured *"Facilities"* loan by a further two years (therefore until June 2024), this coverage would be guaranteed until June 2023.

Net cash flow for the first nine months, in terms of the change in the net financial position, equalled euro -456.5 million (euro -745.3 million for the first nine months of 2020), and can be summarised as follows:

(in millions of euro)	1 Q		2 Q		3Q		cumulative at 09/30	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
EBIT adjusted	168.8	141.1	208.6	(74.4)	221.4	213.7	598.8	280.4
Amortisation and depreciation (excluding PPA amortisation)	97.7	103.1	98.8	98.1	98.7	95.7	295.2	296.9
Investments in intangible and owned tangible assets (CapEx)	(89.8)	(56.6)	(63.0)	(24.8)	(60.5)	(24.7)	(213.3)	(106.1)
Increases in right of use	(26.7)	(22.9)	(23.2)	(24.1)	(9.7)	(15.2)	(59.6)	(62.2)
Change in working capital / other	(717.2)	(861.2)	73.3	131.9	(61.7)	(173.0)	(705.6)	(902.3)
Operating net cash flow	**(567.2)**	**(696.5)**	**294.5**	**106.7**	**188.2**	**96.5**	**(84.5)**	**(493.3)**
Financial income / (expenses)	(40.0)	(32.5)	(31.8)	(40.6)	(35.1)	(40.2)	(106.9)	(113.3)
Taxes paid	(37.1)	(31.4)	(34.9)	(22.4)	(26.8)	(16.2)	(98.8)	(70.0)
Cash Out for non-recurring, restructuring expenses / other	(28.9)	(20.7)	(40.4)	(28.2)	(33.4)	(42.4)	(102.7)	(91.3)
Differences from foreign currency translation / other	15.9	27.6	(14.9)	(19.5)	11.4	14.5	12.4	22.6
Net cash flow before dividends, extraordinary transactions and investments	**(657.3)**	**(753.5)**	**172.5**	**(4.0)**	**104.3**	**12.2**	**(380.5)**	**(745.3)**
(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)**	**104.3**	**12.2**	**(376.7)**	**(745.3)**
Dividends paid by the Parent Company	-	-	(79.3)	-	(0.5)	-	(79.8)	-
Net cash flow	**(653.5)**	**(753.5)**	**93.2**	**(4.0)**	**103.8**	**12.2**	**(456.5)**	**(745.3)**

Net cash flow before dividends paid by the Parent company equalled euro -376.7 million, which had improved compared to euro -745.3 million for the first nine months of 2020 (and compared to euro -628.9 million for the first nine months of 2019). This trend was mainly supported by the improved **operating net cash flow** of euro -84.5 million for the first nine months of 2021 (euro -493.3 million for the first nine months of 2020, euro -252.1 million for the same period in 2019).

More specifically, the operating net cash flow reflected:

- the operating income/(loss) which contributed income to the amount of euro 598.8 million for the first nine months of 2021 (euro 280.4 million for the same period in 2020);
- investments in tangible and intangible assets (CapEx), which amounted to euro 213.3 million (euro 106.1 million for 2020), aimed mainly at High Value activities, and at the constant improvement of the mix and quality in all factories;
- lower cash absorption related to working capital/other to the amount of euro -705.6 million for the first nine months of 2021, compared to euro -902.3 million for the first nine months of 2020. Lower cash out compared to 2020, was mainly due to the careful management of working capital, with:
  - inventories accounting for an 18.8% share of revenues, consistent with the first nine months of 2020, but an improvement compared to 20.8% for the first nine months of 2019. The greater efficiency of inventory management was mainly attributable to the structural measures put in place in terms of the integration of information with customers, and to the resulting higher visibility of demand trends, as well as greater production flexibility;
  - lower cash absorption related to payables, which benefited from organic growth due to the recovery of business, as well as due to the low level of investments made during the last quarter of 2020. The ratio of trade payables to net sales at September 2021 was 20%, slightly up compared to the 19% recorded at September 2020 which

had also been impacted by measures taken to mitigate the impact of COVID-19, but down sharply compared to 22% for 2019;

- o lower cash absorption related to trade receivables due to the general improvement in the economic environment, with a ratio of trade receivables to net sales at September 2021 of 18%, down from 22% for the same period of 2020, but substantially consistent with the 18% reported at September 2019.

Net cash flow improved by euro 288.8 million compared to the first nine months of 2020, and equalled euro -456.5 million (euro -745.3 million for the first nine months of 2020), and included, in addition to that described for operating cash flow, the following impacts:

- financial expenses to the amount of euro -106.9 million (euro -113.3 million for the first nine months of 2020);
- taxes paid to the amount of euro -98.8 million (euro -70.0 million for the first nine months of 2020);
- cash out for non-recurring, restructuring expenses/other to the amount of euro -102.7 million (euro -91.3 million for the first nine months of 2020);
- differences from foreign currency translation/other to the amount of euro +12.4 million (euro +22.6 million for the first nine months of 2020);
- dividends paid to the amount of euro -79.8 million (no dividends were paid in 2020).

Particularly for the third quarter of 2021, positive net cash flow before dividends which equalled euro 104.3 million, was a net improvement compared to euro 12.2 million for the third quarter of 2020 and euro 11.6 million for the third quarter of 2019, thanks to the aforementioned dynamics of working capital.

OUTLOOK FOR 2021

(in billion of euro)	**August 2021**	**November 2021**
Revenues	~5.0 ÷ ~5.1	~5.1 ÷ ~5.15
EBIT margin adjusted	~15% ÷ ~15.5%	~15% ÷ ~15.5%
Investments (CapEx)	~0.33	~0.33
% on sales	*~7%*	*~6.5%*
Net cash flow before dividends	~0.36 ÷ ~0.39	~0.39 ÷ ~0.41
Net financial position	<3.0	<3.0
NFP/Ebitda Adj.	*≤2.6x*	*≤2.6x*
ROIC *post taxes*	≥16%	≥16%

Market outlook and 2021 targets

In 2021 Pirelli foresees an increase in demand for tyres at the global level of about +7%, a decline from the previously indicated +10%, because of the prolongation of the semi-conductor crisis throughout the entire automotive supply chain. In particular, in the **Original Equipment** channel the market is expected to decline by 1% (compared with the previous indication of +6%). On the other hand, the forecast growth of the Replacement channel is confirmed at +10% in 2021.

The High Value segment is again confirmed as the most resilient with global demand for Car ≥18'' seen growing by 12%. In particular:

- in the **Replacement** channel estimated growth of +18% is confirmed;
- in the **Original Equipment** channel the estimate has been revised to +3% (in August +10%).

In the Standard segment, the market is expected to grow by mid-single-digits (+6% compared with +8% indicated in August).

In light of the market outlook and results obtained in the first nine months, Pirelli has revised upwards its 2021 revenue and cash generation targets while confirming all the other targets for the year:

- **Revenues between ~5.1 and ~5.15 billion euro** (in August target had been revised up to between ~5.0 and ~5.1 billion euro, with:
  - **volume growth** between +~14% and +~15% (in line with the previous targets which had been revised up in August;

    - **marked improvement in price/mix** to ~+7% (in August the target had been revised up to between +4.5% and 5%) thanks to further price increases and a more favourable mix;
    - **impact of exchange rates** improved to -2% (previous indication -2.5% / -2%);
- **Adjusted EBIT margin confirmed at between ~15% and ~15.5%** (target revised up in August). The impact of raw materials – expected to be higher than previous indications – and the effect of exchange rates will be more than offset by the greater contribution from price/mix;
- **Net cash flow before dividends improving to between 390 and 410 million euro** (in August the target was revised up to between 360 and 390 million), thanks to the operating performance and efficient management of working capital;
- **Investments** confirmed at around 330 million euro;
- **Net financial position** confirmed at <3 billion euro (target was improved in August).

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On **October 28, 2021 Pirelli** announced the start of a three-year project in the Hutan Harapan forest in Indonesia, in collaboration with the BMW Group and BirdLife International, which involves activities to support local communities, the conservation of forests and the protection of endangered animal species.

On **November 11, 2021**, the Board of Directors today approved a syndicated line, which will be finalized in the coming months, for a total of 1.6 billion euro that will be used to refinance and/or substitute bank lines maturing in June 2022. The operation will enable the optimization of the debt profile by lengthening maturities.
On the same date, the Board of Directors – following the favorable opinion of the Board of Statutory Auditors and the verification of the requisites indicated in the Bylaws – decided to nominate from 11 November 2021 Mr. Giorgio Luca Bruno as the manager indicated for the preparation of company accounting documents, replacing Francesco Tanzi who, as announced to the market on 7 September 2021, will be leaving the Company.
Mr. Giorgio Luca Bruno’s curriculum vitae is available on the Company website.
Mr. Giorgio Luca Bruno possesses 500 Pirelli shares.

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 Guidelines/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. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments;
- **EBITDA margin adjusted:** is calculated by dividing 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, 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. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** is calculated by dividing 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, 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, 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 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 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 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, 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 *"Derivative financial instruments*" as current assets, current liabilities and non-current liabilities);
- **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 *"Derivative financial instruments"* as current assets), and the non-current derivative financial instruments included in the net financial position (included in the Financial Statements under *"Derivative financial instruments"* as non-current assets*).* Net financial position is an alternative measure to net financial debt 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 but non-utilised credit facilities;
- **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 the net cash flow before dividends, 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):** 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 the EBIT adjusted net of tax effects, and the average net invested capital net of provisions which 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"*, the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter, and *"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 financial and strategic decisions, or decisions which have a structural impact on operations, or decisions that are functional to the exercise of Pirelli's control and policy-making activities.

The Chairman is endowed with, the legal representation of the Company including in the Company's legal proceedings, as well as all other powers attributed to the Chairman pursuant to the Articles of Association.

The Executive Vice Chairman and Chief Executive Officer are exclusively delegated powers for the ordinary management of the Company and the Group, as well as the power to make proposals regarding the 2021-2022|2025 Industrial Plan and Budgets to the Board of Directors, as well as any resolution concerning any strategic industrial partnerships or joint ventures to which Pirelli is a party.

The Deputy-CEO is vested with the powers attributed to the Executive Vice Chairman and Chief Executive Officer for the ordinary management of the Company and the Group, to be exercised vicariously only in case of impediment, even temporary, of the Executive Vice Chairman and Chief Executive Officer.

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.

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 registered ordinary shares without indication of their nominal value.

The Extraordinary Shareholders' Meeting of 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 is set at 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 such fractions.

The shareholder Marco Polo International Italy S.r.l. - pursuant to Article 93 of Legislative Decree 58/1998 - controls the Company with a 37% share of the capital, but 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 2020 Annual Report group of documents and their updates contained in the Half-Year Financial Report at June 30, 2021, as well as other additional information published on the Company's website (www.pirelli.com) in the Governance and Investor Relations section.

WAIVER OF THE PUBLICATION OF INFORMATION DOCUMENTS

The Board of Directors, taking into account the simplification of 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, the obligations to publish the disclosure documents prescribed at the time of significant mergers, de-mergers, capital increases through contributions of assets in kind, acquisitions and disposals.

RELATED PARTY TRANSACTIONS

Transactions with related parties, including intra-group transactions, are neither atypical or unusual, but are part of the ordinary course of business for the companies of the Group. Such transactions, when not carried out under standard conditions or as required by specific regulations, are in any case regulated by conditions consistent with those of the market and carried out in compliance with the provisions of the Procedure for Related Party Transactions which the Company has adopted. The impacts of the related party transactions contained in the Income Statement and the Statement of Financial Position on the Group's consolidated data, were as follows:

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

STATEMENT OF FINANCIAL POSITION (in millions of euro)	**09/30/2021**	**12/31/2020**
Other non-current receivables	6.4	5.8
of which financial	*6.4*	*5.8*
Trade receivables	24.2	6.9
Other current receivables	91.3	102.3
of which financial	*78.4*	*88.8*
Borrowings from banks and other financial institutions non-current	13.6	13.7
Borrowings from banks and other financial institutions current	2.3	1.7
Trade payables	24.6	30.6

INCOME STATEMENT (in millions of euro)	**01/01 - 09/30/2021**	**01/01 - 09/30/2020**
Revenues from sales and services	15.4	6.8
Other income	5.4	3.9
Raw materials and consumables used (net of change in inventories)	(0.6)	(2.6)
Other costs	(92.0)	(61.5)
Financial income	2.8	1.1
Financial expenses	(0.3)	(0.4)
Net income/ (loss) from equity investments	0.6	5.3

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** includes receivables for services rendered to the Chinese joint venture Jining Shenzhou Tyre Co., Ltd. to the amount of euro 24 million.

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

- receivables for the sale of materials and moulds to the Joint Stock Company, Kirov Tyre Plant to the amount of euro 3.6 million;
- receivables for the recovery of the costs by Pirelli Tyre S.p.A. from PT Evoluzione Tyres and from Jining Shenzhou Tyre Co., Ltd. to the amount of euro 1.6 million and euro 1.1 million respectively;
- a loan granted by Pirelli Tyre Co., Ltd to Jining Shenzhou Tyre Co., Ltd. for euro 77.9 million.

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

The item **current borrowings from banks and other financial institutions** refers to the short-term portion of the payables for machine hire described above.

The item **trade payables** mainly refers to payables for the purchase of energy from Industriekraftwerk Breuberg GmbH to the amount of euro 13.8 million, and to trade payables to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 9.5 million.

Transactions - Income Statement

The item **revenues from sales and services** mainly refers to the sales of materials and services to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 15.1 million.

The item **other income** includes, amongst others, royalties from the Jining Shenzhou Tyre Co., Ltd. and PT Evoluzione Tyres totalling euro 2.4 million, as well as the charge-back of expenses to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 2.9 million.

The item **other costs** mainly refers to the cost for the purchase of products from the Jining Shenzhou Tyre Co., Ltd. and from PT Evoluzione Tyres respectively to the amount euro 49.5 million and euro 29.3 million, and costs for the purchase of energy and machine hire from Industriekraftwerk Breuberg GmbH to the amount of euro 12.9 million.

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

The item **financial expenses** refers to interest relative to machine hire.

TRANSACTIONS WITH OTHER RELATED PARTIES

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.

Also included is the remuneration paid to Directors and Key Managers.

STATEMENT OF FINANCIAL POSITION (in millions of euro)	**09/30/2021**	**12/31/2020**
Trade receivables	4.7	5.9
Other current receivables	16.4	9.0
Borrowings from banks and other financial institutions non-current	0.5	1.0
Other non-current payables	0.2	0.2
Provisions for liabilities and charges non-current	14.5	5.9
Provisions for employee benefit obligations non-current	5.7	2.4
Borrowings from banks and other financial institutions current	0.6	0.5
Trade payables	104.9	104.0
Other current payables	9.6	6.7
Provisions for employee benefit obligations current	-	3.0

INCOME STATEMENT (in millions of euro)	**01/01 - 09/30/2021**	**01/01 - 09/30/2020**
Revenues from sales and services	2.0	-
Other income	33.3	39.4
Raw materials and consumables used (net of change in inventories)	(1.9)	(1.2)
Personnel expenses	(17.7)	(9.1)
Other costs	(126.4)	(103.0)
Financial income	-	0.1
Financial expenses	(0.4)	(0.3)

Transactions - Statement of Financial Position

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

The item **other current receivables** mainly refers to receivables from companies of the Prometeon Group to the amount of euro 10.5 million, and from Aeolus Tyre Co., Ltd. to the amount of euro 5.9 million.

The item **non-current borrowings from banks and other financial institutions** refers to payables of the company Pirelli Otomobil Lastikleri A.S. for the hiring of machines from the Prometeon company Turkey Endüstriyel ve Ticari Lastikler A.S. to the amount of euro 0.4 million, and to payables of the company Pirelli Pneus Ltda to TP Industrial de Pneus Brasil Ltda to the amount of euro 0.1 million.

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

The item **trade payables** almost exclusively refers to payables to companies of the Prometeon Group to the amount of euro 100.7 million.

The item **other current payables** mainly refers to current payables to companies of the Prometeon Group to the amount of euro 0.5 million, and payables to Key Managers to the amount of euro 8.5 million.

Transactions - Income Statement

The item **other income** includes recognised royalties from the Aeolus Tyre Co., Ltd. to the amount of euro 5.3 million, in respect of the license agreement stipulated in 2016, some of whose terms and conditions were renegotiated in February 2019. The item also includes income from Prometeon Group companies mainly relative to:

- royalties recorded in respect of the license agreement for the use of the Pirelli trademark to the amount of euro 10.5 million;
- the sale of raw materials, finished and semi-finished products to the total amount of euro 2.9 million;
- the Long-Term Service Agreement to the amount of euro 3.7 million of which euro 2.3 million was earned by Pirelli Sistemi Informativi S.r.l., and euro 0.6 million by Pirelli Pneus Ltda;
- logistic services for a total of euro 0.6 million, rendered by the Spanish company Pirelli Neumaticos S.A.I.C.;
- the licence agreement for know-how to the amount of euro 7.5 million.

The item **raw and consumable materials used** refers to costs payable to companies of the Prometeon Group for the purchase of direct materials/consumables/compounds.

The item **other costs** includes contributions to the *Pirelli HangarBicocca Foundation* and the *Pirelli Foundatio*n to the amount of euro 0.6 million, and costs relative to companies of the Prometeon Group mainly for:

- the purchase of truck products for a total amount of euro 68.2 million of which euro 56.4 million was carried out by the Brazilian company Comercial e Importadora de Pneus Ltda for the Brazilian sales network, euro 7 million by the Russian Limited Liability company Pirelli Tyre Russia, and euro 3.4 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 28.3 million of which euro 27.6 million was carried out by the Turkish company Pirelli Otomobil Latikleri A.S. in respect of the Off-Take contract, and euro 0.7 million by Pirelli Pneus Ltda for the purchase of inner tubes for tyres;
- costs incurred by Pirelli Pneus Ltda for services for the transformation of raw materials as a result of activities pertinent to the Toll manufacturing contract to the amount of euro 2.2 million.

The item **financial expenses** refers to interest relative to the hire of machinery from the Turkish and Brazilian subsidiaries by the Prometeon Group.

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** and **provisions for employee benefit obligations non-current**, include provisions for long-term benefits respectively amounting to euro 14.5 million (euro 5.9 million at December 31, 2020), and euro 5.7 million (euro 2.4 million at December 31, 2020), mainly related to the monetary three-year 2020-2022 Long Term Incentive Plan and the 2021-2023 Long Term Incentive Plan;
- the Income Statement items **personnel expenses** and **other costs**, include remunerations for the period amounting to euro 17.7 million (euro 9.1 million for the same period of the previous year), and euro 18 million (euro 4.4 million for the same period of the previous year) respectively.

EXCEPTIONAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Notice No. 6064293 of July 28, 2006, it is hereby specified that during the course of the first nine months of 2021, that no exceptional and/or unusual transactions as defined in the aforesaid Notice were carried out by the Company.

The Board of Directors

Milan, November 11, 2021

FINANCIAL STATEMENTS

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

	09/30/2021	12/31/2020
Property, plant and equipment	3,184,742	3,159,767
Intangible assets	5,508,155	5,582,033
Investments in associates and joint ventures	77,136	72,588
Other financial assets at fair value through other Comprehensive Income	52,486	42,720
Deferred tax assets	128,502	109,378
Other receivables	378,461	402,148
Tax receivables	7,202	4,761
Other assets	166,132	80,422
Derivative financial instruments	642	-
Non-current assets	**9,503,458**	**9,453,817**
Inventories	973,672	836,437
Trade receivables	939,376	597,669
Other receivables	480,849	469,194
Other financial assets at fair value through Income Statement	69,366	58,944
Cash and cash equivalents	770,540	2,275,476
Tax receivables	41,494	29,153
Derivative financial instruments	47,586	39,327
Current assets	**3,322,883**	**4,306,200**
Total Assets	**12,826,341**	**13,760,017**
Equity attributable to the owners of the Parent Company:	**4,786,902**	**4,447,418**
Share capital	1,904,375	1,904,375
Reserves	2,658,568	2,513,262
Net income / (loss)	223,959	29,781
Equity attributable to non-controlling interests:	**124,045**	**104,432**
Reserves	111,779	91,540
Net income / (loss)	12,266	12,892
Total Equity	**4,910,947**	**4,551,850**
Borrowings from banks and other financial institutions	3,353,335	4,970,986
Other payables	74,955	77,280
Provisions for liabilities and charges	72,923	73,257
Deferred tax liabilities	1,017,983	1,006,799
Provisions for employee benefit obligations	200,566	243,931
Tax payables	11,284	10,795
Derivative financial instruments	4,387	87,601
Non-current liabilities	**4,735,433**	**6,470,649**
Borrowings from banks and other financial institutions	1,533,892	883,567
Trade payables	1,043,905	1,267,971
Other payables	364,373	374,266
Provisions for liabilities and charges	39,521	48,083
Provisions for employee benefit obligations	-	5,013
Tax payables	147,024	99,505
Derivative financial instruments	51,246	59,113
Current liabilities	**3,179,961**	**2,737,518**
Total Liabilities and Equity	**12,826,341**	**13,760,017**

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	01/01 - 09/30/2021	01/01 - 09/30/2020
Revenues from sales and services	**3,979,281**	**3,093,830**
Other income	216,846	223,994
Changes in inventories of unfinished, semi-finished and finished products	58,702	(159,331)
Raw materials and consumables used (net of change in inventories)	(1,344,710)	(929,252)
Personnel expenses	(818,213)	(697,588)
Amortisation, depreciation and impairment	(382,073)	(386,104)
Other costs	(1,281,481)	(1,033,144)
Net impairment loss on financial assets	(3,653)	(18,296)
Increase in fixed assets for internal works	1,617	1,503
Operating income/(loss)	**426,316**	**95,612**
Net income/(loss) from equity investments	1,613	(6,108)
- share of net income/(loss) of associates and joint ventures	*630*	*(5,326)*
- gains on equity investments	*26*	*-*
- losses on equity investments	*(15)*	*(847)*
- dividends	*972*	*65*
Financial income	21,058	191,713
Financial expenses	(128,010)	(305,030)
Net income / (loss) before taxes	**320,977**	**(23,813)**
Taxes	(84,752)	5,953
Net income / (loss)	**236,225**	**(17,860)**
Attributable to:		
Owners of the Parent Company	223,959	(23,584)
Non-controlling interests	12,266	5,724
Total earnings / (losses) per share (in euro per base share)	**0.224**	**(0.023)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euro)*

		01/01 - 09/30/2021	01/01 - 09/30/2020
A	**Total Net income / (loss)**	**236,225**	**(17,860)**
	- Remeasurement of employee benefits	112,716	9,101
	- Tax effect	(33,627)	(4,388)
	- Fair value adjustment of other financial assets at fair value through Other Comprehensive Income	9,322	(19,432)
B	**Total items that may not be reclassified to Income Statement**	**88,410**	**(14,719)**
	Exchange differences from translation of foreign Financial Statements		
	- Gains / (losses)	77,152	(405,024)
	- (Gains) / losses reclassified to Income Statement	-	-
	- Tax effect	-	-
	Fair value adjustment of derivatives designated as cash flow hedges:		
	- Gains / (losses)	70,291	(50,168)
	- (Gains) / losses reclassified to Income Statement	(55,115)	53,989
	- Tax effect	(2,964)	(408)
	Cost of hedging		
	- Gains / (losses)	883	3,689
	- (Gains) / losses reclassified to Income Statement	(5,787)	(5,396)
	- Tax effect	814	10
	Share of other comprehensive income related to associates and joint ventures, net of taxes	4,024	(2,046)
C	**Total items reclassified / that may be reclassified to Income Statement**	**89,298**	**(405,354)**
D	**Total other comprehensive income (B+C)**	**177,708**	**(420,073)**
A+D	**Total comprehensive income / (loss)**	**413,933**	**(437,933)**
	Attributable to:		
	- Owners of the Parent Company	394,316	(433,317)
	- Non-controlling interests	19,617	(4,616)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 09/30/2021

(in thousands of euro)	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Total IAS 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	-	73,825	96,532	-	170,357	7,351	177,708
Net income / (loss)	-	-	-	223,959	223,959	12,266	236,225
Total comprehensive income / (loss)	**-**	**73,825**	**96,532**	**223,959**	**394,316**	**19,617**	**413,933**
Dividends approved	-	-	-	(80,000)	(80,000)	-	(80,000)
Effects of hyperinflation accounting in Argentina	-	-	-	25,745	25,745	-	25,745
Other	-	-	(50)	(527)	(577)	(4)	(581)
Total at 09/30/2021	**1,904,375**	**(605,912)**	**6,589**	**3,481,850**	**4,786,902**	**124,045**	**4,910,947**

(in thousands of euro)	Breakdown of IAS 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	**Total IAS reserves**
Total at 12/31/2020	**(16,357)**	**7,290**	**(26,228)**	**(25,104)**	**(29,494)**	**(89,893)**
Other components of Comprehensive Income	9,322	(4,903)	15,176	112,716	(35,778)	96,532
Other changes	-	-	-	(50)	-	(50)
Total at 09/30/2021	**(7,035)**	**2,387**	**(11,052)**	**87,562**	**(65,272)**	**6,589**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 09/30/2020

(in thousands of euro)	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Total IAS Reserves *	Other reserves/ retained earnings	Total attributable to the Parent Company		
Total at 12/31/2019	**1,904,375**	**(313,805)**	**(89,424)**	**3,223,303**	**4,724,449**	**102,182**	**4,826,631**
Other components of comprehensive income	-	(396,730)	(13,003)	-	(409,733)	(10,340)	(420,073)
Net income / (loss)	-	-	-	(23,584)	(23,584)	5,724	(17,860)
Total comprehensive income / (loss)	**-**	**(396,730)**	**(13,003)**	**(23,584)**	**(433,317)**	**(4,616)**	**(437,933)**
Effects of High inflation accounting in Argentina	-	-	-	14,567	14,567	-	14,567
Other	-	-	5	600	605	6	611
Total at 09/30/2020	**1,904,375**	**(710,535)**	**(102,422)**	**3,214,886**	**4,306,302**	**97,572**	**4,403,874**

(in thousands of euro)	Breakdown of IAS 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	**Total IAS reserves**
Total at 12/31/2019	**(228)**	**9,898**	**(31,326)**	**(43,946)**	**(23,822)**	**(89,424)**
Other components of comprehensive income	(19,432)	(1,707)	3,821	9,101	(4,786)	(13,003)
Other changes	-	-	-	5	-	5
Total at 09/30/2020	**(19,660)**	**8,191**	**(27,505)**	**(34,841)**	**(28,608)**	**(102,422)**

CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

		01/01 - 09/30/2021	01/01 - 09/30/2020
	Net income / (loss) before taxes	320,977	(23,813)
	Reversals of amortisation, depreciation, impairment losses and restatement of property, plant and equipment and intangible assets	382,073	386,104
	Reversal of Financial income / (expenses)	106,952	113,317
	Reversal of Dividends	(972)	(65)
	Reversal of gains / (losses) on equity investments	(11)	847
	Reversal of share of net income from associates and joint ventures	(630)	5,326
	Reversal of accruals and other	84,874	48,284
	Net Taxes paid	(98,765)	(69,970)
	Change in Inventories	(121,349)	159,669
	Change in Trade receivables	(328,958)	(397,722)
	Change in Trade payables	(249,521)	(660,635)
	Change in Other receivables	(4,524)	(68,699)
	Change in Other payables	(37,619)	82,547
	Uses of Provisions for employee benefit obligations	(39,825)	(29,415)
	Uses of Other provisions	(30,482)	(12,593)
A	**Net cash flow provided by / (used in) operating activities**	**(17,780)**	**(466,818)**
	Investments in owned tangible assets	(204,249)	(165,973)
	Disposal of owned tangible assets	7,382	3,108
	Investments in intangible assets	(21,207)	(10,212)
	Disposal of intangible assets	242	8
	(Investments) in other financial assets at fair value through Other Comprehensive Income	(450)	-
	Loss of control in subsidiaries	4,407	69
	Change in Financial receivables from associates and joint ventures	15,173	(37,853)
	Dividends received	972	65
B	**Net cash flow provided by / (used in) investing activities**	**(197,730)**	**(210,788)**
	Change in Borrowings from banks and other financial institutions due to draw down	376,519	2,106,458
	Change in Borrowings from banks and other financial institutions due to repayments and other	(1,451,672)	(1,465,325)
	Change in Financial receivables / Other current financial assets at fair value through income statement	11,683	(164,560)
	Financial income / (expenses)	(81,303)	(82,750)
	Dividends paid	(79,786)	-
	Repayment of principal and payment of interest for lease liabilities	(80,176)	(75,224)
C	**Net cash flow provided by / (used in) financing activities**	**(1,304,735)**	**318,599**
D	**Total cash flow provided / (used) during the period (A+B+C)**	**(1,520,245)**	**(359,007)**
E	**Cash and cash equivalents at the beginning of the financial year**	**2,269,683**	**1,600,628**
F	**Exchange rate differences from translation of cash and cash equivalents**	20,561	(127,031)
G	**Cash and cash equivalents at the end of the period (D+E+F) (°)**	**769,999**	**1,114,590**

(°)	**of which:**		
	cash and cash equivalents	770,540	1,115,558
	bank overdrafts	(541)	(968)

FORM AND CONTENT

The publication of this Interim Financial Report at September 30, 2021 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 detection and measurement of the accounting figures, reference has been made to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and their relative interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission and in force at the time of the approval of this Financial Report, which are the same as those used in the preparation of the Financial Statements at December 31, 2020, with the exception of the following amendments which apply as of January 1, 2021 but which have no impact on the Group.

In particular, these are the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Benchmark interest rate reform - IBOR reform - phase 2), which affect the operational manner in which the impacts of replacing the current benchmark interest rates with alternative interest rates have to be managed, particularly:

- the introduction of a practical expedient for the accounting of changes in the calculation basis on which contractual cash flows of financial assets and liabilities are calculated;
- the introduction of certain exemptions relative to the termination of hedging relationships;
- the temporary exemption from the requirement to separately identify a risk component (where that separate hedged component is an alternative interest rate);
- the introduction of certain additional disclosures regarding the impacts of the reform.

It should also be noted that income taxes, which are recognised on the basis of the best estimate of the weighted average tax rate expected for the entire financial year, consistent with the indications provided by IAS 34 for the preparation of Interim Financial Statements.

Exchange Rates

The main exchange rates used for consolidation were as follows:

(local currency vs euro)	Period-end exchanges rates		Change in %	Average exchange rates nine months		Change in %
	09/30/2021	12/31/2020		2021	2020	
Swedish Krona	**10.2010**	10.0375	1.63%	**10.1515**	10.5560	(3.83%)
Australian Dollar	**1.6095**	1.5896	1.25%	**1.5770**	1.6627	(5.16%)
Canadian Dollar	**1.4750**	1.5633	(5.65%)	**1.4968**	1.5218	(1.65%)
Singaporean Dollar	**1.5760**	1.6218	(2.82%)	**1.6020**	1.5635	2.46%
U.S. Dollar	**1.1579**	1.2271	(5.64%)	**1.1962**	1.1250	6.33%
Taiwan Dollar	**32.2082**	34.4742	(6.57%)	**33.4614**	33.5176	(0.17%)
Swiss Franc	**1.0830**	1.0802	0.26%	**1.0904**	1.0680	2.10%
Egyptian Pound	**18.2669**	19.3879	(5.78%)	**18.8488**	17.9062	5.26%
Turkish Lira	**10.3135**	9.0079	14.49%	**9.6628**	7.5634	27.76%
Romanian Leu	**4.9471**	4.8694	1.60%	**4.9114**	4.8263	1.76%
Argentinian Peso	**114.3311**	103.2605	10.72%	**114.3311**	89.1915	28.19%
Mexican Peso	**23.5123**	24.4791	(3.95%)	**24.0628**	24.5326	(1.92%)
South African Rand	**17.5629**	18.0219	(2.55%)	**17.4226**	18.8094	(7.37%)
Brazilian Real	**6.2983**	6.3779	(1.25%)	**6.3766**	5.7207	11.47%
Chinese Yuan	**7.5094**	8.0067	(6.21%)	**7.7413**	7.8659	(1.58%)
Russian Rouble	**84.8755**	90.6824	(6.40%)	**88.5030**	79.7013	11.04%
British Pound	**0.8605**	0.8990	(4.28%)	**0.8636**	0.8851	(2.43%)
Japanese Yen	**129.6700**	126.4900	2.51%	**129.8320**	120.9108	7.38%

NET FINANCIAL POSITION

(in thousands of euro)	**09/30/2021**	**12/31/2020**
Current borrowings from banks and other financial institutions	1,533,891	883,567
Current derivative financial instruments (liabilities)	44,303	53,926
Non-current borrowings from banks and other financial institutions	3,353,335	4,970,986
Non-current derivative financial instruments (liabilities)	4,387	87,601
Total gross debt	**4,935,916**	**5,996,080**
Cash and cash equivalents	(770,540)	(2,275,476)
Other financial assets at fair value through Income Statement	(69,366)	(58,944)
Current financial receivables and other assets**	(80,466)	(102,574)
Current derivative financial instruments (assets)	(42,886)	(34,766)
Net financial debt *	**3,972,658**	**3,524,320**
Non-current derivative financial instruments (assets)	(642)	-
Non-current financial receivables and other assets**	(257,118)	(265,945)
Total net financial (liquidity) / debt position	**3,714,898**	**3,258,375**

* 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 05, 2021.
** The item "*financial receivables and other assets*" is reported net of the relative provisions for impairment which amounted to euro 8,483 thousand at September 30, 2021 (euro 8,505 thousand at December 31, 2020).

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

Francesco Tanzi, 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 September 30, 2021 corresponds to what contained in the accounting documentation, books and records.

Milan, November 11, 2021

Francesco Tanzi