

Informazione Regolamentata n. 0206-73-2026	Data/Ora Inizio Diffusione 29 Luglio 2026 17:41:24	Euronext Milan
--	---	----------------

Societa' : PIRELLI & C.

Utenza - referente : PIRELLISPAN08 - Sacchetti Alberto

Tipologia : REGEM; 1.2

Data/Ora Ricezione : 29 Luglio 2026 17:41:24

Data/Ora Inizio Diffusione : 29 Luglio 2026 17:41:24

Oggetto : PIRELLI BOARD MAJORITY APPROVES
CONSOLIDATED RESULTS TO 30 JUNE 2026

<i>Testo del comunicato</i>

Vedi allegato



PRESS RELEASE

PIRELLI BOARD MAJORITY APPROVES CONSOLIDATED RESULTS TO 30 JUNE 2026

PIRELLI: H1 NET PROFIT +13.3% TO 299 MILLION EURO, ADJUSTED EBIT MARGIN AT 16%

2026 TARGETS ANNOUNCED IN MAY CONFIRMED

First Half 2026

- Revenues: 3,494.5 million euro, with organic growth of +2.5% excluding effect of forex and hyper-inflation (-2.1%) and variation of the scope of consolidation (-0.5%). Including these effects, revenues were stable compared with first half 2025 (3,498.6 million euro);
- Further strengthening of High Value (82% of sales, 80% in first half 2025);
- Price/Mix: +2.5% supported by the ongoing improvement of the product mix and the positive contribution of the regional mix;
- Adjusted Ebit: 557.8 million euro (558.3 million euro in first half 2025), with margin stable at 16%;
- Net profit: +13.3% to 299.0 million euro (264.0 million euro in first half 2025) thanks also to lower financial charges;
- Net cashflow before dividends and consolidation of Xushen Tyre of -556.9 million euro, (-547.1 million euro in first half 2025 excluding the positive impact of the disposal of Dakia AB);
- Net Financial Position: -1,915.9 million euro (-2,678.7 million euro on 30 June 2025 and -1,102.0 million euro on 31 December 2025);
- Partnerships stipulated in the sustainability area linked to materials' circularity.

Second quarter 2026

- Revenues: 1,757.3 million euro, with organic growth of 1.4% excluding the effect of forex and hyper-inflation (+0.4%) and the variation of the scope of consolidation (-0.8%). Including these effects, growth was 1.0% compared with 1,740.0 in the second quarter of 2025;
- Price/Mix: +2.9% thanks to the improvement of the product mix and positive contribution of the regional mix;
- Adjusted Ebit: 280.4 million euro, +0.7% compared with 278.5 million euro in second quarter 2025;
- Adjusted Ebit Margin stable at 16%;
- Net profit: +3.9% at 142.2 million euro (136.8 million in second quarter 2025).

Milan 29 July 2026 – The Board of Directors of Pirelli & C. Spa met today and majority approved results to 30 June 2026, with the contrary vote of board members Zhang Haitao, Xi Xiaohong and Wang Kun because of the declaration of control by MTP Spa contained in the financial report.

The results of the first half of 2026 confirm the resilience of Pirelli's business model and the effective implementation of the strategic programs, despite an economic context still characterized by elevated volatility and persistent geopolitical tensions.

In particular:

- **Commercial Program**

In the first half of 2026 Pirelli further consolidated its leadership in **High Value**, the Car and Moto volumes of which grew by 3.5%, with increased market share in both businesses. The performance was supported by both the Original Equipment channel, thanks to partnerships with the principal carmakers in North America and APAC, and the Replacement channel, thanks to the strength of the Brand, quality of the offering and continuing consumer appreciation for Pirelli products.

Standard volumes decreased by -8% reflecting the strategy of growing selectivity, particularly in South America, through the reduction of exposure to segments with lower margins.

The performance described above translates for Pirelli into **stable total volumes in the first half of 2026**.

- **Innovation Program**

In the first half of 2026 Pirelli garnered around 200 new homologations with the principal Premium and Prestige carmakers, of which 90% for **rim sizes ≥ 19 inches**. **Specialties** account for 70% of new homologations, while 60% are for electric vehicles (BEV and PHEV). The high level of technological content in Pirelli products earns the constant recognition of the main Premium and Prestige carmakers – as testified by the homologations obtained in the first half for the Ferrari Luce, Rivian R2S and the new Audi Q7 and Q9 SUVs – both in comparative tests in the Car segment, where Pirelli achieved 8 victories in just the first half of 2026.

In terms of the product portfolio, the offering was further broadened with the launch, in the **Car** replacement segment, of the new Scorpion AS 4 in North America, in **Moto** with the marketing of the Metzeler Sportec 01 RS and in **Cycling** with the introduction of the new Cinturato Gravel RH and RM. In conclusion, the **development of the Cyber Tyre** continues through strategic partnerships with leading operators in the fields of connectivity and autonomous driving, such as Univrses, RideSense and Niulinx, with the goal of further strengthening of the technological platform.

- **Efficiencies' Program**

In the first half of 2026 the Company achieved gross benefits of 81 million euro, equal to around 54% of the annual target, in line with expectations. The result reflects, in a particular manner, the progress of the product design program and the improvement of industrial productivity. Given the Middle East crisis and resulting impacts on the cost of raw materials, energy and transport, the company quickly activated mitigation initiatives which include price increases and additional cost containment measures.

In the **first half of 2026** Pirelli registered positive performances in the principal economic indicators.

Revenues amounted to 3,494.5 million euro, with organic growth of +2.5% excluding the combined effect of forex and the application of hyper-inflation accounting (equal to -2.1% overall), as well as the variation to the scope of consolidation (-0.5%) following the sale of Däckia AB. Including these effects, stable (-0.1%) compared with the first half of 2025 (3,498.6 million euro).

High Value represents 82% of total sales (80% in the first half of 2025).

In the **second quarter of 2026** revenues totaled 1,757.3 million euro, with organic growth of +1.4% compared with the same period of 2025. Growth of 1.0% compared with the first half of 2025 including the effect of forex and hyper-inflation (+0.4%) and the variation of the scope of consolidation (-0.8%).

Revenue variants	1 QTR 2026	2 QTR 2026	H1 2026
Volumes	+1.5%	-1.5%	0.0%
Price/Mix	+2.0%	+2.9%	+2.5%
Variation like-for-like	+3.5%	+1.4%	+2.5%
Forex/Hyper-inflation in Argentina and Turkey	-4.5%	+0.4%	-2.1%
Perimeter variation – Dacia AB	-0.2%	-0.8%	-0.5%
Total variation	-1.2%	+1.0%	-0.1%

Volumes in the **first half of 2026** were stable compared with the first half of 2025, with opposing dynamics in High Value and Standard. In particular, in Car $\geq 18''$, Pirelli outperformed the market earning market share in both channels (Original Equipment and Replacement), while in Car $\leq 17''$ the strategy of reducing exposure to less profitable products and channels continued.

In the **second quarter of 2026** volumes saw a slight decrease (-1.5%) because of the diverging performances of **High Value** (Car and Moto volumes grew +3%) and **Standard** (Pirelli volumes -11%, with a more marked decline compared with the first quarter, in line with the cited strategy of selectivity).

In the **first half of 2026** the **price/mix** registered an increase of +2.5% led by the continuous improvement of the product mix and the positive contribution of the regional mix.

In the **second quarter of 2026** the **price/mix** was +2.9%, an improvement compared with the first quarter (+2.0%), supported by the continuous improvement of the product mix and the positivity of the regional mix, driven by solid performances in Europe, North America and APAC, while demand in South America was weaker.

The effect of exchange rates in the **first half of 2026** had a negative impact of -2.1% mainly because of the devaluation of the US dollar compared with the first half of 2025.

In the **second quarter of 2026** the **effect of exchange rates** had a positive performance of +0.4% (-4.5% in first quarter) following the reduced devaluation of the US dollar and strengthening of the Chinese renminbi and the Brazilian real.

Profitability

Profitability (<i>euro millions</i>)	30/06/2026	% of revenues	30/06/2025	% of revenues	Variation y/y
Adjusted Ebitda	814.5	23.3%	792.9	22.7%	+2.7%
Ebitda	794.5	22.7%	771.1	22.0%	+3.0%
Adjusted Ebit	557.8	16.0%	558.3	16.0%	-0.1%
Ebit	492.2	14.1%	479.6	13.7%	+2.6%

Adjusted Ebitda in the **first half of 2026** was 814.5 million euro, with growth of +2.7% compared with 792.9 million euro in the same period of 2025.

Adjusted Ebit in the first half of 2026 was 557.8 million euro (558.3 million euro in the same period of 2025), with an adjusted Ebit margin of 16.0%, stable compared with the first half of 2025 thanks to the effectiveness of internal levers.

Adjusted Ebit reflects:

- **positive** contribution of **price/mix** (+50.2 million euro) and **efficiencies** (+81.3 million euro) that more than offset the **negative impact of forex** (-44.4 million euro) and **the inflation of input costs** (-64.6 million euro), due to the Middle East crisis;
- positive contribution of **raw materials** (+31.5 million euro);
- negative impact of greater **amortizations of** -12.2 million euro;
- increase of **other costs** (-42.5 million euro), principally linked to the impact of US tariffs.

In the **second quarter of 2026**, **Adjusted Ebit** amounted to 280.4 million euro (+0.7% compared with 278.5 million euro in the same period of 2025), with a **margin** of 16.0%, **stable** year on year. In the quarter, the positive contribution of **price/mix** (+28.8 million euro) more than offset the negative effect of **forex** (-4.3 million euro) and the performance of **volumes** (-10.2 million euro). The contribution of **efficiencies** was positive (+38.0 million euro), which more than offset the inflation of **input costs** (-36.4 million euro). The contribution of **raw materials** was positive (+16.0 million euro), while there was an increase on an annual basis of **amortizations** (-6.8 million euro) and **other costs** (-23.2 million euro, including the impact of tariffs).

Ebit in the **first half of 2026** was 492.2 million euro, an increase compared with 479.6 million euro of the **first half of 2025** and includes **amortization of intangible assets** identified in the context of PPA of 45.6 million euro (56.9 million euro in the first half of 2025) and one-time, non-recurring and restructuring charges of 20.0 million euro (21.8 million euro in the first half of 2025).

The **result from equity holdings** was positive for 29.1 million euro (+ 16.0 million euro in first half 2025) and mainly refers to the fair value revaluation of the Xushen Tyre (Shanghai) Co. Ltd. joint venture following its consolidation.

Net financial charges in the **first half of 2026** amounted to 94.1 million euro, a significant improvement compared with 122.7 million euro in the **first half of 2025**, mainly thanks to the reduction of gross debt, as well as the lower weight of financial debt in high-interest-rate countries.

This latter effect also contributed to the reduction of the **cost of debt**, calculated as the average of the last 12 months, which on 30 June 2026 stood at 3.89% compared with 4.40% on 31 December 2025.

Fiscal charges in the **first half of 2026** amounted to 128.2 million euro, with a tax rate of 30.0%. The value in the first half of 2025 was 108.9 million euro, with a tax rate of 29.2%.

Net profit in the first half of 2026 grew by +13.3% to 299.0 million euro, compared with 264.0 million registered in the first half of 2025.

The **second quarter of 2026** saw an increase in net profit of +4% to 142.2 million euro (136.8 million euro in the same period of 2025).

Net cash flow before dividends and the consolidation/exercise of call option of Xushen Tyre in the first half of 2026 was -556.9 million euro, compared with -503.7 million euro in the first half of 2025 (-547.1 million euro, excluding the +43.4-million-euro impact of the disposal of Däckia AB to CTS).

Net cash flow from operations in the first half of 2026 was negative -416.1 million euro (-217.0 million euro in the same period of 2025) and mainly discounts increased investments (tangible and intangible) and greater cash absorption linked to the dynamics of commercial debt. In detail:

- operating performance saw an improvement compared with the same period a year earlier (Adjusted Ebitda of 814.5 million euro in the first half of 2026 compared with 792.9 million euro in the first half of 2025);
- tangible and intangible investments amount to 177.2 million euro (128.0 million euro in the same period of 2025), destined mainly to High Value activities, technological upgrade and automation of factories;
- “increases in right of use” were 51.6 million euro (71.6 million euro in the first half of 2025);

- Greater cash absorption linked to “functional capital and other” (-1,001.8 million euro compared with -810.3 million euro in the first half of 2025). This dynamic principally reflects greater cash absorption relative to commercial debts compared with the first half of 2025 because of the greater concentration of investments in the last quarter of 2025 which resulted in the relative payments in the first half of the year. Commercial credits are following the business’s usual seasonality with a limited additional negative impact as an effect of the situation in the Middle East. Inventory management was positive, higher as a percentage of revenues over the last 12 months than for the same period in 2025 (22.4% compared with 21.2%) which reflects the rigorous management of finished product volumes (weighed down by the cost of raw materials and the constitution of “*safety stock*” because of the conflict in the area of the Golf).

Net cash flow before dividends in the first half of 2026 was -813.9 million euro and, beyond the dynamics described above of operations, reflects:

- impact of -257.0 million euro relative to the consolidation and increase to 70% of Xushen Tyre (Shanghai) Co., Ltd. (respectively -210.2 million euro and -46.8 million euro);
- financial charges paid of -85.7 million euro, lower than the 31.0 million euro of the previous year;
- taxes paid of -99.6 million euro, 33.0 million euro higher than the previous year;
- payments linked to non-recurring and restructuring charges of -27.4 million euro.

The **net financial position to 30 June 2026** was -1,915.9 million euro compared with -2,678.7 million euro on 30 June 2025 and -1,102.0 million euro on 31 December 2025.

On 30 June 2026 the **liquidity margin** was 2,569.4 million euro and guarantees the coverage of debt maturities with banks and other financiers beyond the third quarter of 2029.

2026 TARGETS

Market outlook

With the Middle East crisis continuing to weigh on global growth, inflation and the cost of raw materials, Pirelli has updated the 2026 market outlook and now foresees global Car tyre demand between “-3% and -1%” compared with the “-2% to stable” indicated in May. In detail:

- the performance of the Standard segment is seen as “*negative mid-single-digit*” (compared with *negative low-single-digit* in May);
- the demand in Original Equipment seen falling by about 3% (in line with car production) compared with around -2% estimated in May.

In High Value, the expectations are:

- in the **Replacement channel**, *mid-single-digit* demand with performance improving in the second half supported by the demand trends in Europe and APAC as well as the recovery in North America;
- in **Original Equipment**, a slight decline year on year (compared with prior forecasts of *low single digit* growth), which reflects the weak performance of China following the cessation of government incentives which underpinned demand last year.

2026 Targets

In this scenario, Pirelli expects to gain market share in the High Value segment and to continue to reduce its exposure to Standard.

The company therefore confirms the 2026 targets announced in May, updating some drivers on the basis on the external scenario.

All targets are therefore confirmed:

- **Revenues between ~6.75 and ~6.95 billion euro**, with:
 - Volumes expected at “~+0% / ~+1%” (previous indication between ~+1% / ~+2%);
 - price/mix confirmed at “~+2.5% / ~+3%”;
 - impact of forex and perimeter variation (deconsolidation of Däckia) expected to improve to between “-2.5% / -1.5%” (previous indication -4% / -2%);

- **Adjusted Ebit ~16%;**
- **Investments at ~450 million euro (~6.5% of revenues);**
- **Net cash generation before dividends and impact of Chinese jv Xushen Tyre at ~500 million euro;**
- **Net financial position at ~1.2 billion euro;**
- **Rapporto fra NFP/ Ebitda Adjusted pari a ~0.75 volte**

The targets incorporate the impact of the Middle East crisis which, as announced in May, is expected to have an impact limited to 20 million euro on Adjusted Ebit, thanks to the mitigation actions underway and forecasts of a progressive normalization of commodity prices in the third quarter of 2026.

Progress of the Sustainability Plan

The company made significant progress in support of the targets of the Plan in the areas of People, Climate, Product and Nature.

In the context of the **People** program, of which health and safety in the workplace are fundamental pillars, **the index of accident frequency** at the end of the first half had **fallen by 54%** compared with the first half of the previous year.

In the area of **Climate**, the Decarbonization plan continues in line with expectations, thanks to energy efficiency projects and electrification of factory machinery and with 100% of the electric energy purchased by the Group coming from renewal sources already in 2025. At the end of the first half there was a consolidation of **a reduction in absolute emissions of Scope 1 and 2 of 13.5%** compared with the first half of the prior year. The reduction of **absolute Scope 3 emissions** (supply chain) continues **in line with the 2027 target (-28% compared with 2018).**

The roadmap of the **Product** program in the first half saw the launch of **partnerships in materials' circularity**, oriented to the construction of **industrial supply chains that are scalable, economically sustainable, traceable and certified** according to internationally recognized sustainability frameworks. In particular, Pirelli:

- In the **USA** the company launched a partnership with **Bolder Industries** for the **recovery of Carbon Black** by pyrolysis, certified ISCC PLUS, for its relative re-use in new tyres.
- In **China**, together with **Xingda**, ISCC PLUS certification was introduced for the **recycled steel** supply chain;
- In **Germany**, together with **Pyrum Innovations, BASF and Synthos**, Pirelli guided the **Tyre-to-Tyre** project, through the constitution of a European supply chain which recovers end-of-life products and transforms them into **Carbon Black and synthetic rubber** to be re-used in the production of new tyres on an industrial scale and with a completely traceable process that is ISCC PLUS certified.

In the **Nature** program, the **specific drawing of water** was further **reduced by 6.7% at the group level**, compared with the first half of the previous year. These results benefitted from the positive impact of ongoing efficiency projects and the progress of the electrification program, replacing steam, for vulcanization presses.

At the end of the first half of 2026 the Company was re-confirmed at the **top of its sector** at the global level in the **principal indices and ESG ratings** including:

- S&P Dow Jones Best-in-Class World and Dow Jones Best-in-Class Europe
- "Top 1%" in Sustainability Yearbook 2026 of S&P Global
- CDP - Climate A list
- CDP - Supplier Engagement Assessment A List
- ISS – ESG Corporate Rating - Prime Status
- Sustainalytics – ESG Risk Rating - Negligible risk
- FTSE Russell – FTSE4Good Index Series

Significant events after 30 June 2026

For significant events after 30 June 2026 please refer to the dedicated section in the half year financial report on the Company's website www.pirelli.com

The financial report to June 2026 will be available to the public on 31 July 2026 at the company's legal headquarters and published on the Company website (www.pirelli.com) as well as at eMarket Storage (www.emarketstorage.com).

Bond issues

In compliance with the rules of Borsa Italiana the Company announces that, in the 18 months following the closure of the period to 30 June 2026, it does not have bond loans maturing.

Conference call

The results to 30 June 2026 will be illustrated today, 29 July 2026, in a conference call at 6.30 pm with the participation of the **Executive Chairman** of Pirelli, **Marco Tronchetti Provera**, the **CEO**, **Andrea Casaluci**, and top management. Journalists will be able to follow the presentation by telephone, with the possibility of asking questions, at **+39 02 802 09 27**. The presentation will also be webcast in real time on www.pirelli.com in the **Investors section**, where the slides can also be seen.

The Manager responsible for the preparation of the company accounting documents of Pirelli & C. S.p.A., Mr. Fabio Bocchio, declares that in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza that the accounting information contained in this press release corresponds to the documentary results, books and accounting scripts.

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

Pirelli – Economic data to 30 June 2026

<i>(in millions of euro)</i>	1 HY 2026	1 HY 2025
Net sales	3.494,5	3.498,6
EBITDA adjusted (°)	814,5	792,9
% of net sales	23,3%	22,7%
EBITDA	794,5	771,1
% of net sales	22,7%	22,0%
EBIT adjusted	557,8	558,3
% of net sales	16,0%	16,0%
Adjustments: - amortisation of intangible assets included in PPA	(45,6)	(56,9)
- one-off, non-recurring and restructuring expenses	(20,0)	(21,8)
EBIT	492,2	479,6
% of net sales	14,1%	13,7%
Net income/(loss) from equity investments	29,1	16,0
Financial income/(expenses)	(94,1)	(122,7)
Net income before taxes	427,2	372,9
Taxes	(128,2)	(108,9)
Tax rate %	30,0%	29,2%
Net income	299,0	264,0
Net income attributable to Owners of the Parent Company	273,1	246,5
Earnings per share (in euro per basic share)	0,25	0,25
Net income adjusted	318,6	320,2
(*) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 20.0 million (euro 21.8 million for the first half-year of 2025).		

Pirelli – Balance sheet to 30 June 2026

<i>(in millions of euro)</i>	06/30/2026	12/31/2025	06/30/2025
Fixed assets	9.027,2	8.593,1	8.571,9
Inventories	1.519,5	1.455,5	1.445,5
Trade receivables	978,9	628,5	896,5
Trade payables	(1.558,9)	(2.082,4)	(1.573,7)
Operating net working capital	939,5	1,6	768,3
% of net sales (*)	13,9%	0,0%	11,3%
Other receivables/other payables	(415,1)	(71,5)	10,4
Net working capital	524,4	(69,9)	778,7
% of net sales (*)	7,7%	(1,0%)	11,4%
Net invested capital	9.551,6	8.523,2	9.350,6
Equity	6.685,0	6.456,7	5.702,9
Provisions	950,7	964,5	969,0
Net financial (liquidity)/debt position	1.915,9	1.102,0	2.678,7
Equity attributable to Owners of the Parent Company	6.396,6	6.277,8	5.542,2
Investments in intangible and owned tangible assets (CapEx)	177,2	419,7	128,0
Increases in right of use	51,6	112,9	71,6
Research and development expenses	161,2	312,7	152,4
% of net sales	4,6%	4,6%	4,4%
Research and development expenses - High Value	154,5	299,5	145,9
% of High Value sales	5,4%	5,6%	5,2%
Employees (headcount at end of period)	30.704	29.915	30.820
Tyre production sites (number)	18	18	18
(*) During interim periods net sales refer to the last twelve months.			

Cashflow statement

(in millions of euro)	1 Q		2 Q		1 HY	
	2026	2025	2026	2025	2026	2025
EBIT adjusted	277,4	279,8	280,4	278,5	557,8	558,3
Amortisation and depreciation (excluding PPA amortisation)	127,0	119,2	129,7	115,4	256,7	234,6
Investments in intangible and owned tangible assets (CapEx)	(86,9)	(60,0)	(90,3)	(68,0)	(177,2)	(128,0)
Increases in right of use	(34,3)	(28,3)	(17,3)	(43,3)	(51,6)	(71,6)
Change in working capital and other	(938,9)	(865,7)	(62,9)	55,4	(1.001,8)	(810,3)
Operating net cash flow	(655,7)	(555,0)	239,6	338,0	(416,1)	(217,0)
Financial income / (expenses) paid	(34,3)	(49,1)	(51,4)	(67,6)	(85,7)	(116,7)
Taxes paid	(51,2)	(31,6)	(48,4)	(35,0)	(99,6)	(66,6)
Cash-out for one-off, non-recurring and restructuring expenses	(14,0)	(12,6)	(13,4)	(9,9)	(27,4)	(22,5)
Dividends paid to minority shareholders	-	-	(12,3)	(0,4)	(12,3)	(0,4)
Differences from foreign currency translation and other	56,5	(29,8)	38,8	(75,0)	95,3	(104,8)
Net cash flow before dividends, extraordinary transactions and investments	(698,7)	(678,1)	152,9	150,1	(545,8)	(528,0)
Capital subscription Middle East and North Africa Tyre Company	-	(12,8)	-	-	-	(12,8)
Daeckia disposal	(0,6)	-	(0,2)	43,4	(0,8)	43,4
Other extraordinary transactions	(5,2)	(5,8)	(5,1)	(0,5)	(10,3)	(6,3)
Net cash flow before dividends paid by the Parent Company and consolidation/exercise of the Call Option on Xushen Tyre	(704,5)	(696,7)	147,6	193,0	(556,9)	(503,7)
Consolidation and exercise of the Call Option on Xushen Tyre	(210,2)	-	(46,8)	-	(257,0)	-
Net cash flow before dividends paid by the Parent Company	(914,7)	(696,7)	100,8	193,0	(813,9)	(503,7)
Dividends paid by the Parent Company	-	-	-	(249,2)	-	(249,2)
Net cash flow	(914,7)	(696,7)	100,8	(56,2)	(813,9)	(752,9)

ALTERNATIVE PERFORMANCE INDICATORS

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

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

- **EBITDA**: equal to the EBIT but excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate results from operations, excluding the impacts deriving from investments;
- **EBITDA adjusted**: an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses;
- **EBITDA margin**: calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments;
- **EBITDA margin adjusted**: calculated by dividing the EBITDA adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **EBIT**: an intermediate measure which is derived from the net income/(loss), but which excludes taxes, financial income and financial expenses and the net income/(loss) from equity investments. The EBIT is used to measure the ability to generate results from operations, including the impacts deriving from investments;
- **EBIT adjusted**: an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **EBIT margin**: calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted**: calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations and the operating costs attributable to non-recurring, restructuring and one-off expenses;
- **Net income/(loss) adjusted**: 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 and the operating costs attributable to non-recurring, restructuring and one-off expenses;
 - o non-recurring expenses/income recognised under net income/(loss) from equity investments;
 - o non-recurring expenses/income recognised under financial income and expenses;
 - o non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;
- **Fixed assets**: this measure is constituted by 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 the items "*Inventories*", "*Trade receivables*" and "*Trade payables*";
- **Net working capital**: this measure is constituted by the net operating working capital and by other receivables and payables, including tax 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 the items *“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:** calculated pursuant to the CONSOB Notice dated July 28, 2006 and in compliance with the ESMA Guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable as of May 5, 2021. Net financial debt represents borrowings from banks and other financial institutions net of cash and cash equivalents, of other current financial assets at fair value through the Income Statement, of current financial receivables (included in the Financial Statements under *“Other receivables”*), and of the derivative instruments used for hedging items included in the net financial position and recognised 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”*) and the non-current derivative instruments used for hedging items included in the net financial position and recognised in the Financial Statements under *“Derivative financial instruments”* as non-current assets. The net financial position is an alternative measure to net financial debt but which includes non-current financial assets;
- **Liquidity margin:** this measure is constituted by the sum of the Financial Statement items, *“Cash and cash equivalents”*, *“Other financial assets at fair value through the Income Statement”* and the committed but unutilised credit facilities;
- **Operating net cash flow:** calculated as the change in the net financial position attributable to operations management;
- **Net cash flow before dividends, extraordinary transactions and investments:** 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 and the consolidation/exercise of the Call Option on Xushen Tyre:** calculated by adding the change in the net financial position due to extraordinary transactions and the management of investments, to the net cash flow before dividends, extraordinary transactions and investments;
- **Net cash flow before dividends paid by the Parent company:** calculated by adding the change in net financial position due to the consolidation/exercise of the Call Option on Xushen Tyre to the net cash flow before dividends paid by the Parent Company and the consolidation/exercise of the Call Option on Xushen Tyre;
- **Net cash flow:** 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):** 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:** calculated as the increases in the right of use related to lease contracts.

