

Ferrari N.V.

Semi-Annual Report
At and for the three and six months ended June 30, 2021

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BOARD OF DIRECTORS

Executive Chairman and Chief Executive Officer

John Elkann

Vice Chairman

Piero Ferrari

Directors

Delphine Arnault
Francesca Bellettini
Eddy Cue
Sergio Duca
John Galantin
Maria Patrizia Grieco
Adam Keswick

INDEPENDENT AUDITORS

EY S.p.A.

CERTAIN DEFINED TERMS

In this report (the “Semi-Annual Report”), unless otherwise specified, the terms “we”, “our”, “us”, the “Group”, the “Company” and “Ferrari” refer to Ferrari N.V., individually or together with its subsidiaries, as the context may require.

References to “Stellantis” or “Stellantis Group” refer to Stellantis N.V., together with its subsidiaries, following the merger of Peugeot S.A. with and into Fiat Chrysler Automobiles N.V. on January 16, 2021 (following which Fiat Chrysler Automobiles N.V. was renamed Stellantis N.V.) or to Fiat Chrysler Automobiles N.V., together with its subsidiaries, prior to the merger, as the context may require.

INTRODUCTION

The Semi-Annual Condensed Consolidated Financial Statements at and for the three and six months ended June 30, 2021 (the “Semi-Annual Condensed Consolidated Financial Statements”) included in this Semi-Annual Report have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and in accordance with IFRS as endorsed by the European Union, and in particular, in compliance with IAS 34 - Interim Financial Reporting. There are no material effects on the Semi-Annual Condensed Consolidated Financial Statements resulting from differences between IFRS as issued by the IASB and IFRS as endorsed by the European Union. The accounting principles applied are consistent with those used for the preparation of the annual consolidated financial statements at and for the year ended December 31, 2020 (the “Annual Consolidated Financial Statements”), except as otherwise stated in “New standards and amendments effective from January 1, 2021” in the notes to the Semi-Annual Condensed Consolidated Financial Statements.

The Group’s financial information in this Semi-Annual Report is presented in Euro except that, in some instances, information is presented in U.S. Dollars. All references in this report to “Euro” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended, and all references to “U.S. Dollars” and “\$” refer to the currency of the United States of America (the “United States”).

Certain totals in the tables included in this Semi-Annual Report may not add due to rounding.

The financial data in “Results of Operations” is presented in millions of Euro, while the percentages presented are calculated using the underlying figures in thousands of Euro.

This Semi-Annual Report is unaudited.

FORWARD-LOOKING STATEMENTS

Statements contained in this report, particularly those regarding our possible or assumed future performance are “forward-looking statements” that contain risks and uncertainties. In some cases, words such as “may”, “will”, “expect”, “could”, “should”, “intend”, “estimate”, “anticipate”, “believe”, “remain”, “continue”, “on track”, “successful”, “grow”, “design”, “target”, “objective”, “goal”, “forecast”, “projection”, “outlook”, “prospects”, “plan”, “guidance” and similar expressions are used to identify forward-looking statements. These forward-looking statements reflect the respective current views of Ferrari with respect to future events and involve significant risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, without limitation:

- *our ability to preserve and enhance the value of the Ferrari brand;*
- *the success of our Formula 1 racing team and the expenses we incur for our Formula 1 activities, the impact of the application of the new Formula 1 regulations progressively coming into effect in 2021 and 2022, the uncertainty of the sponsorship and commercial revenues we generate from our participation in the Formula 1 World Championship, including as a result of the impact of the COVID-19 pandemic, as well as the popularity of Formula 1 more broadly;*
- *the effects of the evolution of and response to the COVID-19 pandemic;*
- *our ability to keep up with advances in high performance car technology and to make appealing designs for our new models;*
- *our ability to preserve our relationship with the automobile collector and enthusiast community;*
- *changes in client preferences and automotive trends;*
- *changes in the general economic environment, including changes in some of the markets in which we operate, and changes in demand for luxury goods, including high performance luxury cars, which is highly volatile;*
- *competition in the luxury performance automobile industry;*
- *our ability to successfully carry out our growth strategy and, particularly, our ability to grow our presence in China and other growth markets;*
- *our low volume strategy;*
- *global economic conditions, pandemics and macro events;*
- *reliance upon a number of key members of executive management and employees, and the ability of our current management team to operate and manage effectively;*
- *the impact of increasingly stringent fuel economy, emission and safety standards, including the cost of compliance, and any required changes to our products;*
- *the challenges and costs of integrating hybrid and electric technology more broadly into our car portfolio over time;*
- *the performance of our dealer network on which we depend for sales and services;*
- *increases in costs, disruptions of supply or shortages of components and raw materials;*
- *disruptions at our manufacturing facilities in Maranello and Modena;*
- *the effects of Brexit on the UK market;*
- *the performance of our licensees for Ferrari-branded products;*
- *our ability to protect our intellectual property rights and to avoid infringing on the intellectual property rights of others;*
- *the ability of Maserati, our engine customer, to sell its planned volume of cars;*
- *our continued compliance with customs regulations of various jurisdictions;*
- *product recalls, liability claims and product warranties;*
- *the adequacy of our insurance coverage to protect us against potential losses;*

- *our ability to ensure that our employees, agents and representatives comply with applicable law and regulations;*
- *our ability to maintain the functional and efficient operation of our information technology systems and, to defend from the risk of cyberattacks, including on our in-vehicle technology;*
- *our ability to service and refinance our debt;*
- *our ability to provide or arrange for adequate access to financing for our dealers and clients, and associated risks;*
- *labor relations and collective bargaining agreements;*
- *exchange rate fluctuations, interest rate changes, credit risk and other market risks;*
- *changes in tax, tariff or fiscal policies and regulatory, political and labor conditions in the jurisdictions in which we operate, including possible future bans of combustion engine cars in cities and the potential advent of self-driving technology;*
- *potential conflicts of interest due to director and officer overlaps with our largest shareholders; and*
- *other factors discussed elsewhere in this document.*

We expressly disclaim and do not assume any liability in connection with any inaccuracies in any of the forward-looking statements in this document or in connection with any use by any third party of such forward-looking statements. Actual results could differ materially from those anticipated in any forward-looking statements. We do not undertake an obligation to update or revise publicly any forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Highlights

Consolidated Income Statement Data

In order to facilitate a better understanding of the Group's performance for the first half of 2021 and to compare the Group's performance from period to period considering the effects the COVID-19 pandemic had on our performance in the first half of 2020, in addition to selected consolidated income statement data for the Group for the three and six months ended June 30, 2021 and 2020, in this section only we have included selected consolidated income statement data of the Group for the three and six months ended June 30, 2019, which are derived from the Group's Semi-Annual Report at and for the three and six months ended June 30, 2019.

	For the three months ended June 30,			For the six months ended June 30,		
	2021	2020	2019	2021	2020	2019
	(€ million, except per share data)					
Net revenues	1,035	571	984	2,046	1,503	1,924
EBIT	274	23	239	540	243	471
Profit before taxes	264	12	230	521	219	455
Net profit	206	9	184	412	175	364
Net profit attributable to:						
<i>Owners of the parent</i>	206	9	183	411	175	361
<i>Non-controlling interests</i>	—	—	1	1	—	3
Basic earnings per common share (in Euro) ⁽¹⁾	1.11	0.05	0.97	2.22	0.95	1.92
Diluted earnings per common share (in Euro) ⁽¹⁾	1.11	0.04	0.96	2.22	0.94	1.91
Dividend approved per common share (in Euro) ⁽²⁾⁽³⁾⁽⁴⁾	0.867	1.13	1.03	0.867	1.13	1.03
Dividend approved per common share (in USD) ⁽²⁾⁽³⁾⁽⁴⁾ ⁽⁵⁾	1.0378	1.23	1.16	1.0378	1.23	1.16

(1) See Note 13 "Earnings per Share" to the Semi-Annual Condensed Consolidated Financial Statements for the calculation of basic and diluted earnings per common share for the three and six months ended June 30, 2021 and 2020, and see the Group's Semi-Annual Report at and for the three and six months ended June 30, 2019 for the calculation of basic and diluted earnings per common share for the three and six months ended June 30, 2019.

(2) Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 15, 2021, a dividend distribution of €0.867 per outstanding common share was approved, corresponding to a total distribution of €160 million. This distribution was made from the retained earnings reserve. In May 2021 the Company paid €149 million of the distribution to owners of the parent and the remaining balance, which relates to withholding taxes, is expected to be paid in the third quarter of 2021.

(3) Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 16, 2020, a dividend distribution of €1.13 per outstanding common share was approved, corresponding to a total distribution of €209 million. This distribution was made from the retained earnings reserve. In May 2020 the Company paid €195 million of the distribution to owners of the parent and the remaining balance, which relates to withholding taxes, was paid in the third quarter of 2020.

(4) Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 12, 2019, a dividend distribution of €1.03 per outstanding common share was approved, corresponding to a total distribution of €193 million. This distribution was made from the retained earnings reserve. In May 2019 the Company paid €181 million of the distribution to owners of the parent and the remaining balance, which relates to withholding taxes, was paid in the third quarter of 2019.

(5) Translated into U.S. Dollars at the exchange rates in effect on the dates on which the distribution was declared in U.S. Dollars for common shares that are traded on the New York Stock Exchange. These translations are examples only, and should not be construed as a representation that the Euro amount represents, or has been or could be converted into, U.S. Dollars at that or any other rate.

Consolidated Statement of Financial Position Data

	At June 30, 2021	At December 31, 2020
	(€ million)	
Cash and cash equivalents	922	1,362
Receivables from financing activities	1,021	940
Total assets	6,130	6,262
Debt	2,360	2,725
Total equity	1,913	1,789
<i>Equity attributable to owners of the parent</i>	1,909	1,785
<i>Non-controlling interests</i>	4	4
Share capital	3	3
Common shares issued and outstanding (in thousands of shares)	184,457	184,748

Other Statistical Information

Shipments ⁽¹⁾

(Number of cars and % of total cars)	For the three months ended June 30,				For the six months ended June 30,			
	2021	%	2020	%	2021	%	2020	%
EMEA								
Germany	296	11.0%	145	10.4%	665	12.2%	527	12.8%
UK	271	10.1%	90	6.5%	476	8.7%	442	10.7%
Italy	158	5.9%	104	7.5%	327	6.0%	288	7.0%
Switzerland	96	3.6%	64	4.6%	253	4.6%	204	4.9%
France	94	3.5%	70	5.0%	250	4.6%	182	4.4%
Middle East ⁽²⁾	81	3.0%	53	3.8%	172	3.2%	126	3.1%
Other EMEA ⁽³⁾	341	12.7%	180	13.0%	653	11.9%	453	10.9%
Total EMEA	1,337	49.8%	706	50.8%	2,796	51.2%	2,222	53.8%
Americas ⁽⁴⁾	649	24.2%	381	27.4%	1,404	25.7%	1,131	27.4%
Mainland China, Hong Kong and Taiwan	166	6.2%	25	1.8%	360	6.6%	62	1.5%
Rest of APAC ⁽⁵⁾	533	19.8%	277	20.0%	896	16.5%	712	17.3%
Total	2,685	100.0%	1,389	100.0%	5,456	100.0%	4,127	100.0%

(1) Excluding the XX Programme, racing cars, one-off and pre-owned cars.

(2) Middle East mainly includes the United Arab Emirates, Saudi Arabia, Bahrain, Lebanon, Qatar, Oman and Kuwait.

(3) Other EMEA includes Africa and the other European markets not separately identified.

(4) Americas includes the United States of America, Canada, Mexico, the Caribbean and Central and South America.

(5) Rest of APAC mainly includes Japan, Australia, Singapore, Indonesia, South Korea, Thailand, India and Malaysia.

Average number of employees for the period

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Average number of employees for the period	4,562	4,413	4,560	4,402

COVID-19 Pandemic Update

The global spread of the COVID-19 virus (“COVID-19”), which was declared a global pandemic by the World Health Organization in March 2020, has led to governments around the world mandating various restrictive measures to contain the pandemic, including social distancing, quarantine, “shelter in place” or similar orders, travel restrictions and suspension of non-essential business activities. To date, several of these measures are still in place or were previously reintroduced at various points in time following further waves of the pandemic, although the scope and timing of restrictive measures have varied greatly across jurisdictions.

As the virus spread and the severity of the COVID-19 pandemic became apparent, Ferrari’s leadership took actions to protect and support its employees and communities, mitigate the impacts on the Group’s financial performance and strengthen the Group’s liquidity and financial position.

The impacts of the COVID-19 pandemic on the Group’s operations and the main actions taken by Ferrari in response to the pandemic since its inception are summarized below:

- With the safety and well-being of Ferrari employees in mind and considering government restrictions implemented to combat the spread of the virus, production and deliveries to the distribution network were temporarily suspended from the end of March until the beginning of May 2020. Although certain restrictions remained in place in some of the countries where Ferrari operates during the first half of 2021, substantially all Ferrari dealerships remained operational and order collections continued. The Group remains focused on maintaining a robust order book going forward and on the careful management of our waiting list to reach the optimal combination of exclusivity and client service.
- To protect the health and well-being of its workforce and customers as Ferrari returned to business operations, the Company successfully implemented its “Back on Track” program, which facilitated our return to full production by May 8, 2020 through the implementation of various safety measures to combat and contain the spread of the COVID-19 virus in the workplace, with additional measures to strengthen and customize the protocol with the support of specialists who have expert knowledge of Ferrari’s work environment.
- Following various initiatives implemented by Ferrari since the start of the pandemic to support local communities, the Group continues to provide logistical support as well as facilities at its Fiorano race track for the vaccination campaign, where more than 75,000 vaccine doses have been administered to date by the local medical authority. This is in addition to the more than 68,000 serological tests, rapid swabs tests and flu vaccinations provided at the Fiorano race track since the start of the pandemic. Following the commencement of the national vaccination campaign in Italy, in mid-June 2021 Ferrari launched its own vaccination plan, dedicated to its employees, their families and all the resident consultants; planned alongside local Health Authorities. The campaign has resulted in a large number of vaccinations and is now nearing completion.
- Although production and certain other activities (i.e. Formula 1, stores, museums) were temporarily suspended near the end of the first quarter of 2020, the Group continued many other key business activities and functions through remote working arrangements, and up to the date of this document it continues to take measures to combat the spread of COVID-19 at its facilities while guaranteeing the possibility of remote work for those employees whose job activity is compatible with such work arrangements.
- In order to prudently manage potential liquidity or refinancing risks in the foreseeable future, the Group focused on increasing and preserving its available liquidity and took actions to contain costs and capital expenditures in 2020, while ensuring that all projects that are considered important for the continuing success of Ferrari and its future development are maintained.
- The start of the 2020 Formula 1 World Championship season was postponed from March to July 2020 and it ultimately consisted of 17 Grand Prix events, five fewer than those originally scheduled. Additionally, most of the races were held without public attendance, including Paddock Club and paddock guests. These circumstances adversely impacted our financial results in the first half of 2020 (as well as the rest of 2020) due to a reduction of sponsorships and consequent reduced commercial revenues from partners and the holder of Formula 1’s commercial rights (Formula One Management). At the date of this report, 11 Grand Prix races have been held for the 2021 season, with no or limited physical spectators, and an additional 12 races are expected for the season; however the actual number of Formula 1 races and the number of spectators permitted to attend the events, if any, could change based on the evolution of the pandemic. Out of the total 23 races currently foreseen for 2021 season, 3 tracks have been already replaced as a reaction to the spread of the pandemic.
- Brand activities were also adversely impacted as a result of the temporary closure of Ferrari stores and museums in the first quarter of 2020, which gradually reopened starting in May 2020 with appropriate safety measures in place

to protect our staff and customers. To date, in-store traffic remains significantly lower than pre-pandemic level and museums have subsequently experienced limited openings and additional closings as a result of local regulations and restrictions. These effects have been only partially offset by an increase in online sales of our merchandise.

- The Group decided to temporarily suspend its share repurchase program from the end of March 2020 to the beginning of March 2021, when such program was restarted.
- There have been no significant effects on the valuation of assets or liabilities and no increases in allowances for credit losses as a result of COVID-19. Moreover, no material impairment indicators have been identified and there have been no changes in accounting judgments or other significant accounting impacts relating to COVID-19.
- No significant changes occurred in controls that materially affect internal control over financial reporting.

Ferrari's leadership is continuously monitoring the evolution of the COVID-19 pandemic as new information becomes available as well as the related effects on the results of operations and financial position of the Group. Ferrari has been gradually recovering from the effects of the COVID-19-related suspension of production and other business activities that occurred primarily in 2020. The effects of the pandemic on Ferrari in the first half of 2021 were limited and on the back of results, robust net order intake as well as record order book, management is confident that the Group will reach the top end of the 2021 guidance, with an improved industrial free cash flow, as communicated in the "Outlook" section of this Semi-Annual Report. Looking ahead, management expects that the prudent steps taken in 2020 to adjust capital expenditure in response to the COVID-19 emergency, will postpone by one year the achievement of the year-end 2022 guidance previously announced at the Group's Capital Markets Day in September 2018.

The future impacts of COVID-19 on Ferrari's results of operations and financial condition will depend on ongoing developments in relation to the pandemic, including the success of the gradual release of containment measures and vaccination programs worldwide, as well as the overall condition and outlook of the global economy.

Non-GAAP Financial Measures

We monitor and evaluate our operating and financial performance using several non-GAAP financial measures including: EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted Net Profit, Adjusted Basic and Diluted Earnings per Common Share, Net Debt, Net Industrial Debt, Free Cash Flow and Free Cash Flow from Industrial Activities, as well as a number of financial metrics measured on a constant currency basis. We believe that these non-GAAP financial measures provide useful and relevant information regarding our performance and improve our ability to assess our financial performance and financial position. They also provide us with comparable measures that facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other operational decisions. While similar measures are widely used in the industry in which we operate, the financial measures we use may not be comparable to other similarly titled measures used by other companies nor are they intended to be substitutes for measures of financial performance or financial position as prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA

EBITDA is defined as net profit before income tax expense, net financial expenses and amortization and depreciation. Adjusted EBITDA is defined as EBITDA as adjusted for certain income and costs which are significant in nature, expected to occur infrequently, and that management considers not reflective of ongoing operational activities. EBITDA is presented by management to aid investors in their analysis of the performance of the Group and to assist investors in the comparison of the Group's performance with that of other companies. Adjusted EBITDA is provided in order to present how the underlying business has performed prior to the impact of the adjusting items, which may obscure the underlying performance and impair comparability of results between periods.

The following table sets forth the calculation of EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2021 and 2020, and provides a reconciliation of these non-GAAP measures to net profit. There were no adjustments impacting Adjusted EBITDA for the periods presented.

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ million)			
Net profit	206	9	412	175
Income tax expense	58	3	109	44
Net financial expenses	10	11	19	24
EBIT	274	23	540	243
Amortization and depreciation	112	101	222	198
EBITDA and Adjusted EBITDA	386	124	762	441

Adjusted EBIT

Adjusted EBIT represents EBIT as adjusted for certain income and costs which are significant in nature, expected to occur infrequently, and that management considers not reflective of ongoing operational activities. We provide Adjusted EBIT in order to present how the underlying business has performed prior to the impact of any adjusting items, which may obscure the underlying performance and impair comparability of results between the periods.

The following table sets forth the calculation of Adjusted EBIT for the three and six months ended June 30, 2021 and 2020. There were no adjustments impacting Adjusted EBIT for the periods presented.

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ million)			
EBIT and Adjusted EBIT	274	23	540	243

Adjusted Net Profit

Adjusted Net Profit represents net profit as adjusted for certain income and costs (net of tax effects) which are significant in nature, expected to occur infrequently, and that management considers not reflective of ongoing operational activities. We provide Adjusted Net Profit in order to present how the underlying business has performed prior to the impact of any adjusting items, which may obscure the underlying performance and impair comparability of results between the periods.

The following table sets forth the calculation of Adjusted Net Profit for the three and six months ended June 30, 2021 and 2020. There were no adjustments impacting Adjusted Net Profit for the periods presented.

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ million)			
Net profit and Adjusted Net Profit	206	9	412	175

Adjusted Basic and Diluted Earnings per Common Share

Adjusted Basic and Diluted Earnings per Common Share represents earnings per share, as adjusted for certain income and costs (net of tax effects) which are significant in nature, expected to occur infrequently, and that management considers not reflective of ongoing operational activities. We provide Adjusted Basic and Diluted Earnings per Common Share in order to present how the underlying business has performed prior to the impact of any adjusting items, which may obscure the underlying performance and impair comparability of results between the periods.

The following table sets forth the calculation of Adjusted Basic and Diluted Earnings per Common Share for the three and six months ended June 30, 2021 and 2020. There were no adjustments impacting Adjusted Basic and Diluted Earnings per Common Share for the periods presented.

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	€ million	€ million	€ million	€ million
Net profit attributable to owners of the Company	206	9	411	175
Adjusted net profit attributable to owners of the Company	206	9	411	175
Weighted average number of common shares for basic earnings per common share	thousand	184,706	184,748	184,745
Adjusted basic earnings per common share	€	1.11	0.05	2.22
Weighted average number of common shares for diluted earnings per common share ⁽¹⁾	thousand	185,005	185,344	185,045
Adjusted diluted earnings per common share	€	1.11	0.04	2.22
				0.94

(1) For the three and six months ended June 30, 2021 and 2020 the weighted average number of common shares for diluted earnings per common share was increased to take into consideration the theoretical effect of the potential common shares that would be issued under the Group's equity incentive plans (assuming 100 percent of the target awards vested).

Net Debt and Net Industrial Debt

Due to different sources of cash flows used for the repayment of debt between industrial activities and financial services activities, and the different business structure and leverage implications, Net Industrial Debt, together with Net Debt, are the primary measures used by us to analyze our capital structure and financial leverage. We believe the presentation of Net Industrial Debt aids management and investors in their analysis of the Group's financial position and financial performance as well as to compare the Group's financial position and financial performance with that of other companies. Net Industrial Debt is defined as total debt less total cash and cash equivalents (Net Debt), further adjusted to exclude the debt and cash and cash equivalents related to our financial services activities (Net Debt of Financial Services Activities).

The following table sets forth a reconciliation of Net Debt and Net Industrial Debt at June 30, 2021 and December 31, 2020.

	At June 30, 2021	At December 31, 2020
	(€ million)	
Cash and cash equivalents	922	1,362
Debt	(2,360)	(2,725)
Net Debt (A)	(1,438)	(1,363)
Net Debt of Financial Services Activities (B)	(886)	(820)
Net Industrial Debt (A-B)	(552)	(543)

Free Cash Flow and Free Cash Flow from Industrial Activities

Free Cash Flow and Free Cash Flow from Industrial Activities are two of our primary key performance indicators to measure the Group's performance. These measures are presented by management to aid investors in their analysis of the Group's financial performance and to compare the Group's financial performance with that of other companies. Free Cash Flow is defined as cash flows from operating activities less investments in property, plant and equipment (excluding right-of-use assets recognized during the period in accordance with *IFRS 16 – Leases*) and intangible assets. Free Cash Flow from Industrial Activities is defined as Free Cash Flow adjusted to exclude the operating cash flow from our financial services activities (Free Cash Flow from Financial Services Activities).

The following table sets forth our Free Cash Flow and Free Cash Flow from Industrial Activities for the six months ended June 30, 2021 and 2020.

	For the six months ended June 30,	
	2021	2020
	(€ million)	
Cash flows from operating activities	523	196
Investments in property, plant and equipment and intangible assets	(317)	(307)
Free Cash Flow	206	(111)
Free Cash Flow from Financial Services Activities	(42)	(12)
Free Cash Flow from Industrial Activities	248	(99)

Constant Currency Information

The “Results of Operations” discussion below includes information about our net revenues on a constant currency basis, which excludes the effects of foreign currency translation from our subsidiaries with functional currencies other than Euro, as well as the effects of foreign currency transaction impact and foreign currency hedging. We use this information to assess how the underlying revenues changed independent of fluctuations in foreign currency exchange rates and hedging. We calculate constant currency by (i) applying the prior-period average foreign currency exchange rates to translate current period revenues of foreign subsidiaries expressed in local functional currency other than Euro, (ii) applying the prior-period average foreign currency exchange rates to current period revenues originated in a currency other than the functional currency of the applicable entity, and (iii) eliminating the variances of any foreign currency hedging (see Note 5 “Other Information” to the Semi-Annual Condensed Consolidated Financial Statements, included in this Semi-Annual Report, for information on the foreign currency exchange rates applied). Although we do not believe that these measures are a substitute for GAAP measures, we do believe that revenues excluding the impact of currency fluctuations and the impacts of hedging provide additional useful information to investors regarding the operating performance on a local currency basis.

Results of Operations

Three months ended June 30, 2021 compared to three months ended June 30, 2020

The following is a discussion of the results of operations for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The presentation includes line items as a percentage of net revenues for the respective periods presented to facilitate period-to-period comparisons.

It is worth noting that for the three months ended June 30, 2020 our costs as a percentage of net revenues and our EBIT and EBIT margin were negatively impacted by the COVID-19 pandemic, which caused a seven-week production and delivery suspension in the first half of 2020 (of which five weeks occurred in the second quarter of 2020), during which we decided to pay all employees throughout the whole suspension period and not accede to any government aid programs, as well as changes to the format of the 2020 Formula 1 World Championship.

	For the three months ended June 30,			
	2021	Percentage of net revenues	2020	Percentage of net revenues
		(€ million, except percentages)		
Net revenues	1,035	100.0%	571	100.0%
Cost of sales	498	48.2%	299	52.4%
Selling, general and administrative costs	81	7.8%	78	13.7%
Research and development costs	180	17.4%	166	29.1%
Other expenses/(income), net	4	0.3%	6	0.9%
Result from investments	2	0.2%	1	0.1%
EBIT	274	26.5%	23	4.0%
Net financial expenses	10	1.0%	11	1.9%
Profit before taxes	264	25.5%	12	2.1%
Income tax expense	58	5.6%	3	0.4%
Net profit	206	19.9%	9	1.7%

Net revenues

	For the three months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs. 2020	
		(€ million, except percentages)				
Cars and spare parts ⁽¹⁾	881	85.1%	450	78.9%	431	95.5%
Engines ⁽²⁾	45	4.3%	20	3.6%	25	118.0%
Sponsorship, commercial and brand ⁽³⁾	91	8.8%	83	14.4%	8	10.6%
Other ⁽⁴⁾	18	1.8%	18	3.1%	—	4.2%
Total net revenues	1,035	100.0%	571	100.0%	464	81.2%

(1) Includes net revenues generated from shipments of our cars, any personalization generated on these cars, as well as sales of spare parts.

(2) Includes net revenues generated from the sale of engines to Maserati for use in their cars and from the rental of engines to other Formula 1 racing teams.

(3) Includes net revenues earned by our Formula 1 racing team through sponsorship agreements and our share of the Formula 1 World Championship commercial revenues as well as net revenues generated through the Ferrari brand, including merchandising, licensing and royalty income.

(4) Primarily relates to financial services activities, management of the Mugello racetrack and other sports-related activities.

Net revenues for the three months ended June 30, 2021 were €1,035 million, an increase of €464 million or 81.2 percent (an increase of 86.0 percent on a constant currency basis), from €571 million for the three months ended June 30, 2020.

The change in net revenues was attributable to the combination of (i) a €431 million increase in cars and spare parts, (ii) a €25 million increase in engines, and (iii) a €8 million increase in sponsorship, commercial and brand.

Cars and spare parts

Net revenues generated from cars and spare parts were €881 million for the three months ended June 30, 2021, an increase of €431 million or 95.5 percent, from €450 million for the three months ended June 30, 2020.

The increase in net revenues from cars and spare parts was primarily attributable to higher car volumes, positive mix and personalizations, partially offset by negative foreign currency exchange impact (mainly USD). Shipments in the prior year were impacted by the production and delivery suspension caused by the COVID-19 pandemic, of which five weeks occurred in the second quarter of 2020.

Overall shipments increased by 1,296 cars or 93.3 percent, driven by an 111.2 percent increase in shipments of our V8 models and a 37.6 percent increase in our V12 models. In particular, shipments during the period were driven by the F8 family and the 812 GTS, as well as the Ferrari Roma and the SF90 Stradale, which both reached global distribution during the second quarter of 2021, and our first deliveries of the Ferrari Portofino M, partially offset by the Ferrari Portofino as well as the Ferrari 488 Pista family. The positive mix impact was driven by the SF90 Stradale and the Ferrari Monza SP1 and SP2, as well as personalizations.

The €431 million increase in net revenues from cars and spare parts was composed of: (i) a €198 million increase in EMEA, (ii) a €113 million increase in Americas, (iii) a €43 million increase in Mainland China, Hong Kong and Taiwan, and (iv) a €77 million increase in Rest of APAC. All geographic regions positively contributed in the quarter; in particular, the performance in Mainland China, Hong Kong and Taiwan was boosted by the arrival of new models and the comparison versus the prior year which was negatively impacted by the decision to deliberately accelerate client deliveries in 2019 in advance of new emissions regulations. All changes include the effects of foreign currency hedge transactions.

Engines

Net revenues generated from engines were €45 million for the three months ended June 30, 2021, an increase of €25 million or 118.0 percent, from €20 million for the three months ended June 30, 2020. The €25 million increase was mainly attributable to an increase in engines sold to Maserati and, to a lesser extent, higher revenues from the rental of engines to other Formula 1 racing teams.

Sponsorship, commercial and brand

Net revenues generated from sponsorship, commercial agreements and brand management activities were €91 million for the three months ended June 30, 2021, an increase of €8 million or 10.6 percent, from €83 million for the three months ended June 30, 2020. In particular, higher revenues from Formula 1 racing activities driven by the more favorable Formula 1 calendar compared to last year, as well as a partial recovery of brand-related activities, were partially offset by a lower prior year Formula 1 ranking.

Cost of sales

	For the three months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs. 2020	
					(€ million, except percentages)	
Cost of sales	498	48.2%	299	52.4%	199	66.5%

Cost of sales for the three months ended June 30, 2021 was €498 million, an increase of €199 million or 66.5 percent, from €299 million for the three months ended June 30, 2020. As a percentage of net revenues, cost of sales was 48.2 percent for the three months ended June 30, 2021 compared to 52.4 percent for the three months ended June 30, 2020.

The increase in cost of sales was primarily attributable to higher car volumes and a change in product mix, as well as higher Maserati engine volumes.

Selling, general and administrative costs

	For the three months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs. 2020	
		(€ million, except percentages)		(€ million, except percentages)		
Selling, general and administrative costs	81	7.8%	78	13.7%	3	3.7%

Selling, general and administrative costs for the three months ended June 30, 2021 were €81 million, an increase of €3 million or 3.7 percent, from €78 million for the three months ended June 30, 2020. As a percentage of net revenues, selling, general and administrative costs were 7.8 percent for the three months ended June 30, 2021 compared to 13.7 percent for the three months ended June 30, 2020.

The increase in selling, general and administrative costs was primarily attributable to communication and marketing activities for recent unveilings and lifestyle events.

Research and development costs

	For the three months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs. 2020	
		(€ million, except percentages)		(€ million, except percentages)		
Research and development costs expensed during the period	131	12.7%	122	21.5%	9	7.3%
Amortization of capitalized development costs	49	4.7%	44	7.6%	5	10.7%
Research and development costs	180	17.4%	166	29.1%	14	8.2%

Research and development costs for the three months ended June 30, 2021 were €180 million, an increase of €14 million or 8.2 percent, from €166 million for the three months ended June 30, 2020. As a percentage of net revenues, research and development costs were 17.4 percent for the three months ended June 30, 2021 compared to 29.1 percent for the three months ended June 30, 2020.

Research and development costs for the three months ended June 30, 2020 are presented net of technology-related government incentives. Research and development costs excluding the effects of the technology-related government incentives were substantially consistent between periods.

EBIT

	For the three months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs. 2020	
		(€ million, except percentages)		(€ million, except percentages)		
EBIT	274	26.5%	23	4.0%	251	1,085.2%

EBIT for the three months ended June 30, 2021 was €274 million, an increase of €251 million or 1,085.2 percent, from €23 million for the three months ended June 30, 2020. EBIT margin for the three months ended June 30, 2021 was 26.5 percent compared to 4.0 percent for the three months ended June 30, 2020.

The increase in EBIT was primarily attributable to the combined effects of (i) positive volume impact of €144 million, (ii) positive product mix impact of €113 million, driven by the SF90 Stradale and the Ferrari Monza SP1 and SP2, along with the positive contribution from personalizations, (iii) an increase in research and development costs of €14 million, (iv) an increase in selling, general and administrative costs of €3 million, (v) positive contribution of €36 million mainly due to Formula 1 racing activities reflecting the more favorable Formula 1 calendar compared to last year and higher contribution

from brand-related and other supporting activities, as well as Maserati engines, partially offset by a lower prior year ranking and, (vi) negative foreign currency exchange impact of €25 million (including foreign currency hedging instruments) primarily driven by the strengthening of the Euro compared to the U.S. Dollar.

Net financial expenses

	For the three months ended June 30,		Increase/(Decrease) 2021 vs. 2020
	2021	2020	
	(€ million, except percentages)		
Net financial expenses	10	11	(1) (14.2%)

Net financial expenses for the three months ended June 30, 2021 of €10 million were substantially in line with €11 million for the three months ended June 30, 2020.

Income tax expense

	For the three months ended June 30,		Increase/(Decrease) 2021 vs. 2020
	2021	2020	
	(€ million, except percentages)		
Income tax expense	58	3	55 n.m.

Income tax expense for the three months ended June 30, 2021 was €58 million compared to €3 million for the three months ended June 30, 2020. The increase in income tax expense was primarily attributable to an increase in profit before taxes.

The Group is applying the new Patent Box tax regime for the period from 2020 to 2024, in line with currently applicable tax regulations in Italy, and income taxes for the three months ended June 30, 2021 and June 30, 2020 benefited from the application of the new Patent Box tax regime.

The effective tax rate was 22.0 percent for the three months ended June 30, 2021 (20.0 percent for the three months ended June 30, 2020), reflecting the current estimate of the benefit attributable to the new Patent Box, the Allowance for Corporate Equity (“ACE”), deductions for eligible research and development costs and hyper and super-depreciation of machinery and equipment.

Six months ended June 30, 2021 compared to six months ended June 30, 2020

The following is a discussion of the results of operations for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The presentation includes line items as a percentage of net revenues for the respective periods presented to facilitate period-to-period comparisons.

It is worth noting that for the six months ended June 30, 2020 our costs as a percentage of net revenues and our EBIT and EBIT margin were negatively impacted by the COVID-19 pandemic, which caused a seven-week production and delivery suspension in the first half of 2020 (during which we decided to pay all employees throughout the whole suspension period and not accede to any government aid programs) as well as changes to the format of the 2020 Formula 1 World Championship.

	For the six months ended June 30,			
	2021	Percentage of net revenues	2020	Percentage of net revenues
(€ million, except percentages)				
Net revenues	2,046	100.0%	1,503	100.0%
Cost of sales	981	48.0%	750	49.9%
Selling, general and administrative costs	153	7.5%	157	10.5%
Research and development costs	369	18.0%	347	23.1%
Other expenses/(income), net	6	0.3%	8	0.5%
Result from investments	3	0.2%	2	0.2%
EBIT	540	26.4%	243	16.2%
Net financial expenses	19	0.9%	24	1.6%
Profit before taxes	521	25.5%	219	14.6%
Income tax expense	109	5.4%	44	2.9%
Net profit	412	20.1%	175	11.7%

Net revenues

	For the six months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs 2020	
(€ million, except percentages)						
Cars and spare parts ⁽¹⁾	1,736	84.8%	1,238	82.4%	498	40.1%
Engines ⁽²⁾	90	4.4%	53	3.5%	37	68.8%
Sponsorship, commercial and brand ⁽³⁾	182	8.9%	172	11.4%	10	5.8%
Other ⁽⁴⁾	38	1.9%	40	2.7%	(2)	(2.9%)
Total net revenues	2,046	100.0%	1,503	100.0%	543	36.1%

(1) Includes net revenues generated from shipments of our cars, any personalization generated on these cars, as well as sales of spare parts.

(2) Includes net revenues generated from the sale of engines to Maserati for use in their cars and from the rental of engines to other Formula 1 racing teams.

(3) Includes net revenues earned by our Formula 1 racing team through sponsorship agreements and our share of the Formula 1 World Championship commercial revenues as well as net revenues generated through the Ferrari brand, including merchandising, licensing and royalty income.

(4) Primarily relates to financial services activities, management of the Mugello racetrack and other sports-related activities.

Net revenues for the six months ended June 30, 2021 were €2,046 million, an increase of €543 million or 36.1 percent (an increase of 39.4 percent on a constant currency basis), from €1,503 million for the six months ended June 30, 2020.

The change in net revenues was attributable to the combination of (i) a €498 million increase in cars and spare parts, (ii) a €37 million increase in engines (iii) a €10 million increase in sponsorship, commercial and brand, and (iv) a €2 million decrease in other net revenues.

Cars and spare parts

Net revenues generated from cars and spare parts were €1,736 million for the six months ended June 30, 2021, an increase of €498 million or 40.1 percent, from €1,238 million for the six months ended June 30, 2020.

The increase in net revenues from cars and spare parts was primarily attributable to higher car volumes, positive mix and personalizations, partially offset by negative foreign currency exchange impact (mainly USD). Shipments in the first half of 2020 were impacted by the seven-week production and delivery suspension caused by the COVID-19 pandemic.

Overall shipments increased by 1,329 cars or 32.2 percent, driven by a 42.9 percent increase in shipments of our V8 models, while shipments of our V12 models were substantially in line with the prior year. In particular, shipments during the period were driven by the F8 family and the 812 GTS, as well as the Ferrari Roma and the SF90 Stradale, which both reached global distribution in the second quarter of 2021, and our first deliveries of the Ferrari Portofino M, partially offset by the phase-out of the Ferrari Portofino, as well as the Ferrari 488 Pista family, which completed their lifecycles at the end of 2020. The positive mix impact was driven by the SF90 Stradale and the Ferrari Monza SP1 and SP2, as well as personalizations.

The €498 million increase in net revenues from cars and spare parts was composed of: (i) a €217 million increase in EMEA, (ii) a €124 million increase in Americas, (iii) a €91 million increase in Mainland China, Hong Kong and Taiwan, and (iv) a €66 million increase in Rest of APAC. All geographic regions positively contributed in the first half; in particular, the performance in Mainland China, Hong Kong and Taiwan was boosted by the arrival of new models and the comparison versus the prior year which was negatively impacted by the decision to deliberately accelerate client deliveries in 2019 in advance of new emissions regulations. All changes include the effects of foreign currency hedge transactions.

Engines

Net revenues generated from engines were €90 million for the six months ended June 30, 2021, an increase of €37 million or 68.8 percent, from €53 million for the six months ended June 30, 2020. The increase was mainly attributable to an increase in engines sold to Maserati and, to a lesser extent, higher revenues from the rental of engines to other Formula 1 racing teams.

Sponsorship, commercial and brand

Net revenues generated from sponsorship, commercial agreements and brand management activities were €182 million for the six months ended June 30, 2021, an increase of €10 million or 5.8 percent, from €172 million for the six months ended June 30, 2020. In particular, higher revenues from Formula 1 racing activities driven by the more favorable Formula 1 calendar compared to last year were partially offset by a lower prior year ranking, as well as reduced brand-related activities due to the COVID-19 pandemic.

Cost of sales

	For the six months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs 2020	
					(€ million, except percentages)	
Cost of sales	981	48.0%	750	49.9%	231	30.9%

Cost of sales for the six months ended June 30, 2021 was €981 million, an increase of €231 million or 30.9 percent, from €750 million for the six months ended June 30, 2020. As a percentage of net revenues, cost of sales was 48.0 percent for the six months ended June 30, 2021 compared to 49.9 percent for the six months ended June 30, 2020.

The increase in cost of sales was primarily attributable to higher car volumes and a change in product mix, as well as higher Maserati engine volumes and higher depreciation.

Selling, general and administrative costs

	For the six months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs 2020	
					(€ million, except percentages)	
Selling, general and administrative costs	153	7.5%	157	10.5%	(4)	(2.9%)

Selling, general and administrative costs for the six months ended June 30, 2021 were €153 million, a decrease of €4 million or 2.9 percent, from €157 million for the six months ended June 30, 2020. As a percentage of net revenues, selling, general and administrative costs were 7.5 percent for the six months ended June 30, 2021 compared to 10.5 percent for the six months ended June 30, 2020.

The decrease in selling, general and administrative costs was primarily attributable to lower costs for marketing and other initiatives driven by an increase in the use of digital solutions for product and client events.

Research and development costs

	For the six months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs 2020	
					(€ million, except percentages)	
Research and development costs expensed during the period	272	13.3%	262	17.4%	10	3.9%
Amortization of capitalized development costs	97	4.7%	85	5.7%	12	12.8%
Research and development costs	369	18.0%	347	23.1%	22	6.1%

Research and development costs for the six months ended June 30, 2021 were €369 million, an increase of €22 million or 6.1 percent, from €347 million for the six months ended June 30, 2020. As a percentage of net revenues, research and development costs were 18.0 percent for the six months ended June 30, 2021 compared to 23.1 percent for the six months ended June 30, 2020.

Research and development costs are presented net of technology-related government incentives. The increase in research and development costs reflects higher amortization of capitalized development costs in the six months ended June 30, 2021 compared to the six months ended June 30, 2020 and higher technology incentives in the first half of 2020.

	For the six months ended June 30,				Increase/(Decrease)	
	2021	Percentage of net revenues	2020	Percentage of net revenues	2021 vs 2020	
					(€ million, except percentages)	
EBIT	540	26.4%	243	16.2%	297	121.9%

EBIT for the six months ended June 30, 2021 was €540 million, an increase of €297 million or 121.9 percent, from €243 million for the six months ended June 30, 2020. EBIT margin for the six months ended June 30, 2021 was 26.4 percent compared to 16.2 percent for the six months ended June 30, 2020.

The increase in EBIT was primarily attributable to the combined effects of (i) positive volume impact of €149 million, (ii) positive product mix impact of €161 million, driven by the SF90 Stradale and the Ferrari Monza SP1 and SP2, along with personalizations, (iii) an increase in research and development costs of €22 million, (iv) a decrease in selling,

general and administrative costs of €4 million, (v) positive contribution of €48 million mainly due to Formula 1 racing activities reflecting the more favorable Formula 1 calendar compared to last year and higher contribution from other supporting activities and Maserati engines, partially offset by a lower prior year ranking as well as reduced brand-related activities due to the COVID-19 pandemic, and (vi) negative foreign currency exchange impact of €43 million (including foreign currency hedging instruments) primarily driven by the strengthening of the Euro compared to the U.S. Dollar.

Net financial expenses

	For the six months ended June 30,		Increase/(Decrease) 2021 vs 2020 (€ million, except percentages)
	2021	2020	
Net financial expenses	19	24	(5) (22.3%)

Net financial expenses for the six months ended June 30, 2021 were €19 million, compared to €24 million for the six months ended June 30, 2020.

The decrease in net financial expenses was primarily attributable to (i) a decrease in foreign exchange losses and (ii) the remeasurement at fair value of certain investments held by the Group, (iii) partially offset by an increase in interest expenses as a result of the 2020 bond issuance.

Income tax expense

	For the six months ended June 30,		Increase/(Decrease) 2021 vs. 2020 (€ million, except percentages)
	2021	2020	
Income tax expense	109	44	65 149.9%

Income tax expense for the six months ended June 30, 2021 was €109 million compared to €44 million for the six months ended June 30, 2020. The increase in income tax expense was primarily attributable to an increase in profit before taxes.

The Group is applying the new Patent Box tax regime for the period from 2020 to 2024, in line with currently applicable tax regulations in Italy, and income taxes for the six months ended June 30, 2021 and June 30, 2020 benefited from the application of the new Patent Box tax regime.

The effective tax rate was 21.0 percent for the six months ended June 30, 2021 (20.0 percent for the six months ended June 30, 2020), reflecting the current estimate of the benefit attributable to the new Patent Box, the Allowance for Corporate Equity (“ACE”), deductions for eligible research and development costs and hyper and super-depreciation of machinery and equipment.

Liquidity and Capital Resources

Liquidity Overview

We require liquidity in order to fund our operations and meet our obligations. Short-term liquidity is required, among others, to purchase raw materials, parts and components for car production, as well as to fund, personnel expenses and other operating costs. In addition to our general working capital and operational needs, we require cash for capital investments to support continuous product range renewal and expansion and, more recently, for research and development activities to transition our product portfolio to hybrid and electric technology. We also make investments for initiatives to enhance manufacturing efficiency, improve capacity, ensure environmental compliance and carry out maintenance activities. We fund our capital expenditure primarily with cash generated from our operating activities.

We centrally manage our operating cash management, liquidity and cash flow requirements with the objective of ensuring efficient and effective management of our funds. We believe that our cash generation together with our available liquidity, including committed credit lines granted from primary financial institutions, will be sufficient to meet our obligations and fund our business and capital expenditures.

See the “*Net Debt and Net Industrial Debt*” section below for additional details relating to our liquidity.

Cyclical Nature of Our Cash Flows

Our working capital is subject to month to month fluctuations due to, among other things, production and sales volumes, our financial services activities, the timing of capital expenditure and tax payments. In particular, our inventory levels increase in the periods leading up to the launches of new models, during the phase out of existing models when we build up spare parts, and at the end of the second quarter when our inventory levels are generally higher to support the summer plant shutdown.

We generally receive payment for cars between 30 and 40 days after the car is shipped (or earlier when sales financing schemes are utilized by us or by our dealers) while we generally pay most suppliers between 60 and 90 days after we receive the raw materials, components or other parts or materials. Additionally, we also receive advance payments from our customers, mainly for our limited edition and Icona models. We maintain sufficient inventory of raw materials and components to ensure continuity of our production lines, however delivery of most raw materials and components takes place monthly or more frequently in order to minimize inventories. The manufacture of one of our cars typically takes between 30 and 45 days, depending on the level of automation of the relevant production line, and the car is generally shipped to our dealers three to six days following the completion of production, although we may warehouse cars in local markets for longer periods of time to ensure prompt deliveries in certain regions. As a result of the above, including the advances received from customers for certain car models, we tend to receive payment for cars shipped before we are required to make payment for the raw materials, components or other materials used in manufacturing the cars.

Our investments for capital expenditure and research and development are, among other factors, influenced by the timing and number of new models launches. Our development costs, as well as our other investments in capital expenditure, generally peak in periods when we develop a significant number of new models to renew or expand our product range. Our research and development costs are also influenced by the timing of research costs for our Formula 1 activities, for which expenditure in a normal season is generally higher in the first and last quarters of the year, and otherwise depends on the evolution of the applicable Formula 1 technical regulations, as well as the number and cadence of races during the course of the racing season. We continue to make significant capital investments by prioritizing capital projects that are considered important for the continuing success of Ferrari and its future development, including the acquisition in the first half of 2020 and, to a lesser extent, in the first half of 2021, of tracts of land adjacent to our facilities in Maranello as part of our expansion plans.

The payment of income taxes also affects our cash flows. Our tax expense and tax payments in 2021 and 2020 have benefited from, or will benefit from, applying the new Patent Box tax regime for the period from 2020 to 2024 which recognizes the tax benefit in three equal annual installments, as well as the effects of deductions for eligible research and development costs and the Allowance for Corporate Equity (“ACE”, also known as Notional Interest Deduction - “NID”), in line with currently applicable tax regulations in Italy. We typically pay the first advance payment in the second quarter of the year and the remaining portion in the third and fourth quarters in accordance with the applicable tax rules. See Note 12 “Income Tax Expense” to the Semi-Annual Condensed Consolidated Financial Statements for additional details related to the new Patent Box tax regime in Italy.

Cash Flows

The following table summarizes the cash flows from/(used in) operating, investing and financing activities for the six months ended June 30, 2021 and 2020. For additional details of our cash flows, see our Semi-Annual Condensed Consolidated Financial Statements included elsewhere in this Semi-Annual Report.

	For the six months ended June 30,	
	2021	2020
	(€ million)	
Cash and cash equivalents at beginning of the period	1,362	898
Cash flows from operating activities	523	196
Cash flows used in investing activities	(316)	(307)
Cash flows (used in)/from financing activities	(651)	326
Translation exchange differences	4	(1)
Total change in cash and cash equivalents	(440)	214
Cash and cash equivalents at end of the period	922	1,112

For the six months ended June 30, 2021 cash and cash equivalents held by the Group decreased by €440 million compared to an increase of €214 million for the six months ended June 30, 2020. The difference in the net change in cash and cash equivalents for the six months ended June 30, 2021 compared to the change in cash and cash equivalents for the six months ended June 30, 2020 of €654 million was primarily attributable to:

(i) the full repayment of a bond for €501 million in January 2021 (including a principal amount of €500 million and interest of €1 million); and

(ii) proceeds of €640 million received in the first half of 2020 from the issuance of the 2025 Bond ;

partially offset by:

(iii) an increase in EBITDA of €321 million;

(iv) net proceeds from bank borrowings and other financial institutions of €112 million;

(v) lower dividends paid to owners of the parent of €46 million (€149 million in the first half of 2021 compared to €195 million in the first half of 2020), and:

(vi) lower share repurchases¹ of €20 million (€110 million in the first half of 2021 compared to €130 million in the first half of 2020 as the share repurchase program was reactivated on March 11, 2021 following the decision to temporarily suspend the program on March 30, 2020 as a result of the COVID-19 pandemic).

Please refer to the following discussion and to the Semi-Annual Consolidated Statement of Cash Flows included in the Semi-Annual Condensed Consolidated Financial Statements, included within this Semi-Annual Report, for additional details.

Operating Activities - Six Months Ended June 30, 2021

Our cash flows from operating activities for the six months ended June 30, 2021 were €523 million, primarily the result of:

(i) profit before taxes of €521 million adjusted for €222 million for depreciation and amortization expense, €19 million of net finance costs and net other non-cash expenses of €20 million (including provisions accrued and result from investments);

¹ Includes shares repurchased to cover the taxable income to individuals who received shares under the Group's equity incentive plans as is standard practice ("Sell to Cover") in an over-the-counter transaction. See Note 20 "Equity" to the Semi-Annual Condensed Consolidated Financial Statements for additional details relating to the Sell to Cover.

partially offset by:

- (ii) €123 million of cash absorbed from the net change in inventories, trade receivables and trade payables, primarily attributable to higher inventories for €77 million and higher trade receivables for €50 million, partially offset by trade payables for €4 million;
- (iii) €53 million related to cash absorbed by receivables from financing activities;
- (iv) €14 million of cash absorbed from the change in other operating assets and liabilities;
- (v) €24 million of net finance costs paid; and
- (vi) €45 million of income taxes paid.

Operating Activities - Six Months Ended June 30, 2020

Our cash flows from operating activities for the six months ended June 30, 2020 were €196 million, primarily the result of:

- (i) profit before taxes of €219 million adjusted for €198 million for depreciation and amortization expense, €24 million related to net finance costs and net other non-cash expenses of €22 million (including provisions accrued and result from investments);

partially offset by:

- (ii) €155 million related to cash absorbed from the net change in inventories, trade receivables and trade payables, consisting of cash absorbed by trade payables of €90 million, inventories of €46 million and trade receivables of €19 million;
- (iii) €56 million of cash absorbed related to the net change in other operating assets and liabilities, primarily attributable to reversals of advances received for the Ferrari Monza SP1 and SP2, as well as early payments for commercial incentives due to our dealer network;
- (iv) €26 million related to cash absorbed from receivables from financing activities, primarily attributable to an increase in the financial receivables portfolio;
- (v) €25 million of net finance costs paid; and
- (vi) €5 million of income taxes paid.

Investing Activities - Six Months Ended June 30, 2021

For the six months ended June 30, 2021 our net cash used in investing activities was €316 million, primarily the result of capital expenditures of €127 million of additions to property, plant and equipment and €190 million for additions to intangible assets, mainly related to externally acquired and internally generated development costs. These cash flows were partially offset by proceeds of €1 million from the disposal of property, plant and equipment. For a detailed analysis of additions to property, plant and equipment and intangible assets see “*Capital Expenditures*.”

Investing Activities - Six Months Ended June 30, 2020

For the six months ended June 30, 2020 our net cash used in investing activities was €307 million, primarily the result of €149 million for additions to intangible assets, mainly related to externally acquired and internally generated development costs, and (ii) €158 million of capital expenditures additions to property, plant and equipment, mainly related to plant and machinery for new models. For a detailed analysis of additions to property, plant and equipment and intangible assets see “*Capital Expenditures*.”

Financing Activities - Six Months Ended June 30, 2021

For the six months ended June 30, 2021, net cash used in financing activities was €651 million, primarily the result of:

- (i) €500 million for the full repayment of a bond upon maturity in January 2021;
- (ii) €149 million of dividends paid to owners of the parent;
- (iii) €110 million to repurchase common shares under the Company's share repurchase program (including the Sell to Cover practice under the equity incentive plans);
- (iv) €14 million related to the net change in other debt; and
- (v) €9 million in repayments of lease liabilities;

partially offset by:

- (vi) €112 million of net change in bank borrowings and other financial institutions; and
- (vii) €19 million of proceeds net of repayments related to our revolving securitization programs in the United States.

Financing Activities - Six Months Ended June 30, 2020

For the six months ended June 30, 2020 net cash from financing activities was €326 million, primarily the result of:

- (i) €640 million of proceeds from the issuance of a bond;
- (ii) €11 million of proceeds net of repayments related to our revolving securitization programs in the U.S.; and
- (iii) €10 million related to the net change in other debt;

partially offset by:

- (iv) €195 million of dividends paid to owners of the parent;
- (v) €130 million paid to repurchase common shares under the Company's share repurchase program;
- (vi) €8 million in repayments of lease liabilities; and
- (vii) €2 million related to the net change in borrowings from banks and other financial institutions.

Capital Expenditures

Capital expenditures are defined as additions to property, plant and equipment (including right-of-use assets recognized in accordance with *IFRS 16 – Leases*) and intangible assets. Capital expenditures for the six months ended June 30, 2021 were €324 million and €323 million for the six months ended June 30, 2020.

The following table sets forth a breakdown of capital expenditures by category for each of the six months ended June 30, 2021 and 2020:

	For the six months ended June 30,	
	2021	2020
	(€ million)	
Intangible assets		
Externally acquired and internally generated development costs	180	143
Patents, concessions and licenses	4	4
Other intangible assets	6	2
Total intangible assets	190	149
Property, plant and equipment		
Industrial buildings	18	18
Plant, machinery and equipment	24	48
Other assets	6	6
Advances and assets under construction	86	102
Total property, plant and equipment	134	174
Total capital expenditures	324	323

Intangible assets

Our total capital expenditures in intangible assets were €190 million for the six months ended June 30, 2021 (€149 million for the six months ended June 30, 2020).

The most significant investments relate to externally acquired and internally generated development costs. In particular, we make such investments to support the development of our current and future product offering. The capitalized development costs primarily include materials and personnel costs relating to engineering, design and development activities focused on content enhancement of existing cars and new models, including to broaden our product range and our ongoing investments in hybrid and electric technology and the development of components, which are necessary to provide continuing performance upgrades to our sports car customers and to help us capture the preferences of the urban, affluent purchasers of GT cars whom we are increasingly targeting. to transition our product portfolio to hybrid technology. We constantly invest in product development to ensure we can quickly and efficiently respond to market demand and/or technological breakthroughs and in order to maintain our position at the top of the luxury performance sports cars market.

For the six months ended June 30, 2021 we invested €180 million in externally acquired and internally generated development costs, of which €139 million related to the development of models to be launched in future years and €41 million primarily related to the development of our current product portfolio and components.

For the six months ended June 30, 2020 we invested €143 million in externally acquired and internally generated development costs, of which €100 million related to the development of models to be launched in future years and €43 million primarily related to the development of our current product portfolio and components.

Property, plant and equipment

Our total capital expenditures in property, plant and equipment were €134 million and €174 million for the six months ended June 30, 2021 and 2020, respectively.

Our most significant investments generally relate to plant, machinery and equipment, which amounted to €24 million and €48 million for the six months ended June 30, 2021 and 2020, respectively, as well as advances and assets under construction, which amounted to €86 million and €102 million for the six months ended June 30, 2021 and 2020 respectively. Our main investments primarily related to industrial tools needed for the production of cars and investments in car production lines (including those for models to be launched in future years), as well as investments related to our personalization programs and engine assembly lines. The increase in advances and assets under construction reflects our focus on the hybridization and broadening of our product range and supporting future model launches, as well as our acquisition of tracts of land adjacent to our facilities in Maranello as part of our expansion plans (including €60 million in the first quarter of 2020).

At June 30, 2021, the Group had contractual commitments for the purchase of property, plant and equipment amounting to €119 million (€117 million at June 30, 2020).

Net Debt and Net Industrial Debt

Due to different sources of cash flows used for the repayment of debt between industrial activities and financial services activities, and the different business structure and leverage implications, Net Industrial Debt, together with Net Debt, are the primary measures used by us to analyze our capital structure and financial leverage. We believe the presentation of Net Industrial Debt aids management and investors in their analysis of the Group's financial position and financial performance and to compare the Group's financial position and financial performance with that of other companies. Net Industrial Debt is defined as total debt less cash and cash equivalents (Net Debt), further adjusted to exclude the debt and cash and cash equivalents related to our financial services activities (Net Debt of Financial Services Activities).

The following table sets forth a reconciliation of Net Debt and Net Industrial Debt at June 30, 2021 and December 31, 2020.

	At June 30,	At December 31,
	2021	2020
	(€ million)	(€ million)
Cash and cash equivalents	922	1,362
Total liquidity	922	1,362
Bonds and notes	(1,328)	(1,835)
Asset-backed financing (Securitizations)	(805)	(761)
Lease liabilities	(61)	(62)
Borrowings from banks and other financial institutions	(142)	(29)
Other debt	(24)	(38)
Total debt	(2,360)	(2,725)
Net Debt (A)	(1,438)	(1,363)
Net Debt of Financial Services Activities (B)	(886)	(820)
Net Industrial Debt (A-B)	(552)	(543)

For further details on total debt, see Note 23 "Debt" to the Semi-Annual Consolidated Financial Statements included elsewhere in this document.

The increase in the Net Debt of Financial Services Activities (as defined above) of €66 million, from €820 million at December 31, 2020, to €886 million at June 30, 2021, relates primarily to the increase in asset-backed financing (securitizations) of the receivables generated by our financial services activities in the United States, which grew by €81 million, from €940 million at December 31, 2020 to €1,021 million at June 30, 2021.

The following table presents our receivables from financing activities and our Net Debt of Financial Services Activities at June 30, 2021 and December 31, 2020:

	At June 30, 2021	At December 31, 2020
	(€ million)	(€ million)
Receivables from financing activities	1,021	940
Net Debt of Financial Services Activities	(886)	(820)

For further details of our receivables from financing activities and our asset-backed financing (securitizations), see Note 18 “Current Receivables and Other Current Assets” and Note 23 “Debt” to the Semi-Annual Consolidated Financial Statements included elsewhere in this document.

Cash and cash equivalents

Cash and cash equivalents amounted to €922 million at June 30, 2021 compared to €1,362 million at December 31, 2020.

Approximately 80 percent of our cash and cash equivalents were denominated in Euro at June 30, 2021 (approximately 88 percent at December 31, 2020). Our cash and cash equivalents denominated in currencies other than the Euro are available mostly to Ferrari S.p.A. and certain subsidiaries which operate in areas other than Europe. Cash held in such countries may be subject to transfer restrictions depending on the jurisdictions in which these subsidiaries operate. In particular, cash held in China (including in foreign currencies), which amounted to €61 million at June 30, 2021 (€56 million at December 31, 2020), is subject to certain repatriation restrictions and may only be repatriated as a repayment of payables or debt, or as dividends or capital distributions. We do not currently believe that such transfer restrictions have an adverse impact on our ability to meet our liquidity requirements.

The following table sets forth an analysis of the currencies in which our cash and cash equivalents were denominated at the dates presented.

	At June 30,		At December 31,
	2021	2020	
	(€ million)		
Euro	739		1,203
U.S. Dollar	79		76
Chinese Yuan	59		51
Japanese Yen	17		13
Other currencies	28		19
Total	922		1,362

Cash collected from the settlement of receivables under securitization programs is subject to certain restrictions regarding its use and is primarily applied to repay principal and interest of the related funding. Such cash amounted to €47 million at June 30, 2021 (€37 million at December 31, 2020).

Total available liquidity

Total available liquidity (defined as cash and cash equivalents plus undrawn committed credit lines) at June 30, 2021 was €1,689 million (€2,062 million at December 31, 2020).

The following table summarizes our total available liquidity:

	At June 30,		At December 31,
	2021	2020	
	(€ million)		
Cash and cash equivalents	922		1,362
Undrawn committed credit lines	767		700
Total available liquidity	1,689		2,062

The undrawn committed credit lines at June 30, 2021 and December 31, 2020 relate to revolving credit facilities. For further details, see Note 23 “Debt” in the Semi-Annual Consolidated Financial Statements included elsewhere in this document.

To preventively and prudently manage potential liquidity or refinancing risks as a result of the COVID-19 pandemic, in April 2020 the Group increased its undrawn committed credit lines by securing an additional amount of €350 million, doubling the total committed credit lines available and undrawn to €700 million. In March 2021 the Group cancelled a credit

line of €100 million and simultaneously replaced it with a new credit line for €150 million with a tenor of 23 months. In April 2021, the Group replaced an uncommitted credit line of \$50 million, which was terminated, with a new committed credit line for \$100 million with a tenor of 24 months bearing interest at LIBOR plus 75 basis points. The new credit line is intended to replace the funding previously provided by one of securitization programs in the US for funding of up to \$110 million that expired in April 2021 and was interest-bearing at LIBOR plus 115 basis points. At June 30, 2021 the line had been drawn down for \$80 million (€67 million) resulting in total committed credit lines available and undrawn of €767 million (€700 million at December 31, 2020).

Free Cash Flow and Free Cash Flow from Industrial Activities

Free Cash Flow and Free Cash Flow from Industrial Activities are two of our primary key performance indicators to measure the Group's performance. These measures are presented by management to aid investors in their analysis of the Group's financial performance and to compare the Group's financial performance with that of other companies. Free Cash Flow is defined as cash flows from operating activities less investments in property, plant and equipment (excluding right-of-use assets recognized during the period in accordance with *IFRS 16 - Leases*) and intangible assets. Free Cash Flow from Industrial Activities is defined as Free Cash Flow adjusted to exclude the operating cash flow from our financial services activities (Free Cash Flow from Financial Services Activities).

The following table sets forth our Free Cash Flow and Free Cash Flow from Industrial Activities for the six months ended June 30, 2021 and 2020.

	For the six months ended June 30,	
	2021	2020
		(€ million)
Cash flows from operating activities	523	196
Investments in property, plant and equipment and intangible assets	(317)	(307)
Free Cash Flow	206	(111)
Free Cash Flow from Financial Services Activities	(42)	(12)
Free Cash Flow from Industrial Activities	248	(99)

Free Cash Flow for the six months ended June 30, 2021 was positive €206 million, an increase of €317 million compared to €111 million for the six months ended June 30, 2020. For an explanation of the drivers in Free Cash Flow see “*Cash Flows*” above.

Free Cash Flow from Industrial Activities for the six months ended June 30, 2021 was positive €248 million compared to negative €99 million for the six months ended June 30, 2020. The increase in Free Cash Flow from Industrial Activities was primarily attributable to an increase in EBITDA of €321 million in 2021 compared to the corresponding period in 2020.

Risk Factors

We face a variety of risks and uncertainties in our business. For a description of these risks and uncertainties please see “*Risk Factors*” in the Group’s Annual Report and Form 20-F for the year ended December 31, 2020 filed with the AFM and the SEC on February 26, 2021. All such risks factors should be read in conjunction with this Semi-Annual Consolidated Report. Additional risks and uncertainties that we are unaware of, or that we currently believe to be immaterial, may also become important factors that affect us.

Recent Developments

On June 9, 2021 the Company announced the appointment of Benedetto Vigna as its Chief Executive Officer. Mr. Vigna will join Ferrari on September 1, 2021 from STMicroelectronics (“ST”), where he is currently President of its Analog, MEMS (Micro-electromechanical Systems) and Sensors Group, ST’s largest and most profitable operating business in 2020. He is also a Member of the ST Group’s Executive Committee.

Outlook

Upward revised 2021 guidance on industrial free cash flow from approximately €350 million to approximately €450 million, subject to trading conditions unaffected by further COVID-19 pandemic restrictions and the following assumptions:

- Core business sustained by volume and mix
- Revenues from Formula 1 racing activities based on the announced calendar and reflecting lower 2020 ranking versus prior year
- Brand-related activities dealing with COVID-19 challenges
- Operational and marketing costs gradually resuming
- Improved net working capital sustaining industrial free cash flow thanks to the advances on the new special series and lower payments in connection with the cadence planned for our capital expenditures

(€B, unless otherwise stated)	2019A	2020A	2021 GUIDANCE
NET REVENUES	3.8	3.5	~4.3
ADJ. EBITDA (margin %)	1.3 33.7%	1.1 33.0%	1.45 - 1.50 33.7% - 34.9%
ADJ. EBIT (margin %)	0.9 24.4%	0.7 20.7%	0.97 - 1.02 22.6% - 23.7%
ADJ. DILUTED EPS (€)	3.71	2.88 ⁽¹⁾	4.00-4.20 ⁽²⁾
INDUSTRIAL FCF	0.7	0.2	~0.45

(1) Net of a tax benefit, with no cash impact on 2020, from the one-off partial step-up of the trademark's book value in accordance with the Italian tax regulations.

(2) Calculating using the weighted average diluted number of common shares as of December 31, 2020 (185,379 thousand).

The Management announces the Capital Markets Day to take place in Maranello on June 16, 2022.

FERRARI N.V.
SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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FERRARI N.V.
SEMI-ANNUAL CONSOLIDATED INCOME STATEMENT
for the three and six months ended June 30, 2021 and 2020
(Unaudited)

	Note	For the three months ended June 30,		For the six months ended June 30,	
		2021	2020	2021	2020
(€ thousand)					
Net revenues	6	1,034,388	570,813	2,045,668	1,503,010
Cost of sales	7	498,091	299,240	981,555	750,052
Selling, general and administrative costs	8	80,984	78,105	152,594	157,108
Research and development costs	9	179,753	166,171	368,623	347,408
Other expenses/(income), net	10	3,491	5,377	5,953	7,507
Result from investments		1,745	1,182	3,181	2,458
EBIT		273,814	23,102	540,124	243,393
Net financial expenses	11	9,715	11,317	18,942	24,393
Profit before taxes		264,099	11,785	521,182	219,000
Income tax expense	12	58,032	2,357	109,448	43,800
Net profit		206,067	9,428	411,734	175,200
<i>Net profit attributable to:</i>					
<i>Owners of the parent</i>		205,811	8,943	410,734	174,947
<i>Non-controlling interests</i>		256	485	1,000	253
Basic earnings per common share (in €)	13	1.11	0.05	2.22	0.95
Diluted earnings per common share (in €)	13	1.11	0.04	2.22	0.94

The accompanying notes are an integral part of the Semi-Annual Condensed Financial Statements.

FERRARI N.V.
SEMI-ANNUAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three and six months ended June 30, 2021 and 2020
(Unaudited)

	Note	For the three months ended June 30,		For the six months ended June 30,	
		2021	2020	2021	2020
Net profit		206,067	9,428	411,734	175,200
Gains/(losses) on cash flow hedging instruments	20	909	13,847	(39,263)	22,033
Exchange differences on translating foreign operations	20	(2,208)	(3,905)	5,149	(1,194)
Related tax impact	20	(236)	(3,733)	10,988	(6,254)
Total other comprehensive (loss)/income, net of tax (all of which may be reclassified to the consolidated income statement in subsequent periods)		(1,535)	6,209	(23,126)	14,585
Total comprehensive income		204,532	15,637	388,608	189,785
<i>Total comprehensive income attributable to:</i>					
<i>Owners of the parent</i>		204,290	15,268	387,434	189,621
<i>Non-controlling interests</i>		242	369	1,174	164

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

FERRARI N.V.
SEMI-ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at June 30, 2021 and at December 31, 2020
(Unaudited)

	Note	At June 30, 2021	At December 31, 2020
		(€ thousand)	
Assets			
Goodwill		785,182	785,182
Intangible assets	14	1,061,585	979,290
Property, plant and equipment	15	1,245,484	1,226,630
Investments and other financial assets	16	46,908	42,841
Deferred tax assets		159,873	152,221
Total non-current assets		3,299,032	3,186,164
Inventories	17	533,444	460,617
Trade receivables	18	237,982	184,260
Receivables from financing activities	18	1,021,093	939,607
Current tax receivables	18	5,752	12,438
Other current assets	18	98,596	76,471
Current financial assets	19	12,252	40,084
Cash and cash equivalents		922,264	1,362,406
Total current assets		2,831,383	3,075,883
Total assets		6,130,415	6,262,047
Equity and liabilities			
Equity attributable to owners of the parent		1,909,521	1,785,186
Non-controlling interests		3,838	4,018
Total equity	20	1,913,359	1,789,204
Employee benefits		57,558	59,985
Provisions	22	145,630	155,335
Deferred tax liabilities		115,081	113,474
Debt	23	2,360,104	2,724,745
Other liabilities	24	743,305	687,462
Other financial liabilities	19	14,933	2,140
Trade payables	25	720,904	713,807
Current tax payables		59,541	15,895
Total equity and liabilities		6,130,415	6,262,047

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

FERRARI N.V.
SEMI-ANNUAL CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended June 30, 2021 and 2020
(Uaudited)

	For the six months ended June 30,	
	2021	2020
	(€ thousand)	(€ thousand)
Cash and cash equivalents at beginning of the period	1,362,406	897,946
Cash flows from operating activities:		
Profit before taxes	521,182	219,000
Amortization and depreciation	222,383	198,215
Provision accruals	5,745	6,756
Result from investments	(3,181)	(2,458)
Net finance costs	18,942	24,393
Other non-cash expenses, net	16,458	18,175
Change in inventories	(77,237)	(45,431)
Change in trade receivables	(49,660)	(19,303)
Change in trade payables	3,693	(90,289)
Change in receivables from financing activities	(52,561)	(25,750)
Change in other operating assets and liabilities	(14,270)	(56,228)
Finance income received	745	1,339
Finance costs paid	(24,810)	(26,769)
Income tax paid	(44,706)	(5,299)
Total	522,723	196,351
Cash flows used in investing activities:		
Investments in property, plant and equipment	(126,604)	(157,772)
Investments in intangible assets	(190,336)	(149,059)
Change in investments and other financial assets	—	(100)
Proceeds from the sale of property, plant and equipment and intangible assets	1,330	—
Total	(315,610)	(306,931)
Cash flows (used in)/from financing activities:		
Repayment of bonds and notes	(500,000)	—
Proceeds from bonds and notes	—	640,073
Net change in bank borrowings and other financial institutions	112,334	(1,740)
Proceeds from securitizations net of repayments	18,923	10,849
Repayments in lease liabilities	(9,540)	(8,507)
Net change in other debt	(14,216)	9,711
Dividends paid to owners of the parent	(149,093)	(195,048)
Share repurchases	(109,548)	(129,793)
Total	(651,140)	325,545
Translation exchange differences	3,885	(1,233)
Total change in cash and cash equivalents	(440,142)	213,732
Cash and cash equivalents at end of the period	922,264	1,111,678

The accompanying notes are an integral part of the Semi-Annual Condensed Financial Statements.

FERRARI N.V.
SEMI-ANNUAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended June 30, 2021 and 2020
(Uaudited)

	Share capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remeasurement of defined benefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
At December 31, 2019	2,573	1,452,720	(4,654)	40,391	(9,740)	1,481,290	5,998	1,487,288
Net profit	—	174,947	—	—	—	174,947	253	175,200
Other comprehensive income/(loss)	—	—	15,779	(1,105)	—	14,674	(89)	14,585
Dividends	—	(208,765)	—	—	—	(208,765)	—	(208,765)
Share-based compensation	—	8,187	—	—	—	8,187	—	8,187
Share repurchases	—	(129,793)	—	—	—	(129,793)	—	(129,793)
At June 30, 2020	2,573	1,297,296	11,125	39,286	(9,740)	1,340,540	6,162	1,346,702

	Share capital	Retained earnings and other reserves	Cash flow hedge reserve	Currency translation differences	Remeasurement of defined benefit plans	Equity attributable to owners of the parent	Non-controlling interests	Total
(€ thousand)								
At December 31, 2020	2,573	1,739,380	24,164	28,774	(9,705)	1,785,186	4,018	1,789,204
Net profit	—	410,734	—	—	—	410,734	1,000	411,734
Other comprehensive (loss)/income	—	—	(28,275)	4,975	—	(23,300)	174	(23,126)
Dividends	—	(160,272)	—	—	—	(160,272)	(1,354)	(161,626)
Share-based compensation	—	6,721	—	—	—	6,721	—	6,721
Share repurchases	—	(109,548)	—	—	—	(109,548)	—	(109,548)
At June 30, 2021	2,573	1,887,015	(4,111)	33,749	(9,705)	1,909,521	3,838	1,913,359

(1) Relates to the issuance and de-registration of certain special voting shares under the Company's special voting shares terms and conditions.

The accompanying notes are an integral part of the Semi-Annual Condensed Consolidated Financial Statements.

NOTES TO THE SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BACKGROUND AND BASIS OF PRESENTATION

Background

Ferrari is among the world's leading luxury brands. The activities of Ferrari N.V. (herein referred to as "Ferrari" or the "Company" and together with its subsidiaries the "Group") and its subsidiaries are focused on the design, engineering, production and sale of luxury performance sports cars. The cars are designed, engineered and produced in Maranello and Modena, Italy and sold in more than 60 markets worldwide through a network of 171 authorized dealers operating 192 points of sale. The Ferrari brand is licensed to a selected number of producers and retailers of luxury and lifestyle goods, with Ferrari branded merchandise also sold through a network of 16 Ferrari-owned stores and 17 franchised stores (including 14 Ferrari Store Junior), as well as on the Group's website. To facilitate the sale of new and pre-owned cars, the Group provides various forms of financing to clients and dealers, including through cooperation and other agreements. Ferrari also participates in the Formula 1 World Championship through Scuderia Ferrari. The activities of Scuderia Ferrari are at core element of Ferrari marketing and promotional activities and an important source of innovation to support the technological advancement of Ferrari range models.

2. AUTHORIZATION OF SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These Semi-Annual Condensed Consolidated Financial Statements of Ferrari N.V. were authorized for issuance on August 2, 2021, and have been prepared in accordance with *IAS 34 - Interim Financial Reporting*. The Semi-Annual Condensed Consolidated Financial Statements should be read in conjunction with the Group's consolidated financial statements at and for the year ended December 31, 2020 (the "Consolidated Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the European Union. There are no material effects on these Semi-Annual Condensed Consolidated Financial Statements resulting from differences between IFRS as issued by the IASB and IFRS as endorsed by the European Union. The designation IFRS also includes International Accounting Standards ("IAS") as well as all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC"). The accounting policies adopted are consistent with those used at December 31, 2020, except as described in the section "New standards and amendments effective from January 1, 2021".

3. BASIS OF PREPARATION FOR SEMI-ANNUAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The preparation of the Semi-Annual Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of these Semi-Annual Condensed Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Reference should be made to the section "*Use of estimates*" in the Consolidated Financial Statements for a detailed description of the more significant valuation procedures used by the Group.

Moreover, in accordance with IAS 34, certain valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual consolidated financial statements, when all the related information necessary is available, other than in the event that there are indications of impairment, in which case an immediate assessment is required. Similarly, the actuarial valuations that are required for the determination of employee benefit provisions are also usually carried out during the preparation of the annual consolidated financial statements, except in the event of significant market fluctuations, or significant plan amendments, curtailments, or settlements.

New standards and amendments effective from January 1, 2021

The following new standards and amendments effective from January 1, 2021 were adopted by the Group.

The Group adopted a package of amendments to *IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases* in response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks. The amendments aim at helping companies to provide investors with useful information about the effects of the reform on those companies' financial statements. These amendments focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The new amendments relate to:

- changes to contractual cash flows – a company will not be required to derecognize or adjust the carrying amount of financial instruments for changes required by the interest rate benchmark reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the interest rate benchmark reform if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks that arise from the interest rate benchmark reform and how the company manages the transition to alternative benchmark rates.

There was no effect from the adoption of these amendments.

The Group adopted the amendments to *IFRS 4 — Insurance Contracts* which deferred the expiry date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after January 1, 2021. There was no effect from the adoption of these amendments.

New standards, amendments and interpretations not yet effective

The standards, amendments and interpretations issued by the International Accounting Standards Board ("IASB") that will have mandatory application in 2022 or subsequent years are listed below:

In May 2017 the IASB issued *IFRS 17 — Insurance Contracts*, which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued as well as guidance relating to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020 the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and make it easier for companies to explain their financial performance. The new standard and amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In January 2020 the IASB issued amendments to *IAS 1 — Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* to clarify how to classify debt and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that may be settled by converting to equity. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In May 2020 the IASB issued amendments to *IFRS 3 — Business combinations* to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. These amendments are effective on or after January 1, 2022. The Group does not expect any material impact from the adoption of these amendments.

In May 2020 the IASB issued amendments to *IAS 16 — Property, Plant and Equipment*. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company should recognize such sales proceeds and the related cost in the income statement. These amendments are effective on or after January 1, 2022. The Group does not expect any material impact from the adoption of these amendments.

In May 2020 the IASB issued amendments to *IAS 37 — Provisions, Contingent Liabilities and Contingent Assets*, which specify which costs a company includes when assessing whether a contract will be loss-making. These amendments

are effective on or after January 1, 2022. The Group does not expect any material impact from the adoption of these amendments.

In May 2020 the IASB issued *Annual Improvements to IFRSs 2018 - 2020 Cycle*. The improvements have amended four standards with effective date January 1, 2022: i) IFRS 1 — First-time Adoption of International Financial Reporting Standards in relation to allowing a subsidiary to measure cumulative translation differences using amounts reported by its parent, ii) IFRS 9 — Financial Instruments in relation to which fees an entity includes when applying the '10 percent' test for derecognition of financial liabilities, iii) IAS 41 — Agriculture in relation to the exclusion of taxation cash flows when measuring the fair value of a biological asset, and iv) IFRS 16 — Leases in relation to an illustrative example of reimbursement for leasehold improvements. The Group does not expect any material impact from the adoption of these amendments.

In February 2021 the IASB issued amendments to *IAS 1 — Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies* which require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In February 2021 the IASB issued amendments to *IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In May 2021 the IASB issued amendments to *IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities Arising From a Single Transaction* that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

Scope of consolidation

There were no changes in the scope of consolidation for the periods presented in this Semi-Annual Report.

4. FINANCIAL RISK FACTORS

The Group is exposed to various operational financial risks, including financial market risk (relating mainly to foreign currency exchange rates and, to a lesser extent, interest rates and commodity prices), credit risk and liquidity risk. The Semi-Annual Condensed Consolidated Financial Statements do not include all of the information and disclosures on financial risk management required in the annual consolidated financial statements. For a detailed description of the financial risk factors and financial risk management of the Group, reference should be made to Note 30 of the Consolidated Financial Statements at and for the year ended December 31, 2020.

Although there was no significant impacts from the coronavirus COVID-19 (“COVID-19”) pandemic on the Group’s financial risks or risk management procedures in the periods presented by the these Semi-Annual Condensed Consolidated Financial Statements, management is continuously monitoring the evolution of COVID-19 as information becomes available and the related effects on the financial position and results of operations of the Group.

To preventively and prudently manage potential liquidity or refinancing risks in the foreseeable future, the Group has increased its total available liquidity since the start of the COVID-19 pandemic, mainly through securing undrawn committed credit lines (an additional amount of €350 million was secured in April 2020, doubling the total committed credit lines available and undrawn to €700 million) and the issuance of a bond for a principal amount of €650 million in May 2020. In January 2021 the Company fully repaid, upon maturity, a bond with a principal amount outstanding of €500 million for a total consideration of €501 million, including accrued interest. In March 2021 the Group cancelled a credit line of €100 million and simultaneously replaced it with a new credit line for €150 million with a tenor of 23 months. In April 2021, the Group replaced an uncommitted credit line of \$50 million, which was terminated, with a new committed credit line for \$100 million with a tenor of 24 months bearing interest at LIBOR plus 75 basis points. The new credit line is intended to replace the funding previously provided by one of securitization programs in the US for funding of up to \$110 million that expired in April 2021 and was interest-bearing at LIBOR plus 115 basis points. At June 30, 2021 and December 31, 2020 the total committed credit lines available and undrawn amounted to €767 million and €700 million, respectively.

5. OTHER INFORMATION

The principal foreign currency exchange rates used to translate other currencies into Euro were as follows:

	2021		2020		
	Average for the six months ended June 30,	At June 30,	Average for the six months ended June 30,	At June 30,	At December 31,
U.S. Dollar	1.2053	1.1884	1.1020	1.1198	1.2271
Pound Sterling	0.8680	0.8581	0.8746	0.9124	0.8990
Swiss Franc	1.0946	1.0980	1.0642	1.0651	1.0802
Japanese Yen	129.8681	131.4300	119.2668	120.6600	126.4900
Chinese Yuan	7.7960	7.6742	7.7509	7.9219	8.0225
Australian Dollar	1.5626	1.5853	1.6775	1.6344	1.5896
Canadian Dollar	1.5030	1.4722	1.5033	1.5324	1.5633
Singapore Dollar	1.6059	1.5976	1.5411	1.5648	1.6218
Hong Kong Dollar	9.3551	9.2293	8.5531	8.6788	9.5142

6. NET REVENUES

Net revenues are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ thousand)		(€ thousand)	
Revenues from:				
Cars and spare parts	880,149	450,287	1,735,714	1,238,475
Engines	44,871	20,582	89,875	53,234
Sponsorship, commercial and brand	91,110	82,415	181,916	171,993
Other	18,258	17,529	38,163	39,308
Total net revenues	1,034,388	570,813	2,045,668	1,503,010

Other net revenues primarily relate to financial services activities, management of the Mugello racetrack and other sports-related activities.

Interest and other financial income from financial services activities included within net revenues for the three months ended June 30, 2021 and 2020 amounted to €14,361 thousand and €15,679 thousand, respectively, and for the six months ended June 30, 2021 and 2020 amounted to €28,233 thousand and €33,444 thousand, respectively.

7. COST OF SALES

Cost of sales for the three months ended June 30, 2021 and 2020 amounted to €498,091 thousand and €299,240 thousand, respectively, and for the six months ended June 30, 2021 and 2020 amounted to €981,555 thousand and €750,052 thousand, respectively, consisting mainly of the cost of materials, components and labor related to the manufacturing and distribution of cars and spare parts, engines sold to Maserati and engines rented to other Formula 1 racing teams. The remaining costs mainly include depreciation, insurance and transportation costs, as well as warranty and product-related costs, which are estimated and recorded at the time of shipment.

Interest and other financial expenses from financial services activities included within cost of sales for the three months ended June 30, 2021 and 2020 amounted to €4,762 thousand and €8,128 thousand, respectively, and for the six months ended June 30, 2021 and 2020 amounted to €10,652 thousand and €21,608 thousand, respectively.

8. SELLING, GENERAL AND ADMINISTRATIVE COSTS

Selling costs for the three months ended June 30, 2021 and 2020 amounted to €39,922 thousand and €37,821 thousand, respectively, and for the six months ended June 30, 2021 and 2020 amounted to €75,627 thousand and €76,444 thousand, respectively, consisting mainly of costs for sales personnel, marketing and events, and retail stores. Costs for marketing and events primarily relate to trade shows and media and client events for the launch of new models, including the use of digital solutions, as well as sponsorship and indirect marketing costs incurred through the Formula 1 racing team, Scuderia Ferrari.

General and administrative costs for the three months ended June 30, 2021 and 2020 amounted to €41,062 thousand and €40,284 thousand, respectively, and for the six months ended June 30, 2021 and 2020 amounted to €76,967 thousand and €80,664 thousand, respectively, consisting mainly of administrative and other general expenses, including for personnel, that are not directly attributable to manufacturing, sales or research and development activities.

9. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ thousand)			
Research and development costs expensed during the period	131,363	122,454	272,276	261,971
Amortization of capitalized development costs	48,390	43,717	96,347	85,437
Total research and development costs	179,753	166,171	368,623	347,408

Research and development costs expensed during the period primarily relate to Formula 1 activities and research and development activities to support the innovation of our product range and components, in particular, in relation to hybrid and electric technology.

Research and development costs are recognized net of technology-related government incentives.

10. OTHER EXPENSES/(INCOME), NET

Other expenses/(income), net for the three and six months ended June 30, 2021 included other expenses of €5,210 thousand and €8,340 thousand, respectively, mainly related to provisions, indirect taxes and other miscellaneous expenses, partially offset by other income for the three and six months ended June 30, 2021 of €1,719 thousand and €2,387 thousand, respectively.

11. NET FINANCIAL EXPENSES

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ thousand)			
Financial income				
Related to:				
Industrial activities (A)	9,577	5,253	18,879	15,257
Financial services activities (reported within net revenues)	14,361	15,679	28,233	33,444
Financial expenses and expenses from derivative financial instruments and foreign currency exchange rate differences				
Related to:				
Industrial activities (B)	(19,292)	(16,570)	(37,821)	(39,650)
Financial services activities (reported within cost of sales)	(4,762)	(8,128)	(10,652)	(21,608)
Net financial expenses relating to industrial activities (A - B)	(9,715)	(11,317)	(18,942)	(24,393)

Net financial expenses primarily relate to interest expenses on debt and net foreign exchange losses, including the net costs of hedging.

12. INCOME TAX EXPENSE

Income tax expense is as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ thousand)			
Current tax (benefit)/expense	52,019	(10,776)	102,204	10,554
Deferred tax expense	4,926	12,902	6,157	33,015
Taxes relating to prior periods	1,087	231	1,087	231
Total income tax expense	58,032	2,357	109,448	43,800

Income tax expense amounted to €58,032 thousand and €2,357 thousand for the three months ended June 30, 2021 and 2020, respectively, and €109,448 thousand and €43,800 thousand for the six months ended June 30, 2021 and 2020, respectively.

The Group is applying the new Patent Box tax regime for the period from 2020 to 2024, in line with the new tax regulation applicable in Italy, and income taxes for the three and six months ended June 30, 2021 and 2020 benefited from the application of the new Patent Box tax regime.

In accordance with current tax legislation in Italy, Ferrari self-determines the income eligible for the new Patent Box regime and will recognize the new Patent Box tax benefit in three equal annual installments. This resulted in an increase of current tax expense for the three and six months ended June 30, 2021 compared to the same prior year period, partially offset by deferred tax assets recognized in relation to the new Patent Box tax benefit for 2022 and 2023.

The effective tax rate was 21.0 percent for the six months ended June 30, 2021 compared to 20.0 percent for the six months ended June 30, 2020.

IRAP (current and deferred) for the six months ended June 30, 2021 and 2020 amounted to €17,433 thousand and €5,065 thousand, respectively. IRAP is only applicable to Italian entities and is calculated on a measure of income defined by the Italian Civil Code as the difference between operating revenues and costs, before financial income and expense, and in particular before the cost of fixed-term employees, credit losses and any interest included in lease payments. IRAP is calculated using financial information prepared under Italian accounting standards. IRAP is applied on the tax base at 3.9 percent for each of six months ended June 30, 2021 and 2020, respectively.

Deferred tax assets and liabilities of the individual consolidated companies are offset within the consolidated statement of financial position when a legally enforceable right to offset exists.

The Group's Italian entities participate in a group Italian tax consolidation under Ferrari N.V..

13. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of Ferrari by the weighted average number of common shares issued and outstanding during the period. The following table provides the amounts used in the calculation of basic earnings per share for the periods presented:

	€ thousand	For the three months ended June 30,		For the six months ended June 30,	
		2021	2020	2021	2020
Profit attributable to owners of the parent	€ thousand	205,811	8,943	410,734	174,947
Weighted average number of common shares for basic earnings per share	thousand	184,706	184,748	184,745	184,864
Basic earnings per share	€	1.11	0.05	2.22	0.95

Diluted earnings per share

For the three and six months ended June 30, 2021 and 2020, the weighted average number of shares for diluted earnings per share was increased to take into consideration the theoretical effect of the potential common shares that would be issued for the Group's equity incentive plans (assuming 100 percent of the target awards vested). See Note 21 for additional details on the equity incentive plans.

The following table provides the amounts used in the calculation of diluted earnings per share for the three and six months ended June 30, 2021 and 2020:

		For the three months ended June 30,		For the six months ended June 30,	
		2021	2020	2021	2020
Profit attributable to owners of the parent	€ thousand	205,811	8,943	410,734	174,947
Weighted average number of common shares for diluted earnings per share	thousand	185,005	185,344	185,045	185,460
Diluted earnings per share	€	1.11	0.04	2.22	0.94

14. INTANGIBLE ASSETS

	Balance at December 31, 2020	Additions	Amortization	Translation differences and other	Balance at June 30, 2021
Intangible assets	979,290	190,336	(107,987)	(54)	1,061,585

Additions of €190,336 thousand for the six months ended June 30, 2021 primarily related to externally acquired and internally generated development costs for new and existing models.

15. PROPERTY, PLANT AND EQUIPMENT

	Balance at December 31, 2020	Additions	Disposals	Depreciation	Translation differences and other	Balance at June 30, 2021
(€ thousand)						
Property, plant and equipment	1,226,630	134,266	(1,670)	(114,396)	654	1,245,484

Additions of €134,266 thousand for the six months ended June 30, 2021 mainly related to advances and assets under construction, including tracts of land adjacent to our facilities in Maranello as part of our expansion plans, as well as plant, machinery and equipment, primarily related to car production and engine assembly lines (including those for models to be launched in future years), industrial tools used for the production of cars, and personalization programs.

At June 30, 2021 property, plant and equipment included €57,905 thousand of right-of-use assets (€59,742 thousand at December 31, 2020). The following table summarizes the changes in the carrying amount of right-of-use assets for the six months ended June 30, 2021:

	Balance at December 31, 2020	Additions	Disposals	Depreciation	Translation differences and other	Balance at June 30, 2021
(€ thousand)						
Right-of-use assets	59,742	7,662	(529)	(7,757)	(1,213)	57,905

For the six months ended June 30, 2021 depreciation of right-of-use assets amounted to €7,757 thousand and interest expense on lease liabilities amounted to €417 thousand (€10,193 thousand and €472 thousand respectively for the six months ended June 30, 2020).

At June 30, 2021 the Group had contractual commitments for the purchase of property, plant and equipment amounting to €119,380 thousand (€101,361 thousand at December 31, 2020).

16. INVESTMENTS AND OTHER FINANCIAL ASSETS

The composition of investments and other financial assets is as follows:

	At June 30, 2021	At December 31, 2020
(€ thousand)		
Investments accounted for using the equity method	37,845	34,663
Other securities and financial assets	9,063	8,178
Total investments and other financial assets	46,908	42,841

Investments accounted for using the equity method

Investments accounted for using the equity method relate entirely to the Group's investment in Ferrari Financial Services GmbH, a German entity that offers retail client financing in certain markets in EMEA (primarily the UK, Germany and Switzerland).

Changes in the carrying amount of the investment during the period were as follows:

	(€ thousand)
Balance at January 1, 2021	34,663
Proportionate share of net profit for the period from January 1, 2021 to June 30, 2021	3,181
Other changes	1
Balance at June 30, 2021	37,845

Other securities and financial assets

Other securities and financial assets primarily include Series C Liberty Formula One shares (the “Liberty Media Shares”) of Liberty Media Corporation (the group responsible for the promotion of the Formula 1 World Championship) which are measured at fair value and amounted to €8,043 thousand at June 30, 2021 (€7,163 thousand at December 31, 2020).

17. INVENTORIES

	At June 30, 2021	At December 31, 2020
	(€ thousand)	
Raw materials	97,993	96,900
Semi-finished goods	109,033	94,619
Finished goods	326,418	269,098
Total inventories	533,444	460,617

The increase in inventories for the six months ended June 30, 2021 is mainly due to higher car volumes, including the effects of seasonality.

The amount of inventory write-downs recognized as an expense within cost of sales was €7,194 thousand and €12,169 thousand for the six months ended June 30, 2021 and 2020, respectively.

18. CURRENT RECEIVABLES AND OTHER CURRENT ASSETS

	At June 30, 2021	At December 31, 2020
	(€ thousand)	
Receivables from financing activities	1,021,093	939,607
Trade receivables	237,982	184,260
Current tax receivables	5,752	12,438
Other current assets	98,596	76,471
Total	1,363,423	1,212,776

Receivables from financing activities

Receivables from financing activities are as follows:

	At June 30, 2021	At December 31, 2020
	(€ thousand)	
Client financing	1,009,570	925,878
Dealer financing	11,523	13,729
Total	1,021,093	939,607

Receivables from financing activities relate to the financial services portfolio in the United States and are generally secured on the title of cars or other guarantees.

19. CURRENT FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

	At June 30, 2021	At December 31, 2020
	(€ thousand)	(€ thousand)
Financial derivatives	10,468	38,636
Other financial assets	1,784	1,448
Current financial assets	12,252	40,084

The following table provides the analysis of derivative assets and liabilities at June 30, 2021 and December 31, 2020.

	At June 30, 2021		At December 31, 2020	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	(€ thousand)			
Cash flow hedges:				
Foreign currency forwards	7,986	(12,294)	37,214	(2,060)
Commodities	441	(1,250)	271	—
Interest rate caps	1,520	—	497	—
Total cash flow hedges	9,947	(13,544)	37,982	(2,060)
Other foreign currency derivatives	521	(1,389)	654	(80)
Derivatives assets/(liabilities)	10,468	(14,933)	38,636	(2,140)

At June 30, 2021 and December 31, 2020, substantially all foreign currency derivatives had a maturity of twelve months or less.

Foreign currency derivatives that do not meet the requirements to be recognized as cash flow hedges are presented as other foreign currency derivatives. Interest rate caps relate to derivative instruments required as part of certain securitization agreements.

20. EQUITY

Share capital

At June 30, 2021 and December 31, 2020 the fully paid up share capital of the Company was €2,573 thousand, consisting of 193,923,499 common shares and 63,349,112 special voting shares, all with a nominal value of €0.01. At June 30, 2021, the Company held in treasury 9,466,482 common shares and 2,190 special voting shares, while at December 31, 2020 the Company held in treasury 9,175,609 common shares and 2,190 special voting shares. The amounts include shares repurchased under the share repurchase program between January 1, 2021 and June 30, 2021 based on the transaction trade date. The increase in common shares held in treasury primarily reflects the repurchase of shares by the Company through its share repurchase program, partially offset by shares assigned under the Group's equity incentive plans. The Company restarted its multi-year share repurchase program on March 12, 2021 following its temporary suspension from March 30, 2020 as part of actions implemented by management to prudently manage liquidity as a result of the COVID-19 pandemic. At June 30, 2021 and December 31, 2020 the Company held in treasury 3.68 percent and 3.57 percent of the total issued share capital of the Company, respectively².

² The percentage of shares held in treasury compared to total issued share capital remains the same if calculated considering only common shares held in treasury or if calculated considering common shares and special voting shares held in treasury.

The following table summarizes the changes in the number of outstanding common shares and outstanding special voting shares of the Company for the six months ended June 30, 2021:

	Common Shares	Special Voting Shares	Total
Balance at December 31, 2020	184,747,890	63,346,922	248,094,812
Common shares repurchased under share repurchase program ⁽¹⁾	(553,971)	—	(553,971)
Common shares assigned under equity incentive plans ⁽²⁾	263,098	—	263,098
Balance at June 30, 2021	184,457,017	63,346,922	247,803,939

(1) Includes shares repurchased under the share repurchase program between January 1, 2021 and June 30, 2021 based on the transaction trade date, for a total consideration of €94,116 thousand, including transaction costs.

(2) On March 16, 2021, 356,571 common shares, which were previously held in treasury, were assigned to participants of the equity incentive plans as a result of the vesting of certain performance share unit and retention restricted share unit awards. On March 17, 2021, the Company purchased 93,473 common shares, for a total consideration of €15,432 thousand, from a group of those employees who were assigned shares in order to cover the individual's taxable income as is standard practice ("Sell to Cover") in an over-the-counter transaction. See Note 21 "Share-Based Compensation" for additional details relating to the Group's equity incentive plans.

Other comprehensive income/(loss)

The following table presents other comprehensive income/(loss):

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(€ thousand)			
Gains/(Losses) on cash flow hedging instruments arising during the period	1,710	12,139	(22,600)	16,570
Losses/(Gains) on cash flow hedging instruments reclassified to the consolidated income statement	(801)	1,708	(16,663)	5,463
Gains/(Losses) on cash flow hedging instruments	909	13,847	(39,263)	22,033
Exchange differences on translating foreign operations arising during the period	(2,208)	(3,905)	5,149	(1,194)
Total items that may be reclassified to the consolidated income statement in subsequent periods	(1,299)	9,942	(34,114)	20,839
Total other comprehensive (loss)/income	(1,299)	9,942	(34,114)	20,839
Related tax impact	(236)	(3,733)	10,988	(6,254)
Total other comprehensive (loss)/income, net of tax	(1,535)	6,209	(23,126)	14,585

Gains and losses on cash flow hedging instruments mainly relate to changes in the fair value of foreign currency derivative financial instruments used for cash flow hedging purposes.

The tax effects relating to other comprehensive loss are as follows:

	For the six months ended June 30,		
	2021		
	Pre-tax balance	Tax impact	Net balance
(€ thousand)			
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
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	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
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(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
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	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
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	(€ thousand)		
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(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
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Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
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	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
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	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
Exchange gains on translating foreign operations	5,149	—	5,149
Total other comprehensive (loss)/income	(34,114)	10,988	(23,126)
	Pre-tax balance	Tax impact	Net balance
	(€ thousand)		
(Losses)/Gains on cash flow hedging instruments	(39,263)	10,988	(28,275)
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21. SHARE-BASED COMPENSATION

The Group has several equity incentive plans under which a combination of performance share units (“PSUs”) and retention restricted share units (“RSUs”), which each represent the right to receive one Ferrari common share, have been awarded to the Executive Chairman, the Chief Executive Officer (“CEO”), members of the Senior Management Team (“SMT”) and other key employees of the Group. See Note 21 “Share-Based Compensation” to the Consolidated Financial Statements for further details relating to the Group’s equity incentive plans.

Equity Incentive Plan 2016-2020

In the first quarter of 2021, 212,243 PSU awards vested (representing 100 percent of the target PSU awards) as a result of Ferrari’s third place ranking in Total Shareholder Return (“TSR”) within the defined peer group for the performance period from 2016 to 2020, and 31,120 RSU awards vested upon achievement of the related service conditions. As a result, 243,363 common shares, which were previously held in treasury, were assigned to participants of the plan in the first quarter of 2021.

Equity Incentive Plan 2019-2021

In the first quarter of 2021, 80,510 PSU awards vested (representing 100 percent of the target PSU awards) as a result of the achievement of the related performance conditions and 32,694 RSU awards vested upon achievement of the related service conditions. As a result, 113,204 common shares, which were previously held in treasury, were assigned to participants of the plan in the first quarter of 2021.

Equity Incentive Plan 2020-2022

The PSU awards and RSU awards under the Equity Incentive Plan 2020-2022 vest in 2023 based on the level of achievement of the related performance targets or service conditions.

Equity Incentive Plan 2021-2023

Under a new Equity Incentive Plan 2021-2023 approved in 2021, the Company awarded approximately 48 thousand 2021-2023 PSUs and approximately 40 thousand 2021-2023 RSUs to the Executive Chairman, members of the SMT and other key employees of the Group. The PSUs and RSUs cover the three-year performance and service periods from 2021 to 2023. The PSU awards and RSU awards under the Equity Incentive Plan 2021-2023 vest in 2024 based on the level of achievement of the related performance targets or service conditions.

Outstanding share awards

Changes to the outstanding number of PSU and RSU awards under all equity incentive plans of the Group are as follows:

	Outstanding PSU Awards	Outstanding RSU Awards	Total Outstanding Awards
Balance at December 31, 2020	414,839	159,063	573,902
Granted ⁽¹⁾	48,071	40,160	88,231
Vested ⁽²⁾	(292,753)	(63,814)	(356,567)
Forfeited	(3,803)	(1,959)	(5,762)
Balance at June 30, 2021	166,354	133,450	299,804

(1) Granted under the Equity Incentive Plan 2021-2023

(2) Vested under the Equity Incentive Plan 2016-2020 and the Equity Incentive Plan 2019-2021

Share-based compensation expense

For the six months ended June 30, 2021 and 2020, the Company recognized €6,721 thousand and €8,187 thousand, respectively, as share-based compensation expense and an increase to other reserves in equity in relation to the PSU awards and RSU awards of the Group's equity incentive plans. At June 30, 2021 unrecognized compensation expense amounted to €19,448 thousand and is expected to be recognized over the remaining vesting periods through 2023.

22. PROVISIONS

Provisions are as follows:

	At June 30, 2021	At December 31, 2020
	(€ thousand)	(€ thousand)
Warranty and recall campaigns provision	100,172	106,942
Legal proceedings and disputes	23,278	26,349
Other risks	22,180	22,044
Total provisions	145,630	155,335

The provision for other risks primarily relates to disputes and matters which are not subject to legal proceedings, including contract-related disputes with suppliers, employees and other parties, as well as environmental risks.

Movements in provisions are as follows:

	Balance at December 31, 2020	Additional provisions	Utilization	Releases	Translation differences	Reclassification and Other movement	Balance at June 30, 2021
	(€ thousand)						
Warranty and recall campaigns provision	106,942	17,673	(15,364)	(9,174)	95	—	100,172
Legal proceedings and disputes	26,349	229	(370)	(3,056)	94	32	23,278
Other risks	22,044	2,224	(259)	(2,151)	322	—	22,180
Total provisions	155,335	20,126	(15,993)	(14,381)	511	32	145,630

23. DEBT

	Balance at December 31, 2020	Proceeds from borrowings	Repayments of borrowings	Interest accrued/(paid) and other ^(*)	Translation differences	Balance at June 30, 2021
	(€ thousand)					
Bonds and notes	1,835,022	—	(500,000)	(7,393)	—	1,327,629
Asset-backed financing (Securitizations)	761,164	138,703	(119,780)	(54)	25,042	805,075
Lease liabilities	62,290	—	(9,540)	7,340	423	60,513
Borrowings from banks and other financial institutions	28,553	112,334	—	98	1,464	142,449
Other debt	37,716	5,528	(19,744)	2	936	24,438
Total debt	2,724,745	256,565	(649,064)	(7)	27,865	2,360,104

(*) Other changes in lease liabilities relates entirely to non-cash movements for the recognition of additional lease liabilities in accordance with IFRS 16.

Bonds and notes

2021 Bond

On January 18, 2021 the Company fully repaid the 2021 Bond for a total consideration of €501,250 thousand (including accrued interest). The bond was previously issued in November 2017 on the regulated market of the Euronext Dublin (formerly the Irish Stock Exchange) for a principal amount of €700 million at a coupon of 0.25 and due in January 2021. In July 2019 the Company repurchased an aggregate nominal amount of €200,000 thousand following a cash tender offer. The amount outstanding at December 31, 2020 was €501,151 thousand, including accrued interest of €1,199 thousand.

2023 Bond

On March 16, 2016, the Company issued 1.5 percent coupon notes due March 2023, having a principal of €500 million. The bond was issued at a discount for an issue price of 98.977 percent, resulting in net proceeds of €490,729 thousand, after the debt discount and issuance costs, and a yield to maturity of 1.656 percent. The net proceeds were used, together with additional cash held by the Company, to fully repay a €500 million bank loan. The bond is unrated and was admitted to trading on the regulated market of the Euronext Dublin (formerly the Irish Stock Exchange). Following a cash tender offer, on July 16, 2019 the Company executed the repurchase of these notes for an aggregate nominal amount of €115,395 thousand. The amount outstanding at June 30, 2021 was €384,457 thousand and includes accrued interest of €1,683 thousand (€386,814 thousand including accrued interest of €4,567 thousand at December 31, 2020).

2025 Bond

On May 27, 2020 the Company issued 1.5 percent coupon notes due May 2025 (“2025 Bond”), having a principal of €650 million. The notes were issued at a discount for an issue price of 98.898 percent, resulting in net proceeds of €640,073 thousand, after related expenses, and a yield to maturity of 1.732 percent. The bond was admitted to trading on the regulated market of Euronext Dublin. The amount outstanding of the 2025 Bond at June 30, 2021 was €643,083 thousand, including accrued interest of €935 thousand (€647,042 thousand, including accrued interest of €5,850 thousand at December 31, 2020).

2029 and 2031 Notes

On July 31, 2019, the Company issued 1.12 percent senior notes due August 2029 (“2029 Notes”) and 1.27 percent senior notes due August 2031 (“2031 Notes”) through a private placement to certain US institutional investors, each having a principal of €150 million. The net proceeds from the issuances amounted to €298,316 thousand, and the yields to maturity, on an annual basis, equal the nominal coupon rates of the Notes. The Notes are primarily used for general corporate purposes, including the funding of capital expenditures.

The amount outstanding of the 2029 Notes at June 30, 2021 was €150,012 thousand, including accrued interest of €700 thousand (€149,971 thousand, including accrued interest of €700 thousand at December 31, 2020). The amount outstanding of the 2031 Notes at June 30, 2021 was €150,077 thousand, including accrued interest of €794 thousand (€150,044 thousand including accrued interest of €794 thousand at December 31, 2020).

The abovementioned bonds and notes impose covenants on Ferrari including: (i) negative pledge clauses which require that, in case any security interest upon assets of Ferrari is granted in connection with other notes or debt securities with the consent of Ferrari are, or are intended to be, listed, such security should be equally and ratably extended to the outstanding notes, subject to certain permitted exceptions; (ii) pari passu clauses, under which the notes rank and will rank pari passu with all other present and future unsubordinated and unsecured obligations of Ferrari; (iii) events of default for failure to pay principal or interest or comply with other obligations under the notes with specified cure periods or in the event of a payment default or acceleration of indebtedness or in the case of certain bankruptcy events; and (iv) other clauses that are customarily applicable to debt securities of issuers with a similar credit standing. A breach of these covenants may require the early repayment of the notes. As of June 30, 2021 and December 31, 2020, Ferrari was in compliance with the covenants of the notes.

Asset-backed financing (Securitizations)

As a means of diversifying its sources of funds, the Group sells certain of its receivables originated by its financial services activities in the United States through asset-backed financing or securitization programs (the terms asset-backed financing and securitization programs are used synonymously throughout this document), without transferring the risks typically associated with the related receivables. As a result, the receivables sold through securitization programs are still consolidated until collection from the customer. During the second quarter of 2021, the following revolving securitization programs were in place:

- revolving securitization program for funding of up to \$750 million, which was renewed in December 2020 for a tenor of 24 months, by pledging retail financial receivables in the United States as collateral. The notes bear interest at a rate per annum equal to the aggregate of a synthetic base rate substantially replicating the LIBOR plus a margin of 75 basis points. As of June 30, 2021 total proceeds net of repayments from the sales of financial receivables under the program amounted to \$719 million (\$629 million at December 31, 2020). The securitization agreement requires the maintenance of an interest rate cap.
- revolving securitization program for funding of up to \$275 million, which was renewed in October 2020 for a tenor of 24 months, by pledging leasing financial receivables in the United States as collateral. The notes bear interest at a rate per annum equal to the aggregate of LIBOR plus a margin of 80 basis points. As of June 30, 2021 total proceeds net of repayments from the sales of financial receivables under the program amounted to \$238 million (\$244 million at December 31, 2020). The securitization agreement requires the maintenance of an interest rate cap.
- revolving securitization program for funding of up to \$110 million, which was renewed in March 2019 for a tenor of 24 months, by pledging credit lines to Ferrari customers secured by personal vehicle collections and personal guarantees in the United States as collateral. The notes bear interest at a rate per annum equal to the aggregate of LIBOR plus a margin of 115 basis points. The program terminated in April 2021.

The consolidated total amount of the revolving securitization programs has been progressively increased since inception as the underlying receivables portfolios have increased.

Cash collected from the settlement of receivables under securitization programs is subject to certain restrictions regarding its use and is primarily applied to repay principal and interest of the related funding. Such cash amounted to €47,442 thousand at June 30, 2021 (€36,935 thousand at December 31, 2020).

Lease liabilities

The Group recognizes lease liabilities in relation to right-of-use assets in accordance with *IFRS 16 - Leases*. At June 30, 2021 lease liabilities amounted to €60,513 thousand (€62,290 thousand at December 31, 2020).

Borrowings from banks and other financial institutions

Borrowings from banks at June 30, 2021 include (i) a term loan of €75 million borrowed in June by Ferrari S.p.A. for a tenor of 36 months and bearing fixed interest at 0.118 percent and (ii) financial liabilities of FFS Inc to support financial services activities, and in particular €67,448 thousand (€28,553 thousand at December 31, 2020) relating to a U.S. Dollar committed credit facility for up to \$100 million, (drawn down for \$80 million at June 30, 2021) for a tenor of 24 months and bearing interest at LIBOR plus 75 basis points.

In December 2019, the Company negotiated a €350 million unsecured committed revolving credit facility (the “RCF”), which is intended for general corporate and working capital purposes. The RCF has a 5 year-tenor with two further one-year extension options, exercisable on the first and second anniversary of the signing date on the Company’s request and the approval of each participating bank. In December 2020 the first one-year extension option was exercised by the Company and approved by all participating banks. At June 30, 2021 the RCF was undrawn.

In April 2020, additional committed credit lines of €350 million were secured with tenors ranging from 18 to 24 months, doubling total committed credit lines available to €700 million. In March 2021 the Group cancelled a credit line of €100 million and simultaneously replaced it with a new credit line for €150 million with a tenor of 23 months. In April 2021, the Group replaced an uncommitted credit line of \$50 million, which was terminated, with a new committed credit line for \$100 million with a tenor of 24 months bearing interest at LIBOR plus 75 basis points. The new credit line is intended to

replace the funding previously provided by one of securitization programs in the US for funding of up to \$110 million that expired in April 2021 and was interest-bearing at LIBOR plus 115 basis points, as noted above. At June 30, 2021 the line had been drawn down for \$80 million (€67 million), representing the only committed credit line that has been drawn down by the Group, and total committed credit lines available and undrawn amounted to €767 million (€700 million at December 31, 2020).

Other debt

Other debt mainly relates to funding for operating and financing activities of the Group.

24. OTHER LIABILITIES

An analysis of other liabilities is as follows:

	At June 30, 2021	At December 31, 2020
	(€ thousand)	(€ thousand)
Deferred income	363,533	270,826
Advances and security deposits	210,836	253,442
Accrued expenses	62,141	60,788
Payables to personnel	42,489	33,127
Social security payables	20,800	23,261
Other	43,506	46,018
Total other liabilities	743,305	687,462

Deferred income primarily includes amounts received under maintenance and power warranty programs of €218,800 thousand at June 30, 2021 and €214,153 thousand at December 31, 2020, which are deferred and recognized as net revenues over the length of the maintenance program. Deferred income also includes amounts collected under various other agreements, which are dependent upon the future performance of a service or other act of the Group. The increase in deferred income primarily relates to advances received for Formula 1 sponsorship agreements.

Advances and security deposits primarily include advances received from clients for the purchase of hypercars, limited edition cars and Icona cars. Upon shipment of the cars, the advances are recognized as revenue. The decrease primarily relates to shipments of the Ferrari Monza SP1 and SP2.

25. TRADE PAYABLES

Trade payables of €720,904 thousand at June 30, 2021 (€713,807 thousand at December 31, 2020) are entirely due within one year. The carrying amount of trade payables is considered to be equivalent to their fair value.

26. FAIR VALUE MEASUREMENT

IFRS 13 - Fair Value Measurement establishes a three level hierarchy for the inputs to the valuation techniques used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement.

Levels used in the hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets and liabilities.

Assets and liabilities that are measured at fair value on a recurring basis

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis at June 30, 2021 and at December 31, 2020:

	Note	At June 30, 2021			
		Level 1	Level 2	Level 3	Total
		(€ thousand)			
Investments and other financial assets - Liberty Media Shares	16	8,043	—	—	8,043
Current financial assets	19	—	10,468	—	10,468
Total assets		8,043	10,468	—	18,511
Other financial liabilities	19	—	14,933	—	14,933
Total liabilities		—	14,933	—	14,933
At December 31, 2020					
	Note	Level 1	Level 2	Level 3	Total
		(€ thousand)			
Investments and other financial assets - Liberty Media Shares	16	7,163	—	—	7,163
Current financial assets	19	—	38,636	—	38,636
Total assets		7,163	38,636	—	45,799
Other financial liabilities	19	—	2,140	—	2,140
Total liabilities		—	2,140	—	2,140

There were no transfers between fair value hierarchy levels for the periods presented.

The fair value of current financial assets and other financial liabilities relates to derivative financial instruments and is measured by taking into consideration market parameters at the balance sheet date, using widely accepted valuation techniques. In particular, the fair value of foreign currency derivatives (forward contracts, currency swaps and options) and interest rate caps is determined by taking the prevailing foreign currency exchange rates and interest rates, as applicable, at the balance sheet date.

The par value of cash and cash equivalents usually approximates fair value due to the short maturity of these instruments, which consist primarily of current bank accounts.

Assets and liabilities not measured at fair value on a recurring basis

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not differ significantly from carrying value, the Group assumes that carrying value is a reasonable approximation of the fair value. In particular, the carrying amount of current receivables and other current assets and of trade payables and other liabilities approximates their fair value.

The following table presents the carrying amount and fair value for the most relevant categories of financial assets and financial liabilities not measured at fair value on a recurring basis:

	Note	At June 30, 2021		At December 31, 2020	
		Carrying amount	Fair Value	Carrying amount	Fair Value
		(€ thousand)			
Receivables from financing activities	18	1,021,093	1,021,093	939,607	939,607
Total assets		1,021,093	1,021,093	939,607	939,607
Debt	23	2,360,104	2,402,766	2,724,745	2,755,516
Total liabilities		2,360,104	2,402,766	2,724,745	2,755,516

27. RELATED PARTY TRANSACTIONS

Pursuant to IAS 24, the related parties of Ferrari include Exor N.V., and together with its subsidiaries the Exor Group, as well as all entities and individuals capable of exercising control, joint control or significant influence over the Group and its subsidiaries. Related parties also include companies over which the Exor Group is capable of exercising control, joint control or significant influence, including Stellantis N.V., and together with its subsidiaries the Stellantis Group, (previously referred to as Fiat Chrysler Automobiles N.V., FCA or FCA Group, which changed its name to Stellantis as a result of the merger with Peugeot S.A. in January 2021) and CNH Industrial N.V. and its subsidiaries, as well as joint ventures and associates of Ferrari. In addition, members of the Ferrari Board of Directors and executives with strategic responsibilities and their families are also considered related parties.

The Group carries out transactions with related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved. Transactions carried out by the Group with these related parties are primarily of a commercial nature and, in particular, these transactions relate to:

Transactions with Stellantis Group companies

- the sale of engines and car bodies to Maserati S.p.A. (“Maserati”);
- the purchase of engine components for the use in the production of Maserati engines from FCA US LLC;
- a technical cooperation, starting from November 2019, between the Group and Stellantis Group with the aim to enhance the quality and competitiveness of their respective products, while reducing costs and investments;
- transactions with Stellantis Group companies, mainly relating to the services provided by Stellantis Group companies, including human resources, payroll, tax, procurement of insurance coverage and sponsorship revenues.

Transactions with Exor Group companies (excluding Stellantis Group companies)

- the Group incurs rental costs from Iveco S.p.A., a company belonging to CNHI Group, related to the rental of trucks used by the Formula 1 racing team;
- the Group earns sponsorship revenue from Iveco S.p.A.

Transactions with other related parties

- the purchase of components for Formula 1 racing cars from COXA S.p.A.;
- consultancy services provided by HPE S.r.l.;
- sponsorship agreement relating to Formula 1 activities with Ferretti S.p.A.;

- sale of cars to certain members of the Board of Directors of Ferrari N.V. and Exor.

In accordance with IAS 24, transactions with related parties also include compensation to Directors and managers with strategic responsibilities.

The amounts of transactions with related parties recognized in the consolidated income statement are as follows:

	For the six months ended June 30,					
	2021			2020		
	Net revenues	Costs ⁽¹⁾	Net financial expenses	Net revenues	Costs ⁽¹⁾	Net financial expenses
	(€ thousand)					
Stellantis Group companies						
Maserati	55,229	1,729	—	26,902	732	—
FCA US LLC	—	10,770	—	—	5,775	—
Other Stellantis Group companies	4,593	3,094	1,017	3,574	2,950	1,116
Total Stellantis Group companies	59,822	15,593	1,017	30,476	9,457	1,116
Exor Group companies (excluding the Stellantis Group)	—	670	—	113	458	1
Other related parties	415	7,468	—	12	5,641	7
Total transactions with related parties	60,237	23,731	1,017	30,601	15,556	1,124
Total for the Group	2,045,668	1,140,102	18,942	1,503,010	914,667	24,393

(1) Costs include cost of sales, selling, general and administrative costs and other expenses, net.

Non-financial assets and liabilities originating from related party transactions are as follows:

	At June 30, 2021				At December 31, 2020			
	Trade receivables	Trade payables	Other current assets	Other liabilities	Trade receivables	Trade payables	Other current assets	Other liabilities
	(€ thousand)				(€ thousand)			
Stellantis Group companies								
Maserati	19,365	3,657	10	11,683	37,662	4,555	—	16,955
FCA US LLC	—	5,035	—	—	—	1,893	—	—
Other Stellantis Group companies	578	2,921	346	1,024	244	2,512	104	94
Total Stellantis Group companies	19,943	11,613	356	12,707	37,906	8,960	104	17,049
Exor Group companies (excluding the Stellantis Group)	38	324	58	107	183	396	108	139
Other related parties	633	2,690	1,250	1,254	643	3,558	1,496	1,759
Total transactions with related parties	20,614	14,627	1,664	14,068	38,732	12,914	1,708	18,947
Total for the Group	237,982	720,904	98,596	743,305	184,260	713,807	76,471	687,462

At June 30, 2021 current financial assets were €183 thousand (nil at December 31, 2020). There were no other financial assets or financial liabilities originating from related party transactions at June 30, 2021 or December 31, 2020.

28. ENTITY-WIDE DISCLOSURES

The following table presents an analysis of net revenues by geographic location of the Group's customers for the three and six months ended June 30, 2021 and 2020, including the effects of foreign currency hedge transactions:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
(€ thousand)				
Italy	100,511	45,666	191,513	126,771
Rest of EMEA	444,371	272,464	907,568	707,716
Americas ⁽¹⁾	265,476	153,466	543,245	423,776
Mainland China, Hong Kong and Taiwan	64,924	19,119	132,636	40,974
Rest of APAC ⁽²⁾	159,106	80,098	270,706	203,773
Total net revenues	1,034,388	570,813	2,045,668	1,503,010

(1) Americas includes the United States of America, Canada, Mexico, the Caribbean and Central and South America.

(2) Rest of APAC mainly includes Japan, Australia, Singapore, Indonesia, South Korea, Thailand, India and Malaysia.

The Group had an average number of employees of 4,560 and 4,402 for the six months ended June 30, 2021 and 2020, respectively and 4,562 and 4,413 for the three months ended June 30, 2021 and 2020, respectively.

Depreciation amounted to €114,396 thousand and €103,160 thousand for the six months ended June 30, 2021 and 2020, respectively and €58,286 thousand and €52,886 thousand for the three months ended June 30, 2021 and 2020, respectively.

Amortization amounted to €107,987 thousand and €95,055 thousand for the six months ended June 30, 2021 and 2020, respectively and €54,497 thousand and €48,751 thousand for the three months ended June 30, 2021 and 2020, respectively.

29. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through August 2, 2021, which is the date the Semi-Annual Condensed Consolidated Financial Statements were authorized for issuance, and identified the following matters:

On July 12, 2021, Ferrari announced that Ferrari North America was awarded the Equal-Salary Certificate, which was previously awarded to Ferrari S.p.A in July 2020, in recognition of the same compensation amongst women and men for equivalent roles and jobs. This testifies to the Company's continued commitment to creating an inclusive and diverse working environment while fostering career development for all of our employees.

On July 29, 2021, Ferrari N.V. announced that it completed a private placement to certain US institutional investors of €150 million aggregate principal amount of 0.91 percent senior notes due 2032.

Under the common share repurchase program, from July 1, 2021 to July 28, 2021 the Company purchased an additional 117,214 common shares for total consideration of €20.4 million. At July 28, 2021 the Company held in treasury an aggregate of 9,583,696 common shares.

Responsibility Statement

The Board of Directors is responsible for preparing the Semi-Annual Report, inclusive of the Semi-Annual Consolidated Financial Statements and the Management's Discussion and Analysis, in accordance with the Dutch Financial Supervision Act and the applicable International Financial Reporting Standards (IFRS) for interim reporting, IAS 34 - *Interim Financial Reporting*.

In accordance with Section 5:25d, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Semi-Annual Consolidated Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss of Ferrari N.V. and its subsidiaries, and the undertakings included in the consolidation as a whole, and the Management Discussion and Analysis provides a fair review of the information required pursuant to Section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act.

August 2, 2021

The Board of Directors

John Elkann
Piero Ferrari
Delphine Arnault
Francesca Bellettini
Eddy Cue
Sergio Duca
John Galantin
Maria Patrizia Grieco
Adam Keswick